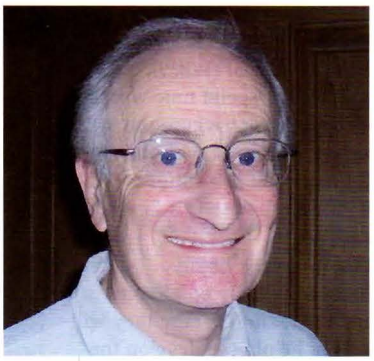
TALKING TIMBER

IT'S AN ILL WIND...

Wood Technology Society board member ***Andrew True*** *looks at the impact storms and wind-throw timber can have on the market*



Andrew True (FIMMM) is immediate past chairman of the Wood Technology Society, and a current board member

The recent winter storms passing through the UK and mainland Europe have left behind damaged forests, with many trees uprooted or snapped.

Generally this will have little or no effect on the market prices of sawnwood. The first thought is that with excess trees coming out of the forests, the prices will automatically fall, eventually being reflected in lower market prices.

This is not necessarily the case. The trees are invariably broken in the 'wrong' place. Most mills are set up to take in logs of 3m, 4m, 4.8/5m or the longer 20/22m lengths. These lengths are first cut in the forest to maximise the length of the tree, and also to facilitate ease of transportation to the sawmill and resultant speedy log sorting. With storm-damaged trees there is more work required by the foresters to accumulate the required lengths. Mechanisation is generally more difficult, therefore costs are higher.

Where the trees are uprooted, the same applies, except at least the lengths can be maximised to suit mill input.

The force of the storm and trees crashing into each other means that the fallen trees can be affected by shakes – a lengthwise separation of the wood between or through the annual growth rings. This becomes apparent on grading and results in a downgrade of the piece from its intended grade.

The fallen logs may have a diameter that is too small for sawmilling, or may not be of the required quality. These may be forced on the sawmill and result in increased production costs.

All of these factors increase the pressure on the ex sawmill price to move upwards.

Another problem is that sawmill capacities are limited and they may not be able to cope with a sudden increase in log supply, and invariably the wrong logs (for example, the log not a length to maximise speed of production). This means that the logs have to be stored, and at best with a sprinkler water supply, prior to delivery to the sawmill.

In this occasional series with the theme of price we have previously touched on supply and demand as being the key influences on price. Basically, supply side pressures are the inability to meet a rising market demand, hence resulting in price rises. More specifically, other supply pressures on price are:

- the price the forests charge the mills for the round logs;
- sawmill production costs;
- the ability of the sawmill to move sawmill by-products (chips, sawdust, etc) at a reasonable price;
- costs of delivery to the market. Though the sawmill can be a tough negotiator on the actual delivery charge, there are factors outside its control, for example, the price of oil. Delivery costs can be exacerbated by the unwillingness of the trucking companies to deliver to certain markets/customer locations;
- currency fluctuations. Since Brexit, we have seen sterling fall considerably against other international currencies. Responsible sellers and buyers try to find compromises, especially as the changes in currencies can occur overnight. But, the key criterion for the seller/supplier is that the sawmill must meet its production costs in its local currency.

Also affecting the supplier's price, from a negative point of view, could be the effect of "dumping" on the market. This can be the result of an over production, at sawmill level, of specific items that need to be moved to the market. Another influence is selling "cheap" by the local market buyers, in order to attract business, or the disposing of unwanted stocks. ■

Below: This longitudinal split is a result of wind-throw damage and is clearly evident, but it is not always so outwardly apparent