

# Climate Change: opportunities and challenges for business

Doug Wentworth  
Managing Director  
Taylormade Timber Products Ltd

# Business is important

- The scale and importance of England's forestry and wood-using businesses is often under-estimated
- With the challenge of climate change that importance will increase
- One of the few sectors that can help deliver a true low-carbon economy – the challenge for the 21<sup>st</sup> C

# Economic contribution

- In England:
  - Gross value added of over £5 billion
  - Direct employment of 135,000
- North East has successful, growing businesses:
  - Taylormade – recent investment of £10m
  - Egger – recent investment of over £100m
  - A&J Scott – modernisation in 2007

# Modern and sustainable

- Growing a real commodity not a virtual one
- Manufacturing and proud of it – modern mills
- Our businesses don't require nationalisation
- Credible assurances of sustainability:
  - forests have FSC certification – international 'Gold standard' recognised by WWF and Friends of the Earth – far higher than other land-use standards
  - mills have FSC chain of custody – meets public procurement requirements
- **A sector England should be proud of**

# Significant potential

- In 2007 the UK imported £6.8 billion of wood products
- Including 8.4 million m<sup>3</sup> of sawn timber – UK production was 3.1 million m<sup>3</sup>
- Businesses have successfully displaced imports as the supply of home-grown wood has grown
- **What is the cost to UK plc and our carbon balance of these imports?**

# A low carbon North East?

- Has highest carbon emissions per resident of any region – 3.9 tonnes
- GVA per head has gradually declined relative to the national average – £4,000 lower
- Labour productivity growing more slowly than other regions - £3,200 lower
- Population has declined with migration to other regions
- **How do we develop a low carbon economy?**

# Seize the opportunity

- Forestry removes carbon, while agriculture accounts for 5.3% of England's GHG emissions
- The North East has a well developed forestry and wood-processing industry
- The largest producer of wood of English regions
- Productive forestry makes the greatest contribution to climate change mitigation

# Invest in forestry

- Wood supply will peak in next 5-6 years and then decline
- Productive forests are being lost and not replaced
- Low carbon businesses are being threatened not supported
- **We should undertake a significant programme of new planting of well designed, multi-purpose productive forests**

# Not just in the forest

- In 2000 estimated that 90 Mtc stored in wood products in the UK - growing at 0.44 Mtc/yr
- Material substitution provides an additional and significant carbon benefit - nearly 1 tonne of CO<sub>2</sub> for every cubic metre of wood used
- Wood can be recycled for much less energy
- At end of life wood can generate renewable energy
- In other countries the use of wood is actively encouraged

# Promote the use of wood

- Local woodland owners and millers produce a range of products for construction, fencing, pallets and packaging, etc
- Primarily softwood – it's where the market is
- All have a positive carbon profile against competing products
- **Local and central Government should support and promote the use of wood**

# Challenges for the sector

- New Climate Change Minister has set target of an 80% reduction by 2050
- Every sector will be challenged by Government action to meet GHG targets resulting in outcome such as:
  - Rising energy costs
  - Rising costs of fuel
  - Legislation to reduce energy use

# Support businesses

- Important to support low carbon businesses
- Work with sector to reduce timber transport costs and timber miles
- Facilitate woodland management funded by timber sales – tackle bureaucracy
- Ensure energy reduction measures do not undermine low carbon businesses in the sector

# Conclusion

- North East forestry and wood-using businesses are well-placed to grow and to tackle carbon
- That potential is in danger of being lost
- We need to:
  - Plant more productive forests
  - Support the use of wood, not just in bioenergy
  - Support businesses that provide the holy grail of developing a low carbon economy