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<https://southernagtoday.org/2023/03/09/u-s-wood-pellets-exports-continue-to-reach-record-levels/>

U.S. Wood Pellet Exports Continue to Reach Record Levels

Thursday, March 9, 2023

Woody biomass now accounts for a major share of renewable energy in the European Union (EU) and United Kingdom (UK) due to recent climate and renewable energy policies. Imports of wood pellets – often used in converted coal fueled power plants – in the EU and UK have reached record levels, with imports mostly coming from the southeastern region of the U.S. Consequently, wood pellets are now the leading forest-product export for the U.S., surpassing oak lumber, pine lumber, and other major exports (USDA, 2023). This article is not about the efficacy of European climate policy or the use of woody biomass in reducing carbon emissions. The overall goal of this article is to simply document the phenomenal rise in U.S. wood pellets exports over the last decade, mostly due to demand in the UK and EU, and the potential for increased exports in the future.

Since 2012, U.S. wood pellet exports have increased from \$258 million to \$1.5 billion, which is an increase of 498%. According to USDA (2023), Louisiana, Georgia, North Carolina, Virginia, and Florida have been leading states. Figure 1 shows U.S. wood pellet exports (in million metric tons [MT]) from 2012-2022 by destination (UK, EU, and Rest of World). Note that the UK has accounted for the major share of the overall rise in exports since 2012, while the EU has accounted for the major share of growth in more recent years (2021 and 2022). Since 2012, U.S. wood pellets exports have increased from 1.9 million MT (35% shipped to the UK and 57% shipped to the EU) to nearly 9.0 million MT by 2022 (59% shipped to the UK and 31% shipped to the EU). During this period, the UK accounted for as much as 90% of total U.S. exports (see 2016). The demand for wood pellets in Europe has significantly outpaced domestic production over the past ten years. This has resulted in increased imports from mainly the U.S., Russia, Belarus, and Ukraine. With the Russian invasion of Ukraine, wood pellet imports from Russia, Belarus, and Ukraine have been significantly impacted (Flach and Bolla, 2022), which likely explains the recent increase in U.S. exports to the EU and the increase in export prices from an average of \$124/MT (2012-2020) to well over \$150/MT in 2021 and 2022 (USDA, 2023).

Richard P. Vlosky, Ph.D.
Crosby Land & Resources Endowed Professor of Forest Sector Business Development
Director, Louisiana Forest Products Development Center
Room 227, School of Renewable Natural Resources
Louisiana State University, Baton Rouge, LA 70803
Phone (office): (225) 578-4527; Mobile Phone: (225) 223-1931
rvlosky@agcenter.lsu.edu

Chair, Agricultural Faculty Council, LSU AgCenter/College of Agriculture

Scientific Board Member (<https://www.forest-journal.com/>)



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