

NEWS RELEASE

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OSB Developing Beyond A Commodity

When manufacturers first introduced oriented strand board more than 15 years ago, many buyers and builders dismissed it, mistaking it for an inferior non-structural panel. Now, the abstract quilt-patterned board is the hottest selling structural panel in North America for residential sheathing and one of the fastest-growing business segments for North American forestry companies.

OSB's key strength is that it meets the same structural performance standards as plywood but costs less to manufacture. This cost advantage has triggered huge demand for OSB and a massive OSB expansion drive. At least nine firms have announced plans to build new OSB mills or expand existing ones. At least one plant, producing hundreds of millions of square feet of OSB, will be completed every year from now for the next five years. If this year's OSB output were to be laid out in a single four foot wide panel, it would circle the globe more than 30 times.

The last OSB capacity expansion was unprecedented, when some 20 mills came on stream in the mid-1990s. The leap in capacity created a glut. Demand from Asia, beset by economic woes, accelerated a plunge in prices. Had it not been for the U.S. housing boom — which continues to contradict analysts forecasting a slowdown — OSB prices would still be near the floor. Prices have not only recovered, but at one point last summer (1998), they outstripped that of plywood and continue to trade within a very high historical range.

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Now what? Is the industry headed for another cyclical glut and price fall? Overcapacity or price dips can never be discounted. The trend toward companies launching new specialty products and customizing production for customers and markets are, however, promising signs of OSB transcending commodity-status and becoming less tied to volatile price swings.

“It’s difficult to get across to people that with the same equipment and raw materials you can make a lot of value-added OSB,” says Rob Wellwood, forest products manager of Canada’s Alberta Research Council. “Look at mills in Alberta. Fifty percent of their production involves value-added non-sheathing products like webs of I-beams made of a special grade of OSB. There’s a lot of value added stuff going to Japan, where requirements for thickness swell are more severe than in North America.”

Bob Knudson, senior scientist at Forintek Canada Corp., agrees. “OSB will tend to improve in overall product quality, which it has over the past 15 years, not only meeting but surpassing standards.” Knudson says OSB will move more in flooring, commercial and industrial applications, such as industrial roofing. “OSB has an inherent advantage over plywood, which is a 4-by-8 sheet while OSB can be in 8-by-12 or -24 feet and in greater thicknesses for multiple spans. There will be advances in dimensional stability. I can think of lumber type uses. Use of resins and additives will also increase durability of boards, allowing them to better withstand the elements.”

Knudson says research and development of such products have been taking place for the past several years. Bug- and moisture-resistant panels have recently made a splash in the market. According to Knudson, “Something like this takes a while, but once started, gets a life of its own and will take off when product acceptance reaches past the stage of critical mass.”

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For additional information about OSB, contact the Structural Board Association at (416) 730-9090, fax (416) 730-9013 or e-mail info@osbguide.com. The SBA Web site (www.osbguide.com) is another excellent resource.