

International Pulpwood Resources and Trade in 2005

The first **International Pulpwood Resource and Trade conference**, co-organized by Wood Resources International, Dana Ltd and Pike & Co in Montevideo from April 11-15, generated much interest with over 230 forest industry executives and analysts attending from 25 countries. The five-day event included two days of presentations followed by a three-day field trip. The presentations included global trade of wood chips, pulpwood price trends, timberland investments, biomass markets, outlook for pulp demand, shipping markets in coming years and a number of country profiles presenting pulpwood markets around the world. The 18 presentations (in PDF) can be ordered on a CD by contacting Jan at DANA Ltd., e-mail jan@dana.co.nz.

If Wood Resources International (WRI) had any question as to whether or not the international woodfiber markets were in a “transition period”, those questions were laid to rest by the *First International Pulpwood Resource and Trade Conference*, held recently in Montevideo, Uruguay. Jointly organized by WRI, DANA Ltd of New Zealand and Pike & Co. of Uruguay, the conference attracted 230 delegates from 25 countries. The conference included a number of interesting presentations from the speakers, but perhaps the greatest benefit for participants was the inter-change between delegates at breaks, receptions, and on the 3-day field trip to chipping plants, port facilities, and forest operations. Some of the interesting points brought out during this meeting include:

- The first shipment of eucalyptus woodchips to Sweden, which we saw being loaded in the new M’Bopicuá Port. These chips are a replacement for birch from Russia and the Baltic countries, which is becoming more expensive. In addition, the eucalyptus is FSC certified, an added attraction for European paper producers.
- A new company is in the process of taking over and expanding the old Shell operation in Congo Brazzaville, and could begin exporting woodchips in 2007.
- The market for wood pellets in Europe is growing, and a major source to date has been British Columbia in Western Canada. The exporter Fibreco is in the process of building silos at their facility to store and load wood pellets.
- Speaking of Fibreco, they have begun marketing woodchips from two new facilities in Alaska build by NPI LLC, one at Valdez (which has loaded white spruce chips for Oji) and one at Port McKenzie (which has loaded birch chips for Dong Hae in Korea).
- The new South African chip loading facility at Durban has begun loading vessels. The facility, owned by the large forest owners’ cooperative NCT, has a completely covered chip storage pile. However, it appears that South Africa may have a limited resource base due to lack of new planting, and current export volumes may be at their peak.
- We also heard about several major new woodchip facilities in Indonesia, which are being built or will soon be built, to operate on plantations which had been established for now-abandoned pulp projects. These facilities will be chipping *Acacia mangium*, with the fiber apparently be aimed at China.

- All the major Brazilian pulp producers are charging ahead with major new expansion plans, and all were represented at the Montevideo meeting by “scouts” looking for other opportunities in South America.
- There have been some interesting advances in new clones and hybrids for eucalyptus plantations, including a *E. globulus* x *E. grandis* cross being planted both by Aracruz (in far southern Brazil) and Forestal Oriental in Uruguay.
- Another new market represented at the conference was Turkey, where several companies are importing conifer fiber for MDF production.
- A continuing concern by all companies is the shortage of bulk carriers to transport woodchips to markets, including the various new markets for suppliers like Uruguay. In this past year, Uruguay (a relatively new woodchip supplier, with the first vessel loaded in late 2003) has shipped eucalyptus woodchips to Spain, Sweden, Japan, and the US, and pulplogs to Spain, Finland, Sweden, Italy, Turkey, and Morocco.

Conference observations by Bob Flynn, Wood Resources International (bflynn@wri-ltd.com)