



Plywood and Oriented Strand Board (OSB) in the Pacific Rim and Europe: 2011 – 2015

Market opportunities, strategies and prospects for trade and investment

The forthcoming upturn will present opportunities for a resurgence of investment, production, consumption, trade, prices and profitability for both OSB and plywood.

- Where will the opportunities be?
- What will happen to prices and costs?
- What new products are on the horizon?
- What are the prospects for resource supply, housing, and other end use sectors?



EXTRACT TO INDICATE THE GENERAL NATURE OF THE REPORT

FORESTRY

Contents

EXECUTIVE SUMMARY	i
1. INTRODUCTION.....	1
1.1 Objectives	3
1.2 Methodology.....	3
1.3 Organisation of the report	4
2. NORTH AMERICA.....	5
2.1 Economic forecasts, North America.....	7
2.1.1 United States	7
2.1.2 Canada	8
2.1.3 Mexico.....	9
2.2 Building industry forecast, North America.....	9
2.2.1 United States	10
2.2.2 Canada	10
2.2.3 Mexico.....	10
2.3 Furniture industry forecasts, North America	11
2.3.1 Canada	14
2.3.2 Mexico.....	15
2.4 The forest industry and resource base, North America	15
2.4.1 United States	15
2.4.2 Canada	16
2.4.3 Mexico.....	17
2.5 Plywood and OSB Industry Overview and Forecasts, North America.....	18
2.5.1 Production capacity plywood and OSB	18
2.5.2 Industry Structure	22
2.5.3 Production forecasts, plywood and OSB	23
2.5.4 Capacity Utilization	27
2.5.5 Production Facilities, North America	29
2.5.6 Production costs for plywood and oriented strand board, North America	43
2.6 Market Forecasts, North America	44
2.6.1 Consumption forecasts, plywood and OSB, North America.....	44
2.6.2 Trade forecasts, North America.....	47
2.6.3 Plywood and Oriented Strand Board Price Forecasts, North America.....	52
2.7 End-use markets for plywood and OSB, North America.....	55
2.7.1 Canada	55
2.7.2 United States	57
2.8 Potential new applications for plywood and oriented strand board, North America	58
2.8.1 Residential construction and remodelling.....	59
2.8.2 Non residential construction and remodelling.....	62
2.8.3 Industrial and furniture	63

2.9	Quality assessment of plywood and oriented strand board, North America.....	64
2.9.1	Plywood	64
2.9.2	Oriented Strand Board.....	65
2.10	Distribution channels for plywood and oriented strand board, North America.....	66
2.10.1	United States	66
2.10.2	Canada	66
2.11	Promotion of plywood and oriented strand board, North America.....	67
3.	EUROPE.....	69
3.1	Economic Overview, Europe.....	71
3.2	Building industry forecasts, Europe	72
3.3	Furniture industry, Europe	73
3.4	The Forest Industry and Resource Base, Europe	75
3.4.1	Finland	75
3.4.2	Austria.....	76
3.4.3	Sweden.....	76
3.4.4	Germany	77
3.4.5	Russia.....	78
3.5	Plywood and OSB industry overview, Europe	79
3.5.1	Production capacity	79
3.5.2	Production forecasts	81
3.5.3	Capacity utilization.....	84
3.5.4	Plywood and OSB production facilities, Europe	85
3.5.5	Plywood and OSB production costs, Europe.....	93
3.6	Market forecasts, Europe.....	94
3.6.1	Consumption forecasts, Europe	94
3.6.2	Trade forecasts, Europe	101
3.6.3	Price forecasts, Europe	104
3.7	End-use markets for plywood and OSB, Europe	107
3.7.1	OSB	107
3.8	Plywood.....	108
3.9	Potential new applications for plywood and OSB, Europe	108
3.10	Quality assessment of plywood and OSB, Europe	109
3.11	Distribution channels for plywood and OSB, Europe.....	109
3.12	Promotion of plywood and OSB, Europe	110
4.	NORTH ASIA.....	111
4.1	Economic overview, North Asia	113
4.1.1	China.....	113
4.1.2	Japan	114
4.1.3	South Korea.....	115

