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As Log Exports to Vietnam Skyrocket, The Hardwood Industry Asks How Foreign-Sawn American Lumber Will Impact Its Long-Term Markets

By Ben Stanley

Located in Binh Duong province in the northern hinterland of Ho Chi Minh City, Vietnam, are hundreds of sawmills cutting American hardwood logs.

Most of the sawmills are uncomplicated bandsaw operations using a minimum of employees, with overall running costs multiples less than a hardwood mill located in Pennsylvania, Missouri, or Georgia. Largely funded by Chinese capital, these low-cost operations processed more than 176 million board feet (MMBF) of US hardwood logs in 2025, a figure four times higher than in 2024 (**Figure 1**).

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- **Real average hourly earnings for all US employees fell 0.6% in March 2026 from the prior month—due to a spike in inflation—but advanced 0.3% over March 2025.**
- **The US Manufacturing Purchasing Managers' Index edged up 0.3% in March over February to 52.7%, marking the third straight month above the 50% threshold.**
- **US exports totaled $314.8B in February, while imports totaled $372.1B, resulting in a trade deficit of $57.3B for the month.**
- **US manufacturing capacity utilization was 75.3% in March, down from 75.5% the prior month and 75.8% in March 2025.**
- **The US Consumer Price Index (CPI-U) rose 0.9% (seasonally adjusted) in March, the largest one-month gain since June 2022. For the 12 months ending in March, CPI increased 3.3%.**
- **Chinese investment in real estate development was 11.2% lower during Q1 2026 than Q1 2025.**

HMR DEMAND INDEX (HDI)

	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Apr 26
Cabinets	Fair/Steady	Fair/Steady	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Fair/Steady	Fair/Steady	Fair/Steady	Slow	Slow	Slow	Fair/Steady	Fair/Steady	Slow	Slow	Fair/Steady	Fair/Steady	Fair/Steady	Slow
Residential Flrg.	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Slow
Truck Trailer Flrg.	Slow	Slow	Slow	Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Slow	Slow	Fair/Steady	Fair/Steady	Slow	Slow	Slow	Slow	Slow	Slow	Very Slow	Slow	Slow	Very Slow	Very Slow
Upholst. Furniture	Slow	Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow
Wood Furniture	Slow	Slow	Slow	Slow	Slow	Slow	Very Slow	Very Slow	Very Slow	Very Slow	Very Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow
Moulding/Millwork	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Slow	Slow	Slow	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady
Wood Components	Fair/Steady	Fair/Steady	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Slow	Fair/Steady	Fair/Steady	Fair/Steady	Slow	Slow	Slow	Slow	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady
Board Road	Slow	Slow	Slow	Slow	Slow	Very Slow	Very Slow	Very Slow	Very Slow	Slow	Slow	Slow	Slow	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Slow	Very Slow	Very Slow	Slow	Slow	Slow
Pallets	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Good	Good	Fair/Steady	Fair/Steady	Good	Good
Railroad Ties	Good	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Good	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Fair/Steady	Good	Good	Good	Fair/Steady	Slow	Slow	Slow	Slow

Very Slow | Slow | Fair/Steady | Good | Strong

Described by several leading industry figures as a “calculated” workaround of the Trump administration’s ongoing trade conflict with China, an eight-month Chinese ban on all American logs last year led to the explosion of log exports into Vietnam. As a result, those sawmills now deliver tens of millions of board feet of American hardwood lumber and components to Chinese markets, all while avoiding tariffs and other operational costs.

Competing, in part, against its own lumber in the world’s biggest export market is clearly a huge challenge for the American hardwood industry. And if the industry continues its current trajectory of contraction over the coming decade—as many worry it will—those Vietnamese sawmills, along with mills in China, are likely to be one of the major external reasons why.

"It’s not about profit right now—it’s about taking over a market."

There are few obvious levers to pull to address the issue. Constitutional protections limit the ability to tax any export, and American lawmakers have shown little interest in passing legislation to stimulate domestic hardwood consumption. Ideas are formulating within the industry, but, in the meantime, increasing numbers of hardwood suppliers are resigning themselves to a challenging reality.

