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***Forisk Market Bulletin* Highlights Forest Industry Investments and Risk Management**

WATKINSVILLE, GEORGIA – June 22, 2021 – The management of risk continues to dominate conversations with forest industry professionals, even as firms continue to invest capital into increasing capacity at sawmills, pulpmills and panel plants. According to the *Forisk Market Bulletin*, which includes market intelligence and tracking for U.S. and Canadian forest industry capital investments and timberland transactions, North America’s forest industry demonstrated “discipline” and strengthened their balance sheets (reduced debt) with the profits from building products sales. Still, executives feel the need to put available capital to work. [North America added 1.4 billion board feet of sawmill capacity](#) in the past 12 months, with another 1.6 BBFT of coming in H2 2021. **A significant amount of softwood sawmill cap ex is in the queue**, including Canfor’s recently confirmed plans for a new 250 MMBF mill in Louisiana for 2022.

Institutional investors behind many timberland deals are changing the way they talk about the sector. This is especially true with respect to ESG and carbon markets (two different things in practice) and risk management. As one investor said, “**fire and weather issues are here to stay, so we need to think about them more up front**” than we did in the past. Another investor expressed a concern shared by others regarding the unintended consequences on forest supplies of policy and legislation, now that timber markets are starting to balance in some areas: “**We really don’t need the Trillion Tree Act.**”

Pulp and paper mills continue to evolve. **Markets for pulpwood are strong for mills producing containerboard products**, as healthy pulp mills in competitive Southern markets buy available pulpwood and wood chips. Other markets, alternately, are losing mills: The **Park Falls Development** mill in Wisconsin shut down in March, and **Paper Excellence** announced the permanent closure of the idled Mackenzie mill in British Columbia due, in part, to a shortage of fiber. M&A activity continues in the sector, with the announcement by Paper Excellence to acquire **Domtar** in a transaction valued at \$3.0 billion.

For more information or to subscribe to the *Forisk Market Bulletin*, visit <https://forisk.com/product/forisk-market-bulletin/> or contact: Heather Clark, hclark@forisk.com.

About Forisk Consulting: Forisk delivers forecasts and analysis of forest industry markets and timberland investments. Firms participate in Forisk’s research program by subscribing to the *Forisk Research Quarterly (FRQ)*, *Forisk Wood Fiber Review*, *Forisk Market Bulletin* or North American Forest Industry Capacity Database; supporting benchmarking studies related to forest operations and mill capacities; and attending educational workshops and the annual “Wood Flows & Cash Flows” conference. www.forisk.com.

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