

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Wood pellet exports from North America to Europe have doubled in two years to reach 4.7 million tons in 2013 with the US South accounting for 63% of the volume, according to the North American Wood Fiber Review

North America exported wood pellets valued at over 650 million dollars in 2013, a dramatic increase of more than 250 percent in just two years, according to data compiled by the North American Wood Fiber Review. The US South shipped almost three million tons last year, which was almost two-thirds of total export volume from North America,

Seattle, USA. With no slowdown in sight, North American wood pellet exporting companies keep building new facilities to manufacture pellets for the European market. Export volumes hit a new record high in the 4Q/13 and the total shipments for 2013 were up almost 50% from the previous year and more than double that in 2011. The total value of wood pellet exports reached over 650 million dollars last year.

A rapid expansion of pellet production capacity in the US South during 2012 and 2013 has resulted in a tripling of pellet production in the region in just two years. The expansion, which is entirely driven by demand for biomass in Europe, has increased pellet exports from 800,000 tons in 2011 to 2.9 million tons in 2013 according to data compiled by WRI and reported in the North American Wood Fiber Review (*Note. WRI data is partly based on an industry survey since customs data on both sides of the Atlantic are not always reliable*).

Many of the recent investments in pellet capacity in the US South have occurred along the Atlantic coast, with Enviva and Fram Renewables expanding production in the states of Georgia, North Carolina and Virginia.

The expansion in Canadian pellet export has been less dramatic than that of the US, but 2013 volumes were still over 50% higher than in 2011, with British Columbia shipping a majority of the volume. In Canada, there have been two recent developments of interest, 1) the first regular shipments of pellets to South Korea started in the second half of 2013 and, 2) exports from Eastern Canada from Quebec, Nova Scotia and New Brunswick increased during this same time period.

Eastern Canada will see additional pellet export volumes later in 2014 when Rentech begins operation at its two pellet facilities now underway in Ontario. As reported in the NAWFR (www.woodprices.com), a Quebec pellet export facility under construction at the Port of Quebec is the first dedicated infrastructure for pellet exports along the St. Lawrence Seaway. Its presence, when completed, reduces the heretofore, substantial entry barrier for a number of smaller pellet companies which are interested in the international market.

In the 4Q/13, export volumes from the Eastern provinces accounted for 25 percent of Canada's total pellet exports, a share that is likely to increase in 2014 and 2015.

*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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