Karlstad Conference : Brexit Debate

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It wasn’t my fault….

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

Not quite.....

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June 23rd 2016:
UK Votes to Leave the EU

So, what happened next?

FTSE 100 Performance:

FTSE 250 Performance:

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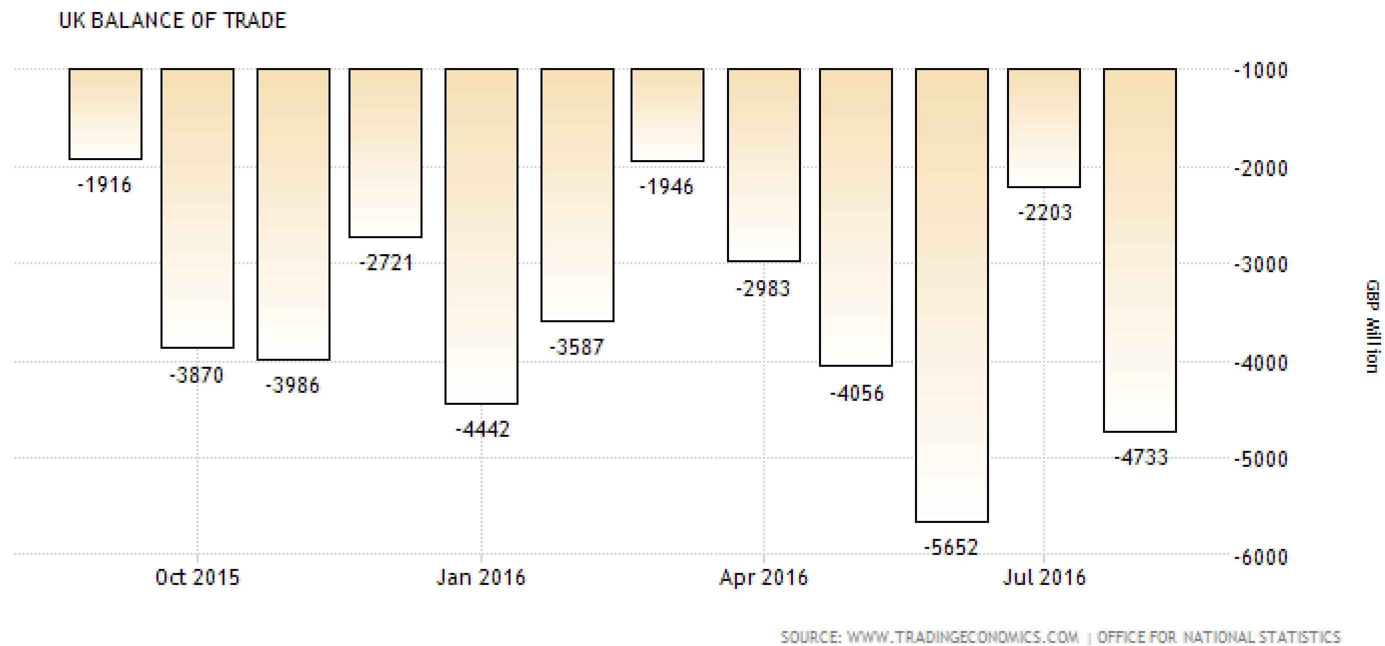
The Pound in your Pocket…

