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## Outlook for Forestry



# Overview

- Forest Sector 2017
- Current Situation and Outlook 2018:
  - Annual Planting Levels
  - Timber Supply Chain / Brexit
  - Timber Prices
  - Timber Mobilisation
- Conclusions

**Over 21,000 owners  
47% of forest area  
85% farmers**



**Value of  
Forest Sector  
€2.3 billion**



**756,000 ha  
11% of land area**



**Aggregate  
Employment  
12,000**

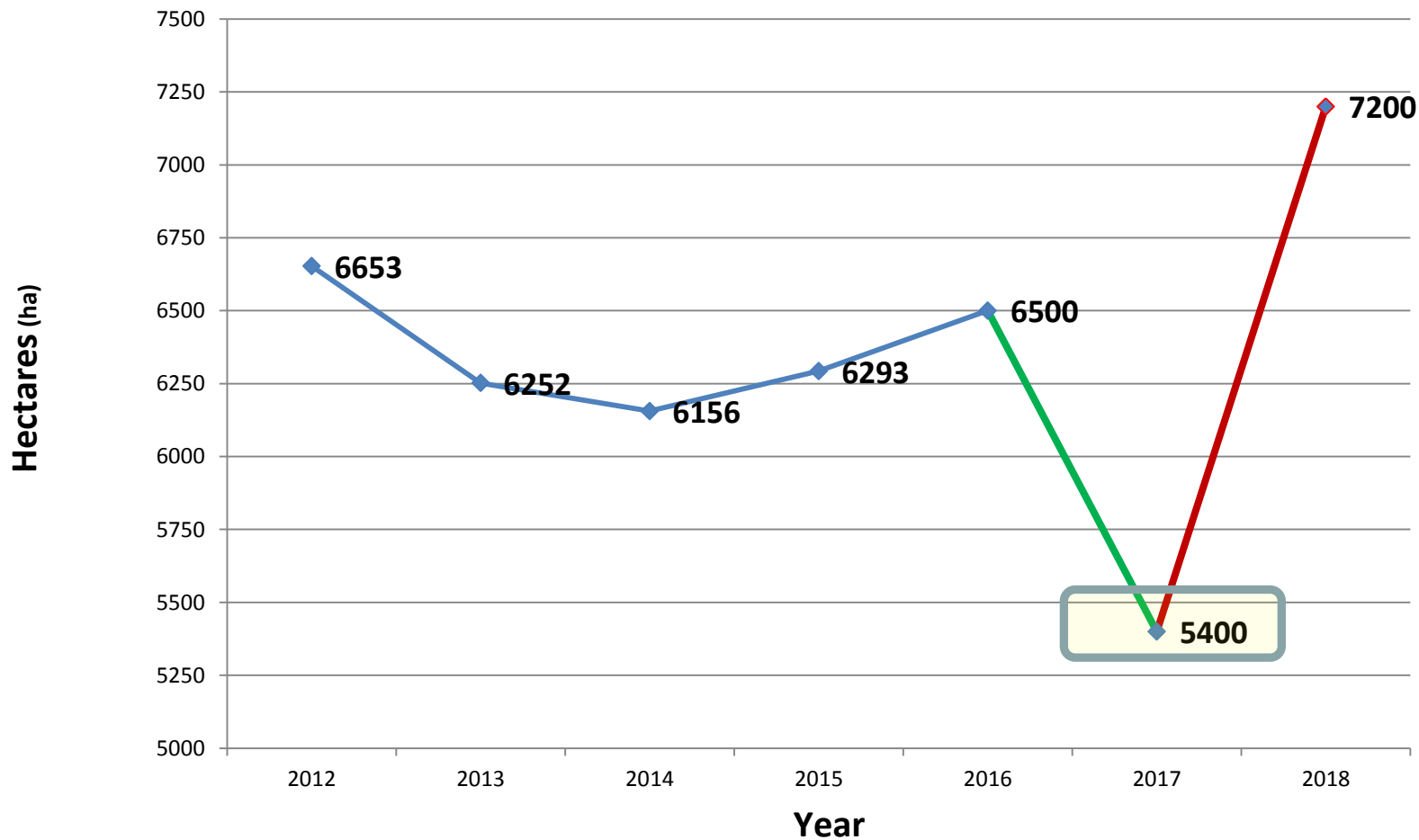


**Ecosystem  
Services**



Sources: COFORD, 2015; Forest Service, 2016 and Phillips et al., 2016.

