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Wood Resource Quarterly Global Wood Fiber Market Update - 1st Quarter 2010

August 3, 2010
Seattle, USA

Dear Subscriber,

Starting with this issue, we have expanded our coverage of global lumber and sawlog markets. It is noteworthy that global log trade has increased by almost 20 percent this year; a sign that housing construction activities finally have started to improve worldwide.

Global wood raw-material indices for the 2Q/2010 (and change from the previous quarter) are as follows:

Global Sawlog Price Index (GSPI)	US\$77.68/m3 (+0.1%)
Softwood Wood Fiber Price Index (SFPI)	US\$98.29/odmt (-1.3%)
Hardwood Wood Fiber Price Index (HFPI)	US\$103.37/odmt (-2.4%)

Happy reading.

Sincerely,

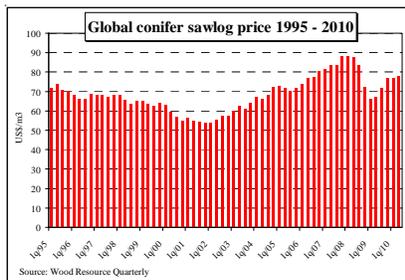
Håkan Ekström, *Editor-in-Chief*



The Global Forest Industry this Quarter

Global timber markets

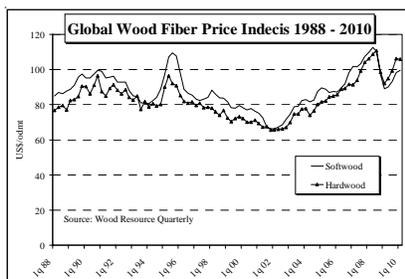
The **Global Sawlog Price Index (GSPI)** has increased for five consecutive quarters, reaching US\$77.68/m³ in the 2Q/10. The Index, went up almost 18 percent in 15 months. Much of the increase has been the result of a weaker US dollar, but sawlog costs have also gone up in local currencies in many markets, including Finland, Sweden, Germany, Latvia, Russia and New Zealand.



Global pulpwood price

The **Softwood Wood Fiber Price Index (SFPI)** fell in the 2Q for the first time since early 2009. The SFPI was US\$98.29/odmt, which was down 1.2% from the previous quarter but 9.1% higher than the 2Q/09.

Softwood fiber prices fell the most in the US, Eastern Canada, Germany and the Nordic countries, while prices were higher Quarter-over-Quarter in Western Canada, Russian and New Zealand.



Global **hardwood fiber prices** trended downward in US dollar terms in most regions covered by the WRQ. The biggest declines occurred in the US, Australia and most countries in Europe. As a result, the **Hardwood Wood Fiber Price Index (HFPI)** was down 2.3% from the previous quarter to US\$103.37/odmt, but was still nine percent higher than 12 months ago.

Global pulp markets

Worldwide market **pulp production** has increased eight percent during the first five months this year. The biggest increases have been in Western Europe and selected countries in Eastern Europe, Russia, Indonesia, Thailand and Taiwan.

Global pulp markets started to soften in July after having strengthening for almost 12 straight months. Actual transaction prices, if not list prices, have leveled off and market observers believe the peak has been reached for now and that prices will be lower in the fall.

Global lumber markets

Demand for lumber has slowed in some markets in **Europe** and there is great uncertainty about the strength of the lumber market going forward.

Lumber prices in the **Nordic** countries (in US dollar terms) started to decline early in the year and have fallen back to the same levels as last spring

The **U.S.** lumber market started to weaken in the spring after having had a good run during the winter months. The Southern pine prices fell from US\$252/m³ in April to US\$172/m³ in June

Prices for softwood lumber in **Canada** (spruce-pine-fir) reached their highest level since 2006 earlier in April. During May and June, lumber shipments increased to take advantage the zero export tax and prices fell through the roof.

There has been a six percent increase in wooden housing starts in **Japan** during the first five months of 2010 as compared to last year.

Imported and domestic softwood lumber prices have moved up slightly in Japan in 2010, both in Yen and US dollar terms.

Global biomass markets

The spring is typically a slow season for wood pellet consumption in Europe and this year was no exception. Pellet prices fell in both **Germany and Austria** in the 2Q. Despite the declines from the previous quarter, prices were the highest ever recorded for a second quarter.

Prices in **Sweden**, which is the largest market in Europe, were practically unchanged in the local currency in the 2Q. The prices for pellets imported to Rotterdam, the Netherlands, fell during the summer months to the lowest levels since in late 2008.



World Pulpwood Price Review Delivered Prices

Second Quarter 2010

Product	Domestic Price				Price in US dollars				
	Per m3		Per odmt		Per m3		Per odmt		
	<u>Avg</u>	<u>Range</u>	<u>Avg</u>	<u>Range</u>	<u>Avg</u>	<u>Range</u>	<u>Avg</u>	<u>Range</u>	
US South	Rwd, conifer	39	35-44	76	61-86	39	35-44	76	61-86
	Rwd, non-con	40	35-52	79	62-93	40	35-52	79	62-93
	Chips, conifer	38	31-43	74	59-84	38	31-43	74	59-84
	Chips, non-con	34	29-42	67	52-76	34	29-42	67	52-76
US Northwest	Rwd, conifer	(a) 31	23-50	72	52-114	31	23-50	72	52-114
	Rwd, non-con	29	23-37	79	62-99	29	23-37	79	62-99
	Chips, conifer	39	29-60	89	66-137	39	29-60	89	66-137
	Chips, non-con	43	37-48	115	101-129	43	37-48	115	101-129
Canada, East	Rwd, conifer	61	46-69	153	115-174	59	45-68	148	112-169
	Rwd, non-con	46	37-54	93	74-109	45	36-53	90	72-106
	Chips, conifer	50	40-58	126	101-146	49	39-57	122	98-142
	Chips, non-con	41	37-47	83	73-95	40	36-46	81	71-92
Canada, West	Rwd, conifer	(a) 37	26-43	95	65-110	36	25-42	92	63-107
	Rwd, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
	Chips, conifer	41	37-46	104	93-117	40	36-45	101	90-114
	Chips, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
Norway	Rwd, conifer	368	356-379	954	922-982	59	57-61	153	147-159
	Rwd, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
	Chips, conifer	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
	Chips, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
Sweden	Rwd, conifer	442	381-450	1145	987-1166	58	52-58	151	134-150
	Rwd, non-con	440	382-470	862	749-921	58	52-61	114	101-119
	Chips, conifer	441	400-500	1141	1036-1295	58	51-68	151	133-176
	Chips, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
Finland	Rwd, conifer	44	42-46	115	109-120	56	53-59	146	138-154
	Rwd, non-con	46	42-51	91	82-100	59	55-62	115	108-121
	Chips, conifer	(c)	(c)	(c)	(c)	(c)	(c)	(c)	(c)
	Chips, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
France	Rwd, conifer	47	32-56	102	73-117	60	41-72	131	93-149
	Rwd, non-con	37	33-41	69	62-78	47	42-53	88	79-99
	Chips, conifer	44	40-49	107	97-120	56	50-63	137	123-153
	Chips, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)
Germany	Rwd, conifer	46	37-60	123	99-161	59	47-76	157	126-205
	Rwd, non-con	55	43-62	108	84-122	70	55-79	137	107-155
	Chips, conifer	51	41-56	125	102-138	64	53-71	159	130-176
	Chips, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)



World Pulpwood Price Review Delivered Prices

Second Quarter 2010

Region	Product	Domestic Price				Price in US dollars				
		Per m3		Per odmt		Per m3		Per odmt		
		<u>Avg</u>	<u>Range</u>	<u>Avg</u>	<u>Range</u>	<u>Avg</u>	<u>Range</u>	<u>Avg</u>	<u>Range</u>	
Spain	Rwd, conifer	30	24-36	69	55-82	38	30-45	88	70-105	
	Rwd, non-con	58	52-64	97	87-106	74	66-81	123	111-135	
	Chips, conifer	32	26-38	72	59-87	40	33-48	92	75-111	
	Chips, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	
Russia, NW	Rwd, conifer	1102	508-1441	2862	1321-3742	36	17-47	94	44-123	
	Rwd, non-con	911	339-1271	1833	682-2558	30	11-42	60	22-84	
Brazil	Rwd, conifer (f)	86	85-101	171	170-203	48	47-56	95	94-113	
	Rwd, non-con (f)	91	87-110	183	175-220	51	48-61	101	97-122	
	Chips, conifer	115	106-124	231	213-248	64	59-69	128	118-138	
	Chips, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	
Chile	Rwd, conifer	14541	10575-16854	36352	26440-42135	27	20-31	67	49-78	
	Rwd, non-con	19355	14839-23226	32258	24730-38710	36	27-43	60	46-72	
	Chips, conifer	(c)	(c)	(c)	(c)	(c)	(c)	(c)	(c)	
	Chips, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	
New Zealand	Rwd, conifer	47	38-67	117	96-166	33	27-47	82	67-117	
	Rwd, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	
	Chips, conifer	59	42-74	148	105-185	41	29-52	104	74-129	
	Chips, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	
Australia	Rwd, conifer	39	23-65	92	56-155	34	21-57	81	49-137	
	Rwd, non-con	71	52-95	129	94-173	63	46-84	114	83-153	
	Chips, conifer	40	20-80	92	47-187	35	18-71	81	41-165	
	Chips, non-con	83	56-152	152	101-276	74	49-134	134	89-243	
Japan	Chips (dom), con	5818	3860-7320	12800	8500-16100	63	42-79	139	92-175	
	Chips (dom), non-c	10353	9290-11470	17600	15800-19500	112	101-124	191	171-212	
	Chips (imp), con (d)	7668	6850-8100	16870	15080-17830	83	74-88	183	164-193	
	Chips (imp), non-c(d)	10971	8100-12090	18650	13770-20560	119	88-131	202	149-223	
Indonesia	Rwd, conifer	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	
	Rwd, non-con	(e)	375	270-540	750	540-1080	41	29-59	82	59-118
	Chips, conifer	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	
	Chips, non-con	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	

Notes.

Prices in above table represent wood fiber traded in the open market and do not include internal transfer pricing.

(a) Primarily utility grade roundwood.

(d) CIF port in Japan.

(b) Insufficient volume to obtain open market prices.

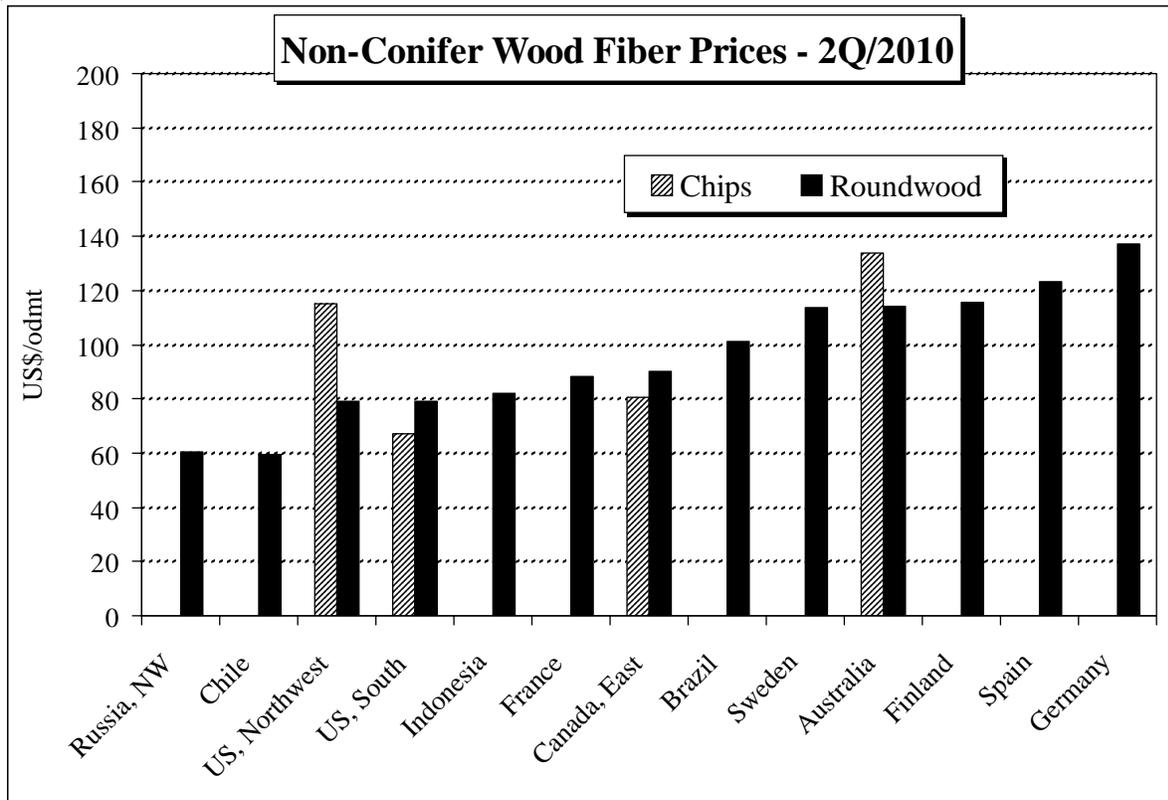
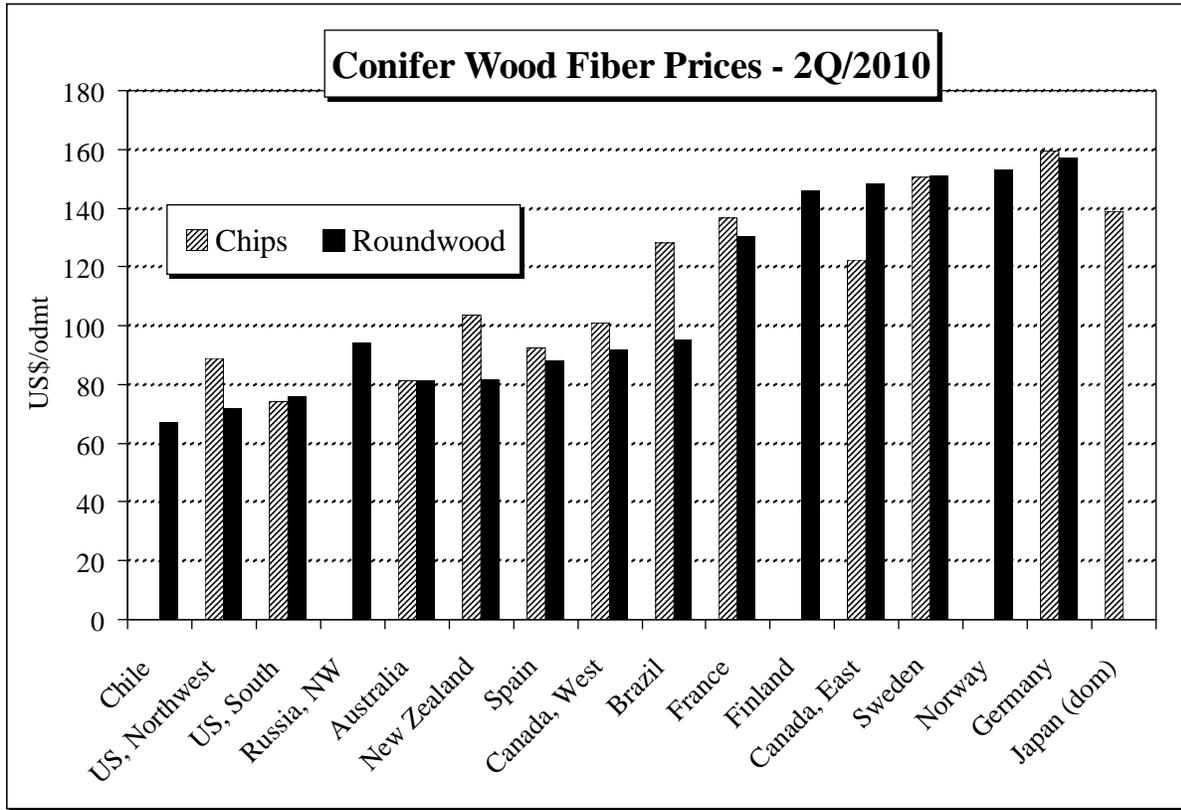
(e) Domestic prices in 1000 Rupiah

(c) Transfer priced on local market

(f) Open market volume for Eucalyptus est 15-20%, pine 35-45%



Global Delivered Pulpwood Prices





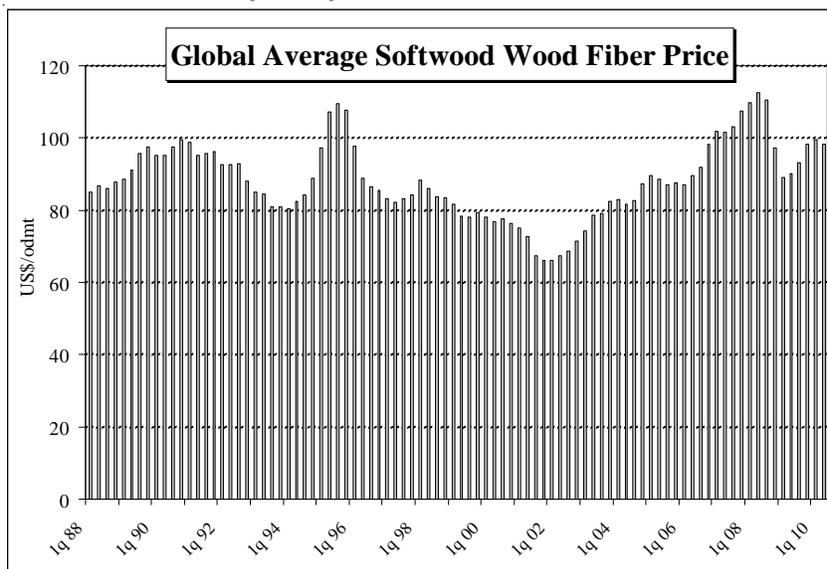
Wood Resource Quarterly

Global Wood Fiber Price Indices (US\$/odmt)

The Softwood Wood Fiber Price Index (SFPI) fell in the 2Q for the first time since early 2009. The SFPI was US\$98.29/odmt, which was down 1.2 % from the previous quarter but 9.1% higher than the 2Q/09. Softwood fiber prices fell the most in the US, Eastern Canada, Germany and the Nordic countries, while prices were higher Quarter-over-Quarter in Western Canada, Russian and New Zealand.

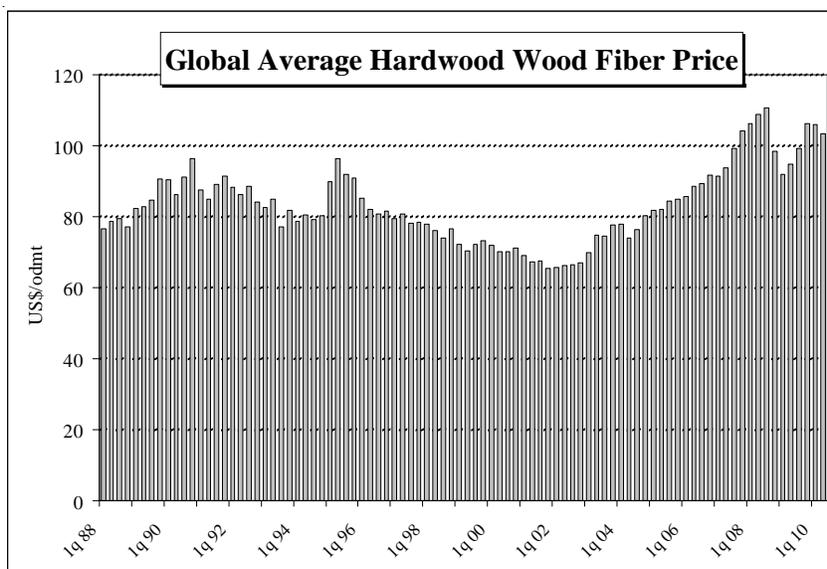
Global hardwood fiber prices trended downward in US dollar terms in most regions covered by the WRQ. The biggest declines occurred in the US, Australia and most countries in Europe. As a result, the Hardwood Wood Fiber Price Index (HFPI) was down 2.3% from the previous quarter to US\$103.37/odmt, but was still nine percent higher than 12 months ago.

*Note. The Global Average Wood Fiber Price Index is a weighted average of delivered wood fiber prices for the pulp industry in all regions tracked by the publication **Wood Resource Quarterly**. These regions together account for 85-90% of the world's wood-based pulp production capacity. The price is based on current quarter average prices, and country/regional wood fiber consumption data. The global average for softwood and hardwood is calculated in nominal US\$ per oven-dried metric ton of wood fiber.*



Softwood Wood Fiber Price Index (SFPI)

1q/2008	109.67
2q	112.53
3q	110.43
4q	97.32
1q/2009	89.00
2q	90.01
3q	93.12
4q	98.34
1q/2010	99.55
2q	98.29



Hardwood Wood Fiber Price Index (HFPI)

1q/2008	106.11
2q	108.77
3q	110.71
4q	98.38
1q/2009	91.99
2q	94.92
3q	99.15
4q	106.19
1q/2010	105.90
2q	103.37



Relative Fiber Costs for Major Pulp Grades

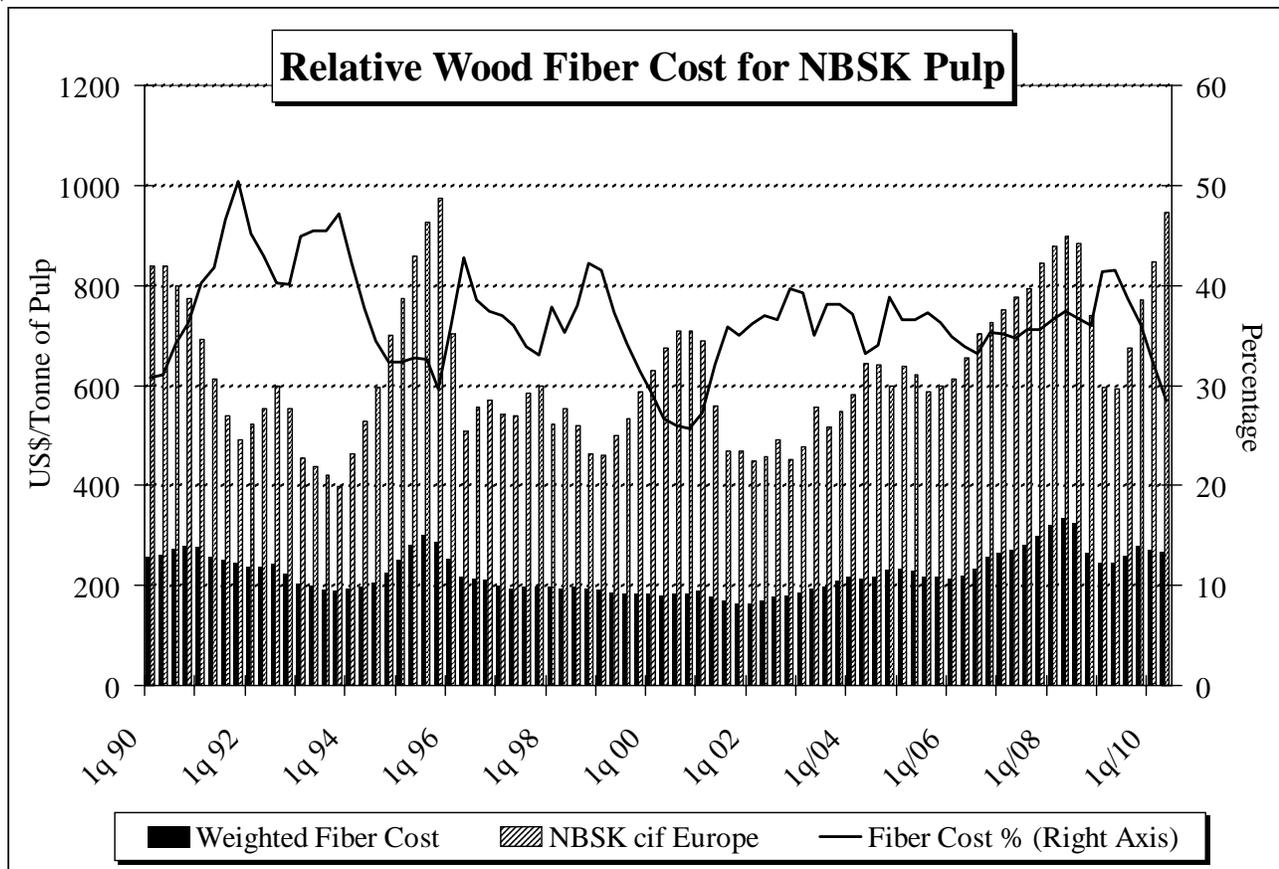
All pulp grades were close to record levels in the 2Q/10, while wood fiber costs continued to decline for the second straight quarter. This resulted in lower relative wood costs for all pulp categories.

