

SENT TO LSU AGCENTER/LOUISIANA FOREST PRODUCTS DEVELOPMENT CENTER - FOREST SECTOR / FORESTY PRODUCTS INTEREST GROUP

(.....Maybe an opportunity for a pellet manufacturer? Rich)

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Chip issues frustrating Eastern White Pine mills

Eastern White Pine lumber producers have found it increasingly difficult to discard residual chips, and the effects are being felt across the supply chain. Since 2014, Maine has lost pulp and paper capacity capable of consuming more than 1.5 million tons of the soft wood chips, according to a January report from Innovative Natural Resource Solutions LLC. The decline stems primarily from the closure of pulp and paper mills across the region, amid a global drop in paper production.

Soft wood mills rely on pulp mills to handle large volumes of residuals to maintain normal production levels, and also prize the income from chip sales. In lean years, the income generated from chips was often the difference between profit and loss, one producer noted. The oversupply of open-market chips and declining buyers have led to a steady decline in chip prices. Eastern Canadian chip prices are nearing all-time lows, according to data from Wood Resources International, and similar trends have been reported in the Northeast.

Some mills in the Northeast have added wood pellet plants, biomass power plants, or other on-site facilities to cope with chip supplies. One mill is in the process of building a commercial heat and power plant that will consume all of its residuals and that of other producers. Many use a portion of chip production to power their kilns. With smaller mills across New England, significant infrastructure projects to deal with excess chips are often cost-prohibitive, leading some to simply stack, burn, or even landfill excesses.



27 October 2017



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“It’s unprecedented. It took a while for the scale of the issue to hit the industry, but we have a major problem and are going to have to revamp some of how we do things,” said an Eastern White Pine producer in Maine. Exacerbating the problem is the unwillingness of loggers to cut soft woods without a reliable source to unload the residuals from the trees. Many loggers have opted to instead cut hardwoods, creating tightness in the log decks of some Eastern White Pine producers.

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