

Timber forecasting - making sense of the numbers



Andrew Heald, Confor Technical Director, looks at the threats and opportunities in timber supply

Earlier this month I spoke at the TIMCON (Timber Packaging and Pallet Confederation) annual meeting in Manchester. The theme of the meeting was wood availability as the industry enters “uncharted territory.”

TIMCON has warned that shortages in the supply of small logs have reached an unprecedented level due to ongoing combination of high global demand and supply scarcities. I was speaking at the meeting to update TIMCON members about the work that Confor has been doing on timber availability.

Confor has been highlighting rising timber prices for several months now, and in February, I coordinated a meeting in Edinburgh with key stakeholders across the industry, with the Forestry Commission, Forest Enterprise and the Scottish Government’s Cabinet Secretary for Rural Affairs Fergus Ewing.

A more detailed review of the current timber market is contained in the regular market reports in this (and previous) magazines – see p33.

The meeting in February was held under “Chatham House” rules which means that none of the comments made are attributable to an individual or organisation but a number of key issues have been identified. These issues were taken forward into an action plan which I am leading on together with representatives from Forestry Commission Scotland.

Domestic timber – supply and availability
There are three key areas which were identified at the meeting in February:

Harvesting constraints from Long Term Forest Design Plans

Declining supply from the National Forest Estates

Data on timber forecasting, timber usage and prices

A key concern from forest managers, is the issue of “adjacency” when planning harvesting coupes. The UKFS requirement is that even-aged plantations are restructured over time, however, one of the UKFS guidelines associated with this requirement states that young crops should reach two metres tall before adjacent areas are felled. In some cases we are hearing that this guideline is being interpreted as a strict requirement, and is impacting the volume of

timber being brought to market. Confor’s Scotland Manager Jamie Farquhar will be at the Customer Reps group meeting later this month and will try to reach clarity on this issue.

Timber being diverted into biomass is another challenge. What is clear from the current statistics is that it is probably being under recorded. The stated figures is 1.6 million tonnes, however this is broadly similar to the figure that is reported by the larger biomass users under the Renewables Obligation scheme. There appears to be an under recording of biomass being used by larger RHI type customers for example, schools, care homes and hospitals.

One of the main action areas from the February meeting in Edinburgh, was a proposal to investigate how we can gather, interpret and publish more up-to-date UK wide information on timber and biomass markets in general, and price and availability in particular. There have been suggestions that this should be published on a quarterly or even monthly basis. Confor is working with a number of key industry stakeholders to move this project forwards.

Traditionally, the National Forest Estate has always supplied the majority of the timber reaching the UK market, however this percentage is declining and is now approximately 47% across the UK as a whole in 2016, and had been down to 42.5% in 2014 during the last peak in private sector harvesting. This difference is more pronounced in Scotland, with a larger proportion of privately managed commercial forests.

The National Forest Estates in each country are managed for a wider range of priorities than simply timber production. The age structure of these forests, means that they started restructuring and diversifying much earlier than some of the private sec-



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We are now in uncharted territories for standing timber prices and whilst it is a golden opportunity for the growers, it is definitely not sustainable in the long-term

OLIVER COMBE, TIMBER AUCTIONS



Theoretically available v. actually harvested softwood 2013-2016



PUBLIC FOREST ESTATE | 83% HARVESTED



PRIVATE SECTOR | 74% HARVESTED

When we consider the current market situation, it is worth reviewing the Forestry Commission's forecast overview of timber availability, which was published in 2014 by the National Forest Inventory team. What is clear is that we are harvesting less timber than is 'theoretically available', the key issue is why? Some of the theoretically available timber might be too difficult to harvest due to steep ground and/or poor quality access. What requires further investigation is whether the additional 'available' timber that isn't currently being harvested will remain standing and be available at some point in the future, or whether it should actually be removed from these long-term forecasts.

WHY AREN'T WE HARVESTING ALL THE AVAILABLE TIMBER?



REGULATION?



SPECULATION?



TOO STEEP?



TOO SMALL?



TOO DIFFICULT?



TOO REMOTE?

Data taken from FC 50 Year Timber Production Forecast, and Forestry Facts and Figures 2017 and is an average for years 2013-2016. We have assumed that 1m³ of softwood weighs 850kg.

tor forests, and their restocking proposals will see them become more diverse in terms of age structure and species.

The UK private sector is destined to become more influential in the coming decades, and the traditional Forestry Commission role of providing a "strategic reserve of timber" will gradually diminish. As a result, 'market forces' are likely to becoming an increasing feature of UK timber prices with growers and managers aware of the timber market and perhaps trying to adjust their harvest accordingly. The other elephant in the room is the steep decline in new planting in woodland creation after the Lawson Budget of 1988, now almost one rotation of Sitka ago. We have a rising demand for timber and other forest products, and finite supply of available material to harvest.

Conclusion

The UK has a thriving and dynamic forestry sector worth £2bn to the economy and employing 45,000 people. That growth has been dependent on an in-

creasing availability of softwood timber, and a general stability in the market provided by timber supplies from the National Forest Estate. If we want our industry to grow then we need a better continuity of supply than we've seen over the last 12 months. However it also shouldn't be forgotten that the current high timber process are a great opportunity to encourage more new planting.

The best time to plant a tree is often said to be 20 years ago, the second best time is most definitely now.

FTN WEB RESOURCES



50-year forecast of softwood timber availability

infographic to download

Confor *The Missing Millions* report

www.confor.org.uk/ftnweb