Measuring Timber Certification

The UK Timber Industry: All Sector Report

February, 2007

Positive Progress of UK Timber Certification

INTRODUCTION

There is a growing appreciation in the UK of the need to responsibly use our scarce natural resources and develop more sustainable methods of working, especially by industry.

The forestry and timber industry in the UK has long-recognised that as the world's only renewable natural resource, wood products possess unique qualities. This, and the many economic benefits of using of wood and wood-based products, is being increasingly recognised by many people outside of the timber industry too. However, despite strong arguments in favour of wood usage, there is a continuing requirement for suppliers of forest-based products to provide clear proof of sustainable (and legal) ways of working.

This has led to forest owners and managers, contractors, processors and traders taking steps to show independent third-party proof that products have derived from sustainable sources. The ability to trace wood and wood-based products from forest to end-use through a 'chain of custody' has become an important element in the operations of many timber industry companies since the 1990s. Consequently, providing certified timber products is one of the ways the industry is able to demonstrate its sustainable nature.

It is also important to note that uncertified forest-based products are derived from domestic wood harvested in *accordance with comprehensive Government standards* for forest management and imported wood to the UK is often supplied from sustainable and well managed sources where good forest management practices are already in place.

Consequently, the vast majority of wood raw materials and manufactured timber products in the UK are sourced from suppliers that employ responsible and sustainable practices.

BACKGROUND

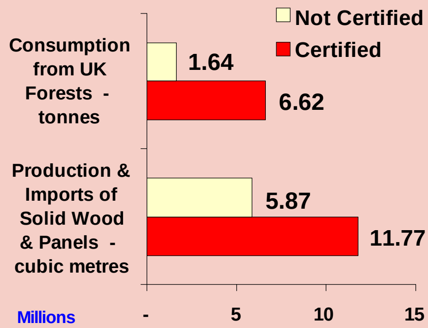
Although the timber industry was confident that an increasing volume of its products sold were certified, the extent of product certification, especially in the import and trading sector, remained unclear.

This certification study was commissioned in 2006 to establish an initial measure of the availability of certified timber at the *primary point of entry to the supply chain,* namely, volume of sawn timber and panel products available from UK production and importation.

Through original research in the importing, sawmilling, panel production and harvesting sectors of the industry and utilising existing information from the Forestry Commission, estimates were made on the extent of timber certification in the UK for the year 2005.

CERTIFICATION IN THE UK

From a total volume of 17.6 million cubic metres of the major timber products produced in the UK and imported in 2005, it is estimated *that around 11.77 million cubic metres, or 66.7% of this total was certified.* From the timber harvesting sector in the UK, it was *also estimated that over 6.62 million green tonnes, or 80.2%,* from a total of 8.26 million green tonnes of softwood roundwood delivered from UK forests was certified.



SCOPE

This report summarises the four individual sector reports:

- timber importing;
- sawmilling;
- panel production;
- timber harvesting,

and using data from other sources quantifies the extent of certification in the UK timber industry.

The measurement criteria used in this summary report are:
green tonnes for the consumption of UK harvested forest products by sawmills, panel producers, pulpmills and other markets; and
tonnes for the production of other (than sawn) products from UK sawmills; and
cubic metres for imports and UK production from sawmills and panel producers.

Reporting on the certification status of sawn hardwood consumption and production 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 and panel products available for sale in the UK from recognised certification schemes.

Further content of this report includes:
1. Certification Challenges, by Sector;
2. An Overview (graphic) of UK Produced & Imported Certified Volumes;
3. Certification by Product & Scheme.;
4. Conclusions drawn and pointers to the future.

Certification Challenges, by Sector

UK Harvesting

The proportion of *certified* softwood roundwood harvested in 2005 was estimated to have reached 80.2%, which consisted of 100% certification in the public sector and a level of 59.0% in the private sector. As more private sector roundwood - and proportionately less public sector roundwood - is harvested, certification will only continue to grow if certified private sector roundwood harvested increases at a faster rate than other sources and/or the area of certified private sector woodland increases. For 2006, estimates made before the close of the year suggested that growth of certification would continue, albeit marginally, (see the separate sector report on Harvesting). Continued growth of certification in the harvesting sector will be a reflection of the success of the UK Woodland Assurance Standard and the various certification schemes to bring smaller privately owned woodlands into the certification fold. The relatively strong and swift development of certification in this sector is as a result of the public estate and the larger private forest owners embracing the concept and its requirements. The ability to increase levels of certified roundwood from UK forests much above the 80% level through measures aimed at smaller private owners is the challenge ahead.

