



Pulpmills in Finland and Sweden Are Increasing Imports of Pulpwood as Domestic Wood Fiber Costs Are Reaching 15-Year Highs in 4Q/07, Report Says.

High wood costs and the prospect of reduced log supply from Russia in the coming years, forces many pulpmills in the Nordic countries to re-evaluate their wood fiber procurement strategies in 2007. Increasing wood chip imports from Latin America and North America together with higher domestic timber harvests can be expected in 2008.

Seattle, WA, April 01, 2008 --(PR.com)-- The Finnish forest industry is facing difficulties with high wood costs and the prospect of sharply reduced log supply from Russia in the coming years. The industry has already started to alter their log procurement strategy by increased imports from other countries and intensified campaigns to encourage private forest owners to increase logging activities in Finland.

According to the Wood Resource Quarterly (WRQ), the average conifer sawlog prices reached an all-time record of \$130/m³ in the 4Q/07, almost 60% higher than just two years ago. Pulpwood costs were also substantially higher than last year, with conifer roundwood prices averaging almost \$190/oven-dry metric ton (odmt) in December, the highest cost of all 16 world markets tracked by the WRQ.

As a result of the high cost and reduced imports from Russia, pulp companies in the Nordic countries are increasingly exploring opportunities to source their mills with wood fiber from Latin America and North America. One pulpmill in Southern Sweden has recently started to substitute maple chips from Eastern Canada for expensive beech wood chips from Germany. A couple of pulpmills in Finland are importing Eucalyptus chips from Latin America. One pulpmill in Norway is now importing wood chips rather than roundwood from Uruguay.

Over the past six years, imports of softwood chips to Finland have increased over 50% reaching about 1.4 million tons in 2007. Total chip imports to the countries in Northern Europe in 2007 were just over 4 million tons. In addition to imports of wood chips, forest companies also imported about 22 million m³ of roundwood last year of which an estimated 80% were consumed by the pulp sector.

Over the next few years, the Finnish forest industry is likely to go through a number of changes including a decline in the consumption of wood raw-material, higher reliance on domestic timber, reduced imports of Russian logs and increased imports of roundwood and chips from Sweden, the Baltic States and Latin America.

Global pulpwood and sawlog market updates are included in the 50-page publication Wood Resource Quarterly. The report, established in 1988, also include regular updates of pulp, lumber and biomass markets and has readers in over 20 countries.

Contact Information:
Wood Resources International
Hakan Ekstrom



Seattle, USA
info@wri-ltd.com
www.woodprices.com

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Contact Information:

Wood Resources International LLC

Hakan Ekstrom

425 402 8809

info@wri-ltd.com

www.woodprices.com

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