

TALKING TIMBER



THE FOUR Cs

Andrew True discusses four key factors which impact on timber trading



Capitalism, Competition, Compromise and Collaboration. All are factors present and important in daily timber trading.

In theory, a capitalist society represents free and open markets, leading to free and fair competition, which in turn involves compromise to reach an agreement and build relationships. Then there is collaboration amongst competitors (often to create industry quality controls), and

collaboration along the supply chain.

Our trade has been around for a long time, with a deep history of international trading and weathering many shocks. Adversity leads to opportunities, to innovation and positive actions.

Capitalism is not perfect, but so far, it's the best system we've got! And, it's good for our trade.

It is easier for new entrants to enter the market, for product development, for entry of new species or new uses for existing species, and to advance the market. Conversely, market forces can reduce the number of market players, and the diversity of species sold.

Capitalism allows freedom of trade without undue restraint from government and other bodies. However, limited intervention is necessary. Building safety cannot be left to market forces. The UK was at the forefront in defining softwood strength grades adopted in formal Codes and Standards, which are recognised throughout Europe. Edinburgh Napier University is currently working on home-grown timber strength properties to improve competitiveness for construction use, and bring in new species and new markets.

The UK timber trade is a classic example of perfect competition – many suppliers and many buyers in the marketplace. Comprised of large, medium and small, private and public companies, sourcing from upstream, and selling downstream. Therefore, prices are generally a function of market supply and demand.

Negotiating is between buyer and seller, and contracts provide the safety for doing deals confirming both parties' understanding of the deal. A deal is mainly a compromise, where both parties agree a course of action to purchase or sell a product.

Are tariffs positive or negative? From a trading perspective negativity overrides the positive effects. A buying market becomes less open with barriers, which could lead to suppliers moving to markets with easier access. The UK is a large market for imported timber. In difficult world trading conditions, the UK could become a prime target.

Is collaboration with competitors a good thing? Certainly, when creating quality standards, and when moving in uniform

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with colleagues against competing industries. In developing new products collaboration is required throughout the supply chain.

Collaboration is necessary for timber training and education at all levels, supporting school leavers through to higher academia. For many years the UK has been a leader in wood science, and also in training younger people for a timber trade career. Training schemes were a basis for bringing together competitors, getting to know one another, forming long term relationships, which helped where collaboration was required, or where compromise was needed.

IOM3/WTG continues wood industry training, especially through PIABC Level 2 and Level 3 courses, and contributing to policy consultations. Thus, ensuring the benefits of timber and skills needs of the industry are recognised in the ever-changing market, and enabling better and more efficient use of the natural fibre.

The WTG in collaboration with other IOM3 communities has recently contributed to an IOM3 consultation document responding to the government's "Plan for Change" in the construction industry.

The prospects for our trade are like live knots, sound and strong! The weak pieces are graded out. In our capitalist society enjoy the competitive element, remember to collaborate and, when necessary, compromise. ■

*Below:
Competition,
compromise and
collaboration in the
forest*



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