

Forest Products Market Update

- a news brief from Wood Resources International LLC

Australia has increased chip exports of both Eucalyptus and pine in 2010, reports the Wood Resource Quarterly

Export of wood chips from Australia is on the rebound, reports the Wood Resource Quarterly. After last year's ten-year low, shipments so far in 2010 are up 38 percent for pine chips and 12 percent for Eucalyptus chips. In addition, an estimated 100,000 tons of wood pellets will be shipped to Europe this year.

Seattle, USA. June, 2010. Total wood chip exports from Australia fell 32 percent in 2009 to their lowest levels in 10 years. Softwood chip shipments were down by almost 26 percent from 2008, reaching a low of 790,000 tons last year, as reported in the Wood Resource Quarterly. Exports of hardwood chip exports were down by 41 percent, to four million tons. This year, export volumes have picked up and shipping schedules for the coming months would indicate that the shipments in the 1H/10 will be substantially higher than last year and could very well be back to almost the same levels as the average for the past five years.

During the first four months this year, conifer chip exports were up 38 percent as compared to 2009, with Japan and China being the only two destinations. Eucalyptus exports were 12 percent higher than last year with increased shipments to Japan and Taiwan, while exports to China were down substantially. After having increased almost 300 percent from 2008 to 2009 when they reached an all-time-high of 670,000 tons, shipments to China have plunged 86 percent to date reaching only 23,000 tons for the period January through April 2010.

The negotiated Australian conifer chips price for Japan in the 1H/2010 settled in late April at US\$151/BDU (FOB Portland), which was up US\$19/BDU from 2H last year. The Eucalyptus Globulus benchmark chip export price for 2010 is A\$207.40/odmt. Australia hardwood chip prices delivered to Japan are now up 35 percent from a year ago in US dollar terms. According to data from Japan Pulp and Paper Association, Australian Eucalyptus chips are currently the costliest imported hardwood fiber to Japan, as compared just a year ago, when they were among the least costly, as reported in the Wood Resource Quarterly.

A new development in Australia is the interest in the exportation of wood pellets. One company has been taking steps to ship wood pellets to the fast expanding biomass energy market in Europe. The first shipments departed in late 2009 for an energy company in the Netherlands, and 20,000 tons has been shipped to Europe so far this year. The three-year contract, totals an estimated 300,000 tons of pellets. There are plans for continued investments in pellet production capacity in Australia, but because of high transportation costs to Europe, a source for a long-term reliable supply of low-cost fiber to manufacture pellets must be found. This has, to date, been quite a challenge.

Global timber market reporting is included in the 50-page publication Wood Resource Quarterly. The report, established in 1988 and with readers in over 25 countries, tracks sawlog, pulpwood, lumber and pellet prices in key regions around the world and also includes regular updates of the latest developments in international timber, pulp, lumber and biomass markets.

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