Timber Trade Federation

The UK Timber Industry

Statistical Review 2007

Industry Facts & Figures

for the year 2007

Inside:

Industry values, volumes and share by product type.

UK production, imports and exports.

The contribution of the timber industry to the UK economy.

It is a fact, that:

- At a monetary value of £3.3 billion the UK timber industry is larger than many people think.
- Over 70% of timber and panel products used in the UK are certified as coming from legal and sustainable sources.
- Volume consumption of timber and panel products grew by 7% in 2007.

A Challenging Time for the UK Timber Industry

The year 2007 witnessed much change for the UK timber industry. The extent and the timing of these changes was not consistent across the industry however. Significant changes took place in the supply of softwood in the first six months of 2007 as historically high levels of imports were followed by sharply lower volumes in the second half of the year. The higher first half activity was sufficient to realise growth over 2006 however. Less volatility occurred in the supply of panel products with a generally higher level of imports and UK domestic production throughout 2007, resulting in improved consumption over 2006. Record volumes of plywood were imported in 2007 and MDF and particleboard volumes were also higher than in 2006. Whilst a re-balancing of supply and demand was taking place, prices of imported and UK produced timber and panel products rose sharply and mirrored the trend of rapidly rising prices in many other global raw material and energy related markets.

Volumes of many of the products featured in this review were higher in 2007 with values substantially higher than in 2006.

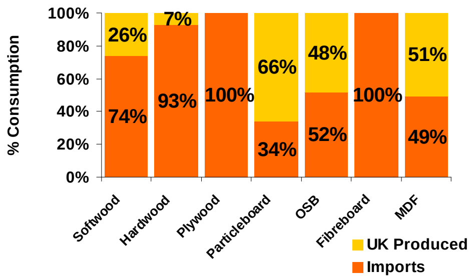
In summary, 2007 was a year of transition, recovering from some supply difficulties experienced in 2006 whilst adapting to an unprecedented combination of cost and pricing pressures at a time when demand began to weaken in some key markets.

- A truly challenging time.

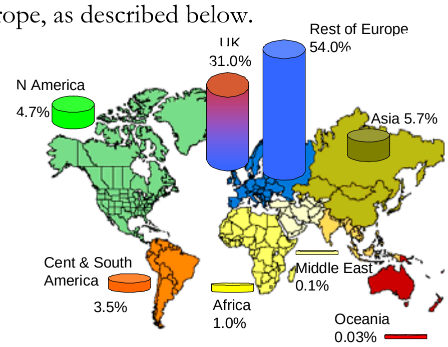
Timber in the UK - Source of Supply

Approximately three-quarters of softwood and the great majority of hardwood consumed by **volume** in the UK is imported. All volumes of plywood and non-MDF fibreboards are imported. UK production enjoys a higher share of panel products consumed with a significant presence in the supply of MDF, OSB and other particleboards. In total, imports accounted for 67% of all volume consumed. The proportions of UK produced and imported supply by product are shown in the chart below.

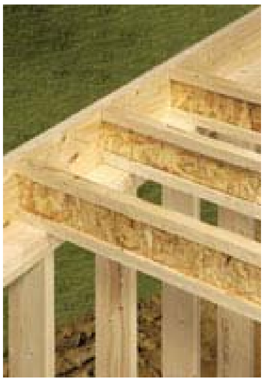
UK Timber Consumption 2007, by Product and by Source



The **value** of all timber and panel products consumed in the UK by supplying region of the world also underwent much change in 2007. The share of value of UK produced goods consumed rose in 2007 to 31% (29.3% in 2006) as the share from Europe and Asia fell slightly. Competitively priced European softwoods and cheaper panel products from Asia acted to slow the growth in the value of imports to the UK. The share of import value from north America rose in 2007, but the majority (85%) of all value consumed was sourced from the UK and Europe, as described below.



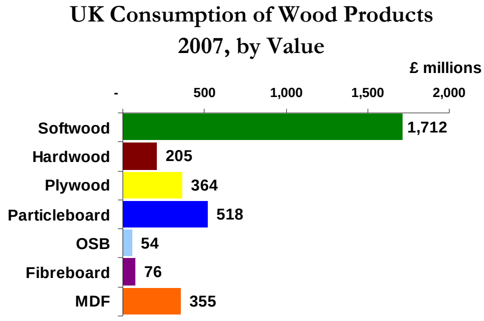
Timber and Panel Products - values



Prices of timber and panels increased sharply during 2007, raising the value of these products consumed at the primary point of entry to the supply chain in the UK to nearly £3.3 billion, up from a total of £2.6 billion in 2006.

Timber and panel products are represented by softwoods and hardwoods (solid wood), and panel products, such as particleboards, oriented strand board (OSB), plywood, medium density fibreboard (MDF) and other fibreboards. Having multiple uses in a wide variety of markets, these products are often indispensable constituents in the building of homes; are used in furniture making; provide cost-effective solutions for the packaging and transporting of goods and also used for fencing, decking, outdoor buildings and many other constructions in gardens, parks and in a variety of community areas.

