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Timber Utilisation Statistics 2010

Consumption of Sawn Softwood in Main End-User Markets in the United Kingdom

A Series of Tables & Charts,
Updated from the Timber Utilisation Database

for the Forestry Commission

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Introduction

The following tables and charts are part of the programme of work aimed at quantifying the volume of sawn softwood consumed by the main end-use markets in the UK. A full report on timber utilisation is produced every few years and for intervening years, these tables and charts and now, additionally, a brief commentary, are supplied to provide updated information from the previous report or previous tables and charts.

This October 2011 update contains tables and charts for the whole of 2010 and has quantified main markets from 2002, but before this time, information on main markets is estimated.

NB: Data referring to utilisation or consumption for UK producers are calculated by deducting exports from production.

Summary of 2010

The economic recession of 2008 in the UK was the deepest of any over the last 40 years with many industries experiencing significant losses in business. The timber industry was no exception, with consumption of sawn softwood falling from 10.7 million m^3 in 2007 to just under 7.5 million m^3 in 2009.

In 2010, the timber industry returned to growth, after two years of decline, with sawn softwood consumption rising by 8.4% to a level of just over 8.1 million m^3.

The increase in sawn softwood consumption of 0.63 million m^3 in 2010 was formed by an increase of 0.26 million m^3 from UK producers and 0.37 million m^3 from the import sector. In growth terms, these volume increases represented a rise of 9.8% in UK produced consumption and 7.6% in imported consumption.

These volume developments resulted in an increase in the market share of UK producers, rising to 35.6% of all sawn softwood consumed in the UK in 2010.

As total volumes increased in 2010, consumption in each of the main markets also grew, with the exception of the pallets and packaging market.

Construction remained the single largest main market for sawn softwood, accounting for nearly 68% of volume.

While the fencing and outdoor market recorded the highest percentage increase in consumption in 2010 (+15%), sawn softwood consumed by the new housing sector of the construction market rose by 24% as the total consumption of sawn softwood by construction increased by 13%.

Forecasts of consumption for 2011 provided by the Forestry Commission and the Timber Trade Federation indicate that the growth experienced in 2010 will not be maintained with volumes slipping to 7.82 million m^3, which if accurate, would result in a 4% drop in consumption.

Tables and Charts

Table 1: Sawn Softwood Utilisation by Main Market by Volume, 2009 & 2010

000s m3	UK Producers		Imports		Total	
	2009	2010	2009	2010	2009	2010
Construction	789	896	4,253	4,621	5,042	5,517
Pallets & Packaging	914	910	307	288	1,221	1,198
Fencing & Outdoor	901	1,054	150	150	1,051	1,204
Other Markets	26	29	149	171	175	200
TOTAL	2,631	2,889	4,859	5,230	7,490	8,119

Source: Forestry Commission Forestry Statistics 2011; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources.

Key Change: Total sawn softwood consumption rises by 8.4% in 2010 to 8.1 million m^3.

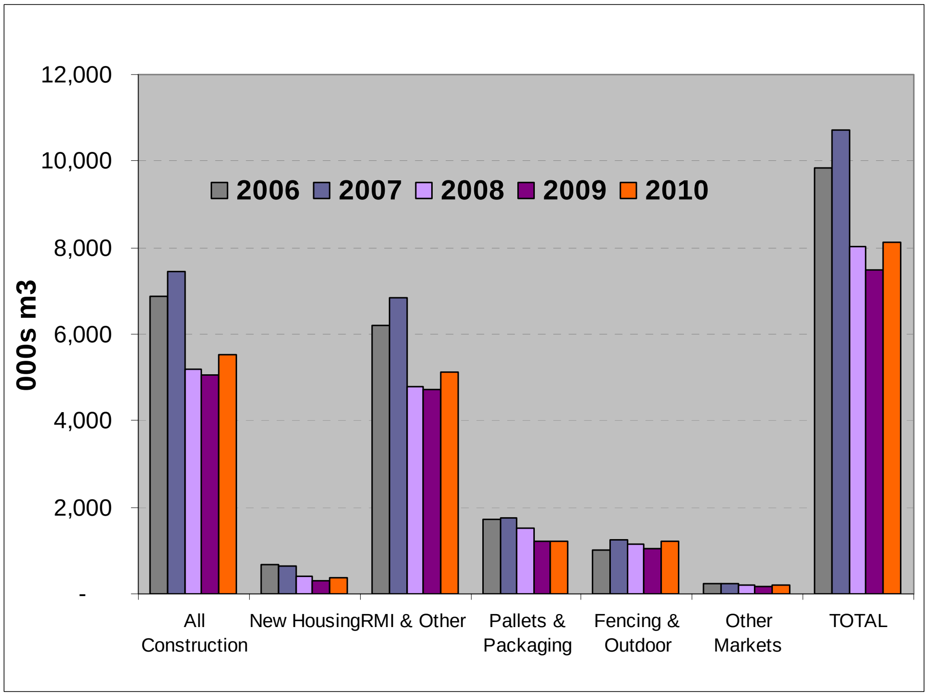
Table 2: Sawn Softwood Utilisation by Main Market and Construction Sector by Volume, 2009 & 2010

