“The Pacific Northwest Fiber Storm”

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The Pacific Northwest Fiber Storm – a WRI perspective

WRI offers:
* Consulting project services on fiber supply and pricing
* Two Quarterly publications -
  • North American Wood Fiber Review covering 15 North American markets
  • Wood Resources Quarterly international market coverage of 22 countries with significant wood fiber use
North American Wood Fiber Review also tracking current and emerging woody biomass concentrations of interest ...
US Pacific Northwest
– West of the Cascades in particular
The Call of the West
BC and US Pacific Northwest engaging Japan, South Korea, China
Pacific Rim countries of interest – Japan, South Korea, China and even Taiwan

Japan’s recent earthquake and tsunami changes short and mid term demand primarily for lumber and plywood, long term for renewable energy?

South Korea’s new Renewable Energy Standard
Softwood log and lumber imports to China

Sources: Customs data and WRI estimates
US Housing Starts, in 000s – the well known graph
US housing crashes, and lumber production plunges

Softwood Lumber Production in North America

Sources: Western Wood Products Assn and Southern Forest Products Assn

billion board feet

Sources: Western Wood Products Assn and Southern Forest Products Assn

US
Canada
N. America
Softwood Lumber Production in North American regions

Sources: Western Wood Products Assn and Southern Forest Products Assn

- US, West
- US, South
- US, Other
- Can, BC
- Can, Other
Lumber exports dominate in BC, however it’s logs out of the PNW

Sources: Customs data and WRI estimates
REITS and TIMOs, while committed to existing NW industry, to add value to their timberlands – still take advantage of exporting logs without any coordination with regional mill considerations.
Result? PNW whole log chip percentage of total receipts increases

Receipts of Softwood Chips in the US NW

Sources: Western Region FRA and WRI data
Results - continued

PNW Douglas Fir and Hemlock chip prices – weighted residual and whole log combined

Source: North American Wood Fiber Review

Observation regarding chip quality ...
Whole log chippers wined and dined –
the search is on for pulpwood
As for woody biomass, bark is showing up in new places

exporter in Tacoma – logs all debarked
Grinding biomass in the woods is suddenly a third tier source

a word about biomass quality ...
The narrative

China demand – represents a whole new market

Just in time to save everyone from a dismal old market – US housing

NW timberland owners happy to participate

NW sawmills as a group is not as quick to jump into Asian lumber market. Instances of curtailing production still found ...

The supply of residual wood chips available not keeping pace with increased domestic consumption (and exports of chips)

More expensive whole log chips drive up average delivered prices to pulpmills (residual chip prices also rise with demand).

New woody biomass supplies – on the docks

Pressures grinders in the woods

Ample woody biomass volumes being generated in the PNW allow quality considerations to ramp up
North American Wood Fiber Review steadily adding emerging woody biomass concentrations of interest...
NAWFR tracks biomass, chips, and residues in the U.S. South – by far the largest pulp producing and fiber consuming NA region and increasingly active.
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