

An Update about Japan and South Korean Pellet Imports

August 7, 2023



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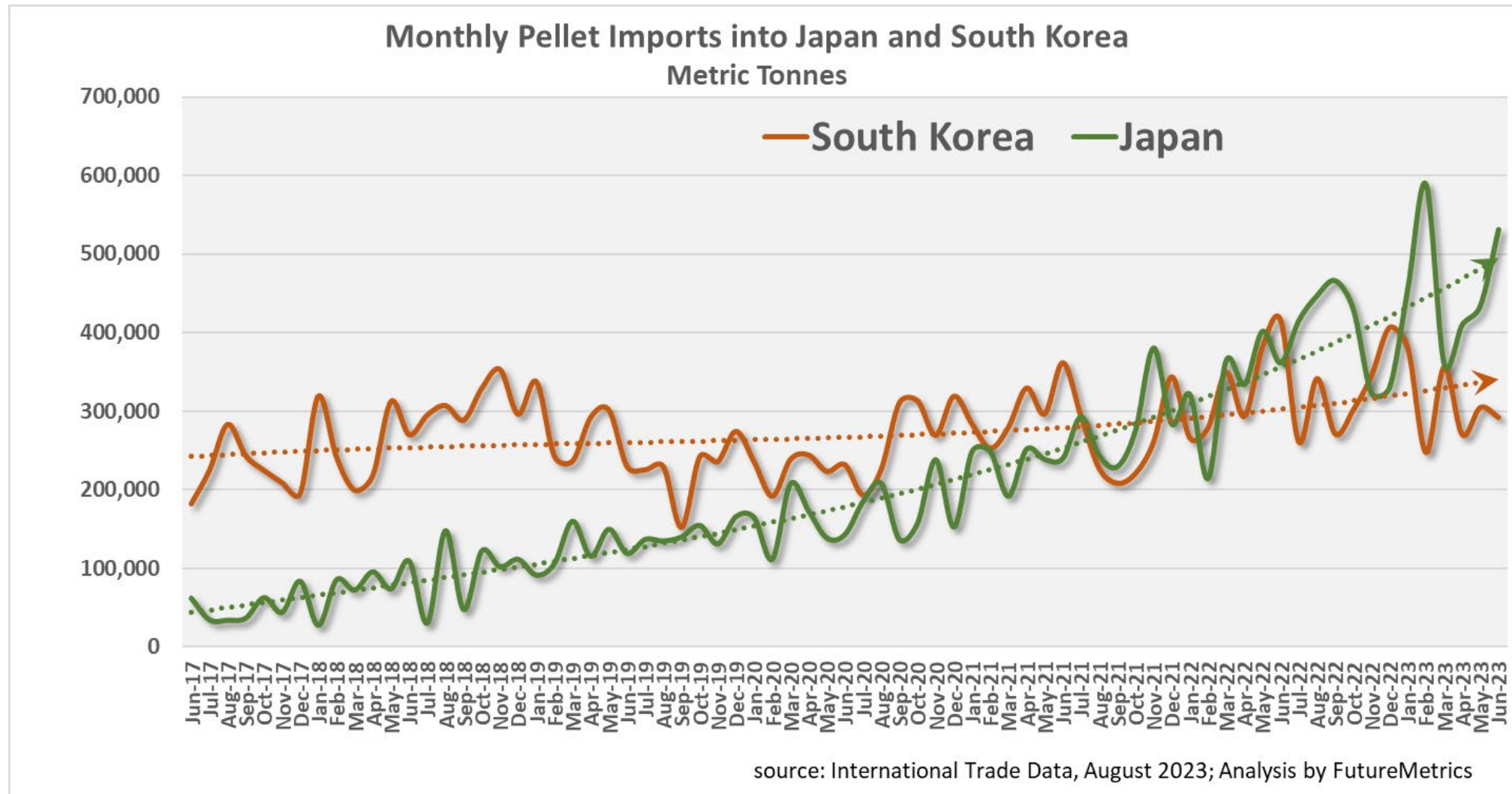
FutureMetrics provides due diligence services, information and analysis, operations guidance, and strategic advice.

FutureMetrics combines decades of experience in the pellet sector with deep operational expertise, powerful sector focused financial modeling skills, and thought leading market awareness.