4.2	Building industry forecast.....	115
4.2.1	China.....	116
4.2.2	Japan	116
4.2.3	South Korea	117
4.3	Furniture industry, North Asia	118
4.3.1	China.....	119
4.3.2	Japan	121
4.3.3	South Korea	122
4.4	Resource base and forest industry overview	123
4.4.1	China.....	123
4.4.2	Japan	125
4.4.3	South Korea	127
4.5	Plywood and OSB industry overview, North Asia	128
4.5.1	Production capacity	128
4.5.2	Production forecasts	131
4.5.3	Capacity utilization.....	137
4.5.4	Production facilities, North Asia	139
4.5.5	Production costs, North Asia	149
4.6	Market Forecasts, North Asia	150
4.6.1	Consumption forecasts, North Asia	150
4.6.2	Trade forecasts, North Asia	153
4.6.3	Price forecasts, North Asia	165
4.7	End-use markets for Plywood and OSB, North Asia	167
4.8	Potential new applications for Plywood and OSB, North Asia	168
4.8.1	China.....	168
4.8.2	Japan	168
4.8.3	South Korea	169
4.9	Quality of OSB, North Asia	170
4.9.1	China.....	170
4.9.2	Japan	170
4.9.3	South Korea	171
4.10	Distribution channels, North Asia	171
4.10.1	China.....	171
4.10.2	Japan	172
4.10.3	South Korea	175
4.11	Promotion of Plywood and OSB, North Asia	176
4.11.1	China.....	176
4.11.2	Japan	176
4.11.3	South Korea	176
5.	SOUTH ASIA.....	177
5.1	Economic overview	179
5.1.1	India	179

5.1.2	Indonesia	180
5.1.3	Malaysia.....	181
5.1.4	Thailand	181
5.1.5	Vietnam.....	182
5.2	Building industry forecasts, South East Asia	183
5.2.1	India	183
5.2.2	Indonesia	186
5.2.3	Malaysia.....	187
5.2.4	Thailand	187
5.2.5	Vietnam.....	187
5.3	Furniture industry, South Asia.....	188
5.3.1	India	188
5.3.2	Indonesia	191
5.3.3	Malaysia.....	192
5.3.4	Thailand	193
5.3.5	Vietnam.....	194
5.4	The forest industry and resource base	195
5.4.1	India	195
5.4.2	Indonesia	197
5.4.3	Malaysia.....	198
5.4.4	Thailand	199
5.4.5	Vietnam.....	200
5.5	Plywood and OSB industry overview, South Asia	201
5.5.1	Production Capacity.....	201
5.5.2	Production Forecasts.....	203
5.5.3	Capacity Utilization	205
5.6	Plywood Production Facilities, South East Asia	206
5.6.1	India	206
5.6.2	Indonesia	207
5.6.3	Malaysia.....	209
5.6.4	Thailand	211
5.6.5	Vietnam.....	211
5.7	Plywood Production Costs, South Asia.....	212
5.7.1	India	212
5.7.2	Indonesia	212
5.7.3	Malaysia.....	212
5.7.4	Thailand	212
5.7.5	Vietnam.....	212
5.8	Market forecasts, South Asia	213
5.8.1	Consumption forecasts, South East Asia	213
5.8.2	Trade Forecasts, South Asia	215
5.8.3	Price Forecasts, South Asia	220
5.9	End-use markets for Plywood, South Asia	221
5.10	Potential new applications for Plywood, South Asia	221

5.11	Quality assessment of Plywood, South Asia	221
5.12	Distribution channels for Plywood, South Asia	222
5.13	Level of promotion, South Asia	222
6.	AUSTRALASIA	223
6.1	Economic overview	225
6.1.1	Australia	225
6.1.2	New Zealand.....	226
6.2	Building industry forecasts, Australasia	227
6.2.1	Australia	227
6.2.2	New Zealand.....	228
6.3	Furniture industry, Australasia	229
6.4	The Forest industry and resource base	230
6.4.1	Australia	230
6.4.2	New Zealand.....	231
6.5	Plywood and OSB industry overview, Australasia	231
6.5.1	Plywood production capacity	231
6.5.2	Production forecasts	233
6.5.3	Capacity utilization	234
6.6	Plywood production facilities	235
6.6.1	Australia	235
6.6.2	New Zealand.....	236
6.7	Plywood production costs, Australasia	236
6.8	Market forecasts, Australasia.....	237
6.8.1	Consumption forecasts, Australasia	238
6.8.2	Trade forecasts, Australasia	239
6.8.3	Price forecasts, Australasia	242
6.9	End-use markets for Plywood, Australasia	245
6.10	Potential new applications for Plywood, Australasia.....	246
6.11	Quality assessment of Plywood, Australasia	246
6.12	Distribution channels for Plywood, Australasia.....	246
6.13	Level of promotion of Plywood, Australasia.....	247
7.	SOUTH AMERICA.....	249
7.1	Economic overview, South America	251
7.1.1	Argentina.....	252
7.1.2	Brazil.....	253
7.1.3	Chile.....	254
7.2	Building industry forecast, South America	255
7.2.1	Argentina.....	255
7.2.2	Brazil.....	255

