

Press release – For Immediate Release

Seattle, USA. May, 2009

Sharply declining wood costs for pulpmills worldwide in the 1Q 2009, according to Wood Resource Quarterly.

Wood costs, the largest cost component when producing wood pulp, have fallen substantially in all regions of the world the past nine months. The biggest reductions have occurred in western North America, Oceania, Latin America and the Nordic countries, reports the Wood Resource Quarterly.

Seattle, USA. May, 2009. The global pulp and paper industry has continued to reduce production in 2009. The manufacturing of market pulp was 16 percent lower the first two months of 2009 compared to the same period in 2008. As a result of the lower operating rates and declining demand for wood fiber, pulpwood and wood chip costs for the world's pulp industry continued to slide in the 1Q/09 and the WRQ Global Average Wood Fiber Price Indices recorded the second sharpest quarterly decline since 1995.

The Global Average Wood Fiber Price is a volume-weighted average of delivered wood fiber prices for the pulp industry in all 17 regions tracked by the publication Wood Resource Quarterly. These regions together account for 85-90% of the world's wood-based pulp production capacity.

The average conifer wood fiber price fell 8.5 percent from the previous quarter to \$89.00/odmt, and was 20.5 percent lower than the peak in the 2Q/08. The reduction was mainly the result of substantial price declines in the local currencies in Finland, Germany, Russia and western US. Wood costs in Latin America and Oceania were only slightly lower in the 1Q/09 as compared to the 4Q/08.

The average non-conifer wood fiber cost fell 6.5 percent in the 1Q/08 to US\$91.99/odmt, the lowest level since early 2007. The biggest declines in local currencies occurred in Finland, Germany, France and Japan, while prices in China, Brazil, Chile, Indonesia and Australia were practically unchanged in early 2009.

During the past two decades, global wood fiber prices have been declining during most of the 1990's and early 2000, followed by a substantial increase from 2002 to 2008, according to Wood Resource Quarterly. Wood costs reached record levels in early 2008, but then fell rapidly for 12 months. The recent decline is most likely going to be temporary and global wood costs will slowly increase again later this year or in early 2010.

Global pulpwood and sawlog market updates are included in the 50-page publication Wood Resource Quarterly. The report, established in 1988 and with readers in over 20 countries, tracks wood prices in most regions around the world and also includes regular updates of international pulp, lumber, timber and biomass markets.

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