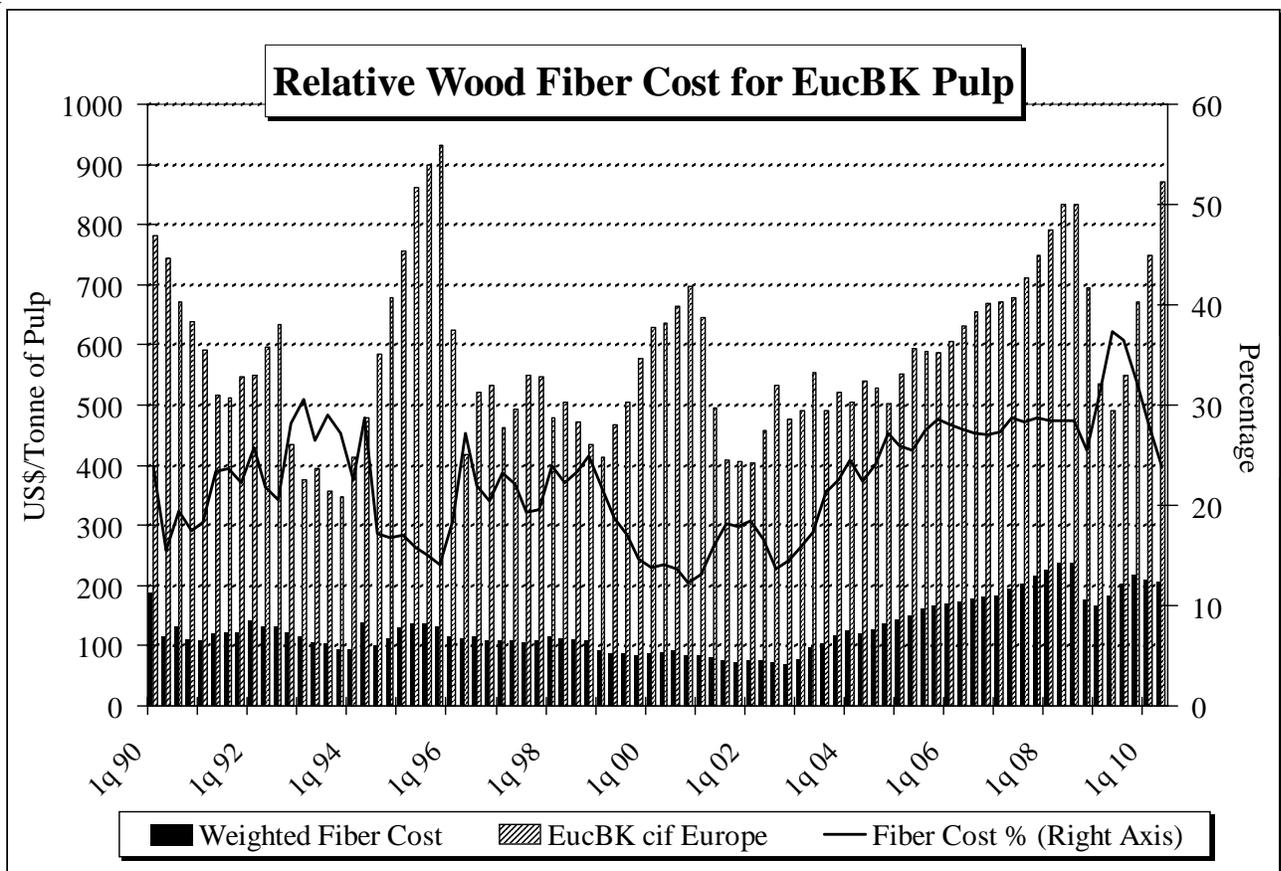
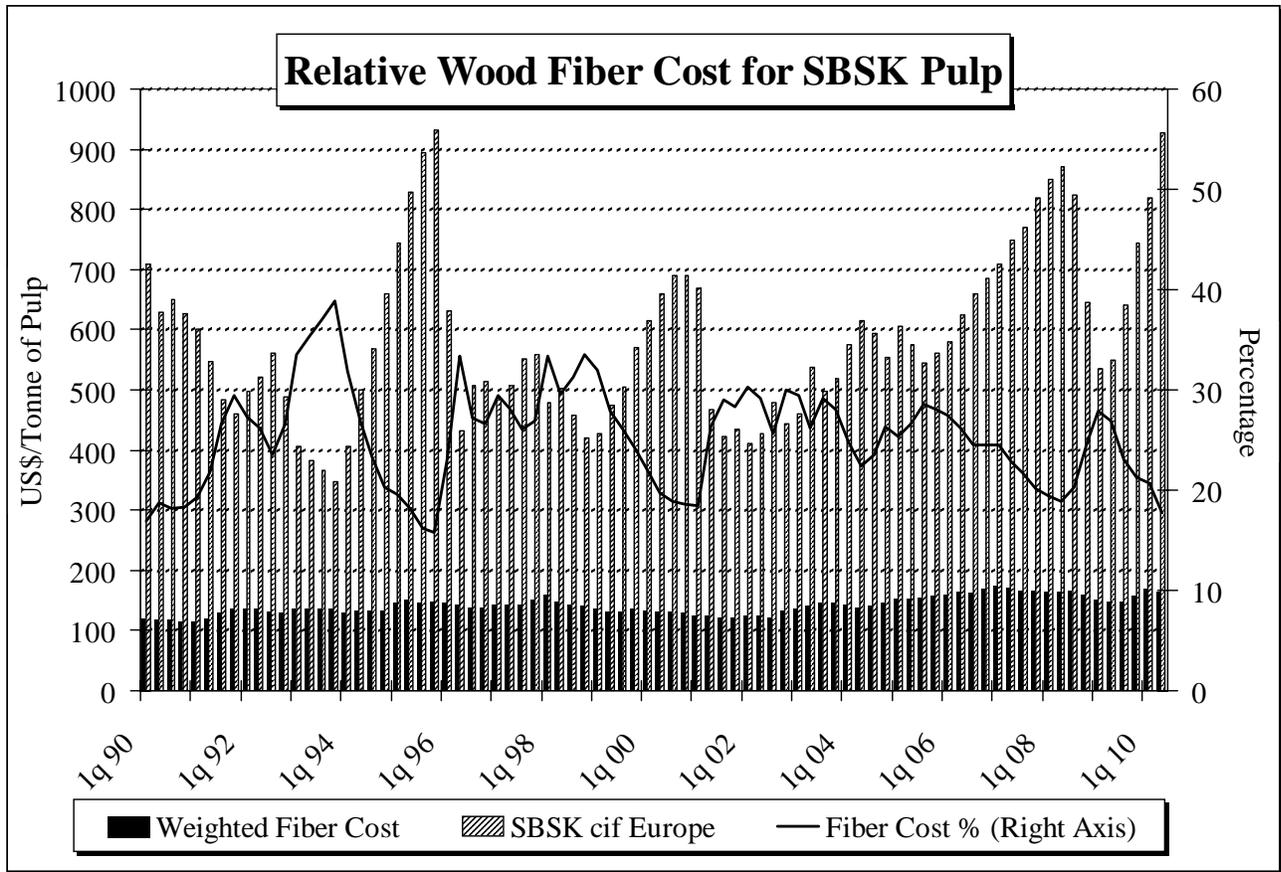
The **NBSK pulp** average price was up \$100/ton to \$946/ton in the 4Q. Wood fiber costs were down one percent, which resulted in a decline in the wood cost share of total pulp price to 28.5%. This was the lowest level since 2001.

The wood cost percentage for Southern bleached softwood kraft pulp (**SBSK**) did also fall, from 20.7% in the 1Q/10 to 17.7% in the 2Q/10. This has come as the result of much higher pulp prices combined with relatively small downward cost adjustments for wood fiber.

The relative wood cost for **Eucalyptus pulp** fell for the fourth straight quarter in the 2Q. The wood cost share was 23.8%, down from 27.9 in the previous quarter.

Notes. Wood fiber costs remain the single largest cost component in the manufacture of wood pulp. The following graphs depict the relationship between market pulp prices (in US\$ cif Europe), and average wood fiber costs. For each grade, an average wood fiber cost was calculated using an average kraft pulp yield factor, current quarterly wood fiber prices, and the average volume of wood consumed by each WRQ region manufacturing that particular grade of pulp (e.g. SBSK is produced by Spain, the U.S. South, Brazil, Chile, New Zealand, and Australia). The resultant average wood fiber price is charted as a percentage of the average market pulp price as reported by FOEX Indexes and the publication Pulpwatch (Hawkins Wright).







Biomass Market Update 2Q/10

Low utilization rate at European pellet plants this spring

Pellet consumption in Europe has increased rapidly from approximately five million tons in 2005 to almost 11 million tons in 2009. There are currently about 650 plants on the continent and the majority have been running at only 40-60% of capacity the past year because of reduced energy demand and low fossil fuel prices. Over half of the plants produce less than 30,000 tons per year. The largest producers of wood pellets in Europe the past few years have been Germany, Sweden, Italy and Austria.

Many pellet producers are assuming that large, coal-fired power plants in Europe will soon accelerate their use of wood pellets, especially for co-firing in existing facilities. To date, however, this market has developed more slowly than many manufacturers had forecast. The most ambiguous plans have been in the United Kingdom where the largest co-firing energy plants will have to rely on imported pellets and wood chips in the future. Although announcements of new plants have been numerous the past two years, few plans may actually be realized. Much depends on the newly elected conservative government in the UK and how it will implement energy policies in the coming years.

Canada continues to strengthen and add policies to increase the use of renewable energy

Notwithstanding the growing export of oil and gas to its neighbor to the South, Canada continues to embrace renewable energy policies and regulations. In Ontario, a Feed-In-Tariff program was implemented this spring, described as North America's first guaranteed comprehensive pricing structure for renewable energy production. Based on the Green Energy and Green Economy Act of 2009, rates are established for small renewable energy projects to sell power back into the provincial grid.

In contrast to addressing small-scale renewable energy production, BC Hydro in British Columbia has issued a second call for large renewable energy

projects with the goal of an additional 1000 gigawatts of power. This comes after its first round 2008 call for 580 gigawatts. The Eastern province of Nova Scotia introduced its own Renewable Electricity Plan, setting goals of 20 percent of needed power from renewable sources by 2015, and an ambitious 40 percent by 2020. This, too, provides a community sized feed-in tariff schedule, but has introduced one cautionary element concerning wood biomass use. It caps power generation after an additional 500,000 tons of woody biomass, and co-firing is limited to 150,000 odmt.

Energy companies in Europe show increased interest in sourcing biomass from the US South

Demand for woody biomass, in the form of wood chips, wood pellets and torrefied pellets will increase substantially in Europe over the next ten years, exactly how much though, is unclear as the size of the increase depends on policies and subsidies implemented by governments in individual countries within the EU. The cost of locally sourced biomass on the continent has gone up for many energy plants, resulting in increased interest in importation of wood chips and pellets from neighboring countries or from overseas.

The US South is on the top of the list as a long-term biomass supply source for a number of energy companies. This is because the region has a stable supply of pulpwood, a well-functioning infrastructure, and competitive wood fiber costs as compared to most other markets in the world. Only Chile and the Western US currently have lower softwood pulpwood prices than the US South. Hardwood wood fiber prices in the region were well below the global average hardwood price index (GHPI).

One region in the US South that has drawn much attention lately is the tri-state area of Southern Georgia, Southeast Alabama, and northern Florida, a wood fiber hotspot profiled in the latest issue of our sister publication, the North American Wood Fiber Review. Within this area, a significant number of new wood-to-energy facilities have been announced with one



Biomass Market Update 2Q/10

major pellet plant already operating and exporting the entire production to energy plants in Europe.

Two additional large-scale, export-oriented pellet plants are on the drawing boards. The German company RWE plant in southern Georgia is under construction with plans to commence production in the 3Q of 2011, and Magnolia Biopower has announced plans for its own pellet export plant to also be sited in Southern Georgia.

Increased competition for wood fiber from the energy sector has pushed stumpage prices upward in the US South

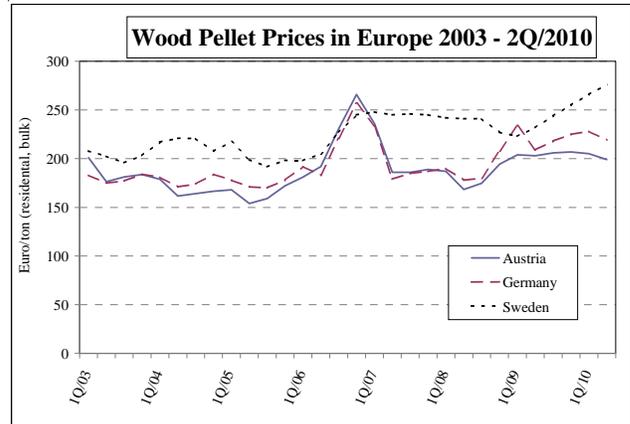
This expanding green energy sector is situated within a stronghold of the traditional southern pulp industry with seven pulpmills within this Southeastern sub-region. The high concentration of wood fiber consumers within a fairly limited area has pushed wood costs higher the past few years. Pine stumpage prices have increased faster in this region than the average price across the South. In the 2Q/2010, prices were more than 50 percent higher than two years ago. With the expected increase in wood consumption by the energy sector in this region it is likely that pulpwood costs will continue to be higher in this sub-region than the average for the US South.

Wood pellet prices decrease in Germany and Austria, but stay flat in Sweden during the 2Q/10

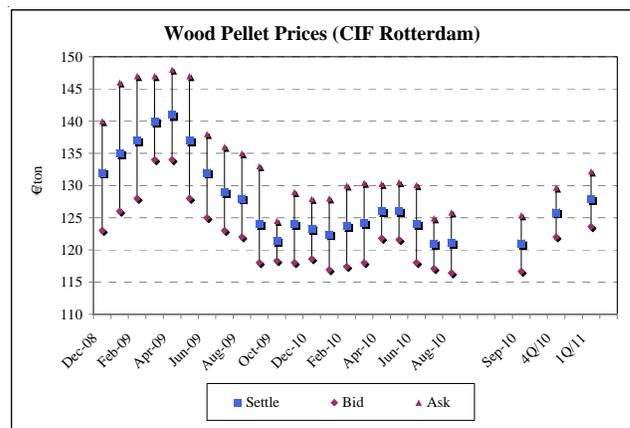
The spring is typically a slow season for wood pellet consumption in Europe and this year was no exception. Pellet prices fell in both Germany and Austria in the 2Q by €-10/ton for bulk deliveries. The average quarterly price in the two countries were €219/ton and €199/ton, respectively (see graph). Despite the declines from the previous quarter, prices were the highest ever recorded for a second quarter.

Prices in Sweden, which is the largest market in Europe, were practically unchanged in the local currency in the 2Q. Since the Swedish Krona has strengthened against the Euro for over a year, prices in Euro terms

have trended upward to new records. In the 2Q/10, prices reached €276/ton, or 19 percent higher than 12 months earlier.



The prices for pellets imported to Rotterdam, the Netherlands, fell during the summer months to the lowest levels since the Endex started recording prices in late 2008 (see graph). In July, prices were as low as €21/ton or US\$159/ton (CIF); these prices are so low that they decrease interest from exporters in North and South America in shipping pellets to Europe. The future reference price for 2011 is close €130/ton (US\$170/ton).



Sources: Endex (Netherlands), ProPellets (Austria), DEPV (Germany), Energimyndigheten (Sweden) and ÅFAB (Sweden). Additional sources are industry contacts and the WRI's database.

For more detailed price and market information for the biomass market in the US and Canada, please refer to our sister publication, the *North American Wood Fiber Review*.



Lumber Market Update 2Q/10

Higher log costs and lower lumber prices will squeeze profits for sawmills in Europe

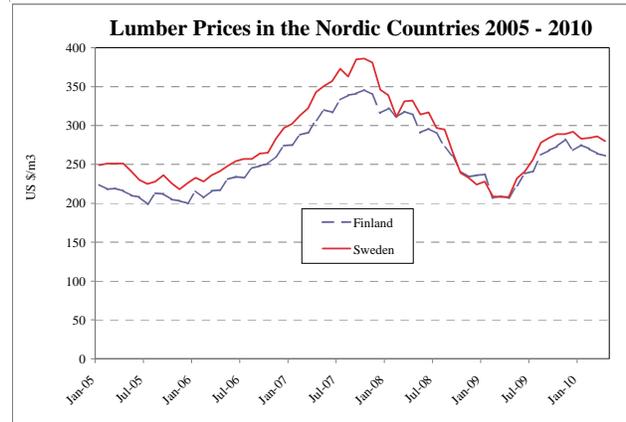
European lumber production fell by six percent to 93 million m³ in 2009, which was the lowest level in eight years, according to the UNECE. The biggest declines in volume came in Austria, Finland and Sweden, while lumber production in Germany and Romania bucked the general trend and increased last year. Although last year was a low point for the sawmilling industry, the lumber markets improved in the second half of the year and into the first few months of 2010. Lumber production in Finland and Sweden have gone up 27 percent and six percent, respectively, during the first five months as compared to last year.

Exports by the four largest lumber-producing countries in Europe (Sweden, Germany, Austria and Finland) have been practically the same the first four months this year as for the same period in 2009. The biggest changes have been the decline in exports from Sweden and the increases in shipments from Germany and Austria.

The strength of the European lumber market uncertain

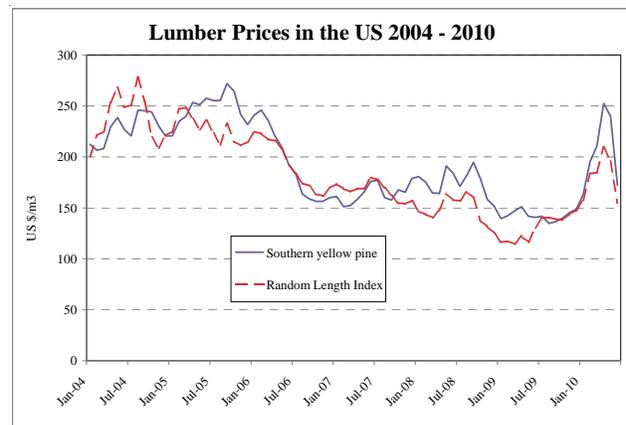
In recent months, demand for lumber has slowed in some markets in Europe and there is great uncertainty about the strength of the lumber market going forward. Lumber prices in the Nordic countries (in US dollar terms) started to decline early in the year and have fallen back to the same levels as last spring (see graph). With the possibility of reduced lumber demand in Europe later this year, prices may continue to weaken. This development is problematic because sawlog prices have started to go up, squeezing the profitability for many sawmills.

Market conditions for European sawmills would have been brighter had it not been for the dramatic raise in shipments of Russian softwood lumber into markets in both Europe and the Middle East. From January through May, Russia exported 40% more lumber compared to the same period last year. There are no indications that Russia's role in these markets will diminish in the coming months.



Rapid decline in lumber prices in the US

The US lumber market started to weaken in the spring after having had a good run during the winter months. The Southern pine prices fell from US\$252/m³ in April to US\$172/m³ in June (see graph). The decline was both the result of a higher supply of Canadian lumber entering the US market and a slowing demand from builders and wood yards.



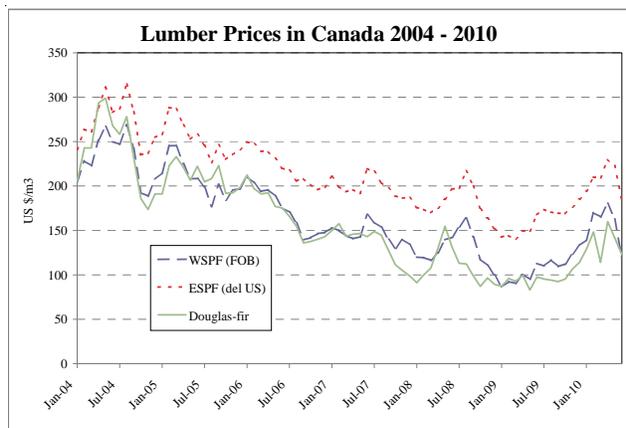
During the first four months this year, lumber production fell by five percent in the US South despite high lumber prices. Low log inventories carried over from 2009 in addition to unfavorable logging conditions in the first quarter resulted in many sawmills having to reduce or curtail production due to log shortage. On the other hand, production in the Western states increased by almost 12 percent when sawmills ramped up operating rates to take advantage of high lumber prices. This resulted in higher log demand and the highest sawlog prices in over two years.



Lumber Market Update 2Q/10

Lumber exports from Canada up 18 percent in 2010

Prices for softwood lumber in Canada (spruce-pine-fir) reached their highest level since 2006 earlier in April (see graph). During May and June, lumber shipments increased to take advantage the zero export tax and prices fell through the roof. Continued sawmill curtailments, improved export markets and fairly low inventories started to move prices upward again in July. The Madison's Lumber Reporter reports that the combination of reduced lumber supply and increased just-in-time deliveries will result in upward pressure on prices in the coming months. Sawmills in British Columbia have taken advantage of higher demand for lumber in Asia this year. During the first five months, Canada increased exports to China, South Korea and Taiwan by over 60 percent compared to the same period last year, and exports to Japan were up 40 percent. For the first time in four years, exports to Japan (up 40 percent) also



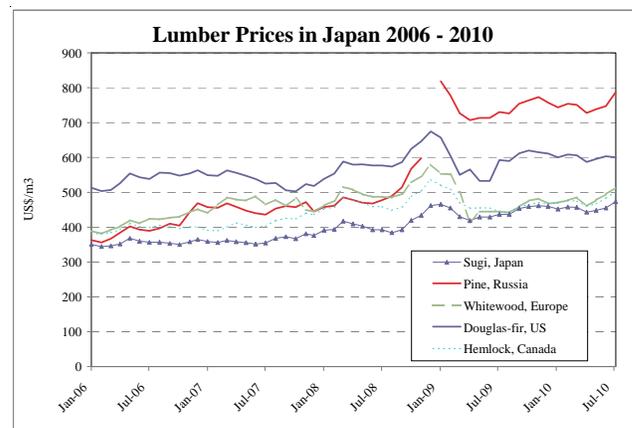
increased. Total exports to Asia for the period January through May were 2.7 million m³ as compared to 1.7 million m³ last year. China and Japan are by far the two most important markets for Canadian sawmills outside the US.

