CBI MARKET SURVEY

THE TIMBER AND TIMBER PRODUCTS MARKET IN IRELAND

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the timber and timber products market in Ireland. The information is complementary to the information provided in the CBI market survey 'The timber and timber products market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: industrial demand and production

In this survey, we will mainly focus on Forest Stewardship Council (FSC) certified timber and timber products. It should be noted that detailed statistical data on the certified timber market are scarce and that reliable figures are hard to obtain. Please be aware that data discussed throughout the report does not differentiate between FSC certified and non-certified timber. However, when information is available on certified timber and timber products, this is specifically mentioned. Consumption data are derived from the International Tropical Timber Organization's (ITTO) most recent Annual Timber Review (2005).[1]Production data is mainly derived from Foresstat, the Forest Division of Faostat.

Industrial demand

- Ireland is a small consumer of timber and timber products. In 2005, Ireland accounted for only 1% of EU15[2] consumption. In line with EU developments, Ireland's combined industrial demand for round wood, sawn wood, veneer and plywood increased on average by 2% annually between 2001 and 2005, totalling 4.4 million m^3 in the latter year.
- Ireland is a small consumer of veneer, accounting for 0.3% of EU15 consumption. However, consumption of the latter showed an annual increase of 14% during the period analyzed.
- Allied to the strong construction activity in the Irish market, sawn timber usage in Ireland shows a steady increase.

Table 1.1 Ireland's industrial demand for all timber, 2001-2005, 1,000 m^3

	2001	2003	2005	Annual change
Round wood	2,471	2,834	2,661	2%
Sawn wood	1,401	1,590	1,526	2%
Veneer	3	5	5	14%
Plywood	154	167	167	2%
Total	**4,029**	**4,596**	**4,359**	**2%**

Source: ITTO, Timber annual review (2005)

[1] For information on ITTO and the main producing and consuming countries, refer to the CBI Market survey covering the EU market for timber and timber products.
[2] EU15 refers to the 15 countries in the European Union before the expansion on 1 May 2004 EU15 refers to the 15 countries in the European Union before the expansion on 1 May 2004 [2] EU25 refers to the composition of the EU as it was until January 2007 (without Bulgaria and Romania). As of January 2007, the EU counts with the entry of Bulgaria and Romania 27 member states.

Tropical timber consumption

- A large part of Ireland's consumption in Table 1.1 consists of non-tropical species and is covered by EU/Irish production. Ireland's consumption of tropical timber is small. In 2005, Ireland accounted for 2% of EU15 tropical timber consumption. Furthermore, tropical timber consumption decreased on average by 6% between 2001 and 2005, totalling 116 thousand m^3 in 2005. Only the consumption of tropical veneer timber showed a significant positive development, with consumption increasing on average by 19% annually in the period reviewed, amounting to 2 thousand m^3 in 2005.

Production

The European Commission on Forest-Based Industries (F-BI) recognises the following sectors of forest-based industries: forestry, woodworking, pulp and paper manufacturing and related activities (paper and board converting, printing).

Forestry

- Total forest cover in Ireland is about 669 thousand hectares or approximately 8% of the land area. This is the lowest proportion in the EU. Some two thirds of the forest is owned by the State (http://www.forfas.ie/icsti/statements/tforesight/natural/forestry.htm).
- Current production in Ireland is 2.6 million m^3 and is predicted to rise to about 4.5 million m^3 by 2015.
- Production from Irish forests is valued at € 114 million, with value added to industrial input timber and furniture of € 216 million. The sector has recently been growing at some 10% annually and is targeted to reach values for total production and value added of € 1.6 billion and € 1 billion respectively by 2035 (http://www.forfas.ie/icsti/statements/tforesight/natural/forestry.htm).
- Until 2003, only the FSC scheme was operating in Ireland, with Coillte Teoranta holding an FSC certificate for its 438 thousand ha of forest. The PEFC Scheme was yet to be introduced, although preliminary investigations had been made in this regard. In Northern Ireland, the Forest Service managed its forests according to principles of sustainable forest management described in the UK Forestry Standard (1998), which continues to be the official benchmark for good forest management in the UK (http://www.coford.ie/iopen24/pub/pub/COFORD-Connects/Certification.pdf).