“A lot of mills were saying we’re not selling logs come hell or high water, but these days, they are thinking hard about it,” one Southern hardwood seller told HMR/Fastmarkets.

“People are at the point where they know, if they sell a log internationally, they feel like they will make more than if they run it through the mill

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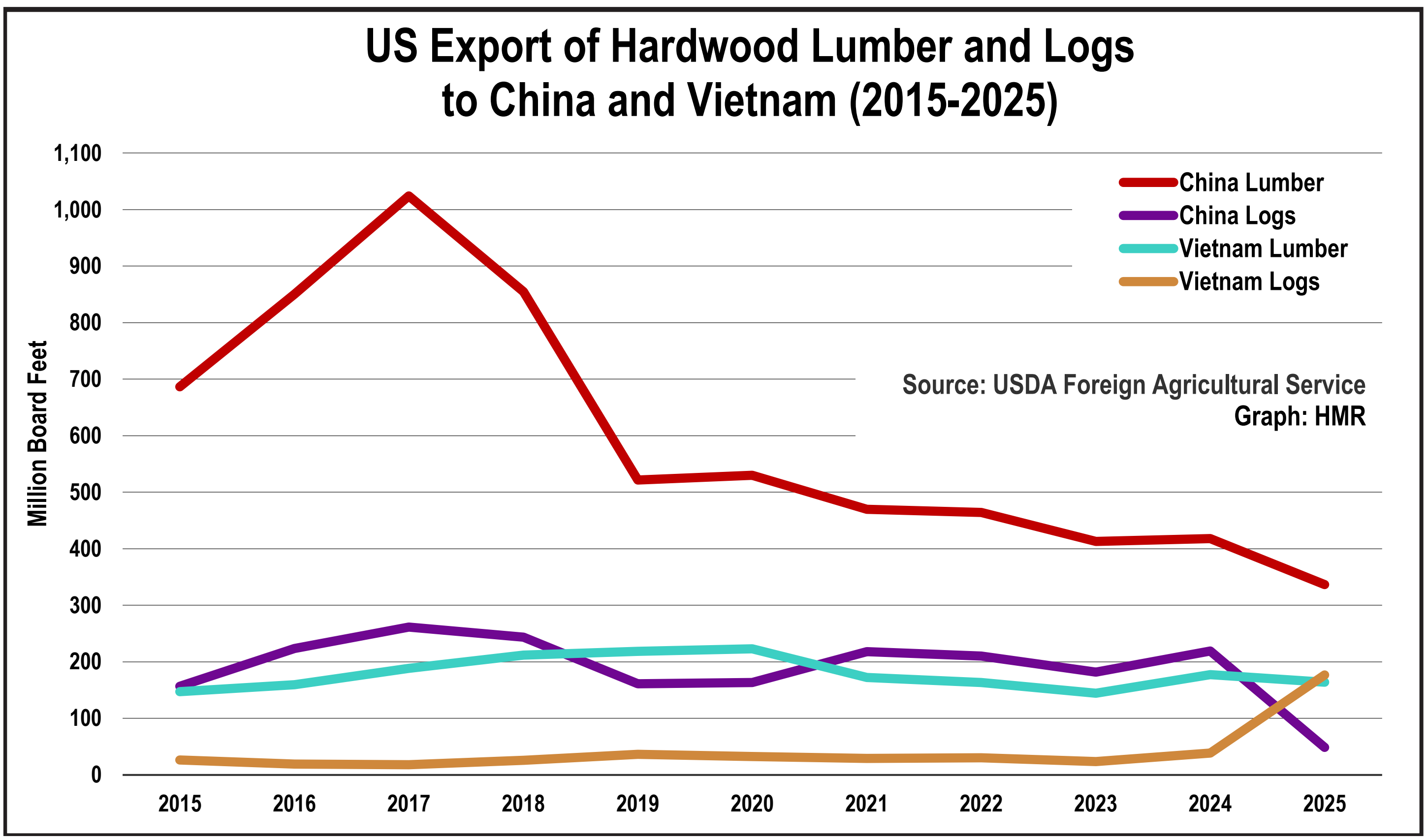
Figure 1



themselves. Now, that is not good for our industry, but it is a fair perspective to take."

