Measuring Timber Certification

INDUSTRY SECTOR: UK SAWMILLING

FEBRUARY, 2007

A PERIOD OF RAPID PROGRESS FOR UK SAWMILLING

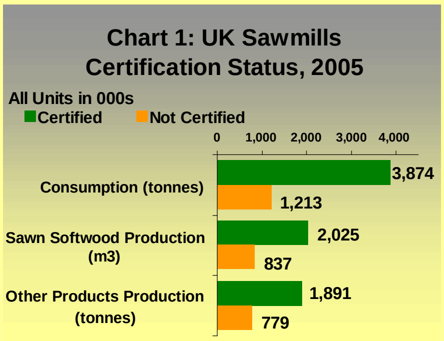
As a major consumer of timber from UK forests and a major supplier of sawn timber and other products to the wood supply chain, sawmillers play a pivotal role in the timber industry in the United Kingdom.

In common with many other industries, the need to demonstrate responsible and ethical forestry and timber processing practices has become increasingly important for sawmillers in the UK. Evidence of such practice is provided by sawmillers in the quantification of purchases of timber that derive from sources that comply with the United Kingdom Woodland Assurance Standard (UKWAS). This standard has been designed for use in the certification of UK woodlands and forests by independent certification bodies enabling the verification of sustainable forest management practices.

This formal certification demonstrates that timber purchases, from suppliers conforming to the UK Woodland Assurance Standard, are from well-managed and certified forests.

It is equally important to note that uncertified material derives from forests managed in *accordance with comprehensive Government standards* and is therefore from sustainable and well-managed sources where sound and long established forest management practices not only help local economies, but also ensure that forests are being constantly maintained and renewed.

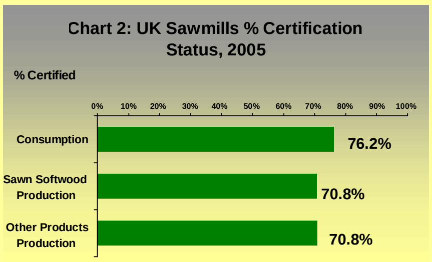
Around 5 million tonnes of **UK grown** softwood roundwood were consumed by UK sawmills in 2005. Chart 1 identifies that *3.87 million tonnes, or 76.2% of sawmill purchases from UK forests met the requirements of the UK Woodland Assurance Standard and were certified as FSC,* confirming findings of the Forestry Commission's "UK Timber Statistics" which recorded 76.1% certified, including imports.



Production of sawn softwood from UK sawmills in 2005 amounted to 2.86 million m^3 of which, *just over 2 million m^3 or 70.8% of the total was certified.*

Production of other sawmill products, such as wood chips, bark and sawdust was estimated to be 2.67 million tonnes in 2005 with *just under 2 million tonnes or 70.8% certified.*

All certified production from UK sawmills was certified under the FSC scheme in 2005.



This report is concerned solely with:

the sawmilling sector of the UK timber industry.

The measurement criteria used in this sector report are: **green tonnes** for the consumption of UK grown forest products by saw mills, and **cubic metres** for the production and sales of sawn softwood, and **tonnes** for production and sales of other (than sawn) products.

The measurement of consumption is made at both the point of entry to the mill (purchases in tonnes) and the measurement of production and sales is at the point of exit from the mill (sales in cubic metres and tonnes) for onward sale to the supply chain.

Reporting on the certification status of sawn hardwood was not possible in this report because of insufficient response to the survey.

Main purpose of this initial study to 'measure certified timber'

► To estimate the quantity of certified timber available for sale in the UK from recognised certification schemes.

Photograph: Courtesy of BSW Timber plc.

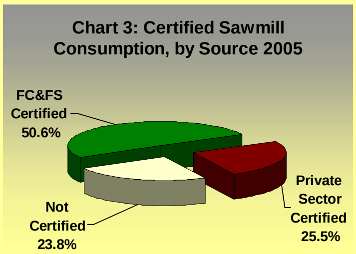
Further content of this report includes:
1. The certification status of softwood consumption, sawn softwood and other sawmill products production;
2. The development of certification;
3. The demand for certified products.;
4. Conclusions drawn and pointers to the future.

