

Market update China

ISC 2022 Copenhagen



Covid – where are we today?



Latest COVID-19 Statistics in China

Cumulative confirmed cases: 250,449; Cumulative recovered: 242,254; Cumulative deaths: 5,226;
Vaccination rate: 90.13% (1.270656 billion people fully vaccinated as of September 7, 2022)

	Daily new cases		Active cases		Daily new deaths	Doses of vaccination administered	Risky areas	
	Confirmed cases	Asymptomatic cases	Mild	Serious			High-risk areas	Medium risk areas
October 7, 2022	288	1,361	2,957	29	0	3,437,286,000	754	606
October 6, 2022	229	1,108	2,883	16	0	3,437,218,000	720	622
October 5, 2022	273	861	2,876	18	0	3,437,161,000	696	657



Still a “Covid blanket” over China

- Several partial closedowns – no change compared to last years
- Drop in growth rate to f2022 3,5%
- Drop in overseas investments (India getting more attractive)
- Small and medium sized companies pessimistic about the future
- Estimated that pandemic will reduce GDP 13% until 2026 (compared with no pandemic)



Real estate industry in severe slowdown

First 8 months 2022	YoY change
Investment in China real estate	- 7%
Floor space under construction	- 5%
Floor space completet	- 21%
Floor space started	- 37%
Floor space sold	- 23%
Land aquisition for real estate	- 50%



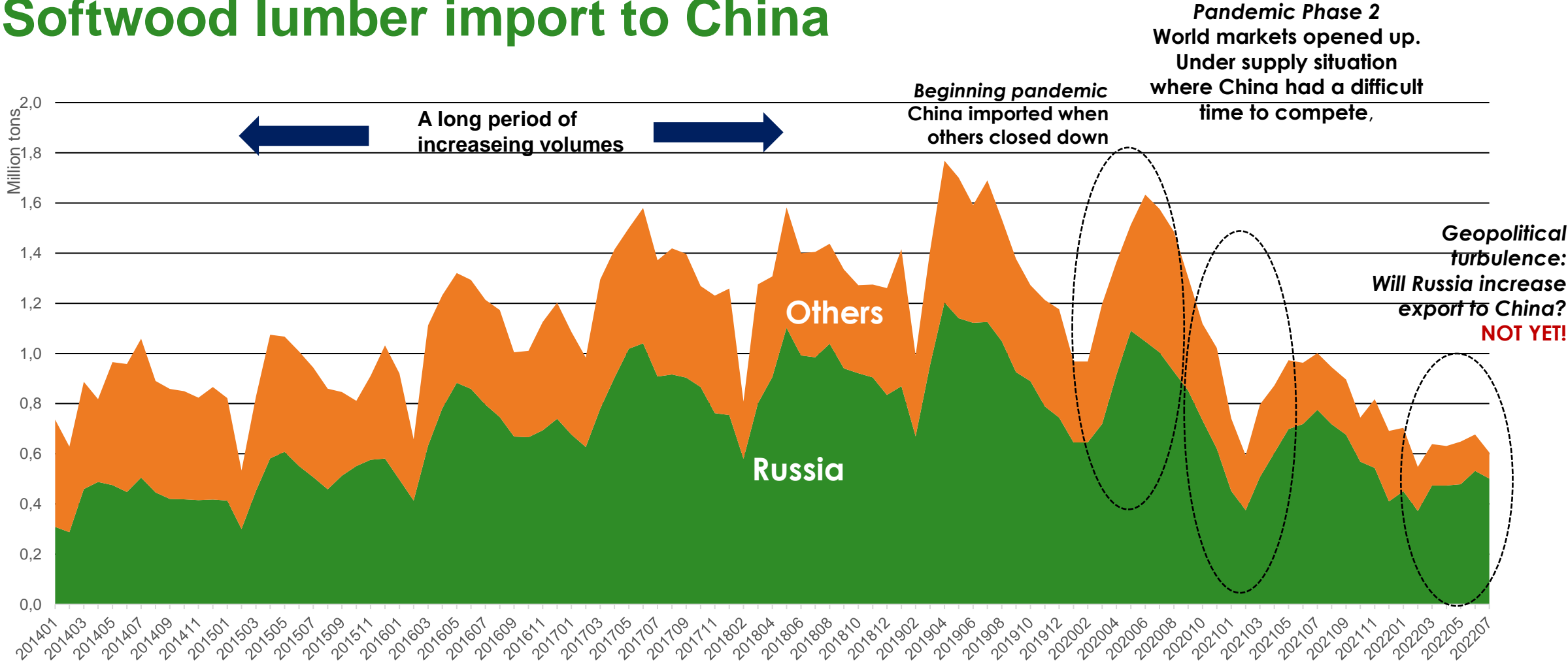
The 20th National Congress

- **Starts next week!**
- **Domestic ideology**
 - Progressive tax system
 - Further social spending programs
 - Deregulation of small businesses
- **“Dual circulation”**
 - Rely primarily on domestic demand and innovation
 - Discourage import?
- **Pandemic**
 - Zero tolerance to controlling?
 - Stimulation – protect small/medium companies
- **Taiwan**
- **New Leaders**