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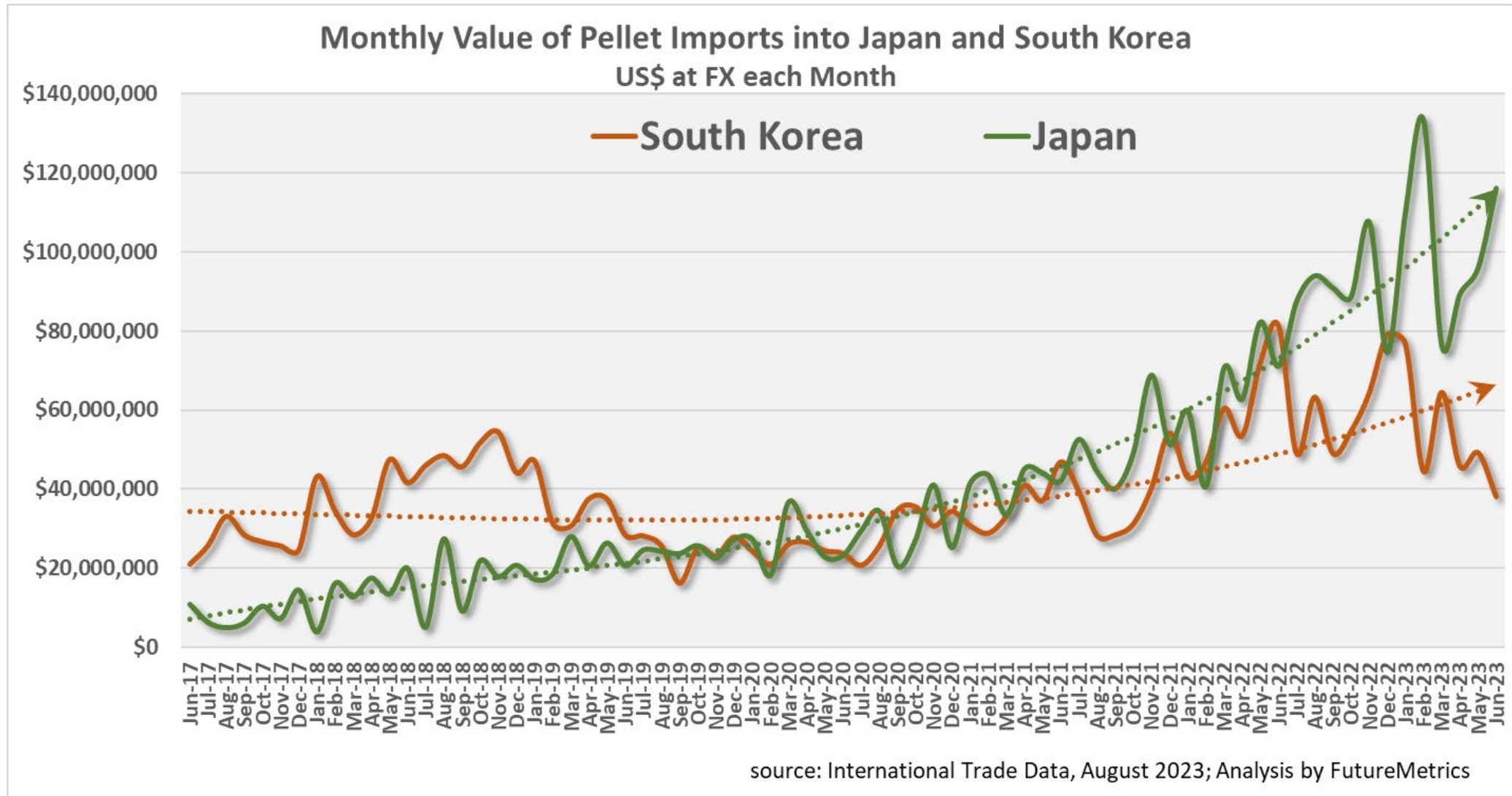


South Korea was the major importer in the northeast Asian markets for many years. In terms of tonnes per month, Japan has now surpassed S. Korea.

