

The wood panel industry in crisis—Any optimism justified?

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The present economical situation affects our industry in all countries and regions on the globe. A reduced demand of wood panel products forces many producers to shut down mills or curtail production. In addition to this difficult situation, we have to recognize pressures on the raw material supply side. The traditional sources of raw material for our industry are sawmills and plywood mills. These plants have reduced the output and, consequently, less wood waste is available for our industry as raw material.

The competition with government supported biomass power plants for the very same wood source raises the prices and sometimes makes wood unavailable or too costly for our industry.

Customers for our panel products and many governments continue to ask for products and production facilities with reduced emissions and more environmentally friendly products. This, of course, is necessary but also increases the price of our products. Luckily, the prices for resin dropped in the wake of reduced crude oil prices and bring a small measure of relief.

The analysis of the different markets reveal a huge potential for additional consumption of wood based panels in countries such as Russia, China, India and Southeast Asia. In North America and Europe the per capita demand of panels reached a peak and showed no significant growth in the period between 2003 and 2006. In all regions the answer to the crisis is the short term reduction of production cost by using alternate raw materials and lower resin consumption.

Additionally, in North America and Europe the slow market provides the opportunity to look for new panel products which promise lucrative niches. The production of wood based panels is an ideal partner for a biomass power plant which optimizes the raw material and the heat energy usage. Governments support the production of “green energy” and we can and should participate.

On a positive note, the outlook beyond the present situation promises very favorable conditions for wood products. They fit into the political scheme of all governments and the demand will grow on a global scale as our populations increase.