7.2.3	Chile.....	256
7.3	Furniture industry, South America	256
7.3.1	Argentina.....	257
7.3.2	Brazil	258
7.3.3	Chile.....	258
7.4	The forest industry and resource base, South America.....	259
7.4.1	Argentina.....	259
7.4.2	Brazil	260
7.4.3	Chile.....	261
7.4.4	Uruguay	261
7.4.5	Other South American Countries.....	262
7.5	Plywood and OSB industry overview, South America	262
7.5.1	Production capacity	262
7.5.2	Production forecasts	264
7.5.3	Capacity utilization.....	268
7.6	Production facilities	269
7.6.1	Argentina.....	271
7.6.2	Bolivia	271
7.6.3	Brazil	272
7.6.4	Chile.....	275
7.6.5	Colombia.....	276
7.6.6	Ecuador.....	276
7.6.7	Guyana	277
7.6.8	Peru	277
7.6.9	Uruguay	277
7.7	Production costs, South America.....	278
7.8	Market demand forecasts, South America.....	278
7.8.1	Consumption and trade forecasts, South America	278
7.8.2	Price forecasts, South America	284
7.9	End-use markets for Plywood and OSB, South America.....	286
7.10	Potential new applications for Plywood and OSB, South America.....	287
7.11	Quality assessment of Plywood and OSB, South America.....	288
7.12	Distribution channels for Plywood and OSB, South America	288
7.13	Level of promotion, South America.....	288
8.	SOUTH AFRICA.....	289
8.1	Economic overview	291
8.2	Building industry forecast, South Africa	292
8.3	Furniture industry, South Africa	292
8.4	The forest industry and resource base, South Africa.....	293
8.4.1	Other African Countries	296

8.5	Plywood and OSB industry overview, South Africa	296
8.5.1	Plywood	296
8.5.2	OSB	298
8.5.3	Capacity utilization	298
8.6	Production facilities	299
8.7	Production costs.....	299
8.8	Market demand forecasts, South Africa.....	300
8.8.1	Consumption and trade forecasts, South Africa.....	300
8.8.2	Price forecasts, South Africa	301
8.9	End-use markets for Plywood and OSB, South Africa.....	302
9.	RADIATA PINE PLYWOOD	303
9.1	The radiata pine plantation forest resource base	305
9.1.1	Australia	305
9.1.2	New Zealand.....	306
9.1.3	Chile.....	307
9.2	Radiata pine plywood industry overview.....	307
9.2.1	Production capacity	307
9.2.2	Radiata pine plywood production forecasts.....	308
9.2.3	Radiata pine plywood production capacity utilization	310
9.3	Radiata pine plywood production facilities	311
9.3.1	Australia	311
9.3.2	New Zealand.....	311
9.3.3	Chile.....	313
9.4	Radiata pine plywood production costs	313
9.5	Market demand and trade forecasts for radiata pine plywood.....	313
9.5.1	Consumption forecasts	313
9.5.2	Trade forecasts.....	315
9.5.3	Radiata pine plywood price forecasts.....	320
9.6	End-use markets for radiata pine plywood	322
9.6.1	Australia	322
9.6.2	United States	323
9.6.3	Mexico.....	324
9.6.4	Europe	325
9.7	Potential new applications for radiata pine plywood	325
9.8	Quality assessment of radiata pine plywood	325
9.9	Distribution channels for radiata pine plywood	325
9.10	Level of promotion of radiata pine plywood	326