A 'Calculated' Workaround

Until 2016, Canada received the greatest volume of American hardwood log exports. Exports heading north were consistent throughout the 1990s, 2000s, and 2010s, peaking at 357.1 MMBF in 2005 (**Figure 2**). Though shipments included sawlogs, a high percentage were low-grade logs for use in pulp and paper manufacturing.

Dwarfed by Canadian log exports for decades, the flow into China began in earnest in the mid-1990s.

In 1996, China imported just 0.9 MMBF of hardwood logs from the US. That figure trended sharply higher during the next 21 years until its high point of 261.2 MMBF in 2017. The Chinese housing boom through the 2010s helped underscore this climb, with Chinese-sawn American lumber supplementing lumber it imported from the US.

The flow of logs into China took a serious knock in the late 2010s, with the launch of President Donald Trump's first trade war against China.

In a slice of bad timing, the trade conflict came around the same time the Chinese construction boom started to fade.

Trade relations between China and the US reset following the election of President Joe Biden. Log exports to China started to climb back up, reaching a six-year high of 219.1 MMBF in 2024.

In February 2025, less than a month after being inaugurated, President Trump renewed his trade conflict with China, applying a range of tariffs on various imports. The Asian superpower responded in kind. For the lumber industry, the big shoe dropped on March 4, 2025, when China announced a ban on imports of all American logs, both hardwood and softwood, in order to "quarantine forest pests such as bark beetles and longhorn beetles."

Of the many industry contacts HMR/Fastmarkets interviewed, few believe the ban was motivated by Chinese concern around bark and longhorn beetles. Instead, they say the ban was a "calculated" strategic maneuver from China, made to utilize both Vietnam's friendly trade relations with the US and their own advantageous trade relationship with their southern neighbor. "They tried to outflank us," one contact said.

Between February and March last year—the month between President Trump's announcement of tariffs on China and the corresponding log ban—the volume of American hardwood logs exported to Vietnam almost tripled, going from 4.8 to 12.9 MMBF. By April, it was up to 22.4 MMBF and has not dropped below 14 MMBF since. Walnut, White Oak, Red Oak, and Ash are the predominant US hardwood log species going to Vietnam (**Figure 3**).

The switch from China to Vietnam was dramatic. In February 2025, the US exported 16.7 MMBF of hardwood logs to China. Two months later, just 0.9 MMBF shipped to the country.

Why Vietnam Works

The majority of American hardwood logs shipping to Vietnam reportedly arrive at the Ho Chi Minh City port, a short drive from the sawmill base north of the city. One contact who visited Binh Duong recently described them as simple but effective operations. "If they saw the sawmills, I think most American hardwood folks would be very appreciative of how well people were working," he said.

"I think 'doom and gloom' is accurate, but the reason is we do not get our message out as an industry about how amazing our products can be."

The cost effectiveness is revealing. While American sawmills typically use equipment costing hundreds of thousands of dollars or more, Vietnamese mills commonly use a series of lower-quality bandsaws priced in the tens of thousands.