…is at an all time low

August 2016: Trade Deficit Widens



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

Construction – Overall

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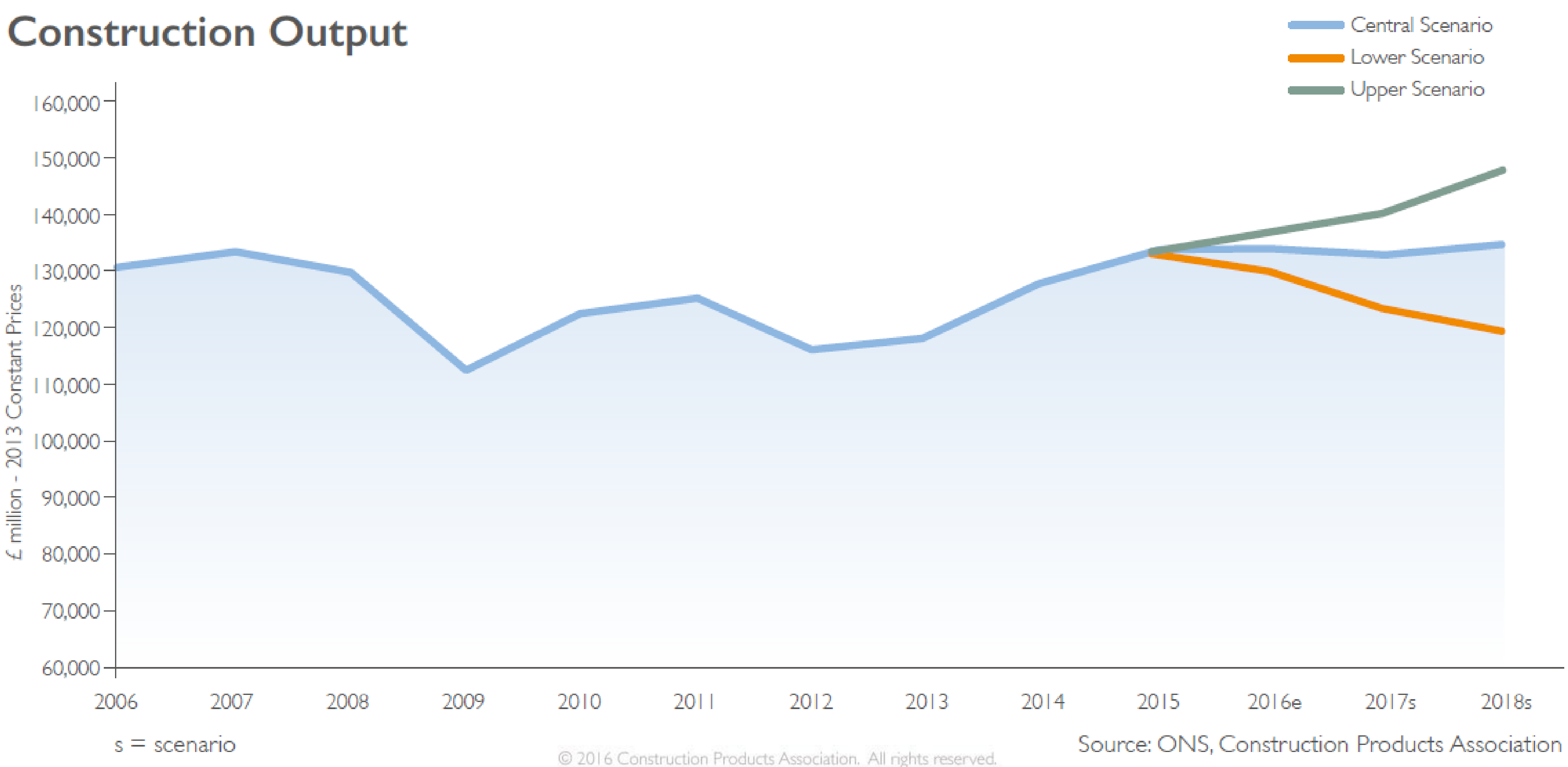
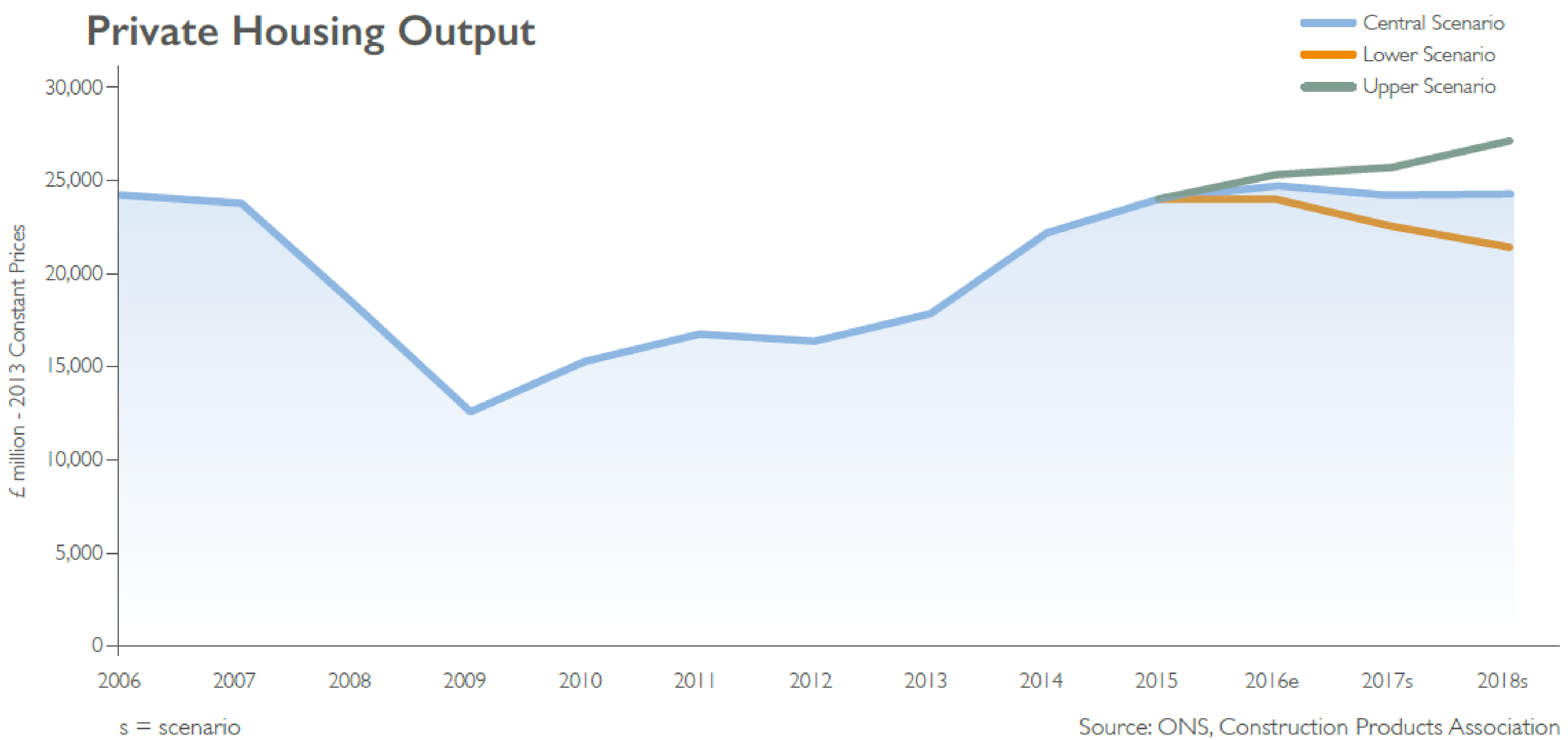
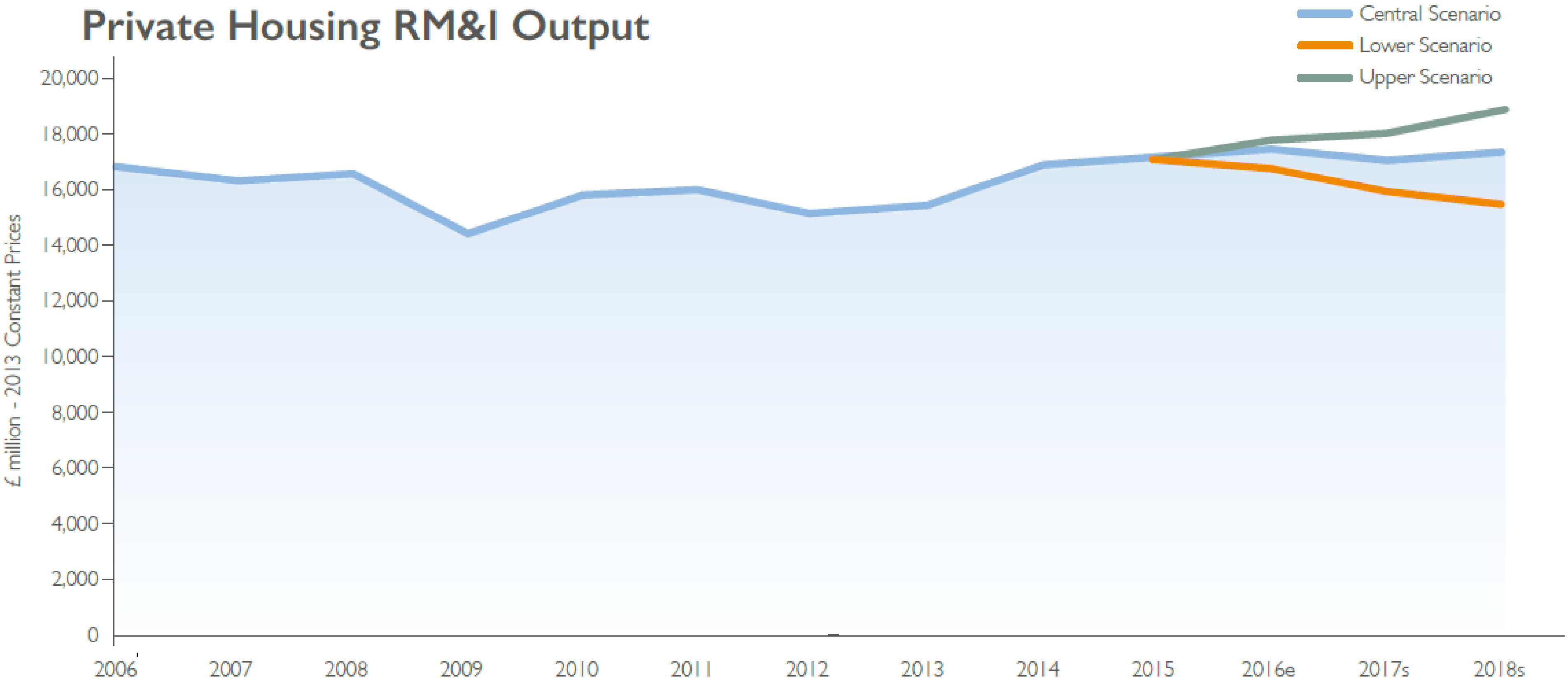
cpa | construction products association