Tables

Table I:	Real GDP forecasts by region/country, 2010 – 2015	vi
Table II:	Furniture production by region, 2006-2015.....	viii
Table III:	Housing construction by selected region, 2006-2015.....	ix
Table IV:	Plywood production by region, 2006-2015	xi
Table V:	OSB production by region, 2006-2015	xiii
Table VI:	Plywood capacity utilization by region, 2006-2015.....	xv
Table VII:	OSB capacity utilization by region, 2006-2015.....	xvi
Table VIII:	Plywood consumption by region, 2006-2015.....	xxi
Table IX:	OSB consumption by region, 2006-2015.....	xxii
Table X:	Net exports of plywood by region, 2006-2015	xxx
Table XI:	Net exports of OSB by region, 2006-2015.....	xxxii
Table XII:	Plywood selected price forecasts by region, 2006-2015	xli
Table XIII:	OSB selected price forecasts by region, 2006-2015	xlii
Table 2.1:	Economic forecast, United States, 2006–2015.....	7
Table 2.2:	Economic forecast, Canada, 2006–2015.....	8
Table 2.3:	Economic forecast, Mexico, 2006–2015.....	9
Table 2.4:	Housing commencements, North America, 2006–2015	11
Table 2.5:	Furniture production, North America, 2006-2015	12
Table 2.6:	Furniture imports by country of origin, United States, 2007 to 2009+	14
Table 2.7:	Plywood production capacity, North America, 2005-2015.....	18
Table 2.8:	OSB production capacity, North America, 2006-2015.....	21
Table 2.9:	OSB production capacity by company, North America, 2007 and 2010.....	22
Table 2.10:	Plywood+ production, North America, 2006-2015	24
Table 2.11:	OSB production, North America, 2006 to 2015	25
Table 2.12:	Plywood capacity utilization, North America, 2006-2015.....	27
Table 2.13:	OSB capacity utilization, North America, 2006 to 2015	29
Table 2.14:	Plywood production facilities by location and capacity, Canada, 2010	30
Table 2.15:	Plywood production facilities by location and capacity, Mexico, 2010.....	31
Table 2.16:	Plywood* production facilities by location and capacity, United States, 2010.....	33
Table 2.17:	OSB Production facilities by location and capacity, Canada, 2010	37
Table 2.18:	OSB production facilities by location and capacity, United States, 2010	40
Table 2.19:	OSB and plywood production costs, by region, North America, 2010.....	43
Table 2.20:	Plywood consumption, North America, 2006-2015.....	45
Table 2.21:	OSB consumption, North America, 2006 to 2015.....	46
Table 2.22:	OSB and plywood imports by country of origin, Canada, 2006 to 2010.....	48
Table 2.23:	OSB and plywood exports by country of destination, Canada, 2006 to 2010	49
Table 2.24:	OSB and plywood imports by country of origin, Mexico, 2006 to 2010	49
Table 2.25:	OSB and plywood imports by country of origin, United States, 2006 to 2010.....	50
Table 2.26:	OSB and Plywood exports by country of destination, United States, 2005 to 2010.....	52

