

# Karlstad Conference : Brexit Debate

**David Hopkins**

**Managing Director,  
Timber Trade Federation**

It wasn't my fault....

- Is the UK a laughing stock?
- Was Brexit the stupidest political decision ever made.....?

# Not quite.....



**June 23<sup>rd</sup> 2016:**

**UK Votes to Leave the EU**

**So, what happened next?**

# FTSE 100 Performance:



# FTSE 250 Performance:



# The Pound in your Pocket...

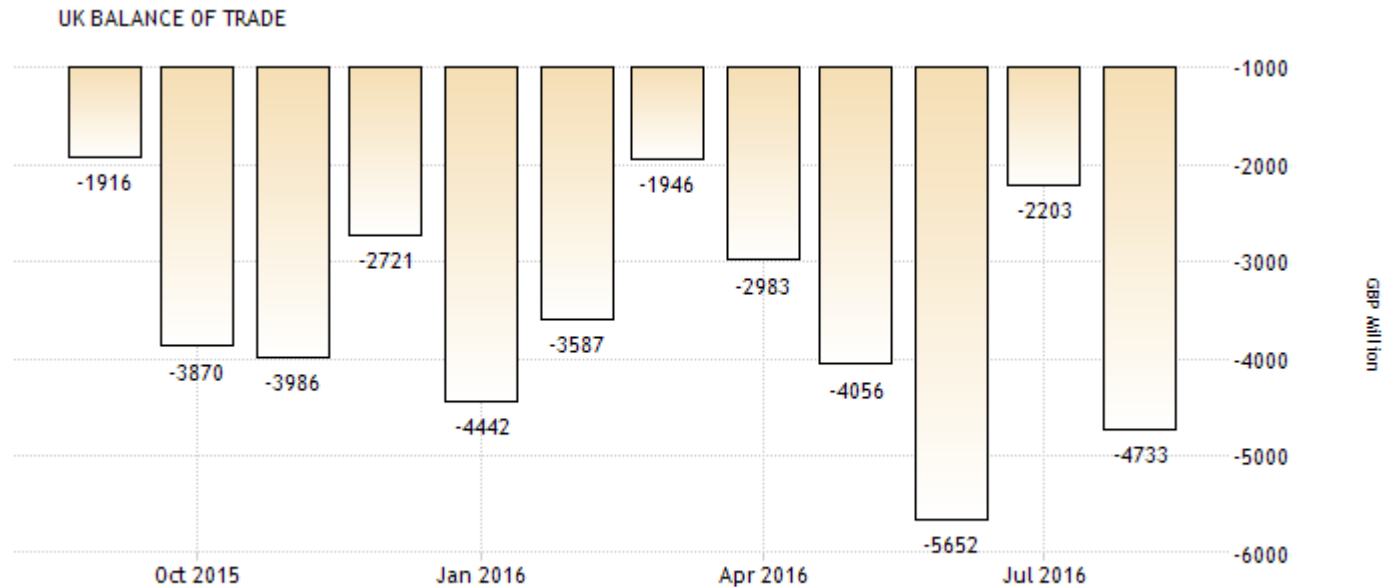




# ...is at an all time low



# August 2016: Trade Deficit Widens



SOURCE: WWW.TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

# Economy – CPA Economic Forecasts

	2014	2015	2016	2017	2018
	Actual	Actual	Estimate	Scenario	Scenario
GDP	3.1%	2.2%	1.7%	1.0%	1.4%
Fixed Investment	6.7%	3.3%	0.0%	-0.7%	1.8%
Household Consumption	2.1%	2.6%	2.5%	0.0%	1.0%
Real Household Disposable Income	1.5%	3.5%	1.8%	0.0%	1.0%
Government Consumption	2.3%	1.4%	1.0%	0.6%	0.6%
CPI Inflation	1.5%	0.0%	0.6%	2.0%	2.5%
RPI Inflation	2.4%	1.0%	1.6%	2.8%	3.2%
Bank Base Rates - June	0.50%	0.50%	0.50%	0.25%	0.25%
Bank Base Rates - December	0.50%	0.50%	0.25%	0.25%	0.25%