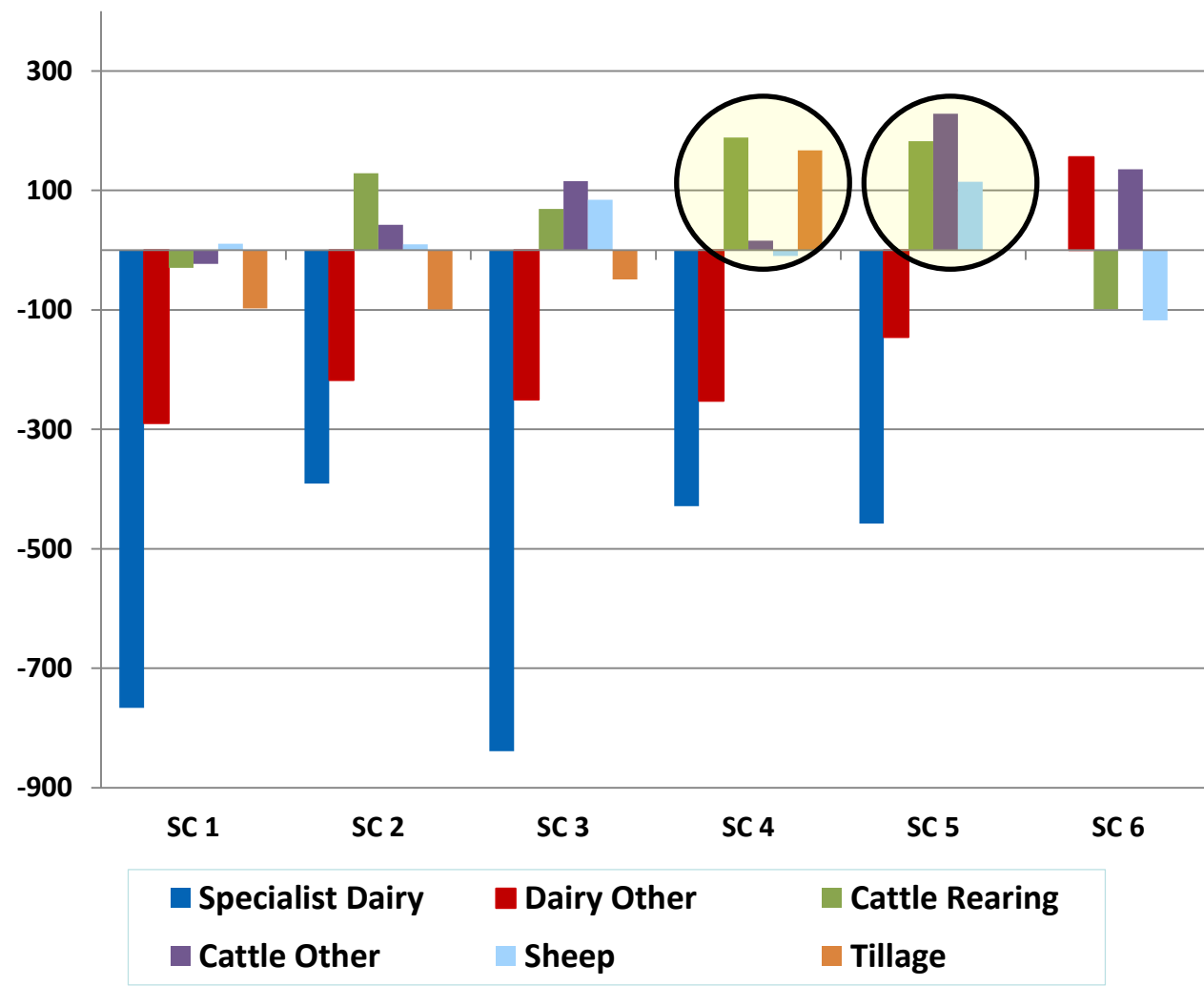
# Annual planting from 2012, with 2017 forecast & 2018 target