UK Sawmilling

The proportion of *certified* sawn softwood and other sawmill products, such as chips, bark and sawdust from UK sawmills was estimated to be 70.8% of production in 2005. The future development of certified production from UK sawmills, both of sawn goods and the other sawmill products, will be largely dependent upon the further adoption of certification by smaller sawmills. The dynamics of the UK sawmilling industry in recent years has seen an increasing share of total production accounted for by the larger mills (>25,000m^3 pa) and although this is likely to continue, the increase in the level of certified production due to the greater quantities of certified material from the larger mills will only partially conceal the much lower proportion of certified production available from sawmills producing less than 25,000m^3 pa. As is seen in most other timber industry sectors, the ability of the UK sawmilling industry to offer increasing levels of certified production will depend on whether smaller firms can be persuaded of the benefits that certification can bring. In common with the importing sector, an influential factor will be the future demand from users.

UK Panel Production

The small cluster of large companies comprising the UK panel production sector provided 100% of their output as *certified* in 2005. This more easily identifiable **production** volume provides evidence and the confidence for buyers in the furniture, construction and other panel products user markets that all of their purchases made from this source are certified .

A relatively high proportion of the raw materials **consumed** by UK panel producers was also certified, at 72% in 2005. This sector, despite having a diverse selection of raw material inputs to their manufacturing processes, is expected to have increased its proportion of certified raw material consumed to 73.2% of the total in 2006. Panel producers are a major consumer of private sector softwood roundwood and the certified proportion of the total tonnage of this material purchased is expected to have grown to 72.1% in 2006, from 71.1% in 2005. The certified proportion of recycled wood fibre is also expected to be higher in 2006 at 77.9% from 76.5% in 2005. Although certification of each of the main material inputs is growing at a similar rate, the fastest growth in certified raw material consumed by panel producers will probably be the consumption of other sawmill products, such as wood chips and bark, rising to a level of 64.2% from 62.6% in 2005.

Importing & Trading

In 2005, over two-thirds of all wood and wood-based products entering the supply chain for further processing and timber products manufacturing (e.g. timber frame components, truss rafters, windows, flooring) were imported. The extent to which imported products were certified was essential to know in order to measure the overall development of timber certification in the UK. The separate importing and trading sector report reveals that around 56% of solid and panel products imports were certified in 2005. This, according to the companies responding to the research for this report, is likely to have risen to 60% by the end of 2006. Growth of certification is expected in most product groups from 2006 onward, as the demand from timber using markets continues to grow. This demand-pull from users is likely to be of significance in the future development of certification in this sector because, in common with some of the other sectors of the UK timber industry, some of the smaller companies - whilst aware of the environmental issues - still remain unconvinced of the economic benefits of certification.

The Status of UK Timber Industry Certification, 2005

The summary chart, overleaf, provides a 'one-page' view of the status of certification in the UK timber industry in 2005. The top half of the chart identifies the delivered quantity of softwood roundwood (in 000s green tonnes) from UK forests (and other raw material inputs) to the main UK processing industries. Flowing from UK primary processing into the timber supply chain are the quantified totals of UK produced sawn softwood and panel products (000s cubic metres) and the volumes of the main timber imports that enter the supply chain at this point.

Beneath these identified quantities - represented by the thinner purple coloured bars (to scale) - are each of the certified proportions . These proportions are also shown in numeric form at the right hand side of the page.