Source: ONS, Construction Products Association

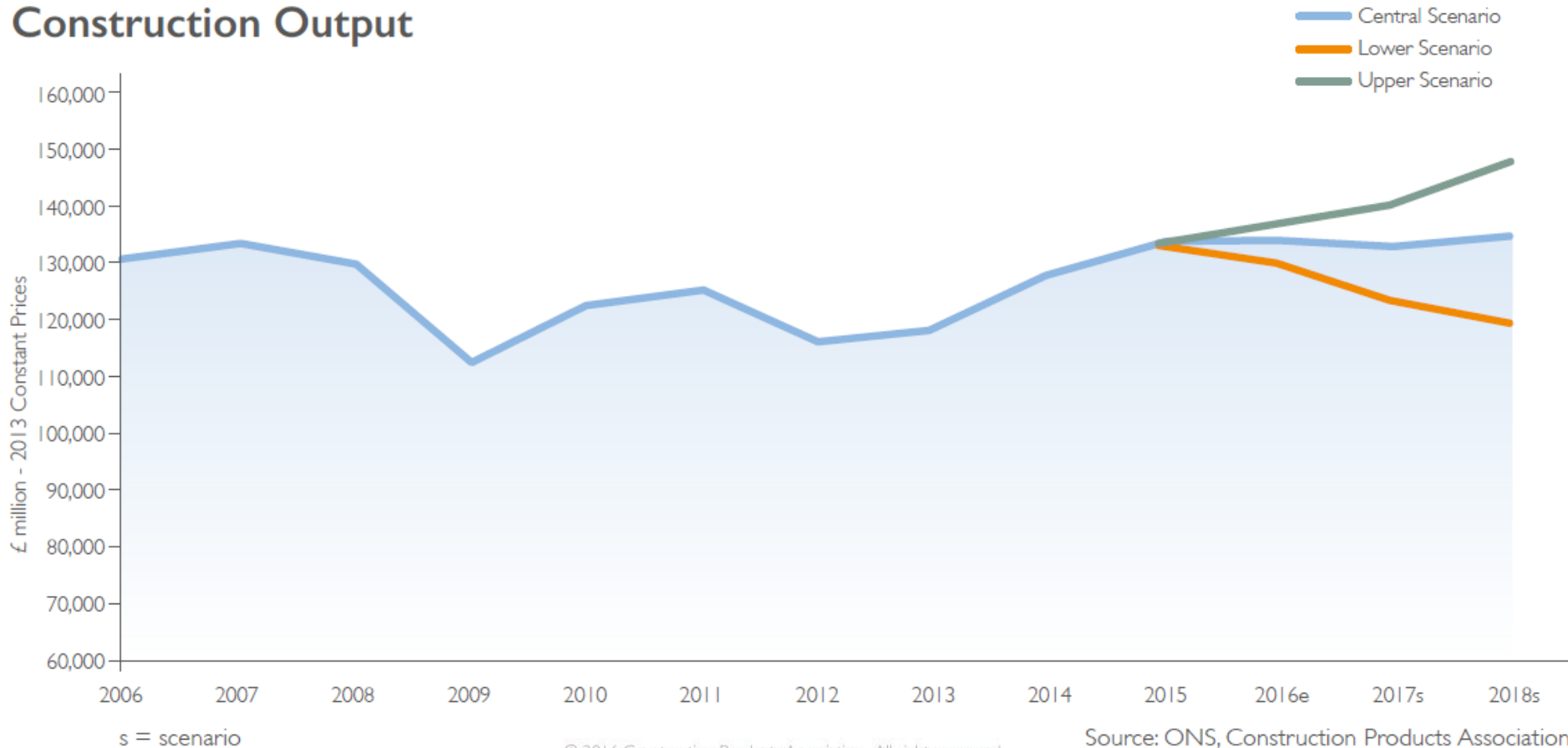


Timber Trade Federation  
growing the use of wood

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# Construction – Overall

## Construction Output



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Source: ONS, Construction Products Association

