



Forest Research

UK Timber Market Statement 2021

October 2021

Forest Research

The Research Agency of the
Forestry Commission

Forest Research is the Research Agency of the Forestry Commission and is the leading UK organisation engaged in forestry and tree related research.

The Agency aims to support and enhance forestry and its role in sustainable development by providing innovative, high quality scientific research, technical support and consultancy services.

Contents

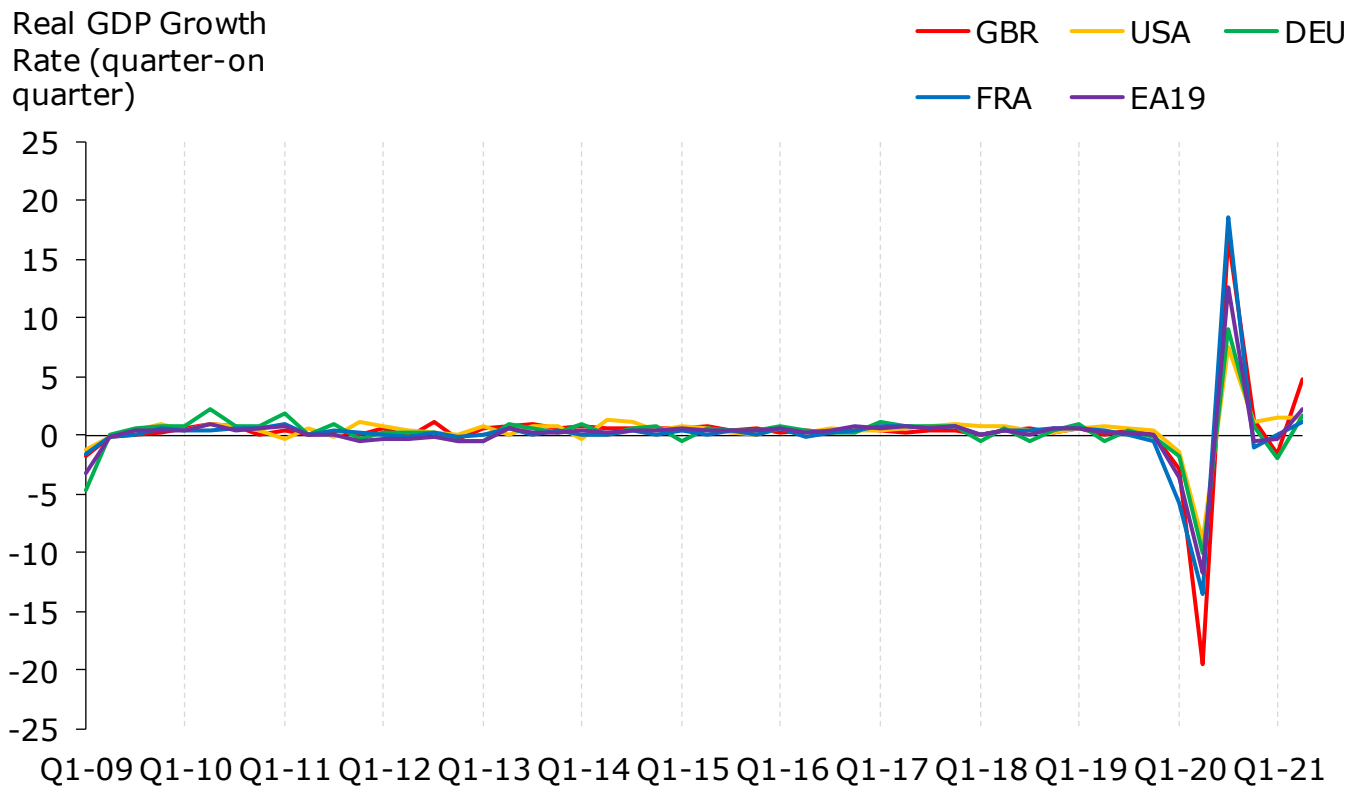
1	General economic trends affecting forests and the forest industries sector.....	4
1.1	Overview.....	4
1.2	Monetary Policy.....	6
1.3	GDP Growth.....	8
1.4	Inflation.....	9
1.5	Employment.....	11
2	Policy measures.....	12
2.1	Forestry policy in the UK.....	12
2.2	Government priorities.....	13
2.3	Plant health.....	18
2.4	Carbon markets.....	19
3	Market drivers.....	21
3.1	Overview.....	21
3.2	Prices.....	22
3.3	Construction, manufacturing and distributive trades.....	24
3.4	Energy.....	28
4	Developments in forests and forest products markets sector.....	30
4.1	Wood raw materials.....	30
4.2	Wood energy.....	31
4.3	Certified forest products.....	31
4.4	Sawnwood.....	32
4.5	Woodbased panels.....	33
4.6	Pulp and paper.....	34

1 General economic trends affecting forests and the forest industries sector

1.1 Overview

The UK economy has experienced an uptick since the major downturn in 2020 due to the COVID-19 pandemic. After the record fall in GDP during Q2 2020, GDP growth bounced back in Q3 2020, however due to the winter lockdowns in the UK, GDP growth then decreased in Q4 2020 and Q1 2021. GDP growth has increased in Q2 2021, due to the loosening of COVID-19 restrictions. The COVID-19 crisis follows a period of relatively stable growth in the UK since 2010 (Figure 1.1).

Figure 1.1 Real GDP Growth Rate 2009-2021, Selected Economies, %

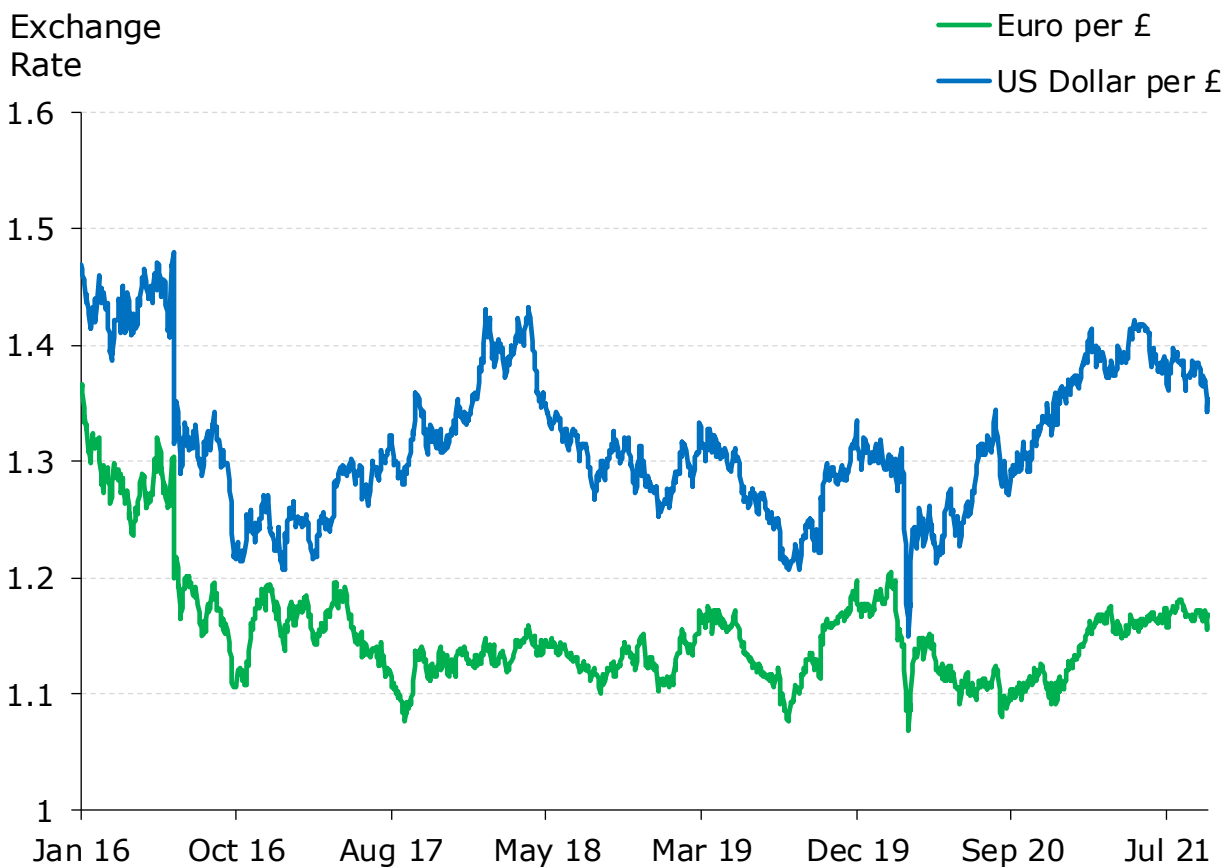


Real Growth of Gross Domestic Product (GDP) in the UK, USA, Germany, France and the Euro area (EA19) over the last decade.

Source: Organisation for Economic Co-operation and Development (OECD, 2020) "Quarterly GDP" (indicator), www.oecd-ilibrary.org/economics/quarterly-gdp/indicator/english_b86d1fc8-en.

There has been a general increase in 2021 in the value of the Pound Sterling against both the Euro and the US dollar (Figure 1.2). There have been more fluctuations in the value of the Pound Sterling against the Euro than the US dollar since the significant fall in spring 2020. This may be due to the UK’s new trading relationship with the European Union after it left the EU Single Market at the beginning of 2021.

Figure 1.2 Exchange Rate of £ against Euro and US Dollar



The value of the Pound Sterling over time against the Euro and the US dollar.

Source: Bank of England (2021), Spot Exchange Rate (Euro into Sterling), Spot Exchange Rate (Dollar into Sterling).

1.2 Monetary Policy

The Bank of England's Monetary Policy Committee vote on whether to raise, lower or maintain the Bank of England's Base Rate, upon which many other interest rates are based. Setting 'the interest rate' is one of the key macroeconomic instruments in monetary policy that help to achieve the Bank of England's inflation target and stimulate economic growth.

