

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

North America exports of wood pellets reached record-highs in 2015, with the US Gulf States increasing shipments by 70% from 2Q/15 to 4Q/15, according to the North American Wood Fiber Review

Exportation of wood pellets from North America totaled 6.1 million tons in 2015, which almost four times as much as in 2010, as reported in the latest issue of the North American Wood Fiber Review. In the second half of 2015, export volumes from Southern Gulf ports were up almost 70%.

Seattle, USA. North American overseas pellet exports increased for the third consecutive quarter in the 4Q/15, rising seven percent from the previous quarter to just over 1.7 million tons. The total for the year was 6.1 million tons, which was two percent higher than in 2014 and almost four times as much as in 2010, according to the North American Wood Fiber Review (NAWFR).

(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.)

In the 4Q/15, total Canadian pellet overseas exports increased by 17% from the previous quarter with shipments going up to both Europe and Asia. On a regional basis, BC exports continued to shift slightly towards Asia, with a slight reduction in shipments going to Europe. In the 4Q/15, shipping from Eastern Canada, albeit still in small volumes, rose to its highest level in almost two years.

Canadian pellet exports to Asia flow primarily to Japan with a much smaller volume finding its way to South Korea. China remains a tantalizing but unrealized market prospect. While South Korea is still concentrating on less expensive material from its neighbors to the south, principally Vietnam, Japan continues to show immediate and longer-term potential as a pellet and biomass consumer due to government policies that encourage growth of its renewable energy component of production.

In the US, overseas pellet exports are all flowing to Europe, principally to the UK, from the industrial pellet sector in the Southern States. The volume exported in the 4Q/15 climbed to a new record-high, with all of the increase coming from the export pellet plants in the US Gulf Coast region, according to the NAWFR (www.woodprices.com). Newly operating pellet plants in this region made their presence felt during the second half of 2015 with their first shipments to Europe. German Pellets in Louisiana, Drax Biomass's two new plants in Louisiana and Mississippi, and Zilkha Biomass Energy in Alabama all continued their ramp up of their operations. Primarily due to these new facilities, exports from the Gulf Ports rose by almost 70 percent from the 2Q/15 to the 4Q/15. During the 1Q/16, shipments to Europe from the US South have fallen (most

likely a temporary pause) because of lower demand in Europe with the continent having an unusually warm winter.

*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, lumber, wood pellets and wood chips.*

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