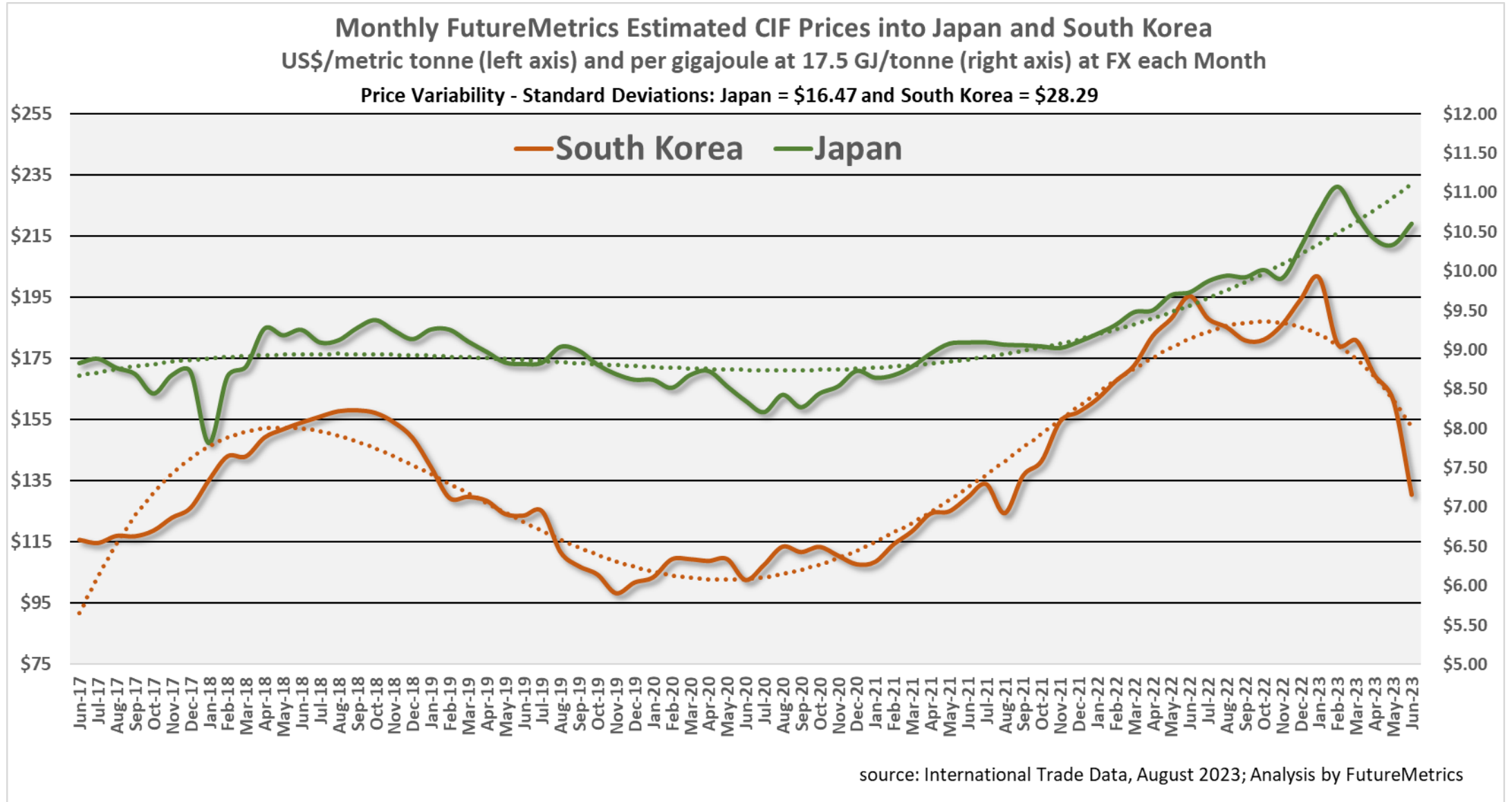


The analysis in this update is based on international trade data that shows total tonnes imported and the total paid for those tonnes. The estimated prices per tonne are not spot prices but are the actual average price paid for all imports. This includes pellets imported under longer term supply agreements and pellets imported from spot sales.