Private Housing



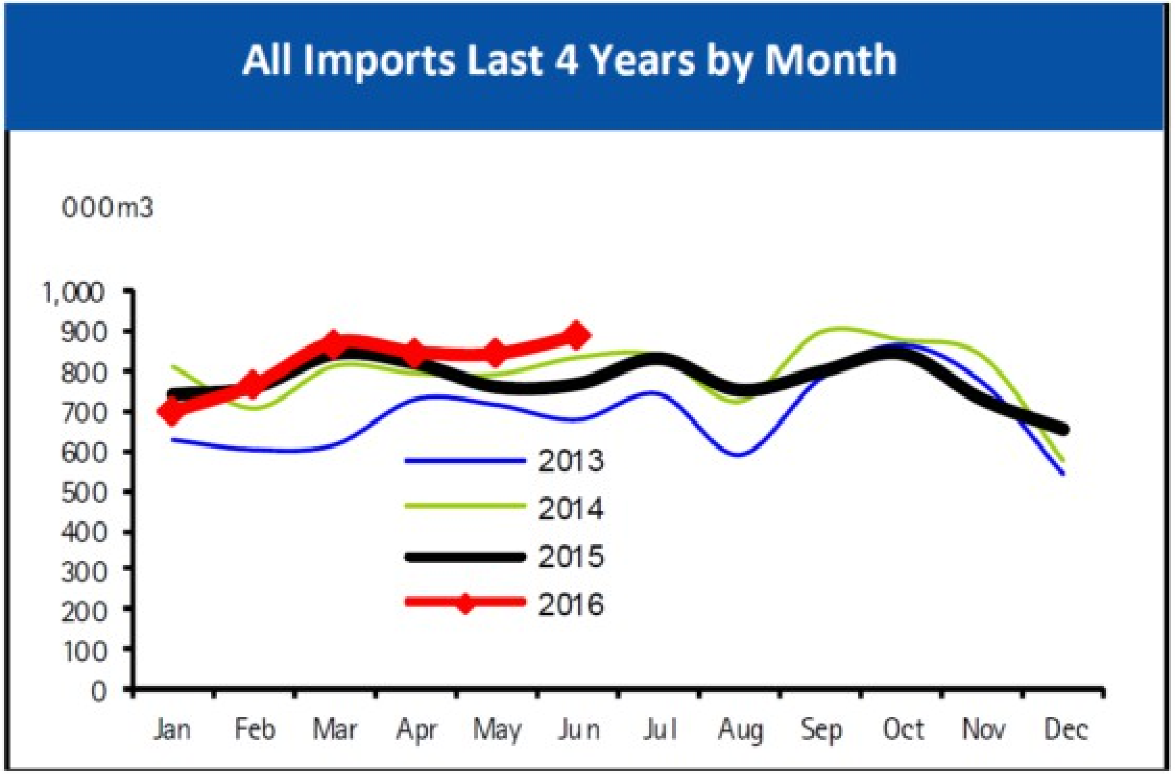
Private Housing RM&I – Central Scenario



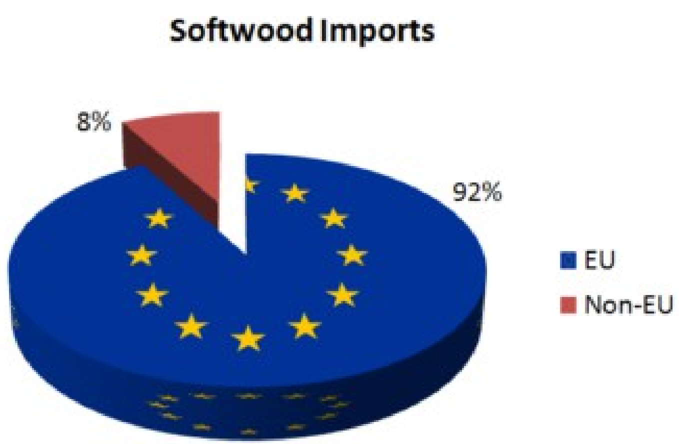
s = scenario

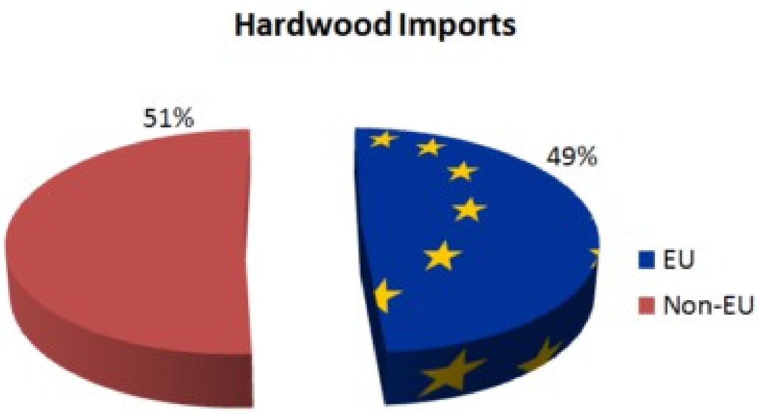
Source: ONS, Construction Products Association

