

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Wood chip exports from Latin America reached a record high in 2011, with pulp mills in Japan and Europe being the major export destinations, reports the Wood Resource Quarterly

Global trade of wood chips has gone up substantially the past two years. Hardwood chip export from Chile, Uruguay and Brazil was up 43 percent in 2011 compared to 2009, as reported by the Wood Resource Quarterly. A clear majority of the increase was Eucalyptus chips destined for pulp mills in Japan and Europe.

Seattle, USA. Wood chip exports from Latin America are on track to reach a record high of almost eight million tons in 2011, reports the Wood Resource Quarterly. This would be an increase of seven percent from last year and of almost 60 percent higher than in 2006. Chile is by far the biggest exporter, accounting for two-thirds of the total shipments from the continent, while Brazil and Uruguay both account for about 16 percent each. In 2011, Chile was the world's second largest supplier of hardwood chips after Vietnam. Latin America's hardwood chip export volumes accounted for approximately 50 percent of globally traded wood chips, a share that has grown from 34 percent five years ago.

Historically, between 80-90 percent of the exported wood chips from Latin America have been destined for Japanese pulp mills, but there has been a diversification of consumers over the past few years. Although shipments to Japan have gone up by over 30 percent from 2006, the *share* of total exports has declined and is currently around 70 percent.

The biggest change from five years ago is that pulp mills in Europe have been buying much more Eucalyptus chip, particularly from Chile and Uruguay. In 2011, total shipments to Europe reached almost 1.7 million tons, which was slightly lower than 2010 but more than a doubling from 2009, according to the WRQ. The three major importing countries in Europe are Spain, Portugal and Norway. In addition, there have also been a few shipments to Finnish and Swedish pulp mills the past few years.

New destinations for Eucalyptus chips from Latin America the past five years include Morocco, Turkey and China. There are expectations that Chile will increase its shipments to China in the coming years because of higher demand from new pulp mills in the country.

*Global timber market reporting is included in the 52-page quarterly publication Wood Resource Quarterly (WRQ). The report, established in 1988 and with subscribers in over 25 countries, tracks sawlog, pulpwood, lumber and pellet prices and market developments in most key regions around the world. **To subscribe to the WRQ, please go to www.woodprices.com***

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