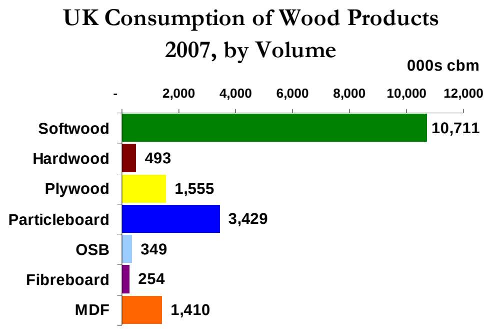
Wood-based materials are truly ubiquitous.



The versatility of timber - from finely engineered building structures to simple kitchen utensils

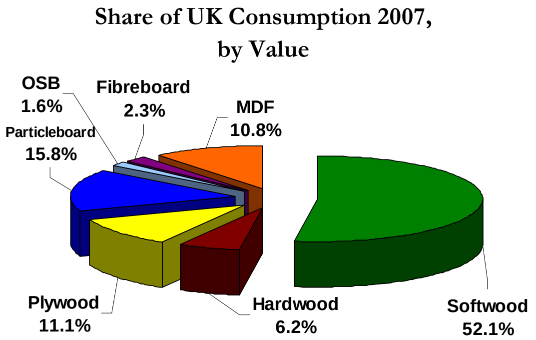
Timber and Panel Products - volumes

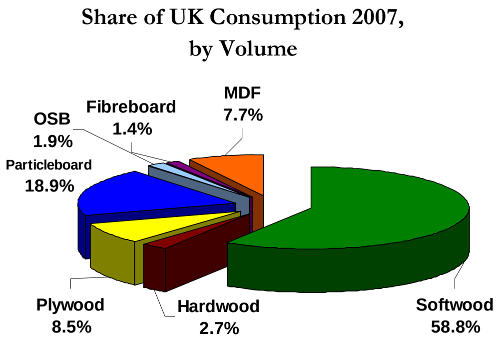
The volume of timber and panels traded in the UK in 2007 increased to 18.2 million m³, from a revised total of 17.0 million m³ in 2006. Consumption of solid timbers (softwood and hardwood) rose to 11.2 million m³ in 2007 from 10.4 million m³ and the total for all panel products combined reached 7.0 million m³ compared to 6.6 million m³ in 2006. Volumes consumed are those produced by UK based saw mills and panel manufacturers (deducting exports) and from a large selection of overseas suppliers. The volume of the main wood-based products consumed in 2007 is given below.



Share of Value & Volume, by Product

Modern building methods increasingly use time-saving and high quality wood-based products





UK Production

The combined growth in production of 4.5% by sawmillers and panel producers in the UK in 2007 raised the volume of UK production to 6.7 million m^3 from 6.4 million m^3 in 2006.

Production of softwood reached a level of over 3 million m^3 - for the first time. Total volume increased by 240,000m^3, representing an 8.4% uplift over 2006. The expansion of sawmilling capacity and higher output enabled UK producers to supply 26% of the total of all softwood consumed in the UK in 2007.

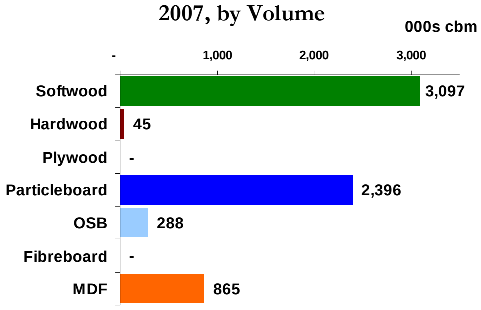
Production of hardwood in the UK has fallen from around 100,000m^3 in 2000 to stand at 45,000m^3 in 2007.

Production of particleboard and OSB in 2007 remained at levels similar to 2006, but with a reduction in exports, domestic particleboard consumption rose by 2% and OSB by 28%. The volume of UK produced MDF was also at similar levels to 2006.

The UK does not produce plywood or certain types of fibreboard, such as hardboard.

UK produced consumption in 2007 accounted for 33% of all timber and panels consumed.

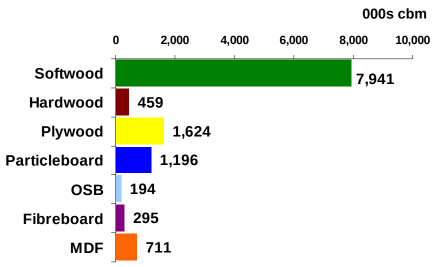
UK Production of Wood Products 2007, by Volume



UK Imports

With the supply of imports more plentiful in 2007, volumes grew once again as demand remained strong, especially in the first half of the year. However, the second half of the year was very different for the import of sawn goods as demand weakened. In contrast, strong demand was maintained throughout for panel products. Overall, softwood imports increased by 7% but hardwood imports declined by 18% in 2007; plywood volumes were higher by 8.5%; particleboard imports grew by 11.5% and MDF imports were up by 13.6% compared to 2006. In total, volumes of imported wood-based products of all types rose to 12.6 million m^3 in 2007; up from the 11.7 million m^3 imported in 2006. Volumes by product are provided below.