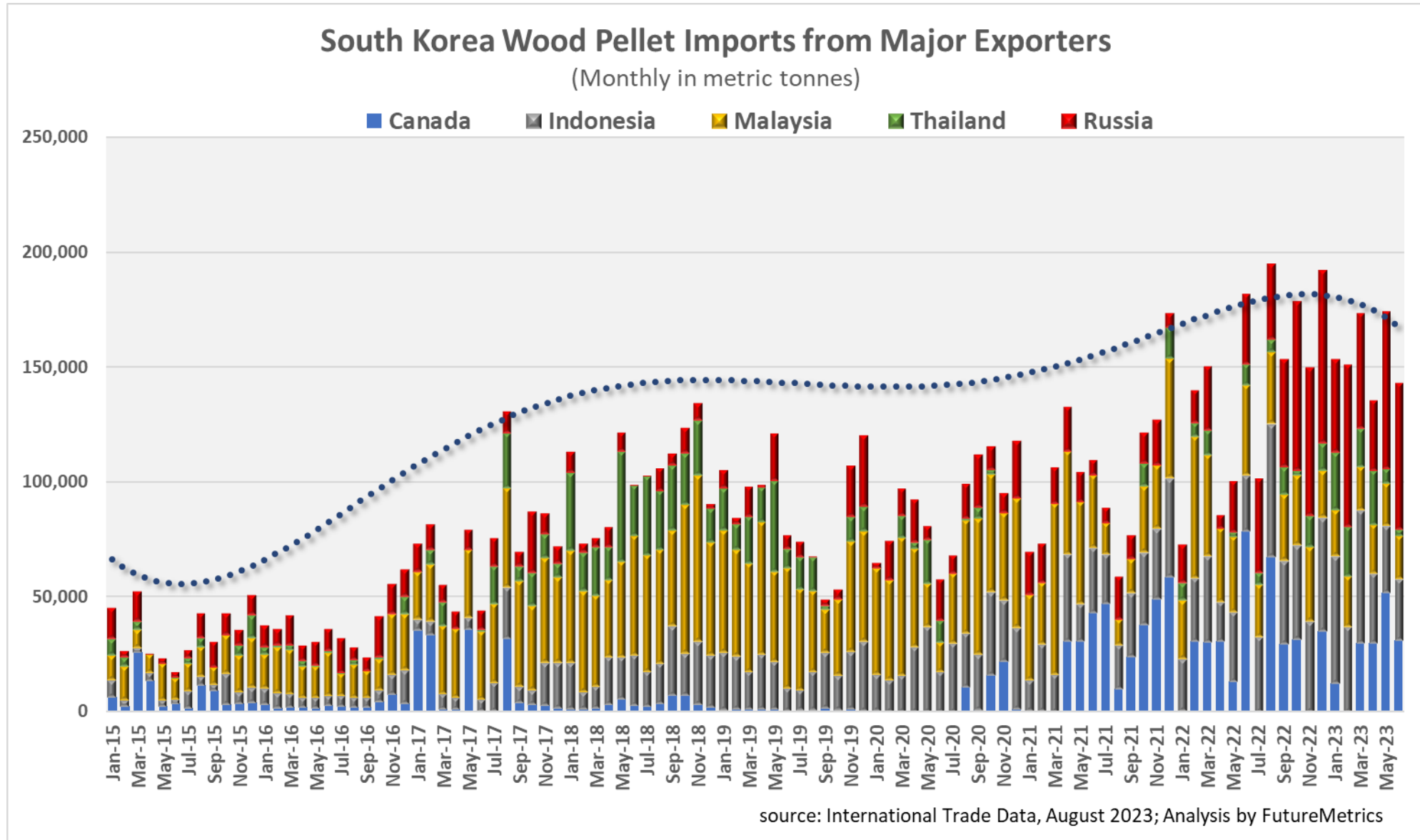
In terms of the monthly value of the pellet imports, Japan has not only surpassed S. Korea but in recent months has demonstrated the value to exporters of long-term agreements versus the short-term tenders that are typical for S. Korea.



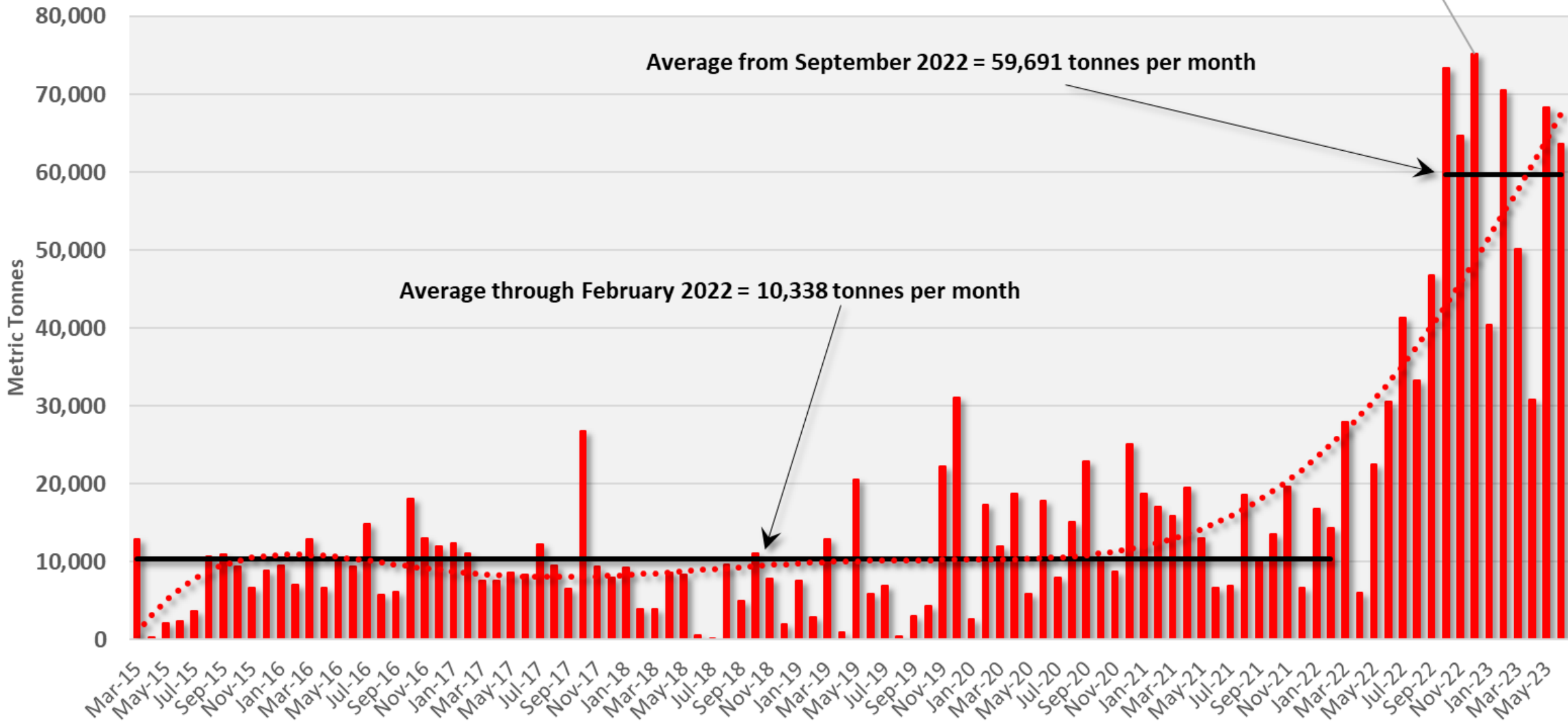
Over the past six years, the variability in price per tonne (standard deviation) has been significantly higher for exports to S. Korea versus Japan.



