

Low-Grade Fiber Markets Impact Appalachian Production

By Tom Inman

The demand for the highest volume of the hardwood log has declined in the first two quarters of 2023 and is putting financial pressure on loggers and sawmills.

Ties, flooring, pallets, mats and wood fiber markets compete for the two-thirds of the hardwood log, which is lower-grade material. These industrial markets were strong in the second half of 2021 and 2022, and demand outpaced the supply.

Sawmills reported great sales on lumber and products as manufacturing was limited by workforce and log availability. Those two factors have improved slightly, but the markets for the lower-grade products—especially hardwood chips and fiber—have decreased dramatically.

These pressures are impacting profitability for many loggers, log yards and sawmills. There have been mill and logging company closings this year in and around the Appalachian region.

“Low-grade markets are a huge challenge right now because all of them are down,” said one Virginia mill owner. “We cut ties so that business is OK, but the lumber that comes off the sides we just have no market for right now. And we can’t move the chips and dust with paper plant closings. We need markets for everything or we cannot operate.”

Hardwood chips are a growing issue for sawmills in the Appalachian region with the closing of the Evergreen plant in Canton, N.C.; the conversion of the Domtar plant in Kingsport, Tenn., to recycled fiber only; and reductions at other plants in Kentucky and Ohio.

One North Carolina sawmiller had sold

chips to Evergreen at \$22 to \$24 a ton. A new customer to replace Evergreen will take the chips for boiler fuel at \$12 a ton.

Other companies report they are only paid for the freight and not for the value of the chips. “We cannot do that for long and survive,” he said. “Every mill has the same issue, and we need markets for everything we make.”

U.S. paper consumption is expected to decrease for the next five years by 14 percent below the average of the past five years. U.S. pulp production is forecast to fall to 48 million tons this year as the economy limits demand.

Loggers in much of the Appalachian region buy tracts of timber based on log sales for grade lumber, staves, industrial products and wood fiber. With the loss of fiber markets, these lower-grade trees are left in the forest or delivered to saw and tie mills.

Often the value of these logs is just for paper chips or other fiber uses. More fiber logs are being offered to, and rejected, by sawmills.

“We have seen 18-foot pulp logs delivered to us, and we just put them back on the truck,” one tie mill owner said. “They might cut them up and bring us back the butt end, but we are watching that more closely. We can’t use a fiber log either right now.”

The species mix for tie logs is changing. Oak continues to dominate, but the mixed hardwood category is seeing more maple with the gum, beech and sycamore “mixed” inventory.

“Buyers say they don’t have markets for the maple lumber now, so grade sawmills don’t want the lower grade maple,” the mill

owner reported. “We take them and cut some ties from them, but we can’t move the maple lumber either.”

Demand remains strong for white oak logs and lumber. Few of them make it to the tie yard, but companies are sorting the logs when possible for staves or grade lumber production.



“It’s just a constant battle looking at everything,” one mill owner said. “We are thankful for tie markets and the good news that they need materials. I tell our tie buyer they have to help the mills get through this so we will have ties for them.”

For more information, please email info@appalachianhardwood.org or visit www.appalachianhardwood.org. ■

Tom Inman is president of Appalachian Hardwood Manufacturers, Inc. (AHMI), a regional trade association headquartered in High Point, N.C. The group has 200 member companies and was formed in 1928 to promote the Appalachian hardwood resource and ensure a future supply.

Something for Treaters to Think About & Railroads to Support

By Dallin Brooks

I have been attending RTA conferences for 11 years. I know creosote and copper naphthenate better than hardwood lumber. I watched the slow transition to dual treatments. I have walked the test plots in Mississippi and heard the research at the American Wood Protection Association annual meetings.

But I have one question that I have never thought about before. Why do we only preserve hardwood species for ties? Why aren’t there hardwood guardrail posts? It would be an easy downfall for culled ties. Why aren’t there hardwood signposts? Why isn’t there hardwood decking?

It’s not because hardwood is not treatable.

Just like softwoods, some species treat better than others, but plenty of hardwood species are permeable.

It’s not because hardwood costs more. High-appearance grades are valuable, but plenty of low-grade stock goes into pallets and ties. It could just as easily go into posts and decking.

It's not because of lower strength and grading. Hardwoods are often stronger than softwoods, and there are structural grades for many hardwood species.