Table 2.27: Plywood prices by selected grades, United States, 2006-2015	53
Table 2.28: OSB prices, United States, 2006-2015.....	54
Table 2.29: End-use markets for plywood and OSB, Canada, 2006 to 2015.....	56
Table 2.30: End-use markets for plywood and OSB, United States, 2006 to 2015.....	57
Table 2.31: OSB and plywood by major end use, Canada and US, 2006 to 2010.....	59
Table 2.32: OSB and plywood used for roof sheathing, Canada and US, 2006 to 2010	60
Table 2.33: OSB and plywood used for wall sheathing, Canada and US, 2006 to 2010	60
Table 2.34: OSB and plywood used for floor sheathing, Canada and US, 2006 to 2010	61
Table 2.35: OSB & plywood for residential remodelling, Canada and US, 2006-2010	62
Table 2.36: OSB & plywood for non residential construction, Canada and US, 2006-2010	63
Table 2.37: OSB & plywood for industrial and furniture, Canada and US, 2006 - 2010.....	63
Table 2.38: Higher grade sanded softwood plywood, United States, 2006-2009.....	65
Table 3.1: Key economic indicators, Europe, 2006–2015	71
Table 3.2: Housing completions, Europe, 2006 to 2015.....	73
Table 3.3: Furniture production, Major European Countries, 2006-2015	74
Table 3.4: OSB production capacity, Europe, 2006-2015	80
Table 3.5: OSB share of production capacity by company, Europe, 2010 and 2015.....	81
Table 3.6: Plywood production Europe, 2006 to 2015.....	82
Table 3.7: Hardwood and softwood plywood production Europe, 2006 to 2015	83
Table 3.8: OSB production Europe, 2006 to 2015.....	84
Table 3.9: Plywood and OSB production and capacity utilization, Europe, 2006 to 2015.....	85
Table 3.10: OSB production facilities by location and capacity, Europe, 2010	86
Table 3.11: Planned OSB production facilities by location and capacity, Europe, 2010-2015.....	87
Table 3.12: Plywood production facilities by location and capacity, Europe, 2010	88
Table 3.13: OSB consumption ⁺ by country, Europe, 2005 to 2009	95
Table 3.14: OSB production, net imports, consumption, Greater Europe, 2006 to 2015	96
Table 3.15: Consumption of OSB and plywood, Greater Europe, 2006 to 2015.....	97
Table 3.16: Softwood and Hardwood plywood consumption by country, Europe, 2006 to 2010	98
Table 3.17: Softwood plywood consumption by country, Europe, 2006 to 2010.....	99
Table 3.18: Hardwood plywood consumption by country, Europe, 2006 to 2010	100
Table 3.19: Plywood production, net imports, consumption, Europe, 2006 to 2015	101
Table 3.20: European OSB exports to North America by country of origin, 2006 to 2010	102
Table 3.21: Plywood imports and exports by selected countries, Europe+, 2007 to 2009.....	103
Table 3.22: Softwood plywood imports from Chile and Brazil to selected European countries, 2007 to 2009	103
Table 3.23: OSB prices, Europe, 2007 to 2015	105
Table 3.24: Selected Plywood price forecasts, Europe, 2006-2015.....	106
Table 3.25: End-use markets for OSB, Europe, 2006 to 2015	107
Table 3.26: End-use markets for Plywood, Europe, 2006 to 2015	108
Table 4.1: Economic forecast, China, Japan, South Korea, 2006–2015.....	114
Table 4.2: Housing commencements, North Asia, 2006–2015	118

Table 4.3:	Furniture production, North Asia, 2006-2015.....	119
Table 4.4:	Wooden furniture exports and imports, South Korea, 2003-2008	123
Table 4.5:	Log imports by country of origin, China, 2006–2010	124
Table 4.6:	Log imports by country of origin, Japan, 2006–2009.....	126
Table 4.7:	Log imports by country of origin, South Korea, 2005–2009	127
Table 4.8:	Plywood production capacity North Asia, 2006-2015	129
Table 4.9:	OSB production capacity, North Asia, 2006 to 2015	130
Table 4.10:	Plywood production, North Asia, 2006-2015	131
Table 4.11:	OSB production, North Asia, 2006-2015.....	133
Table 4.12:	Plywood capacity utilization, North Asia, 2006-2015	138
Table 4.13:	OSB capacity utilization, North Asia, 2006-2015	138
Table 4.14:	Plywood production facilities, China	141
Table 4.15:	Plywood production facilities, Japan 2010.....	147
Table 4.16:	Plywood production facilities, South Korea, 2010.....	148
Table 4.17:	Existing OSB Production facilities by location and capacity, North Asia	148
Table 4.18:	Planned OSB facilities by location and capacity, North Asia, 2010-2015.....	149
Table 4.19:	Plywood consumption, North Asia, 2006-2015.....	150
Table 4.20:	OSB consumption, North Asia, 2006-2015.....	151
Table 4.21:	Production, Net Imports and Consumption of Plywood, North Asia, 2006-2015.....	154
Table 4.22:	Plywood imports, North Asia, total by country, 2006-2009.....	155
Table 4.23:	Production, Net Imports and Consumption of OSB, North Asia, 2006-2015	156
Table 4.24:	OSB imports, North Asia, by country, 2006-2015.....	157
Table 4.25:	OSB imports, Japan, by country of origin, 2006 - 2010.....	158
Table 4.26:	Production, Net Imports and Consumption of Plywood, China, 2006-2015	159
Table 4.27:	Plywood exports by country of destination, China, 2007 to 2009.....	161
Table 4.28:	Plywood imports by country of origin, China, 2006 to 2009	162
Table 4.29:	Production, Imports and Consumption of Plywood, Japan, 2006-2015.....	163
Table 4.30:	Plywood imports by country of origin, Japan, 2006 to 2009	163
Table 4.31:	Plywood imports by country of origin, South Korea, 2006 to 2009.....	164
Table 4.32:	Production, Imports and Consumption of Plywood, South Korea, 2006-2015	165
Table 4.33:	Plywood and OSB price forecasts, North Asia, 2006-2015	166
Table 4.34:	Plywood consumption by end use sector, North Asia, 2010.....	167
Table 4.35:	JAS standards on formaldehyde emission	171
Table 5.1:	Key economic indicators, India, 2006-2015.....	179
Table 5.2:	Key economic indicators, Indonesia, 2006-2015.....	180
Table 5.3:	Key economic indicators, Malaysia, 2006-2015	181
Table 5.4:	Key economic indicators, Thailand, 2006-2015.....	182
Table 5.5:	Key economic indicators, Vietnam, 2006-2015	183
Table 5.6:	Housing construction, South Asia, 2006-2015.....	184
Table 5.7:	Housing stock, households and housing shortage, India, 1991-2007	185
Table 5.8:	Furniture production, South Asia, 2006-2015	189