Source: Forest Service (Various years)

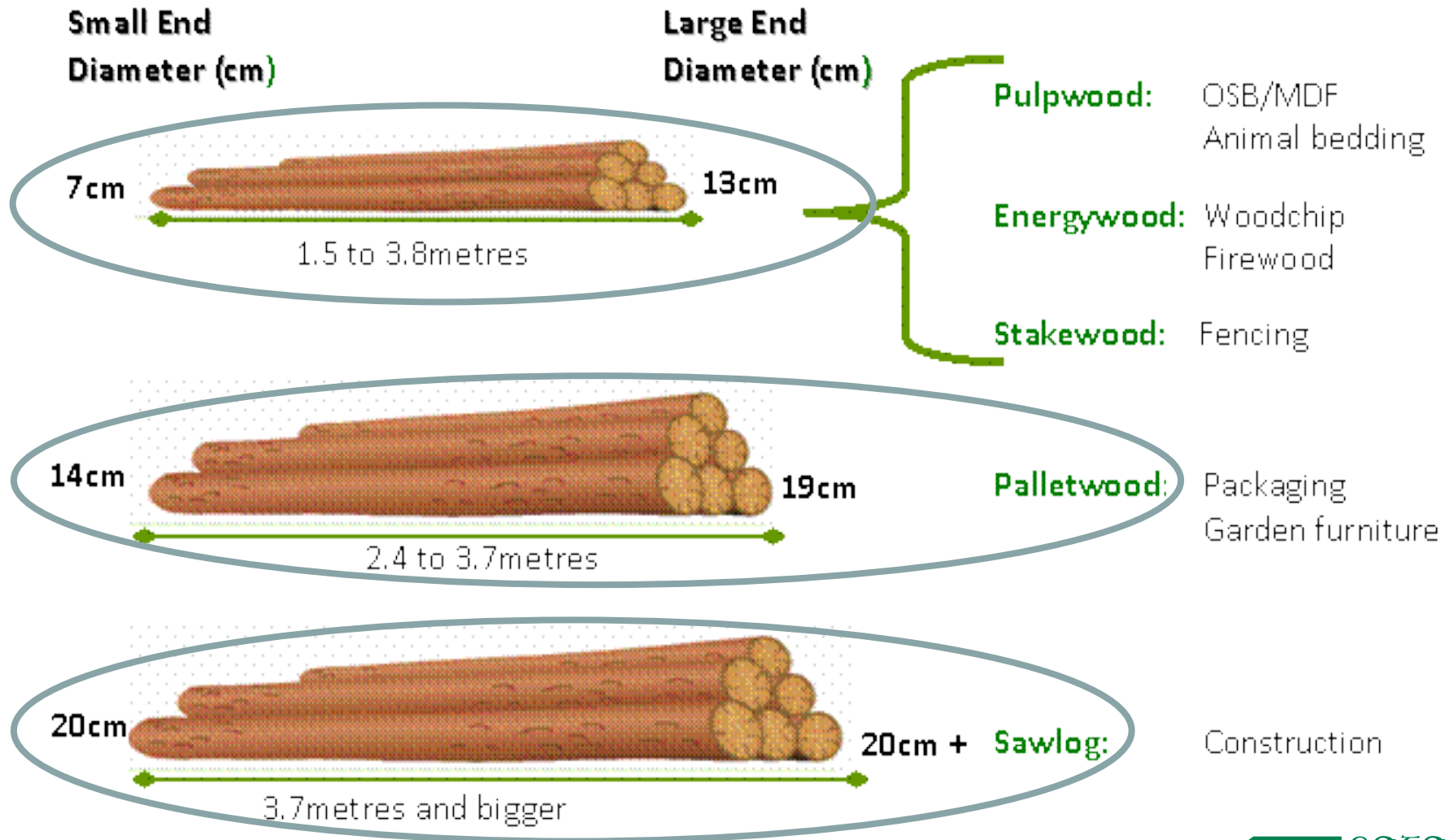
# Annual Equivalised Net Farm Afforestation Income by soil type and farm system

