



**Publication:** BRW  
**Article Title:** Timber at the cutting edge  
**Date:** 15 February 2007  
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Two forest industries groups are facing off with competing technologies - but can their new products substitute for natural timber.

Turning trees into money has taken a fresh twist in Western Australia, where rival companies are developing different technologies to process plantation timber. Until now this "wood war" has been a silent affair, but over the next few months it will go public as Wesbeam and Lignor clear the way for stock exchange listings.

Both companies claim to offer something different, but both are in the business of making "engineered wood": Wesbeam is already making laminated veneer lumber; Lignor plans to start building its engineered strand lumber factory by mid-year.

Between them, the companies will invest \$345 million in innovative plantation timber-processing facilities. But their biggest challenge will be in convincing customers to accept products which are essentially smarter forms of plywood and chipboard - descriptions which both companies reject as being too simplistic.

"We're in different markets, producing different products," Lignor managing director Glyn Denison says. "ESL will target markets requiring a high-specification product. It is ideal for flooring, beams and window frames. ESL is a unique product that will offer the flexibility of wood with the strength of steel."

Wesbeam chief executive James Malone is more guarded about LVL. "We're producing an excellent product that is finding growing acceptance," he says. "LVL has a number of advantages over other wood products, including its strength and uniformity."

Cutting through the marketing chatter is not easy. But to understand why WA has duelling wood-processing companies, it is important to look back at what has happened to the state's timber industry over the past 20 years, with tough new environmental laws locking up native forest and vast plantations developed as a replacement source of wood.

Many of the plantings were encouraged by incentives offered through tax schemes. Few planned for the inevitable question of what to do with the wood when the trees reached maturity. The easiest, and lowest-value, solution was to sell the trees for chipping and export to Asia for conversion into paper.

Wesbeam and Lignor have both acquired technology used overseas and applied it to

Australian conditions. Of the two, Lignor is the more ambitious because while ESL has enjoyed widespread market acceptance in the United States, it is based on softwood. By choosing much harder eucalypt timber as feedstock, Lignor will produce a stronger product, but will also face the challenge of adapting the technology and educating the market.

End.