# Optimism and uncertainty

by **Donal Magner**

While forest cover in Ireland is less than one third of the EU average, forest cover has steadily increased, especially in the Republic of Ireland since the 1940s (Fig 1). As a result the area of forest in the Republic is now estimated at 750,000ha or 10.7 % of the total land area compared with 90,000ha in Northern Ireland or 6.5.

**While timber production is the main objective of the Coillte-managed forest of Cruagh, it also maximises its non-wood benefits as it is close to Dublin. Over 25m visits are made to Coillte and Northern Ireland Forest Service woodlands annually.** *Photo: Donal Magner*

## State and private forestry

Coillte – the Irish Forestry Board – manages 396,000ha (53 %) of the Republic's forests while most of the balance is in private ownership. Since the late 1990s virtually all afforestation in the Republic has been carried out by private growers – mainly farmers. The private forestry programme, which was part funded by the EU since the late 1980s has been funded by the exchequer since 2007. New planting by the private sector since 1990 has averaged 10,000ha although this has dropped to 6000ha in recent years.

State afforestation has also ceased in Northern Ireland but in contrast to the Republic, annual private planting is virtually non-existent, rarely exceeding 300ha.

## Processing

By 2020, total annual timber production on the island will reach 4.8m $m^3$ (Fig 2),which is estimated to increase to 7.9m $m^3$ by 2035 compared to 3.4m $m^3$ in 2014, according to the *All Ireland Roundwood Production Forecast 2016-2035* issued by COFORD, the forestry advisory group in the Department of Agriculture, Food and the Marine.

Irish wood processors rely mainly on Sitka spruce and pine which reflects species selection over the past half century (Table 1). As better quality land was planted mainly by farmers since the 1990s there has been a shift in species selection towards broadleaves, while lodgepole pine is rarely planted since afforestation ceased in blanket bogs (Table 2).

**Fig 1: Cumulative forest cover and area (ha) planted in 20-year periods 1880-2020**

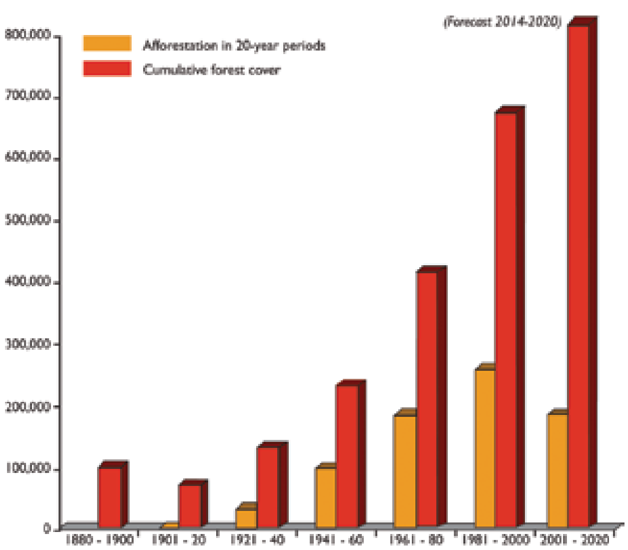
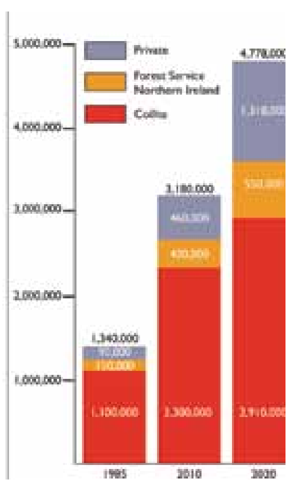



**Fig 2: Actual and forecasted timber production from Irish forests 1985, 2010 and 2020 ($m^3$)**




## Markets

Ireland exports 1.38m $m^3$ of timber products annually comprising 0.72m $m^3$ of sawn timber and 0.62m $m^3$ wood-based panels with a value of €320m. The UK is the main outlet for virtually all of Ireland's exported sawn products and most panel board products. While panel board processors such as Masonite (door panels) and Coillte Panel Products (OSB and MDF) have an opportunity to continue to explore markets outside the UK, sawmills are likely to rely almost exclusively on Ireland's close neighbour.

Forest owners are in a fortunate position as

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price makers in Ireland because there is overcapacity especially in sawmilling. It is estimated that 250,000m³ of logs are imported by the mills annually from Scotland to make up the shortfall. So, there has been no shortage of buyers in sawmilling, panel board processing and in recent years wood energy outlets.

### Challenges

Sawmill owners are all too aware of their vulnerability to currency volatility in the UK. The recent fall in the value of the pound against the euro has had a major negative effect on the price of sawn, pallet and fencing products in Irish exports to the UK. If tariffs were introduced in post-Brexit trade negotiations, the industry would be unsustainable, based on the current price of logs in Ireland which have been historically much higher than the UK..

