



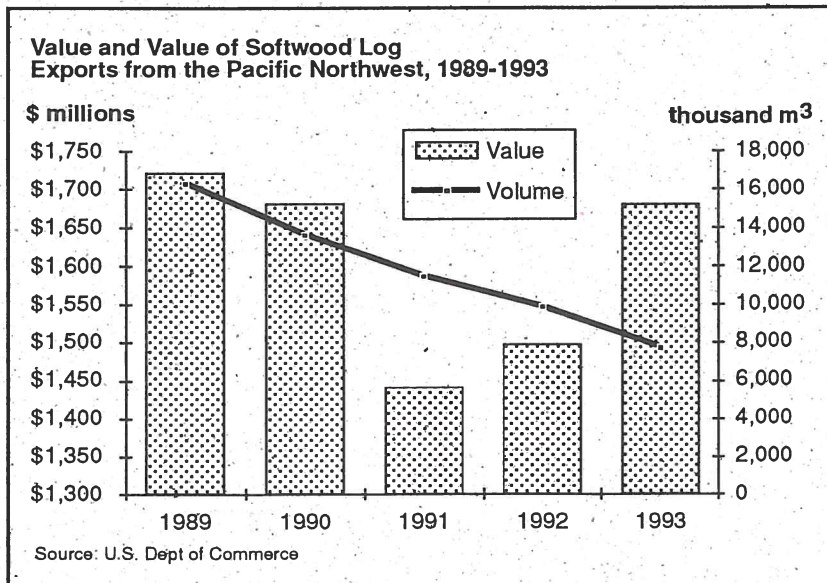
Primary Wood Product Export Volumes Decrease, but Values Remain Stable

Timber supply changes and market restructuring has affected export volumes and values of most of the primary forest products exported from the Pacific Northwest. Regional timber producers remain major players in world wood markets, however, and increased product values have at least partially offset losses from reduced supplies.

In contrast to the rapid growth of secondary wood products exports from the Seattle and Columbia-Snake River Customs Districts, export values of primary wood products—logs, chips, lumber, and panels—have decreased 4% over the period 1989-1993. Primary product exports from the region totaled \$3.0 billion in 1993, or 49% of total 1993 U.S. exports of \$6.1 billion.

	\$ millions			% Change	% Share US (1993)
	1989	1993	Change		
Softwood Logs	1724	1681	-43	-2%	75%
Softwood Lumber	875	773	-102	-12%	55%
Hardwood Logs	35	51	16	46%	20%
Hardwood Lumber	74	138	64	87%	13%
Chips	286	217	-64	-24%	51%
Panels and Plywood	110	99	-11	-10%	18%
Total (incl. products not listed above)	3,104	2,978	-126	-4%	50%

Softwood logs are the leading export product. Regional timber producers exported \$1,681 million worth of softwood logs last year, primarily to Japan, which imported 87% of the logs. Korea imported 8% of the logs on a value basis, while China imported 4%. While log export values are down only 2% since 1989, volumes decreased 53%, dropping from 3.6 billion board feet Scribner in 1989 to 1.7 billion board feet in 1993. Average prices for logs in international markets rose in response to decreased Pacific Northwest (PNW) log supply, accounting for the short-term value recovery in regional log export revenue.



Log exports from the PNW have declined as a result of lower timber harvest levels, policy changes that eliminated log exports from State of Washington timberlands, and economic recession in Japan. The timber harvested by all owners in Washington State, the major source of PNW log exports, declined from 6,850 million board feet (Scribner scale) in 1989 to 5,018 million board feet in 1992, and to 4,300 million board feet by 1993. Lower federal and state timber harvests contributed 60%, or 1094 million board feet, of the harvest decline between 1989 and 1992 (1993 data not yet available). In contrast, timber harvested from privately-owned



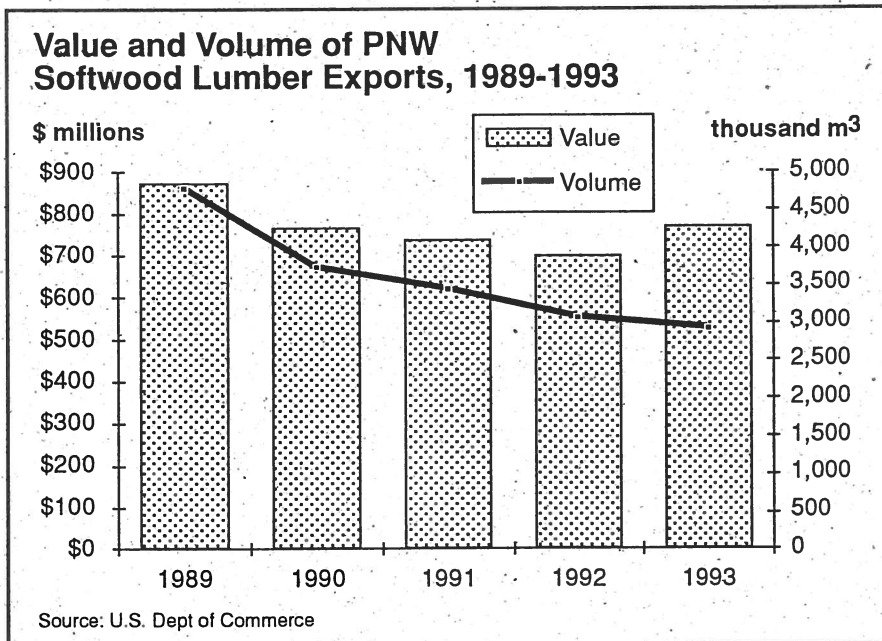
timber harvested from privately-owned lands fell by 15%, from 4520 million board feet in 1989 to 3844 million board feet in 1992.

Log export volumes decreased 52%, proportionally more than the decrease in total harvest, from 3,734 million board feet in 1989 to 2,794 million board feet in 1993. During this period, State of Washington Department of Natural Resources timber sales were excluded from log exports as a result of the Forest Resources Conservation and Shortage Relief Act of 1990. According to a recent analysis, exports of timber from DNR lands prior to the act were about 60% of the harvest, which has averaged 740 million board feet over the past 11 years. Weak construction markets in Japan reduced its demand for imported logs and further contributed to the log export decline. In addition, some diversion of logs from log export markets to domestic processors took place as a result of higher domestic log prices.

	million board feet			% Change
	1989	1993	Change	
Harvest	6850	4300	-2550	-37%
Logs Exported	3116	1506	-1610	-52%
Logs Processed	3734	2794	-940*	-25%

*not adjusted for logs trucked from Washington to Oregon processors

Aside from logs, softwood lumber is the next leading primary product exported from the Pacific Northwest. A total of \$773 million in softwood lumber was shipped from the Seattle and Columbia-Snake River Customs Districts last year, principally to Japan, which imported 65% of the lumber on a value basis. Other large markets include Australia (10%), Canada (9%), Italy (4%), and the U.K. (2%). Northwest exports represent 55% of U.S. lumber exports in value, although this percentage is down from 62% in 1989, according to U.S. Dept. of Commerce data. On a volume basis, PNW lumber exports held a 53% share of U.S. exports in 1993, down from 60% in 1989. The primary forest products sector also weathered export value decreases in wood chips and plywood.



Pacific Northwest hardwood producers and exporters have fared well relative to other segments of the primary forest products industry. Hardwood lumber exports increased by 87% between 1989 and 1993, to \$138 million, while the value of hardwood logs exported increased by 46%, to \$51 million. PNW hardwood lumber export volume increased by 17% over this period, while hardwood log volume slipped 17%, according to the Commerce Department data.

For more information, contact
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