Since the Russian sanctions went into effect, South Korea has increased imports from Russia.



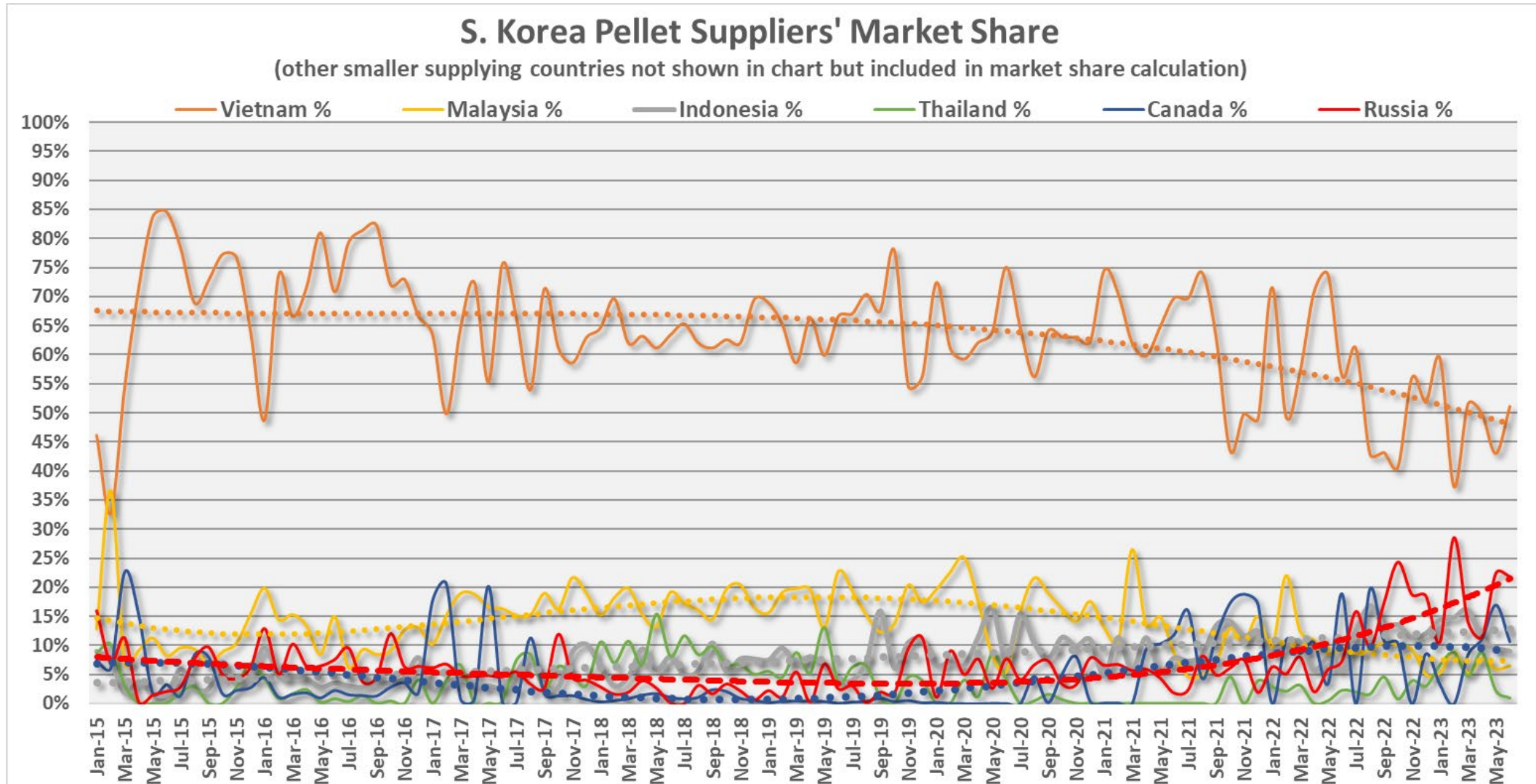
South Korea Monthly Imports from Russia



source: International Trade Data, August 2023; Analysis by FutureMetrics

The increase in Russia's market share in the S. Korean market has caused a significant decline in Vietnam's S. Korean market share.

