

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Wood pellet exports from North America reached a new record high in the 3Q/14 thanks to higher shipments to Asia, according to the North American Wood Fiber Review

Asia has become a new market for wood pellet exporters in Western Canada with shipments having increased for six consecutive quarters, while Canadian exports to Europe have fallen substantially during 2014, reports the North American Wood Fiber Review.

Seattle, USA. Pellet exports from North America rose in the 3Q/14 after a stable first half of the year that could be characterized as a temporary plateau. While pellet exports to Europe were up just marginally, the increase to Asia was more noticeable. Up until 2014, more than 95% of wood pellets leaving US and Canadian ports were destined for Europe.

However, during 2014 there was a shift in Canadian exports from Europe to Asia, with pellet plants in British Columbia shipping record volumes to South Korea during the 3Q/14, as reported in the North American Wood Fiber Review. (*Note. Due to irregularities with Customs data, NAWFR collects trade data from a number of sources including Canadian and US customs export data, European import data and from quarterly conversations with both pellet exporters and port contacts.*)

Total Canadian overseas pellet exports rose slightly in the 3Q/14 from the previous quarter, but they were still 15 percent below their high of over half a million tons in the last quarter of 2013. Shipments from both Western and Eastern Canada to Europe fell in the first three quarters of 2014; in the 3Q/14, shipments were at their lowest level since 2011. Export volumes for the Asian market have followed a more positive trend, with increased shipments for six consecutive quarters.

British Columbia's pellet shipments overseas will likely remain stable during most of 2015 until the first of five announced pellet mills starts commercial operation late in 2015 or early 2016. There are currently plans to add over 800,000 tons of pellet capacity in the province during 2015/16 with South Korea being the target market (read more about the expansion plans in the NAWFR, www.woodprices.com).

In the US, pellet exports continue to be dominated by bulk shipments out of the US South to Europe, with only minor container volumes primarily shipped from the US West Coast to Asia. The US overseas pellet exports rose to over one million tons in the 3Q/14, with the growth in shipments having continued without pause since late in 2011.

*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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