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OSB North America 2016

Last year, nine companies combined to produce over 20 billion sq. ft. of OSB in North America, led for the first time by a post-merger Norbord. With increases up a little over 2% from 2014, manufacturers are eyeing even larger gains this year.

Norbord, Toronto, Ont., operated its active OSB mills at 84% of capacity in 2014. Last year, it added Ainsworth's four OSB mills—and still was able to increase production to 88% of capacity. Counting idled plants Huguley, Al., and Val-d'Or, P.Q., Norbord has 15 OSB plants in North America capable of producing nearly 8 billion sq. ft. of OSB a year.

Buoyed by higher OSB prices, production remains strong this year, although its High Level, Alb., was down for two weeks in the spring due to a fire and its two shuttered facilities appear no closer to restart. Earlier this year, Norbord let its wood license for Val-d'Or lapse and is still holding on to the majority of $45 million it had earmarked for upgrading Huguley.

Louisiana-Pacific, Nashville, Tn., has 11 OSB plants in the U.S. and Canada (10 operating), with combined annual capacity exceeding 5 billion sq. ft.

In 2015, LP produced 4.17 billion sq. ft. of OSB in North America, down 2.9% from the year prior. But LP has high hopes for this year, with OSB prices higher than in 2015, sales surging of its SmartSide siding, and installation now underway on a new FlameBlock OSB sheathing line at its Clarke County, Al., mill.

Georgia-Pacific, Atlanta, Ga., has for years operated just six of its 10 OSB mills, providing up to 3.7 billion sq. ft. of annual capacity (with about 1.3 billion sq. ft. on the sidelines).

Its strategy has been to maximize production of value-added OSB products and, earlier this year, introduced its seventh OSB line, the ForceField air and water barrier system.

OSB's climb in U.S. gets bump from growing demand abroad

ORIENTED STRAND BOARD is expected to continue its steady growth over at least the next seven years, in no small measure due to greater hunger for the product around the world, according to a recent forecast by Grand View Research.

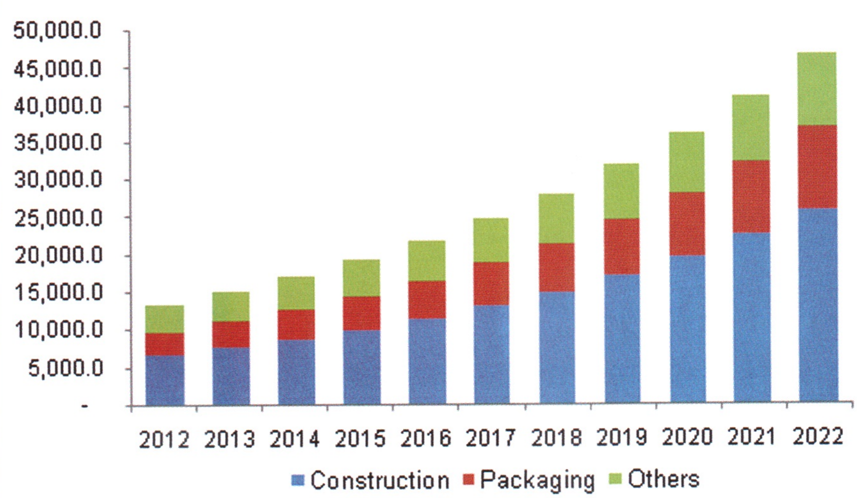
OSB will benefit primarily from increasingly being used as a substitute for plywood in new residential construction, repair/remodeling, and industrial/light commercial.

Rising consumption in subflooring, single-layer flooring, wall and roof sheathing, sheathing ceiling/deck, structural insulated panels, webs for wood I-joists, industrial containers, and mezzanine decks should continue to drive product demand in this sector over at least the next seven years, due to the product's high strength and durability.

High product consumption for other both structural and non-structural applications—namely, furniture, frames, decorative wall paneling, shelving, packaging and crating, pallet manufacture, dry storage pallets, and industrial tabletops—is expected to also have a positive impact on the market.

