

By Wood Resources International LLC | December 12, 2013

## North American pellet exports to Europe continue increase

Pellet export volumes from North America to Europe continued to rise during the second quarter of 2013, representing steady growth for the past seven quarters, according to data compiled by Wood Resources International LLC and reported in the North American Wood Fiber Review. In that period of time, volumes exported to Europe have more than doubled, from just over 500,000 tons in the 3Q/11 to over 1.1 million tons in the 2Q/13 (Note. The most current trade data is available to subscribers of the NAWFR).

Most of the increase in exports over the past two years has been from the U.S. South, while exports from the other major supply region, British Columbia, have been growing at a fairly modest rate since early 2011. In the second quarter of 2013, pellet volumes exported from Canada were nearly static from the previous quarter, which was a reflection of a pellet producing sector running at close to full operating rate and with limited investment in new capacity planned for the past few years. With additional capacity in British Columbia, Ontario, Quebec and Nova Scotia, pellet exports from Canada will probably expand significantly in the coming year. To date, Canada's share of the total exports from North America accounted for 38 percent in the second quarter of 2013, which was down substantially from 62 percent just two years ago.



In the U.S. South, pellet export volumes in the second quarter of 2013 increased 16 percent from the previous quarter to just over 700,000 tons. In the second half of 2013, pellet trade data will also reflect additional shipments from US Gulf Coast ports in Texas and Alabama, because new plants have started their commercial operations in the third quarter of 2013, as reported in the NAWFR ([www.woodprices.com](http://www.woodprices.com)).

The United Kingdom has emerged as the major importer of pellets exported from North America. However, pellet shipments from North America into the U.K. likely peaked in the second quarter of 2013 for this year, as RWE's major biomass power plant in Tilbury shut down in August 2013. Power plants utilizing pellets in the UK are still on track to increase their volumes consumed over the next several years, but the ramp-up may not continue as smoothly as has been seen in the past two years.