Soil Class	Agricultural Use	SS Yield Class
SC1	Wide	24
SC2	Moderately wide	24
SC3	Somewhat limited	20
SC4	Limited	20
SC5	Very limited	18
SC6	Extremely limited	14

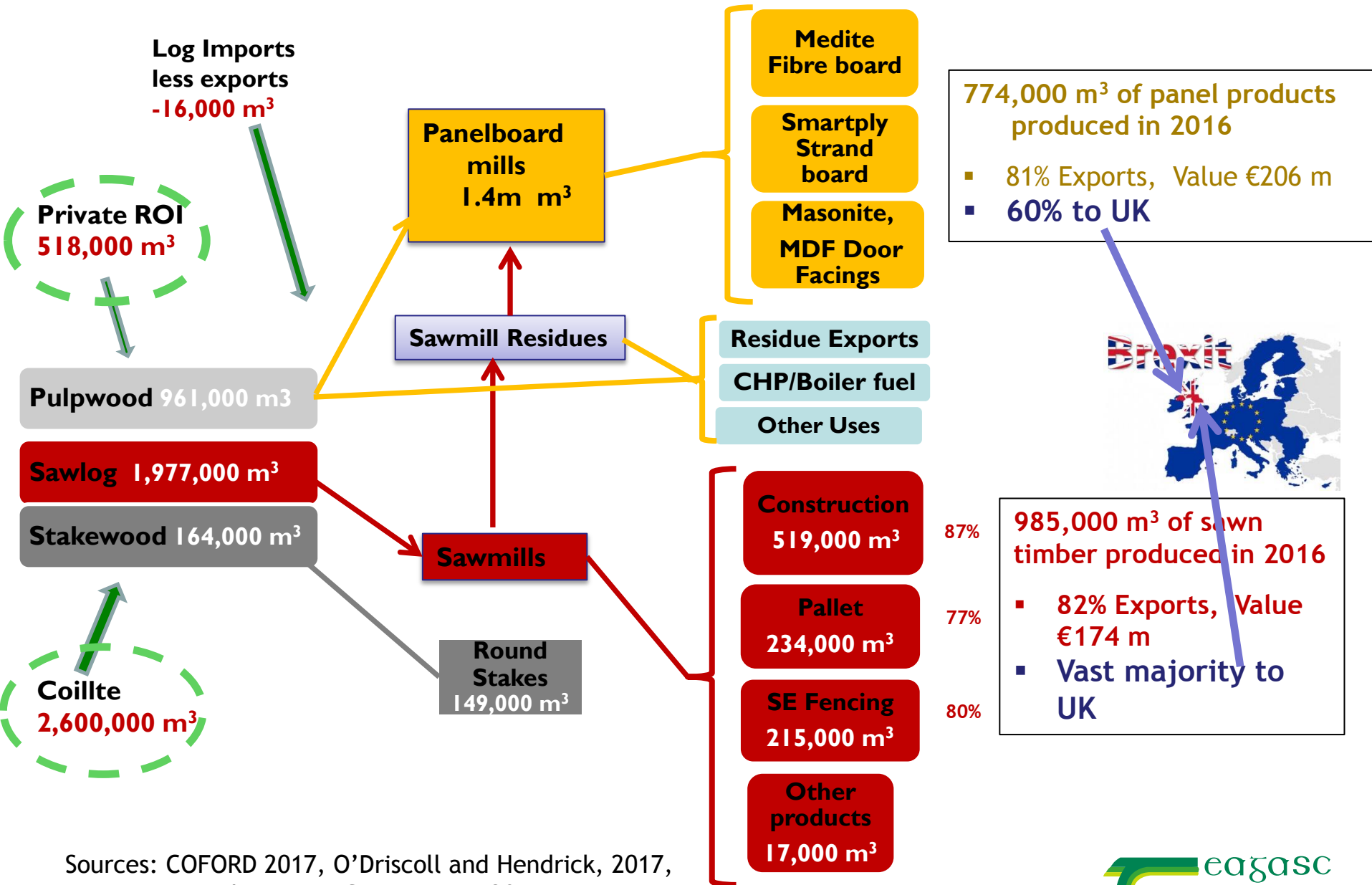


Source: Ryan et al, 2016

# Timber assortments



# Timber Supply Chain



Sources: COFORD 2017, O'Driscoll and Hendrick, 2017, and Forestry Commission, 2017

# Brexit Concerns

- Currency
- Deep Trade Links