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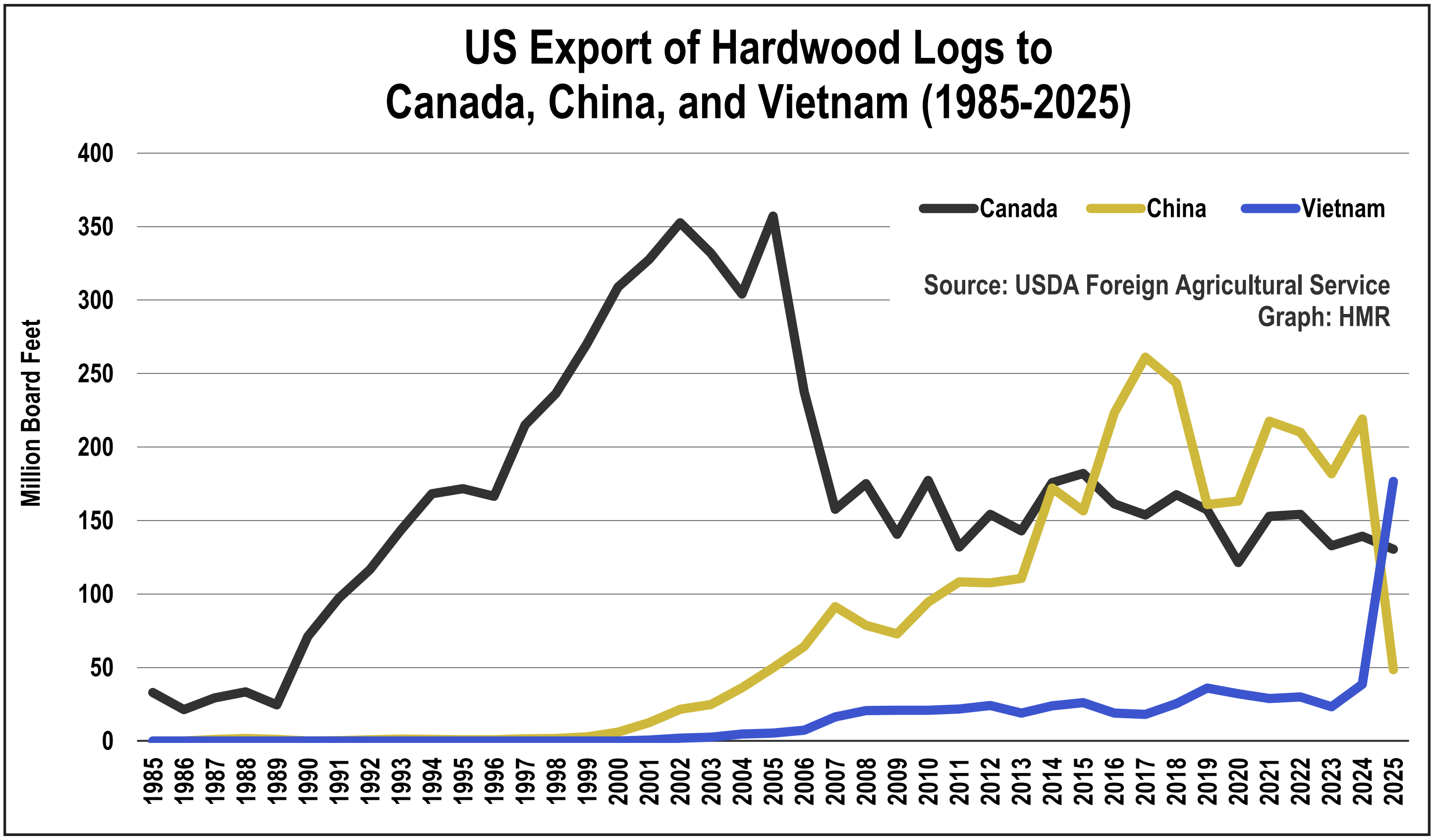
Figure 2



Chinese investors funding the sawmills also benefit from low employee wages in Vietnam, limited safety regulations, minimal need for log fumigation upon port arrival, and relatively lax environmental regulations. With no major trade barriers between China and Vietnam, the newly sawn lumber travels north via inland freight, crossing the Chinese border without constrictive duties. Like China, Vietnam also has state subsidy programs focusing on tax credits, lending agreements, and grants that incentivize the industry.

In addition to reduced costs and lower compliance hurdles, as well as sometimes generous subsidies, Vietnamese mills do not use standard National Hardwood Lumber Association (NHLA) grading rules. A NHLA log taskforce formed to investigate the issue found that they use four broader grades: Top Super Prime, Fas, High #1C, and Clear Blanks.

