

# BIOMASS

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## **UK wood pellet imports expected to reach new record in 2016**

By **Wood Resources International LLC** | November 02, 2016

The United Kingdom is by far the largest importer of wood pellets in the world followed by Denmark, South Korea and Belgium. In the 2Q/16, the U.K. imported record volumes of just over 2 million tons, which was 11 percent higher than the previous quarter and 21 percent more than in the 2Q/15. Pellet producers in the U.S. South continue to be the major suppliers to the U.K., accounting for about 50 percent of the total import volume in the 2Q/16. The other major supplying countries are Canada and Latvia.

Monthly pellet import data to the United Kingdom is reported in more detail in a recent WRQ Trade Snapshot (NEW service) that is available to subscribers of the Wood Resource Quarterly.

Some of the highlights in the Snapshot included:

- 90 percent of all wood pellet imports to the United Kingdom in the 2Q/16 were shipped from only three countries, the U.S., Canada and Latvia.
- Import volumes in August this year fell by 24 percent year-over-year to the lowest level in 1.5 years.
- Import prices have been fairly stable the past 12 months with prices for U.S. sourced pellets having been \$20-40 per ton higher than prices for pellets from other supplying regions.

Pellet manufacturers in the U.S. South have been a reliable and steadily growing supplier to the U.K. over the past five years. In 2012, the U.K. imported less than half a million tons from the U.S. and in 2016, shipments may reach more than eight times as much, according to the North American Wood Fiber Review.

The surprise Brexit vote earlier this year to leave the EU is unlikely to impact near-term pellet exports from North America to the U.K. as supply contracts remain in place, and official negotiations regarding the EU exit process are yet to begin. However, in the longer term, the decision to stay outside the European Union could impact policy decisions regarding bioenergy incentives with subsequent market impacts.



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Richard P. Vlosky, Ph.D.  
*Director, Louisiana Forest Products Development Center*  
*Crosby Land & Resources Endowed Professor of Forest Sector Business Development*  
Room 227, School of Renewable Natural Resources  
Louisiana State University, Baton Rouge, LA 70803  
Phone (office): (225) 578-4527; Fax: (225) 578-4251; Mobile Phone: (225) 223-1931  
Web Site: [www.LFPDC.lsu.edu](http://www.LFPDC.lsu.edu)



**President, Forest Products Society; President-Elect, WoodEMA i.a.**