  - Maintain and avoid barriers
- Transport
  - Unhindered border
- All-Ireland economy
  - Cross border supply chains
  - Increased controls and checks would present unique trade, economic and political risks
- Timber market – close ties
  - Ireland and UK share market and regulatory norms for products and uses in construction

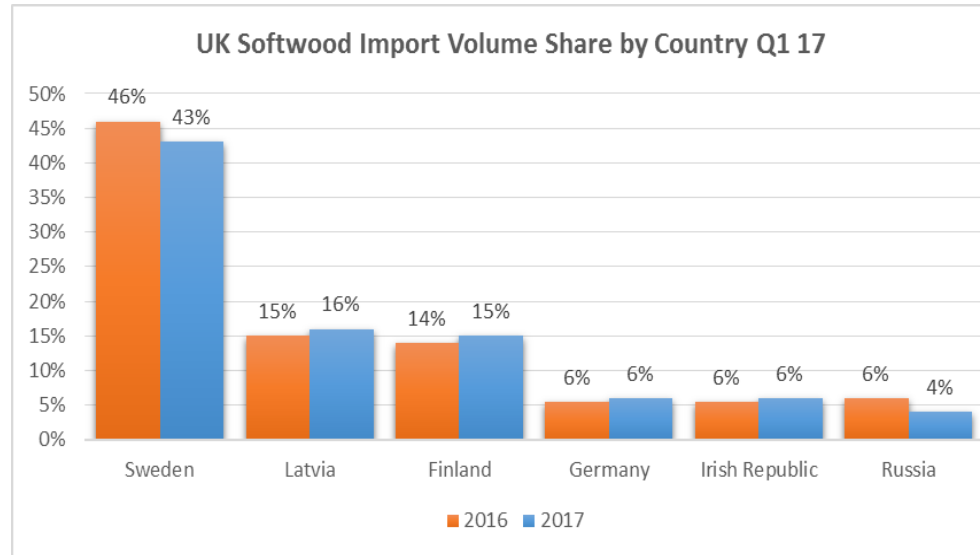
Source: Irish Forests and Forest Products Association, ( 2017)



