

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Wood pellet exports from the US increased for the 12th consecutive quarter in the 4Q/14, as compared to Canadian exports which trended downward in 2014, according to the North American Wood Fiber Review

North American pellet exports were 22 percent higher in 2014 than in the previous year, according to the North American Wood Fiber Review. While US shipments have been on a steady rise for three years, Canadian export volumes trended downward during 2014.

Seattle, USA. Exportation of wood pellets from North America to Europe and Asia reached an all-time high rising 22 percent in 2014 from the previous year, according to the North American Wood Fiber Review (NAWFR). Shipments from the US were up 40% year-over-year, while Canada exported six percent less in 2014 than in 2013. (*Note. Due to irregularities with Customs data, NAWFR collects trade data from a number of sources including Canadian and US customs export data, European import data and from quarterly conversations with both pellet exporters and port contacts.*)

US exports to Europe increased for the twelfth consecutive quarter, reaching a new high of just over 1.1 million tons in the 4Q/14. Minor volumes of pellets to Asia, shipped by containers from the US West Coast, fell as manufacturers concentrated on seasonal local demand.

By far the largest consumer of US pellets that past year has been the United Kingdom, which in the 4Q/14 was the destination of 73% of US export volumes. However, the UK market has not always been in such a dominant position. In 2013, the share was 55% and in 2012 only a modest 31%.

With over 20 new export-oriented pellet plants being built or having credible plans to operate in the next two years in the Southern States, further significant growth in North American pellet exports can be expected. Track the latest market developments in the NAWFR (www.woodprices.com)

British Columbia's overseas pellet exports in the 4Q/14 fell by 15 percent from the previous quarter. While exports to Europe rose, shipments to Asia were substantially lower than in the 3Q/14. The slowdown from a labor dispute at the port of Vancouver, together with rail transportation challenges in the Interior of BC, contributed to the reduced export activities during the quarter. The major destinations for Canadian pellets in 2014 were in ranking order, the United Kingdom, the US, Italy and South Korea. Total export volumes from both Western and Eastern Canada trended downward for most of 2014 and in the 4Q/14 reached their lowest levels since mid-2012.

Notwithstanding the 4Q/14 slump in BC pellet shipments to Asia, pellet exports from

Western Canada will likely continue to flow steadily until new production capacity is added in late 2015. The potential for increased pellet exports to Japan and South Korea remains strong, though specific agreements have yet to materialize.

*The North American Wood Fiber Review has tracked wood fiber markets in the US and Canada for over 20 years and it is the **only publication** that includes prices for sawlogs, pulpwood, wood chips and biomass in North America. The 36-page quarterly report includes wood market updates for 15 regions on the continent in addition to the latest export statistics for sawlogs, wood pellets and wood chips.*

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