Slightly higher lumber price in Japan in 2010

There has been a six percent increase in wooden housing starts in Japan during the first five months of 2010 as compared to last year. However, this has not translated into higher importation of softwood lumber. So far this year, only Canada and the US have expanded sales

to Japan, while European and Russian sawmills have reduced their shipments. Canada has exported 17 percent more lumber to Japan this year as compared to last year and now has a market share of almost 40 percent, which is a record.

Imported and domestic (Sugi) softwood lumber prices have moved up slightly in Japan in 2010, both in Yen and US dollar terms. In June, import prices for lumber from Russia, Europe and Canada were at their highest levels since early 2009 (see graph).



Exports of lumber from New Zealand up 12 % this year

There is some good news coming from the sawmilling industry in New Zealand, where both domestic and overseas markets are starting to show improvements. Lumber exports have increased for three consecutive years and were almost 1.9 million m³ in 2009. So far this year, shipments have gone up another 12% as compared to last year. Slightly higher lumber prices have allowed sawmills to increase operating rates and pay marginally more for sawlogs in 2010. However, despite the improved market for lumber, some sawmills are concerned that they may not be able to compete for sawlogs if the log export market continues to strengthen.

Sources: Japan Lumber Journal (Japan), Madison Lumber Reporter (SPF and Douglas-fir in North America), Random Lengths (pine in Southern US), Metla (Finland) and SCB (Sweden). Additional sources are customs statistics and the WRI's database.

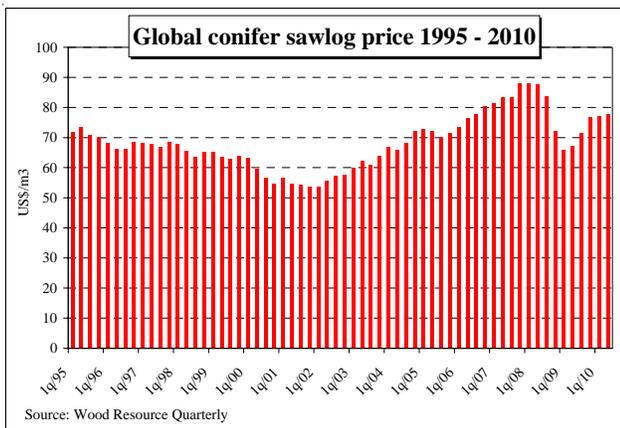
Notes. All prices are for kiln-dried lumber, except for Sugi and Russian pine pre-2009.



Sawlog Market Update 2Q/10

Global sawlog prices up 18 percent in 15 months

The Global Sawlog Price Index (GSPI) has increased for five consecutive quarters, reaching US\$77.68/m³ in the 2Q/10 (see graph). The Index, which is based on quarterly conifer sawlog prices in 19 key regions worldwide, went up almost 18 percent in 15 months. Much of the increase has been the result of a weaker US dollar, but sawlog costs have also gone up in local currencies in many markets, including Finland, Sweden, Germany, Latvia, Russia and New Zealand.



Sawmills in Northern Europe continue to have some of the highest wood costs in regions producing softwood lumber. This is also the region, together with Oceania, that has experienced the biggest price increases the past year. In Sweden and Finland, spruce sawlog prices were 29% and 15%, respectively, higher in the 2Q/10 than in early 2009.

Sawlog prices in Latvia and the Czech Republic have also gone up since last year because of higher operating rates at the regions sawmills.

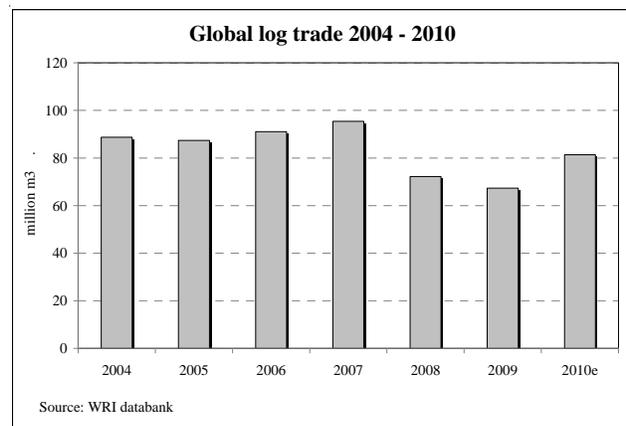
As a result of the strong export market, domestic sawlog prices in New Zealand have gone up about four percent from a year ago in the local currency, and 38% in US dollar terms. Export log prices have increased for four consecutive quarters, and were in the 1Q/10 over 50% higher than the same quarter in 2009.

Pine sawlog prices have also gone up in Australia, mainly as a result of a strengthening currency. Sawmills in Australia continue to have higher raw-material costs than their competitors in New Zealand.

Because lumber markets have improved, it is likely that sawlog prices in local currencies will continue to increase in many markets in the coming months in the local currencies. This may not necessarily translate into a higher GSPI Index next quarter since the US dollar can be expected to strengthen, particularly against European currencies.

Global trade of softwood logs increased in 2010 after having fallen 30 percent in two years

As a sign of the improved markets for forest products in early 2010, global trade of logs increased by almost 20 percent during the first quarter as compared to the same quarter in 2009. An estimated 67 million m³ of softwood logs were traded in the world in 2009, which can be compared to over 95 million m³ in the record year of 2007 (see graph).



The biggest rise in softwood log imports has occurred in Western Europe and Asia where shipments to China, South Korea, Germany and Belgium have gained the most this year (see graph). After two years of declining shipments, 2010 may very well be the turning point when global log trade will start growing again.



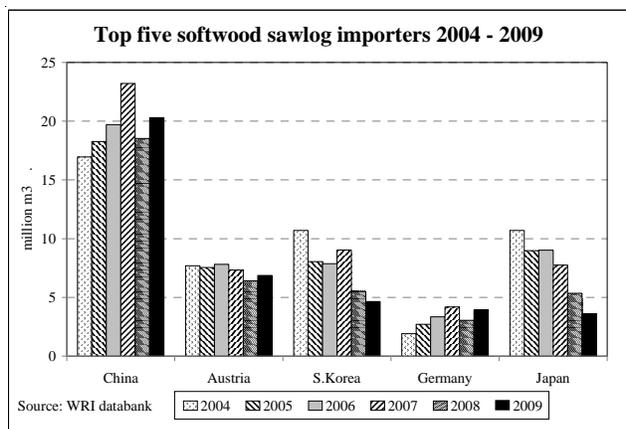
Sawlog Market Update 2Q/10

However, the growth is not of the magnitude such that global shipments will reach the pre-financial crises levels of 2006 and 2007.

China imports are third of globally traded softwood logs in 2010

China is by far the world's biggest importer of softwood logs, accounting for about a third of all traded logs in 2010. During the first six months this year, imports to China were up 17 percent from the same period in 2009, reaching the highest level on record. Russia and New Zealand are the largest suppliers, together accounting for almost 86 percent of the total imports.

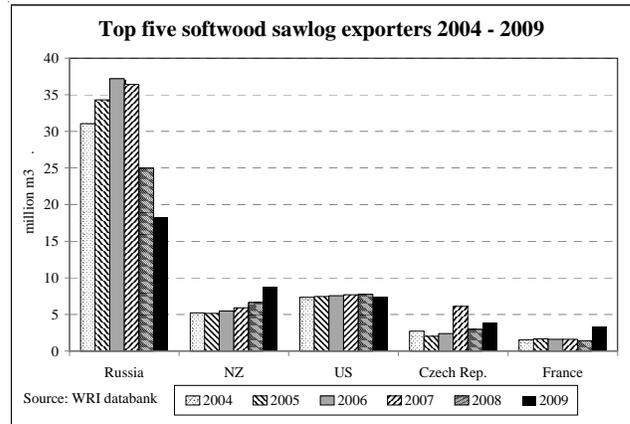
The increase in log imports is the result of the higher production levels in the forest industry and a lack of domestic timber resources. Despite the Chinese government's efforts to become more independent from foreign logs by investing in the establishments of large areas of plantations in the country over the past ten years, there are not enough mature forests to meet the ever-increasing need for wood in the country.



Russia's role in global log trade has diminished

Russia is still the major supplier of softwood logs to the world, but its share of total trade has fallen from almost 40 percent in 2006 to less than 28 percent in the 1Q/10. This decline can be attributed to the 25 percent export tax, which the Russian government

implemented in 2008. Russia exported 37 million m3 at the record year of 2006. This year, total shipments may not reach over 18 million m3.



New Zealand increases log shipments to India by 54 percent

Log exporters in New Zealand, the second largest log export-country in the world, has benefited from the high cost of Russian logs; New Zealand exports increased by 43 percent in the 1Q/10 as compared to 1Q/09 (see graph). New Zealand log volumes currently account for approximately 13 percent of globally traded logs.

The total log shipments in 2009 reached 8.7 million m3 and could very well be over ten million m3 this year. An interesting development is that India imported a record 810,000 m3 of Radiata pine in 2009, making it the third most important world market behind China and South Korea. During the first five months of 2010, shipments to India were up 54 percent as compared to the same period in 2009.

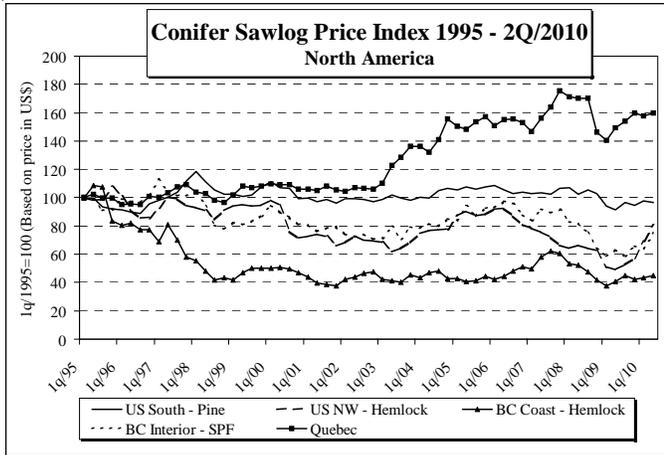
Other major log-exporting countries in the world include the US, the Czech Republic, France and Canada. In recent months, shipments from Canada to Japan, China, and South Korea have increased substantially and may reach their highest levels since 2006 this year.



Conifer Sawlog Price Index 1995-2010

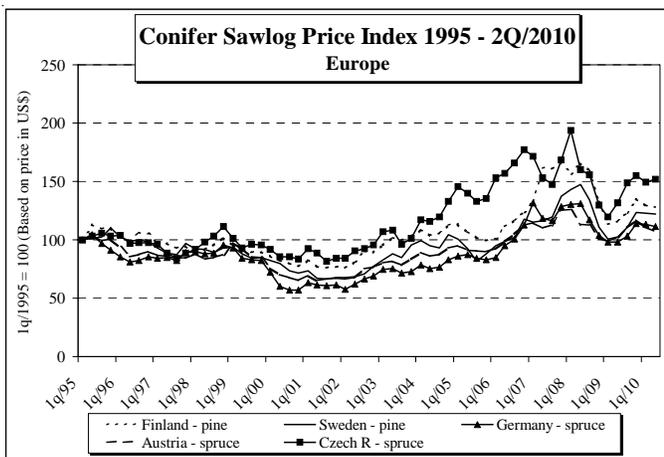
(1q/1995=100, Based on US dollars)

It is important to note that sawlog prices presented in the graphs and tables in this publication should be used as indicators when comparing price trends in different regions rather than for absolute price comparisons. Sawlog qualities and properties of conifer species vary in different parts of the world and therefore they are not always directly comparable. Also bear in mind that log grades and volume/weight measurements do differ between regions. Factors used to convert to cubic meter under bark are estimates made by WRI and regional contacts.



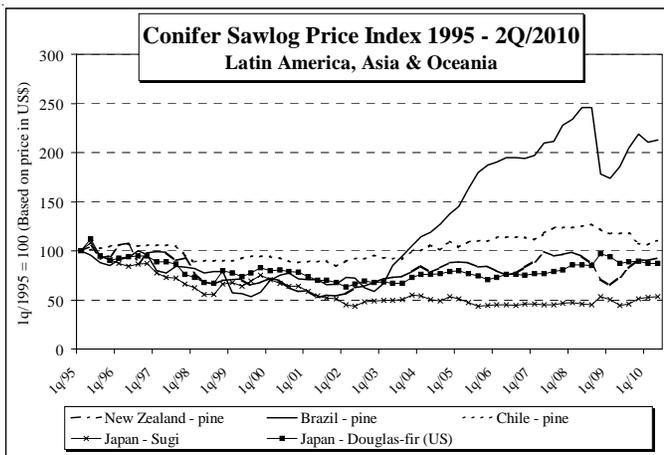
North America (1q/1995=100)

	<u>US S</u>	<u>US W</u>	<u>BC C</u>	<u>BC I</u>	<u>Que</u>
2001	98	71	40	79	106
2002	99	71	50	73	106
2003	100	66	42	75	125
2004	103	77	45	81	141
2005	107	88	42	89	152
2006	107	88	47	93	154
2007	104	73	57	89	161
2008	105	64	49	76	164
2009	94	52	41	62	157



Europe (1q/1995=100)

	<u>Fin</u>	<u>Swe</u>	<u>Aus</u>	<u>Ger</u>	<u>Cze</u>
2001	78	69	67	64	87
2002	84	71	72	50	91
2003	100	88	81	74	103
2004	108	98	89	78	121
2005	105	91	92	85	139
2006	113	103	102	98	163
2007	155	122	116	124	160
2008	154	134	113	120	160
2009	122	108	107	103	139



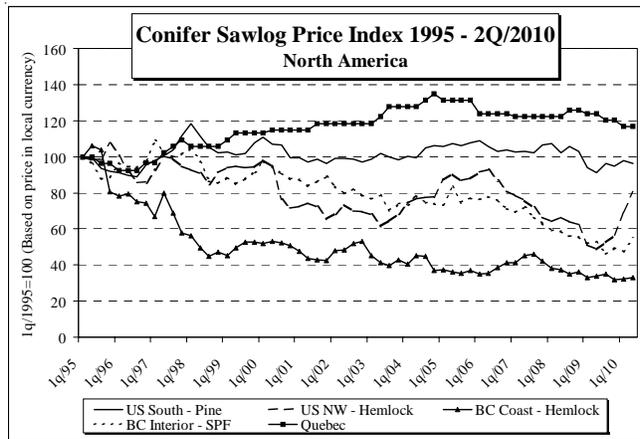
Latin America & Asia (1q/1995=100)

	<u>Bra</u>	<u>Chl</u>	<u>NZ</u>	<u>Jpn S</u>	<u>Jpn Df</u>
2001	68	88	55	54	70
2002	66	92	63	46	66
2003	88	94	74	51	69
2004	124	104	84	52	77
2005	169	108	86	47	75
2006	193	114	79	45	75
2007	211	119	95	46	78
2008	226	124	88	48	88
2009	196	115	78	48	90



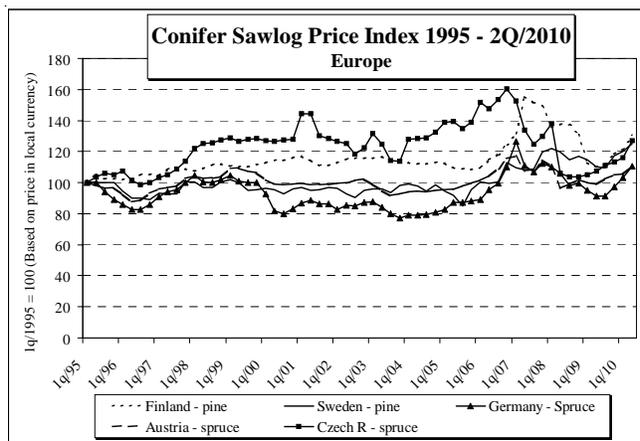
Conifer Sawlog Price Index 1995-2010

(1q/1995=100, Based on local currency)



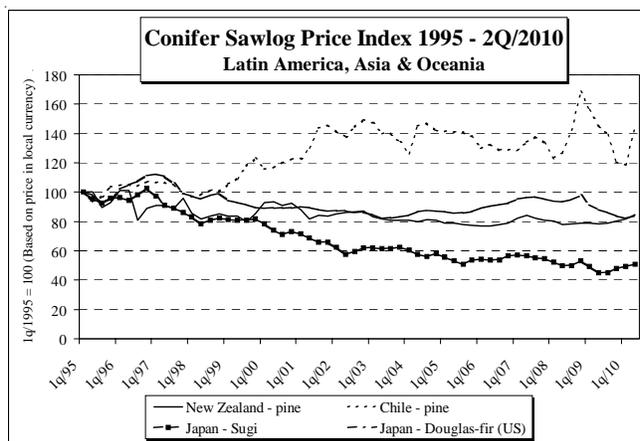
North America (1q/1995=100)

	<u>US S</u>	<u>US W</u>	<u>BC C</u>	<u>BC I</u>	<u>Que</u>
2001	98	71	44	87	117
2002	99	71	50	81	119
2003	100	66	42	75	124
2004	103	77	42	75	130
2005	107	88	37	77	131
2006	107	88	38	75	124
2007	104	73	44	68	122
2008	105	64	37	57	124
2009	94	52	33	50	122



Europe (1q/1995=100)

	<u>Fin</u>	<u>Swe</u>	<u>Aus</u>	<u>Ger</u>	<u>Cze</u>
2001	113	96	99	87	137
2002	115	94	101	85	123
2003	115	96	95	82	121
2004	112	98	95	80	129
2005	110	92	97	86	138
2006	117	103	108	99	153
2007	147	112	112	114	135
2008	135	118	102	103	113
2009	113	111	102	94	109



Latin America & Asia (1q/1995=100)

	<u>Bra</u>	<u>Chl</u>	<u>NZ</u>	<u>Jpn S</u>	<u>Jpn Df</u>
2001	193	135	84	68	89
2002	230	143	86	60	87
2003	326	140	82	62	83
2004	438	140	81	58	86
2005	493	140	78	53	86
2006	508	130	78	55	91
2007	496	133	82	56	96
2008	492	140	79	51	95
2009	469	140	79	47	87

Notes.

Three main criteria were used to choose geographical regions and conifer log grades for presentation in the WRQ:

- 1) Conifer lumber production in the region is among the twenty-five top producing regions in the world.
- 2) Conifer log grade/grades are commonly processed in the region.
- 3) Log species and grades are mainly average logs being processed into construction and better grades lumber in the region. The intention is to not include pruned logs or logs typically used to produce low-grade products such as pallets and packaging components.



Pulp Market Update 2Q/10

Global pulp production up eight percent in 2010

Worldwide market pulp production has increased eight percent during the first five months this year. The biggest increases have been in Western Europe and “the rest of the world”, which include Eastern Europe, Russia, Indonesia, Thailand and Taiwan. Production in Latin America has fallen slightly this year because of the reduction in output in Chile after the earthquake. It can be expected that production on the continent will grow faster in the second half of the year.

Demand for market pulp has gone up in all regions except China (-28%) this year. Global demand has been 2.7 percent higher in the first half of 2010 than in the same period in 2009, with the biggest gains in Eastern Europe (29%), Latin America (17%) and Japan (17%).

Pulp prices have reached their peak for now

Global pulp markets started to soften in July after having strengthening for almost 12 straight months. Actual transaction prices, if not list prices, have leveled off and market observers believe the peak has been reached for now and that prices will be lower in the fall. However, inventories are fairly low and supply is tight so there are not likely to be any dramatic price reductions in the coming six months; price will probably end up somewhere in the range of \$100-150/ton. Much depends on if paper manufacturers can succeed in increasing paper prices.

Softwood pulp prices close to \$1000 per ton

Softwood pulp prices (NBSK) reached approximately \$1000/ton in both Europe and North America in July. The PIX price for NBSK was \$979/ton in early August, which was up as much as 70 percent from May 2009. Hardwood pulp (BHKP) has followed the same trend, although at a lower level. As of August 3, BHKP was \$918/ton or 87% higher than last summer. The price discrepancy between softwood and hardwood pulp has ranged between \$60-135/ton the past year and has been continuously shrinking over the past five months.

Production of market pulp Jan-May (million tons)

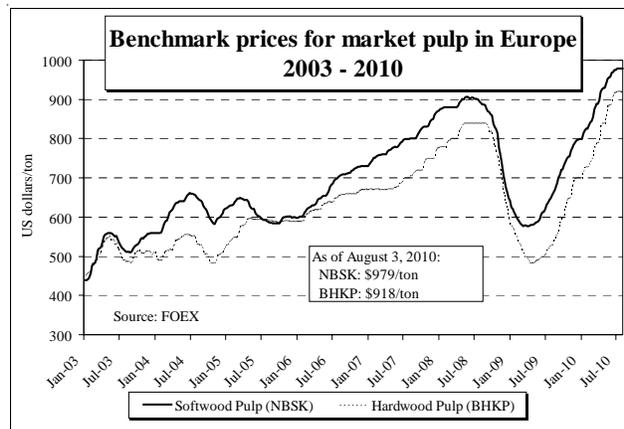
	<u>2009</u>	<u>2010</u>	<u>Chg (%)</u>
North America	5.2	5.8	+10
West Europe	3.2	3.8	+18
Latin America + NZ	6.0	5.8	-2
Rest of the world	2.5	2.9	+16
Total, world	16.9	18.3	+8

NBSK prices in Europe, the US and China (\$/ton)

	<u>2Q/09</u>	<u>1Q/10</u>	<u>2Q/10</u>	<u>June</u>
W. Europe	600	830-890	930-980	980
US	655	850-910	960-1020	1020
China	490	720-780	830-870	890

BHKP prices in Europe, the US and China (\$/ton)

	<u>2Q/09</u>	<u>1Q/10</u>	<u>2Q/10</u>	<u>June</u>
W. Europe	485	730-790	840-920	920
US, South	525	800-860	850-930	930
China	370	670-750	800-850	850



Note.

Prices and production data are from the market newsletter *Pulpwatch*, courtesy of Hawkins Wright in the UK (www.pulpwatch.com).



Sawlog and Pulpwood Markets 2Q/10 - USA

Pulpwood prices retreat to more historical levels in the US South in 2Q after a surge early in the year

All across the South, the late winter rains caused forest access problems and subsequent wood shortages, resulting in additional supplies being brought in from unlikely regions such as the Lake States. However, just as quickly as the 1Q prices spiked, they dropped in the 2Q. In the Southeast, from Virginia to Florida, pulpwood prices in the 1Q rose four to seven percent, then followed the pattern of returning towards their more historic price levels in the 2Q. Both softwood and hardwood pulpwood prices are back down to their five-year average. Prices may decline further in the 3Q because of the additional supply of pulplogs thanks to improved logging conditions during the summer months.