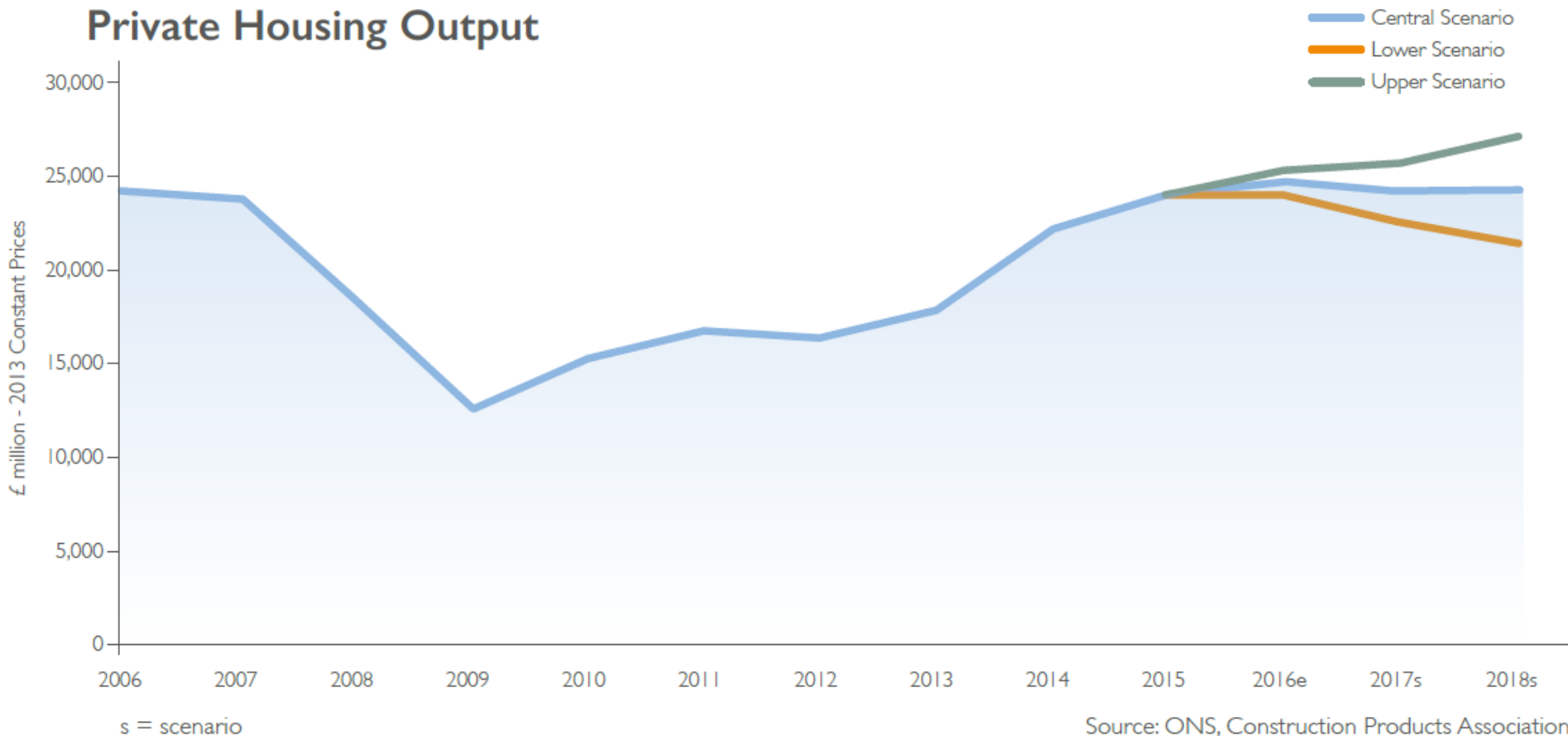


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# Private Housing

## Private Housing Output

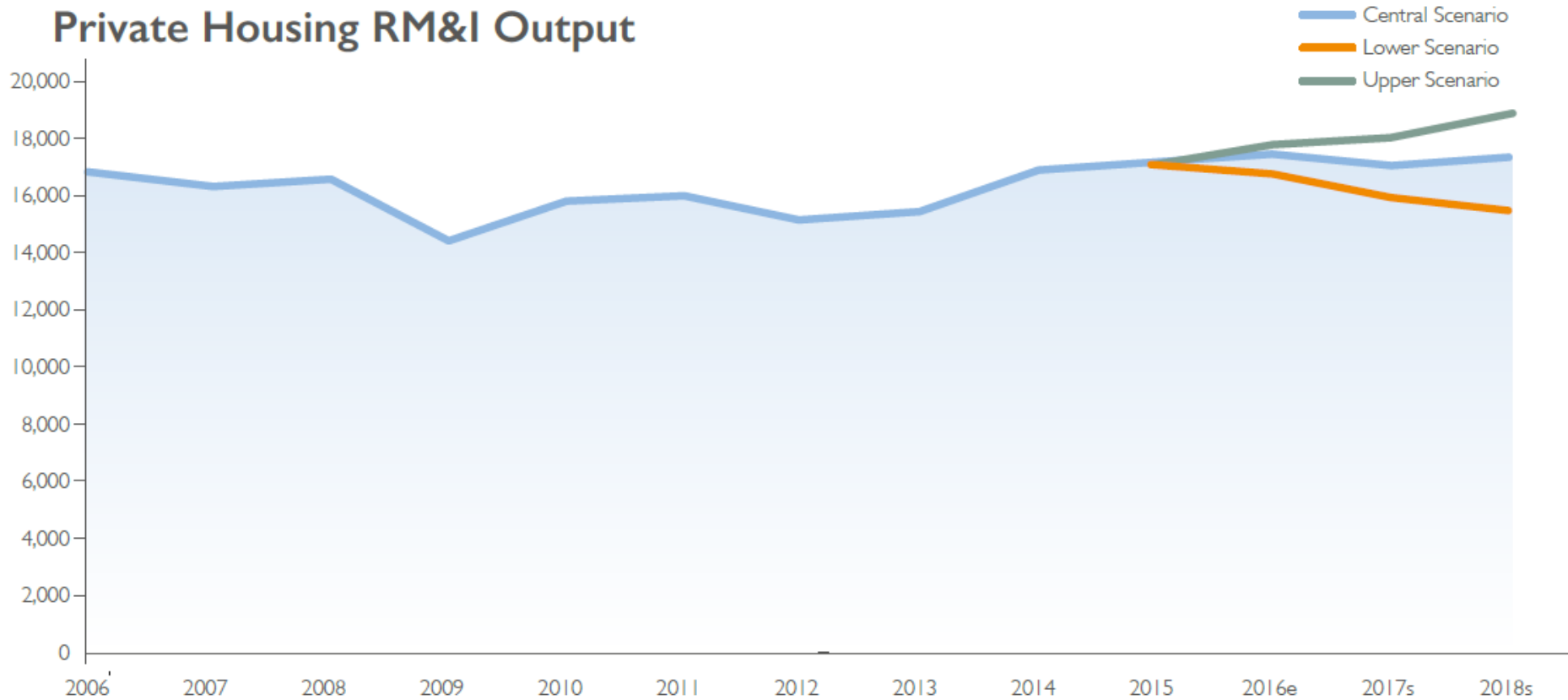


Source: ONS, Construction Products Association



# Private Housing RM&I – Central Scenario

## Private Housing RM&I Output

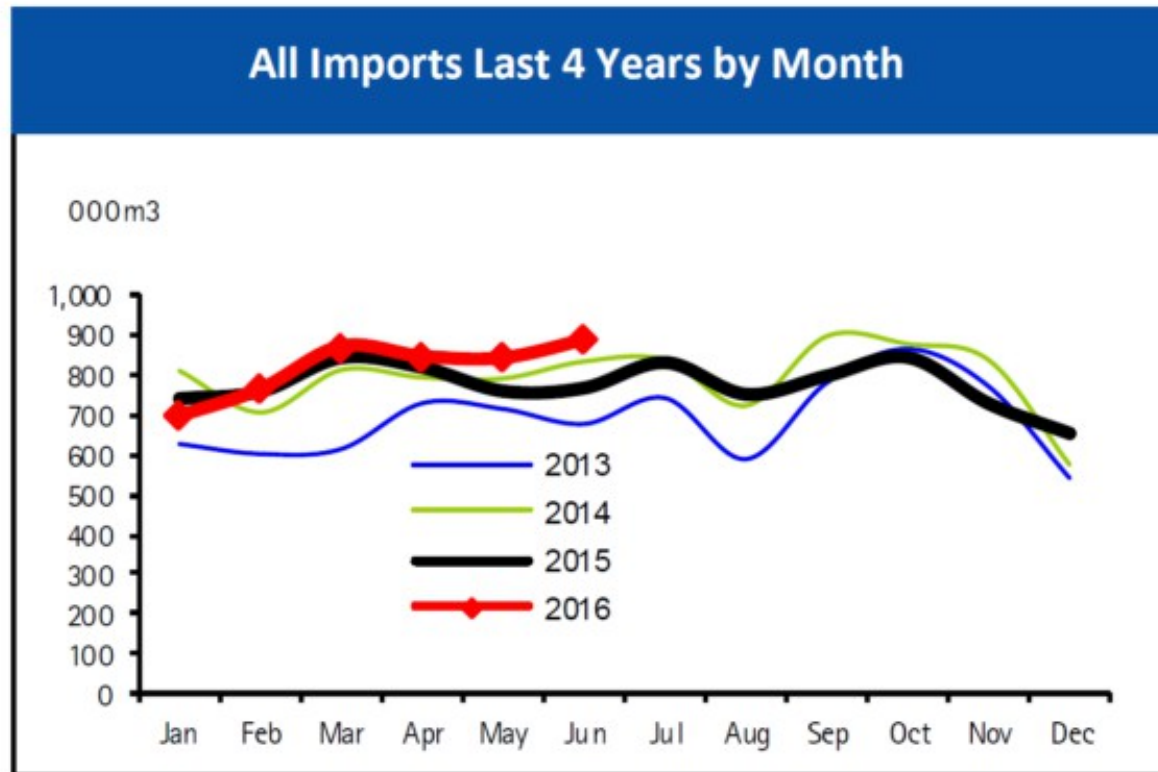


s = scenario

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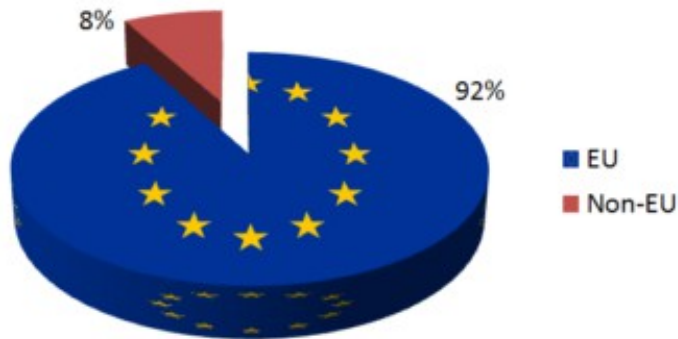
Source: ONS, Construction Products Association