However, Irish processors have shown in the past that they can adapt to fluctuating currency environments. They have also demonstrated that they have the capability to adapt to market downturns, especially since the construction crash in 2008 when they went on to increase production and export market share. Also, sawn timber demand is likely to increase in the domestic market over the coming years if the government achieves its annual target to increase house building to 25,000 units.

Timber mobilisation is a major challenge especially for private forest owners. This is being addressed by forest owner groups now established throughout the country. Some of these are now forming companies and co-operatives with a more commercial focus and an objective to promote thinning, road making and other operations to mobilise wood.

### Multipurpose forestry

The open forest policy adopted by Coillte and the Northern Ireland Forest Service demonstrates that social, economic and environmental objectives are now the key to multipurpose forestry. This approach paid dividends as the Irish public successfully opposed the Government plan to privatise Coillte's timber harvesting rights in 2013. It also demonstrated that the true worth of forests is measured not only in economic terms but in their total contribution to society.

**Table 1: Percentage species breakdown for afforestation by private landowner, mainly farmers, in selected years 1997-2014**

| | | Conifers | | | | | Broadleaves | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | Affores -tation | Sitka spruce | Pine* | Norway spruce | Other conifers | Total conifers | Ash** | Oak | Other*** | Total broadleaves |
| 1997 | 11,389 | 58 | 10 | 10 | 6 | 84 | 6 | 4 | 4 | 16 |
| 2000 | 15,434 | 60 | 4 | 9 | 12 | 85 | 6 | 2 | 7 | 15 |
| 2008 | 6,249 | 39 | 6 | 7 | 12 | 64 | 9 | 6 | 20 | 36 |
| 2012 | 6,652 | 54 | 2 | 9 | 4 | 69 | 9 | 9 | 13 | 31 |
| 2014 | 6,156 | 65 | 1 | 8 | 4 | 78 | 0 | 8 | 14 | 22 |

*Source: Forest Service 2009-2015 and ITGA Forestry & Timber Yearbook*

* No breakdown of pine species available but Scots pine likely to be the major species as it is planted under the Native Woodland Scheme so lodgepole pine afforestation is now negligible nationally.

** Ash no longer planted from 2013 due to outbreak of Chalara ash dieback

*** No breakdown of remainder but mostly native birch and alder with1.0 to 2.5 % sycamore and beech.

*Donal Magner is the forestry editor of the Irish Farmers Journal. He is executive secretary of the Wood Marketing Federation and author of Stopping by Woods – A Guide to the Forests and Woodlands of Ireland.*

**Table 2: Species planted in selected years during the 1970s and 1980s in the Republic of Ireland by the State**

| | Planting | Percentage of species planted | | | | | |
|---|---|---|---|---|---|---|---|
| Year | Affores -tation | Refores -tation | Sitka spruce | Lodge -pole pine | Other conifers* | Total conifers | Broad -leaves |
| 1970 | 8,382 | 375 | 57 | 24 | 15 | 96 | 4 |
| 1971 | 8,498 | 433 | 64 | 21 | 10 | 95 | 5 |
| 1972 | 9,607 | 408 | 67 | 20 | 13 | 95 | 5 |
| 1978 | 8,074 | 819 | 48 | 38 | 9 | 95 | 5 |
| 1979 | 7,588 | 626 | 45 | 40 | 11 | 96 | 4 |
| 1984 | 5,192 | 1,767 | 64 | 22 | 11 | 97 | 3 |
| 1985 | 4,625 | 1,663 | 60 | 22 | 15 | 97 | 3 |

*Source: Forest & Percentage Wildlife Service 1971–1986*

** mainly Douglas fir and larch with an average 2% for Norway spruce in the 1980s*

# Investment website 'first for Irish forestry'

MEP Sean Kelly has launched a new website – foresttomarket.ie – which will serve as a platform for investors to source forestry and land suitable for forestry for sale by auctioneers across the country.

The move is a first for forestry in Ireland and follows a report by the Society of Chartered Surveyors Ireland which found the average price per hectare for forestry land was €9,838 in 2015, an increase of 5 % over 2014.

The website has been developed by Forestry Services (FSL) and will provide a platform for auctioneers to advertise property assets; investors to source assets; mailshots to all auctioneers and investors registered on the site of properties uploaded to the site; and updates on current forestry matters.

FSL will manage the site and provide services to auctioneers such as preparing for sale land suitable for forestry and existing plantations, advice on stamp duty calculations and CGT implications on sale of forests.

# Ireland faces increasing shortfall

by Stuart Goodall

Speaking at Ireland's National Forestry Conference on 1 July 2016 near Dublin, I was struck once again by how the UK and Irish forestry sectors often face similar issues.

