

Press release – For Immediate Release

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Global pulpwood prices reached new records in 1Q 2008, according to the Wood Resource Quarterly

Tight residual supply, higher fuel costs and unfavourable weather were all factors that pushed wood costs for the world's pulp industry to new record levels in 1Q/08.

Wood costs went up in most of the 17 world regions covered by the market report Wood Resource Quarterly. One country that bucked the upward price trend was Russia, where higher log supply reduced wood costs by over 15% in the 1Q. Prices also fell in France where competition for smaller logs from sawmills and wood-based panel manufacturers eased early in the year resulting in more than 10% lower conifer fiber prices compared to 4Q/07.

The biggest price increases for softwood fiber came in western US, Spain, Chile, Finland and Japan as tighter supply forced many pulpmills to go outside their normal wood basket. These events resulted in the average **global conifer wood price** reaching a new all-time-high of US\$109.67/odmt, which was 2% higher than the previous quarter and 7.8% higher than a year ago.

The Global Average Wood Fiber Price is a weighted average of delivered wood fiber prices for the pulp industry in all 17 regions tracked by the publication Wood Resource Quarterly (WRQ). These regions together account for 85-90% of the world's wood-based pulp production capacity. The price is based on current quarter average prices and country/regional wood fiber consumption data. The global average for softwood and hardwood is calculated in nominal US\$ per odmt of wood fiber. As the wood cost accounts for 40-50% of the total pulp production costs, it is often the predominant factor determining a company's or a region's competitiveness.

The average **non-conifer** wood fiber costs were also up in the 1Q, reaching a record-high of US\$106.11/odmt, which was 16% higher than a year ago. The biggest price increases occurred in Spain, Finland, Chile, Australia and Indonesia, while prices were lower in Russia and the US South.

Global pulpwood and sawlog market updates are included in the 50-page publication Wood Resource Quarterly. The report, established in 1988 and with readers in over 20 countries, tracks wood prices in most regions around the world and also includes regular updates of international pulp, lumber and biomass markets.

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