Wood chip prices in the South dropped approximately seven percent from their all-time high in the 1Q/10, with prices for softwood and hardwood averaging US\$74/odmt and US\$67/odmt, respectively. As with pulplogs, it can be expected that residual chip supply will increase in the coming months because sawmills are likely to run at higher operating rates. In April (the latest data available), the WWPA reported that the sawmills in the South only ran at 61 percent of practical capacity. One major reason for the low production levels were depleted log inventories and unfavorable logging conditions.

Wood costs in the South did go up more than other production costs last winter, according to FisherSolve (Fisher International). The wood costs as a share of total cash costs reached a record 55 percent, up from an average of 47 percent the past two years.

Sawlog prices in the West have surpassed prices in the South

Sawlog prices have stayed remarkably stable the past two years, averaging US\$63/m³ since the start of the global financial crisis. This can be compared to the long-term average, which has been close to US\$70/

m³ (delivered mill). Sawlog costs for sawmills in the West have historically fluctuated much more than in the South. In the 2Q/10, hemlock prices averaged US\$71/m³, which was up 65 percent in just 12 months. Prices for Douglas-fir logs, the other commonly used species in the region, have developed in a similar manner. With the latest price increases, sawmills in the West now have higher wood raw-material costs than sawmills in the South.

Lower wood fiber costs in the West

According to WWPA, lumber production in the West was up 15 percent in the 2Q/10 as compared to a year ago because many mills took advantage of the spike in lumber prices during the spring. As a result, there was a surge in residual chip supplies and prices fell slightly in the 2Q, averaging US\$89/odmt for softwood chips. The additional chip volumes from the region's sawmills resulted in a reduced demand for higher-cost roundwood chips and the average weighted wood fiber costs for the pulp industry dropped a bit further.

The near-term outlook for residual chips supply, however, does not look sustainable, as U.S. housing starts continue to be uncertain. With the current market conditions, some sawmills are planning to take downtime or reduce production during the summer months and possibly also into the fall season.

Positive trend for wood chip exporters in Western US

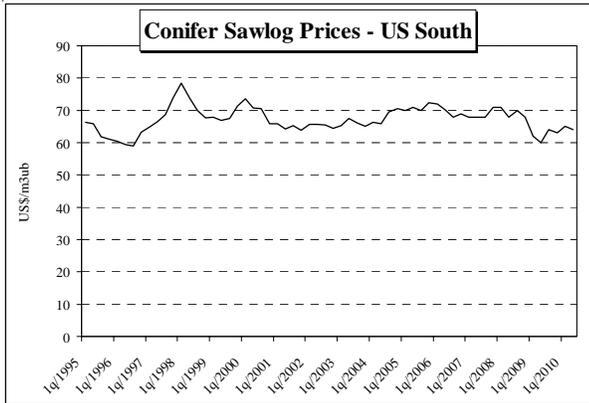
Wood chip export activity in the Pacific Northwest solidified in the 2Q, and continues to look positive for the remainder of the year based on overseas demand. With some additional pulp production being added in Oregon, an increase in demand for wood fiber can be expected, creating an opening for roundwood chips to filter back into the mix.

Note.

For more detailed market information for the US, including biomass markets, please refer to our sister publication, the *North American Wood Fiber Review*.

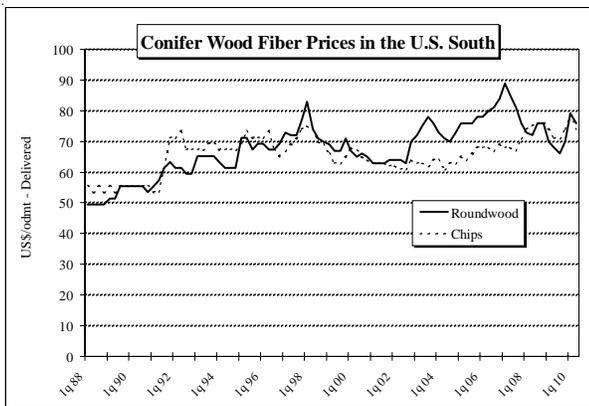


US South - Sawlog and Pulpwood Prices



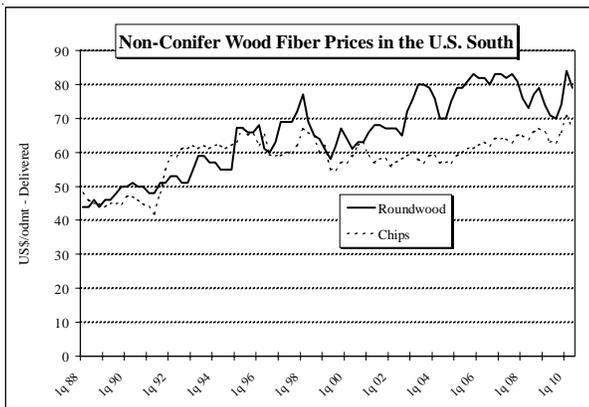
Pine Sawlog Prices (US\$/m3)

1q 2009	62
2q	60
3q	64
4q	63
1q 2010	65
2q	64



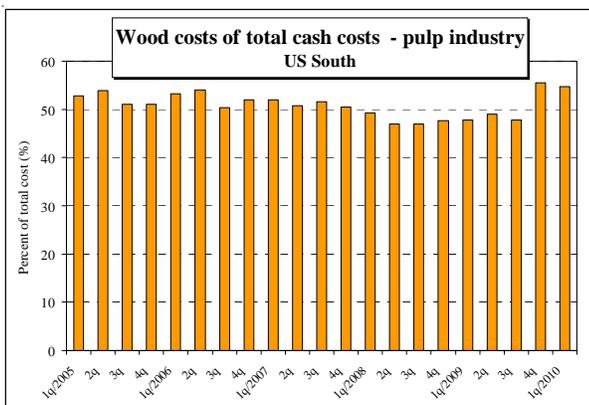
Conifer Pulpwood Prices (US\$/odmt)

	<u>Chips</u>	<u>Rdwd</u>
1q/2009	74	70
2q	71	68
3q	71	66
4q	74	70
1q/2010	79	79
2q	74	76



Non-Conifer Pulpwood Prices (US\$/odmt)

	<u>Chips</u>	<u>Rdwd</u>
1q/2009	66	74
2q	63	71
3q	63	70
4q	66	74
1q/2010	71	84
2q	67	79

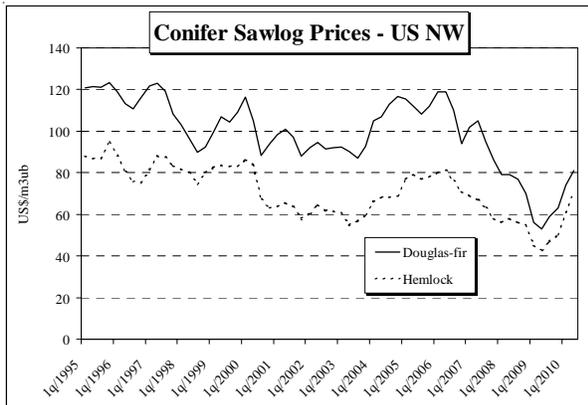


Wood costs of total cash costs - pulp (%) (Source: Fisher International)

1q/2008	49.2
2q	47.0
3q	46.9
4q	47.7
1q/2009	47.7
2q	49.0
3q	47.8
4q	55.5
1q/2010	54.8

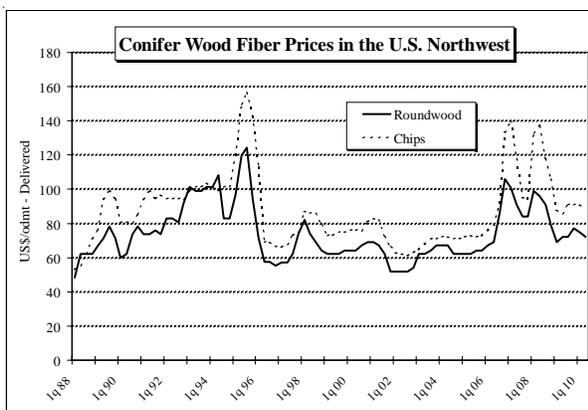


US Northwest - Sawlog and Pulpwood Prices



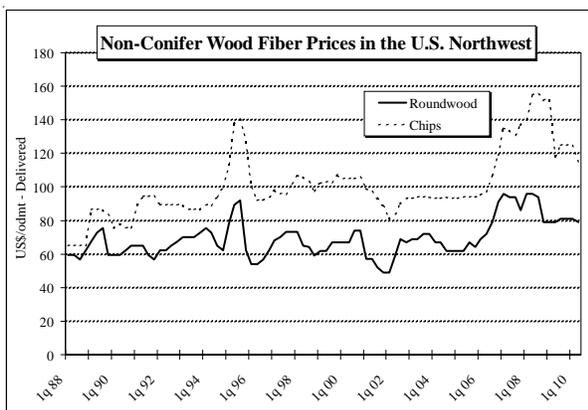
Conifer Sawlog Prices
(US\$/m3)

	Douglas-fir	Hemlock
1q/2009	56	45
2q	53	43
3q	58	46
4q	63	50
1q/2010	74r	61
2q	81	71



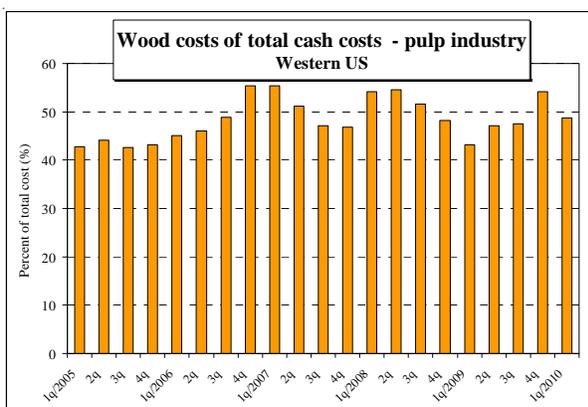
Conifer Pulpwood Prices
(US\$/odmt)

	Chips	Rdwd
1q/2009	88	69
2q	86	72
3q	91	72
4q	91	77
1q/2010	91	75
2q	89	72



Non-Conifer Pulpwood Prices
(US\$/odmt)

	Chips	Rdwd
1q/2009	152	79
2q	118	79
3q	125	81
4q	125	81
1q/2010	125	81
2q	115	79



Wood costs of total cash costs - pulp (%)
(Source: Fisher International)

1q/2008	54.2
2q	54.5
3q	51.5
4q	48.2
1q/2009	43.2
2q	47.1
3q	47.5
4q	54.1
1q/2010	48.8



Sawlog and Pulpwood Markets 2Q/10 - Canada

Western Canada sees a strong rise in fiber prices while prices in Eastern Canada continue to fall

Although fiber prices have soared in Western Canada, this has not provoked significant anxieties among most fiber buyers because these prices are tied by formula to the record-setting prices of market pulp. British Columbia wood chip prices climbed over 20 percent from last quarter, while in Alberta, the same pricing connections have brought on a smaller ten percent rise.

The Tembec's Chetwynd pulpmill in BC mill has restarted, and other Western Canadian mills have upped production to take advantage of healthy market pulp prices. This development has increased demand for wood fiber and higher usage of roundwood fiber. BC and Alberta wood chip prices are currently the lowest in Canada, but higher than most regions of the US.

In contrast, wood fiber prices have dropped noticeably in Eastern Canada, as capacity reductions seen this past year are finally being reflected in lower wood fiber demand. Much of this lower pricing in Eastern Canada, however, was obscured by the strengthening Canadian dollar. Wood costs in this region are now lower than most countries in Europe.

The BC - China connection continues to grow

Besides the increase in fiber prices, the most interesting story in BC is the rise of fortunes in Mackenzie, a northern BC town that is seeing a new Chinese owned pulpmill being prepared for operations, as well as the restart of two major sawmills. It appears likely that much if not all the market pulp of the Sinar Mas mill is destined for China, underscoring a broader shift in BC's forest products industry orientation.

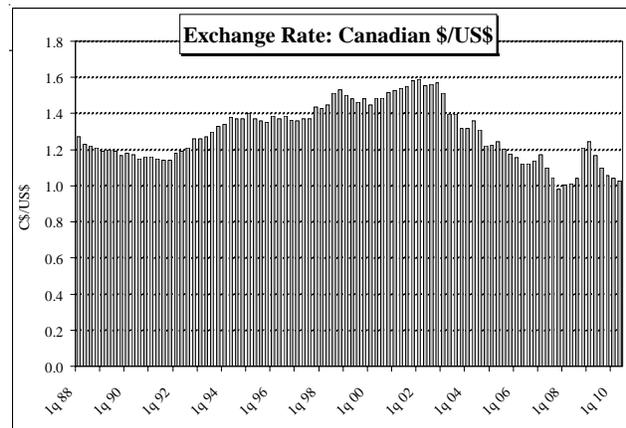
Log exports from BC to China continued at a brisk pace in the 1st half of 2010. With harvesting, a certain "pull along" amount of pulpwood is brought to the market. However, the additional export of higher value logs has increased regional prices, putting some pressure on coastal sawmills to reevaluate their rates of production. Several sawmills have transformed their

products to focus on Chinese markets, pushing products overseas, and thus avoiding adding to U.S. lumber oversupply while adding residual chip volumes for domestic pulpmills.

Sawlog prices in British Columbia have moved up to their highest levels in over a year. Despite the increase, softwood lumber producers in the Interior of the province still have some of the lowest wood raw-material costs in the world.

Alberta is trying to get ahead of the mountain pine beetle

In more sobering news, it is now Alberta's turn to grapple with the spread of the Mountain Pine Beetle epidemic that has moved through British Columbia, resulting in the restructuring of that province's forest products industry. Alberta forest managers are now attempting to harvest concentrations of infested stands. The effect on wood prices has not emerged distinctly, but will become a factor in the years ahead.



Canadian \$/US\$

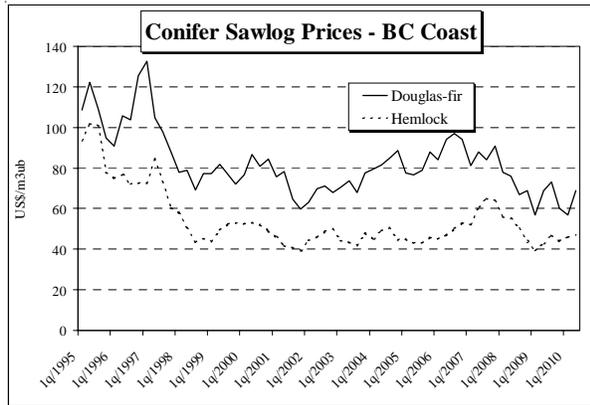
1q/2009	1.240	1q/2010	1.041
2q	1.169	2q	1.028
3q	1.100		
4q	1.058		

Note.

For more detailed price and market information for Canada, please refer to our sister publication, the *North American Wood Fiber Review*.

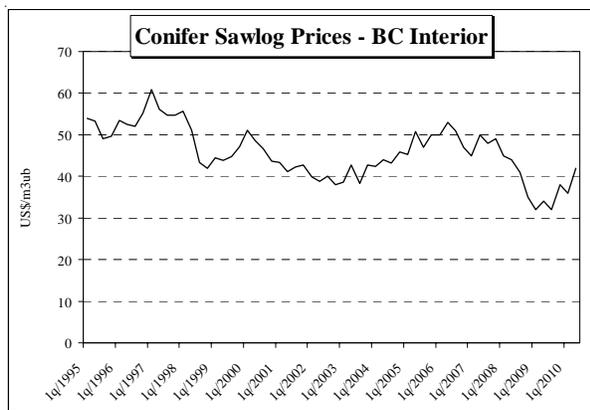


Canada West - Sawlog and Pulpwood Prices



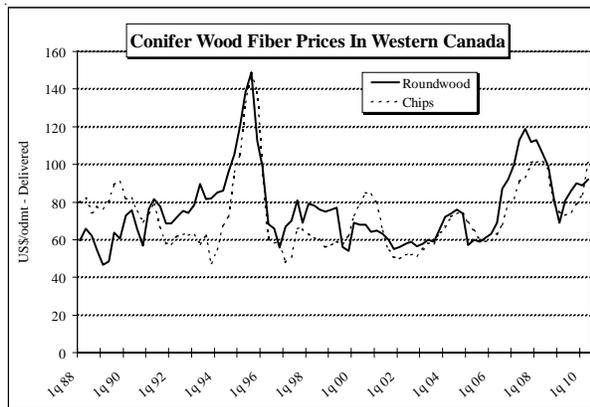
Conifer Sawlog Prices - Coast
(US\$/m3)

	<u>Douglas-fir</u>	<u>Hemlock</u>
1q/2009	57	39
2q	69	43
3q	73	47
4q	60	44
1q/2010	57r	46r
2q	69	47



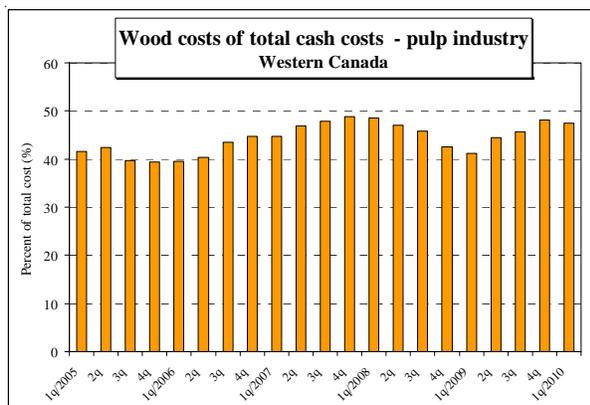
Conifer Sawlog Prices - Interior
(US\$/m3)

	<u>Spruce/pine/fir</u>
1q/2009	32
2q	34
3q	32
4q	38
1q/2010	36
2q	42



Conifer Pulpwood Prices
(US\$/odmt)

	<u>Chips</u>	<u>Rdwd</u>
1q/2009	75	69
2q	73	81
3q	75	86
4q	79	90
1q/2010	84	89
2q	101	92

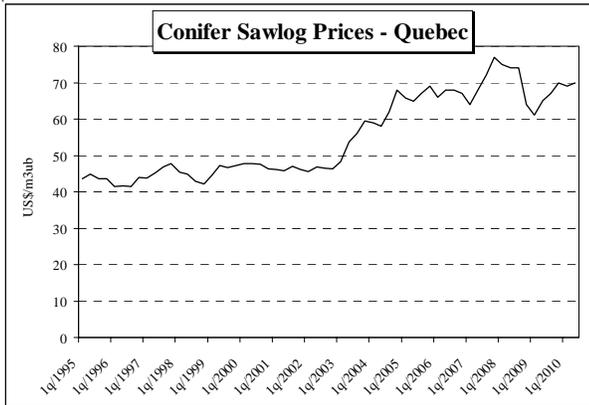


Wood costs of total cash costs - pulp (%)
(Source: Fisher International)

1q/2008	48.5
2q	47.1
3q	45.8
4q	42.6
1q/2009	41.2
2q	44.4
3q	45.7
4q	48.1
1q/2010	47.5

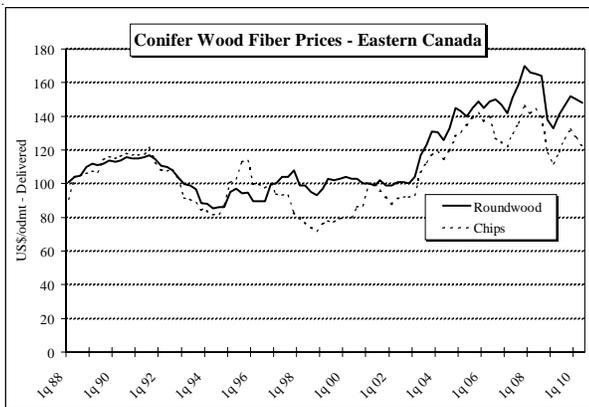


Canada East - Sawlog and Pulpwood Prices



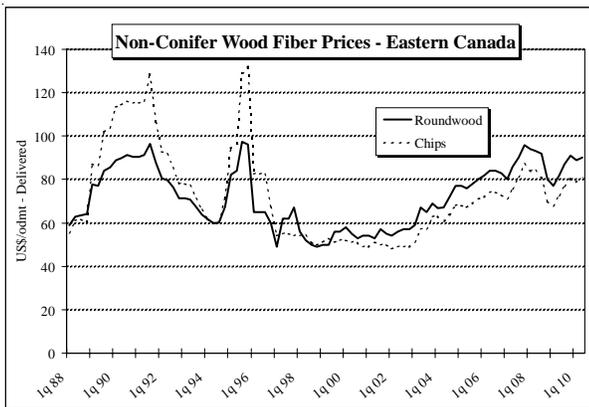
Conifer Sawlog Prices
(US\$/m3)

	<u>Mixed</u>
1q/2009	61
2q	65
3q	67
4q	70
1q/2010	69
2q	70



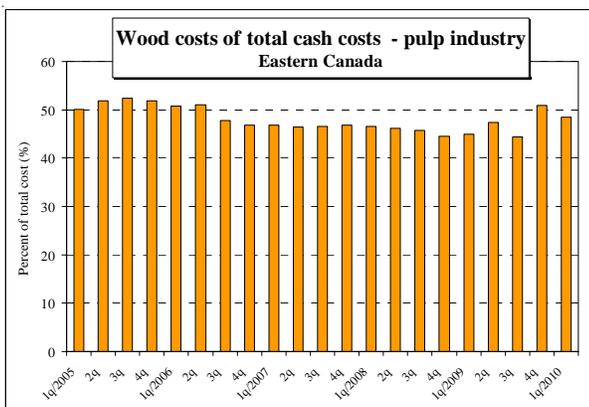
Conifer Pulpwood Prices
(US\$/odmt)

	<u>Chips</u>	<u>Rdwd</u>
1q/2009	112	133
2q	119	141
3q	127	146
4q	132	152
1q/2010	127	150
2q	122	148



Non-Conifer Pulpwood Prices
(US\$/odmt)

	<u>Chips</u>	<u>Rdwd</u>
1q/2009	68	77
2q	73	82
3q	77	87
4q	80	91
1q/2010	79	89
2q	81	90



Wood costs of total cash costs - pulp (%)
(Source: Fisher International)

1q/2008	46.6
2q	46.1
3q	45.8
4q	44.5
1q/2009	45.0
2q	47.4
3q	44.4
4q	50.9
1q/2010	48.5



Sawlog and Pulpwood Markets 2Q/10 - Europe & Russia

Sawlog prices reach record levels in Sweden

Despite slower lumber export sales in the spring, pine and spruce sawlog prices continued upward in the 2Q, reaching the highest levels on record, in the local currency. Log prices have increased faster in the southern part of the country where both sawlogs and pulpwood prices are now higher than in the northern region. As a result, forest owners in Central and Northern Sweden are increasingly considering shipping logs southbound.