Wood-working industries

- There have been significant investments in modernisation of the processing industry. Ireland nowadays has 10 saw mils, accounting for 90% of capacity, and 5 panel board mills. The sector is strongly focused on export markets. Despite expansion of the local production capacity, Irish mills are not able to meet the increase in demand. (COFORD, Timber market opportunities, 2006).
- The construction industry in Ireland has shown rapid growth over the last 10 years and continues to be a major sector of the Irish economy, directly accounting for greater than one eighth of total employment. In 2006, total construction output stood at € 36.5 billion, equivalent to 24% of GNP, a 10.3% volume increase over 2005. About 90% of Irish mills construction output is used in the housing market, as Ireland has a strong tradition of timber built housing. However, less timber is being used per unit and there is strong competition from concrete (http://www.cif.ie/asp/section.asp?s=19).
- There are around 400 small and medium-sized firms producing furniture in Ireland, although there is no dominant product category. However, the furniture industry is not fully integrated with Irish forestry and it does not rely on its timber resources. The overall market for furniture in Ireland is worth approximately € 1 billion a year, with just under one-third supplied by Irish manufacturers (http://www.enterprise-ireland.com/SourceIreland/Ireland/Furniture.htm).
- Biomass, mainly in the form of solid wood, is the largest source of renewable energy in Ireland, accounting for 57% of Ireland's total renewable energy consumption in 2004. The bulk of solid wood fuel is used as process heat in the wood processing industry, to generate electricity, and to provide heat in domestic dwellings (http://www.unece.org/trade/timber/mis/market/market-64/ireland.pdf).

Product groups

- As shown in Table 1.2, apart from sawn wood, all production groups showed growth in their production output between 2001 and 2005. This is rather remarkable compared to EU market developments, as many countries are facing difficulties in their domestic timber processing industries.
- Approximately 90% of domestic saw mill production is destined for the home market, the remainder is for export. Approximately 25% of domestic panel production is destined for the home market, 75% is destined for export (COFORD).
- Of the total round wood supplied to the Irish wood processing industry in 2005, almost 77% was supplied by Coillte Teoranta, 12% was provided by the Northern Ireland Forest Service and 5% by the private sector. Coillte is a commercial company operating in forestry, land-based businesses and added-value processing operations. The company owns over I million acres of FSC-certified land.

Table 1.2 Production of selected timber and timber products in Ireland, 2001-2005, in 1,000 m^3

	2001	2003	2005	Annual change	Share in EU27 production (2005)
Round wood	2,455	2,683	2,648	2%	1%
Sawn wood	925	1,005	894	-1%	1%
Wood-based panels	734	833	875	4%	1%
Fiberboard	401	405	440	2%	3%
Particle board	333	428	435	7%	1%
Plywood	0	0	0	N.A.	N.A.
Veneer sheets	0	0	0	N.A.	N.A.
Paper and paperboard	43	45	45	1%	0%

Source: Foresstat (2007)

Trends

- Ireland has the lowest percentage of forest cover in Europe at 8%, but has ambitious plans, outlined in the Government's strategy document on the development of the forestry sector 'Growing For The Future', to increase this to 175 by 2030.
- Ireland has one of the highest rates of new houses being built by any European country. The number was 17 houses per 1,000 habitants in 2003 (Coford). The enormous activity in the country's construction industry is boosting the timber processing industry as well. The Irish construction products sector is advancing in prefabrication developments. This is in line with the worldwide trend for greater prefabrication in the construction industry, making units and sections in factories and delivering them to sites ready-made.
- The Irish Government and Timber Associations are actively investing in the Irish wood-based industry as they fear continuing, and possibly growing, uncompetitiveness of Irish timber; Because of inefficiencies in the Irish saw-milling sector and cheaper and better quality timber coming from the Baltic, Russian and other Eastern European countries, the Forestry and Forest Industries strategic roadmap to 2015, therefore includes, amongst others, the following action points:
  - Planting and harvesting will be fully mechanised.
  - The level of timber production will have risen to approximately 4.5 million m^3 per annum.
  - Sustainable forest management will be normal practice.
  - Milling capacity will be in place to cope with increased production.