Slight rises in interest rates in 2017 and 2018 were reversed in 2020. Rates were reduced from 0.25% to 0.1% in March 2020. The Monetary Policy Committee voted unanimously in September 2020 to maintain rates at 0.1%. The interest rates have been held at 0.1% throughout Q1 and Q2 2021.

Despite low interest rates, the household savings ratio increased in the wake of the 2007-08 financial crisis as consumers chose to pay off existing debts and increase their savings rather than increasing spending using cheap credit. This had a negative effect on consumption and economic growth. However, there have been major fluctuations in the household savings in the past year, driven by a COVID-19 lockdown and continuing reluctance among consumers to spend in sectors such as retail, hospitality and travel. The Household Saving Rate in the United Kingdom increased to 18.4 percent in the first quarter of 2021 from 13.4 percent in the fourth quarter of 2020 (Figure 1.3). There have been early indications of households' savings decreasing as COVID restrictions have been lifted in Q2 2021.

Figure 1.3 Households' Savings Ratio, 2008-2021, %



Source: ONS (2021), Households' saving ratio (per cent): Current price: £m: SA.

There have been rises in inflation in 2021, following the drop in inflation caused by the COVID-19 pandemic. The Consumer Prices Index (CPI) rose by 3.2% in the 12 months to August 2021, up from 2.0% in July: the increase of 1.2 percentage points is the largest ever recorded increase in the CPI National Statistic 12-month inflation rate series, which began in January 1997; this is likely to be a temporary change.

1.3 GDP Growth

Change in Gross Domestic Product (GDP) is currently considered the main indicator of economic growth. It measures the market value of all 'final' goods and services produced over a period of time (i.e. monthly, quarterly, or annually) in monetary terms.

The UK has seen continued GDP growth in the past six months in 2021 as coronavirus (COVID-19) restrictions continued to ease to varying degrees in England, Scotland and Wales. UK Gross Domestic Product (GDP) is estimated to have increased by 4.8% in Quarter 2 (Apr to June) 2021, largely because of the performance of the services sector. This partly reflects the gradual reopening of accommodation and food service activities, the reopening of non-essential stores, and the increase in school attendance compared with the previous three months (February to April 2021). The level of GDP in the UK is now 4.4% below where it was prior to the coronavirus pandemic at the end of 2019.

1.4 Inflation

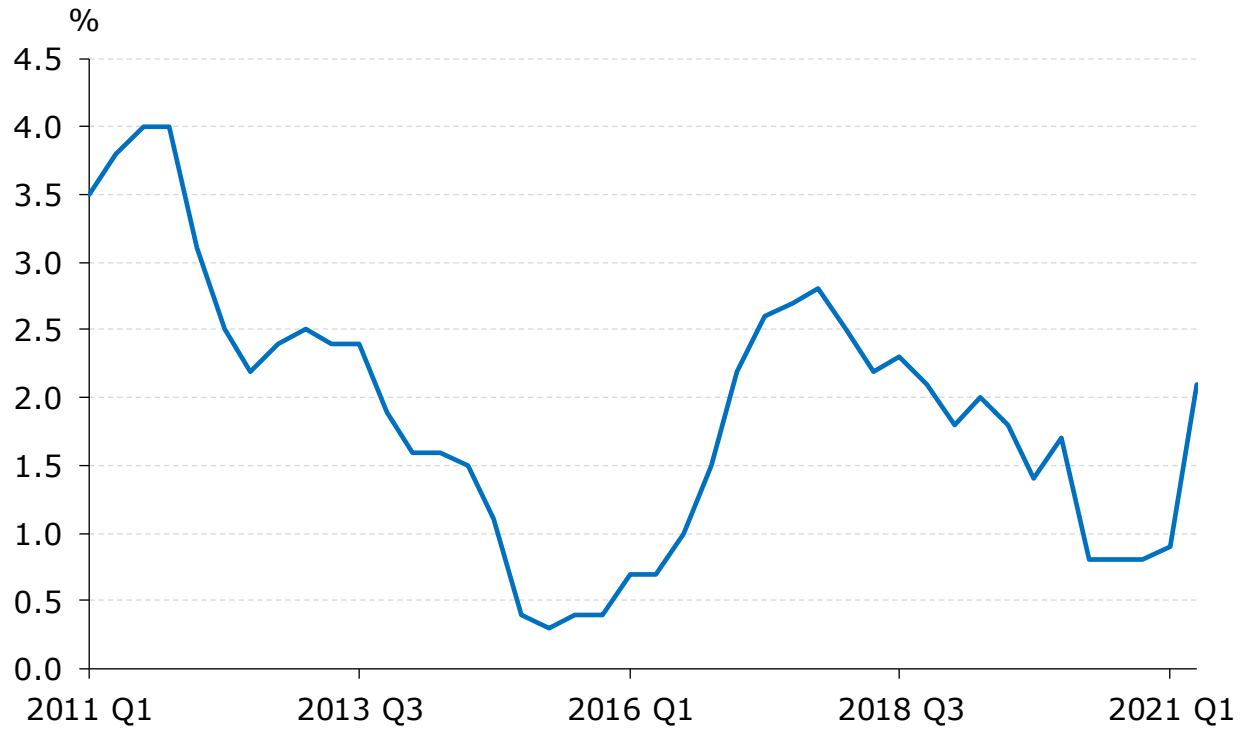
The Consumer Prices Index, including owner occupiers' housing costs (CPIH), shows the rate at which prices are rising, or falling, in the domestic economy (Figure 1.4). The Bank of England's (BoE) target for inflation is 2% per year. In March 2009, the BoE set interest rates at 0.5%. This was coupled with a sustained period of quantitative easing¹. A period of higher inflation in the economy followed, reaching a high of around 4.5% as credit became cheaper to obtain and demand for goods and services increased in the economy. The fall in the inflation rate between 2012 and 2015/16 is believed to have been largely caused by external factors to the UK economy, in particular a fall in energy, food and imported goods prices, which in turn were primarily due to fluctuations in exchange rates.

More recent falls in inflation since 2018 were associated with a dampening of economic activity, followed by a sharper decline in 2020 as a result of the COVID-19 pandemic. There have been rises in inflation in Q1 and Q2 2021. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.0% in the 12 months to August 2021, up from 2.1% to July. This is the largest ever recorded change in the CPIH 12-month inflation rate. Previously the largest change was recorded in December 2008, when the 12-month rate decreased 0.8 percentage points to 3.0%. Inflation rates at this time are influenced by the effects of the coronavirus (COVID-19) lockdowns in 2020, relatively low prices for some items during and after that period influence current inflation rates. In particular, in August 2020 many prices in restaurants and cafes were discounted because of the government's Eat Out to Help Out (EOHO) scheme, which offered customers half-price food and drink to eat or drink in (up to the value of £10) between Mondays

¹ The Bank of England creates new digital currency in order to purchase assets, such as government bonds. Buying assets in large quantities increases the price of these assets, which reduces the yield, or return, on that asset. This encourages owners of these assets to sell them and use the money from the sale to invest in alternative assets, such as company shares and bonds, which enables businesses to invest, boosting the economy.

and Wednesdays. Because EOHO was a short-term scheme, the upward shift in the August 2021 12-month inflation rate is likely to be temporary.

Figure 1.4 Consumer Prices Index including owner occupiers’ housing costs (CPIH), 2011 to 2021, %

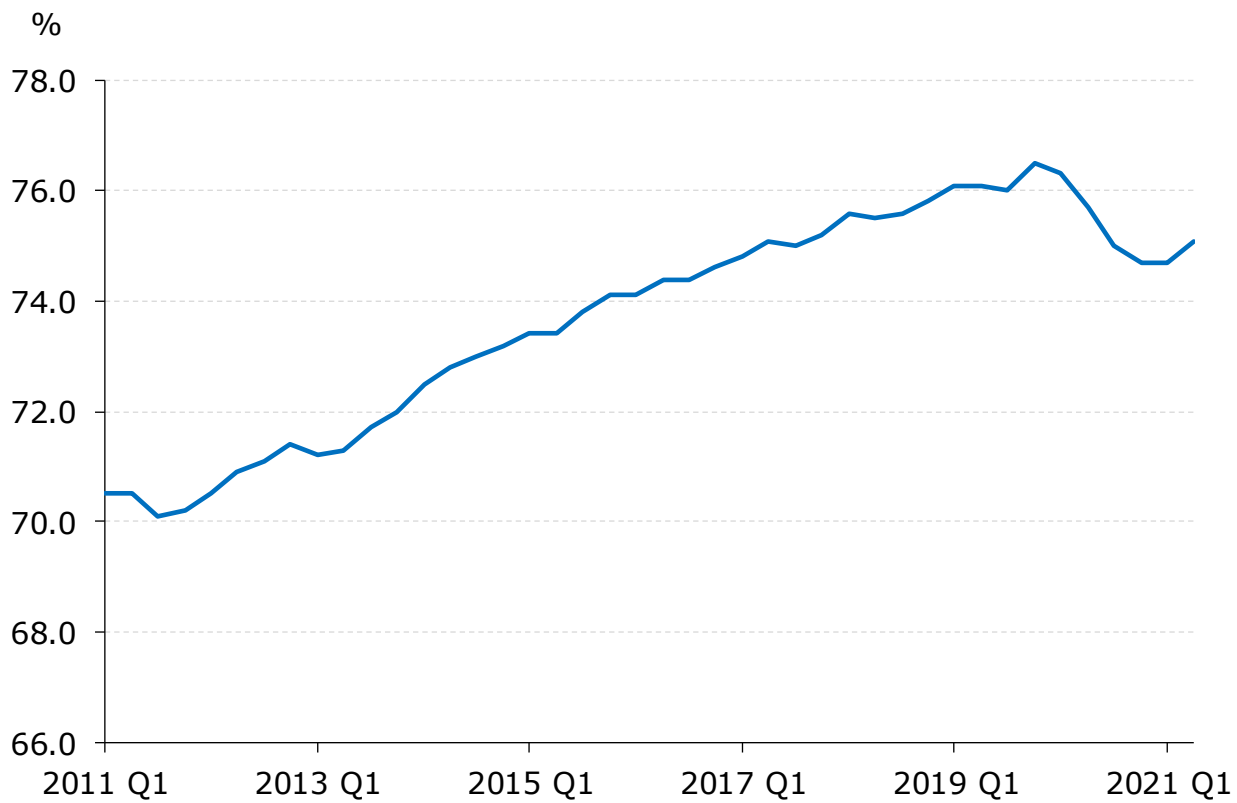


Source: ONS, CPIH Annual Rate 00: All Items 2015=100

1.5 Employment

Recent years have seen the employment rate in the UK increasing to record levels until the COVID-19 pandemic. Data from the Office for National Statistics show a slight fall in the employment rate in 2021 Q1, and an increase in the unemployment rate, in mid 2021 (see Figure 1.5). The cushioning effects of government responses to the pandemic – notably the temporary furlough scheme to prevent employers laying off staff which have continued into late 2021 – have reduced the impacts of COVID-19 on employment.