Many pellet producers in Vietnam compete on 6-to-12-month rotations for tenders to supply S. Korean utilities.

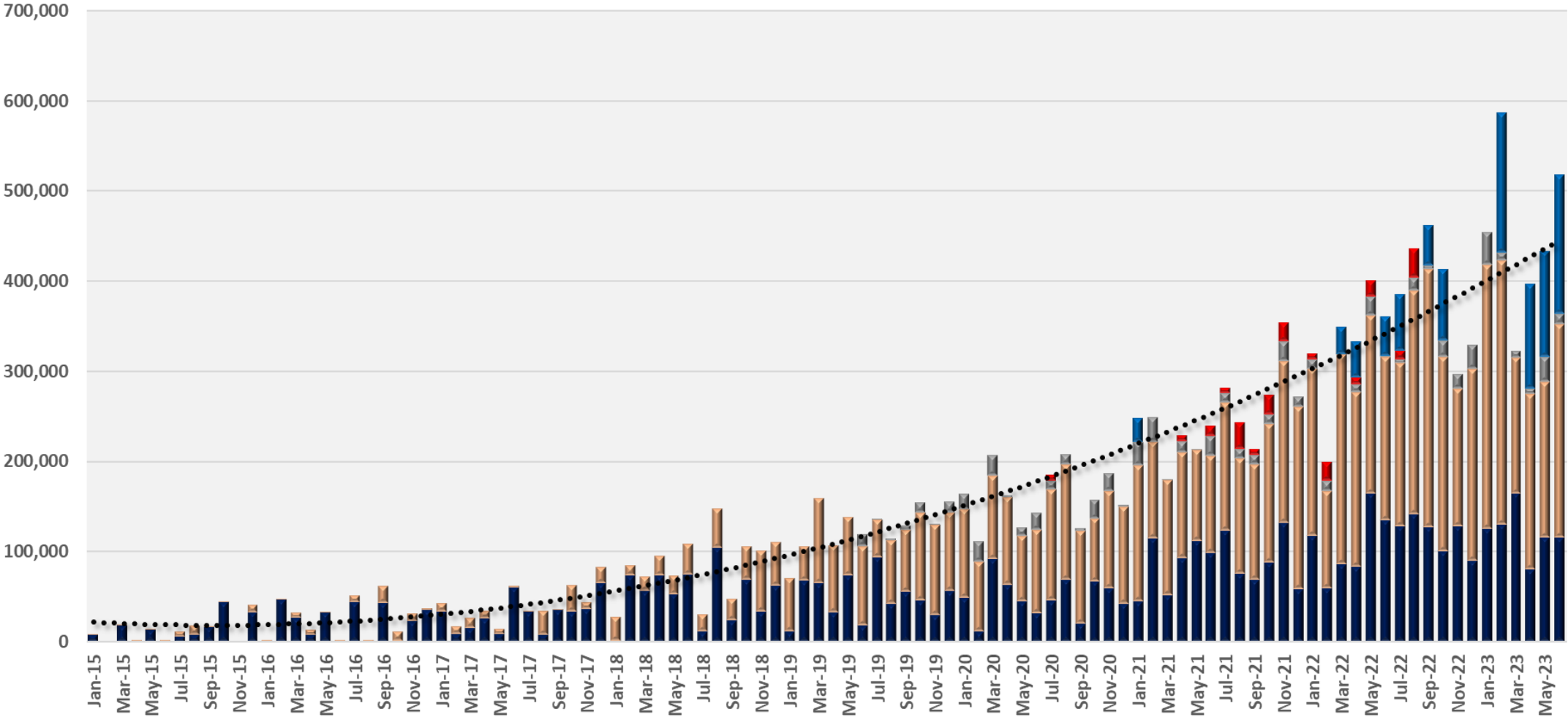


source: International Trade Data, August 2023; Analysis by FutureMetrics

Japan has traditionally depended on Canada and Vietnam for pellet supply. In recent months, the US has been exporting significant quantities into Japan.