Opportunities and threats

\+ Ireland has the lowest percentage of forest cover in Europe and is therefore short in raw material.

\+ Despite expansion of the local production capacity, Irish mills are not able to meet the increase in demand, thereby offering opportunities for developing country producers of (sawn) wood.

\- Consumption of tropical timber is small and decreasing.

- Please refer to chapter 7 of the CBI market survey covering the EU market for more information on opportunities and threats.

2 Trade channels for market entry

Ireland's trade structure resembles those of other North European countries. The most important trade channels for exporters in developing countries to enter the Irisch market are through sales agents, importers/traders and importers/processors.See the EU survey for more in–depth information on the EU timber trade channel. Characteristics and trends of the timber trade in Ireland:

- Increased concentration of the product chain, with companies such as Coillte Teoranta being a good example.
- The construction market is dominated by a few timber wholesalers.
- The DIY market segment is characterised by mergers, acquisitions and consolidation.

Due to its (peripheral) position, Ireland has a large number of smaller timber traders which are mostly focused on the domestic market. Companies importing tropical timber, and sometimes FSC, and which could be interesting for developing country suppliers are, amongst others:

- Abbey Woods, the largest timber importer in Ireland: http://www.abbeywoods.ie/. Does not work with FSC explicitly, but does work under extensive environmental codes.
- Brooks, the largest distributor in Ireland: http://www.brooksgroup.ie. Also provides information on its suppliers.
- Another large importer of tropical timber is Morgans Timber (http://www.morgans.ie). Morgans supplies construction companies.

FSC-certified products in Ireland are marketed mostly in DIY stores. The DIY sector in Ireland is well developed, with sales of € 1.2 billion. The sector is consolidating further, as local leaders face increasing competition from multinational DIY chains. Please note that DIY chains usually source through wholesalers or buying agents. As the market is not very transparent, information about the suppliers they are dealing with can be obtained through contacting these chains. The most important retail/DIY channels for timber and timber products are Homebase (UK), Kingfisher (UK), Castormama (Fr), B&Q (UK) and Hornbach (DE). (Much smaller) local chains are:

- Woodie's: http://www.woodiesdiy.com
- Atlantic Homecare with its focus on (garden) furniture is of specific interest: http://www.buy4now.ie/atlantic/

- It is very difficult to present an overview of the different margins which apply throughout the various trade channels, as margins depend on species, quantity, quality and stage of processing. Also, the transport costs vary, depending on the country of origin and destination, the proximity of the forest plantation and the saw mill to a port, the volume of the shipment, fuel prices etc. In general, timber prices at the final consumer destination (DIY, wholesalers, garden centres) do not vary much across Europe. Prices found at DIY chains can be indicative for prices wholesalers are willing to pay. As a rule of thumb you should be able to offer products for not more than 40% of retail prices. Please refer to the survey covering the EU market for more specific information on margins.

There is a growing trend in the timber trade to use the Internet for sourcing timber and timber products (E-commerce). The use of Internet reduces the trade chain by several links, cuts transaction costs and improves efficiency.

- *On-line company database* for finding companies working in the timber and timber products market are:
  - Europages, an online business directory, with full EU coverage. Wood and furniture are a separate product group and it is possible to include Ireland in the search options:: http://www.europages.com
  - The most extensive listing of major traders is probably the Irish Timber Trades Association (ITTA) http://www.itta.ie/index.htm.

- Also refer to the CBI market survey covering the EU market for more information on on-line company databases.

