

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Wood pellet exports from North America have steadily increased over the past two years, having more than doubled since late 2011, according to the North American Wood Fiber Review

North American shipments of wood pellets over the Atlantic continued to go up in the 2Q/13 with volumes more than double those in the 2Q/11, according to data compiled by the North American Wood Fiber Review. Shipments to the major consumer in Europe, the United Kingdom, are likely to decline in the coming year because of the closure of a major biomass plant in the UK.

Seattle, USA. Pellet export volumes from North America to Europe continued to rise during the 2Q/13, representing steady growth for the past seven quarters, according to data compiled by WRI and reported in the North American Wood Fiber Review (NAWFR). In that period of time, volumes exported to Europe have more than doubled, from just over 500,000 tons in the 3Q/11 to over 1.1 million tons in the 2Q/13 (*Note. The most current trade data is available to subscribers of the NAWFR*).

Most of the increase in exports over the past two years has been from the US South, while exports from the other major supply region, British Columbia, have been growing at a fairly modest rate since early 2011. In the 2Q/13, pellet volumes exported from Canada were nearly static from the previous quarter, which was a reflection of a pellet-producing sector running at close to full operating rate and with limited investment in new capacity planned for the past few years. With additional capacity in British Columbia, Ontario, Quebec and Nova Scotia, pellet exports from Canada will probably expand significantly in the coming year. To date, Canada's share of the total exports from North America accounted for 38% in the 2Q/13, which was down substantially from 62% just two years ago.

In the US South, pellet export volumes in the 2Q/13 increased 16% from the previous quarter to just over 700,000 tons. In the second half of 2013, pellet trade data will also reflect additional shipments from US Gulf Coast ports in Texas and Alabama, because new plants have started their commercial operations in the 3Q/13, as reported in the NAWFR (www.woodprices.com).

The United Kingdom has emerged as the major importer of pellets exported from North America. However, pellet shipments from North America into the UK likely peaked in the 2Q/13 for this year, as RWE's major biomass power plant in Tilbury shut down in August 2013. Power plants utilizing pellets in the UK are still on track to increase their volumes consumed over the next several years, but the ramp-up may not continue as smoothly as has been seen in the past two years.

*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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