UK Imports of Wood Products 2007, by Volume



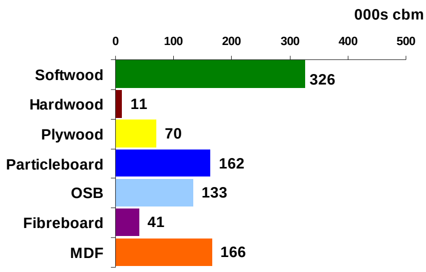
The UK was one of the world's largest importers of wood-based products in 2007 - bringing much benefit to the many wood users and consumers.

Exports from the UK

UK exports and re-exports in 2007 were lower than in 2006, falling below 1 million m^3 to stand at 0.91 million m^3.

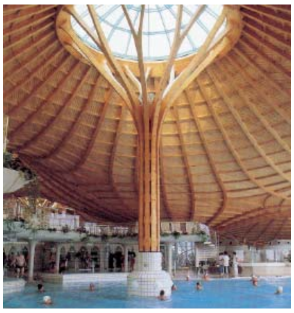
Exports of particleboard were marginally higher in 2007, but all other timber and panel products experienced volume falls. Trade with the Republic of Ireland and exports with near European neighbours formed the majority of UK exports, with small volumes also exported to Africa, Asia and the Americas.

UK Exports of Wood Products 2007, by Volume



The UK exports a wide range of timber and panel products to many countries.

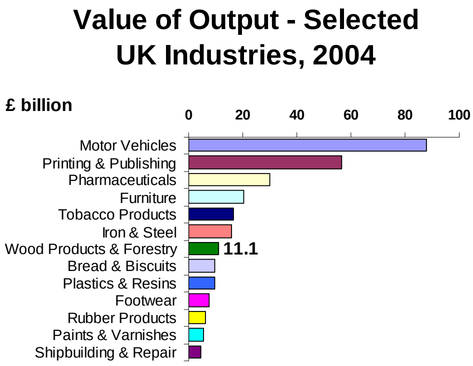
Wood is among the leading industries in the UK



The large scale of the UK timber industry is not always understood or appreciated by those not familiar with the industry.

The measurement of the timber industry in this review for 2007 has been made at the point of entry to the supply chain; where solid timber and panel products are supplied by sawmills, panel manufacturers and importers. These goods are then sold onto the many processing, distribution and manufacturing activities that comprise the timber industry supply chain. The value of UK production and imports, as shown above was £3.3 billion in 2007. The value added to this total by the multitude of timber manufacturing and further processing activities raises substantially the value of wood products - broadly equivalent to manufacturers' selling prices (msp).

In 2004, the latest year for which official figures are available for measuring the relative sizes of industries in the UK, the output of the wood-based products industry (at msp) was valued at £11.1 billion. The chart opposite shows the output values from a selection of some of the UK's leading industries. A full listing places wood and forestry in the top half (42nd) from a total of 100 industries in the UK. More up-to-date information was not available from the Office for National Statistics at time of writing. An estimate of the value of the output of wood products and forestry for 2007 can be made however. The value of the industry at the primary point of entry to the supply chain in 2004 (before added value manufacturing and processing) totalled £2.5 billion, which indicates that the value of the output (at msp) of wood products and forestry in 2007 was in the region of £14.5 billion.



Timber in the UK - Bringing Multiple Benefits

The timber industry in the UK is rising to the challenge set by the many competing influences in today's world. The industry is meeting the challenge of supplying wood-based products that provide real commercial benefit to builders, furniture makers, pallets and packaging manufacturers and a wide variety of firms making products for the home, garden and many other outdoor uses.

Importantly, the sustainable and renewable nature of most wood-based products and the efficiency of timber processing provides many industrial and domestic consumers with the opportunity to reduce their carbon 'footprint' and so exercise sound environmental practises in their own operations. The great majority of wood-based products in the UK are now also certified - as coming from legal and responsible sources. This presents specifiers, buyers and users with the confidence that they are dealing with an ethical industry intent on protecting its precious natural resource. Many countries that supply the UK have planting programmes in place that are adding to the number of trees grown each year - at a faster rate than timber harvesting. The greatest challenge for the UK timber industry today is to maintain its rare ability - compared to many other industries - of offering an unparalleled combination of commercial, social and environmental benefits.

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This review of the timber industry is designed to provide a summary of the main facts and figures, but also to demonstrate that the many and varied activities that comprise the timber industry make it one of real significance to life in the UK

Sources: TTF – Timber Trade Federation; EPF – European Panels Federation; FC – Forestry Commission; WPIF – Wood Panels Industries Federation; *timbertrends* – independent analyst; ONS – Office for National Statistics

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Produced for the Timber Trade Federation by *timbertrends.*