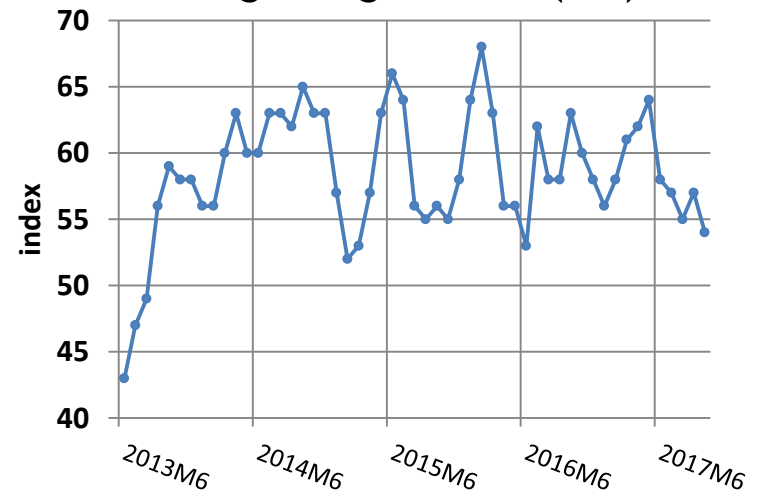
# Brexit Tail Winds

- Industry mobilisation to deal with various scenarios
- Massive UK product demand forecast to continue
- Irish volume demand increasing
- Unique Irish challenges are on the agenda

Source: Stanley, Irish Timber Brexit Forum, (2017)

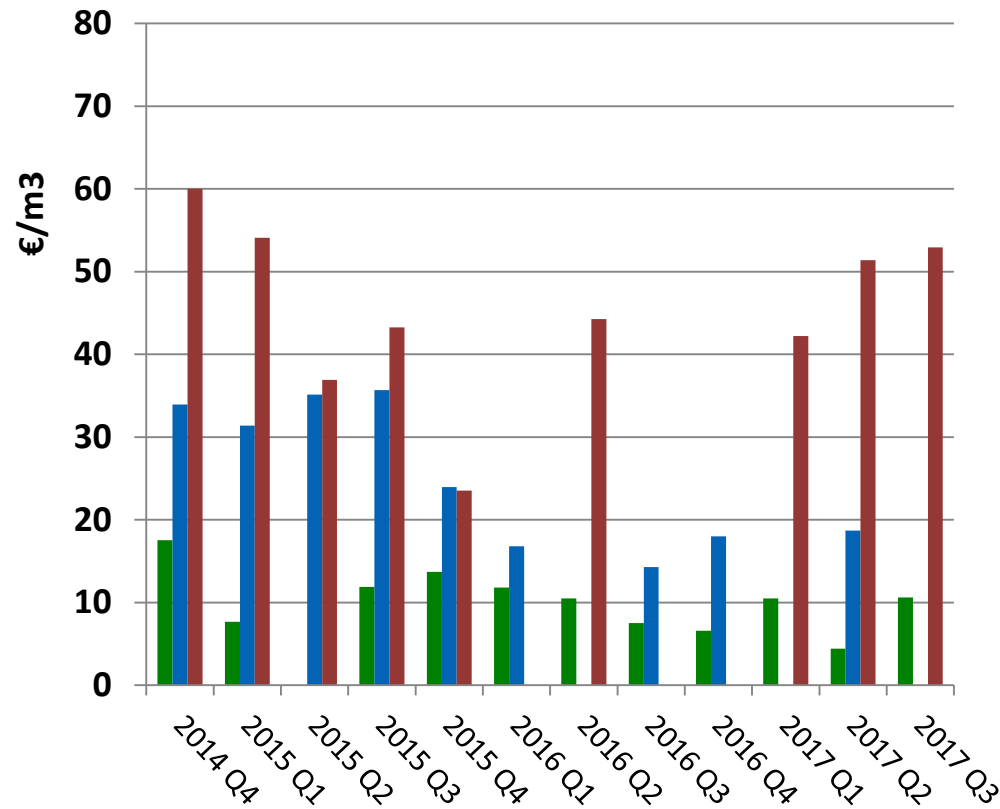


Ulster Bank Five-Year Construction Purchasing Managers Index (PMI)



