

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Increased reliance on domestic Eucalyptus fiber by Spanish pulp mills has resulted in a dramatic reduction in wood chip shipments from Uruguay, reports the Wood Resource Quarterly

European pulpmills imported much less Eucalyptus chips from Latin America during 2012, mainly because Spanish pulp mills reduced their reliance on relatively costly wood fiber from Uruguay dramatically, reports the Wood Resource Quarterly. Pulp mills in Spain have also paid less for domestic pullogs the past year, resulting in substantially lower wood fiber costs in 2012 than the previous year.

Seattle, USA. The pulp industry in Spain has turned its focus to increasingly rely on domestic wood fiber sources rather than imported wood fiber the past year. Importation of wood chips importation was down as much as 58 percent the first ten months of 2012 as compared to the same period in 2011, and there has not been a single chip vessel that has entered a Spanish port since May of 2012, as reported in the Wood Resource Quarterly (www.woodprices.com). This is a remarkable turn-around in wood fiber sourcing. As late as 2011, Spain imported 675,000 tons of Eucalyptus chips, 87 percent from Uruguay and the rest from Congo and Chile.

Over the past eight years, Uruguay has exported between 300,000 oven-dry metric tons (odmt) and 600,000 odmt annually to Spain, so losing all that volume is a major setback for landowners and chip exporters in the country. Total chips exports to Spain for 2012 will be an estimated 200,000 odmt, which represents less than half of the shipments in 2011, and is the lowest levels seen since 2004. Even the other two major buyers of Eucalyptus chips, Portugal and Norway, have cut back purchases substantially the past 12 months with the result that total volumes of chips exported from Uruguay in 2012 may reach a total of only 700,000 odmt, down from almost 1.6 million odmt in 2011.

Eucalyptus log prices in Spain have been declining steadily for more than a year, and the major fiber consumers have lowered the price they pay to land owners practically every quarter since early 2011. The average Eucalyptus log price in the 3Q/12 was 11 percent below the price in 3Q/11, according to the WRQ. In US dollar terms, the average cost for Eucalyptus has declined by 26 percent since its all-time-high in the 2Q/11. Spanish pulp mills currently have some of the lowest hardwood fiber costs in Europe, but are still paying more for hardwood fiber than competitors in Latin America and North America.

*Global timber, pulpwood and biomass market reporting is included in the 52-page quarterly publication Wood Resource Quarterly (WRQ). The report, established in 1988 and with subscribers in 30 countries, tracks market developments as well as sawlog, pulpwood, lumber and pellet prices in most key regions around the world. **To subscribe to the WRQ, please go to www.woodprices.com***

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