000s m3	UK Producers		Imports		Total	
	2009	2010	2009	2010	2009	2010
Construction	789	896	4,253	4,621	5,042	5,517
New Housing	60	90	251	295	311	385
RMI & Other	730	806	4,002	4,326	4,731	5,132
Pallets & Packaging	914	910	307	288	1,221	1,198
Fencing & Outdoor	901	1,054	150	150	1,051	1,204
Other Markets	26	29	149	171	175	200
TOTAL	2,631	2,889	4,859	5,230	7,490	8,119

Source: Forestry Commission Forestry Statistics 2011; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources

Key Change: Sawn softwood consumption rises by 24% in new housing and falls by 2% in pallets & packaging in 2010.

Chart 1: Sawn Softwood Utilisation in Main Markets in the UK, 2006-2010



Source: Forestry Commission Forestry Statistics 2011; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources

Key Change: Sawn softwood consumption rises in all markets, except pallets and packaging in 2010. The fencing, decking, outdoor and garden products market was estimated to have consumed 15% more sawn softwood in 2010 compared to 2009.

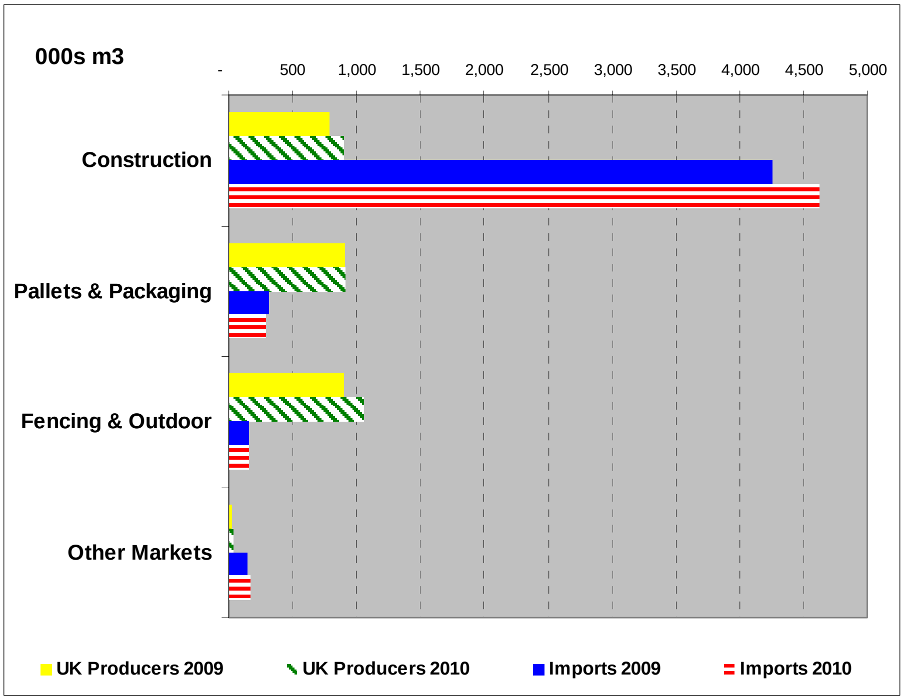
Table 3: Share of Sawn Softwood Utilisation by Main Market, 2009 & 2010

Share of Volume	UK Producers		Imports		Total	
	2009	2010	2009	2010	2009	2010
Construction	30.0%	31.0%	87.5%	88.3%	67.3%	67.9%
Pallets & Packaging	34.8%	31.5%	6.3%	5.5%	16.3%	14.8%
Fencing & Outdoor	34.3%	36.5%	3.1%	2.9%	14.0%	14.8%
Other Markets	1.0%	1.0%	3.1%	3.3%	2.3%	2.5%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Forestry Commission Forestry Statistics 2011; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources.