# Timber prices

Private Quarterly Roundwood Prices (€/m<sup>3</sup>),  
Dec 2014 to Sept 2017



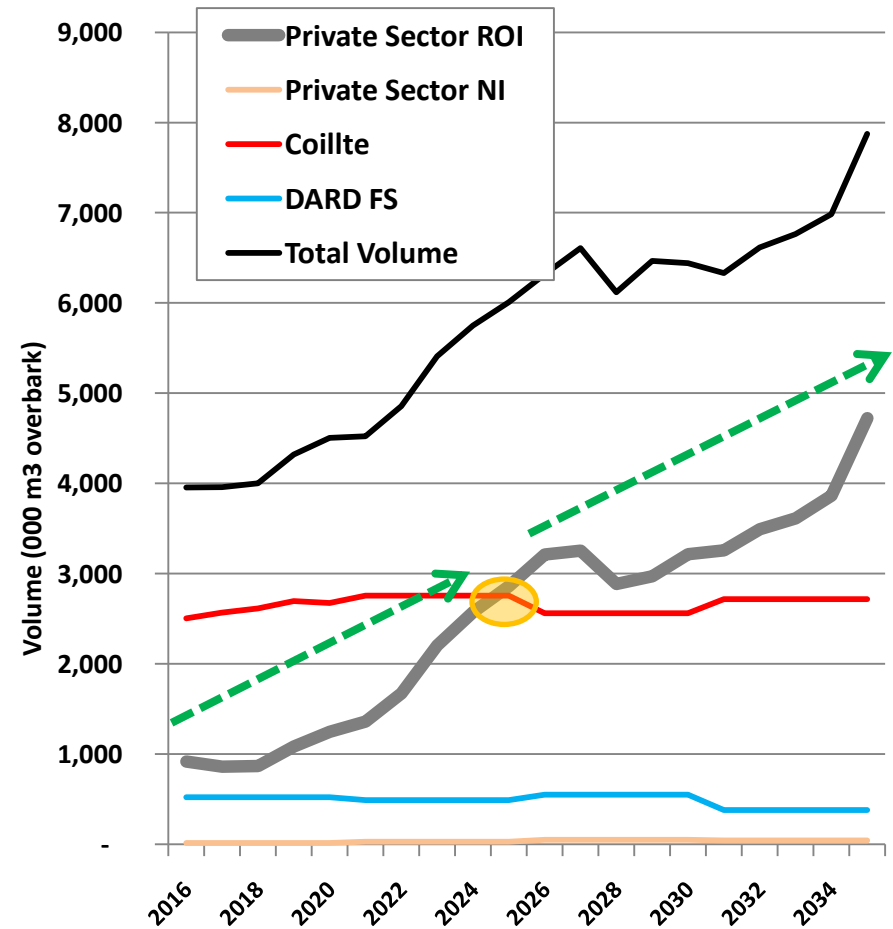
Source: [www.itga.ie](http://www.itga.ie)

- General reduction in log prices post Brexit decision in 2016
- Currency fluctuations negatively affecting the price per m<sup>3</sup> offered
- Price recovery in large sawlog in 2017.
- Wide variation in timber prices according to geographical and site factors .
- Level of confidence among timber processors for 2018, despite signals of a slowdown in UK construction growth

# Timber demand and supply in Ireland

- Net demand up to 5.80 million m<sup>3</sup> in 2018.
- Total net realisable volume (NRV) production in 2018 at 4.24 million m<sup>3</sup>.
- Private sector NRV will increase 914,000 m<sup>3</sup> in 2017.
- By 2025, 48% of the forecasted 6.0 million m<sup>3</sup> NRV production will be from private forests.

Forecast of Total Net Realisable Volume Production to 2035 (000m<sup>3</sup>)



Source: All-Ireland Roundwood Production Forecast 2016-2035 (COFORD, 2016)

# Conclusions

## Key targets 2018:

- Afforestation: achieve and surpass 7,200 hectares
- Timber mobilisation to meet:
  - 6% increase in overall demand 2018
  - 3.5% increase in sawlog demand 2018
  - two-fold increase in wood biomass demand (2020)
- Irish wood product markets will remain export orientated
- UK will continue to be the main market for Irish produce
- Brexit effect is unclear at this stage

# Thank You