

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

North American overseas pellet exports rose for the second consecutive quarter to reach a new record high in the 3Q/15 with the US South shipping 77% of the volume, according to the North American Wood Fiber Review

The wood pellet industry keeps investing in new production capacity in the US South because of higher pellet demand in the United Kingdom, reports the North American Wood Fiber Review. In the 3Q/15, 77% of North America's pellet exports were from the southeastern US.

Seattle, USA. North American overseas pellet exports increased for the second consecutive quarter in the 3Q/15, rising 15 percent from the previous quarter to reach a new record high of just over 1.6 million tons, according to the North American Wood Fiber Review (NAWFR). The US South continues to be in expansion mode with additional capacity being added during the fall of 2015.

Newly operating pellet plants in the US Gulf Coast region made their presence felt in the 3Q/15 with their first shipments to Europe. German Pellets in Louisiana, Drax Biomass's two new plants in Louisiana and Mississippi, and Zilkha Biomass Energy in Alabama all continued their ramp-up of operations. Primarily due to these new facilities, exports from the Gulf ports rose by 54 percent from the previous quarter to reach over 550,000 tons in the 3Q/15.

The quarterly shipments of pellets from Canada remained practically unchanged during the first three quarters of 2015. While shipments to Europe fell in the 3Q/15, representing a six percent reduction from the previous quarter, a large rebound in shipments to Asia more than made up for the reduced European shipments. Canadian exports to Japan and South Korea climbed in the 3Q/15, almost doubling 2Q/15 volumes. However, the 3Q/15 volume still represented just one third the volume shipped to Asian destinations in the record-high 3Q/14, as reported in the NAWFR (www.woodprices.com).

The United Kingdom remains the primary destination for North American pellet exports, and in the early 3Q/15 the government announced plans to reduce various subsidies for green energy from a variety of sources. Policy developments in both the UK and the Netherlands underscore the still unsettled details around biomass utilization in Europe despite the continent's commitment to green energy.

The Drax biomass plants in the UK remain by far the largest user of North American pellets. Future industrial pellet demand in the UK was also bolstered in the 3Q/15 with the announcement that a coal-burning power station in Northumberland will close at the end of 2015 only to be converted to a pellet-burning plant operating by the end of 2017, dependent on final government approvals.

(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.)

*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 32-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.*

Contact Information

Wood Resources International LLC

Hakan Ekstrom

Seattle, USA

info@wri-ltd.com

www.woodprices.com