Key Change: Construction and fencing and outdoor markets increased their share of sawn softwood consumption in 2010. Although greater quantities of pallets and packaging materials were produced in 2010, as reported by Timcon, the pallets and packaging confederation, a greater proportion of this activity consisted of recycled pallets - where less sawn softwood is used compared to newly manufactured pallets - which resulted in less sawn softwood consumed in total in 2010.

Chart 2: Sawn Softwood Utilisation in Main Markets by Volume, 2009 & 2010



Source: Forestry Commission Forestry Statistics 2011; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources

Key Change: Despite good growth of UK produced sawn softwood consumed by construction (+14% in 2010 over 2009), imports remain dominant in construction markets (+9% in 2010 over 2009). An increase in UK produced sawn softwood consumed by fencing and outdoor markets of around 17% - which increased UK producers' share of this market to 87.5% in 2010 - helped raise the overall market share of UK producers to 35.6%, see below.

Table 4: Share of Sawn Softwood Utilisation within Main Market, 2009 & 2010

Share of Volume	UK Producers		Imports	
	2009	2010	2009	2010
Construction	15.7%	16.2%	84.3%	83.8%
Pallets & Packaging	74.9%	75.9%	25.1%	24.1%
Fencing & Outdoor	85.7%	87.5%	14.3%	12.5%
Other Markets	15.0%	14.4%	85.0%	85.6%
TOTAL	35.1%	35.6%	64.9%	64.4%

Source: Forestry Commission Forestry Statistics 2011; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources.

Key Change: The greatest percentage point drop in share in 2010 was experienced by importers in the fencing and outdoor markets.

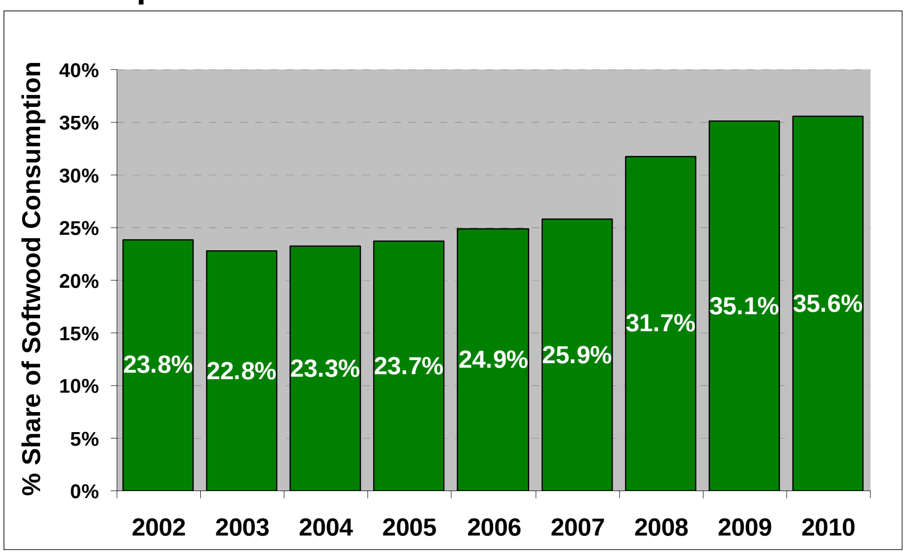
Table 5: Share of Sawn Softwood Utilisation within Construction Sector & Other Main Market, 2009 & 2010

Share of Volume	UK Producers		Imports	
	2009	2010	2009	2010
Construction	15.7%	16.2%	84.3%	83.8%
New Housing	19.2%	23.4%	80.8%	76.6%
RMI & Other	15.4%	15.7%	84.6%	84.3%
Pallets & Packaging	74.9%	75.9%	25.1%	24.1%
Fencing & Outdoor	85.7%	87.5%	14.3%	12.5%
Other Markets	15.0%	14.4%	85.0%	85.6%

Source: Forestry Commission Forestry Statistics 2011; Timber Trade Federation Import & Export Statistics; TIMCON Wood Packaging Data; Office for National Statistics; Industry Sources.