# Timber & Panels imports to the UK



# Source of Imports

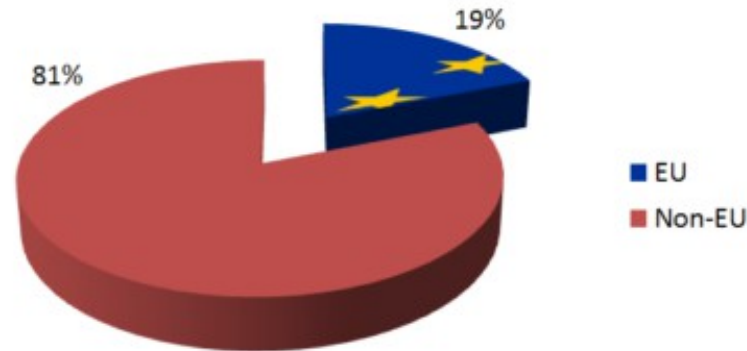
## Softwood Imports



## Hardwood Imports



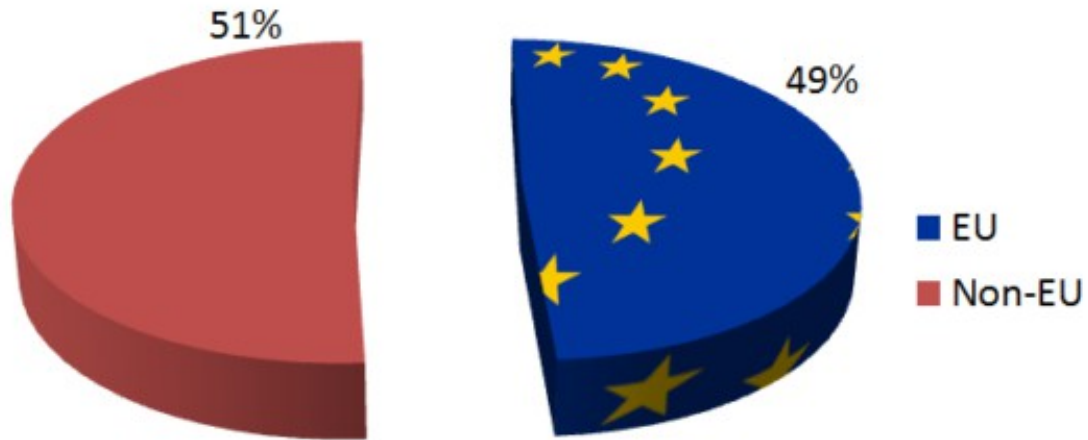
## Plywood Imports





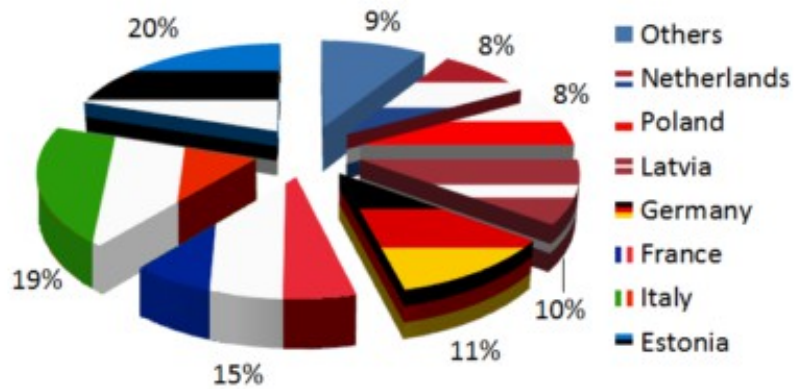
# Hardwood Imports

Hardwood Imports

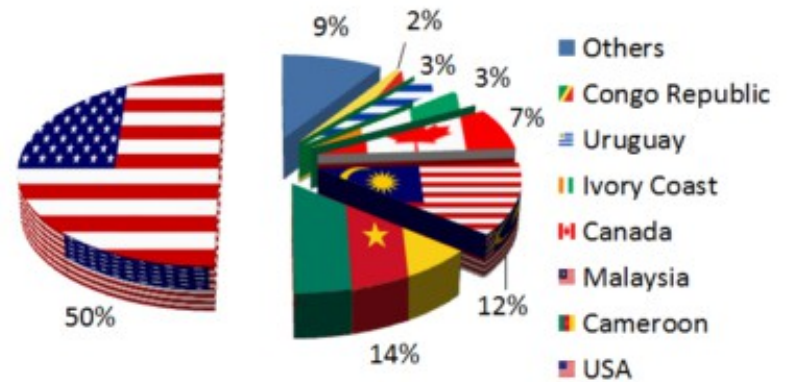


# Hardwood Imports by Country of origin

EU Countries

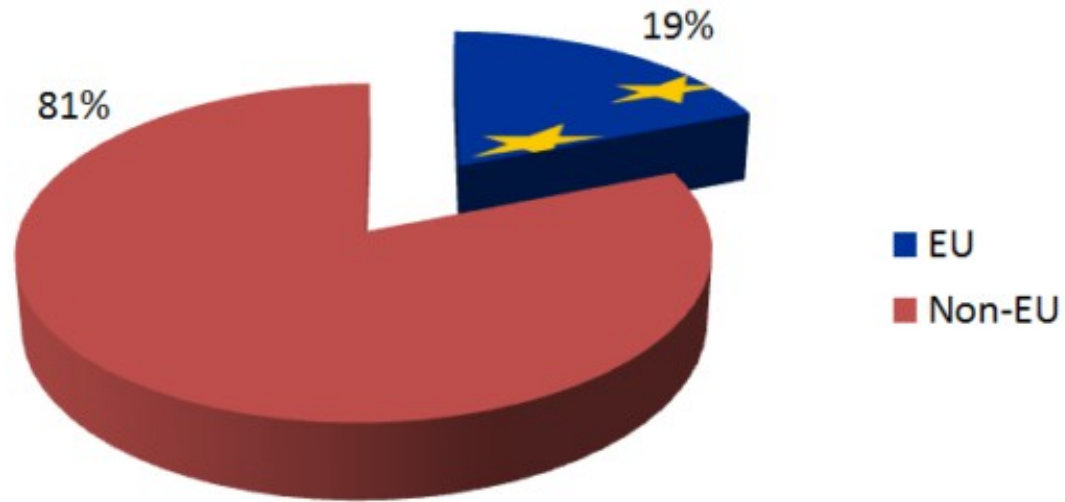


Non-EU Countries



# Plywood Imports

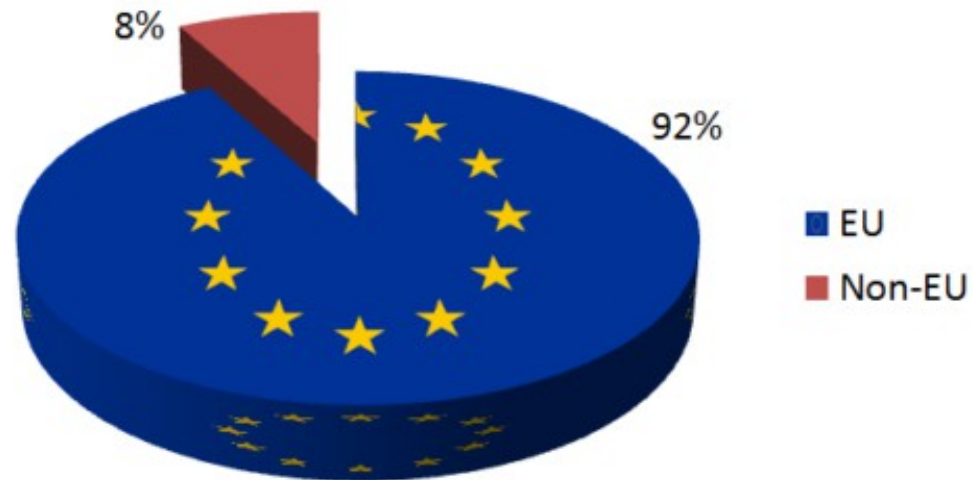
All Plywood Imports



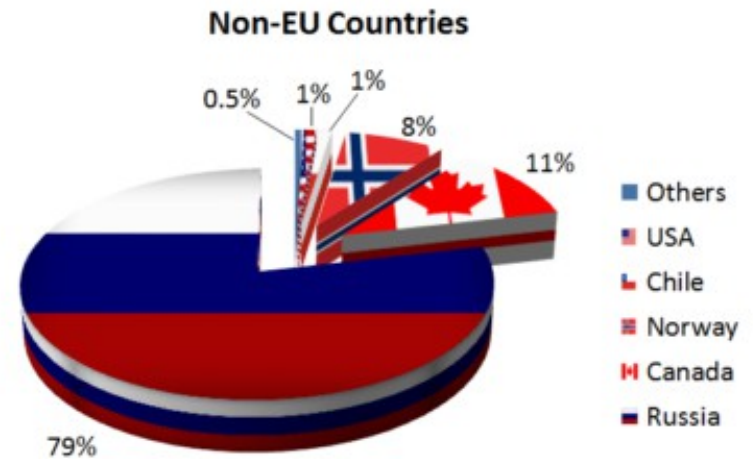
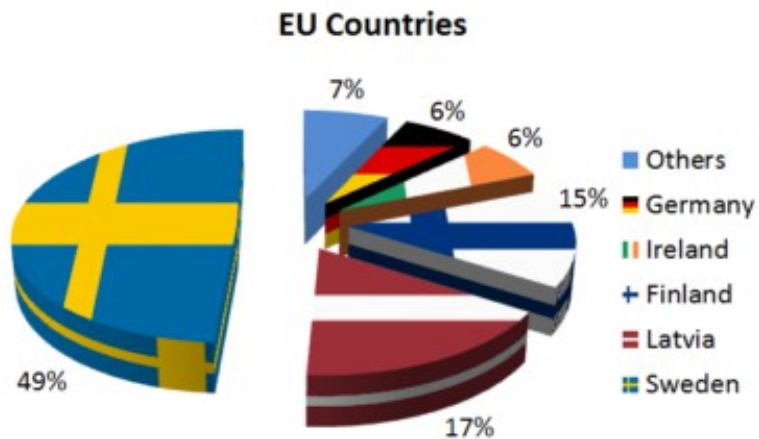
# Softwood Imports



Softwood Imports