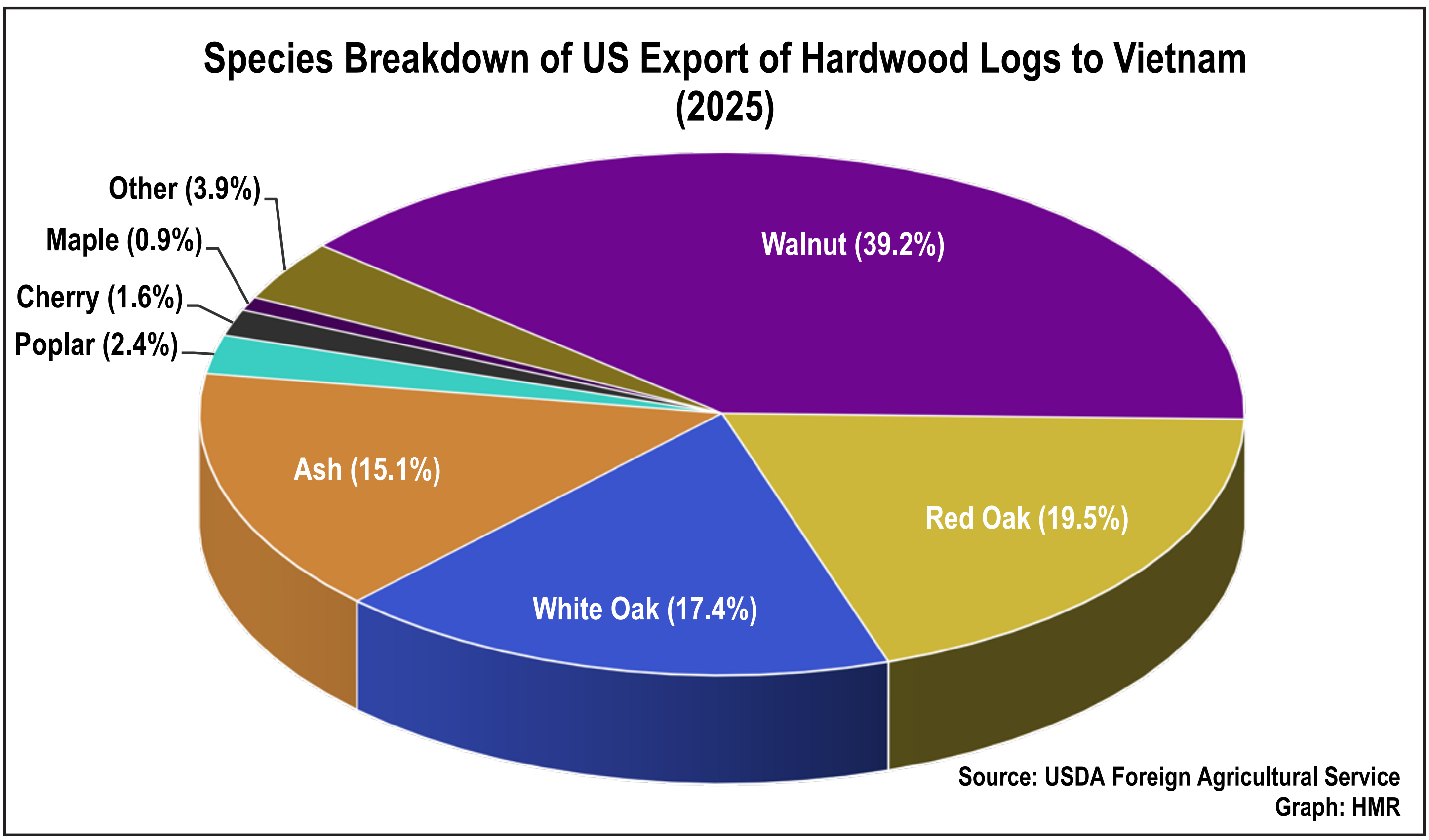
Sources tell HMR/Fastmarkets that the three higher grades are comparable to Fas&1f and better, while the Clear Blanks are lower-grade offcuts customized for use in furniture and other applications not requiring large cuttings. It is estimated that around 30% of each log is used for Clear Blanks, ensuring much less waste from logs than most US mills experience.