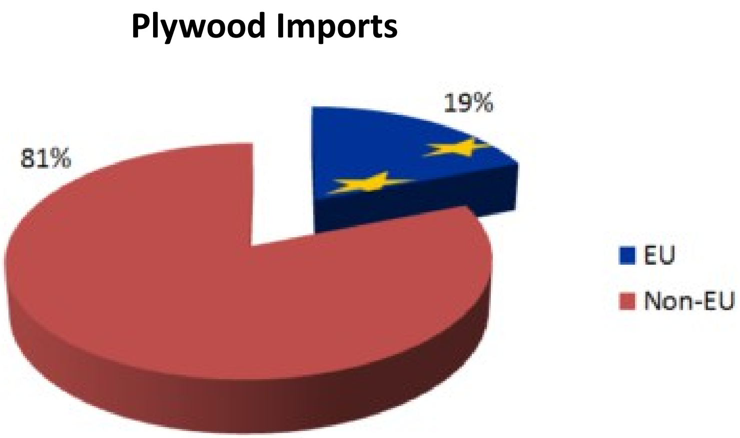
Timber & Panels imports to the UK



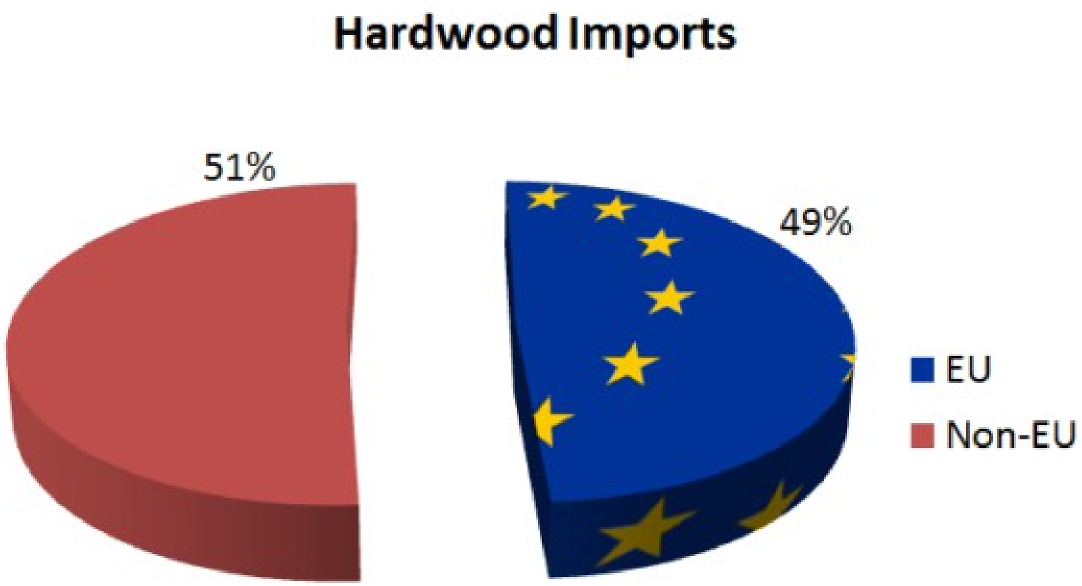
Source of Imports



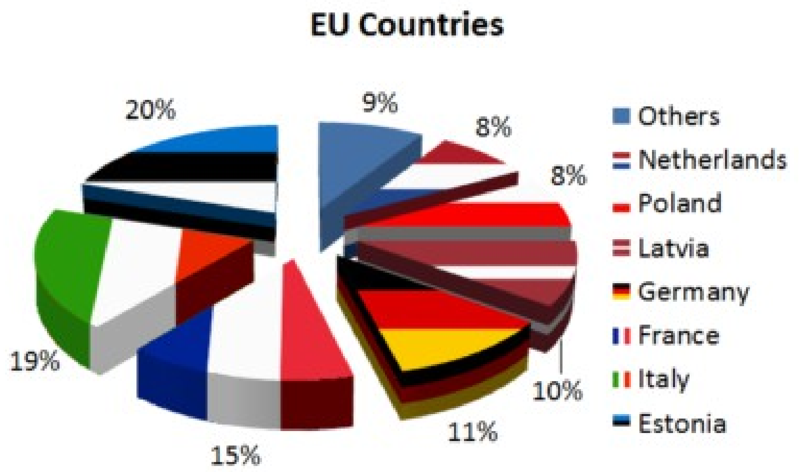


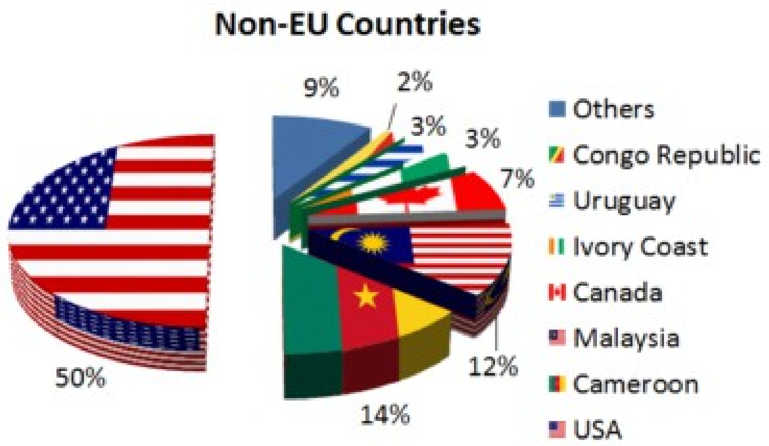


Hardwood Imports



Hardwood Imports by Country of origin





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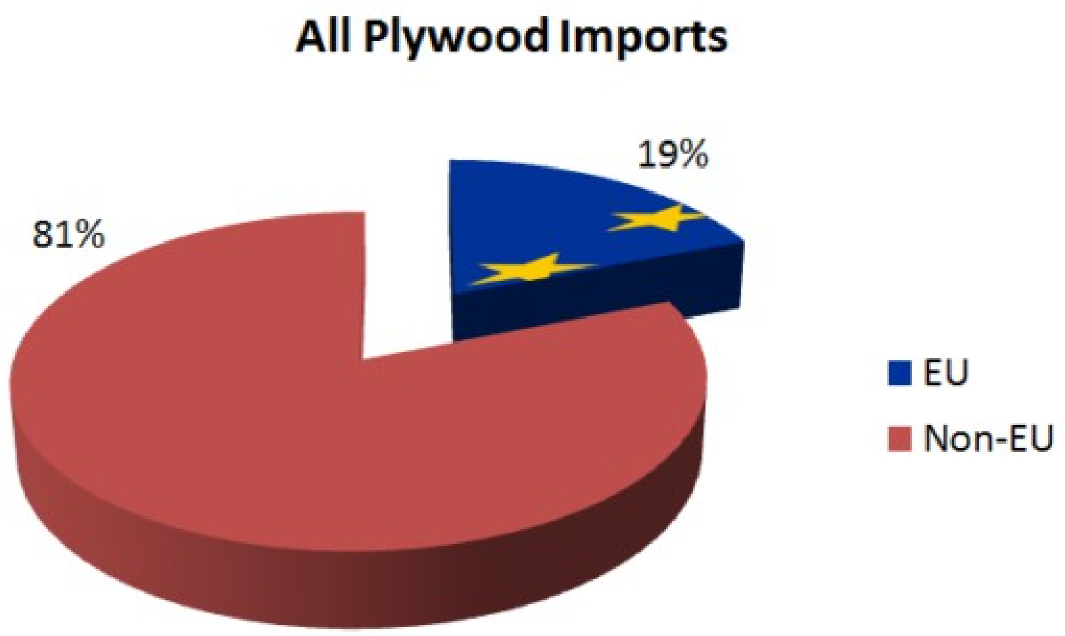
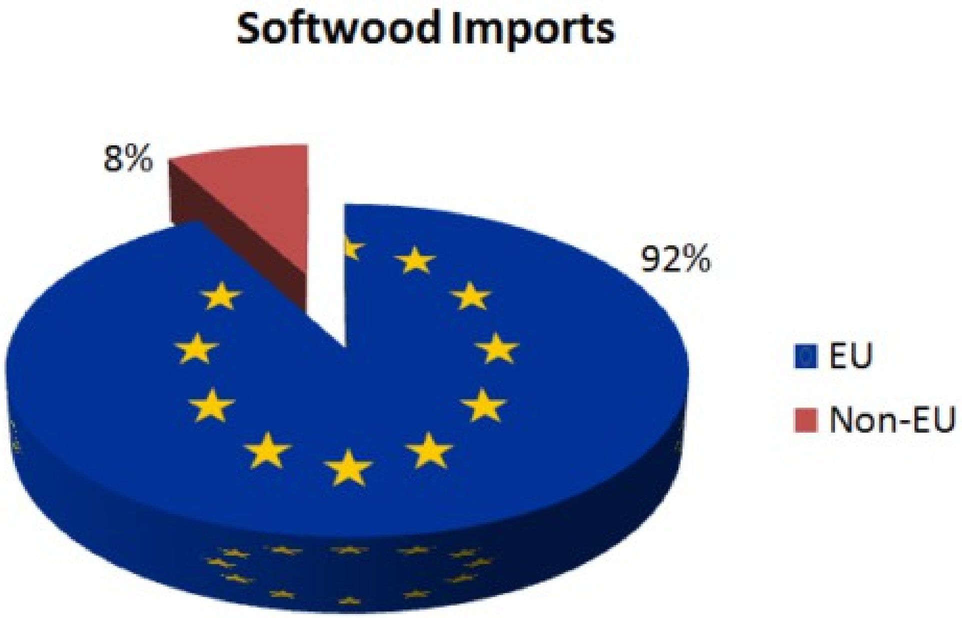
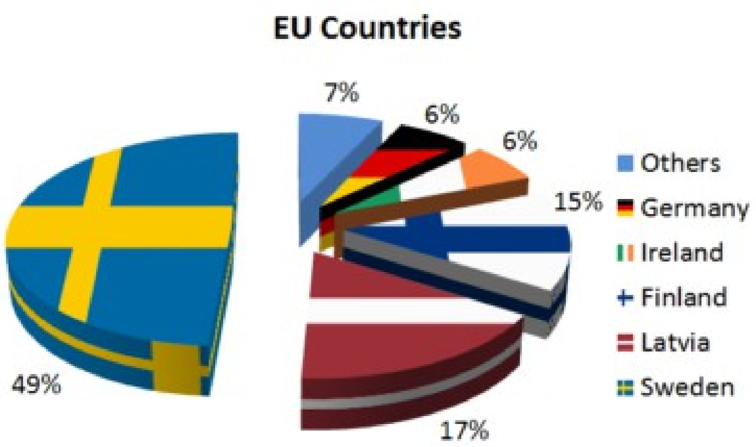
Plywood Imports

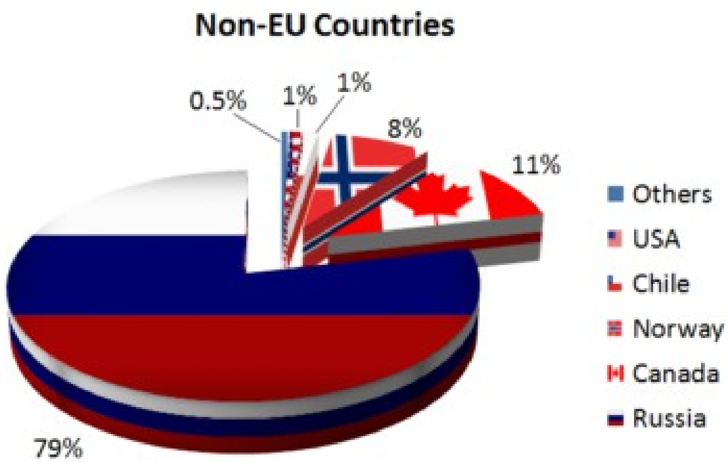


Softwood Imports



Softwood Imports by Country of origin





Softwood Forecasts

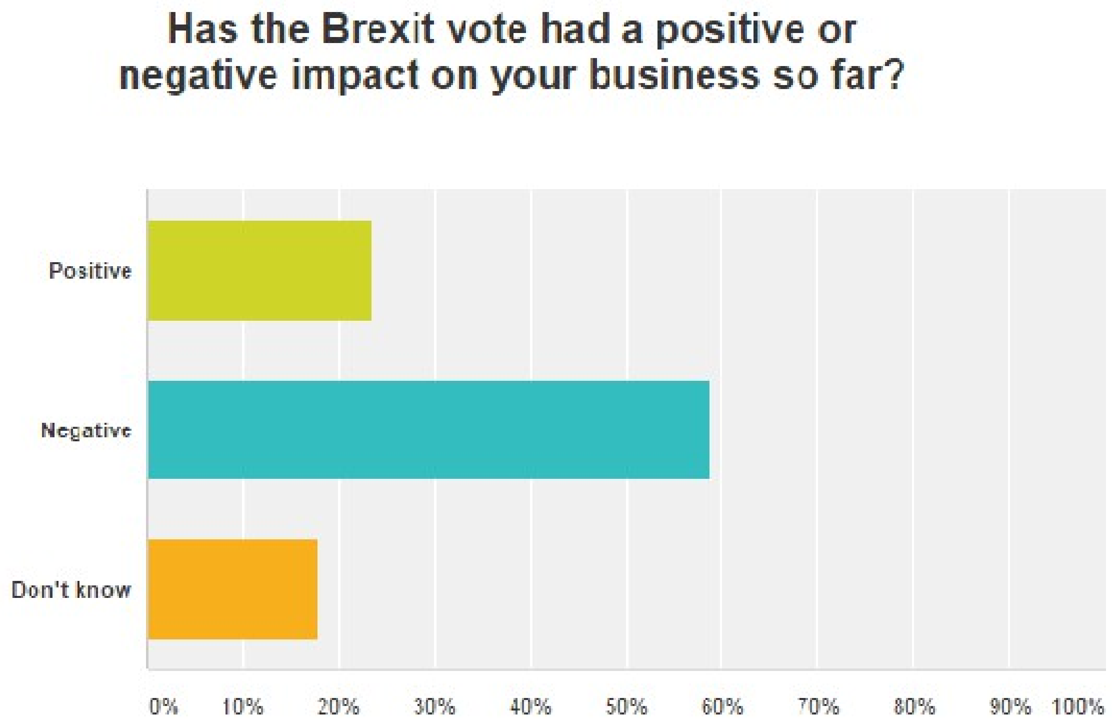
DIFFERENCES IN SUMMARY VOLUMES - millions m3