# Softwood Imports by Country of origin



# Softwood Forecasts

## DIFFERENCES IN SUMMARY VOLUMES - millions m3

	Market-led Forecast		Supply-side Forecast
Actual 2015	5.89	-	5.89
Forecast 2016	6.04 2.6%	-	6.15 4.4%
Forecast 2017	6.08 <b><u>0.5%</u></b>	-	6.20 <b><u>0.8%</u></b>

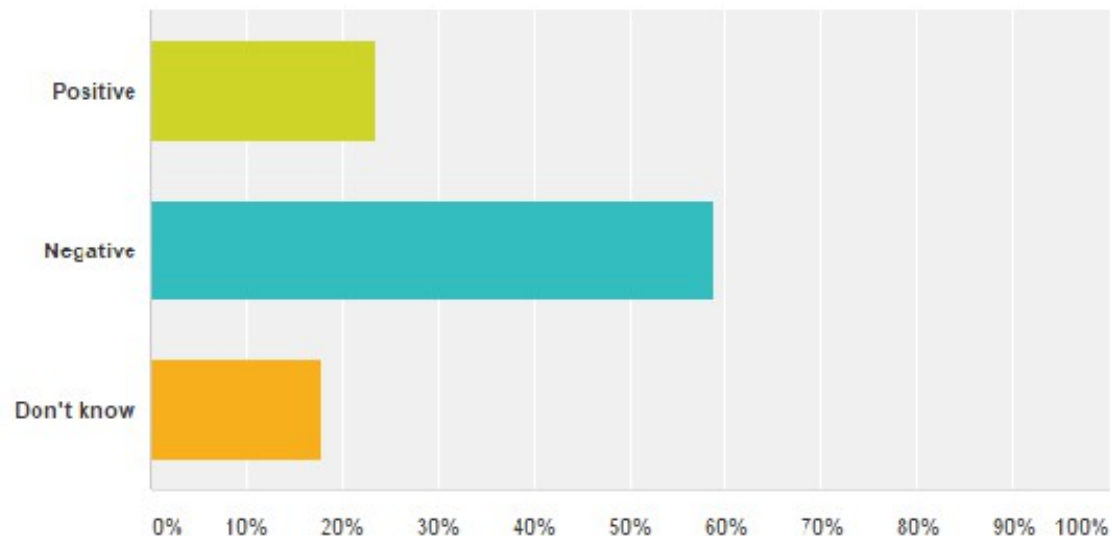


# Tariff Structure Under WTO

	Coniferous	Temperate	Tropical
% Duty Rates	Pine/Spruce	Oak/Beech	Iroko/Meranti
Logs	0	0	0
Sawn	0	0	0
PAR	0	0	2.5
Sanded	0	2.5	2.5
Particleboard	7	7	7
Fibreboard	7	7	7
Veneers	3	6	6
Plywood	7	7 or 10	7 or 10
Pallets	4	4	4
Barrels	0	0	0
Tools	0	0	0
Builders Jonery & Carpentry			
Windows	3	3	3
Doors	0	0	3
Glue-laminated timber	0	0	0
NB 01/Nov/2016			

