

Press Release – For Immediate Release

Sweden consumes more than 20% of the world's wood pellets and demand is growing, reports the Wood Resource Quarterly.

The decision by EU to use a minimum of 20% renewable energy by 2020 has driven a rapid increase in wood pellet production in Europe. Sweden, Germany, Denmark and the UK are expected to have the fastest growth in consumption the coming 10 years, reports the Wood Resource Quarterly.

Seattle, USA. September 2009. Demand for wood pellets and investments in pellet plants continue to grow despite the global financial crises and tight credit markets. In some countries, the current slowdown in the economy has actually had a positive effect on the biomass industry because politicians have often favored bio energy and pellet-heating projects in governmentally funded economic stimulus packages.

The bio energy sector is attracting a lot of attention from the forest industry, timberland owners and, increasingly, from interests with limited past participation in the forest resources sector; many of these companies have historically have been in the business of fossil fuels.

The biggest expansion in the use of forest-based biomass has occurred in Europe, mainly as a result of the decision by EU to reduce dependence on fossil fuels and use a minimum of 20% renewable energy by 2020.

Sweden is currently the biggest consumer of wood pellets in the world, consuming over 20% of the world's production of wood pellets. In order to meet the demand from a fast growing market, the country produced almost 1.6 million tons in 2008 and imported another 300,000 tons mainly from other countries in Europe but also from Canada. There are no signs portending any slowdown in demand for wood pellets, and the annual growth is expected to be between 8% and 10% in the coming years.

There are currently over 450 pellet-producing plants in Europe with many new projects planned over the next few years. The United Kingdom, Denmark, Sweden and Germany are some of the countries that are expected to have the fastest growth in forest biomass consumption (both pellets and wood chips) over the next ten years. These countries will both invest in domestic production capacity and increase imports.

Pellet prices have trended upward the past seven years, as reported in the Wood Resource Quarterly. Prices in Sweden have generally been higher than in Central Europe, but in 2009, prices fell the most in Sweden, resulting in a convergence with prices in Germany and Austria. Wood fiber costs are expected to increase later this year, which would result in higher production costs for many pellet manufacturers. As a consequence, it is probable that wood pellet prices will start moving upward again this coming winter after a few months in retreat.

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, pulpwood, lumber and pellet prices in key regions around the world and also includes regular updates of the latest developments in international timber, pulp, lumber and biomass markets.

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