3 Trade: imports and exports

Imports

- Ireland is the thirteenth largest importer of timber and timber products in the EU, accounting for 2.5% of total EU imports in 2005. Between 2001 and 2005, imports increased on average by 10% in terms of value, totalling € 698 million / 1.2 million tonnes in the latter year.
- Ireland imports more primary and further processed timber products. For instance, Ireland was the eight largest importer of mouldings, accounting for 5% of EU mouldings imports. Almost half of Ireland's demand for mouldings was supplied by China and the United Kingdom.
- Ireland is the tenth largest importer in the EU of densified wood, sawn wood and builder's joinery.
- Developing countries accounted for 21% of Ireland's timber imports, which is more or less similar to the EU average of 19%.
- Imports from developing countries increased on average by 10% annually between 2001 and 2005. The main developing country supplier was China, accounting for 9% of Ireland's total timber imports.
- 69% of total Irish timber imports comes from intra-EU sources. The United Kingdom and Finland were the two main EU suppliers.

Exports

- Ireland is a minor exporter of timber and timber products. Exports increased on average by 9% annually between 2001 and 2005, totalling € 317 million / 968 thousand tonnes in 2005.
- Ireland mainly exports primary processed timber products, like mouldings and wood-based panels.
- Ireland's exports of wood-based panels increased on average by 11% annually between 2001 and 2005, turning the country into the ninth largest exporter of wood-based panels in the EU. More than half of the wood-based panels exports was destined for the United Kingdom. Furthermore, substantial amounts were exported to the USA and France.

Opportunities and threats

+ Ireland is a growing importer of timber and timber products in the EU. The country is gradually becoming an interesting market for developing country producers. This is foremost because of the growing import market share of developing countries, in addition to the fact that imports from countries like China are increasing at a fast pace.
+ Irish domestic timber production and export volumes are not large, showing that the Irish market still has some openings.
+ Ireland is increasing its imports of a great array of raw and processed timber products. This may be really interesting for developing countries because of the unlimited trade possibilities.

Please refer to chapter 7 of the CBI market survey covering the EU market for more information on opportunities and threats.

Useful sources

- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int

4 Price developments

Irish tropical timber market prices do not differ from general EU prices. Therefore, no country specific websites exist for up-to-date prices and price information. Please refer to chapter 5 of the CBI market survey covering the EU market for information on price developments and useful sources.

5 Market access requirements

As a manufacturer in a developing country preparing to access Ireland, you should be aware of the market access requirements of your trading partners and the Irish government.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select timber and Ireland in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm

Information on tariffs and quota can be found at http://export-help.cec.eu.int/

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. For more information on doing business in Ireland, visit the following websites:

Trade Associations
- Irish Timber Trades Association (ITTA): http://www.itta.ie/index.htm
- Irish Timber Growers Association: http://www.itga.ie/
- The Wood Marketing Federation: http://www.woodspec.ie/woodspec/ieindex.htm
- Construction Industry Association: http://www.cif.ie/
- Enterprise Ireland provides assistance for international companies searching for Irish suppliers: http://www.enterprise-ireland.com/
- Forfás is Ireland's national policy and advisory board for enterprise, trade, science, technology and innovation. It operates under the auspices of the Department of Enterprise, Trade and Employment. It also covers forestry and forest industries, look at: http://www.forfas.ie/icsti/statements/tforesight/natural/forestry.htm
- COFORD-the National Council for Forest Research and Development - is an agency of the Department of Agriculture and Food: http://www.coford.ie/iopen24/pub/index.php
- The national FSC process in Ireland takes place through the Irish Forest Certification Initiative (IFCI): http://www.irishforestcertification.com/

Trade Fairs
- The Furniture & Home Accessories fair was held in Dublin most recently in March 2007: http://www.irishfurniturefair.com/
- Ideal Homes Exhibition will be held in October 2007 in Dublin: http://www.idealhome.ie/
- Plan Expo is one of Ireland's longest established trade shows for the construction industry. The next event will be in October 2007 in Dublin: http://www.expo-events.com/

Trade Press
- The Irish Department of Enterprise, Trade and Employment (DETE) has interesting information on trade in Ireland: http://www.oderc.ie/
- Irish Timber & Forestry magazine: http://www.irishforests.com/
- Forest Machine Journal: http://www.forestmachinejournal.com/

This survey was compiled for CBI by ProFound - Advisers in Development

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