Swedish sawmills continue to have lower wood costs than many of their competitors in Finland, Germany and Austria. Sawmills in eastern Europe and Northwest Russia, on the other hand, currently have 15-30 percent lower wood costs than Swedish mills with the Czech Republic being the only exception. The major reason for this disparity is the Czech's increasing log exports to neighboring Austria and Germany. So far this year, log shipments from the Czech Republic have gone up over 30 percent as compared to 2009.

Pulpwood costs, which account for about 60 percent of cash costs for Swedish pulp mills, were higher in the 2Q this year as compared to the same quarter last year. Average softwood and hardwood pulplogs costs have gone up 12 percent and 18 percent (in US dollar terms), respectively, in 12 months.

Russian lumber exports are reaching new highs

Sawlog prices in Russia have gone up for six consecutive quarters, averaging US\$57/m³ in the 2Q. The price increase of over 40 percent (in US dollars) has been the result of substantial improvements in the lumber exports market. Sawmills in Northwestern Russia exported 40 percent more lumber to Europe and Africa this year compared to early 2009.

With competitive log prices and reduced competition from foreign log buyers, it is likely that Russian lumber exporters will continue to be very active on the European continent for many months ahead. Based on the volumes shipped during the first five months this year,

2010 could very well be a record year for Russian lumber exports.

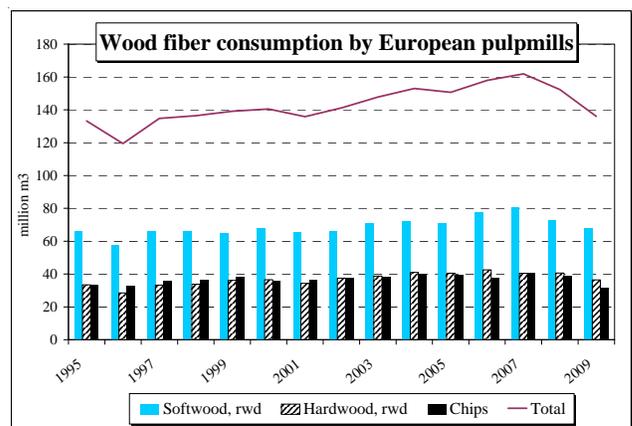
The higher log prices in Russia have encouraged increased logging activities; it has been reported that harvest levels were almost 40 percent higher in June than in May, with no letdown reported for July.

Wood fiber consumption by the European pulp sector fell 16% in 2009

The pulp and paper market had another weak year in 2009 (market pulp was an exception) and wood fiber demand from this sector fell for the second straight year. The total fiber consumption was 136 million m³, which was down 16 percent from its peak in 2007 and the lowest level since 1996, according to the industry organization CEPI.

Sweden and Portugal were the only two countries that increased their wood fiber usage from 2008. Of the largest pulp-producing countries, Finland and Norway reduced fiber consumption the most. Permanent and temporary mill shutdowns resulted in a decline of over 25 percent in wood fiber demand in these two countries in 2009.

Softwood roundwood continues to be the largest supply source for the pulp industry, accounting for almost 50 percent of the total fiber consumption, while hardwood logs and chips accounted for 27 percent and 23 percent, respectively. The usage of softwood chips fell from 38 million m³ to 30 million m³ because of the decline in lumber production on the continent.



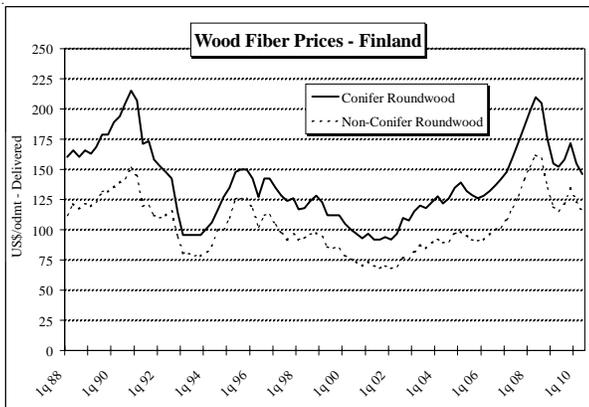


Finland - Sawlog and Pulpwood Prices



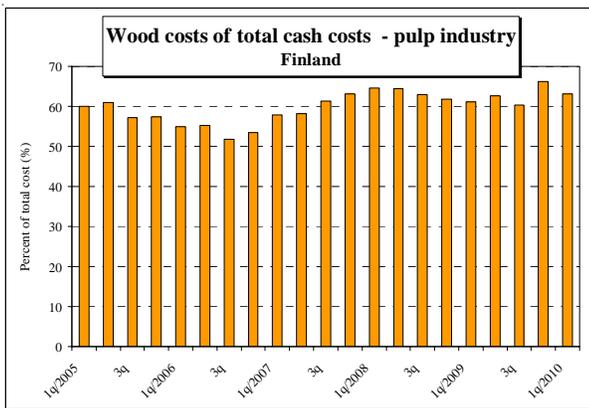
Conifer Sawlog Prices
(US\$/m3)

	<u>Pine</u>	<u>Spruce</u>
1q/2009	88	88
2q	90	91
3q	96	97
4q	105	106
1q/2010	101	102
2q	99	101



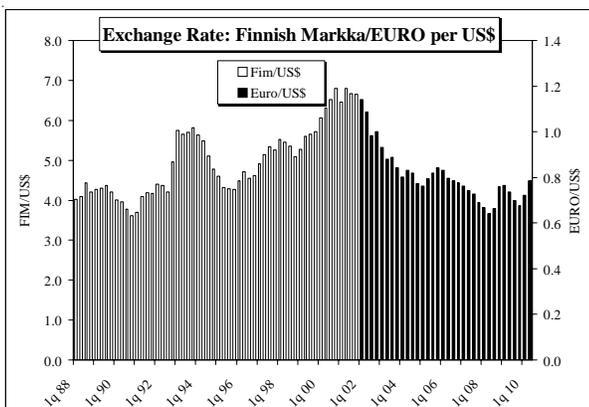
Pulplog Prices
(US\$/odmt)

	<u>Conifer</u>	<u>Non-Con</u>
1q/2009	155	119
2q	152	116
3q	158	121
4q	172	135
1q/2010	155	123
2q	146	115



Wood costs of total cash costs - pulp (%)
(Source: Fisher International)

1q/2008	63.5
2q	63.4
3q	63.0
4q	61.8
1q/2009	61.1
2q	62.6
3q	60.4
4q	66.3
1q/2010	63.2

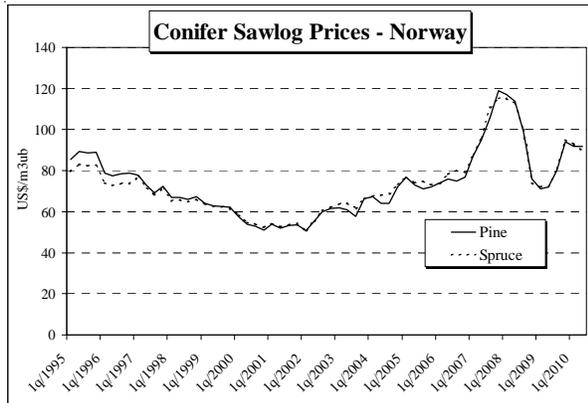


Exchange Rate (Euros/US\$)

1q/2008	0.668
2q	0.640
3q	0.665
4q	0.760
1q/2009	0.765
2q	0.735
3q	0.700
4q	0.677
1q/2010	0.722
2q	0.785

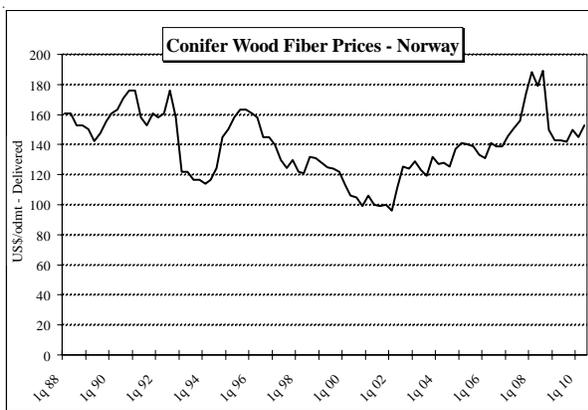


Norway - Sawlogs and Pulpwood Prices



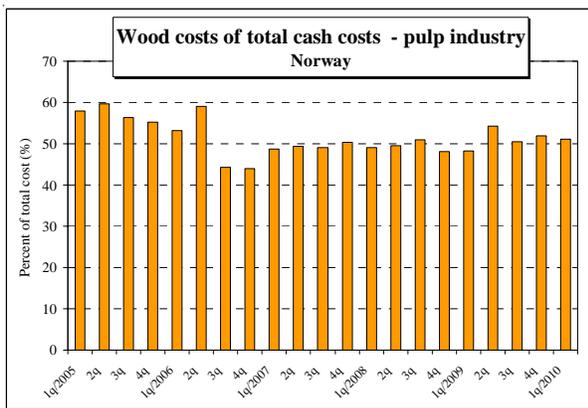
Conifer Sawlog Prices
(US\$/m³)

	<u>Pine</u>	<u>Spruce</u>
1q/2009	72	72
2q	78	72
3q	80	81
4q	94r	95
1q/2010	92r	93
2q	92	90



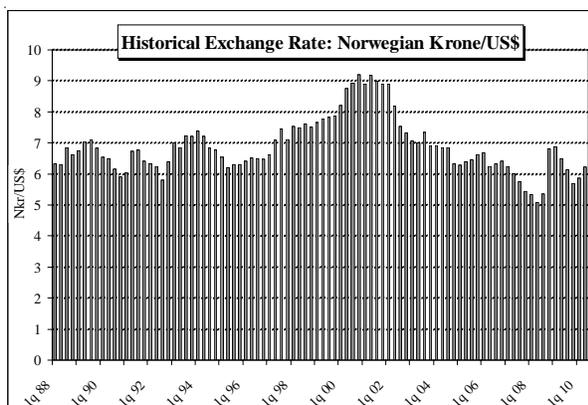
Conifer Pulpwood Prices
(US\$/odmt)

1q/2009	143
2q	143
3q	142
4q	150
1q/2010	145
2q	153



Wood costs of total cash costs - pulp (%)
(Source: Fisher International)

1q/2008	48.7
2q	49.2
3q	51.0
4q	48.1
1q/2009	48.3
2q	54.3
3q	50.5
4q	51.9
1q/2010	51.1

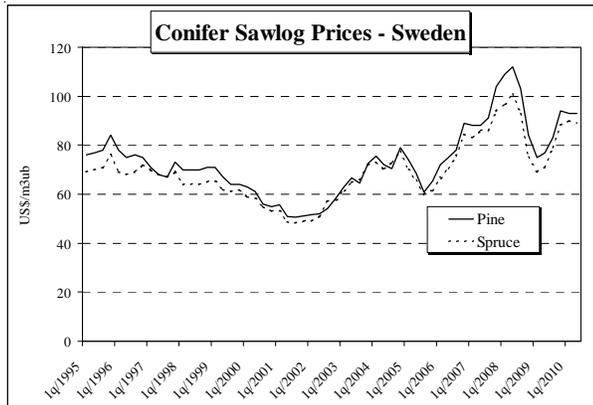


Exchange Rate (Kroner/US\$)

1q/2008	5.33
2q	5.09
3q	5.36
4q	6.81
1q/2009	6.88
2q	6.50
3q	6.13
4q	5.70
1q/2010	5.86
2q	6.22

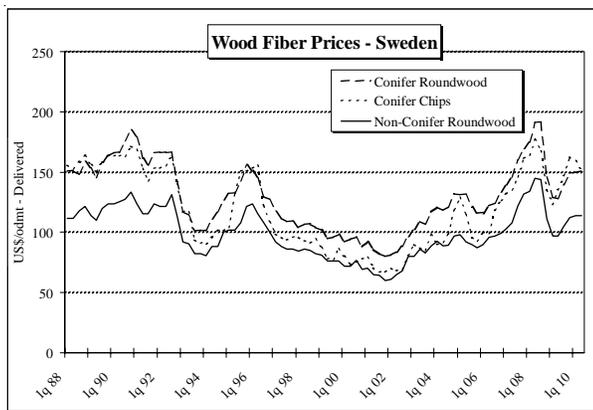


Sweden - Sawlog and Pulpwood Prices



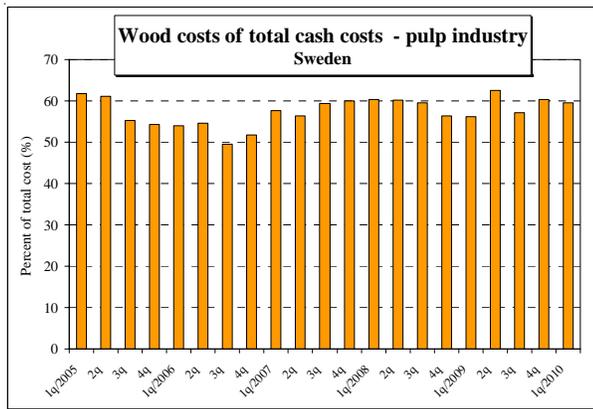
Conifer Sawlog Prices
(US\$/m3)

	<u>Pine</u>	<u>Spruce</u>
1q/2009	75	69
2q	77	71
3q	83	79
4q	94r	88r
1q/2010	93r	90r
2q	93	89



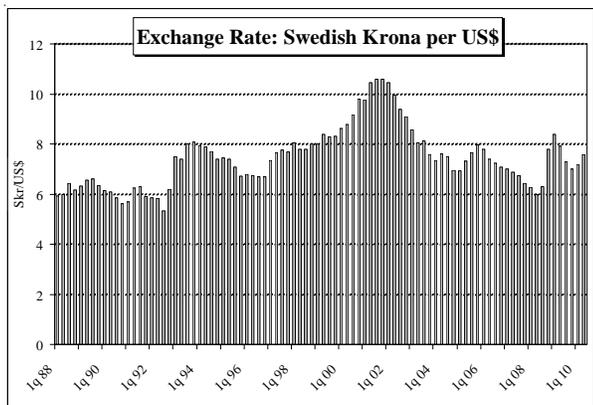
Pulpwood Prices
(US\$/odmt)

	<u>Chips</u>	<u>Roundwood</u>	
	Con	Con	Non-c
1q/2009	123	129	97
2q	135	128	97
3q	147	140	105
4q	163	149	112
1q/2010	159	150	114
2q	151	151	114



Wood costs of total cash costs - pulp (%)
(Source: Fisher International)

1q/2008	59.3
2q	59.3
3q	59.5
4q	56.3
1q/2009	56.1
2q	62.5
3q	57.5
4q	60.3
1q/2010	59.6

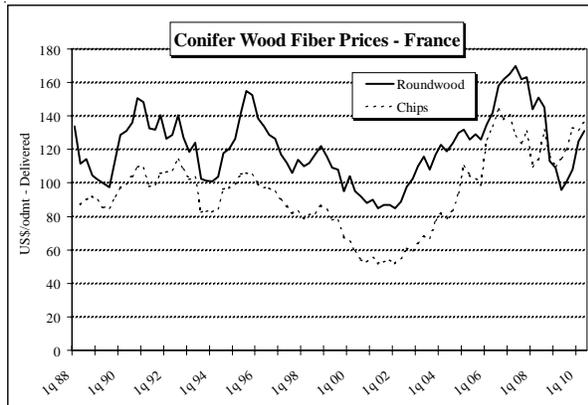


Exchange Rate (Kronor/US\$)

1q/2008	6.28
2q	5.99
3q	6.30
4q	7.79
1q/2009	8.39
2q	7.92
3q	7.30
4q	7.01
1q/2010	7.20
2q	7.57

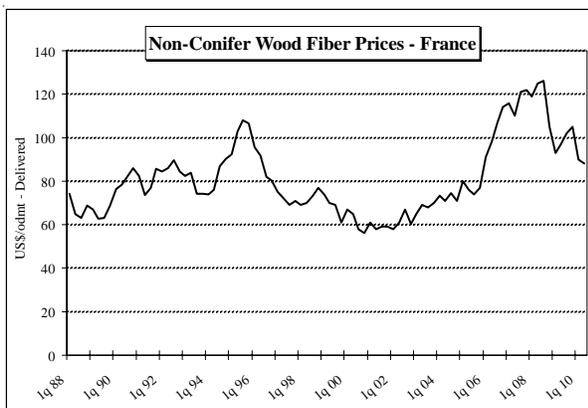


France - Pulpwood Prices



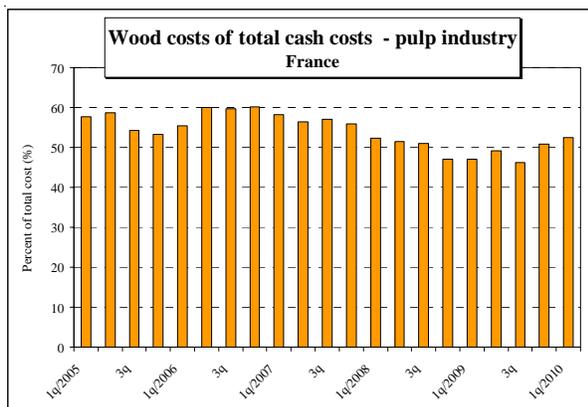
Conifer Pulplog Prices (US\$/odmt)

	<u>Chips</u>	<u>Roundwood</u>
1q/2009	110	109
2q	115	96
3q	120	101
4q	133	108
1q/2010	132	125
2q	137	131



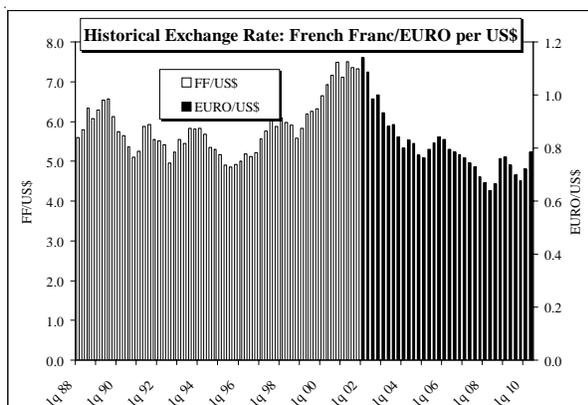
Non-Conifer Pulplog Prices (US\$/odmt)

1q/2009	93
2q	97
3q	102
4q	105
1q/2010	90
2q	88



Wood costs of total cash costs - pulp (%) (Source: Fisher International)

1q/2008	52.3
2q	51.5
3q	50.9
4q	47.0
1q/2009	47.1
2q	49.2
3q	46.2
4q	50.8
1q/2010	52.5

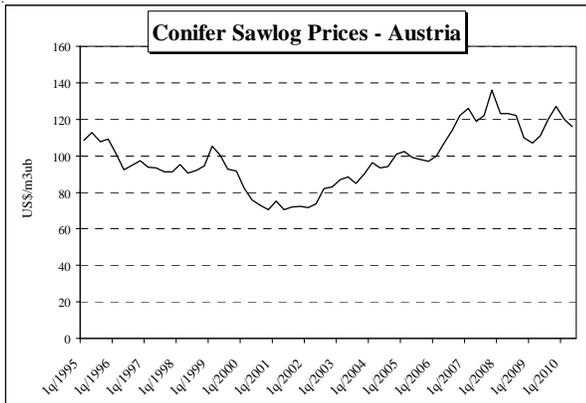


Exchange Rate (Euro/US\$)

1q/2008	0.668
2q	0.640
3q	0.665
4q	0.760
1q/2009	0.765
2q	0.735
3q	0.700
4q	0.677
1q/2010	0.722
2q	0.785



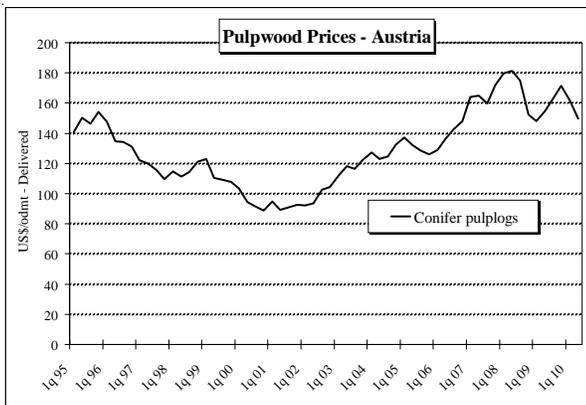
Austria - Sawlog and Pulpwood Prices



Conifer Sawlogs (US\$/m3)

Spruce

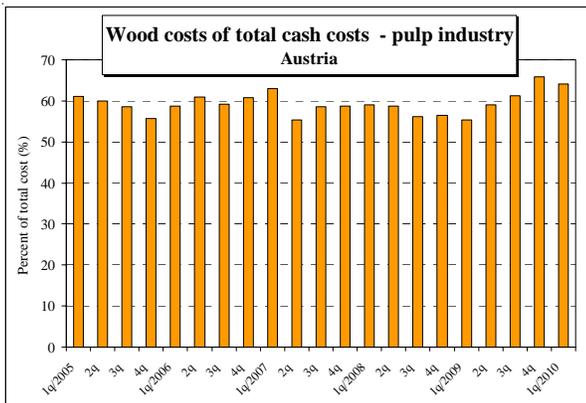
1q/2009	107
2q	111
3q	120
4q	127
1q/2010	120
2q	116



Pulpwood Prices (US\$/odmt)

Conifer

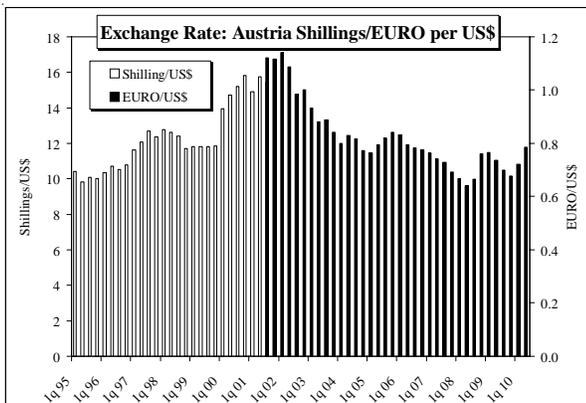
1q/2009	152
2q	158
3q	167
4q	175
1q/2010	166
2q	154



Wood costs of total cash costs - pulp (%)

(Source: Fisher International)

1q/2008	59.0
2q	58.7
3q	56.2
4q	56.5
1q/2009	55.4
2q	59.1
3q	61.3
4q	65.9
1q/2010	64.1

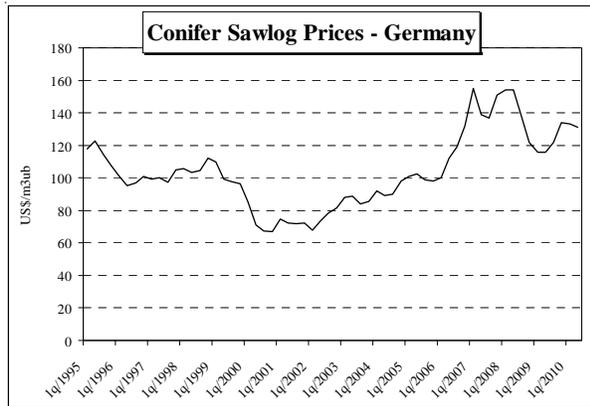


Exchange Rate (Euro/US\$)

