

Press Release – For Immediate Release

Chile increased both domestic pulpwood consumption and wood chip exports in 2008, reports the Wood Resource Quarterly

Increased supply of wood from Eucalyptus plantations in Chile has made it possible to both expand the domestic consumption of pulpwood and increased wood chips exports the past three years, reports the Wood Resource Quarterly

Seattle, USA. May, 2009. Costs of Eucalyptus and pine pulpwood have fallen for five consecutive quarters in Chile and are down by almost 40 percent from their peak in the 1Q/08 (in US dollar terms). The current price level was last seen in 2004. In the 1Q/09, the pulp industry in Chile had the lowest wood fiber costs of all 16 countries tracked by the WRQ.

However, not all pulpmills in the country enjoyed such low fiber costs this past winter. There were reportedly some plants that used as much as 20% sawlogs because of regionally tight pulplog supply.

Domestic wood fiber consumption by the pulp industry has gone up considerably the past few years because pulp production has increased by over 50 percent just since 2005. It is not likely that the expansion of pulp capacity will continue at the same pace in the coming years, since there are no new green field mills planned, only expansions of existing plants.

With an increase in pulpwood supply from plantations established in the 1990's, Chile has not only been able to expand pulp capacity but also to increase exports of wood chips. Last year overseas shipments reached a record high, and the country moved up to being the second largest exporter of wood chips in the world after Australia. Almost all exports have been of Eucalyptus chips headed for Japan, and Chile is now one of the most important wood fiber suppliers to that market. The Chilean shipments have increased every year since 2004, reaching 2.4 million oven-dry metric ton (odmt) in 2008, up from 1.4 million odmt five years ago.

It is not only volumes that have increased over the past few years but also the total market share: Chile's market share of the total hardwood chip imports to Japan was about 14 percent during much of the period from 1996 through 2006 but reached a record of 28 percent in the 1Q this year. There will be further opportunities to expand shipments in the future because the supply of available Eucalyptus fiber is expected to increase from the current levels.

Global timber market reporting is included in the 50-page publication Wood Resource Quarterly. The report, established in 1988 and with readers in over 25 countries, tracks sawlog and pulpwood prices in most regions around the world and also includes 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