

Forest Products Market Update

- a news brief from Wood Resources International LLC

Pulp and paper manufacturers worldwide consumed 75 million tons of woody biomass for energy in 2009, reports the Wood Resource Quarterly

The global pulp and paper industry has substantially increased its use of woody biomass for energy the past few years, which has consequently reduced dependence on fossil fuels, reports the Wood Resource Quarterly. Since 2006, energy generated from biomass has gone up over 50%, last year accounting for 18% of the total energy consumption by this industry sector.

Seattle, USA. February, 2010. Over the past few years, there has been a rapid, worldwide expansion in the consumption of renewable energy by the pulp and paper industry. Numerous pulp and paper plants have made the strategic decision to invest in the equipment needed to make the switch from fossil fuels to woody biomass fuels. Global consumption of biomass increased by 51% between 2006 and 2009, according to an analysis done with FisherSolve™ (Fisher International).

The annual consumption of biomass used for energy generation by the global pulp industry in 2009 was an estimated 75 million tons, equivalent to approximately 1400 TBTU (trillion British Thermal Unit). While the biggest increases have occurred in Latin America and Asia/Oceania, mills in North America and Europe are still the largest users of biomass material. Not surprisingly, the leading biomass-consuming countries by volume are regions with large areas of forests, including Canada, the US, Brazil and Sweden. Perhaps somewhat unexpectedly, pulp mills in Finland, New Zealand, Australia, France and Germany have consumed fairly small volumes of biomass up until now, as reported in the Wood Resource Quarterly.

As a percentage of total energy usage, the share of energy generated from biomass has, on a global basis, increased from 16% in 2006 to 18% in 2009. Norway and Sweden took the lead in biomass usage at 42% and 38%, respectively, followed by Canada, Brazil and New Zealand. At the other end of the spectrum are China, Australia, Japan, Spain and Germany, all of which are countries where the pulp mills on average used less than 10% renewable energy at their plants last year.

Another interesting development is that with the increased usage of bark and wood fiber for energy, pulp mills have expanded their external sourcing of the biomass. In 2006, 53% woody biomass was purchased in the open market; in 2009, this share had increased to 69%. Pulp and paper mills in Latin America and Asia/Oceania were generally less reliant on purchased biomass than plants in Europe and North America.

Global pulpwood and biomass-market reporting is included in the 50-page publication, Wood Resource Quarterly. The report, established in 1988, has readers in over 25

countries and tracks sawlog, pulpwood, lumber and pellet prices in key regions around the world. Also included are regular updates of the latest developments in international timber, pulp, lumber and biomass markets.

Contact Information

Wood Resources International LLC

Hakan Ekstrom

info@wri-ltd.com

www.woodprices.com