1q/2008	0.668
2q	0.640
3q	0.665
4q	0.760
1q/2009	0.765
2q	0.735
3q	0.700
4q	0.677
1q/2010	0.722
2q	0.785

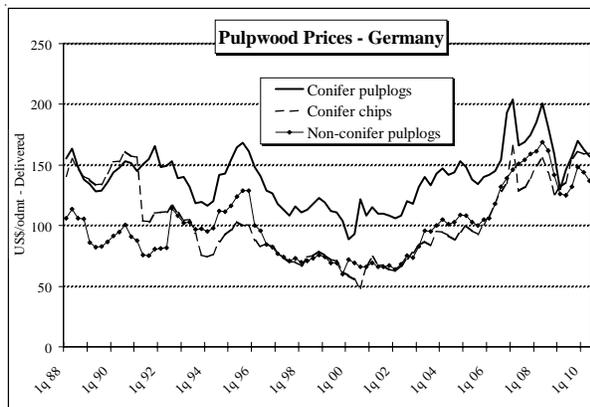


Germany - Sawlog and Pulpwood Prices



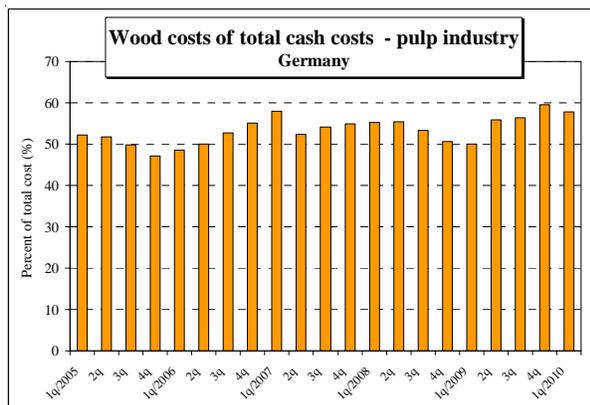
Conifer Sawlogs (US\$/m3)

	<u>Spruce</u>
1q/2009	116
2q	116
3q	122
4q	134
1q/2010	133
2q	131



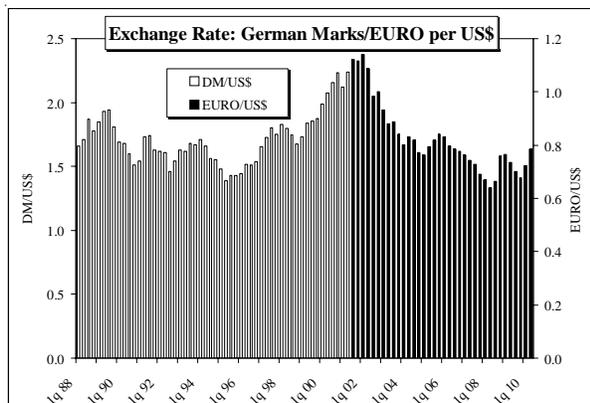
Pulpwood Prices (US\$/odmt)

	Chips	Roundwood	
	<u>Con</u>	<u>Con</u>	<u>Non-c</u>
1q/2009	132	130	126
2q	136	146	125
3q	156	157	132
4q	161	170	148
1q/2010	159	163	144
2q	159	157	137



Wood costs of total cash costs - pulp (%) (Source: Fisher International)

1q/2008	55.2
2q	55.5
3q	53.4
4q	50.6
1q/2009	50.0
2q	55.9
3q	56.4
4q	59.6
1q/2010	57.7

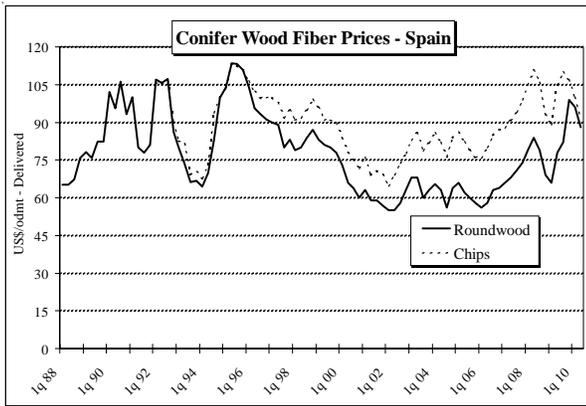


Exchange Rate (Euro/US\$)

1q/2008	0.668
2q	0.640
3q	0.665
4q	0.760
1q/2009	0.765
2q	0.735
3q	0.700
4q	0.677
1q/2010	0.722
2q	0.785

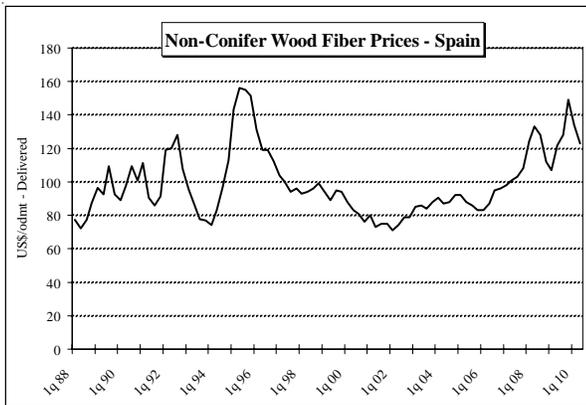


Spain - Pulpwood Prices



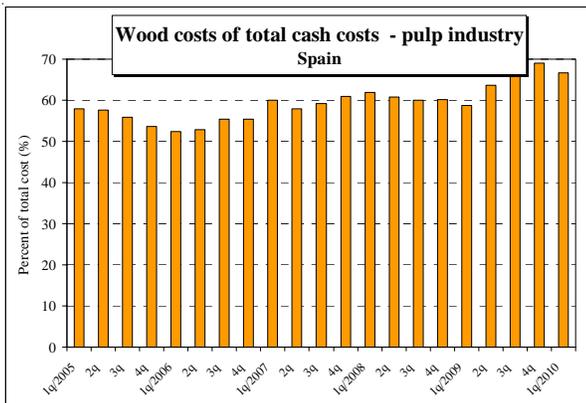
Conifer Pulpwood Prices (US\$/odmt)

	Chips	Rdwd
1q/2009	89	66
2q	105	78
3q	110	82
4q	107	99
1q/2010	100	96
2q	92	88



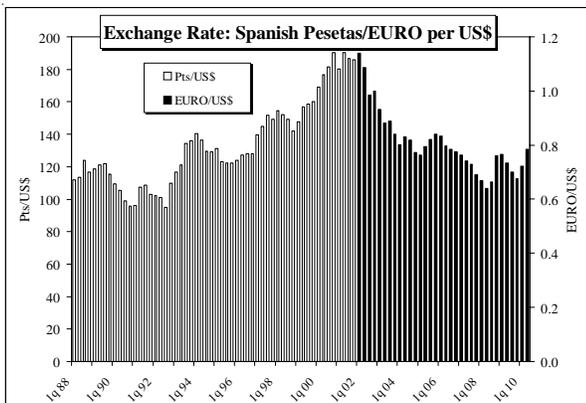
Non-Conifer Pulplog Prices (US\$/odmt)

1q/2009	107
2q	122
3q	128
4q	149
1q/2010	134
2q	123



Wood costs of total cash costs - pulp (%) (Source: Fisher International)

1q/2008	61.9
2q	60.7
3q	60.1
4q	60.0
1q/2009	58.7
2q	63.6
3q	67.3
4q	69.0
1q/2010	66.6

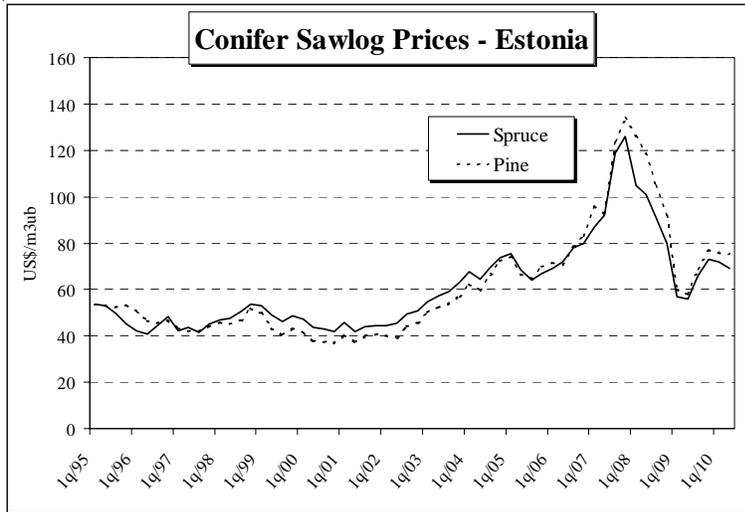


Exchange Rate (Euro/US\$)

1q/2008	0.668
2q	0.640
3q	0.665
4q	0.760
1q/2009	0.765
2q	0.735
3q	0.700
4q	0.677
1q/2010	0.722
2q	0.785

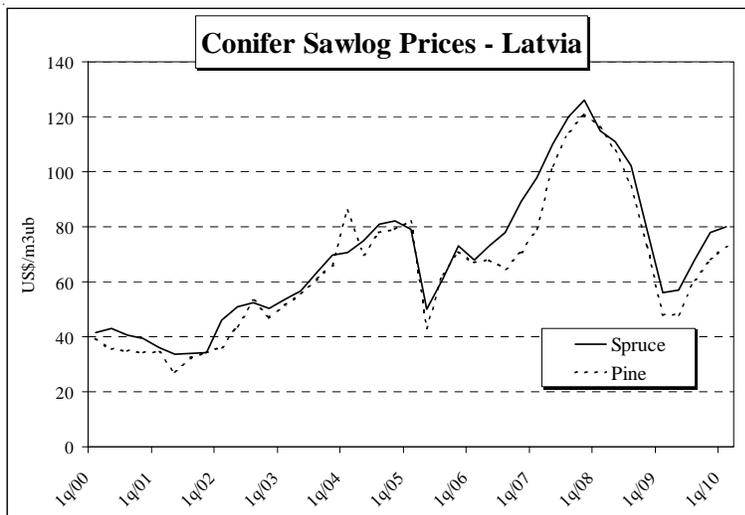


Estonia, Latvia & Czech Republic - Sawlog Prices



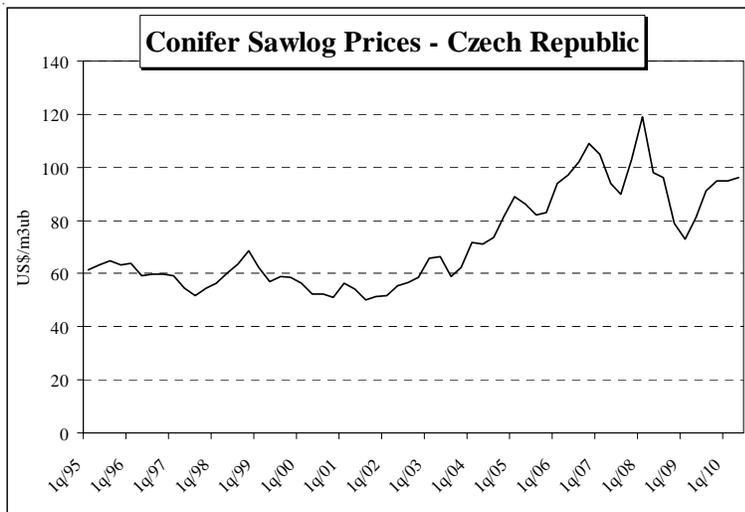
Conifer Sawlog Prices
(US\$/m³)

	<u>Spruce</u>	<u>Pine</u>
1q/2009	57	60
2q	56	58
3q	66	69
4q	73	77
1q/2010	72	76
2q	69	75



Conifer Sawlog Prices
(US\$/m³)

	<u>Spruce</u>	<u>Pine</u>
1q/2008	115	116
2q	111	108
3q	102	95
4q	79	73
1q/2009	56	48
2q	57	48
3q	68	61
4q	78	68
1q/2010	80	73

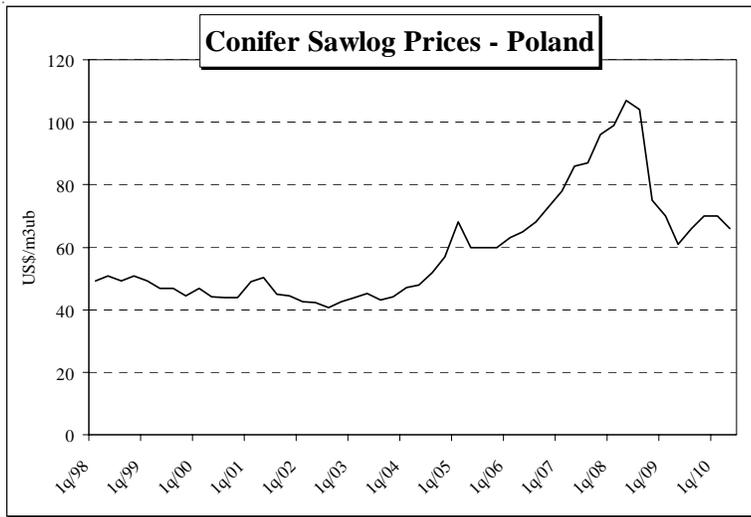


Conifer Sawlog Prices
(US\$/m³)

	<u>Spruce</u>
1q/2008	119
2q	98
3q	96
4q	79
1q/09	73
2q	81
3q	91
4q	95
1q/2010	95r
2q	96



Poland - Sawlog Prices



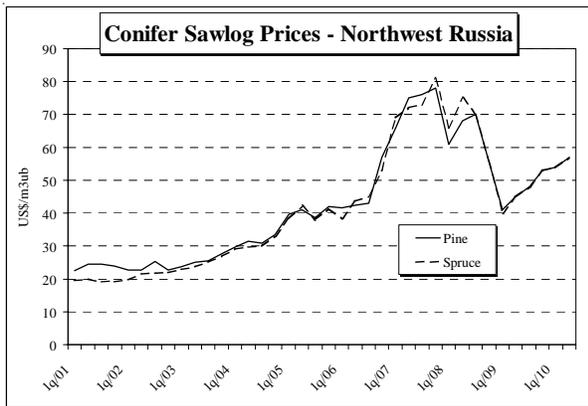
Conifer Sawlog Prices (US\$/m³)

Pine

1q/2008	99
2q	107
3q	104
4q	75
1q/2009	70
2q	61
3q	66
4q	70
1q/2010	70
2q	66

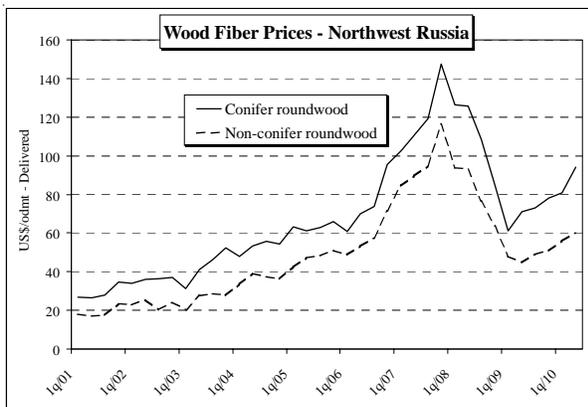


Northwest Russia - Sawlog and Pulpwood Prices



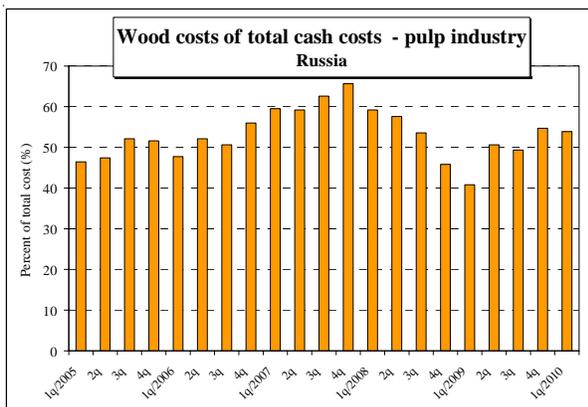
Conifer Sawlog Prices (US\$/m3)

	Pine	Spruce
1q/2009	41	40
2q	45	45
3q	48	48
4q	53	53
1q/2010	54	54
2q	57	57



Pulplog Prices (US\$/odmt)

	Conifer	Non-Con
1q/2009	61	48
2q	71	45
3q	73	49
4q	78	51
1q/2010	81	56
2q	94	60



Wood costs of total cash costs - pulp (%) (Source: Fisher International)

1q/2008	58.8
2q	56.8
3q	52.7
4q	45.3
1q/2009	40.7
2q	50.7
3q	49.3
4q	54.7
1q/2010	53.8



Exchange Rate (Roubles/US\$)

1q/2008	24.25
2q	23.63
3q	24.27
4q	27.31
1q/2009	34.06
2q	32.33
3q	31.40
4q	29.52
1q/2010	29.91
2q	30.36



Sawlog and Pulpwood Markets 2Q/10 - Latin America

Chile will continue to expand forest plantations over the next 15 years – the question is by how much?

Most pulp mills and sawmills in Chile are back to normal operating rates after the devastating earthquake that hit the country in February this year. The only exception is in the Concepcion region where there are still some logistical hurdles restricting the transportation of logs. Prices for pulpwood and sawlogs have stayed surprisingly stable despite the dramatic events earlier this year. Chilean pulp mills have some of the lowest wood fiber costs in the world, averaging US\$67/odmt for pine and US\$60/odmt for Eucalyptus in the 2Q/2010.

Instituto Forestal, the state forestry agency in Chile, recently stated that timber production in the country could increase by 30% over the next 15 years. There are currently 2.3 million hectares (ha) of plantations in the country and the government hopes that this area can expand by as much as three million ha by 2025. If the expansion plans are realized, harvest levels could increase from the current 40 million m³ to 50 million m³ in 2025 and to as much as 120 million m³ annually in the longer-term. Practically all timber harvests in Chile are from fast-growing pine and Eucalyptus plantations.

If these lofty plans are implemented, the Chilean forest industry will be able to substantially increase exports of both pulp and lumber in the future.

However, it is not clear where in the country these plantation may be established, if there will be government programs to assist in the expansion and if the pace of plantation growth is realistic. The announcement by the government can probably be seen as a political statement rather than a credible outlook for future wood supply in Chile. Some industry sources are somewhat skeptical and believe it is more realistic that the plantation area may expand by 50-70,000 ha annually in the coming years, perhaps adding about one million hectares of plantations by 2025.

The supply and demand for logs in Brazil has been in balance the past year resulting in stable log prices

There has started to be some upward price pressure on pine sawlogs in Brazil both because of higher construction activities in the country and small improvements in exports market for lumber. Unfavorable weather conditions have also hampered the flow of logs from the forests in some regions. Although sawlog prices have gone up lately in Brazilian Real terms, they are still more than ten percent below their peak in 2006.

The increased demand for Eucalyptus logs has not changed stumpage prices much in the local currency, and it is not expected that they will increase much in the coming years because of the additional supply of wood that will be available from recently established plantations. During the past five years, the area of Eucalyptus plantations has expanded by over seven percent annually.

Eucalyptus pulpwood prices in the 2Q/10 were about 16 percent higher in US dollar terms than the same quarter last year, but ten percent lower than before the global financial crises in late 2008.

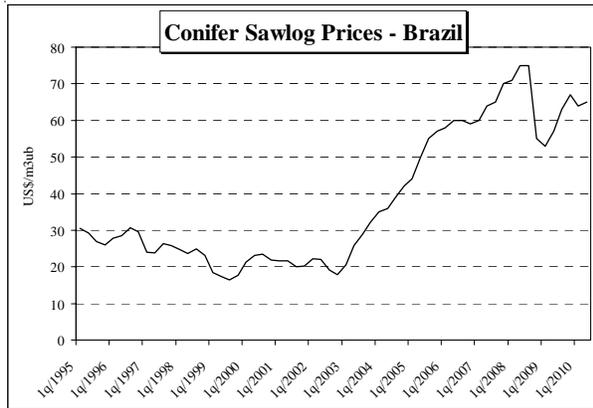
Almost half of the Eucalyptus harvest is consumed by the steel industry in Brazil

The pulp industry in Brazil consumes about 45% of harvested Eucalyptus logs, while an estimated 48% is used for fuelwood and for making charcoal for the steel industry. A growing, but still small consumer of Eucalyptus is the sawmilling sector, which last year used approximately four percent of the total harvest of logs.

There is still not much interest in utilizing Eucalyptus fiber for the manufacturing of wood pellets, neither for domestic nor for export markets. Investments in pellet plants have been limited and are not likely to grow unless prices for wood pellets in the major export markets in Europe improve substantially.