# What do TTF Members think of Brexit impact?

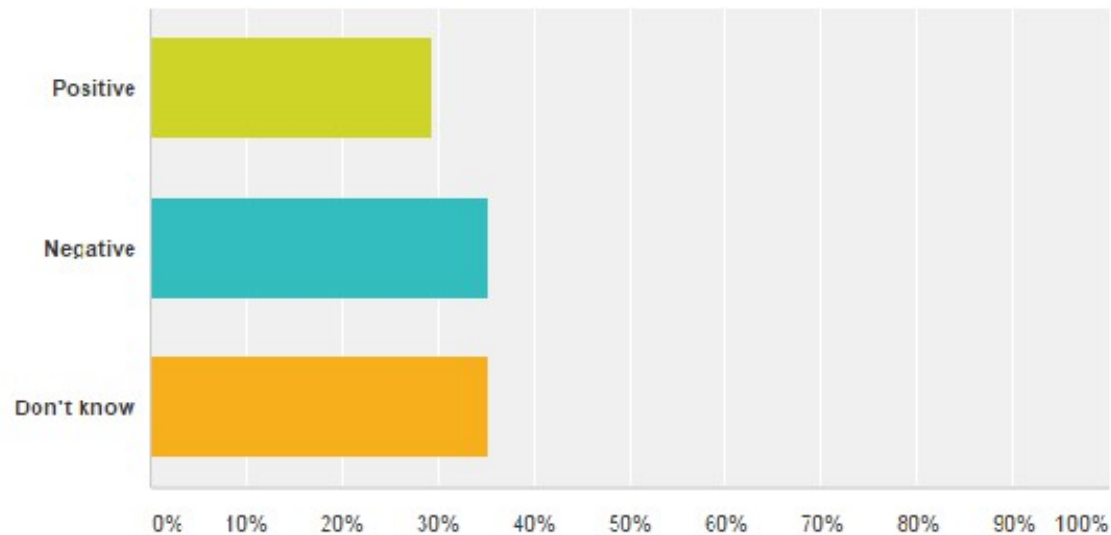
Has the Brexit vote had a positive or negative impact on your business so far?





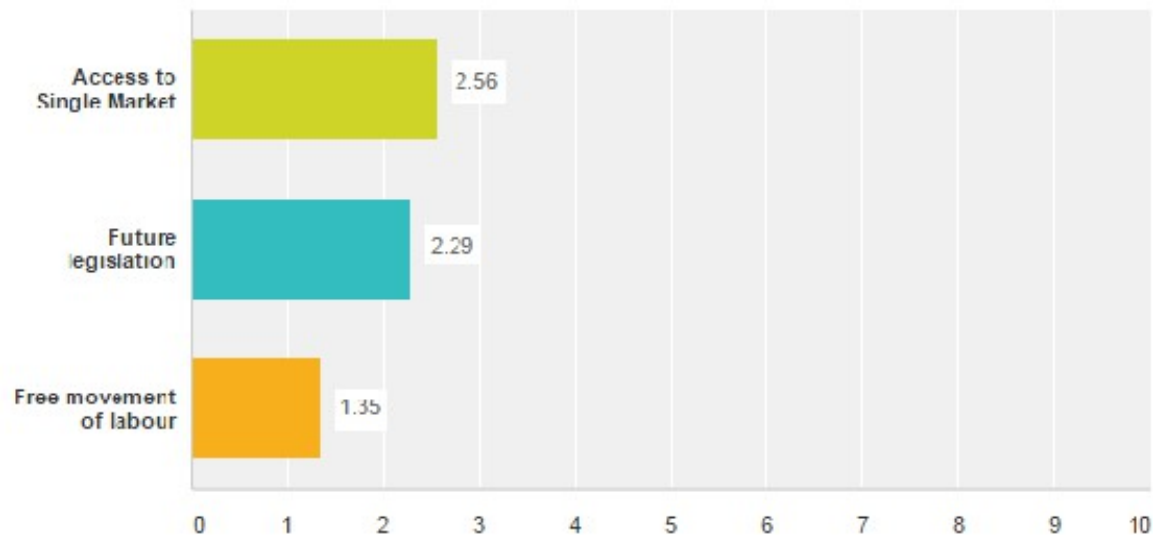
# What do TTF Members think of Future impact?

What do you think the future impact of Brexit will be?



# What do TTF Members think most important factors are?

Please rank the most important factors in Brexit negotiations for your business



# What are top priorities?

Please rank the top priorities for UK Timber sector in the post-Brexit scenario



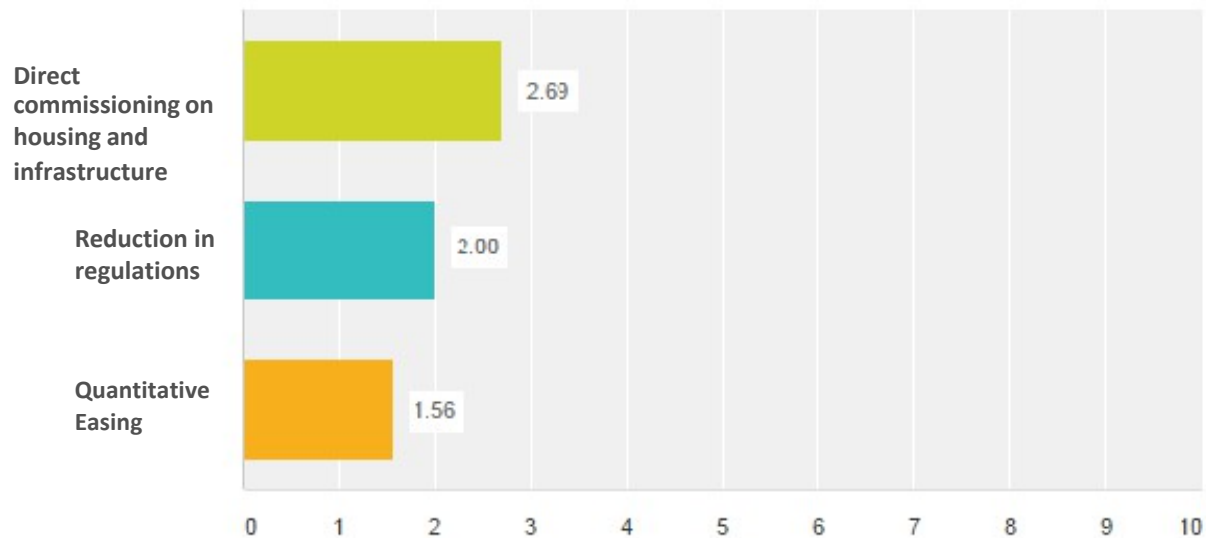
# What do TTF Members think of Brexit impact?

Please rank the top priorities for UK Timber sector in the post-Brexit scenario



# What do TTF Members think of Brexit impact?

What could UK Government do to boost economic growth through the Brexit negotiations?