Table 5.9:	Plywood production capacity, South Asia, 2006-2015.....	202
Table 5.10:	Plywood production, South Asia, 2006-2015.....	204
Table 5.11:	Plywood capacity utilization, South Asia, 2006-2015	205
Table 5.12:	Plywood production facilities, by location and capacity, India	207
Table 5.13:	Plywood production facilities, Indonesia, 2010	208
Table 5.14:	Plywood production facilities, Malaysia, 2010	210
Table 5.15:	Plywood production facilities, Thailand.....	211
Table 5.16:	Plywood production facilities, by location and capacity, Vietnam.....	211
Table 5.17:	Plywood consumption, South Asia, 2004-2013	214
Table 5.18:	Plywood production, net exports and consumption, South Asia, 2006–2015	215
Table 5.19:	Net Exports of Plywood, South Asia, by country 2006-2015	216
Table 5.20:	Plywood production, net exports and consumption, India, 2006–2015	217
Table 5.21:	Plywood exports by country of destination, Indonesia, 2006 to 2009.....	217
Table 5.22:	Plywood production, net exports and consumption, Indonesia, 2006–2015	217
Table 5.23:	Plywood production, net exports and consumption, Malaysia, 2006–2015.....	218
Table 5.24:	Plywood exports by country of destination, Malaysia, 2006 to 2009	218
Table 5.25:	Plywood production, net exports and consumption, Thailand, 2006 to 2015	219
Table 5.26:	Plywood production, net exports and consumption, Vietnam, 2006 to 2015.....	219
Table 5.27:	Plywood Price forecasts, Indonesia and Malaysia, 2006-2015	220
Table 6.1:	Key economic indicators, Australia, 2006–2015.....	225
Table 6.2:	Key economic indicators, New Zealand, 2006–2015.....	226
Table 6.3:	Housing and non residential commencements, Australasia, 2006–2015.....	228
Table 6.4:	Furniture production, Australasia, 2006-2015.....	229
Table 6.5:	Plywood production capacity, Australasia, 2006-2015	232
Table 6.6:	Plywood production, Australasia, 2006-2015	233
Table 6.7:	Plywood capacity utilization, Australia, 2006-2015.....	234
Table 6.8:	Plywood production facilities, Australia.....	235
Table 6.9:	Plywood production facilities, New Zealand	236
Table 6.10:	Consumption of Plywood, Australasia, 2006-2015	237
Table 6.11:	Production, consumption and net imports, plywood, Australasia, 2006-2015.....	239
Table 6.12:	Production, consumption and net imports, plywood, Australia, 2006-2015.....	240
Table 6.13:	Plywood imports by country of origin, Australia, 2006-2010.....	241
Table 6.14:	Production, net exports, consumption of plywood, New Zealand, 2006–2015.....	242
Table 6.15:	Plywood (\$US) prices, Australasia 2006–2015	243
Table 6.16:	Plywood (\$ Australian) prices, Australasia 2006–2015	244
Table 6.17:	Key end uses for plywood, Australia (2008)	245
Table 6.18:	Imported plywood by country and by end use, Australia 2008-2010.....	246
Table 7.1:	Key economic indicators – Argentina 2006 to 2015	252
Table 7.2:	Key economic indicators, Brazil, 2006–2015.....	253
Table 7.3:	Key economic indicators, Chile, 2006–2015.....	254
Table 7.4:	Furniture production in Argentina, Brazil and Chile 2006-2015.....	257

