US woody biomass prices have dropped the past three years; west coast prices are the lowest in the country, reports the North American Wood Fiber Review

Relatively low fossil fuel prices have reduced the demand and prices of woody biomass throughout the US the past three years, reports the North American Wood Fiber Review. The Pacific Northwest currently has the lowest biomass prices, slightly lower than the South, while the Northeast continues to have among the highest costs in the country.

Seattle, USA. Prices for woody biomass in the US, whether sawmill byproducts, forest residues or urban wood waste, have been sliding for most of the past three years but were still higher in the 4Q/11 in most regions than they were five years ago, according to the North American Wood Fiber Review. The price drop seen in 2010 and 1H/2011 was mainly the result of lower prices for fossil fuels, particularly that of natural gas, and reduced demand for energy. This declining price trend has reduced the interest by both commercial and residential energy consumers in switching to more expensive green energy.

The two major sources for woody biomass are bark from sawmills/plywood plants, and forest residues left after logging operations. In the major biomass-consuming regions of the US, prices for forest biomass have been $10-20/odmt higher than for mill biomass during most of 2011. The region with the lowest biomass prices in the 4Q/11 was the West, while Maine and New Hampshire continue to have some of the highest prices in the country. In the US South, prices have fallen 15-20 percent since early 2010 and forest biomass prices in the South Central states in particular have come down lately thanks to favorable weather conditions.

The much-heralded Chinese log export boom has impacted woody biomass pricing in the Pacific Northwest the past year. China does not allow the importation of logs with bark, which has resulted in an abundance of bark at export ports along the US west coast, where export logs have been debarked. This new source of biomass supply has created headaches for biomass supply managers in the region as they have had to turn away ample supplies. As a result, prices for forest biomass, mill biomass and urban wood have all declined between 5-10 percent during the fall, as reported in the North American Wood Fiber Review. Some biomass buyers have not only reduced prices, but also implemented strict quotas of delivered volumes.

As long as prices for natural gas and oil are relatively low, there will not be much increase in demand for biomass and biomass prices will continue to stay relatively low throughout the country.
The North American Wood Fiber Review has tracked wood fiber markets in the US and Canada for over 20 years and it is the only publication that covers sawlog, pulpwood, and biomass markets in North America. The report includes prices and market commentary for 15 regions on the continent and is read by a majority of the forest companies in the US and Canada.

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