The strategy China is using to target American logs is not new, explained one industry leader. Chinese investors have told him they expect financial losses or to just break even in the short and medium term, so they can dominate the market in the long term.

"It's not about profit right now—it's about taking over a market," he said. "The Chinese have proven, industry after industry, that this is their approach. They are patient and systematic. If they want something, they will pay what it takes to get it."

continued page 6

Figure 3



"In ten years' time, the worst-case scenario is the domestic sawmill business is over. Maybe there are a few mills left, but there would be a lot that would be gone."

Facing Reality

Last October, the amount of American hardwood logs heading into China had fallen to just over 126,000 board feet, the lowest monthly total in decades. When the log ban was lifted the following month, logs started flowing back into China almost immediately. By February of this year, numbers were back up to 9.7 MMBF.

Though compliance barriers are higher than in Vietnam, Chinese mills are processing logs much like mills across their southern border.

HMR/Fastmarkets spoke to multiple contacts about the overall log export issue, and all had concerns. However, one believes the difference in grades means much of the lumber sawn in the two counties is not directly competing with American-sawn lumber in China, as some suggest.

"The logs that are going there are not veneer logs that could be sawn here," he said. "They are being sawn to different metrics and grades to be used mostly for engineered flooring."

At present, American lawmakers are doing little to work with the hardwood industry to find a solution to the log export problem. With multiple bills introduced in both the House and Senate in recent years, there is known to be bipartisan support to assist the hardwood industry in Washington, but nothing that has ever come to a vote.

Article I, Section 9, Clause 5 of the US Constitution prevents taxes on exports, meaning there is no constitutional way to stop the flow of logs to Vietnam or China. Several contacts pointed to potential Section 232 or 301 tariffs, stemming from Department of Commerce investigations into unfair practices that could be utilized to restrict the flow of a variety of secondary wood products containing American hardwoods back into the US.

Following the Supreme Court's decision earlier this year that much of President Trump's trade policy—which used a range of tariffs under the International Emergency Economic Powers Act—was illegal, the likelihood of more Section 232 and 301 tariffs by the administration is higher.

The NHLA log taskforce mentioned earlier involves major industry figures and has poured significant energy into investigating the issue. It is understood a significant new lobbying push is also being prepared by the NHLA to alert lawmakers to the challenges the industry faces. Neither is likely to present a short- or medium-term fix.

While discussions about log exports have been a part of industry meetings for several years now, the issue has emerged as a primary concern for market participants across all three hardwood producing regions.

One contact said the log export situation forces the hardwood industry to identify new uses for its products domestically. According to this view, which is shared by many, the log export problem is unfixable, and the industry needs to mount a 'fighting retreat.'

"I think 'doom and gloom' is accurate, but the reason is we do not get our message out as an industry about how amazing our products can be," another contact said.

Another contact, who mostly exports Walnut, was more circumspect. "In ten years' time, the worst-case scenario is the domestic sawmill business is over," he said. "Maybe there are a few mills left, but there would be a lot that would be gone.

“We are on that trendline now. If we continue at the current rate of loss with the sawmill industry, by 2031, we will be at 1.1 billion board feet of consumption. That puts us down to almost nothing. The best-case scenario is we come together as an industry, combat substitute products and increase the global use of domestically sawn hardwoods. It is really as simple as that.

“They can replicate production, sawmills, and even grades if they choose to, but the one thing they can’t replicate is our trees,” he continued. “Walnut trees grow in the United States—and that is what they want. We need to start there.”

Until then, American hardwood logs will keep getting run through those mills north of Ho Chi Minh City.

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