	Market-led Forecast		Supply-side Forecast
Actual 2015	5.89	-	5.89
Forecast 2016	6.04	-	6.15
	2.6%		4.4%
Forecast 2017	6.08	-	6.20
	0.5%		**0.8%**

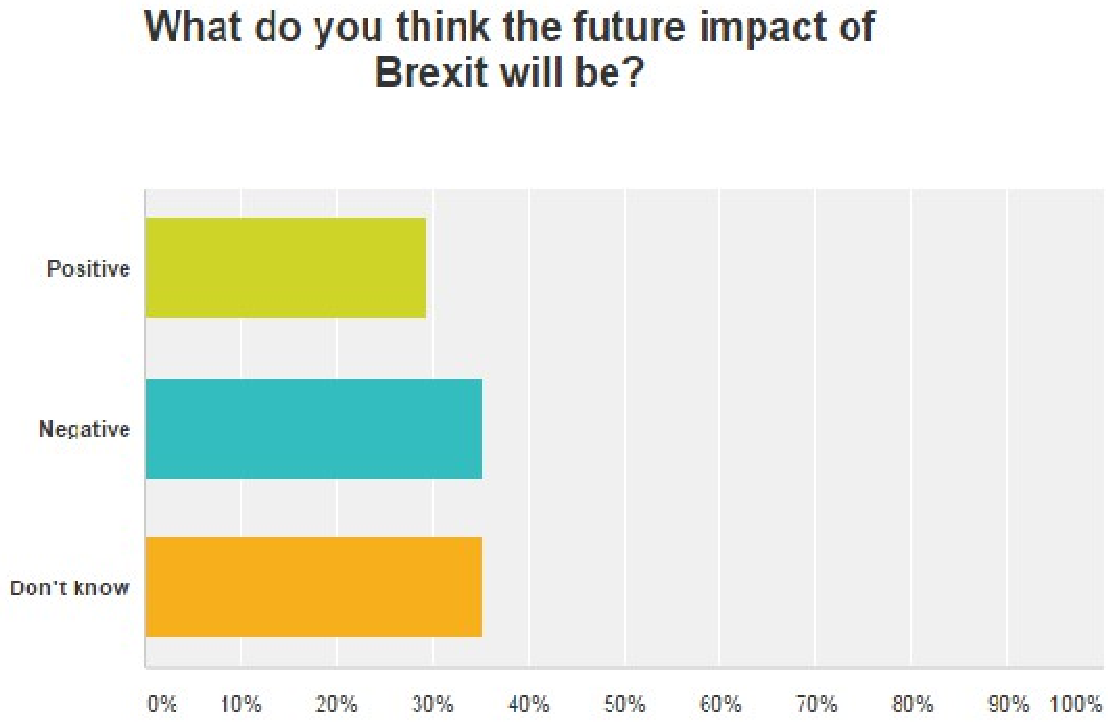
Tariff Structure Under WTO

% Duty Rates	Coniferous Pine/Spruce	Temperate Oak/Beech	Tropical 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	7or 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			

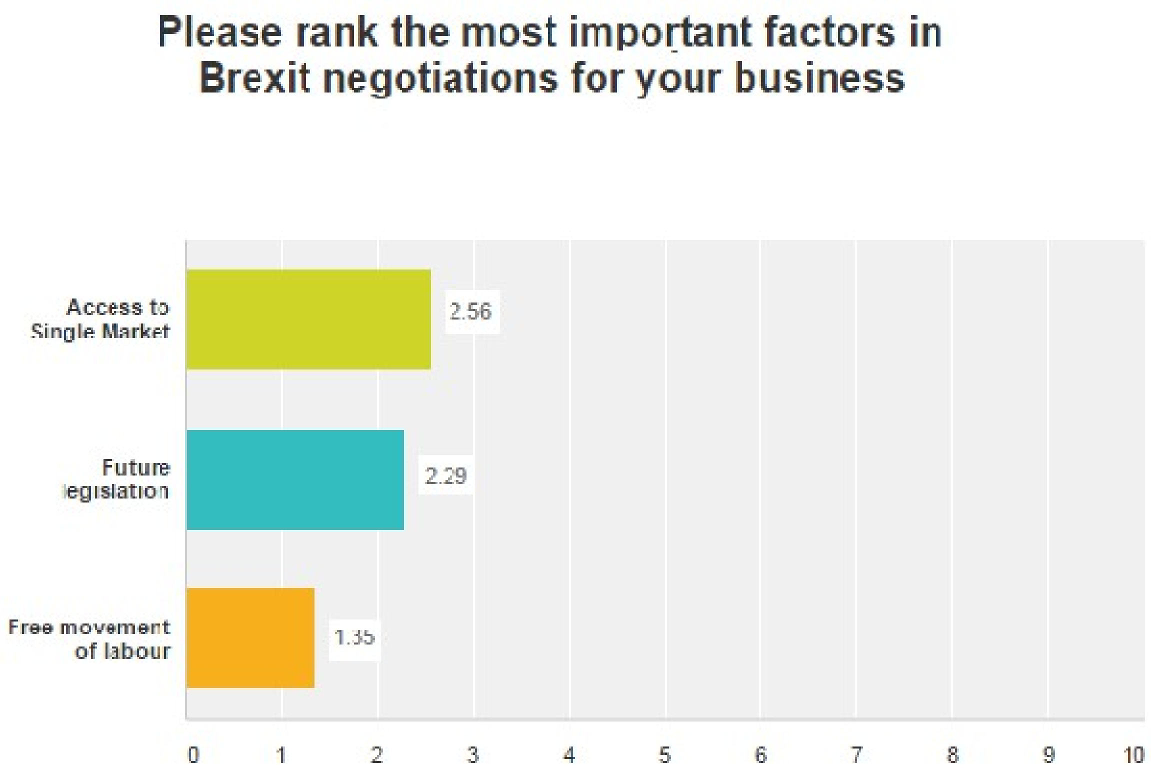
What do TTF Members think of Brexit impact?