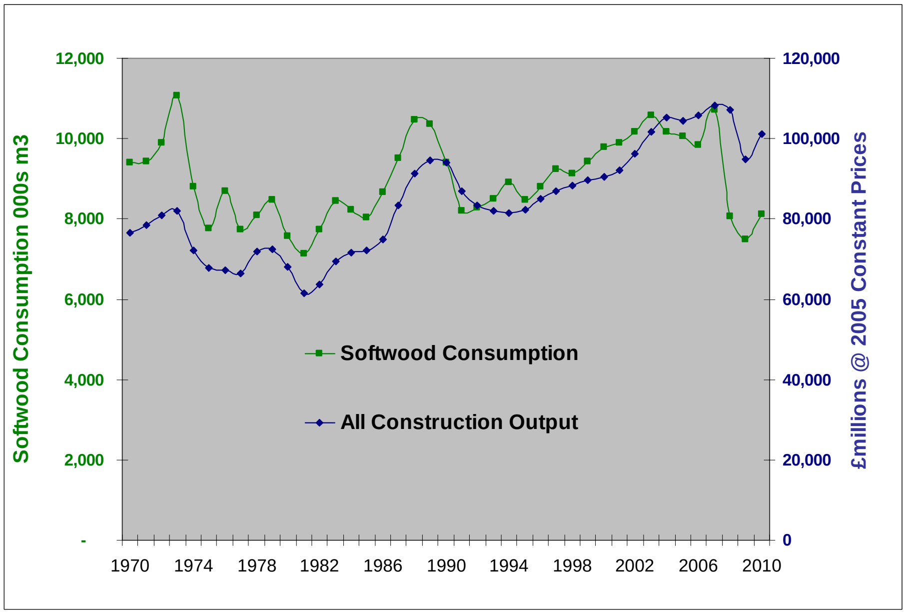
Key Change: The greatest increase in share by main market category by UK producers came in the fencing and outdoor market, however, within construction, UK producers increased penetration of the UK's new house building sector, raising market share from just over 19% in 2009 to over 23% in 2010.

Chart 3: UK Domestic Producers' Share of UK Sawn Softwood Consumption 2002-2010



Key Change: UK producers won a considerably greater share of the market in the recessionary year of 2008. Demand for sawn softwood generally remained weak in 2009, but UK producers once again increased share of consumption substantially. A further increase in market share by UK producers occurred in 2010, to reach the level of 35.6%.

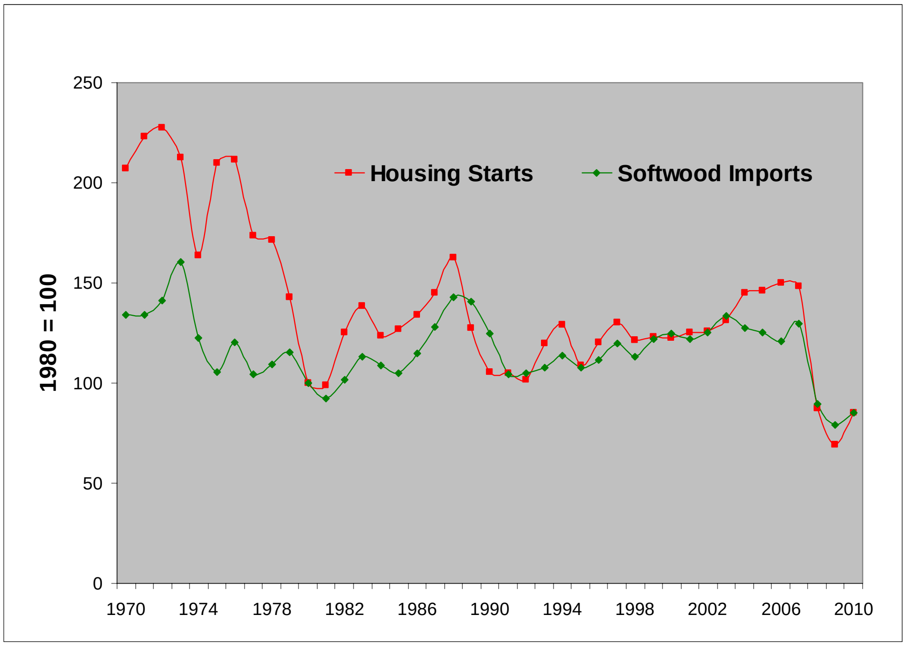
Chart 4: Total Sawn Softwood Consumption and All Construction Output, 1970-2010



Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.

Key Change: As sawn softwood consumption rose by 8.4% in 2010, construction output rose by 6.5%. Sawn softwood consumption in chart 4 is all sawn softwood which is consumed by all markets, while construction output is solely a measure of construction activity. As shown previously in table 3, construction accounts for nearly 68% of all sawn softwood consumed. Although 32% of consumption is accounted for by other markets, the statistical correlation between sawn softwood consumption (in all markets) and construction output is good (co-efficient of correlation = 0.6), confirming construction's role as a main driver of sawn softwood consumption.

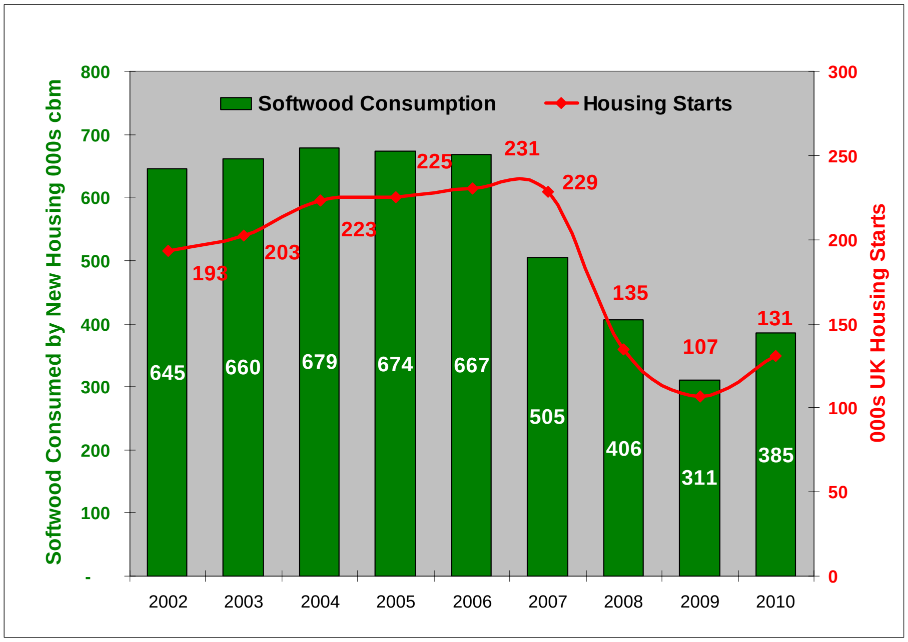
Chart 5: Index of Sawn Softwood Imports & UK Housing Starts, 1970-2010



Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.

Key Change: Housing Starts in 2010 rose by 22.6%; sawn softwood <u>imports</u> rose by 7.6%.

