

Building partnerships on integrity and trust

DSHwood is an international wood trading company, trading in both hardwood and softwood logs and all main wood products. **Stef Kaiser** spoke to Wales-based Iwan Lloyd-Williams, Director at DSHwood UK.

DSHwood UK is a subsidiary of multinational DSHwood and has been operating in Scotland since 2011 at a comparatively small scale. In the summer of 2020, DSHwood appointed Gavin Brown to head up the expansion of the company's operations throughout the UK and Iwan was subsequently appointed to lead operations in Wales and England.

Bred and trained in Wales, Iwan lives with his family in Llandrillo in North Wales. He has been involved in forestry for over 20 years, having worked for Tilhill for 15 years, followed by a short appointment as Head of Purchasing at Clifford Jones Timber. He is a well-known figure in the Welsh industry and holds the role of Vice Chairman of Confor Wales. He is also the Assistant Honorary Director of the forestry section at the Royal Welsh Show.

DSHwood UK Ltd is, "unashamedly", as Iwan says, a wood trading business. It does not have its own processing plants, but instead chooses to work in partnership with carefully chosen and trusted harvesting and processing businesses.

In the UK, its focus lies on purchasing standing timber, although the company is receptive to opportunities for buying or trading coniferous or broadleaved timber either at roadside or delivered.

DSHwood UK's vision is to grow the business quickly to provide a fully national service offering forest owners a truly independent timber marketing option in order to achieve best value for the timber grower. Iwan highlights the importance of developing strong partnerships and relationships and believes this can be achieved by a brand based on integrity and trust – a business that "delivers what it says on the package".

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QA

Does DSHwood UK operate differently from the European company model?

Yes, it does. In the UK, we are mainly a standing timber merchant purchasing on a tonnage basis either standing or at roadside, whereas in Denmark and Germany we mainly buy roadside logs. In France, we buy parcels both standing and roadside at auction, similar to what we do in the UK; the purchaser then pays a lump-sum price and is responsible for volumes and quality assessment

How has the 2020 lockdowns affected global (mainly European) timber markets?

At the beginning of last year, the overseas export market was severely affected in direct continuation of Chinese New Year in February 2020. The main part of all sales contracts was cancelled, which led to a harvesting stop in hardwood all over Europe. In March, the export market came back, but now Europe was in lockdown and European buyers hesitated to place orders. Overall, this led to a weak market for hardwood in the first half of 2020. During the summer, we faced a high demand for hardwood in both Europe and the Far East. This demand has continued through the second half of 2020.

The softwood market in Europe was less affected by the lockdown. This was mainly due to a huge oversupply of beetle-damaged logs from Central Europe, as diseased wood had to be harvested independently of market demand.

How are UK markets responding?

In our country, we have seen prices for logs continuing to strengthen and all indicators seem to show that this trend will continue until at least the end of summer 2021, mainly because of a lack of sawn



timber available from Europe and Scandinavia, as it gets diverted to the US.

Small roundwood (SRW) markets were oversupplied in 2020 during lockdown but have since recovered production, albeit with a significant backlog in the supply chain. SRW prices have a significant price gap as opposed to sawlogs. Two or three years ago, the price gap for SRW vs Sawlogs was in the region of £10/t but is now up to as much as £40 - £50/t for competitive purchasing.

Has DSHwood been significantly impacted by the Covid-19 pandemic?

Like many businesses, DSHwood was affected by reduced demand during the initial lockdown in March 2020 as the construction sector shut down across the UK and mills closed or slowed production. Since the industry re-started, demand has been incredibly strong and has allowed us to purchase some meaningful volume.



Did your business have to make any significant changes to operations due to the pandemic?

Usually, all our hardwood inspections within Europe would be undertaken by meeting the supplier in the forest and agree on grading. In 2020, however, most DSH country branches would conduct hardwood gradings without engaging the supplier on site. In the UK, the situation was different, as we are adopting and developing COVID Risk Assessments to allow the continuation of operations across our sites.



The tariff-free Brexit can be positive for the UK timber industry.

How do you foresee UK timber markets reacting to Brexit?

It has been immensely pleasing that the UK has exited Europe

without trade tariffs; this will invigorate the domestic timber industry economy and prevent the UK market from becoming too insular.

The domestic wood processing markets will have to remain competitive in the wider international arena, which is directly beneficial for the forest owner, and ultimately will benefit a healthy and more sustainable / stable forest industry in the UK.

Over the next few years, I think we will see an increase in demand for homegrown timber from across the UK.

Strong prices, lack of trade tariffs and good demand can create a healthy industry. It is pleasing to see the volumes being brought to market by growers and their agents as they seek to maximise financial returns. I do worry, however, that the private sector might largely withdraw from placing timber on the market if/ when the prices go back down, potentially starving a falling market.

Customs paperwork could be a barrier for import/export of timber as this has certainly become more onerous.

Being a multinational company, how will your business be impacted by Brexit?

We continually see political conflicts showing up all over the world. This always causes panic and difficulties in the current business. But usually, after a short while the raw material finds another way to meet the end user request if there is an ongoing demand.

I do not see any significant impact caused to DSHwood by the terms of the Brexit deal. At least now we have some more certainty that trade tariffs are not going to be applied. It is now more a matter of currency, and how the strength of the pound is managed.

In the future, being outside of the European Union Europe will now us to be more reactive to wider international opportunities should they arise.