# What do TTF Members think of Brexit impact?

*The position regarding existing EU residents in the UK and UK residents in the EU needs to be made 100% clear*

*The biggest uncertainty / imponderable for anyone trading timber are currency swings*

*The UK timber industry should continue to adopt EU measures and not use the Brexit as an excuse to reduce environmental progress made. Concentration should also focus on straightforward paperwork measures for import and export of timber products to mitigate the impact on small business administrative depts*

*The important factor is to talk up Britain and remember we import more from Europe than it buys from us. The E.U. has a bad financial backdrop and problems yet to surface economically. The E.U. parliament (as such) is way out of touch with the people of Germany, France, Spain and Italy*

*We have an 8% currency swing plus \$15m3 freight increases & impact of SOLAS to pass onto market. The impact of which is only now starting 4 months after the Brexit shock vote!*

# What is TTF Doing?

- Regular meetings with key EU partners – good partnership with Swedish Wood
- Collaborating with supply chain – BMF, BWF, STA – to grow the market
- Clear focus on routes to market: merchants, builders, architects, contractors
- Strong program of lobbying to MPs
- Need support of members and EU partners to highlight economic potential of sector



# Promotion with Swedish Wood

The screenshot shows the homepage of the Wood for Good website. At the top left is the Wood for Good logo, a green circle with a white tree icon. To its right is the text "Wood for Good". Further right are the links "News | Videos" and a search bar with a magnifying glass icon. Below this is a navigation menu with buttons for "Home", "About", "Why choose wood?", "Sustainability", "Lifecycle Database", "Case Studies", "Education", and "Contact us". The main content area features a large banner for the "Wood for Good Spring 2016 Conference Series" with the subtitle "Custom-Build: Seeing the Wood through the Trees" and the date "Bristol, Thursday, 27th October". The banner image shows a hand holding a wooden house model over a modern residential development. Below the banner is a call to action: "Join us at our upcoming conferences and learn about new opportunities and benefits from timber construction. Book now." To the right of the banner is a section titled "Wood for Good Lifecycle Database" with a large green tree icon. Below this is an orange button that says "Click here for the data". Underneath the button is a collage of images showing various timber construction projects, including houses, interiors, and furniture. Below the collage is the text "Find out about growing our low-carbon economy". At the bottom center of the page are three small green circles.

**Wood for Good**

News | Videos

Home About Why choose wood? Sustainability Lifecycle Database Case Studies Education Contact us

## Wood for Good Spring 2016 Conference Series

### Custom-Build: Seeing the Wood through the Trees

Bristol, Thursday, 27th October

Join us at our upcoming conferences and learn about new opportunities and benefits from timber construction. Book now.

## Wood for Good Lifecycle Database

Click here for the data

Find out about growing our low-carbon economy





# Education with Swedish Wood

Home DIY Trade Centre RIBA CPD Centre Topics About Us Forum Find a Supplier

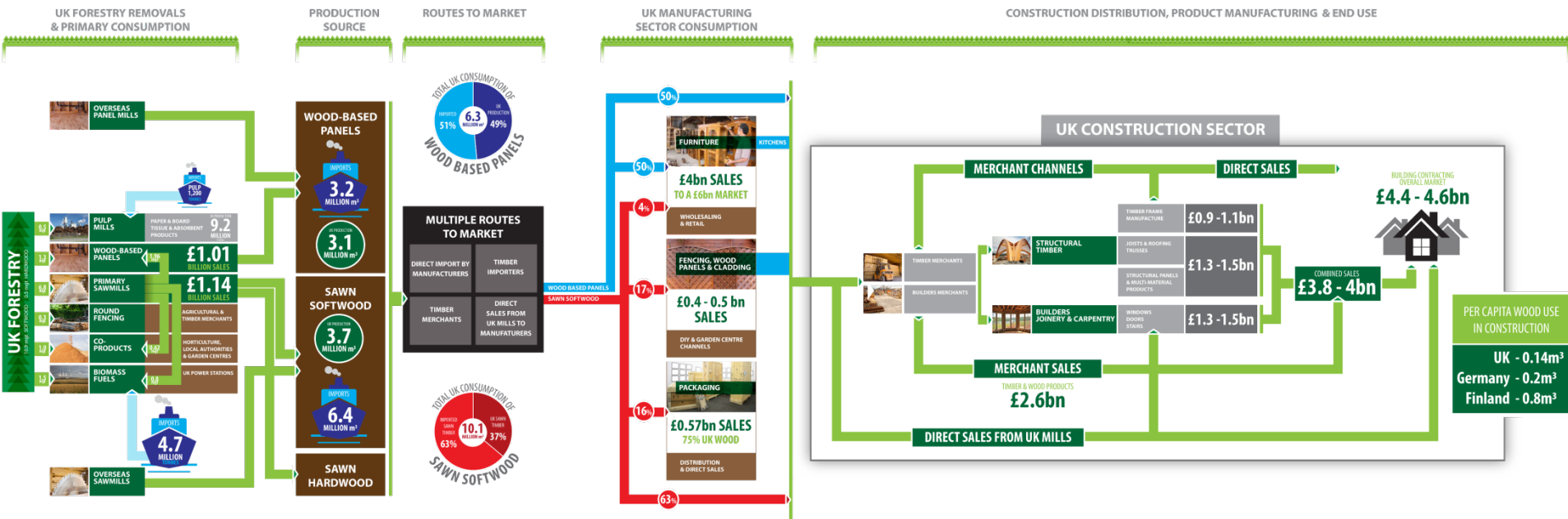


Wood Campus is the UK wood industry's free information site. It provides a range of information, inspiration and learning tools for DIY, architects and trade users of wood, the most sustainable of materials.