Table 7.5: Plywood production capacity, South America, 2006-2015	263
Table 7.6: OSB production capacity, South America, 2006 to 2015.....	264
Table 7.7: Plywood production, South America, 2006-2015.....	265
Table 7.8: Softwood and Hardwood plywood production, Brazil, 2007-2009	266
Table 7.9: OSB production, South America, 2006 to 2015.....	267
Table 7.10: Plywood capacity utilization, South America, 2006-2015	268
Table 7.11: OSB capacity utilization ⁺ , South America, 2006 to 2015.....	269
Table 7.12: Plywood and OSB production facilities, South America, 2010	270
Table 7.13: Planned plywood and OSB production facilities, South America	270
Table 7.14: Plywood production facilities, Argentina, 2010	271
Table 7.15: Plywood production facilities, Bolivia, 2010	271
Table 7.16: Plywood production facilities, Brazil, 2010.....	272
Table 7.16: Plywood production facilities, Brazil, 2010 (continued).....	273
Table 7.17: OSB production facilities, Brazil, 2010.....	275
Table 7.18: Plywood production facilities, Chile, 2010	275
Table 7.19: OSB production facilities, Chile, 2010.....	276
Table 7.20: Plywood production facilities, Colombia, 2010	276
Table 7.21: Plywood production facilities, Ecuador, 2010	276
Table 7.22: Plywood production facilities, Guyana, 2010	277
Table 7.23: Plywood production facilities, Peru 2010	277
Table 7.24: Plywood production facilities, Uruguay, 2010	278
Table 7.25: Plywood consumption, South America, 2006-2015	279
Table 7.26: OSB production, net exports and consumption, South America, 2006 to 2015	280
Table 7.27: Plywood production, net exports, consumption, South America 2006-2015	281
Table 7.28: Plywood production, net exports, consumption, Brazil, 2006-2015.....	282
Table 7.29: Plywood production, net exports, consumption, Chile, 2006-2015.....	283
Table 7.30: OSB production, net exports and consumption, South America, 2006 to 2015	284
Table 7.31: Selected Plywood price forecasts, South America, 2006-2015.....	285
Table 7.32: OSB prices, South America, 2003 to 2007	286
Table 8.1: Key economic indicators – South Africa 2006 to 2015	291
Table 8.2: Furniture production, net exports and consumption, South Africa 2006-2015	293
Table 8.3: Plywood production, South Africa and other key African countries, 2006-2015.....	297
Table 8.4: Plywood capacity utilization, South Africa, 2006-2015	298
Table 8.5: Plywood production, imports, exports and apparent consumption, South Africa, 2006 to 2015	299
Table 8.6: Plywood imports by source, South Africa, 2007 and 2008	300
Table 8.7: Plywood prices, South Africa, 2006 to 2015	301
Table 9.1: Radiata pine plywood production capacity, 2006-2015	308
Table 9.2: Radiata pine plywood production, 2006-2015	309
Table 9.3: Plywood capacity utilization, Australia, New Zealand and Chile, 2006-2015	310
Table 9.4: Plywood production facilities, Australia, New Zealand, Chile, 2010	312

Table 9.5:	Consumption of plywood in Australia, New Zealand and Chile, 2006-2015.....	314
Table 9.6:	Radiata pine plywood production, net exports, consumption, Chile, Australia, New Zealand, 2006-2015.....	316
Table 9.7:	Production, consumption and net imports, plywood, Australia, 2006-2015.....	317
Table 9.8:	Plywood imports by country of origin, Australia, 2006-2010.....	318
Table 9.9:	Production, net exports, consumption of plywood, New Zealand, 2006–2015+.....	318
Table 9.10:	Plywood production, net exports, consumption, Chile, 2006-2015.....	319
Table 9.11:	Radiata Pine Plywood price forecasts, 2006-2015.....	321
Table 9.12:	Key end uses for plywood, Australia (2008)	322
Table 9.13:	Imported plywood by country and by end use, Australia 2008-2010.....	323
Table 9.14:	Higher grade sanded softwood plywood, United States, 2006-2009.....	324
Table 9.15:	Plywood imports by country of origin, Mexico, 2006 to 2010.....	324

Charts

Chart 2.2: Domestic Plywood and OSB Distribution system, Canada.....	66
Chart 3.1: Domestic plywood and OSB distribution system, Europe.....	110
Chart 4.1: Wood panels distribution in China	172
Chart 4.2: Cost of middlemen in the Japanese distribution system.....	173
Chart 4.3: Wood panels distribution system, Japan	174
Chart 4.4: Wood panels distribution system, South Korea	175

1. INTRODUCTION

Plywood is the oldest and highest quality wood panel product available. It has been produced for many years across the globe from softwood and hardwood peeled and sliced veneer. Plywood is made with thin wood sheets, or veneers, which are pressure bonded with the grain of each ply, or layer, at right angle to the veneer adjacent to it. It is used for both interior and exterior structural and non structural applications.

