

# Timber Trade Federation

## Growing the Use of Wood



*“Beyond Quality: - Impact of Increasing requirements  
on timber supply chains”*

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# Agenda

1. Timber Supply Chain
2. Sustainability requirements
3. Technical requirements
4. Timber Trade Objectives



# 1. Timber supply chain



# In the beginning

- We just sold Wood
- Wood was Good OR Wood was Bad
- Simple agreement between Buyer & Seller
- Market Drivers = Quality & Price



# Developing Markets

- Each new market step adds complexity
  - Local = Quality & Price
  - Regional = Financial
  - National = Technical
  - Continental = Logistics
  - Global = Political

# Developing supply chains

- Over time we learnt to live with complexity
  - Financial – Currency, bills of exchange
  - Technical – Standards, CEN Norms
  - Logistical - Contracts, international law
  - Political – Lobbying
  
- But is simply learning to live the best way ?



# Our beliefs

- Wood is a renewable raw-material (if sourced from well-managed forests)
- Wood is a modern, technically efficient, cost effective construction product
- Wood products are recyclable and can be used as energy at the end of their life-cycle
- Forests & wood products store carbon – their management helps address climate change & protection preserves biodiversity



# Credible products

- What makes our products acceptable to:
  - The Board Room
  - Our local customers
  - International customers
  - Legislators
  - Society
  - Groups within Society e.g. Media / NGOs

How do we demonstrate credible Products ?



## **2. Sustainability requirements**



# Sustainability requirements

- NGOs highlighted the issue of illegal logging in many European countries – awareness amongst governments, retailers, construction companies, merchants and specifiers has risen – **Some now reluctant to use timber products!!!!**



# Sustainability requirements

- Market often not interested in complexity of forestry or distinguish between hardwood/softwood or temperate/tropical – **Its all wood!!**
- Competing materials are now playing the game and claiming their products are sustainable
- No longer just nice to have, now necessary to compete !

# Sustainability requirements

- Many companies and governments are demanding that timber is demonstrated as being;
  - Responsibly sourced (that usually means certified)
  - Other sectors now considering how they can be classed as “responsibly sourced” e.g. steel & concrete
- But increasingly all sectors are under pressure to lower environmental impacts in terms of their properties & performance in a building e.g. wood is a good insulator
  - Other sectors are better organised & resourced and have been addressing this.

# Timber Trade response

- Company sustainability policies – managing “reputational risk” and meeting Chain of Custody requirements
- EU Timber Trade Federations introducing Code of Conducts and tools to help traders risk assess and/or identify the timber source.
- EU Initiatives to address illegal timber
  - Possible introduction of legislation
  - FLEGT & private sector initiatives
  - European Governments introducing Timber Procurement Policies
    - UK, Netherlands, Denmark looking to harmonise
- Introduction of schemes to measure & rate the environmental impact of a buildings or developments e.g. BREEAM (UK), LEED (US) and CEN 350 (EU proposed under new Construction Products Regulation)



# What do Timber Procurement Policies deliver for Seller

- Set (Raise?) threshold to market entry
- Provide defined route to market entry
- Ensure product is Socially acceptable
- Define harmonised test methods
  
- BUT we must participate if they are to reflect what we can provide

# UK Market Experience

- In the UK small (2-7%) price premium on certified **hardwood** products and more likely to be paid on “value added” products
- No premium just expectation on **softwood** products
- The combined drivers for legal & sustainable timber are steadily increasing demand;
  - UK Govt Policy, trade & retailer/merchant policies, sustainable construction and other public sector
- Verified legal programmes; awareness is increasing
- UK buyers support the implementation of EU legislation on the basis of;
  - Levelling the playing field in terms of price
  - Reduces need for costly systems to assess all uncertified timber products & therefore encourages the use of timber
- Chain of Custody needs to be simple for product visibility in the market

# UK Implementation of Due Diligence

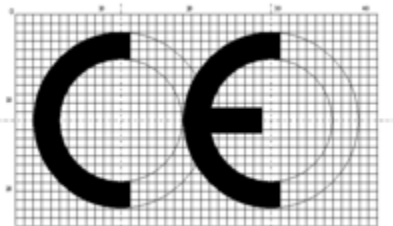
- Code of Conduct now commits all members to implement a system of “due diligence”
- In preparation for possible EU legislation
- Members can develop their own system but must meet the agreed criteria
- UK developed Responsible Purchasing Policy (RPP); about 5 years ago – a risk management tool
  - Records certified
  - Assesses uncertified

# 3. Technical requirements



# Construction Products Directive (CPD)

- Main aim is Free Trade in ALL Construction Products between member states of EU
- No agenda to improve products or construction



# Construction Products Directive (CPD)

- Biggest barrier to Free Trade in Construction Products was different Technical Standards
- e.g. BS in UK, DIN in Germany etc etc
- Answer = Harmonised Standards (CEN Norms) & CE marking - started 1989

# What does CE Marking deliver to Seller

- Set (Raise?) threshold to market entry
- Provide defined route to market entry
- Ensure product is technically acceptable
- Define harmonised test methods
  
- BUT we must participate if they are to reflect what we can provide

# Construction Products Directive (CPD)

- Critical
  - Wood Based Panels EN.13986 2004
  - Structural Timber EN.14081 2007/ 8 or 9 ?
- Important
  - Wood Flooring
  - Cladding & Panelling

# Construction Products Directive (CPD)

- CE Marking only delivers entry level products – most buyers want more!
- For Panels & Structural CE provides NO guarantee of product quality (CE2+)
- Voluntary schemes in addition to CE will be essential to maintain current standards
- No co-ordinated enforcement of CE imports.

# 4. Timber Trade Objectives



# Timber Trade Objectives

- 1) To promote timber as the most renewable raw material!**
- 2) To promote timber as a modern, efficient construction product**

# Timber Trade Objectives

- **Is learning to live best way ?**
- **How do we demonstrate credible products?**
- **Participation & Anticipation of wider market requirements !**

# How to achieve objectives

- 1) Stronger coordinated Europe wide Trade representation at EU and CEN**
- 2) ISC has potential to help BUT only if it jointly represents whole softwood supply chain**

# Your Questions?

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