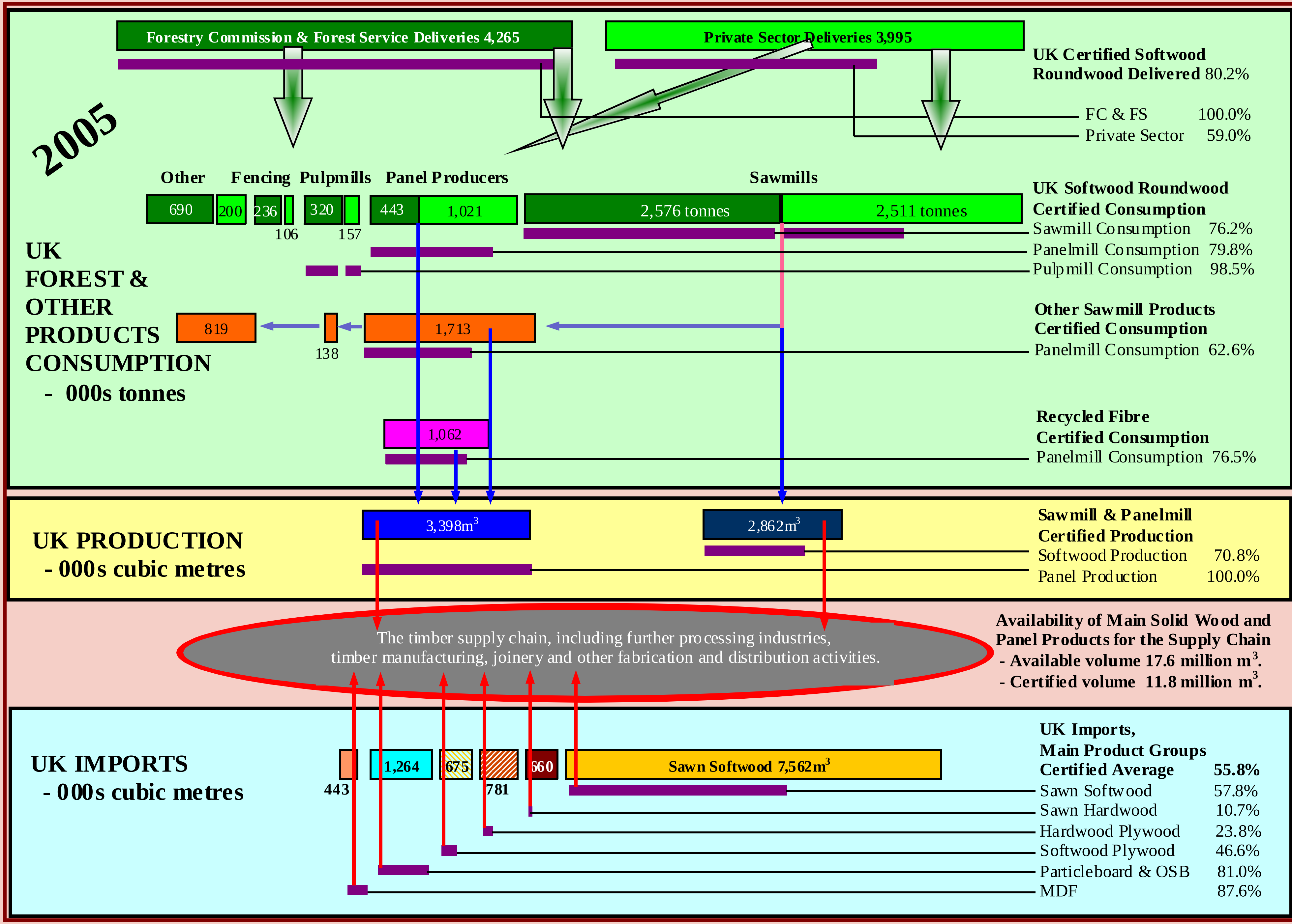
Only those areas that featured in the certification research carried out for this report are quantified.

Notes on the Status Chart

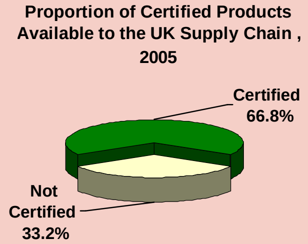
[to view chart on screen, click on "View" on top menu bar and click again on "Rotate" clockwise - reverse procedure when viewed]

UK Forest & Other Products Consumption in 000s tonnes.
Scale: 1 cm = 500 tonnes

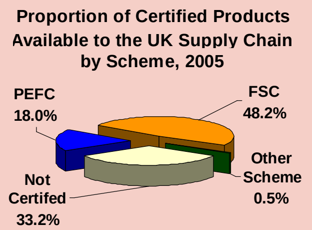
UK Production in 000s m^3.
UK imports in 000s m^3.
Scale: 1 cm = 1,000m^3.
Certified Proportion =