Oriented Strand Board (OSB) was first produced in North America in 1965 as a cost effective substitute for plywood sheathing. Panels are made of narrow strands of fibre oriented lengthwise and crosswise in layers, pressed into a panel with a resin binder. OSB is suitable for interior or exterior structural or non structural applications depending on the type of resin used.

Plywood is a mature product with cyclical factors determining market supply and demand balances, prices, and profitability. While OSB is in an earlier phase of the product life cycle, it is important that the market is clearly understood for both products, so that producers, investors and traders can plan their operations more effectively, enhance profitability and reduce risk in the short to medium term. A world wide perspective on the industry is an important element of strategic planning and ensuring that companies operating in this industry remain viable and profitable in the long term.

This is the first edition which includes both plywood and oriented strand board (OSB). An earlier edition included OSB and oriented strand lumber (OSL). "Oriented Strand Board (OSB) and Lumber (OSL) in the Pacific Rim and Europe: 2008-2012" was published in April, 2008. This supersedes that report, and is intended to be a comprehensive world market report on structural panels with five year forecasts, and strategic implications for operations, trade and investment.

1.1 Objectives

The main purpose of this report is to provide an assessment of the global prospects for plywood and oriented strand board, so that key players in the industry can identify market opportunities and devise strategies for production, trade and investment. A further aim is to bring to the fore today's key issues and to determine the relationship of suppliers with the main markets.

Additional objectives are to:

- identify current and projected production, consumption and trade flows, competitive dynamics, cost structures and prices over the next five years
- identify the key driving factors which influence buyer response to the use of plywood and oriented strand board, to assist producers to establish defensive and offensive marketing strategies
- identify prospects for new plywood and oriented strand board products and other factors influencing future demand

1.2 Methodology

The general methodology used for this study is the product of 30 years of methods research and development by BIS Shrapnel. The methodology utilises the unique experience and background of the author, and combines forecasting techniques with high level market research to develop a product that provides an analysis of the industry over the past five years, the

present, and the expected direction over the next five years. The report will be updated every two years, and provides a solid basis for forward planning.

Each country and regional assessment begins with an analysis of the economies, the key end use sectors, and the forest industry and is followed by an overview and detailed analysis of the plywood and OSB industries. A global overview is provided in the executive summary.

The countries in this edition are grouped by geographic region, as follows:

- North America
Canada, Mexico, United States
- Europe
European Union, East Europe and Russia
- North Asia
China, Japan, South Korea
- South Asia
India, Indonesia, Malaysia, Thailand, Vietnam.
- Australasia
Australia, New Zealand
- South America
Argentina, Brazil, Chile, and other South America
- Africa
South Africa, and other Africa

A key element of the methodology is the field research based on interviews with producers, consumers, distributors, associations and research organisations in key regions. The field research, combined with an expertise in economics, forecasting methodology and strategic market research and published data is the basis for the analysis and forecasts for the plywood and oriented strand board industries in each region and country.

1.3 Organisation of the report

The report is organised on a geographic basis, with one chapter for each region.

Each chapter provides an economic overview of the economies and end use sectors (furniture and building) of the key countries and an overview of the plywood and OSB industries, including the resource base, production facilities, production capacity, cost of production estimates where possible, and forecasts for production, consumption, trade, and prices. In addition, there is an analysis of plywood and OSB usage by end-use sector (housing and furniture), an assessment of product quality and prospects for new applications, distribution channels and of the level of promotion.

A global overview of the prospects for plywood and OSB and an interregional comparison is provided in the executive summary.

Finally, a chapter on radiata pine plywood has been included to provide a focus for producers and consumers of this rapidly developing product sourced from plantations.



Plywood and Oriented Strand Board (OSB) in the Pacific Rim and Europe: 2011 – 2015

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