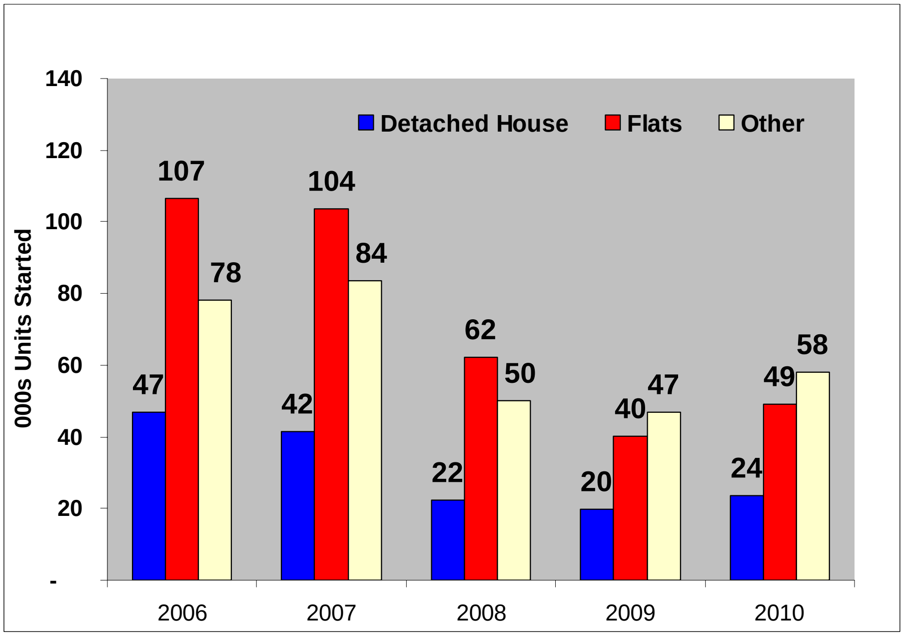
Chart 6: Sawn Softwood Consumption in New Housing Starts, 2002-2010



Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.

Key Change: Sawn softwood consumed in new housing rises 23.7%; housing starts rise 22.6%.

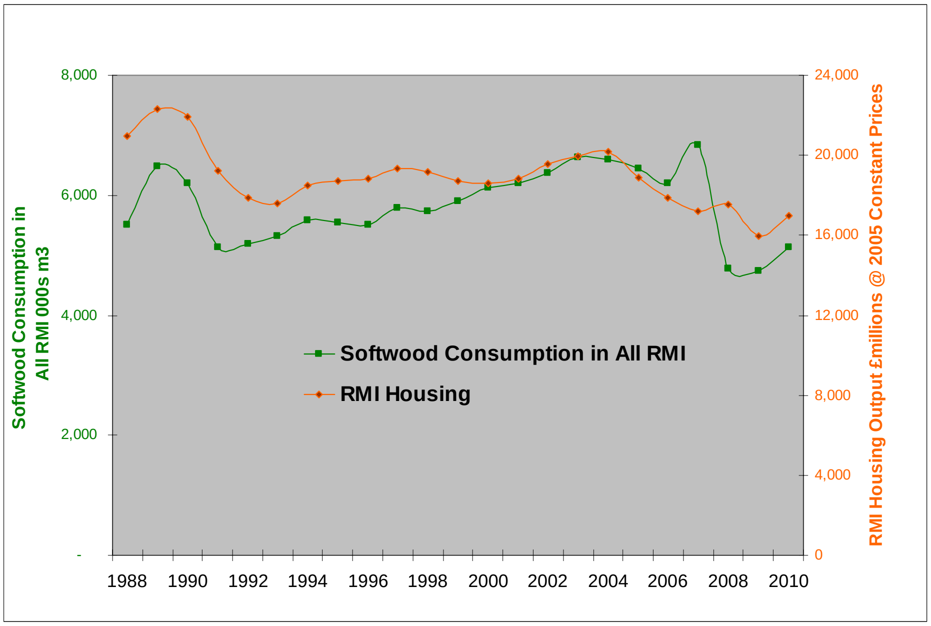
Chart 7: The Changing Mix of Dwelling Types Built in the UK New Housing Market, 2006-2010



Source: Office for National Statistics; NHBC; Industry Sources.

Key Change: A rise in the number of all dwelling types started in 2010 confirmed the broad consistency of the recovery in the housing sector in 2010.