Growing demand for use in home

U.S. OSB Market by Application, 2012-2022
(million square meters)



WITH GROWTH jumping throughout a variety of sectors, construction will remain the top consumer of oriented strand board. *(Photo by Weyerhaeuser)*

and office furniture will arise due to certain of OSB's properties, including its superior strength, fastener holding capacity, consistency, stability and workability. The study also detected growing interest in organic home furnishings.

More and more panels will also be used in leisure furniture, particularly in Germany, the U.K., France, U.S., Russia, Canada, Vietnam, Saudi Arabia, UAE, Bahrain, Egypt, Singapore, Australia, China, India and Japan.

The product has also deeply penetrated the industrial packaging sector, because it imparts greater rigidity, strength, lightness, moisture resistance grade, durability, and lack of knot holes and core-voids.

Ongoing development to produce new packaging material should open new market opportunities for OSB over the forecast period. Likewise, gains will come from increasing awareness regarding environmental sustainability, coupled with the adoption of new regulatory requirements on packaging recycling in China, India and the Middle East.

Packaging is expected to grow at a compound annual growth rate of over 29.0% in terms of revenue from 2015 to 2022. The increasing product demand for packaging will be due to OSB's impressive level of strength and its cost advantage over pure wood-based materials. OSB is predicted to most aggressively expand in the packaging industries of the U.S., Canada, India, China, Singapore, Hong Kong, Thailand, Australia, Taiwan and the U.K

North America was the largest market accounting for over 55.0% of global volume share, owing to strong environmental regulations and abundant raw material availability.

However, Asia Pacific is expected to be the fastest growing market from 2015 to 2022, because of its increasing need for packaged food and significant expansion of the construction industry.

Globally, technological advancements in India, Russia, China and Brazil to develop new products and more efficient production methods are expected to create opportunities for OSB growth. Top international uses should include crating, pallets, bins, furniture frames, display racks, and store fixtures.

In addition, residential and commercial construction will post big international gains for OSB in emerging economies currently experiencing rapid urbanization.

One key challenge for the OSB industry is volatility in raw material prices. Factors affecting their price include the fluctuations in the availability and price of raw materials and the growing product demand in other applications.

The study evaluated the multi-location producers in the U.S., as well as larger manufacturers in Europe and Asia.

Weyerhaeuser, Federal Way, Wa., continues inching even closer to full-capacity production at its six North American OSB mills—and even buys several hundred million sq. ft. of panels from competitors to fill all orders.

Last year, Weyerhaeuser produced nearly 2.9 billion sq. ft. of OSB, up 3.% over 2014 and just shy of its 3 billion sq. ft. limit.

Huber Engineered Wood, Charlotte, N.C., owns five OSB mills, with a combined annual capacity of 2.1 billion sq. ft., but since 2011—when it idled Spring City, Tn.—it has been running just four mills, reducing its current operating capacity to 1.75 billion.

To instead supplement its production, earlier this year it contracted with Arbec Forest Products to produce Huber's ZIP System OSB sheathing at Arbec's mill in Quebec.

Tolko, Vernon B.C., officially has 2 billion sq. ft. of OSB capacity among its four OSB facilities, but until late 2014 was only running Meadow Lake, Sask. Last year it was joined by a new Athabasca Mill in Slave Lake, Alb., which together could put out 1.5 billion sq. ft. of OSB per year.

Planned restart of its High Prairie, Alb., mill hinges on securing a long-term fiber source, reportedly dependent on renewal of the province's forest management agreement.

RoyOMartin, Alexandria, La., is operating its 850-million-sq.-ft.-a-year OSB facility in Oakdale, La., and is continuing development of another 800-million-sq.-ft.-capacity plant in Corrigan, Tx., targeting a fall 2017 startup.

Arbec Forest Products, St. Leonard, P.Q., has two OSB mills—a former Tembec facility in Québec and a former Weyerhaeuser facility in New Brunswick—with a combined annual capacity of 700 million sq. ft.

Arbec is currently devoting part of its production in Québec to Huber Engineered Wood-stamped ZIP System sheathing.

Langboard can produce up to 440 million sq. ft. of OSB per year at its Quitman, Ga., mill.