

## TALKING TIMBER



## THE TRUE VALUE OF WOOD 2021

*Higher prices means more scope for investment and innovation, says the WTS's Andrew True*



Over recent months the columns of *TTJ* have covered the rising trends in prices, something the trade knows fully well, but only recently has the doubling of prices come to the notice of the wider public through the national media. This shows that the rising prices are achieved in the end user market place, which is thanks to the flexibility of all sellers in convincing their customers that this trend was not a flash in the pan.

As we know, the current price pressures are due to supply issues resulting from worldwide increases in demand. Additionally, there are transportation pressures and log supply pressures to throw into the mix.

So, to the point of this article. Has the price of wood reached its true value? Our first Talking Timber columns for *TTJ* were written by me in April and May 2016, and centred on the supply and demand and the resultant real value of wood. Indeed, I asked the question "was wood under-priced and under-valued?" For those interested, the articles can be viewed via the *TTJ* website.

As an example, I calculated that in 1968 Canadian fresh sawn hemlock for carcassing was sold by shippers/agents at under £25/m<sup>3</sup> and this related to £405/m<sup>3</sup> in 2016 terms. This estimate was double the actual market price at the time. Based on my original calculation, the price now should be around £450/m<sup>3</sup> for fresh sawn.

With the current price in 2021 for kiln dried softwood carcassing closing in on £400/m<sup>3</sup> and with some expectations of between £450/m<sup>3</sup> and £500/m<sup>3</sup> before the year is out, has wood reached its true value? By my calculation not quite, especially as our softwood carcassing market is predominantly kiln dried and planed/stress graded – unlike in 1968 when the supply was soaking wet, visually graded and rough sawn.

So, based on my simple premises (plus the economies of scale that have occurred since 1968) I feel that today the selling price of carcassing wood is actually quite close to the real value. And, this is replicated across the whole timber product range.

Can we maintain these levels? I sincerely hope so, as there are strong issues facing the supply of logs on the horizon. Coupled with the rising world population and the increasing numbers of the more affluent, the demand for wood will continue to rise.

Adding further strength to the argument for maintaining the stability of wood prices is the fact that competing non-wood products prices have also risen considerably; meaning a more stable overall end user market and importers can achieve improved margins and resultant benefits.

For the timber trade, the higher prices mean the creation of an environment that can generate more research and innovation

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in wood-based products that can efficiently use our valuable log resource and guarantee a long-term business stability. Over recent years we have seen increasing utilisation of CLT as a building material and also glulam, (which has been around for quite some time) is now coming more to the fore.

Higher prices also mean more scope for innovations in production, thereby enabling better use of the raw fibre. It is up to our industry to invest for the future, and with the economic driver of decent value for product prices the incentive is there.

In the UK, however, we must not be left behind. We currently have only limited research facilities, such as Bangor and Bath Universities, and Edinburgh Napier University. These contain high quality researchers who can help build and shape our future, and with more investment can influence our future usage of wood. Additionally, we need to expand the education and training of the younger people in our trade.

Reverting back to 1968, we had the world-renowned Forest Products Research Laboratory, TRADA, and numerous universities researching timber, plus very many regional centres/colleges providing for all aspects of timber research and education.

Our task is to bring our country back to those levels, and we need to convince the government to support us. Also, we do need to maintain the true value of wood. ■

*Below: Current price pressures are due to worldwide increases in demand and transportation pressures*

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