2005
Forestry Commission & Forest Service Deliveries 4,265
Private Sector Deliveries 3,995
UK Certified Softwood
Roundwood Delivered 80.2%
FC & FS 100.0%
Private Sector 59.0%
Other
Fencing
Pulpmills
Panel Producers
Sawmills
690
200
236
106
320
157
443
1,021
2,576 tonnes
2,511 tonnes
UK Softwood Roundwood
Certified Consumption
Sawmill Consumption 76.2%
Panelmill Consumption 79.8%
Pulpmill Consumption 98.5%
UK
FOREST &
OTHER
PRODUCTS
CONSUMPTION
- 000s tonnes
819
138
1,713
Other Sawmill Products
Certified Consumption
Panelmill Consumption 62.6%
1,062
Recycled Fibre
Certified Consumption
Panelmill Consumption 76.5%
UK PRODUCTION
- 000s cubic metres
3,398m³
2,862m³
Sawmill & Panelmill
Certified Production
Softwood Production 70.8%
Panel Production 100.0%
The timber supply chain, including further processing industries,
timber manufacturing, joinery and other fabrication and distribution activities.
Availability of Main Solid Wood and
Panel Products for the Supply Chain
- Available volume 17.6 million m³.
- Certified volume 11.8 million m³.
UK IMPORTS
- 000s cubic metres
443
1,264
675
781
660
Sawn Softwood 7,562m³
UK Imports,
Main Product Groups
Certified Average 55.8%
Sawn Softwood 57.8%
Sawn Hardwood 10.7%
Hardwood Plywood 23.8%
Softwood Plywood 46.6%
Particleboard & OSB 81.0%
MDF 87.6%

Certification Status by Product & Scheme 2005

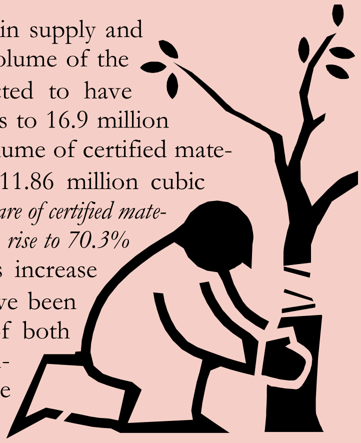


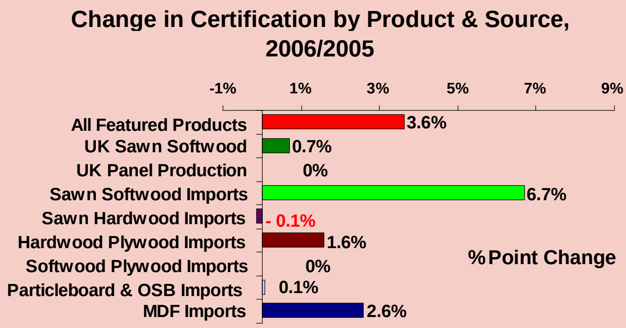
Combining the volumes of UK produced and imported sawn and panel products, it was estimated that in 2005, 11.77 million cubic metres, or around two-thirds of the total volume available, was certified. Products certified under the FSC scheme, assisted by a strong presence in the UK domestic production sector, accounted for nearly 50% of all volume, with the share held by PEFC approaching 20%.



Timber Certification to Rise to over 70% in 2006

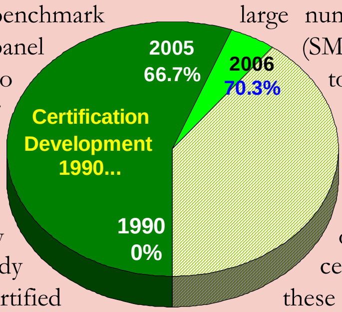
Due to a number of difficulties in supply and demand in 2006, the available volume of the main timber products is expected to have fallen by 0.8 million cubic metres to 16.9 million cubic metres. In contrast, the volume of certified material is likely to have grown to 11.86 million cubic metres. As a consequence *the share of certified material available in the UK is predicted to rise to 70.3% in 2006 from 66.7%* in 2005. This increase by 3.6 percentage points will have been derived from higher volumes of both domestically produced and imported certified products. The change expected in 2006 by product type and source is shown in the chart below, with further positive progress predicted in most product areas.





Conclusions

In a short period between the late 1990s and the benchmark year for this study, 2005, certified timber and panel products volume has developed from nothing to account for two-thirds of the volume available for secondary processing, timber manufacturing and the many other uses for these products. Further growth in certification is projected, but the future rate of development is less certain, with the many larger companies in the main sectors having already embraced the concept and able to provide certified products for sale. Most sectors of the timber industry have a large number of smaller to medium-size enterprises (SMEs) and it is these companies that hold the key to the eventual level of certified timber supply and consumption in the UK. As determined from the separate sector reports on certification, the *majority of industry volume* was certified in 2005, however, the *majority of the companies* operating in the industry remain outside of the certification process. It is how and whether these smaller firms can be persuaded of the merits of certification that will tend to dictate future progress.



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