

A photograph of a tall eucalyptus forest. The trees are very tall and thin, with light-colored bark. A person is standing next to one of the trees in the lower left corner, providing a sense of scale. The ground is covered with dry leaves and twigs.

THE GLOBAL EUCALYPTUS WOOD PRODUCTS INDUSTRY

**A PROGRESS REPORT ON ACHIEVING HIGHER
VALUE UTILIZATION**

January 2003

A Comprehensive Report by:
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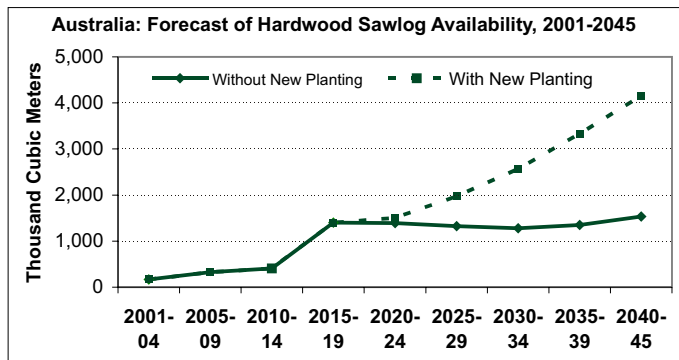
THE GLOBAL *EUCALYPTUS* WOOD PRODUCTS INDUSTRY:

In 1999, the report “*Eucalyptus: Progress in Higher Value Utilization*” highlighted the initial stages in a developing global *Eucalyptus* industry based on more than just pulpwood and fuelwood production. Now “**The Global *Eucalyptus* Wood Products Industry**” provides an update on industry progress and a focus on market development. This new report is a comprehensive overview of international *Eucalyptus* resources, wood products manufacturing capacity and markets. Based on extensive research by the authors over a period of several years, this 300+ page report provides focus on the key issues:

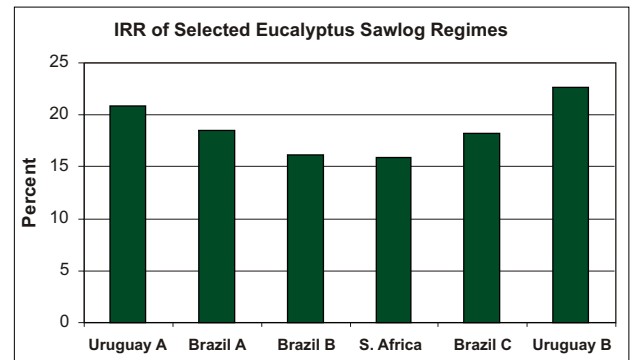
Resources

- ▶ Information on *Eucalyptus* plantation resources in all producing countries including planted area by country and major ownerships, species mix and plantation growth rates
- ▶ Management regimes for high quality sawlog production
- ▶ Impact of different management regimes on financial returns (NPV and IRR)
- ▶ Forecast of *Eucalyptus* supply and sawlog availability

Production of *Eucalyptus* sawlogs will increase in the future



Timing and intensity of pruning and thinning *Eucalyptus* have a significant impact on financial returns



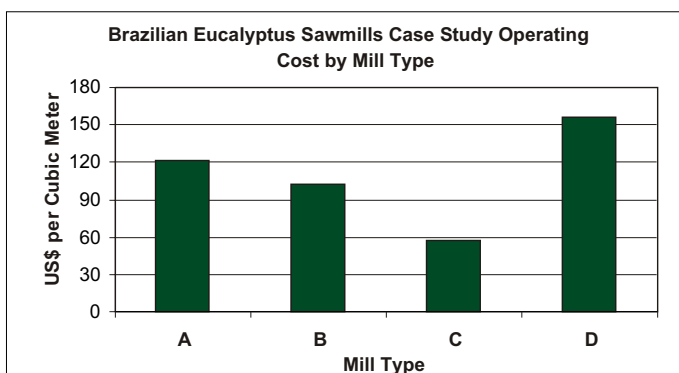
Manufacturing

- ▶ Entrance of major international players in the higher value utilization of *Eucalyptus*
- ▶ Information on major production facilities by product type:

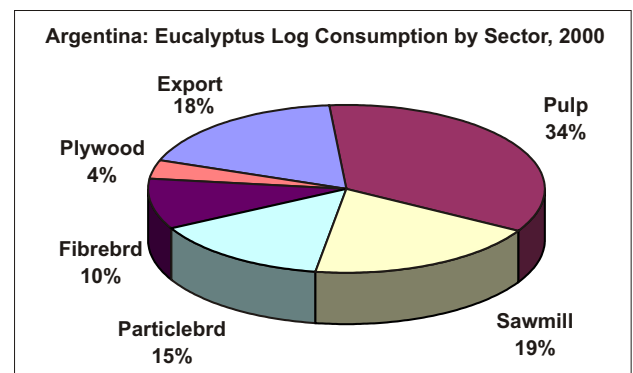
- lumber
- moulding & millwork
- sliced and rotary peeled veneer
- plywood
- composite panels
- flooring
- furniture
- engineered wood products

- ▶ Case studies of manufacturing costs and new technology developments

There are a wide range of capital investments and operating costs for plantation *Eucalyptus* processing facilities