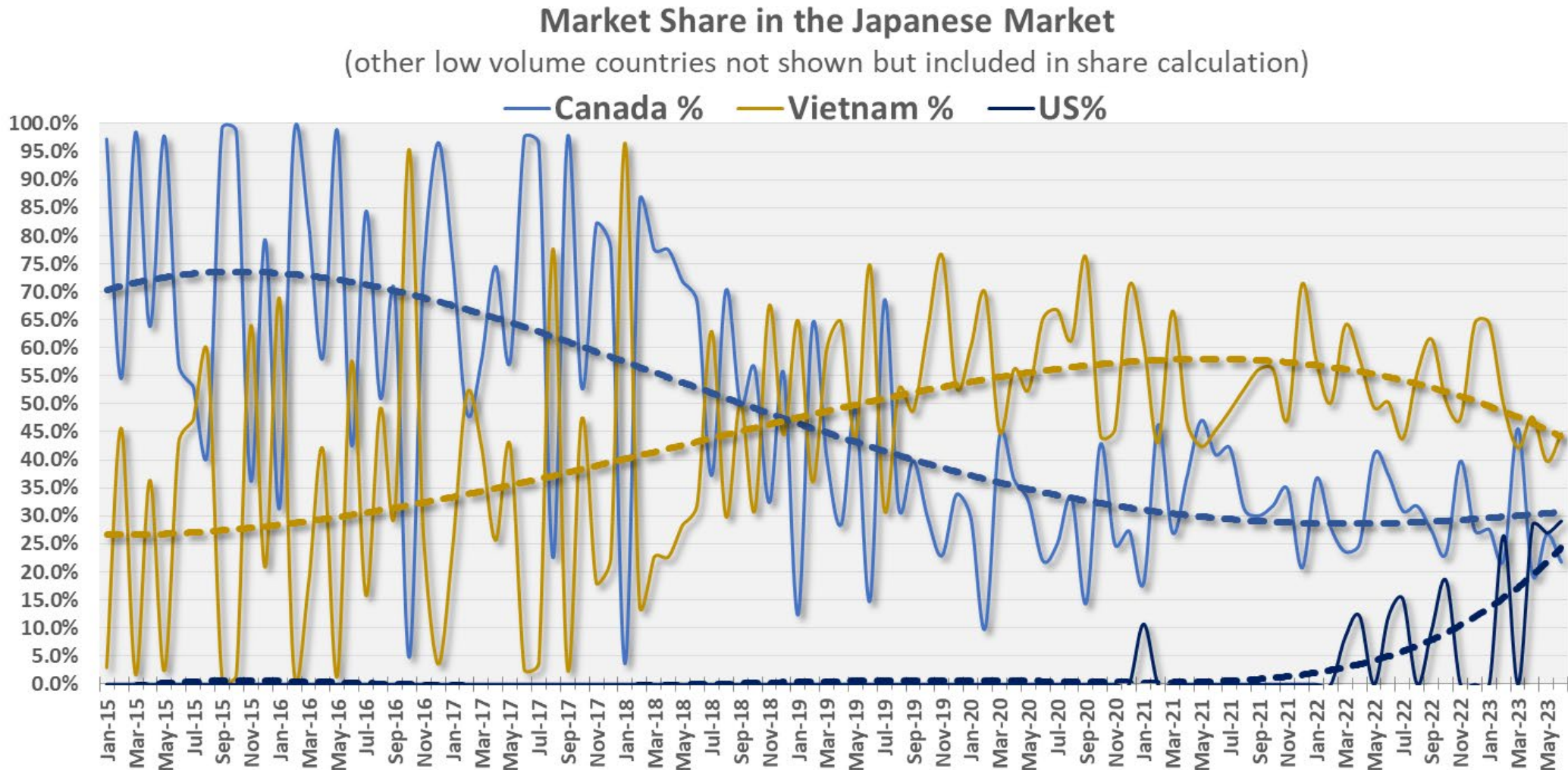
Monthly Imports (metric tonnes) into Japan from Major Exporters