It might be due to limited supply. The hardwood industry has not gone after these markets for a while and thus has not met the needs and might be unable to shift back to structural applications easily.

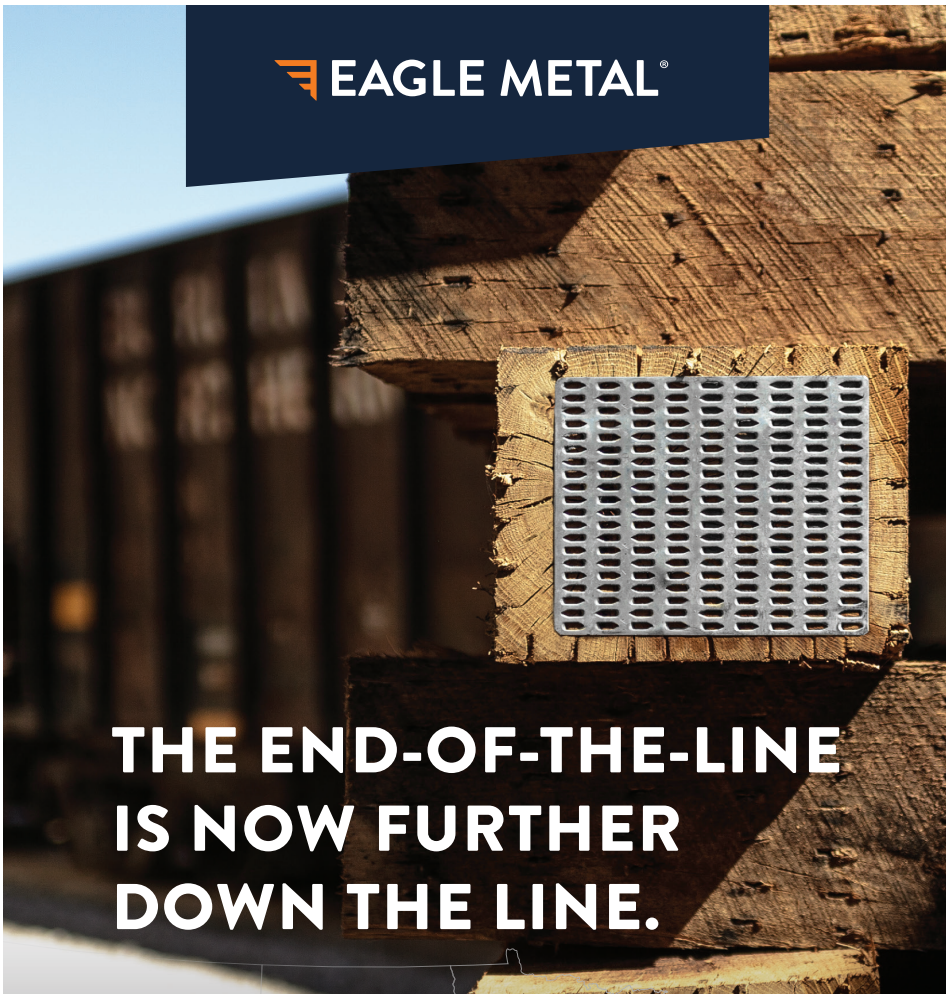
It might be due to sizes, as random widths don't work for structural applications.

It's definitely due to a need for more knowledge about all of the above. Hardwoods are able and available to be treated. Now, we need to grow the market.

I would like to see the hardwood industry capitalize from the shortcomings of the softwood industry. Hardwoods should focus on exterior fire retardants and preservatives in applications like hardwood mass timber (CLT and glulam), profiled decking, thermal modification, siding, posts and other areas the softwood market has ignored.

The good thing about hardwoods being late to the game is that you don't have to recreate the wheel, and it's easy to differentiate hardwoods from the rest. We need to do the research and put in the testing, but it has to happen anyway. Why not to treated hardwoods? This is something for treaters to think about and railroads to support. ■

Dallin Brooks is executive director of the National Hardwood Lumber Association. NHLA's mission is to serve NHLA Members engaged in the commerce of North American hardwood lumber by maintaining order, structure and ethics in the changing global hardwood marketplace; providing unique member services; promoting North American hardwood lumber and advocating the interest of the hardwood community in public/private policy issues; and providing a platform for networking opportunities. Visit NHLA.com and realamericanhardwood.com for more information.

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