Eucalyptus already has broad utilization in some countries

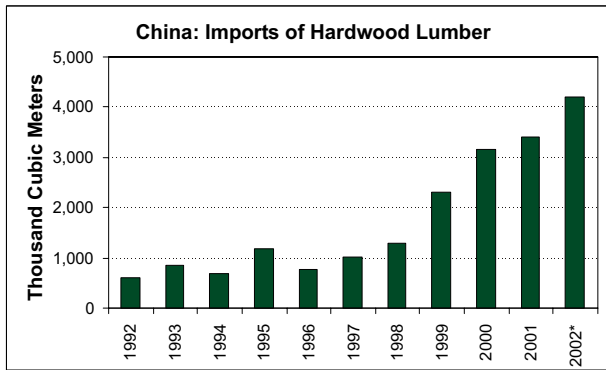


A PROGRESS REPORT ON ACHIEVING HIGHER VALUE UTILIZATION

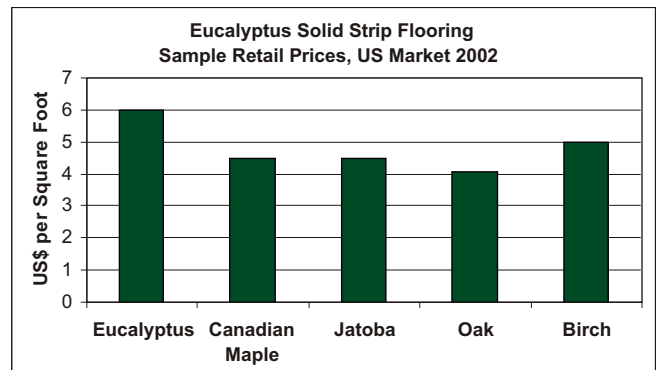
Markets

- ▶ Forces driving expansion of *Eucalyptus* wood products markets
- ▶ Role of certification and the DIY home center industry
- ▶ Outlook for global hardwood markets and, therein, the role for *Eucalyptus*
- ▶ Price trends for sawlogs, lumber, and other products
- ▶ International market issues - grading, branding, positioning, and distribution

The fastest growing hardwood lumber market (including *Eucalyptus*) in the world is China



Eucalyptus is well accepted in some markets/products



Eucalyptus Producers' Directory

This unique information tool on the *Eucalyptus* industry contains:

- ▶ Contact details for more than 300 different companies in 20 countries
- ▶ 130 lumber producers
- ▶ 34 veneer and plywood producers
- ▶ 60 flooring producers
- ▶ 60 furniture producers
- ▶ 24 reconstituted wood-based panel producers
- ▶ Sorted by Country, Product Type, and Company Name
- ▶ Provided at no extra cost to Report subscribers in hard copy and also in an Email Excel file for easy manipulation & updating
- ▶ Directory is also available as a stand-alone item in an Email Excel file only

About the Authors

Over the past 4 years, the authors have visited numerous *Eucalyptus* operations in Oceania, South America, South Africa, Asia, and Europe, including repeat visits to the major producers. They have also completed several studies on the markets for *Eucalyptus* wood products in North America, Europe, and Asia. The combined value of these research efforts is estimated at US\$ 500,000.

EVAN SHIELD is an independent, Australia-based forestry/forest industry consultant with a practice history of 20 years. During this time, he has completed assignments in more than 25 countries. He has specialized in the management of *Eucalyptus* plantations for higher-value utilization, the conversion and processing of their log products and the marketing of the out-turns. Much of this work has been undertaken in South America during his 15 visits there. With Bob Flynn, he was co-author of the 1999 report, "*Eucalyptus: Progress in Higher Value Utilization, A Global Review*". He has been a frequent speaker at international conferences/seminars on the topic of higher-value utilization of plantation-grown *Eucalyptus*. In 2000, he played a role in the introduction of FSC certified *Eucalyptus* lumber to the out-door furniture manufacturers in Vietnam through an assignment designed to improve sawing and seasoning techniques. Email eshield@bigpond.net.au

ROBERT DONNELLY is Managing Director and Principal Consultant of RH Donnelly & Associates, based in Christchurch, New Zealand. His consulting firm over the past 22 years has specialized in forest products assignments in the Southern Hemisphere, between Australasia and South America. Activities have included project development, export market development, feasibility studies for new manufacturing facilities, benchmarking studies, strategic planning, and profit / cost improvement analyses. In addition, he has served as a senior management advisor for mergers & acquisitions, and assisted in attracting overseas investors. Donnelly divides his time between New Zealand, where he serves as a part-time university lecturer in forest products marketing, and Brazil where he maintains his South American base. A primary focus for the past 5 years has involved the development of the *Eucalyptus* solid wood industry in Brazil and MERCOSUL. Email rdonely@xtra.co.nz

ROBERT FLYNN is a Director of the US-based Wood Resources International, a consulting firm which has completed more than 170 assignments in 35 countries since 1987. He was co-author of the 1999 report, "*Eucalyptus: Progress in Higher Value Utilization, A Global Review*", as well as co-author of the annual report, "*The International Woodchip and Pulplog Trade Review*", now in its 9th edition. In addition, he has published more than 70 articles in forest industry trade journals on wood supply and international markets, and is a frequent speaker at conferences on forest products trade. Email bobglynn@aol.com

INIA Decision Support System (DSS) Growth & Yield Simulator for *E. grandis*

As part of this report, the authors are pleased to provide an exclusive offer to subscribers for this software package developed by INIA (National Institute of Agricultural Research of Uruguay). Forestry Program Researcher Dr. Ricardo Methol developed the growth and yield models that form the basis for the DSS simulator. Based on 16 years of research in a region with the most aggressive forest management regimes for *E. grandis*, the simulator permits analysis of different regimes in terms of stocking, thinning, and pruning with varying timing and levels of intensity. IRR and NPV can be calculated for different site index levels and varying assumptions on costs and revenues. An invaluable tool for investment analysis and appraisal, the cost of the CD (in English or Spanish) is US\$ 500. Order form included in each report.

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