■ Canada ■ Vietnam ■ Malaysia ■ Russia ■ US



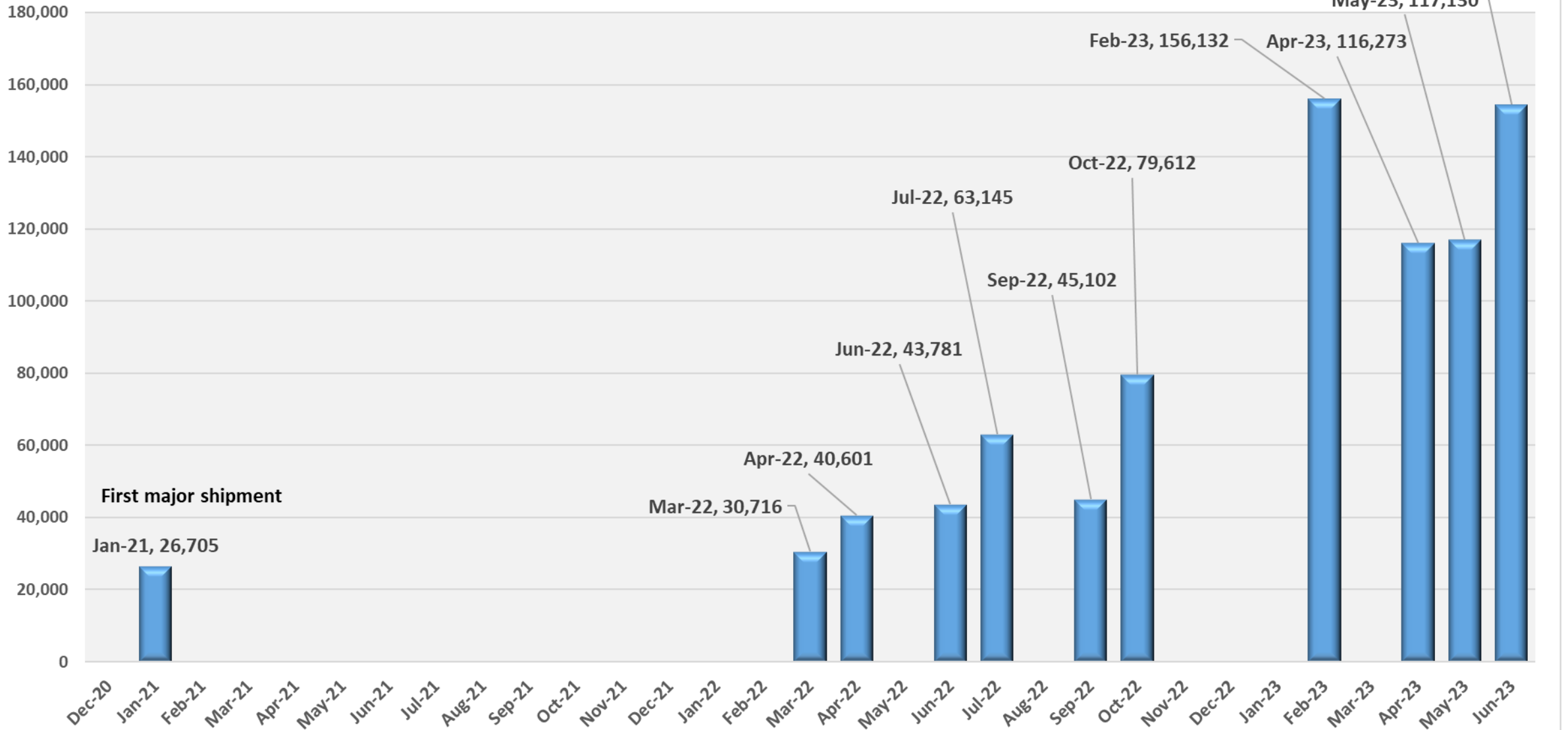
source: International Trade Data, August 2023; Analysis by FutureMetrics

While Canadian producers market share has held steady based on its long-term supply agreements with Japan, the increase in US imports under long-term supply agreements has displaced some of Vietnam's market share.



source: International Trade Data, August 2023; Analysis by FutureMetrics

Monthly Imports (metric tonnes) into Japan from the US



source: International Trade Data, August 2023; Analysis by FutureMetrics

FutureMetrics produces a comprehensive overview of the global wood pellet markets.

The 115+ page report is filled with tables, charts, and discussions about trade, policy, and prices.

If you need to learn about the pellet sector with up-to-date data and analysis, this report will fulfil that need.

Download the table of contents [HERE](#).

This is a bespoke report that can contain some content that is specific to the client.

Please contact FutureMetrics to learn more.

info@FutureMetrics.com

Comprehensive Overview of Global Wood Pellet Markets

Produced for

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August 2023

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