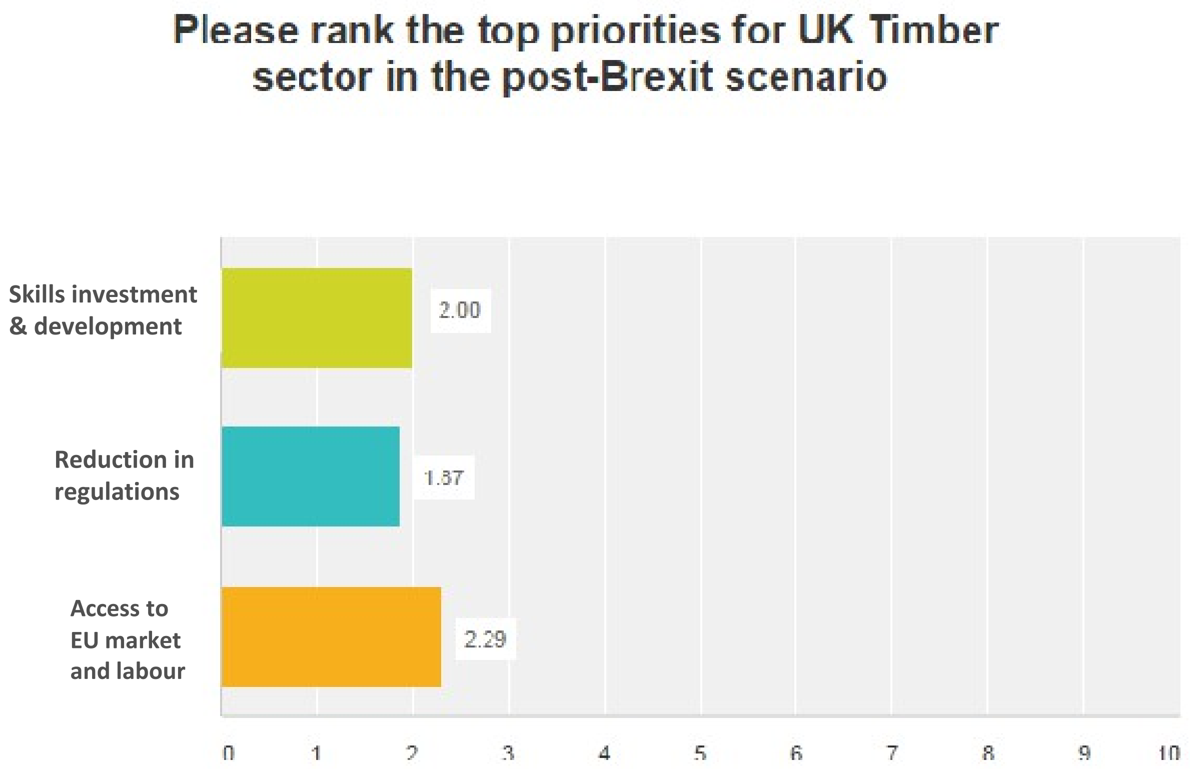
What do TTF Members think of Future impact?



What do TTF Members think most important factors are?

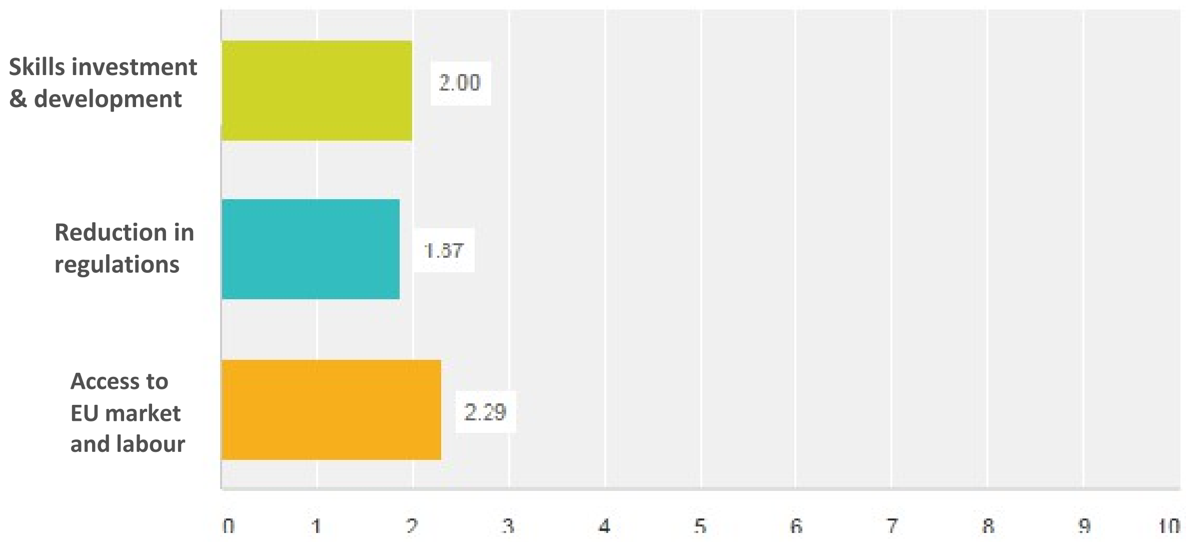


What are top priorities?

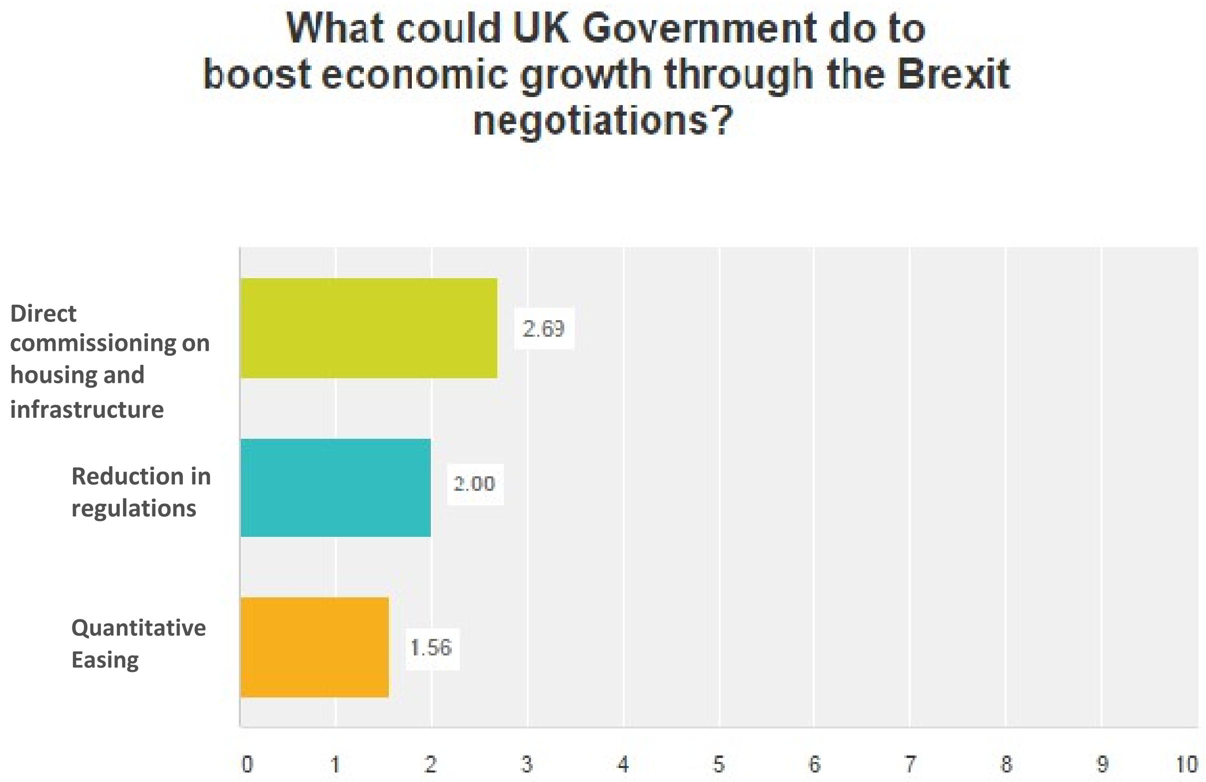


What do TTF Members think of Brexit impact?

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



What do TTF Members think of Brexit impact?



What do TTF Members think of Brexit impact?

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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?

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- 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