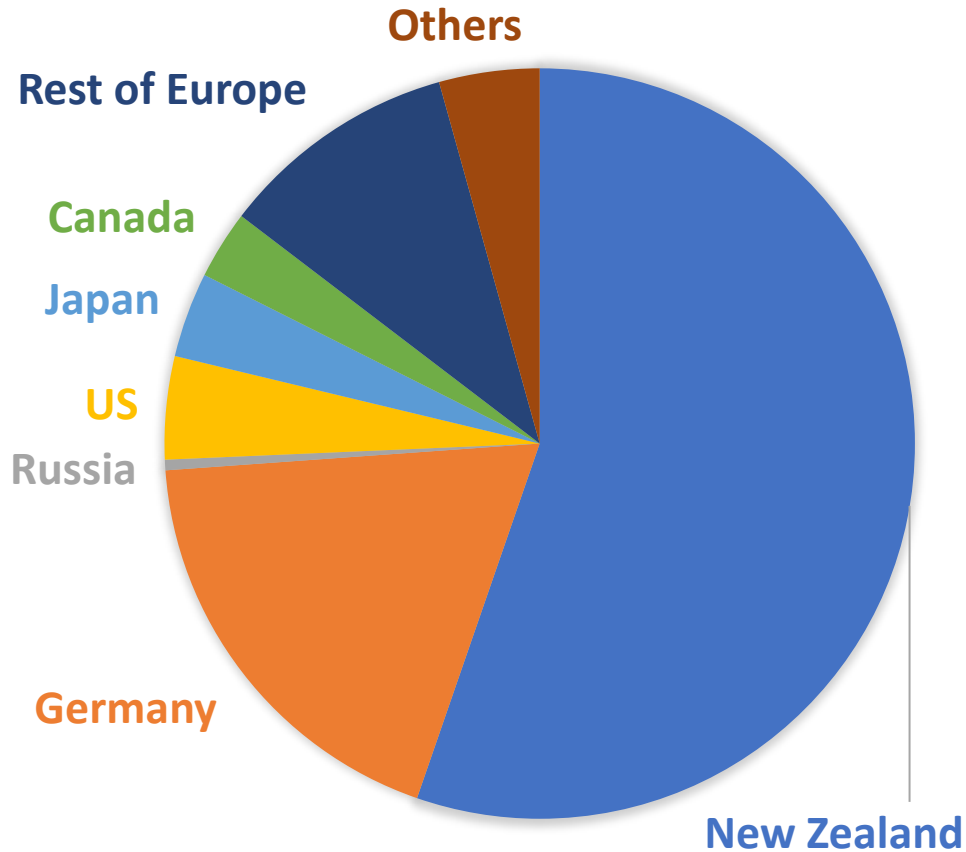
Wood market in China



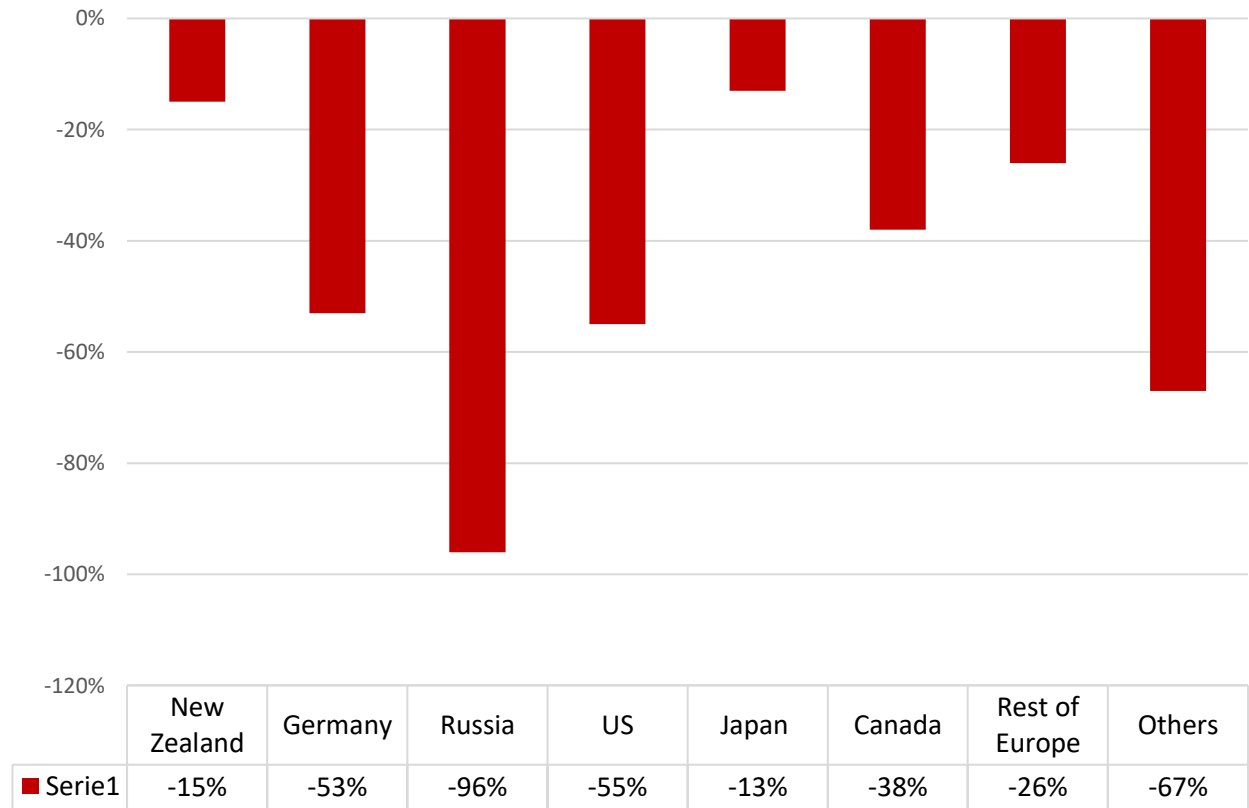
Softwood lumber import to China



Import of softwood logs by country and YTD change

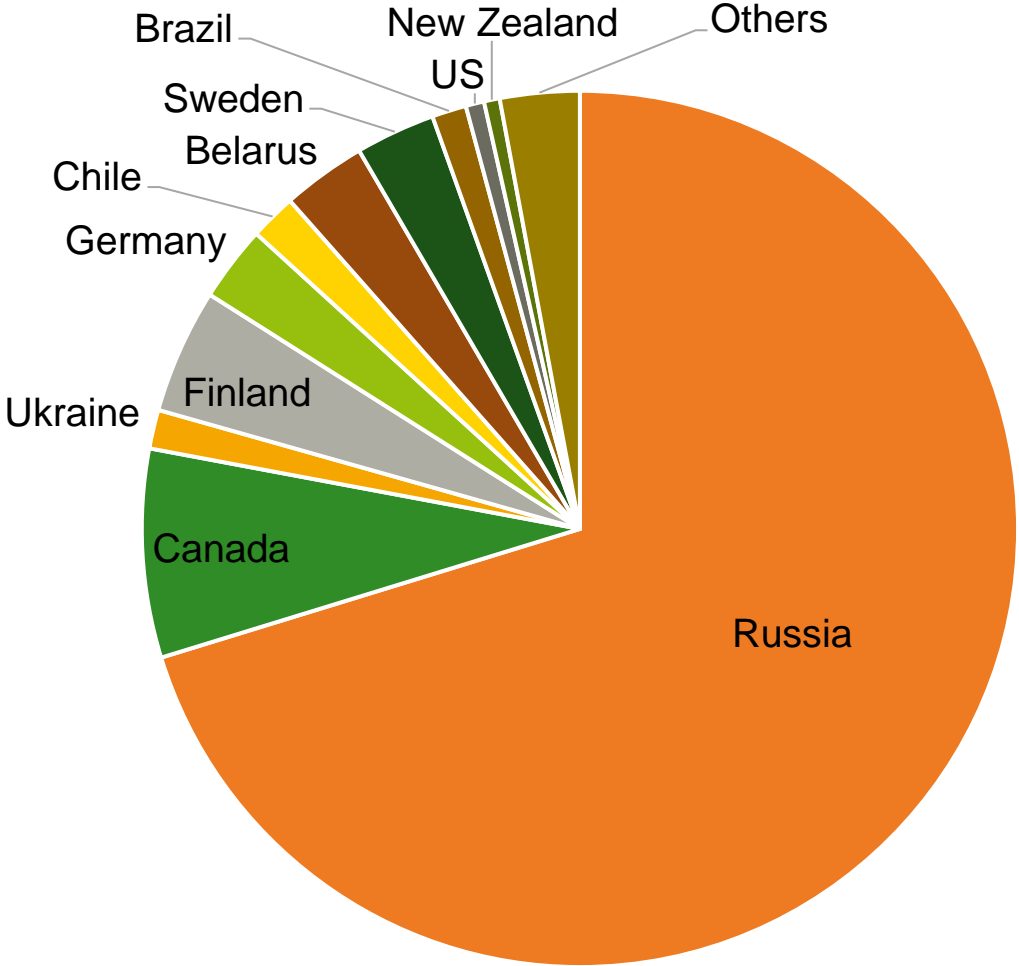


20 517 000 m3 Jan-Aug 2022

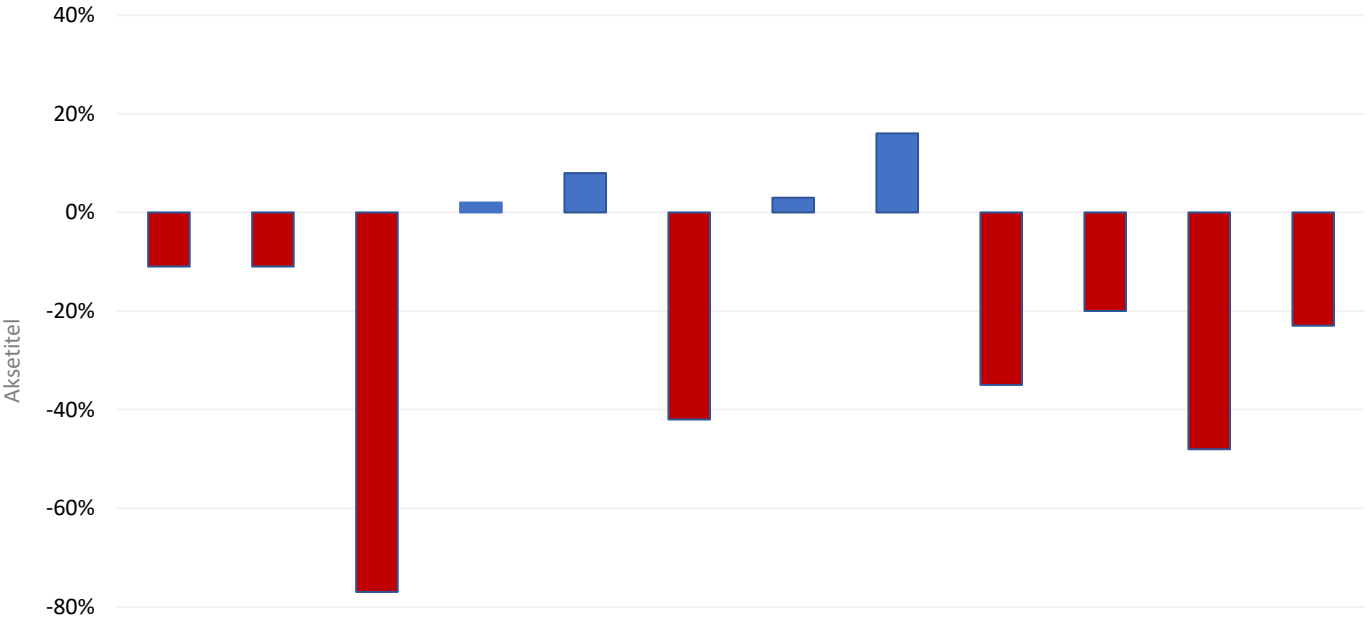


– 38% vs 2021

Softwood lumber import by country and YTD change



11 037 000 m3 Jan-Aug 2022



	Russia	Canada	Ukraine	Finland	Germany	Chile	Belarus	Sweden	Brazil	US	New Zealand	Others
■ Serie1	-11%	-11%	-77%	2%	8%	-42%	3%	16%	-35%	-20%	-48%	-23%

- 15% vs 2021



Everything is not bad news in China

- **Forecast for growth in 2023 is significantly higher 5-6%.**
- **Inflation is low**
- **Availability and price of energy is more normal**
- **Stocks of wood are on the high side but under more normal circumstances, they will be consumed rather quickly**





What to look out for!

- **When will the covid blanket be removed?**
 - After the National Congress?
 - After Chinese New Year (January)?
- **What will happen at the National Congress?**
 - Actions to regain confidence from entrepreneurs and real estate markets?
- **Production of Russian sawmills during winter?**
- **Chinese investments in Russia in the wood sector?**

*The fate of the global wood market will
to a large extent be determined on what
happens on the Chinese – Russian border in
the year to come!*

Thank you!