The theme of the event was 'Wood Mobilisation' prompted by the recently released all-Ireland timber forecast. That report, when set against the all-Ireland roundwood demand forecast of 2011, appears to show a potential shortfall in supply of approximately 2m $m^3$ by 2020, half in sawlog and half in energy wood.

As can be seen from figure 1, wood supply is set to increase from 3.8m $m^3$ at present to 4.7m $m^3$ by 2020 and 6.5m $m^3$ by 2028, with the growth coming from private sector forests in the Republic.

The private forestry resource is viewed as less likely to come to market than that from Coillte (red) or the Northern Ireland Forest Service (blue). It is made up of over 17,000 owners with an average forest size of 10ha, leading to issues of scale and accessibility.

Forecast demand in 2020 is 6.3m $m^3$ made up of conventional demand of 3.6m $m^3$ and 2.7m $m^3$ for biomass – the latter significantly up from 2016 (fig 2).

Unlike the UK where wood processing investment has generally tracked the increase in timber availability, in the Republic a great deal of investment was made in anticipation of forecast supply that proved to be an over-estimation. As a consequence, Irish mills have had to rely on imports from west-coast Scotland and Northern Ireland, and there are initiatives to mobilise timber from the private sector. There is also a legacy of reduced confidence in official forecasts.

The Irish wood processing industry is very reliant on the UK for its market, where it competes head-on with UK producers. Irish mills produce a similar type and quality of products to UK mills. Therefore, the UK slow-down in house-building after 2008 delivered a double-whammy to Irish mills alongside the collapse in new housing there.

Ireland exports around 70 % of its sawn timber and virtually all its panel board production. Trading in the UK, they operate in a challenging market, especially as the continued slowdown in China and difficulties in middle-east/North African markets have encouraged major European and international timber suppliers to pay greater attention to the UK.

## Political backing

On the plus side, the sector has typically enjoyed strong political support. The new Minister of State with responsibility for forestry, Andrew Doyle set the tone for the conference when he outlined the importance of a strong planting programme to supply the Irish sawmilling and timber processing industry, but emphasised the need to optimise the existing forest resource.

"We must also maximise the volume of raw material that is harvested from our forests, not just roundwood for our processers, but also the less traditional assortments for our growing renewable energy sector," he said. "The forest machine operator training course and the proposed establishment of forest certification groups, will both contribute to the mobilisation of timber and meeting demand for certified timber."

Interestingly the Minister has two sons studying forestry at university.

Speakers at the conference identified continuity of supply as being paramount at each stage of the supply chain and Coillte, along with its sawmill customers, has agreed on a new timber sales system based on annual contracts. The Irish Timber Growers Association has initiated a *Wood Price Quarterly* initiative which has the potential to be developed into a comprehensive collective timber sales system.

The Republic has enjoyed considerable expansion in its forest resource, but there is still a time-lag before that becomes available and a big question mark will likely remain over how the many small woodlands will be harvested. My guess is that our friends across the Irish Sea will tackle that particular challenge in the same energetic and determined way they have dealt with so much in recent years.

**Fig 1** Supply forecast

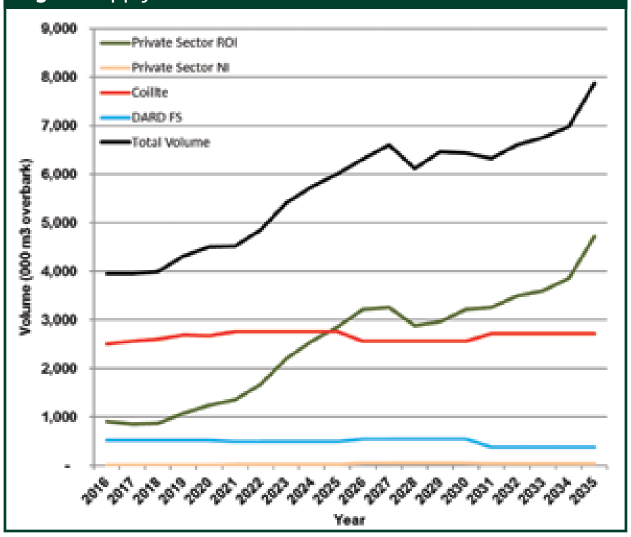
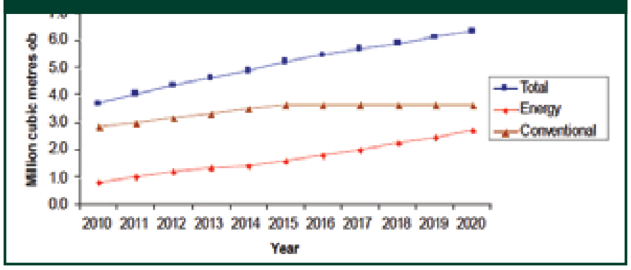



**Fig 2** Roundwood demand island of Ireland 2010-2020




Harvested logs in Co Wicklow