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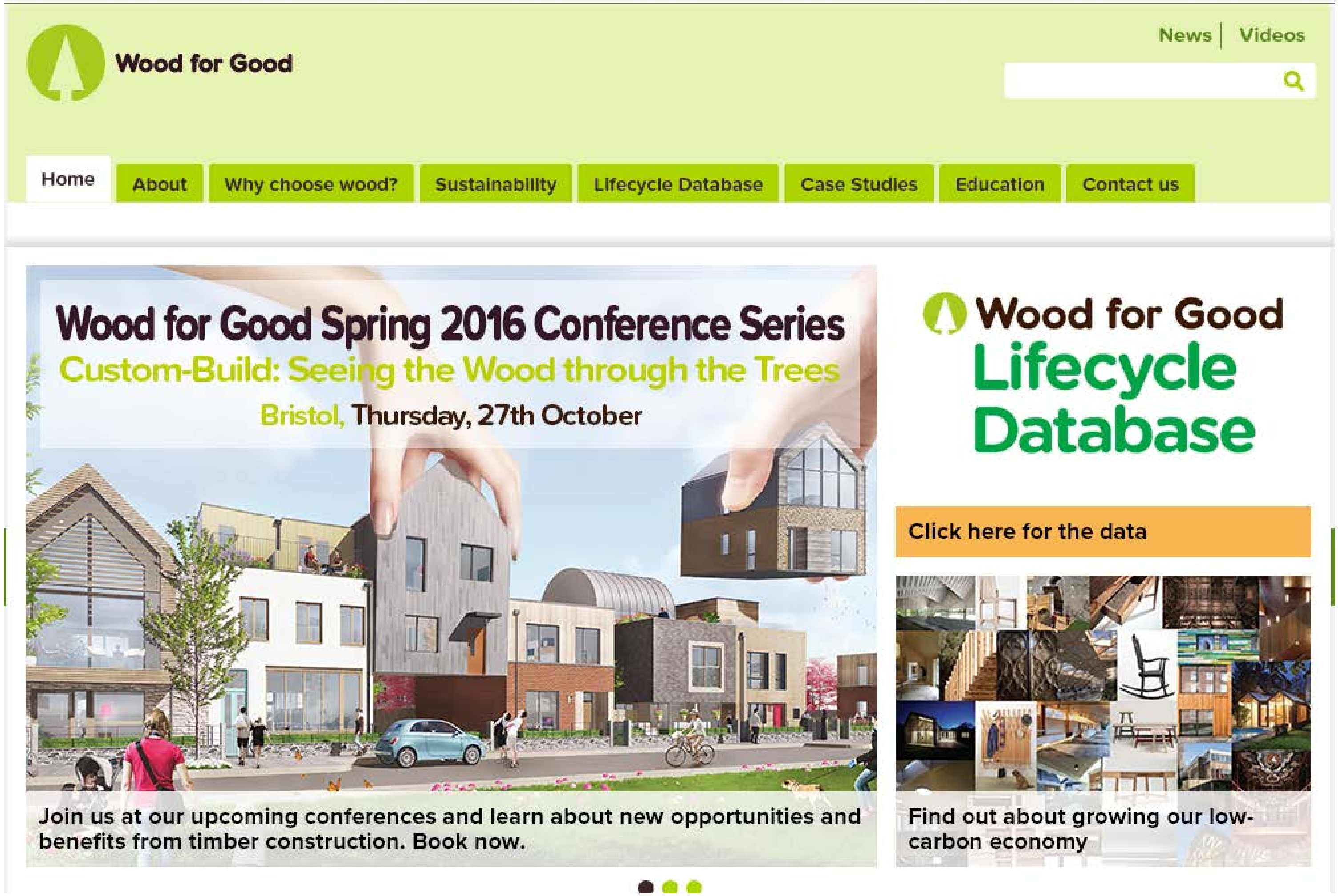
Promotion with Swedish Wood



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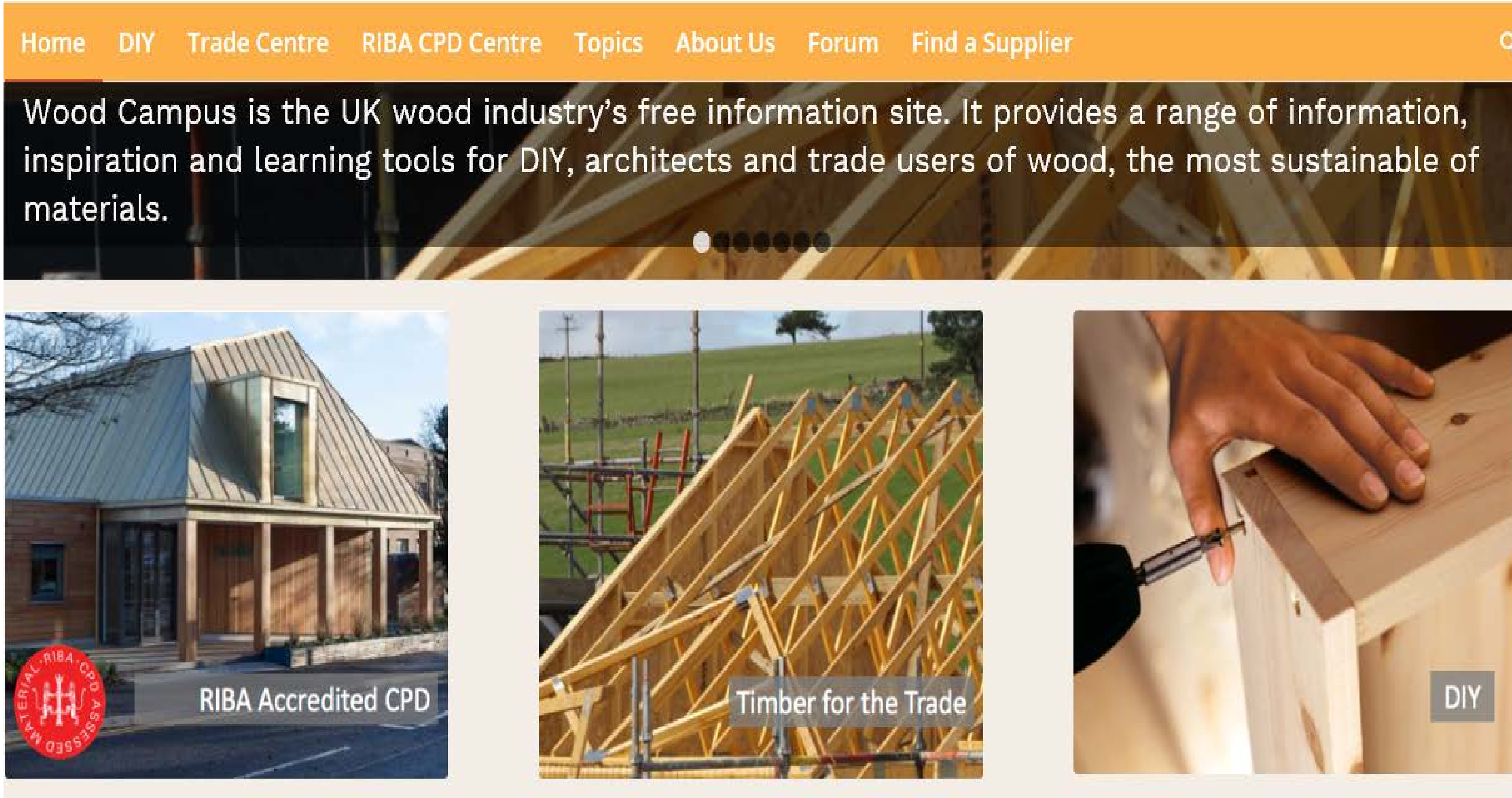
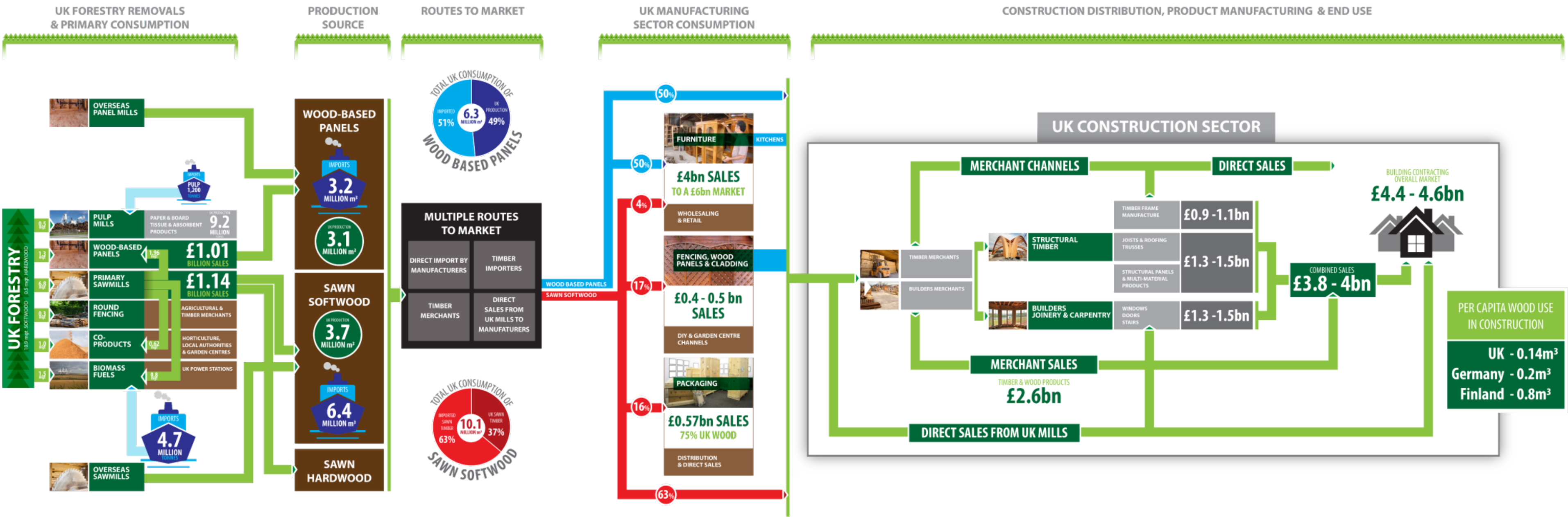
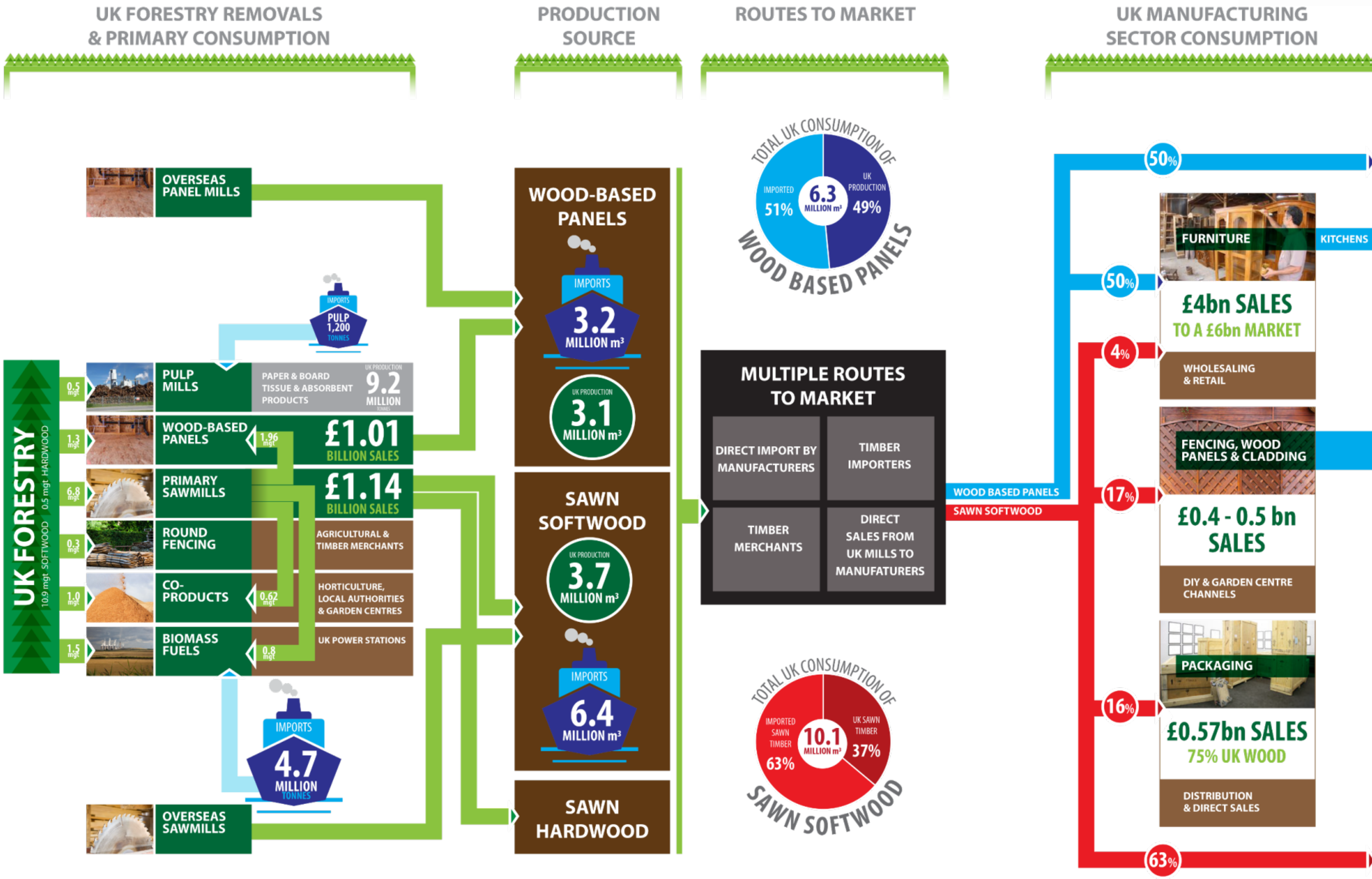
Education with Swedish Wood