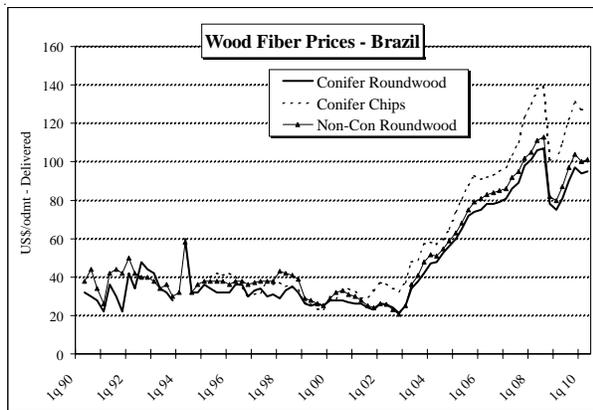


Brazil - Sawlog and Pulpwood Prices



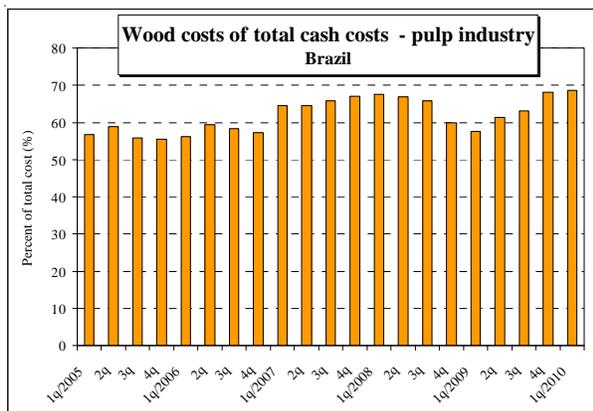
Conifer Sawlog Prices - Pine
(US\$/m3)

1q/2009	53
2q	57
3q	63
4q	67
1q/2010	64
2q	65



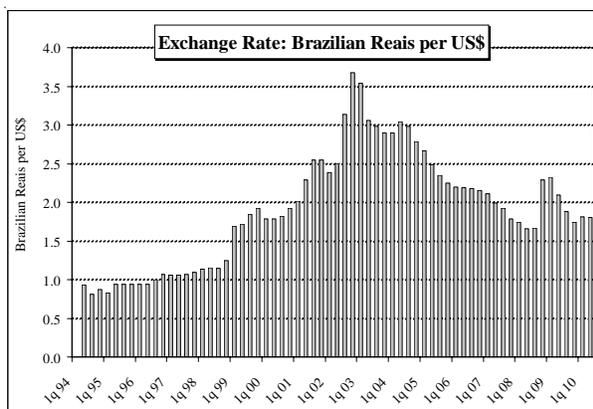
Pulpwood Prices - (US\$/odmt)

	Chips		Roundwood	
	Con	Con	Con	Non-c
1q/2009	100	75	80	
2q	110	81	87	
3q	122	90	97	
4q	131	97	104	
1q/2010	127	94	100	
2q	128	95	101	



Wood costs of total cash costs - pulp (%)
(Source: Fisher International)

1q/2008	67.2
2q	66.6
3q	65.8
4q	60.0
1q/2009	57.6
2q	61.3
3q	63.2
4q	68.1
1q/2010	68.6

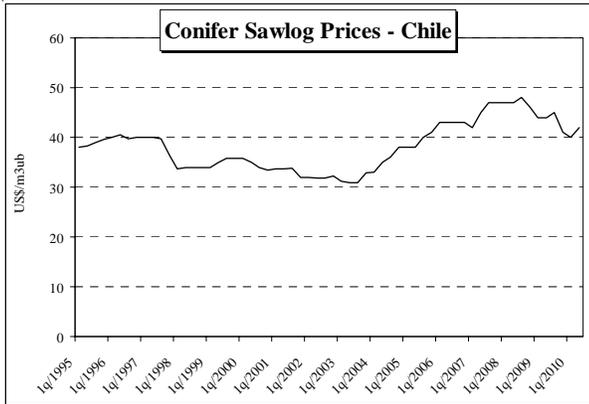


Exchange Rate (Reais/US\$)

1q/2008	1.744
2q	1.659
3q	1.664
4q	2.291
1q/2009	2.327
2q	2.090
3q	1.877
4q	1.747
1q/2010	1.809
2q	1.800



Chile - Sawlog and Pulpwood Prices

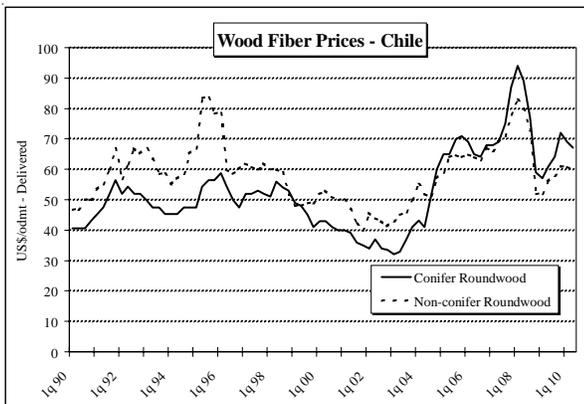


Conifer Sawlog Prices

(US\$/m3)

Pine

1q/2009	44
2q	44
3q	45
4q	41
1q/2010	40
2q	42

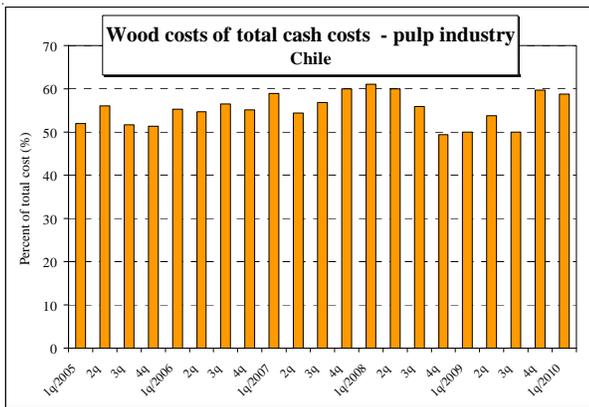


Pulplog Prices

(US\$/odmt)

Conifer Non-Con

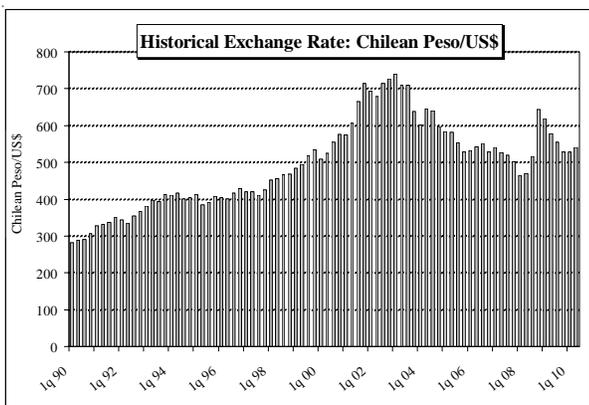
1q/2009	57	52
2q	61	56
3q	64	58
4q	72	61
1q/2010	69	61
2q	67	60



Wood costs of total cash costs - pulp (%)

(Source: Fisher International)

1q/2008	61.0
2q	59.9
3q	55.9
4q	49.4
1q/2009	50.0
2q	53.8
3q	50.0
4q	59.7
1q/2010	58.8



Exchange Rate (Pesos/US\$)

1q/2008	464
2q	470
3q	516
4q	644
1q/2009	619
2q	578
3q	555
4q	529
1q/2010	529
2q	541



Sawlog and Pulpwood Markets 2Q/10 - Asia & Oceania

Record imports of logs and chips to China in 2010

Demand for both sawlog and pulplogs is growing in China, which has resulted in higher prices for domestically sourced logs. Chinese fir sawlogs averaged US\$150/m³ in the 2Q, which was almost 15 percent higher than the previous quarter and close to an all-time high. Eucalyptus logs, used mainly by pulp mills, reached a record US\$221/odmt in the 2Q.

The importation of wood raw-material to China continues to grow. During the first half of 2010, the total imports of softwood and hardwood logs were up 25 percent compared to the same period in 2009. The importation of tropical hardwood logs has almost doubled this year, and Papua New Guinea has overtaken Russia as the major hardwood log supplier to the Chinese sawmilling and veneer industry.

Wood chip imports have gone up 225 percent the first six months this year, reaching a record 1.9 million tons. This can be compared to a total of 2.8 million ton for the entire year of 2009. Vietnam is by far the largest supplier of chips followed by Indonesia. The two countries together supply about 80% of all imported chips.

Wood chip exports from Australia on the rebound

Exports of wood chips from Australia have gone up in 2010. From January to May, shipments reached 1.9 million odmt, which was seven percent more than the same period in 2009 but 15 percent less than in 2007 and 2008. Conifer chip exports have increased the most thanks to higher demand in Japan, while total shipments of Eucalyptus chips only were up one percent compared to last year. So far this year, there has been a shift, with more volumes going to Japan and South Korea while exports to China are down 75%.

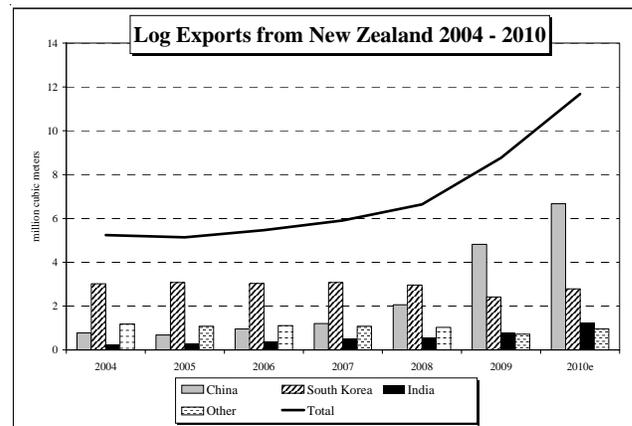
The export price for Eucalyptus to Japan in 2010 is AU\$207.50/odmt for plantation wood chips and AU\$189.50/odmt for wood from natural forests. Conifer chip prices settled at US\$151/BDU (FOB) for the first half of the year, and prices for the second half have not yet been negotiated.

The fiber flows in Australia have temporarily been altered because of the collapse of the Managed Investment Scheme (MIS) earlier this year. The MIS was set up by the government to encourage investments in forest plantations in the early 1990's. A number of the major companies involved in the scheme have, during the past months, been forced to downsize or are held in receivership. As a result, operations have been curtailed in these companies until new owners have been identified and trade of plantation Eucalyptus chips in the 2Q was down 55 percent year-over-year.

New Zealand keeps increasing log exports

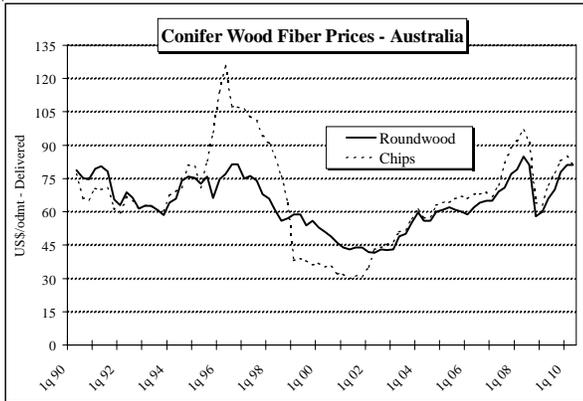
The big story from New Zealand continues to be the expanding exports of Radiata pine logs to Asia. In 2009, China was, for the first time, the number one destination for Radiata logs. The volume reached 4.8 million m³ last year, up from 2.1 million in 2008 and from only 680,000 m³ five years ago. So far this year, exports to China are up an additional 38% from the earlier record set last year.

The total log shipments in 2009 reached 8.7 million m³ and could very well be over ten million m³ this year. An interesting development is that India imported a record 810,000 m³ of Radiata pine in 2009, making it the third most important world market behind China and South Korea. During the first five months of 2010, shipments to India were up 54% as compared to the same period in 2009.



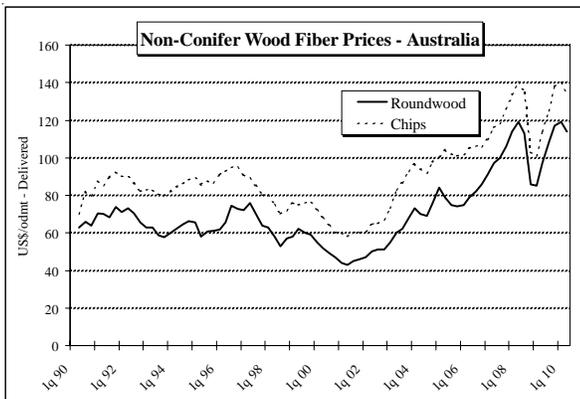


Australia - Pulpwood Prices



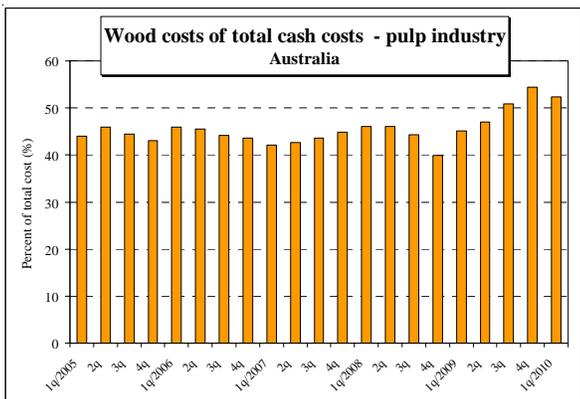
Conifer Pulpwood Prices (US\$/odmt)

	<u>Chips</u>	<u>Rdwd</u>
1q/2009	63	60
2q	72	66
3q	78	70
4q	83	78
1q/2010	85	81
2q	81	81



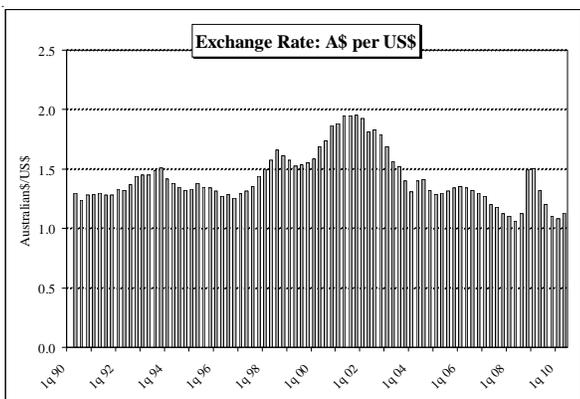
Non-Conifer Pulpwood Prices (US\$/odmt)

	<u>Chips</u>	<u>Rdwd</u>
1q/2009	101	85
2q	114	97
3q	125	108
4q	138	117
1q/2010	140	119
2q	134	114



Wood costs of total cash costs - pulp (%) (Source: Fisher International)

1q/2008	45.3
2q	45.3
3q	44.3
4q	39.9
1q/2009	45.1
2q	47.0
3q	50.9
4q	54.4
1q/2010	52.4

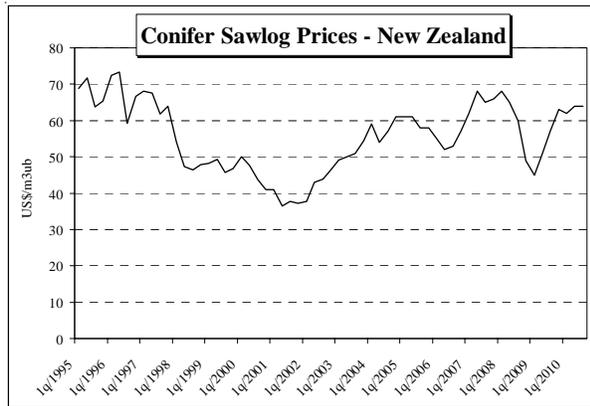


Exchange Rate (Aus \$/US\$)

1q/2008	1.106
2q	1.060
3q	1.127
4q	1.492
1q/2009	1.505
2q	1.320
3q	1.203
4q	1.102
1q/2010	1.080
2q	1.133



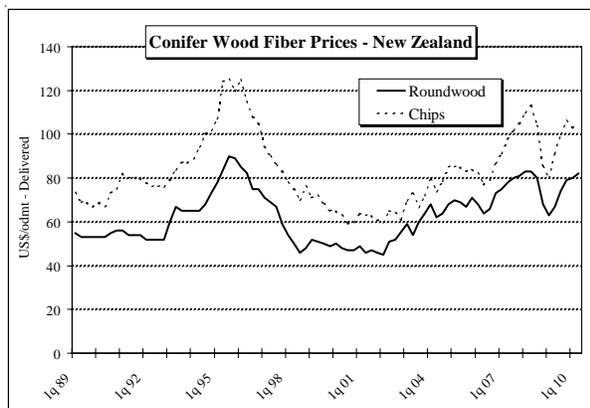
New Zealand - Sawlog and Pulpwood Prices



Conifer Sawlog Prices

(US\$/m³)

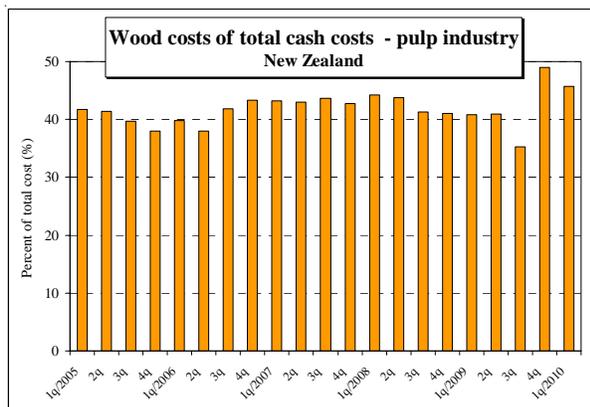
	Pine
1q/2009	45
2q	51
3q	57
4q	63
1q/2010	62
2q	64



Conifer Pulpwood Prices

(US\$/odmt)

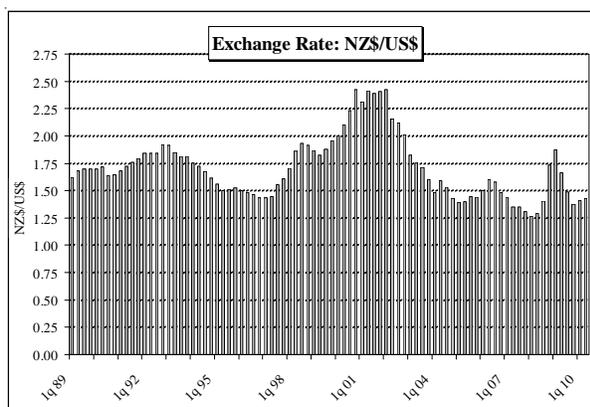
	Chips	Rdwd
1q/2009	80	63
2q	91	67
3q	100	74
4q	106	79
1q/2010	103	80
2q	104	82



Wood costs of total cash costs - pulp (%)

(Source: Fisher International)

1q/2008	42.4
2q	42.0
3q	41.2
4q	41.0
1q/2009	40.8
2q	40.9
3q	37.4
4q	49.0
1q/2010	45.7

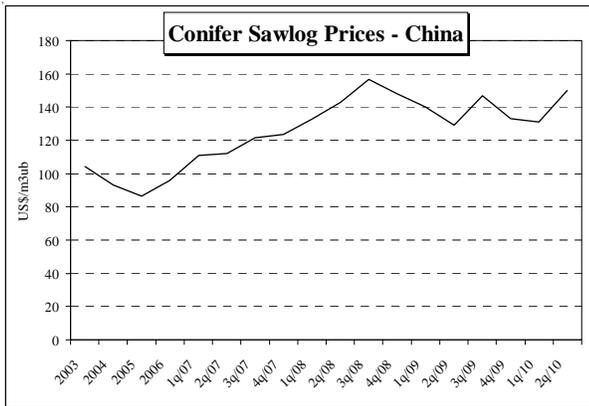


Exchange Rate (NZ \$/US\$)

1q/2008	1.268
2q	1.288
3q	1.403
4q	1.737
1q/2009	1.876
2q	1.662
3q	1.489
4q	1.376
1q/2010	1.412
2q	1.427



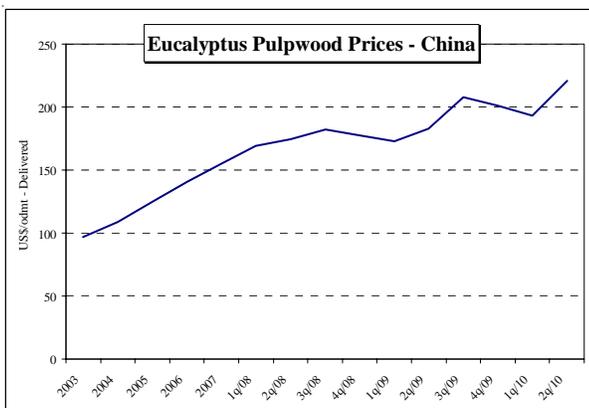
China - Sawlog and Pulpwood Prices



Conifer Sawlog Prices (US\$/m3)

Chinese fir

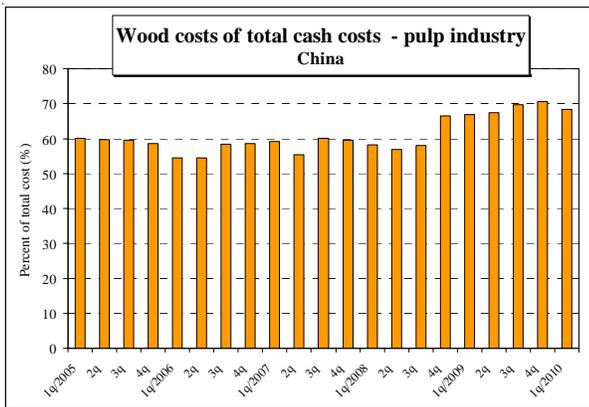
1q/2009	140
2q	129
3q	147
4q	133
1q/2010	131
2q	150



Non-Conifer Pulpwood Prices (US\$/odmt)

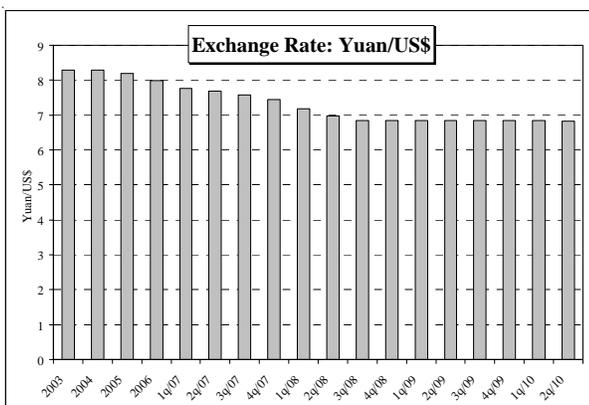
Eucalyptus

1q/2009	173
2q	183
3q	208
4q	201
1q/2010	193
2q	221



Wood costs of total cash costs - pulp (%) (Source: Fisher International)

1q/2008	58.2
2q	56.8
3q	58.1
4q	66.4
1q/2009	66.9
2q	67.3
3q	69.6
4q	70.7
1q/2010	68.3



Exchange Rate (Yuan/US\$)

1q/2008	7.18
2q	6.97
3q	6.85
4q	6.85
1q/2009	6.85
2q	6.84
3q	6.84
4q	6.84
1q/2010	6.84
2q	6.83

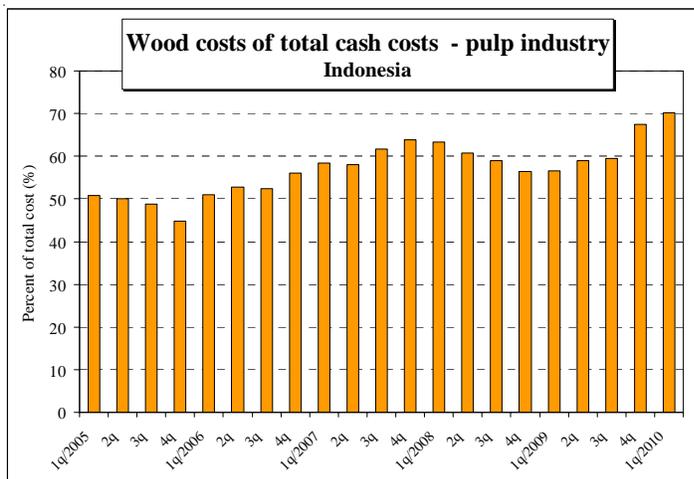


Indonesia - Pulpwood Prices



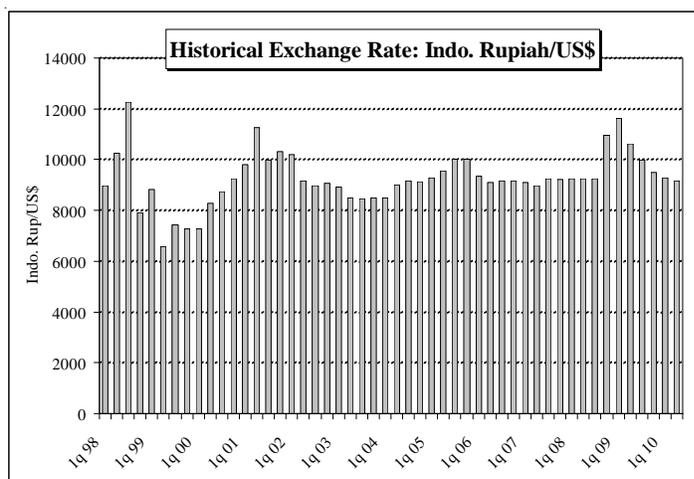
Non-Conifer Pulpwood Prices (US\$/odmt)

1q/2008	73
2q	73
3q	74
4q	64
1q/2009	60
2q	66
3q	70
4q	74
1q/2010	81
2q	82



Wood costs of total cash costs - pulp (%) (Source: Fisher International)