Availability of Certified Products

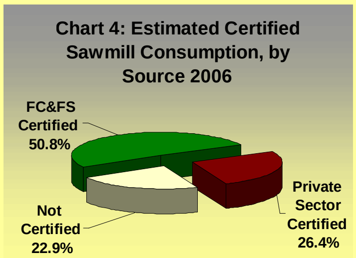
Certified Softwood Roundwood Consumption

In 2005, sawmillers in the UK consumed 5.09 million tonnes of timber sourced from UK forests. A little was imported, but this report is concerned solely with the supply of material from the UK. All material emanating from public forests, as managed by the Forestry Commission of Great Britain and the Forest Service of Northern Ireland (FC & FS), is certified and, with estimates from the research conducted for this report revealing that the volume delivered from public forests was 2.58 million tonnes, the basis for calculating the proportion of certified timber consumed by sawmills was provided. The remaining 2.51 million tonnes consumed by sawmills in 2005 were sourced from private sector woodlands.

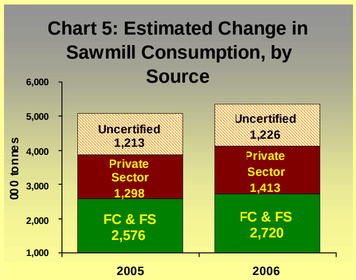
The research conducted for this report captured 58% of all timber purchases by sawmillers in the UK in 2005, however, the number of firms responding was very small. Consequently, care should be taken in interpreting the results from this research and the information supplied should be treated as indicative. Within the small sample however was a good mix of large and small companies and it was possible to note the differences in consumption patterns between the two types. Through this breakdown, it was also possible to identify the consumption characteristics of the two size types by their purchases of timber from private woodlands and public forests. As described on the first page of this report, it is estimated that in 2005, 76.2% of sawmill consumption was certified and the breakdown between private and public sector consumption is shown in chart 3.



The likely development of certification by source of supply in 2006 was also determined through this certification study. By applying the results of the survey across all UK sawmills for 2006, it is estimated that the proportion of sawmill output that is likely to be certified will rise marginally to a level of 77.1% of the total. However there is a shift in the proportions by source, with the growth of private sector certified roundwood predicted to increase its share of total sawmill consumption in 2006 to 26.4%, from 25.5% in 2005. The proportion of certified consumption from public forests is estimated to rise marginally in 2006, to stand at 50.8% while the proportion of uncertified consumption is predicted to slightly fall.

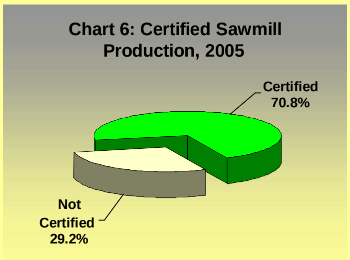


Not all private growers have certified timber for sale, consequently, an increasing proportion of raw material from this source will have the effect of 'dampening' the development of certified consumption. The estimate for 2006 indicates that the growth in the consumption of certified softwood from private woodlands is likely to be higher than consumption from the public estate and substantially higher than the (small) growth in the volume of uncertified material (from the private sector). The overall small increase in the certified proportion in 2006 to 77.1% is brought about by an increase in FC & FS supply (all certified) of 5.6% and an increase in certified private sector supply of 8.9%. However, there is also a small rise predicted in non-certified private sector supply of 1.1%, resulting in the marginally higher proportion of certified consumption in 2006. These estimated changes in consumption for 2006 by source are shown in chart 5. The growth - all sources combined - for 2006 compared to 2005 is 5.4%.

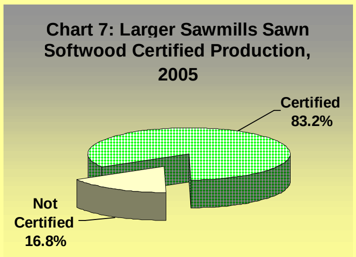


Certified Sawn Softwood Production

Although a small number of sawmillers responded to the certification survey, the survey captured 53% of total sawn production. The proportion of this production that was certified amounted to 72.5%, which is fairly close to the figure (70.8%) appearing in the Forestry Commission's "UK Timber Statistics". For the purposes of this study, the volumes identified in the (more comprehensive) Forestry Commission publication are used to quantify the incidence of certification. The certification study similarly confirmed the differences in availability of certified goods by size of mill. The incidence of certification is greater with the larger sawmills (annual production of 25,000m³ and over) and this is shown in chart 7. Production of certified sawn softwood from larger mills in 2005 amounted to 1,876,000m³ from a total of 2,256,000m³, which represents 83.2% of the production of this group of sawmills. In contrast, certified production among other sawmills (producing less than 25,000m³) is almost a mirror image, as shown in chart 8 (overleaf).