# Mapping value



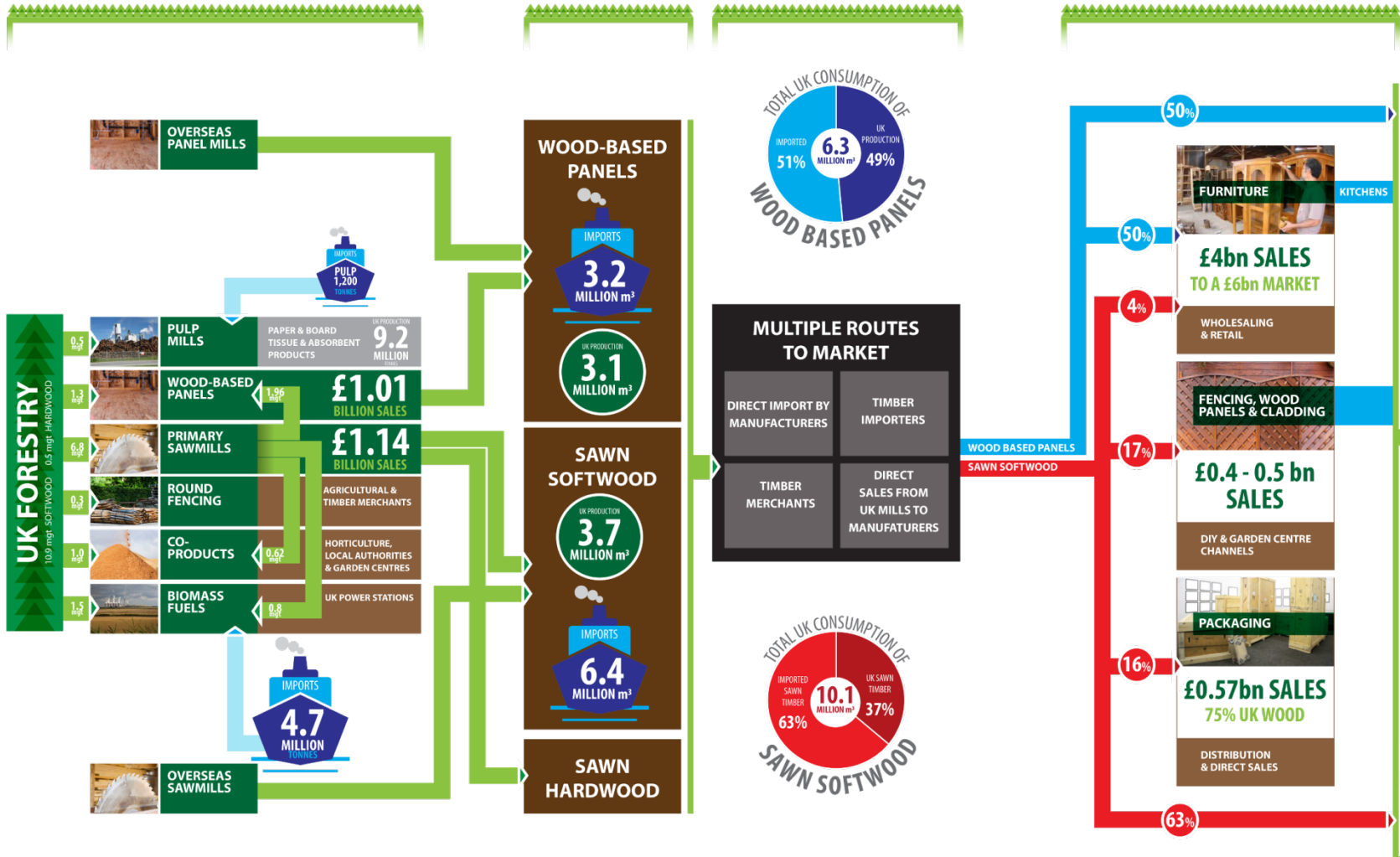


### UK FORESTRY REMOVALS & PRIMARY CONSUMPTION

### PRODUCTION SOURCE

### ROUTES TO MARKET

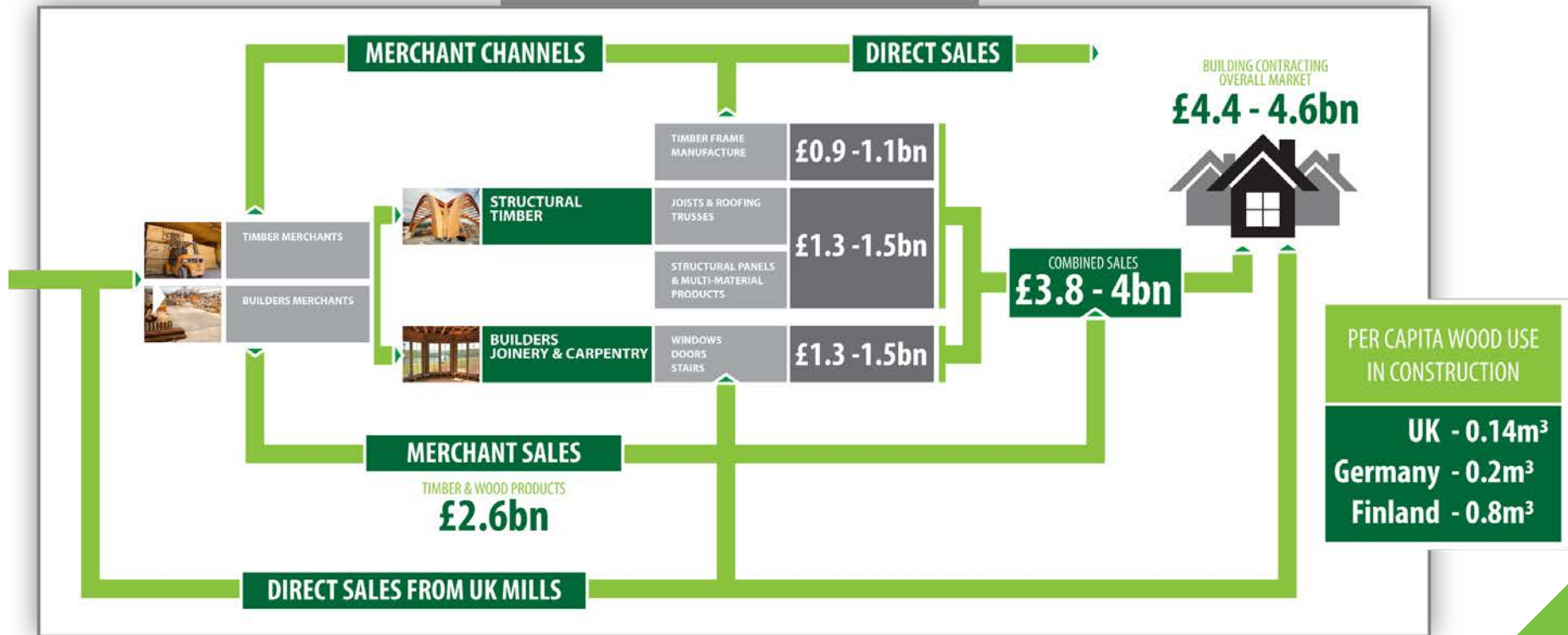
### UK MANUFACTURING SECTOR CONSUMPTION





CONSTRUCTION DISTRIBUTION, PRODUCT MANUFACTURING & END USE

UK CONSTRUCTION SECTOR



# Summary

- Too early to give definitive answer on impacts
- Currency is main issue – pushing up price
- Changed tariff could change nature of import portfolio
- Higher import prices across the economy could lead to reduction in net aggregate demand
- Flatline forecast for 2017 broadly in line with GDP
- TTF working hard to maintain market and promote to key market outlets

# Thank You for listening

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