Figure 1.5 UK employment rate % (seasonally adjusted), 2011-2021



Source: Office for National Statistics (ONS) Labour Market.

2 Policy measures

2.1 Forestry policy in the UK

Domestic forestry policy in the UK is a devolved matter. Devolution of forestry was completed in April 2019, but some cross-border collaboration remains for a number of functions as agreed by Ministers. Scotland, England and Wales are each delivering some of these functions (commissioning and monitoring of forestry research, management of the UK Forestry Standard and Woodland Carbon Code, Plant Health (forestry) and Forest Reproductive Material functions, provision of economist advice).

Both the UK Government and the devolved administrations are committed to sustainable forest management, as articulated in the Forest Europe Ministerial agreements. Sustainable forest management serves as an overarching concept and framework and the UK approach to delivery is set out in the UK Forestry Standard (fourth edition) published in 2017.

International forestry policy remains a reserved UK Government matter.

In March 2019 the UK Government announced ambitious woodland creation targets for the UK to help meet 'Net Zero' commitments made in May 2019 and to improve habitats and provide public benefits such as biodiversity, water regulation and benefits to human health. The target is to plant 30,000 hectares a year by 2025. Current planting rates are around 13,000 hectares.

2.2 Government priorities

2.2.1 England

Priorities in England are set out in the England Trees Action Plan published in May 2021 and include expanding and connecting the woodland resource; enhancing the role of our trees and woodland as part of the green economy, protecting and improving the woodland resource and connecting people with trees and woodland.

The COVID19 pandemic caused some disruption to timber supply chains, harvesting and planting activity in spring 2020. This disruption was, on the whole, short lived. Most forestry businesses were operating close to normal by summer 2020. Demand for timber remains relatively high and prices strong.

An outbreak of *Ips typographus* in Kent led to sanitation fellings of Norway Spruce but volumes of wood involved were modest.

Hymenoscyphus fraxineus continues to damage and kill ash trees, particularly in Southern England. This is leading to owners felling ash where dead and dying trees threaten roads and property. Wood from these harvesting operations is being used in local bioenergy supply chain, income from the sale of this wood is helping to offset the cost of felling ash.

The Woodland Carbon Guarantee has now run four auctions to provide a guaranteed minimum carbon price for Woodland Carbon Code projects in England. The Nature for Climate Fund was launched in 2020, with around £530 million out of £640 million allocated to tree planting to deliver a step change in woodland creation rates and increase the proportion of woodland in active management; this includes the launch of a landmark woodland creation grant, the England Woodland Creation Offer, providing payments for public goods in defined locations in addition to funding standard woodland creation costs. Other delivery mechanisms supported by the Nature for Climate Fund include funding for new and existing Community Forests, new Woodland Creation Partnerships, and continuing support for the Northern Forest Partnership and National Forest Company. The development of tree

and woodland options and measures in the Environmental Land Management schemes continues.

2.2.2 Scotland

In Scotland, forestry is recognised as having an important role in contributing to emissions reduction targets through carbon sequestration which is a specific objective of woodland creation. The current Climate Change Plan (third report on policies and proposals), updated in December 2020, sets out how the Scottish Government will meet its greenhouse gas emission reduction targets for the period 2017-2032. The 2020 update to the Plan set out more ambitious woodland creation targets, rising from the current 12,000 hectares of new woodland per year to 18,000 hectares per year from 2024/25. The update also added a commitment to increase the woodland carbon market by at least 50% by 2025, through the UK Woodland Carbon Code managed by Scottish Forestry.

To complement woodland creation, a framework to better control woodland removal is also in place and the Climate Change Plan sets a goal of a further increase emissions abatement through greater use of Scottish timber in building construction and refurbishment.

These targets will be taken forward in a sustainable way and require the creation of a range of different woodland types, on different sites, with different objectives. The Scottish Government is committed to supporting the creation of between 4,000 hectares of new native woodland a year, following an agreement in August 2021 between political parties in the Scottish Parliament.

To support the delivery of the Climate Change Plan, the Forestry Grant Scheme offers financial support for the creation of new woodland and the sustainable management of existing woodland. All applications are assessed against the UK Forestry Standard and associated guidelines.

From April 2019 the Forestry and Land Management (Scotland) Act replaced the 1967 Forestry Act in Scotland. The Act includes duties on Ministers to promote

sustainable forest management and to publish a forestry strategy which will set out the Government's priorities in relation to the economic, environmental and social benefits of forestry. Scotland's Forestry Strategy 2019-2029 was published in February 2019 and presents the Scottish Government's 50-year vision for Scotland's forests and woodlands and sets out a 10-year framework for action. It was developed in consultation with a broad range of stakeholders.

2.2.3 Wales

As part of the Welsh Government's plan to tackle the climate emergency it has committed to plant 43,000 hectares of new woodland by 2030, and 180,000 hectares by 2050, in line with the 'balanced pathway' set out by the Climate Change Committee.

The Deputy Minister for Climate Change ran a deep dive exercise in June 2021 to identify actions to remove the barriers to planting trees in Wales, and increase the use of Welsh timber in construction. The deep dive identified a series of recommendations to address these barriers. This includes a new funding scheme for woodland creation, with separate funding for developing woodland creation plans. It also includes work to develop a timber industrial strategy to coordinate the timber supply chain and construction sectors.

The Welsh Government has begun work to develop a National Forest for Wales. The National Forest will create areas of new woodland and help to restore and maintain some of Wales' irreplaceable ancient woodlands. In time it will form a connected network running throughout Wales, which will bring social, economic and environmental benefits. At the end of 2020 the first 14 sites of the National Forest were announced. A consultation will be launched later this year to determine the long-term delivery plan for the National Forest.

Operational activities continue to address plant health issues with the removal of larch stands infected with *Phytophthora ramorum*.

Chalara Ash Dieback (*Hymenoscyphus fraxineus*) is now evident throughout virtually the whole of Wales. It is expected that a significant proportion of ash trees in Wales will be affected by the disease in the coming years, some of which will subsequently die and/or may require removal for public safety reasons.

Priorities in Wales continue to be guided by [Woodlands for Wales](#), the Welsh Government's fifty-year strategy for trees and woodlands.

2.2.4 Northern Ireland

In Northern Ireland the Forest Service delivers forestry and plant health functions on behalf of the Department of Agriculture, Environment and Rural Affairs (DAERA). Forest Service has operated as an Executive Agency since 1 April 1998 and was further classified as a Non-Financial Public Corporation from 1 April 2020. The agency is subject to the overall direction of the Minister, who determines the policy framework within which it operates, the scope of agency activities and the resources available for its work. The Chief Executive is responsible to the Minister for the Agency's operations and performance.

The Forestry Act (Northern Ireland) 2010 requires the Department to promote afforestation and sustainable forestry, to encourage public enjoyment and recreational use of its forests. The Act defines forestry to include the production and supply of timber and other forest products, the maintenance of adequate reserves of growing trees and the management and development of forests to contribute to the protection of the environment, biodiversity and the mitigation of, or adaptation to, climate change.

Forest Service's work substantially supports the Department's vision of 'Sustainability at the heart of a living, working, active landscape valued by everyone' and the Strategic Outcomes in the DAERA business plan). Forest Service work streams are aligned to the Department's strategic objectives as set out in Sustainability for the Future – DAERA's Plan to 2050, its vision for 'Green Growth' and its contribution to Programme for Government Strategic Outcomes including

'We live and work sustainably – protecting the environment', for which DAERA has lead responsibility.

The 'Forests for Our Future' programme was launched in March 2020 and is aimed at helping achieve the UK's net-zero carbon target by 2050 as well as contributing to the enhancement of the landscape and biodiversity, and improving the health and well-being of those that enjoy this natural resource. Over this decade the Forests for Our Future programme aims to plant 18 million trees or 9,000 hectares of new woodland and is a foundation initiative of the Executive's Green Growth strategy which is being developed by DAERA. Forest Service will continue to actively engage in developing policies in agricultural and environmental land use to establish the role trees have within these policies in the pathway to net carbon zero.

Protecting the plant health status of NI whilst facilitating trade in plant and plant products will remain a priority area for Forest Service. Following the end of the EU Exit transition period, work will continue in the development and implementation of Plant Health policies for the UK Internal market, intra EU trade and from 3rd countries.

2.3 Plant health

The Forestry Commission keeps an updated list of restrictions and conditions on timber and wood imports and exports on their website at

www.gov.uk/government/collections/importing-and-exporting-wood-and-timber-products.

2.3.1 Ips typographus

The Eight-toothed spruce bark beetle (*Ips typographus*) is the most damaging pest of spruce in Europe, usually feeding on its native host Norway spruce (*Picea abies*), though it will feed on other conifers (*Abies*, *Larix*, *Pinus*) in outbreak situations when its preferred hosts (*Picea*) are no longer available.

Survey work during 2018 confirmed the presence of a single established population of *Ips typographus* and, following removal of all spruce from the infested site, eradication was considered possible if all adults which may have over-wintered in the leaf litter could be trapped out over the course of the following year.