1q/2008	63.9
2q	60.8
3q	59.0
4q	56.4
1q/2009	56.6
2q	59.0
3q	59.5
4q	67.4
1q/2010	70.3

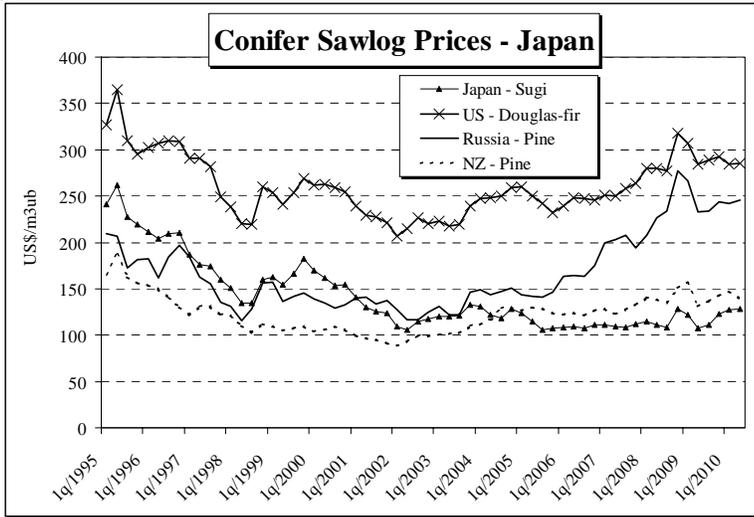


Exchange Rate (Rupiah/US\$)

1q/2008	9252
2q	9265
3q	9243
4q	10970
1q/2009	11637
2q	10621
3q	9993
4q	9492
1q/2010	9273
2q	9153

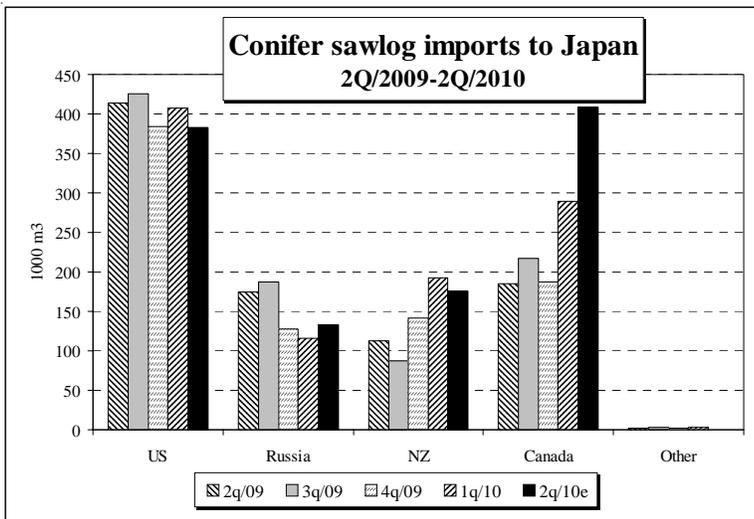


Japan - Domestic and Imported Sawlog Prices



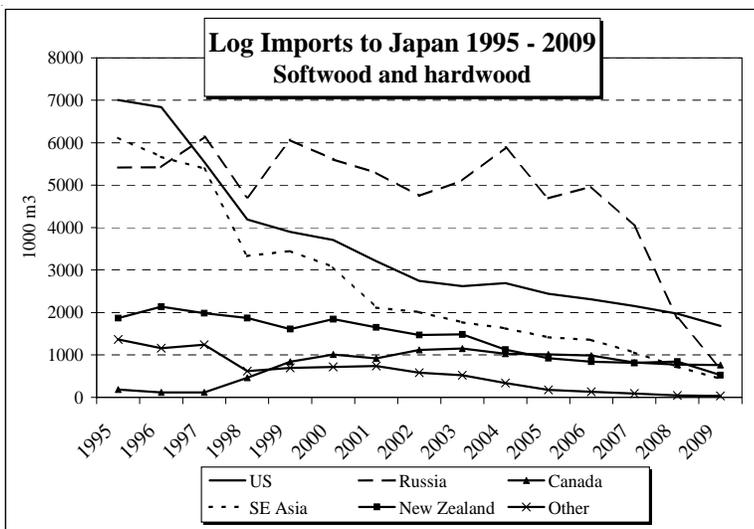
Conifer Sawlog Prices
(US\$/m³)

	<u>Sugi</u>	<u>D-f</u>	<u>Pine</u>	<u>Pine</u>
	Japan	US	Russia	NZ
2q	107	284	233	131
3q	111	289	234	136
4q	123	293	244	143
1q/2010	127	284	242	147
2q	128	285	246	140



Conifer Sawlog Imports
(1000 m³)

	<u>2007</u>	<u>2008</u>	<u>2009</u>
US	2103	1937	1639
Canada	818	773	759
Russia	3964	1780	666
New Zealand	812	840	521
Others	51	32	16
Total	7748	5362	3601

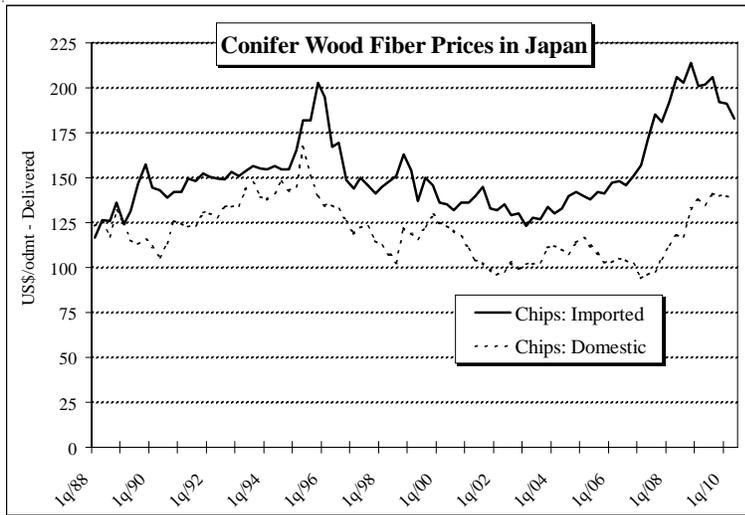


Sawlog imports, total
(million m³)

1999	16.55
2000	15.95
2001	13.91
2002	12.66
2003	11.65
2004	12.68
2005	10.65
2006	10.58
2007	8.97
2008	5.94
2009	3.98

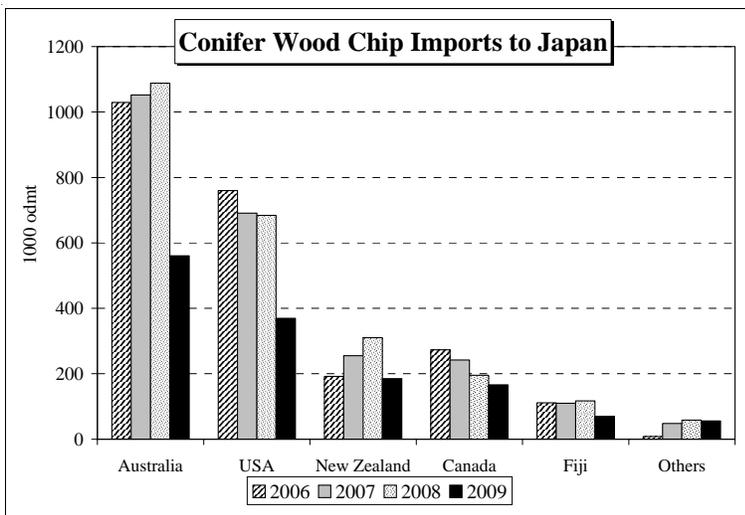


Japan - Conifer Pulpwood Prices



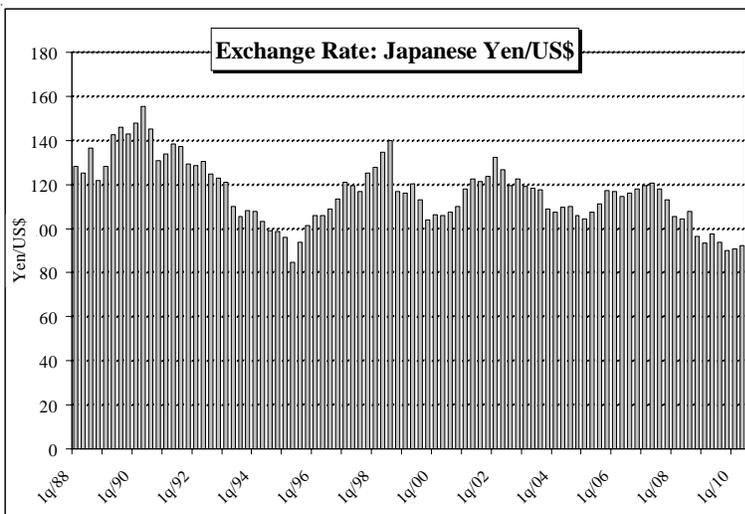
Conifer Chip Prices (US\$/odmt)

	Domestic	Imported
1q/2008	113	192
2q	118	206
3q	117	203
4q	133	214
1q/2009	138	201
2q	135	200
3q	141	200
4q	140	193
1q/2010	140	191
2q est	139	183



Conifer Chip Imports (1000 odmt)

	2007	2008	2009
Australia	1052	1088	560
USA	691	684	369
New Zealand	255	310	185
Canada	242	195	166
Fiji	110	117	70
Others	142	58	56
Total	2492	2452	1406

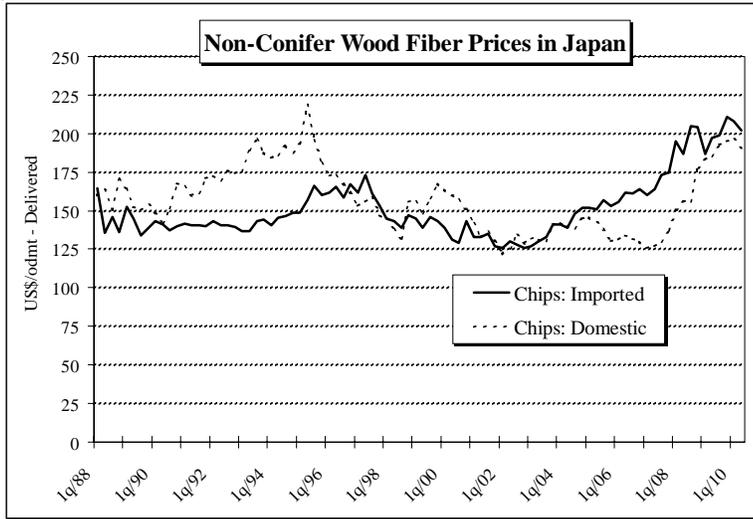


Exchange Rate (Yen/US\$)

1q/2008	105.42
2q	104.48
3q	107.71
4q	96.29
1q/2009	93.51
2q	97.49
3q	93.69
4q	89.82
1q/2010	90.75
2q	92.17

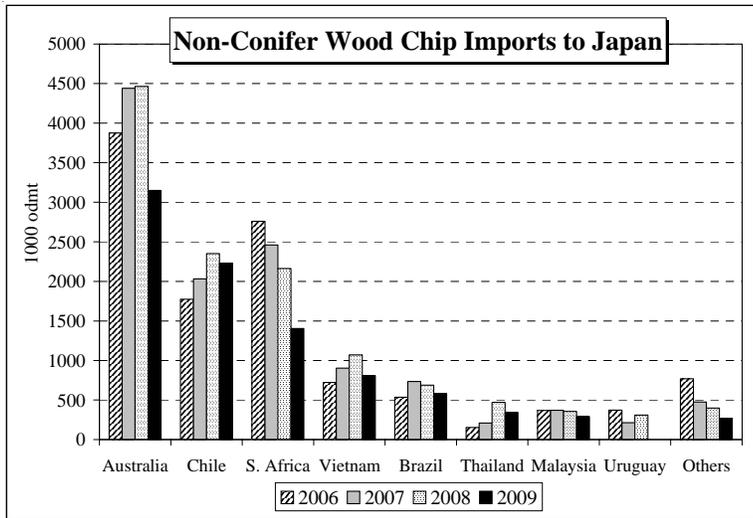


Japan - Non-Conifer Pulpwood Prices



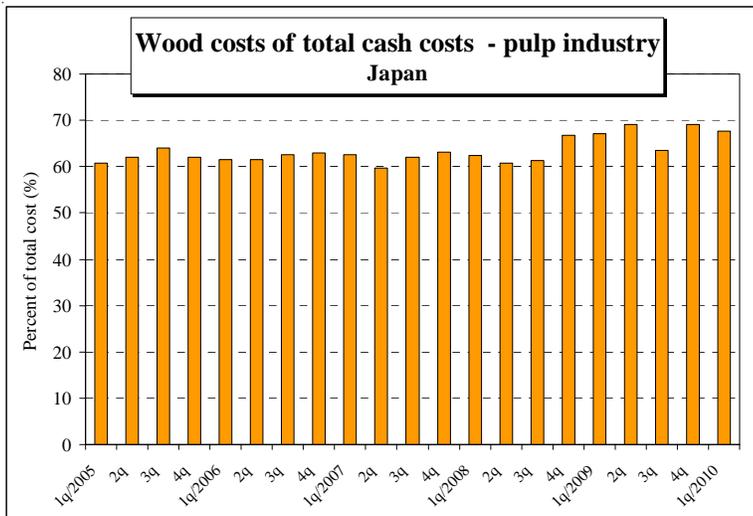
Non-Conifer Chip Prices (US\$/odmt)

	<u>Domestic</u>	<u>Imported</u>
1q/2008	151	195
2q	156	187
3q	156	205
4q	178	204
1q/2009	183	189
2q	186	197
3q	193	204
4q	195	211
1q/2010	196	208
2q est	191	206



Non-Conifer Chip Imports (1000 odmt)

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Australia	4440	4464	3148
Chile	2032	2351	2229
South Africa	2459	2161	1404
Vietnam	903	1071	809
Brazil	735	689	581
Thailand	209	472	344
Malaysia	371	357	291
Uruguay	215	309	0
Others	475	399	265
Total	11839	12273	9071



Wood costs of total cash costs (%) (Source: Fisher International)

1q/2008	62.2
2q	60.6
3q	61.3
4q	66.7
1q/2009	67.2
2q	69.2
3q	63.5
4q	69.1
1q/2010	67.7



Woodchip import prices to Japan - 2009/2010

(US\$ per odmt, CIF)

Conifer wood chips (US\$/odmt)

	<u>Australia</u>	<u>USA</u>	<u>Canada</u>	<u>NZ</u>	<u>Fiji</u>	<u>Total</u>
2Q/09	197	199	208	208	na	200
3Q/09	191	216	195	193	195	200
4Q/09	189	194	207	197	192	193
1Q/10	186	186	193	183	188	186
2Q/10e	182	184	181	189	181	183
Chg Y/Y (%)	-7.6	-7.5	-13.0	-9.1	na	-8.5

Non-conifer wood chips (US\$/odmt)

	<u>Australia</u>	<u>S. Africa</u>	<u>Chile</u>	<u>Vietnam</u>	<u>Brazil</u>	<u>Malaysia</u>	<u>Thailand</u>	<u>USA</u>	<u>Total</u>
2Q/09	205	200	212	180	200	149	161	194	200
3Q/09	221	201	209	181	199	147	152	208	206
4Q/09	237	199	215	177	206	151	156	246	211
1Q/10	228	195	207	168	203	149	152	na	204
2Q/10e	234	197	203	170	201	147	144	na	206
Chg Y/Y (%)	14.1	-1.5	-4.2	-5.6	0.5	-1.3	-10.6	na	3.0

Pacific Rim Wood Fiber Trade - 1Q/2010

(1000 odmt)

<u>Source</u>	<u>Japan</u>	<u>Japan</u>	<u>Taiwan</u>	<u>S. Korea</u>	<u>China</u>	<u>China</u>	<u>Total</u>	<u>Change (%)</u>	
	<u>Conifer</u>	<u>Non-con</u>	<u>Non-con</u>	<u>Non-con</u>	<u>Conifer</u>	<u>Non-con</u>		<u>Q/Q</u>	<u>Y/Y</u>
Australia	202	819	105	---	40	54	1220	1	26
Vietnam	---	247	8	48	---	489	792	1	70
Chile	---	589	---	27	---	---	616	26	8
S. Africa	---	326	---	22	---	---	348	-17	34
Thailand	---	143	76	69	---	53	341	8	252
Indonesia	---	---	31	21	---	141	193	-5	451
USA	149	---	---	---	19	---	168	35	56
Brazil	---	154	---	---	---	---	154	27	4
New Zealand	59	22	---	---	---	---	81	-15	31
Malaysia	---	56	---	---	---	---	56	-29	-24
Canada	26	---	---	---	---	---	26	-21	-54
Fiji	21	---	---	---	---	---	21	-32	11
Other	3	28	---	---	11	7	49	-25	4
TOTAL	460	2384	220	187	70	744	4065	3	40
Change Q/Q	25	6	14	14	9	-20	3		
Change Y/Y	26	16	139	87	na	145	40		

Sources: Japan Pulp & Paper Association and Customs data



Major Pulp Producing Countries



Top 20 wood-based pulp producing countries in 2008 (million tons):

1. USA	52.9	6. Japan	10.9	11. Norway	2.3	16. Spain	2.0
2. Canada	20.4	7. Russia	6.9	12. S. Africa	2.4	17. Austria	2.0
3. Sweden	12.2	8. Indonesia	5.2	13. France	2.2	18. NZ	1.5
4. Brazil	11.8	9. Chile	5.0	14. China	2.2	19. Australia	1.4
5. Finland	11.2	10. Germany	2.9	15. Portugal	2.1	20. India	1.3

*Note. Countries listed in **bold** are tracked by the Wood Resource Quarterly and together account for an estimated 88% of global wood-based pulp production.*

Major Conifer Sawnwood Producing Countries



Top 20 conifer sawnwood producing countries in 2008(million m3):

1. USA	49.6	6. China	12.0	11. Brazil	8.8	16. Turkey	4.0
2. Canada	40.4	7. Austria	11.8	12. France	7.8	17. Australia	3.6
3. Germany	22.0	8. Japan	10.7	13. Chile	7.0	18. Poland	3.5
4. Russia	19.0	9. India	9.9e	14. S. Korea	4.6	19. NZ	3.4
5. Sweden	17.5	10. Finland	9.8	15. Czech R.	4.4	20. U.K.	2.8

*Note. Countries listed in **bold** are tracked by the Wood Resource Quarterly and together account for an estimated 79% of global conifer sawnwood production.*



Estimated wood fiber consumption by WRQ regions in 2008
(1000 odmt)

Region	Conifer		Non-Conifer		Total
	Chips	Rdwd	Chips	Rdwd	
US, South	13000	37900	3600	19300	73800
US, Northwest	4957	3609	296	432	9294
Canada, East	7200	1820	1380	2900	13300
Canada, West	6200	3100	min	200	9500
Norway	691	1643	0	270	2604
Sweden	4107	10919	0	3717	18743
Finland	4310	8360	0	5592	18262
France	871	1229	130	1156	3386
Germany	1636	1996	min	481	4113
Spain	131	292	0	2569	2992
Russia, NW	370	4100	min	2800	7270
Brazil	598	3387	min	20627	24612
Chile	1588	4243	min	4457	10288
New Zealand	780	1450	min	120	2350
Australia	399	1260	100	504	2263
Japan	6113	min	min	12972	19085
Indonesia	0	min	0	13500	13500
Total	52951	85308	5506	91597	235362
Total %	22.5	36.2	2.3	38.9	100.0



Principal Wood Fiber Species and Average Regional Densities

(kg per m³ oven dry wood)

Region		Principal Species	Density
U.S., South	Conifer	Pinus taeda, elliotii	509
	Non-Con	Quercus, Acer, Nyssa, Liriodendron	500
U.S., Northwest	Conifer	Pseudotsuga M., Tsuga spp.	435
	Non-Con	Alnus spp.	370
Canada, East	Conifer	Picea spp., Abies spp., Pinus banksiana	400
	Non-Con	Betula spp., Populus spp.	500
Canada, West	Conifer	Pseudotsuga M., Tsuga spp., Abies spp., Pinus contorta, Picea spp.	395
Norway	Conifer	Picea spp., Pinus silvestris	385
Sweden	Conifer	Picea spp., Pinus silvestris	385
	Non-Con	Betula spp.	510
Finland	Conifer	Picea spp., Pinus silvestris	385
	Non-Con	Betula spp.	510
France	Conifer	Picea spp., Pinus spp., Abies spp., Pseudotsuga M.	410
	Non-Con	Quercus spp., Fagus spp.	475
Germany	Conifer	Picea spp., Abies spp., Larix spp., Pinus silvestris	373
	Non-Con	Fagus spp.	510
Spain	Conifer	Pinus pinaster., Pseudotsuga M.	435
	Non-Con	Eucalyptus globulus	600
Russia, NW	Conifer	Picea spp., Pinus silvestris	385
	Non-Con	Betula spp., Populus tremula	500
Brazil	Conifer	Pinus taeda, elliotii, Araucaria	500
	Non-Con	Eucalyptus grandis & clones, Acacia spp.	495
Chile	Conifer	Pinus radiata	400
	Non-Con	Eucalyptus globulus, nitens	600
New Zealand	Conifer	Pinus radiata	400
Australia	Conifer	Pinus radiata, pinaster, Pseudotsuga M.	420
	Non-Con	Eucalyptus spp.	550
Japan	Conifer	Mixed	455
	Non-Con	Mixed	595
Indonesia	Non-Con	MTH, Acacia spp., Eucalyptus spp.	500



Featured articles in the Wood Resource Quarterly

Pacific Rim Chip Price Trends, 1976 - 2006	Vol 19 (2006), No. 1
Forest Resource and Industry Profile - Finland	Vol 19 (2006), No. 1
Forest Resource and Industry Profile - Northwest Russia	Vol 19 (2006), No. 2
Forest Resource and Industry Profile - Australia	Vol 19 (2006), No. 3
Forest Resource and Industry Profile - South Africa	Vol 19 (2006), No. 4
Biomass Market Update - North America	Vol 20 (2007), No. 1
Global Sawlog Market Update	Vol 20 (2007), No. 1
Forest Resource and Industry Profile - Germany	Vol 20 (2007), No. 2
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Biomass usage by global pulp and paper mills	Vol 22 (2009), No. 4

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(Country where presentation was given is noted in parentheses)

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Sources and Subscription Information

Principal Information Sources

Sawlog market information is obtained from industry sources in the countries covered by the WRQ. In addition, information is sourced from Ministry of Forests (Canada); Timber-Mart South (USA); Oregon Log Market Report (USA); Forme Consulting Group (New Zealand); STCP Engenharia de Projetos (Brazil); EUWID (Germany); Statistik Austria (Austria); Metsa (Finland); Skogsstyrelsen (Sweden); Wood Industries Federation of NW Russia (Russia); RMK (Estonia) Ministry of Agriculture, Forestry & Fisheries (Japan), Japan Ministry of Finance and JAWIC (Japan). Exchange rates from www.Oanda.com

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The wood cost of total cash costs for pulpmills worldwide courtesy Fisher International.

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