Mapping value





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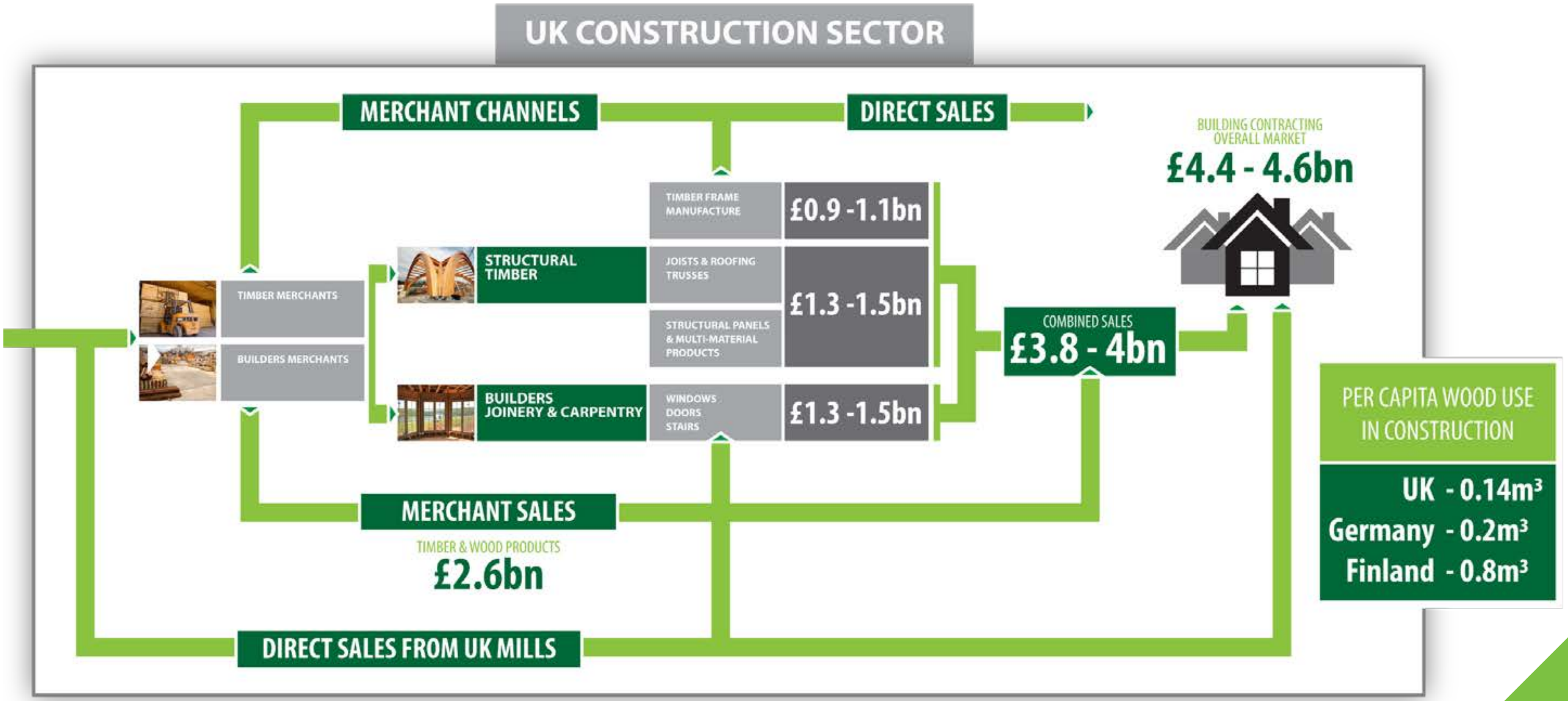
CONSTRUCTION DISTRIBUTION, PRODUCT MANUFACTURING & END USE



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

David Hopkins

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www.ttf.co.uk