Pheromone traps on site have been used along with billets and tree traps and appear to have been successful at attracting the hibernating beetles. Wider environment traps were established in the Kent and East Sussex area during 2019 and caught adult beetles believed to have been blown over from the continent.

Further information can be found on the UK government's *Ips typographus* web page at www.gov.uk/guidance/eight-toothed-european-spruce-bark-beetle-ips-typographus.

2.4 Carbon markets

Interest in carbon markets has increased markedly over the last 12 months, among landowners, intermediaries and users of carbon credits alike. In the last year, the Woodland Carbon Code and the Peatland Code have created a joint register of carbon projects – the UK Land Carbon Registry, and there are proposals for new carbon standards including Farm Soil Carbon, Hedgerows, rewilding, lowland Peatland, Saltmarshes and Kelp Forests. In England, the government's Woodland Carbon Guarantee, giving landowners the option to sell their verified Woodland Carbon Units to government at a guaranteed price, has recently held the fourth auction. The first three auctions offered carbon contracts to over 75 projects planning to create over 2,300ha of woodland in England. Average prices for verified Woodland Carbon Units ranged from £17-£24 per tonne of carbon dioxide equivalent (tCO₂e).

Interim results² indicate that the number of projects registered with the Woodland Carbon Code sits at 969 as of 30 June 2021. The rate of registrations has continued to increase – 97 in 2019/20, 345 in 2020/21 and 261 in the first quarter of 2021/22. The predicted sequestration of registered projects has more than doubled since March 2020, increasing from 5.8 million tonnes of carbon dioxide equivalent at the end of March 2020 to 11.1 million tonnes of carbon dioxide equivalent at the end of March 2021 and 13.7 million tCO₂e by June 2021. Around one third of registered projects have been validated³ to the Code, and issued over 4.5 million carbon units. Well over half of the validated carbon has been sold upfront as Pending Issuance Units, but there are also sales of the small number of verified⁴ Woodland Carbon Units to companies who are looking to formally offset

² www.woodlandcarboncode.org.uk/uk-woodland-carbon-registry

³ Validated: is the initial evaluation of a project or group against the requirements of the Woodland Carbon Code. Upon completion a project/group will receive a 'Validation Opinion Statement'. The project/group will then be certified for a period of up to 5 years.

⁴ Verified: Verification is the evaluation of a project as it progresses to confirm the amount of CO₂ sequestered to date as well as that it continues to meet the requirements of the Woodland Carbon Code.

their emissions. As more companies set 'Net Zero by year x' targets or join initiatives like Race to Zero⁵, the interest in creating woodlands or funding other 'natural climate solutions' to sequester carbon dioxide continues to grow.

The [Woodland Carbon Code website](#) provides a 'central point' for buyers and sellers to connect.

⁵ <https://unfccc.int/climate-action/race-to-zero-campaign>

3 Market drivers

3.1 Overview

The global COVID-19 pandemic was a major influence on forest products markets in 2020, with the majority of businesses in the sector closed or running at a much reduced capacity for several weeks after lockdown started in March. This led to reduced demand from the construction and pallets markets in the first half of 2020. However, the UK Government's furlough scheme led to increased demand in the DIY sector.

Demand picked up in the second half of 2020 and into 2021, particularly from the housebuilding and the repair and maintenance sectors. In the longer term, the drive to net zero and major investment in engineered wood products (such as cross-laminated timber) are expected to increase demand.

There have been a number of pressures on supply, including material lost to infestation, shortages of heavy goods vehicle drivers and skilled labour, and logistical issues at ports, resulting in a tightening of markets.

The increasing demand (both within the UK and globally), combined with restrictions on supply, have led to increasing prices for raw materials and freight costs.

3.2 Prices

Exchange rates are seen as a major influence on timber prices in the UK. As noted in the economic overview (section 1.1), there was a significant fall in spring 2020 in the value of the Pound Sterling against both the Euro and the US dollar. The fall was also evident in the value of the Pound Sterling against the Swedish Krona which continued to fall over most of 2020, before starting to rise in early 2021.

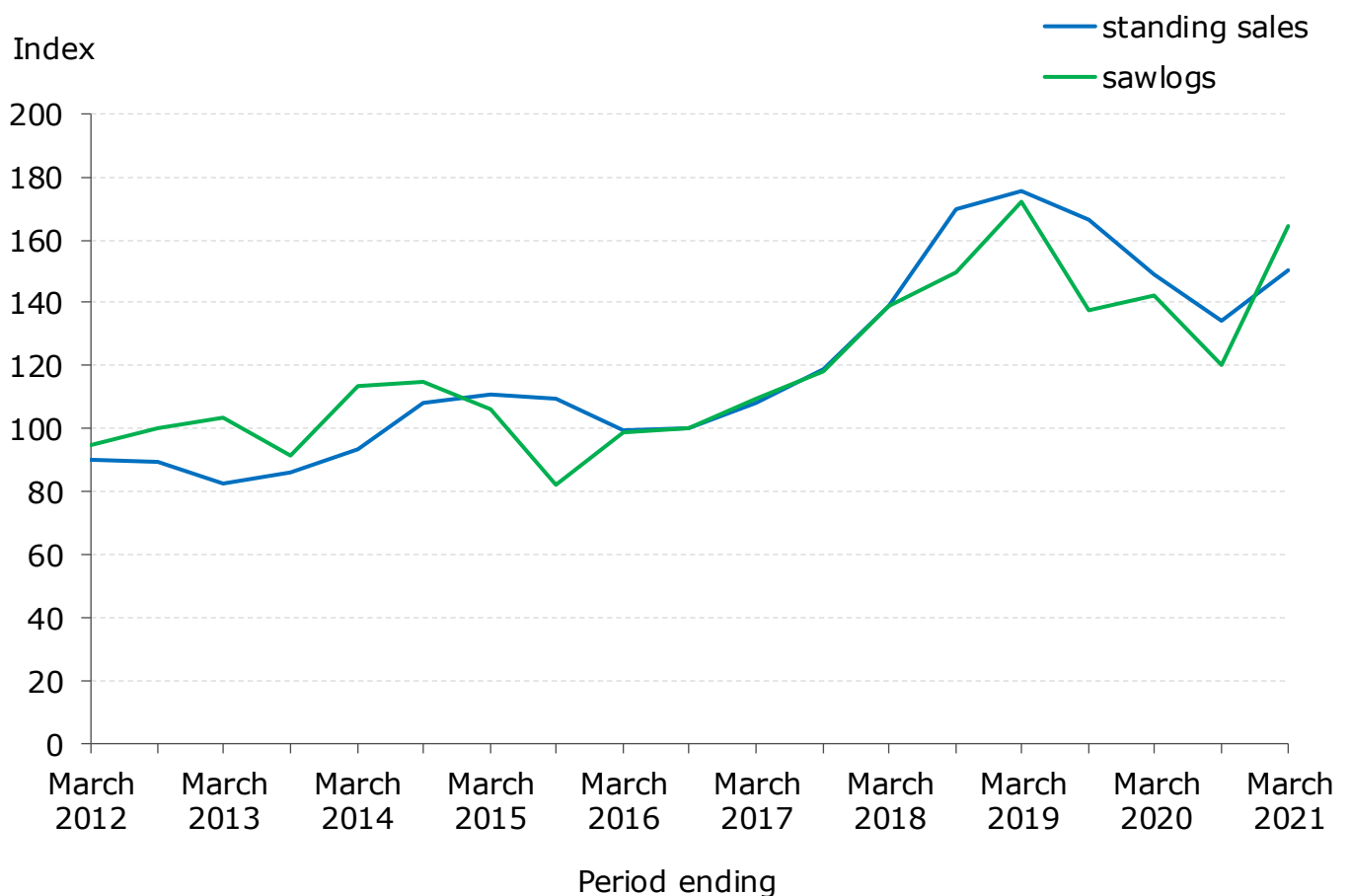
Figure 3.1 Exchange Rate of £ against Swedish Krona



Source: Bank of England (2021), Spot Exchange Rate (Swedish Krona into Sterling).

Timber prices in the UK are monitored via two price indices, based on sales by Forestry England, Forestry and Land Scotland, and Natural Resources Wales. The coniferous standing sales price index for Great Britain was 1.0% higher in real terms in the year to March 2021, compared with the previous year. The softwood sawlog price index was 15.4% higher in real terms in the 6 months to March 2021, compared with the corresponding period in the previous year.

Figure 3.2: Coniferous standing sales and sawlog price indices in real terms for Great Britain, 2012-2021



Source: Timber Price Indices: data to March 2021 (Forest Research, May 2021)

