

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

The revival of the softwood fiber-based forest industry in the Nordic countries has been especially noticeable in 2014, with investment plans of three billion dollars in pulp, bio energy and bio materials, reports the Wood Resource Quarterly

Forest companies in Northern Europe have announced plans to investment three billion dollars in 2014 in attempt to move beyond mostly producing newsprint and commodity packaging grades. The idea is to diversify their product lines to include new bio-products from wood fiber and to generate bioenergy to reduce the region's dependence on fossil fuels, reports the Wood Resource Quarterly.

Seattle, USA. The pulp and paper industry in the Nordic countries has started to see a new dawn with a growing demand for pulp and paper products made from long wood fiber from the vast conifer forests in Northern Europe. Just over the past few months, there have been a number of announcements in investments made by forest companies in Finland, Norway and Sweden totaling close to three billion dollars, as reported in the Wood Resource Quarterly (WRQ).

The primarily end-products will be softwood market pulp and virgin fiber-based container board, but major investments are also being consider in increasing the utilization of forest biomass for energy on a larger scale. Although the investment decisions have not been finalized for all projects, these ruminations are a sign that the forest industry in this part of the world sees the future in a much brighter light than just a few years ago.

In addition to the investments in the pulp and paper industry, there has also been an announcement that the Swedish forest owner federation Sodra, together with the Norwegian energy company Statkraft, Europe's largest producer of renewable energy, intends to establish an biofuel conglomerate at the site of the now closed pulpmill in Tofte, just south of the capital Oslo.

In Finland, Metsä Fiber has plans to invest 1.5 billion dollars in a plant that will produce softwood pulp, renewable bioenergy and what the company categorizes as "various bio-materials".

Some of the factors that have placed softwood fiber in a new positive light are: limited investments in the establishments of softwood plantations worldwide, favorable global supply/demand balance for softwood pulp over hardwood pulp, (if you are a pulp manufacturer), increased demand for packaging material requiring wood fiber with high strength, and a rise in research in new products made from trees, sometimes as substitutes to non-renewable materials such as plastic and metal.

These recent developments in the Nordic countries may very well be the beginning of the biggest transformation of the softwood fiber-based forest industry we have seen in decades, not only in Northern Europe but in other regions of the world as well where coniferous forests is the dominant forest-type.

*Global pulpwood and timber market reporting is included in the 52-page quarterly publication Wood Resource Quarterly (WRQ). The report, which was established in 1988 and has subscribers in over 30 countries, tracks sawlog, pulpwood, lumber and pellet prices, trade and market developments in most key regions around the world. **To subscribe to the WRQ**, please go to www.woodprices.com*

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