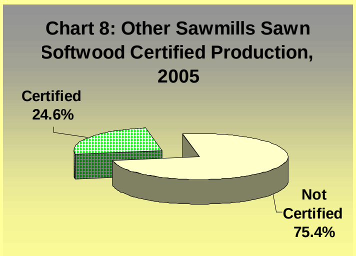


70.8% of sawn softwood production is certified.

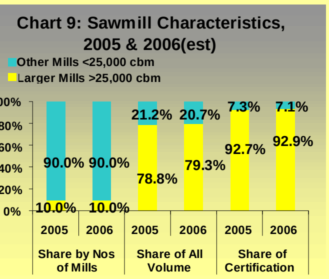


Projected Certified Sawn Softwood Production, 2006

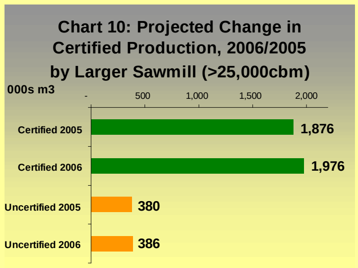
The total number of sawmills included in the larger category producing over 25,000m³ in 2005 was 29. The 'other' 199 (smaller) sawmills accounted for the remainder of production for that year, which totalled a volume of 605,000m³. Of this production from the other (smaller) mills, it is estimated that 149,000m³ or 24.6% was certified as shown in chart 8.

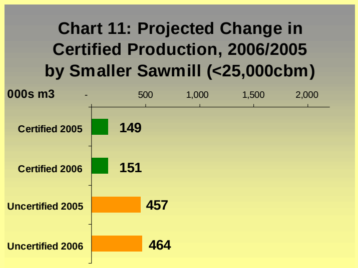


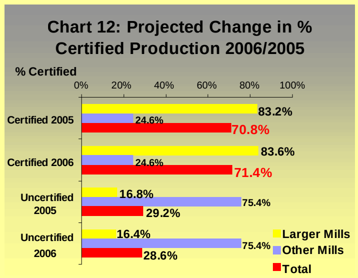
A projection of the likely volume of certified sawn softwood available from UK sawmills in 2006 was constructed from the responses to the research for this study. Using data once again from the Forestry Commission's "UK Timber Statistics" and by applying the changes for 2006 that were projected from response to this study, the relative change in the incidence of certification by size of sawmill was derived. This provided further confirmation of the differences between larger and smaller sawmills in the development of certification. As shown in chart 9, the number of larger mills accounted for 10% of the total number of all mills; 78.8% of all production and 92.7% of all UK produced certified sawn softwood in 2005. Based on estimated increases in consumption from the certification research, total



UK production is projected to rise to 2.98 million m³ in 2006, from 2.86 million m³ in 2005. Higher growth is expected from the larger mills as shown in chart 9. The development in the volume of certified production by size of sawmiller is shown in chart 10 where the growth in certified production by larger mills is predicted to be around 5% (+100,000m³) in 2006. This compares to the increase in certified production by other mills of less than 2%, as shown in chart 11. These estimates assume that the mix of larger and other mills remains broadly the same as in 2005. While there will be little or no change in the proportion of certified sawn softwood from other (smaller) mills, the overall increase in the volume of certified sawn softwood will be driven by the larger sawmills. The net effect of each of these changes will be to raise the level of certified sawn softwood produced by UK sawmills to **71.4%** in 2006, from **70.8%** in 2005.





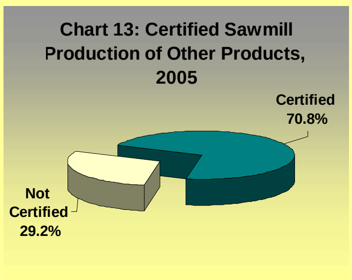


Certified Production of Other Sawmill Products

In addition to sawn timber, many other products are also produced by UK sawmillers. These include chips, bark, sawdust and other products that provide for a very high utilisation of raw material from the forest.

The research conducted for this study posed a question to help determine the extent to which sales of these products were certified. Once again the comprehensive "UK Timber Statistics" conducted by the Forestry Commission has been used alongside the results from the certification research to help quantify the tonnage of materials produced and derive estimates of the extent of certification of these other (than sawn) products. As shown in chart 13, consistent with the proportion of certified sawn timber, a little over 70% of the combined tonnage of the other sawmill products available was certified in 2005.