3.3 Construction, manufacturing and distributive trades

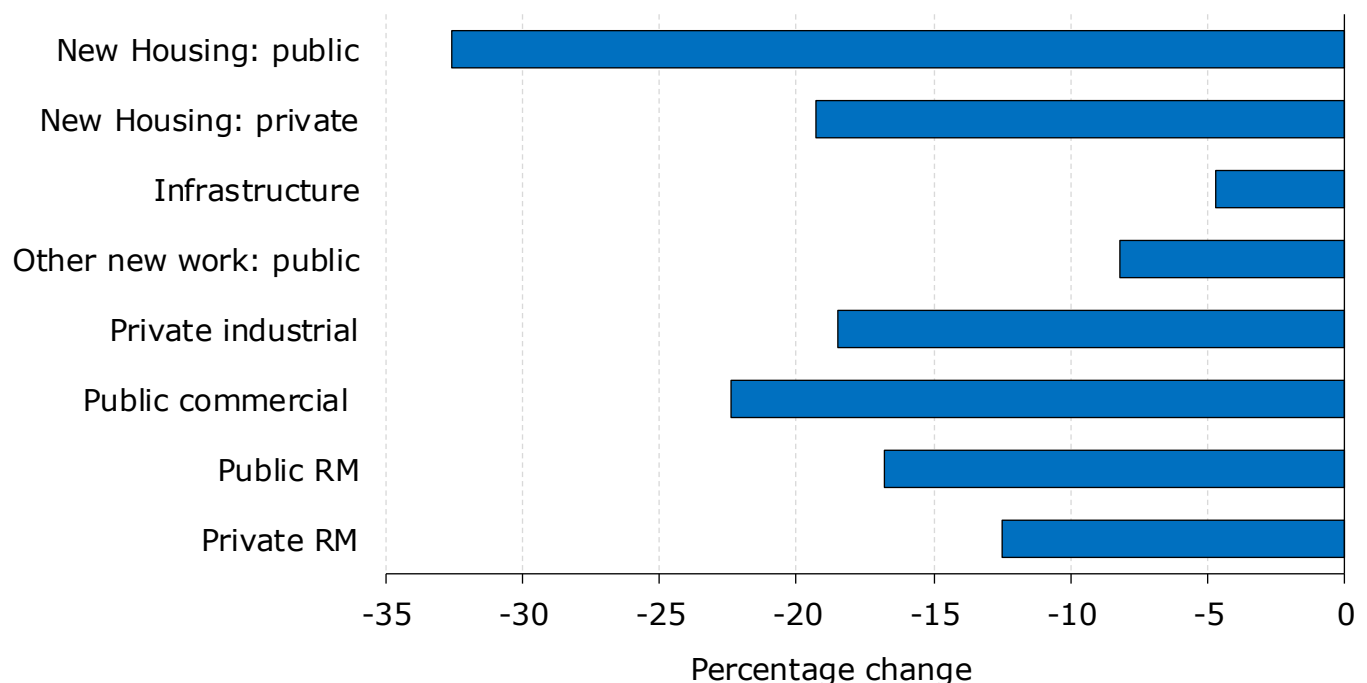
3.3.1 Construction

The value of UK manufacturer sales of builders' carpentry and joinery was £3.4 billion in 2020, a 14% decrease from the previous year.

The Construction Material Price index has shown an increase of 0.1% for 'All Work' from 2019 to 2020 (Department for Business, Energy and Industrial Strategy, Building materials and components statistics: September 2021).

Output decreased for all construction sectors between 2019 and 2020, with the largest percentage increase, of 33%, in public sector housing.

Figure 3.3: Construction industry output, 2019 to 2020 percentage change



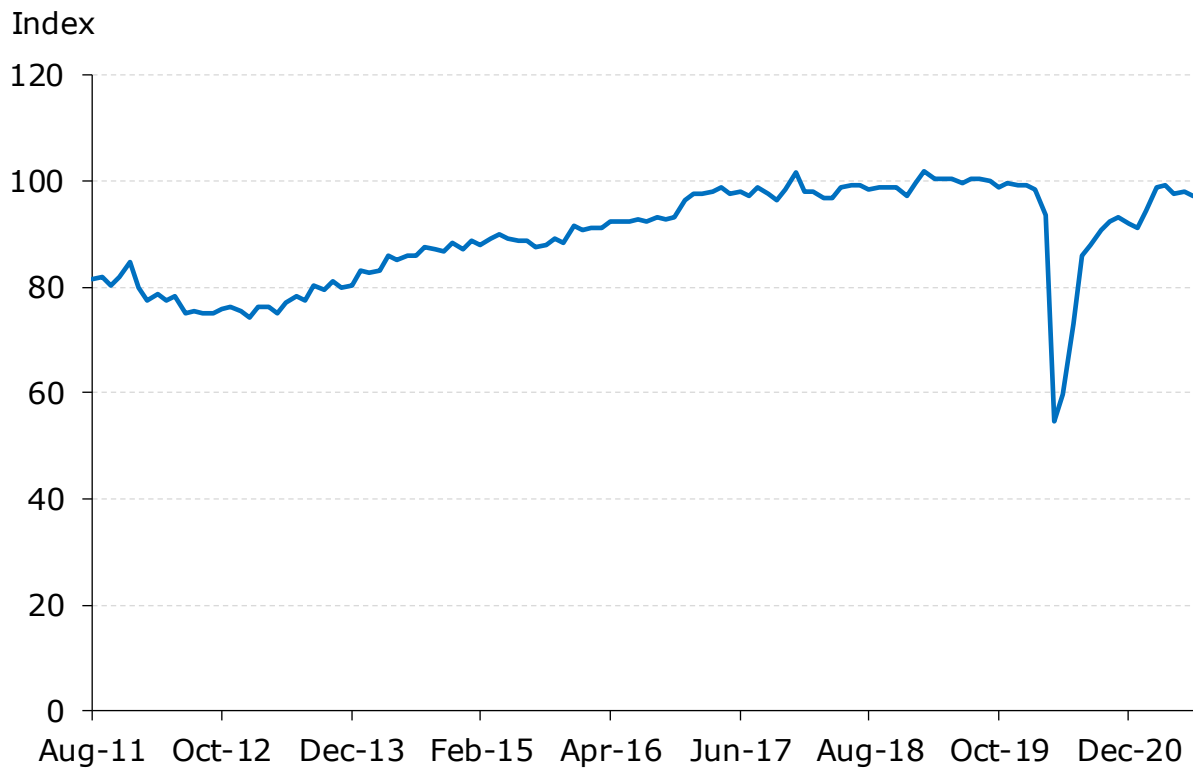
Source: Output in the Construction Industry (Office for National Statistics, August 2021)

Note:

1. Volume seasonally adjusted data.
2. RM = repair and maintenance.

The Construction Products Association (CPA) anticipates construction output in 2021 to grow by 14%, with strong growth restricted by the supply of imported construction products and skilled labour.

Figure 3.4: Construction industry output, monthly all work index

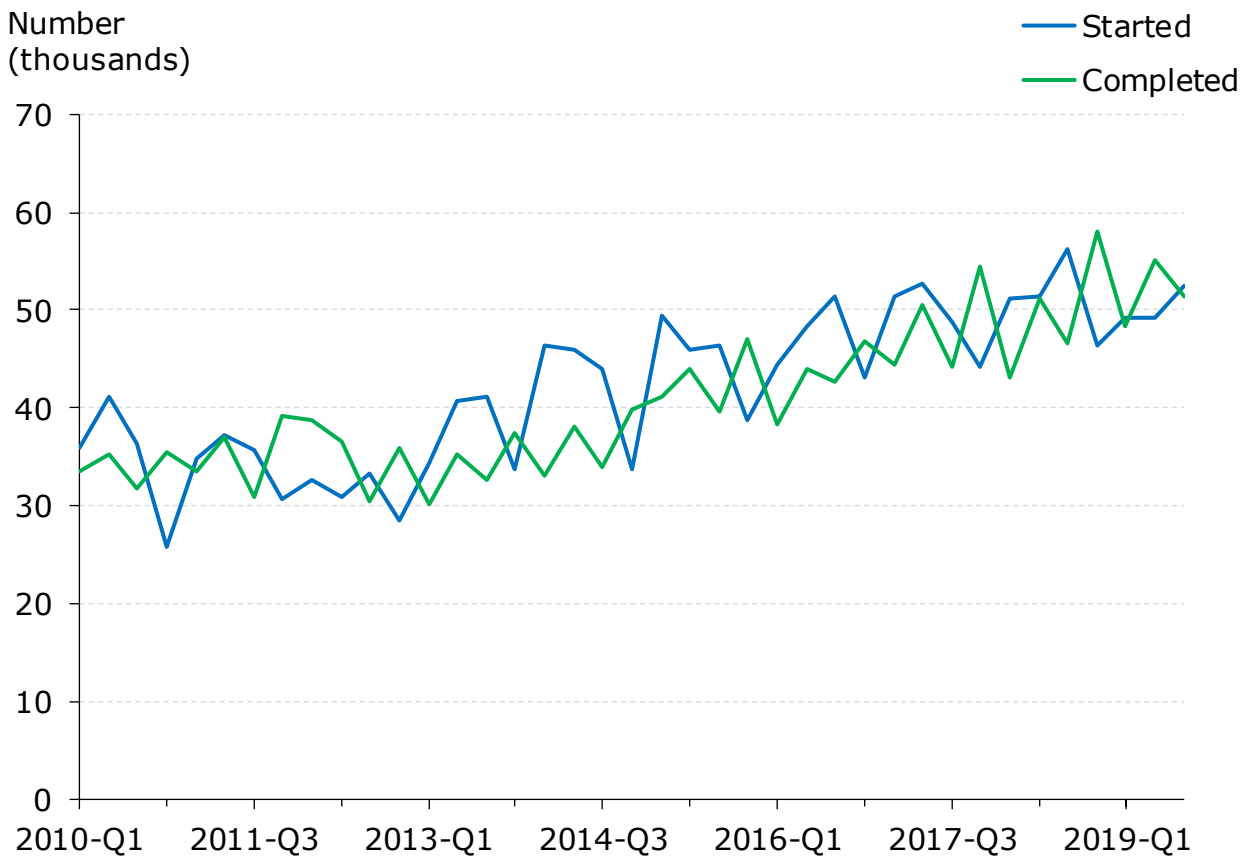


Source: Output in the Construction Industry (Office for National Statistics, August 2021)

3.3.2 New house starts

A total of 189 thousand permanent dwellings were started in 2019, an 8% decrease from the same period in the previous year. Housing completions totalled 214 thousand in 2019, an 8% increase.

