

# Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

## Wood pellets exports from North America to Europe plateaued during the 1H/2014 with Canadian shipments declining and exports from the US South continuing upward, according to the North American Wood Fiber Review

*Pellet shipments from the US and Canada to Europe have gone in opposite directions in 2014, with the shipments from the US South being up ten percent from the 4Q/13 to the 2Q/14, and Canadian volumes declining 25% during the same period, according to the North American Wood Fiber Review. The new expanding markets for pellet producers in Western Canada have instead been Japan and South Korea.*

**Seattle, USA.** Total shipments of wood pellets from North America to Europe plateaued in 2014 after almost four years of continuous increases. During the first two quarters of 2014, exportation from Canada and the US were just over 1.3 million tons in each of the two quarters. This was down from the all-time-high of almost 1.4 million tons in the 4Q/13, according to the latest issue of the North American Wood Fiber Review (NAWFR).

Pellet volumes shipped out of Canada to Europe have actually fallen by almost 25% from the 4Q/13 to the 2Q/14, while volumes leaving the ports in the US South did go up ten percent during the same time period. *(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.)*

Practically all wood pellets produced in British Columbia since the first major pellet plant was built over 15 years ago have been consumed by energy companies in Europe. However, since late last year, there has been a shift in direction for some of the pellets manufactured in the province; rather than being sent on the 16000 kilometer long journey to the United Kingdom or the Netherlands, they are being shipped to markets in Asia, a trip that is only about half as far.

South Korea and Japan together imported about 100,000 tons of pellets from British Columbia in the 2Q/14, which accounted for 17% of the total exports from the province that quarter, reported the NAWFR ([www.woodprices.com](http://www.woodprices.com)). This can be compared to a quarterly average of only 30,000 tons during the period 2010-2012. This shift to markets in Asia is likely to continue because demand for biomass is rising in this region. The reduced shipments to Europe from Western Canada can be expected to benefit other supplying regions to Europe, including the US South, Eastern Canada and Northwestern Russia.

There are multiple factors which are likely to increase pellet shipments from the US

South to Europe in the second half of 2014. These factors include continued interest from governments in Europe in shifting from fossil fuels to renewable energy sources, the approaching winter, with its increased demands for fuel to heat homes, and the soaring tensions between Ukraine and Russia, which have implications for energy security for Europe.

*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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