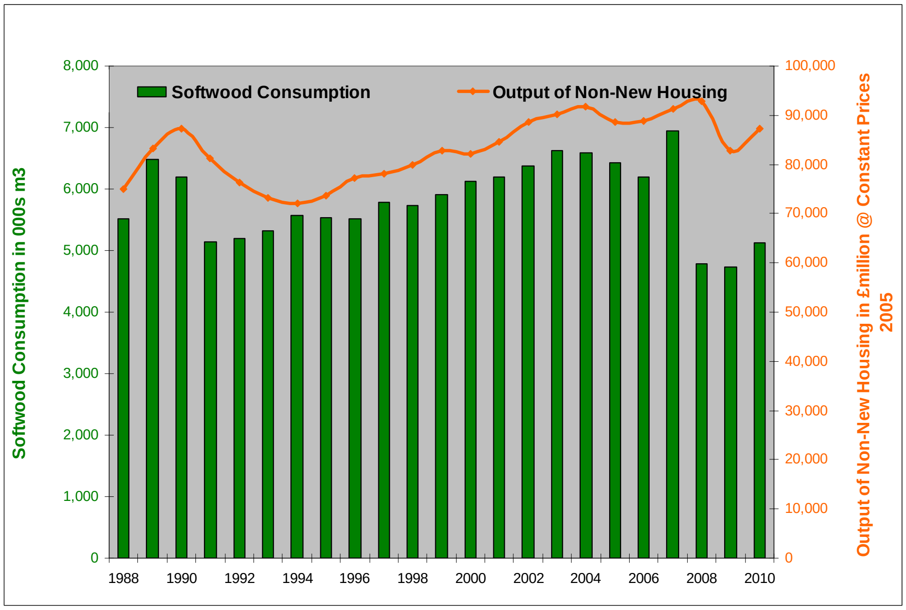
Chart 8: Estimated Sawn Softwood Consumption in the All RMI Activity & Volume of Housing RMI, 1988-2010



Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.

Key Change: Sawn softwood consumed in all RMI rises by 8.5% as housing RMI output rises by 6.4% in 2010.

Chart 9: Estimated Sawn Softwood Consumption in All Construction (except new housing) & All Construction Output (except new housing), 1988-2010

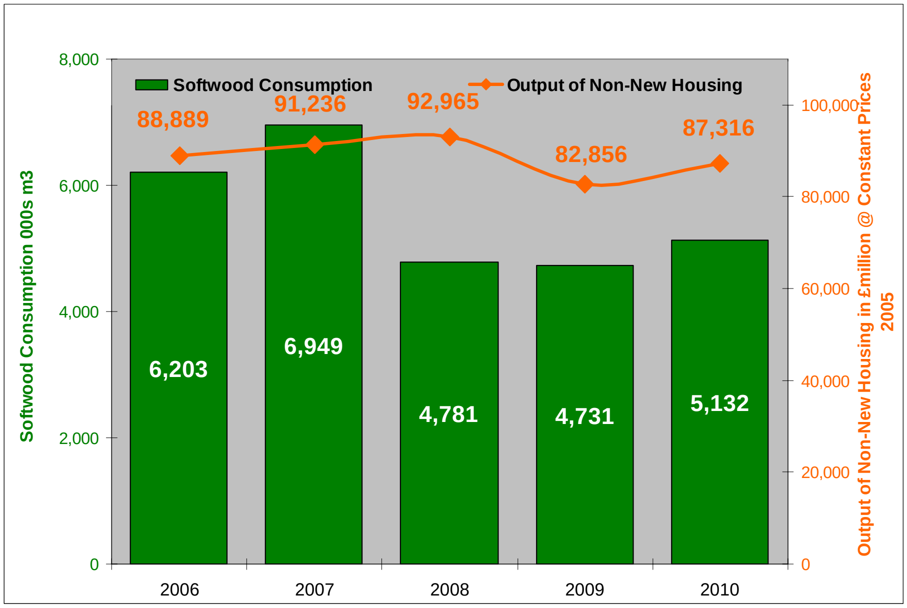


Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.

Key Change: Sawn softwood consumed by all construction, except new housing, increased by 8.5% in 2010 as the output of all construction, except new housing rose by 5.4% in 2010.

Chart 10: Estimated Sawn Softwood Consumption in All Construction (except new housing) & All Construction Output (except new housing), 2006-2010

[Chart 9 for the last 5 years]



Source: Forestry Commission; Timber Trade Federation; Office for National Statistics; Industry Sources.

Key Change: The view of this measure for the last 5 years demonstrates the consistency of movement between sawn softwood consumption and all construction markets (except new housing). These non-housing categories include large sectors of the construction market, such as infrastructure and industrial works, where less sawn softwood is traditionally used, compared to housing and commercial building markets.