Figure 3.5: Housing starts and completions in the UK, 2010 to 2019

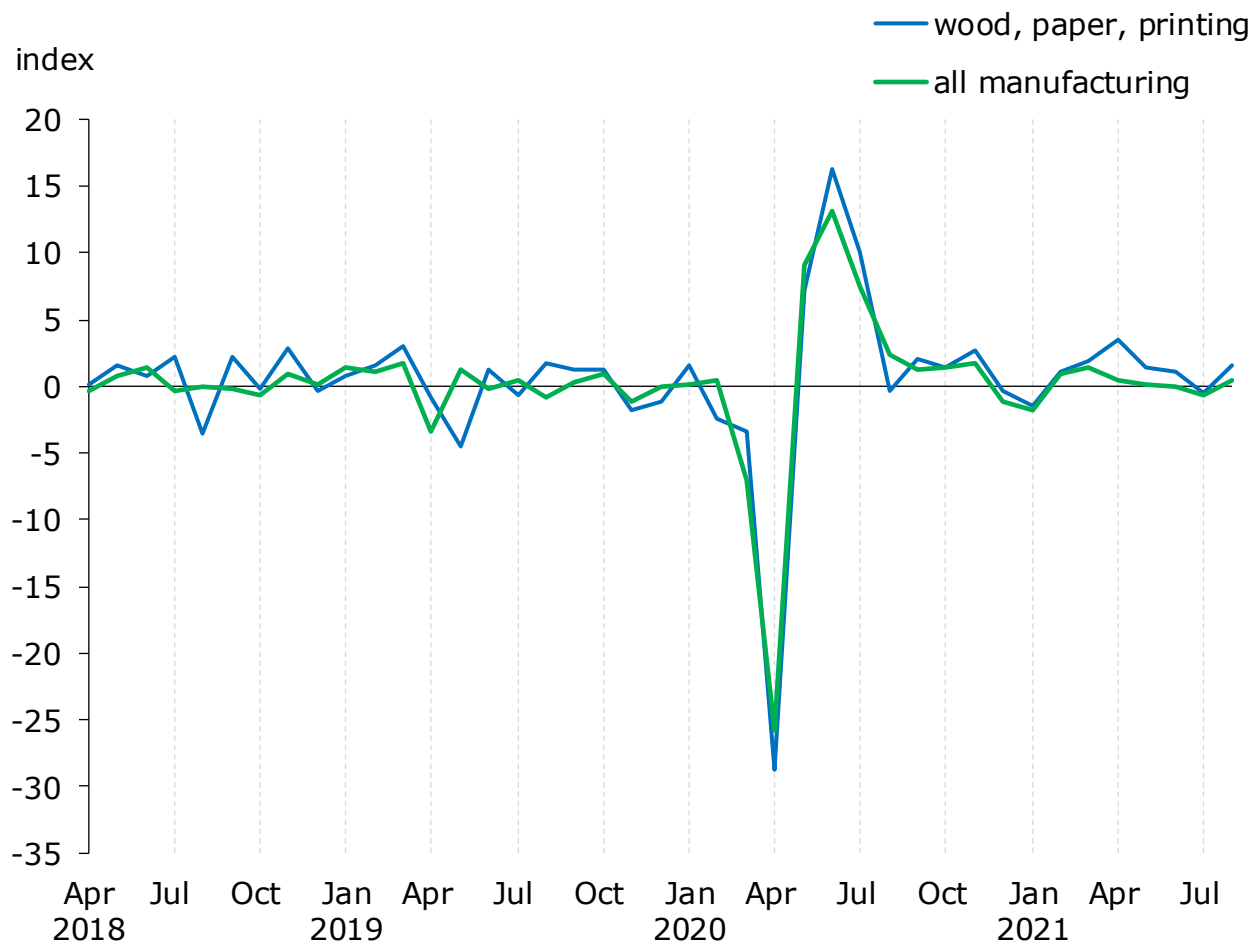


Source: UK House Building: Permanent dwellings started and completed (Office for National Statistics, March 2021)

3.3.3 Manufacturing and distributive trades

UK manufacturing output fell by 8.8% between 2019 and 2020. Over the same period, the UK index of production for the wood, paper products and printing sector decreased by 9.1%. This has been driven by a sharp decline in the spring of 2020, followed by a weaker recovery. Output has been relatively more stable in early 2021.

Figure 3.6: Manufacturing output – index

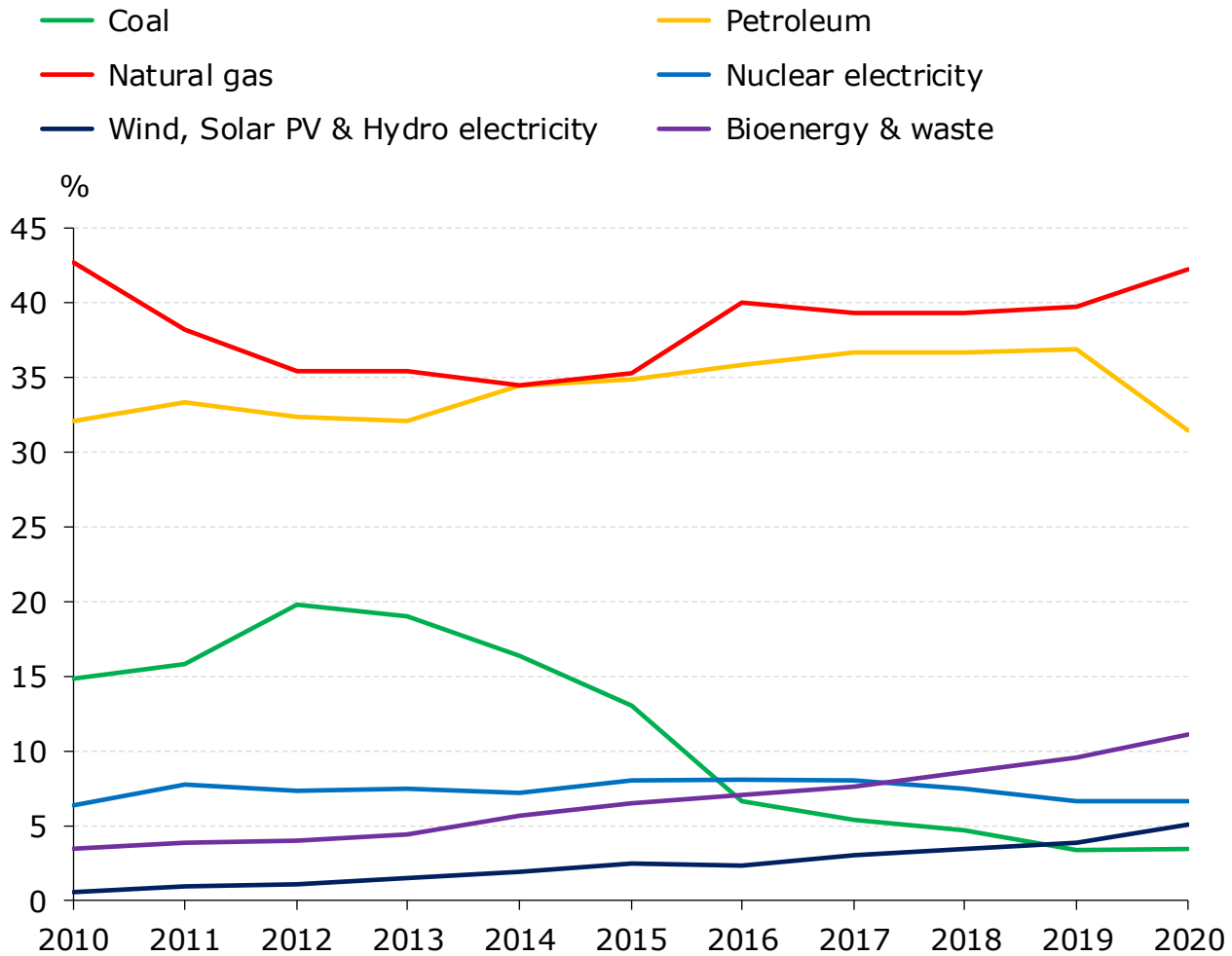


Source: Index of Production (Office for National Statistics, October 2021)

3.4 Energy

The share of UK energy produced by biomass and waste has increased from under 4% in 2010 to 11% in 2020.

Figure 3.7: Consumption of primary fuels, 2010 to 2020



Source: Digest of UK Energy Statistics (DUKES Table 1.1.1), Department of Business, Energy and Industrial Strategy.

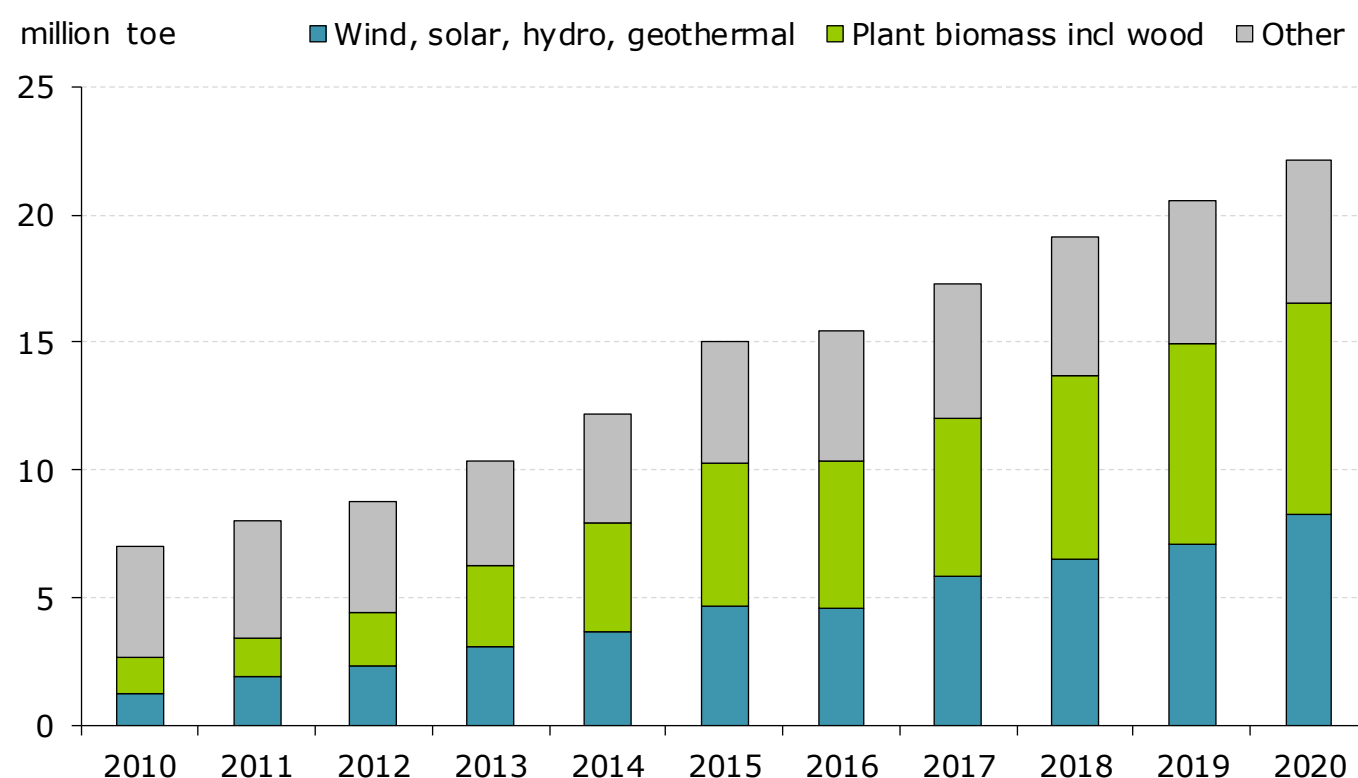
Note:

1. Excludes net electricity imports.

The use of renewables to generate electricity and heat has increased from 7.0 million tonnes of oil equivalent (Mtoe) in 2010 to 22.3 Mtoe in 2020. In addition to

heat and electricity, renewables are also consumed in the transport sector as liquid biofuels and also biogases are injected into the gas grid. These uses totalled 1.2 Mtoe in 2010, increasing to 2.2 Mtoe in 2020. Plant biomass (including wood) accounted for 34% of renewables in 2020⁶.

Figure 3.8: Renewable sources used to generate electricity and heat, 2010 to 2020



Source: Digest of UK Energy Statistics (DUKES Table 6.6), Department of Business, Energy and Industrial Strategy.

Note:

1. toe = tonnes of oil equivalent.
2. Other includes biogasses, animal biomass, biodegradable energy from waste, and heat pumps.
3. Excludes liquid biofuels in transport and biogasses injected into the grid.

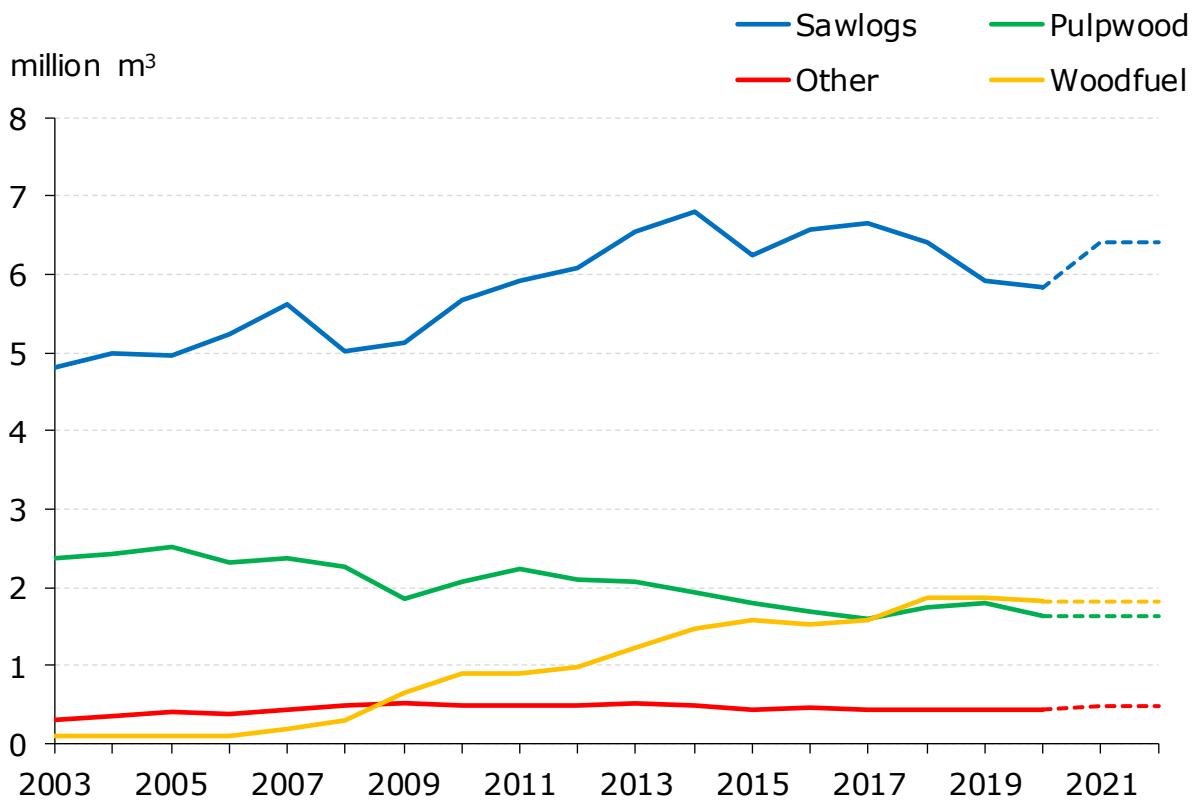
⁶ Source DUKES Table 6.6; <https://www.gov.uk/government/statistics/renewable-sources-of-energy-chapter-6-digest-of-united-kingdom-energy-statistics-dukes>

4 Developments in forests and forest products markets sector

4.1 Wood raw materials

Coniferous roundwood production in the UK has increased from around 7.2 million cubic metres underbark in 2002 to a peak of around 10.4 million cubic metres underbark in 2018. A 4% reduction in 2019 was followed by a further reduction of 3% in 2020, to 9.7 million cubic metres underbark. Estimates suggest that this will rise in 2021 to around 10.3 million cubic metres underbark, largely as a result of recovery from the COVID-19 pandemic and increased demand. Production is projected to stabilise in 2022.

Figure 4.1: Coniferous roundwood production, 2002 to 2022



Source: Forest Research (2021).

Non-coniferous roundwood production has risen from around 0.5 million cubic metres underbark in 2002 to around 0.8 million cubic metres underbark in 2019, before reducing slightly in 2020 to around 0.7 million cubic metres. Production is expected to remain close to 2020 levels in 2021 and 2022.

4.2 Wood energy

Wood energy in the UK is produced from a range of wood products, including roundwood, sawmill products, wood pellets and recovered wood.

The use of recovered wood for woodfuel has increased in recent years, with an estimated 2.5 million tonnes used in 2020.

The majority of wood pellets consumed in the UK are imported. In 2020, imports of wood pellets totalled 9.1 million tonnes, with around 80% of this quantity imported from North America. A further 0.3 million tonnes of wood pellets were produced in the UK.

4.3 Certified forest products

There were 1.41 million hectares of woodland (44% of the total UK woodland area) certified in March 2021 under the FSC and/or PEFC schemes.

The proportion of certified roundwood produced from UK woodlands has largely stabilised over the last 10 years. In 2020, an estimated 82% of all coniferous roundwood produced in the UK came from certified woodlands.

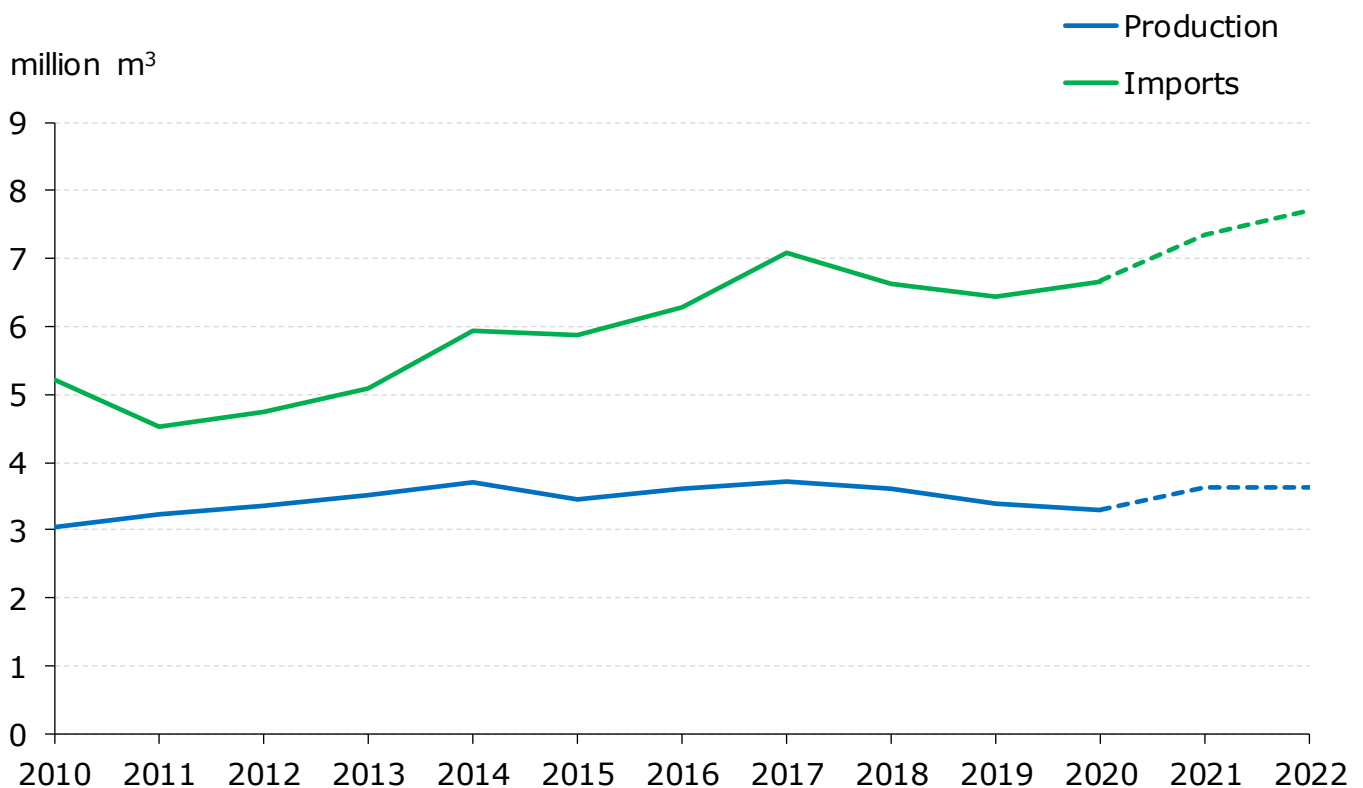
Figures reported by sawmills and by round fencing manufacturers suggest that around 78% of sawlogs and around 64% of coniferous roundwood used by fencing mills was certified in 2020.