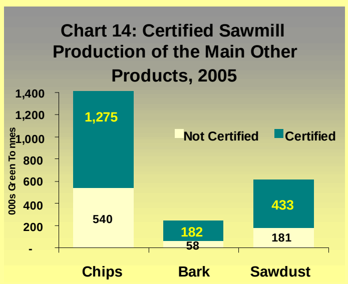
The estimated production of all other sawmill products in 2005 was 2.67 million tonnes of which, wood chips accounted for 68%, or 1.82 million tonnes. The certification research enquired as to the certified proportion of each of these other products and of total wood chip production, it is estimated that 1.28 million tonnes, or 70.3% was certified in 2005. Production of bark was much smaller at 0.24 million tonnes in 2005, of which an estimated 0.18 million tonnes, or 75.8% was certified. This may be a little high and caution is advised due to the small number of respondents to the survey and these estimates may be subject to large errors.



Sawdust production (and similar products) in 2005 amounted to 0.61 million tonnes of which 0.43 million tonnes, or 70.5% was certified. A further small quantity of 'others' (which includes shavings and off-cuts) accounted for 0.05 million tonnes in 2005.

The volumes produced of these remaining products within the category of other sawmill products was too small to make reliable estimates of certification.

The certification status of each of the main other sawmill products in 2005 is shown in chart 15 overleaf.



Certified Production of Other Sawmill Products, contd/-

With a higher total of sawmill production estimated for 2006 (see page 3) increased quantities of other sawmill products will be available in 2006. Consequently, it is estimated that in 2006, over 2.8 million tonnes of other sawmill products will be produced. These greater quantities will, in accordance with the trend in sawnwood production, have been made available from larger mills where a higher proportion of certified material is present. The proportion of certified other sawmill products will be seen to rise in step with the overall increases in production.

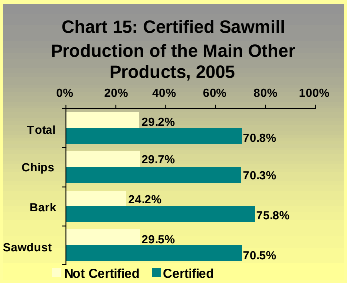


Chart 15: Certified Sawmill Production of the Main Other Products, 2005

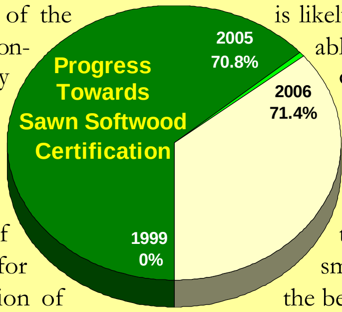
The demand for these other sawmill products has changed over the last two years with panel producers consuming slightly less of these other products (mainly wood chips) and newer uses in new and growing markets beginning to emerge; especially in the bio-energy sector. The continuing development of certification of other sawmill products will depend on the willingness of these new markets to consume the certified production of wood chips, sawdust and other products from UK sawmills. It would appear, in common with the certification of sawn softwood production, the rate of increase in the scale of certification of other sawmill products is expected to develop more slowly, following the period of rapid development to 2005.

Market Demand for Certified Products

As identified in this report, the majority of the supply of sawn timber and other products from UK sawmills is certified, with 70.8% of sawn softwood and the combined total of other products sold as certified. This does not necessarily mean that over 70% of customers demand certified products. Some of the smaller sawmills responding to the study have commented that very rarely do customers 'insist' upon or specifically demand certified products. It is clear that generally, the larger sawmillers have taken the decision to supply the market with certified goods as matter of course and as an added value component of their product offerings. Consequently, customers of many of the larger mills receive certified goods, whether demanded or not. The 'underlying' demand by customers for certified goods is not seen as factor influencing sales, consequently, it has not been possible to measure the extent of 'demand-pull' on sawmills from users through this study.

Conclusions

In a short period between the late 1990s and the benchmark year for this study, 2005, a growing proportion of the sawmilling industry in the UK has embraced the concept of timber certification. By 2005, the industry was able to demonstrate that the majority of sawmill production was certified, in common with the major part of its purchases. However, the rate of development will probably have slowed in 2006 with only a marginal increase in the proportion of certified sawn timber and other sawmill products for sale. Further progress towards a greater proportion of the UK sawmilling industry offering certified products for sale is likely to be difficult to achieve, without considerable incentives for the smaller mills to adopt certification practices. The rate of progress is likely to slow in the absence of evidence of demand (from buyers) or some other form of persuasion. The challenge for the UK sawmilling industry, in common with other timber industry sectors, is how to persuade smaller firms to better appreciate and share in the benefits of certification.



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