4.4 Sawnwood

Coniferous sawnwood production fell by 3% in 2020 to 3.3 million cubic metres, largely as a result of the COVID-19 pandemic. Production is expected to increase in 2021 to around 3.6 million cubic metres, driven by strong demand. Projections for 2022 suggest a similar level to 2021.

Imports of coniferous sawnwood increased by 4% in 2020 to 6.7 million cubic metres. Estimates for 2021 suggest a further 10% increase, to 7.3 million cubic metres, driven by strong demand from the construction sector. A further increase, to 7.7 million cubic metres is projected for 2022.

Figure 4.2: Coniferous sawnwood production and imports, 2010 to 2022



Source: Forest Research (2021).

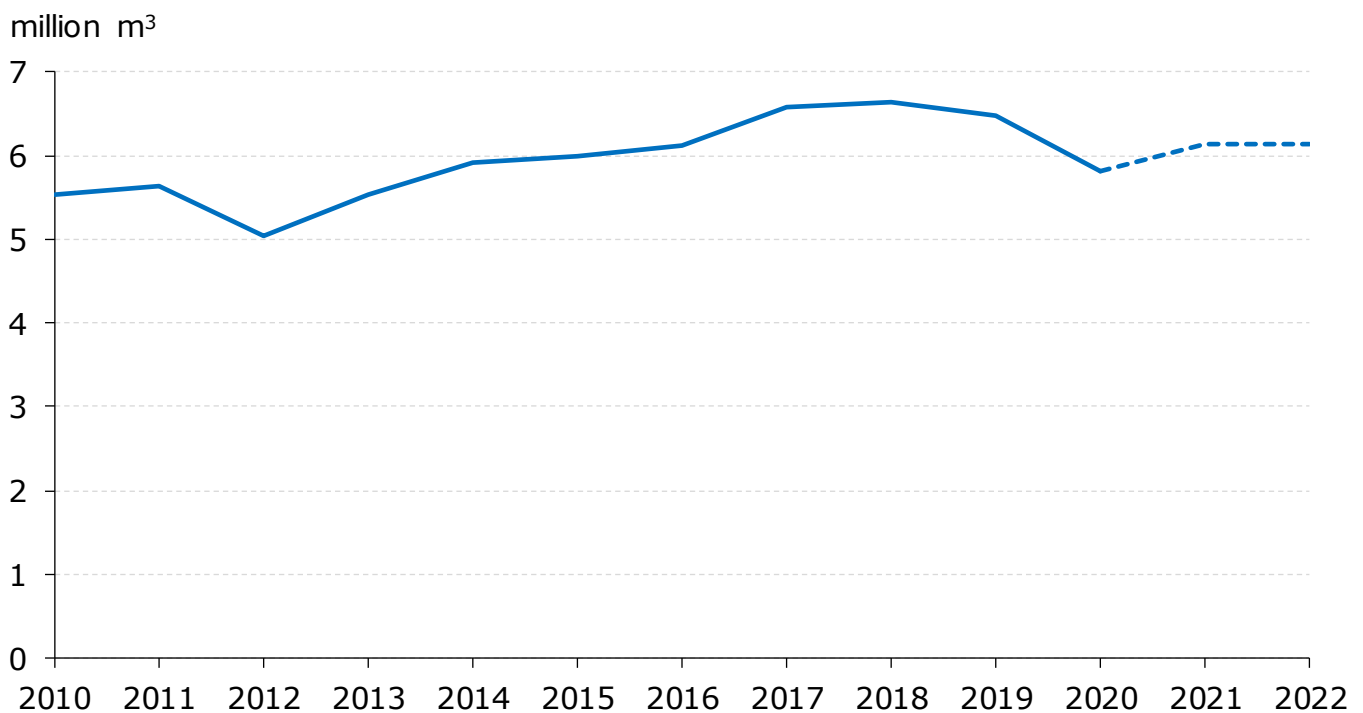
Imports accounted for 97% of apparent consumption of non-coniferous sawnwood in the UK and totalled 0.5 million cubic metres in 2020.

4.5 Woodbased panels

Particleboard (including OSB) and MDF consumed in the UK are both produced domestically and imported, while plywood and other hardboards consumed in the UK are imported.

The UK consumed around 5.8 million cubic metres of woodbased panels (plywood, particleboard and fibreboard) in 2020, a 10% decrease from 2019. This is expected to increase in 2021, with consumption estimated at 6.1 million cubic metres, up 6% from the 2020 figure. UK consumption in 2022 is projected to be similar to the 2021 level.

Figure 4.3: UK consumption of woodbased panels, 2010 to 2022



Source: Forest Research (2021).

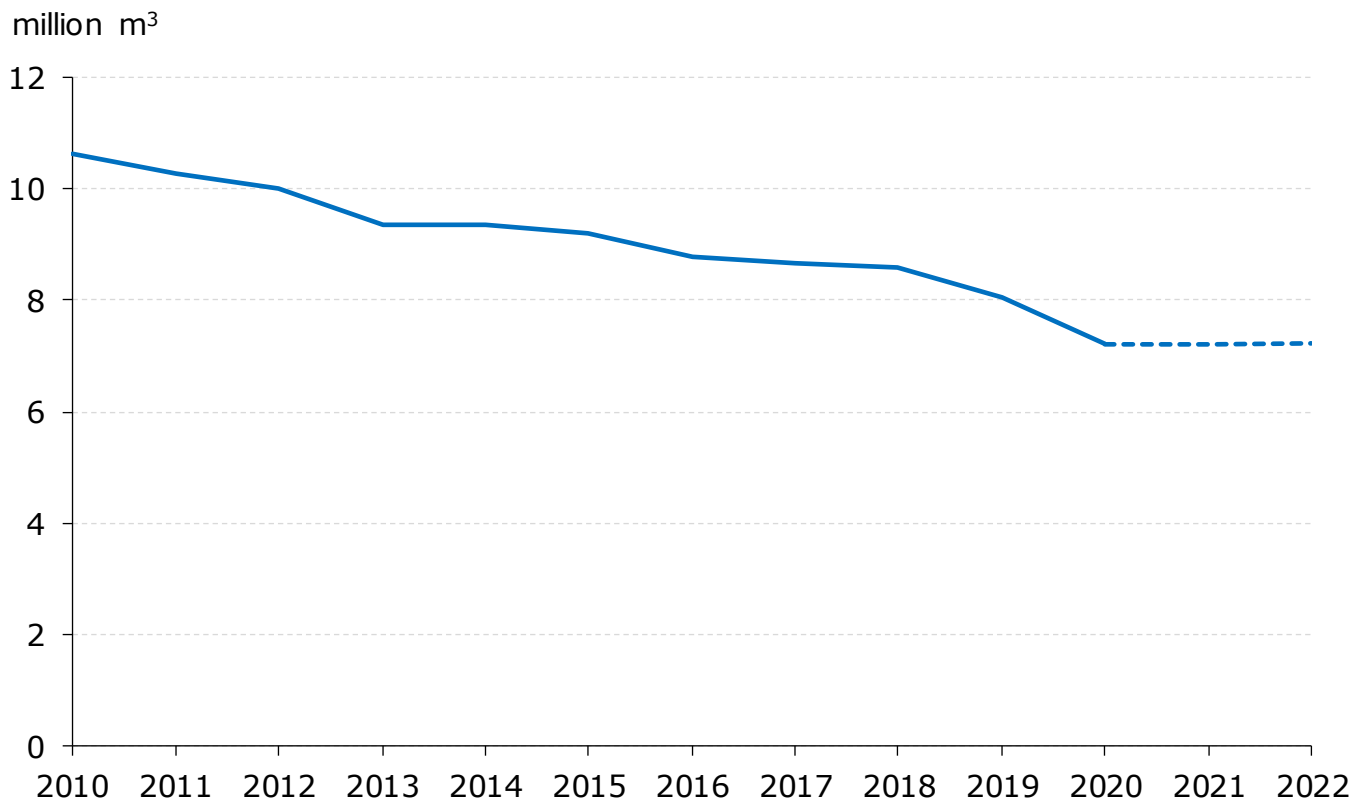
Production of particleboard (including oriented strand board) totalled 2.3 million cubic metres in 2020, an 8% decrease from the previous year.

The UK produced 0.7 million cubic metres of MDF in 2019, down 13 from 2019.

4.6 Pulp and paper

Paper and paperboard consumption in the UK fell by 10% in 2020 to 7.2 million tonnes. It is estimated that consumption will stabilise around this level in 2021 and 2022.

Figure 4.4: UK consumption of paper and paperboard, 2010 to 2022



Source: Forest Research (2021).

Alice Holt Lodge

Farnham
Surrey, GU10 4LH, UK
Tel: **0300 067 5600**

**Northern Research
Station**

Roslin
Midlothian, EH25 9SY, UK
Tel: **0300 067 5900**

**Forest Research in
Wales**

Environment Centre
Wales
Deiniol Road, Bangor
Gwynedd, LL57 2UW,
UK
Tel: **0300 067 5774**

info@forestresearch.gov.uk
www.forestresearch.gov.uk

Forest Research will consider all requests to make the content of our documents available in alternative formats.

Please send any such requests to: research.info@forestresearch.gov.uk

© Crown copyright 2021