

NOVEMBER 28TH 2023

# OUTLOOK 2024

Situation and Outlook for Irish Forestry

# FORESTRY



# Overview

## ■ Forest Sector 2022/2023

- Annual forest planting levels
- Indicative forestry returns
- Timber price trends
- Timber demand and supply
- Sustainable Forest Management supports

## ■ Outlook 2024

- Net realisable timber volumes
- Timber markets 2024
- Forest abatement potential (MACC)
- 2024 challenges and opportunities



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# REVIEW OF 2023

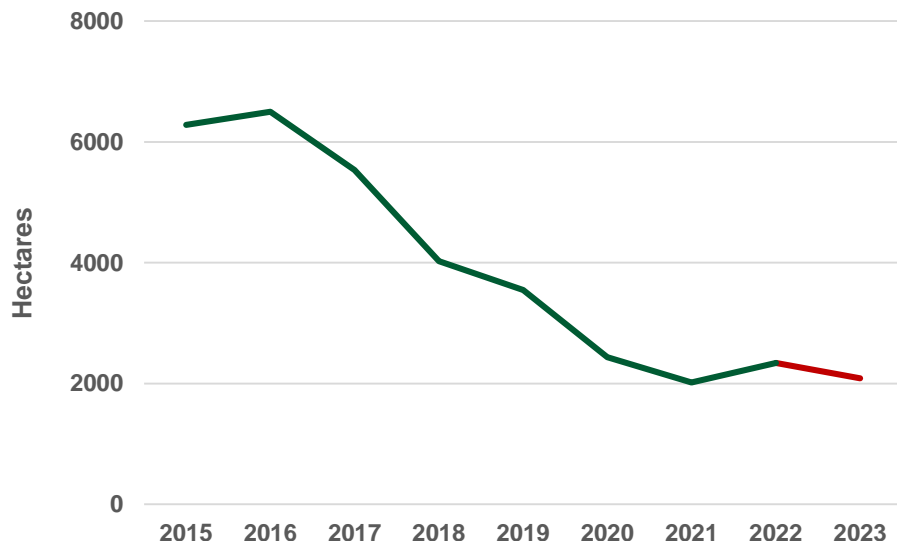
Situation and Outlook for Irish Forestry





# New forest creation

## Annual planting levels 2015 to 2022, with 2023 forecast

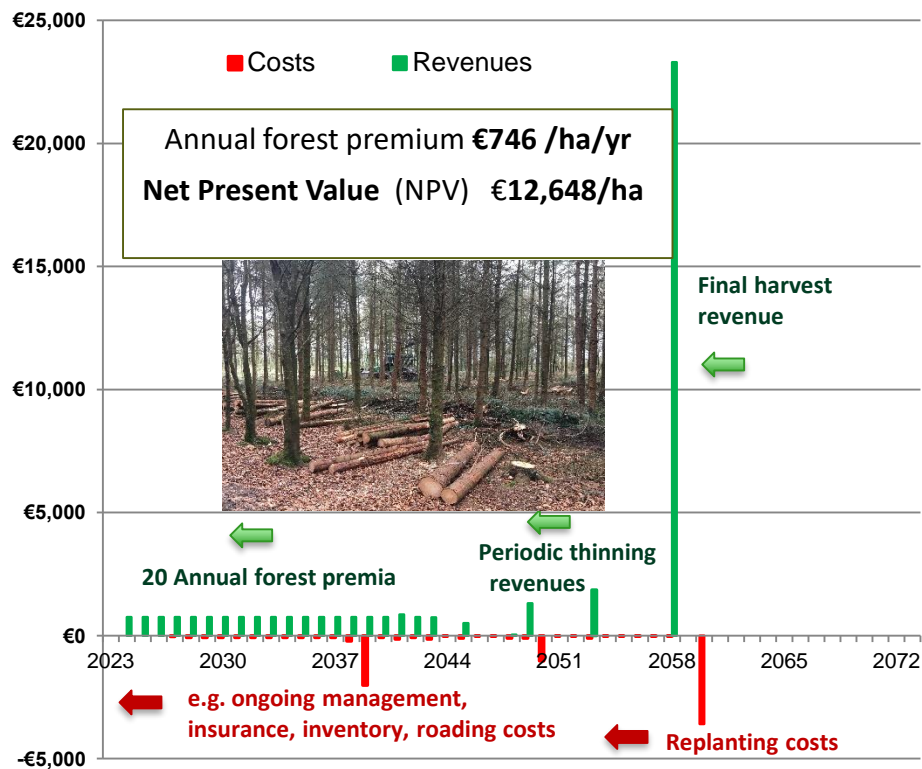


Source: DAFM (Various years)

- **New Forest Programme 2023 -2027 launched September 6, 2023**
  - Afforestation Scheme:
    - 12 Forest Types
    - Forest premia increases 46 - 66%
    - 20 - year farmer premia
- **Native Tree Area Scheme launched October 4, 2023**
- **2024 - pivotal year in terms of forest creation ambition**

# Indicative returns for new Forest Types (FTs)

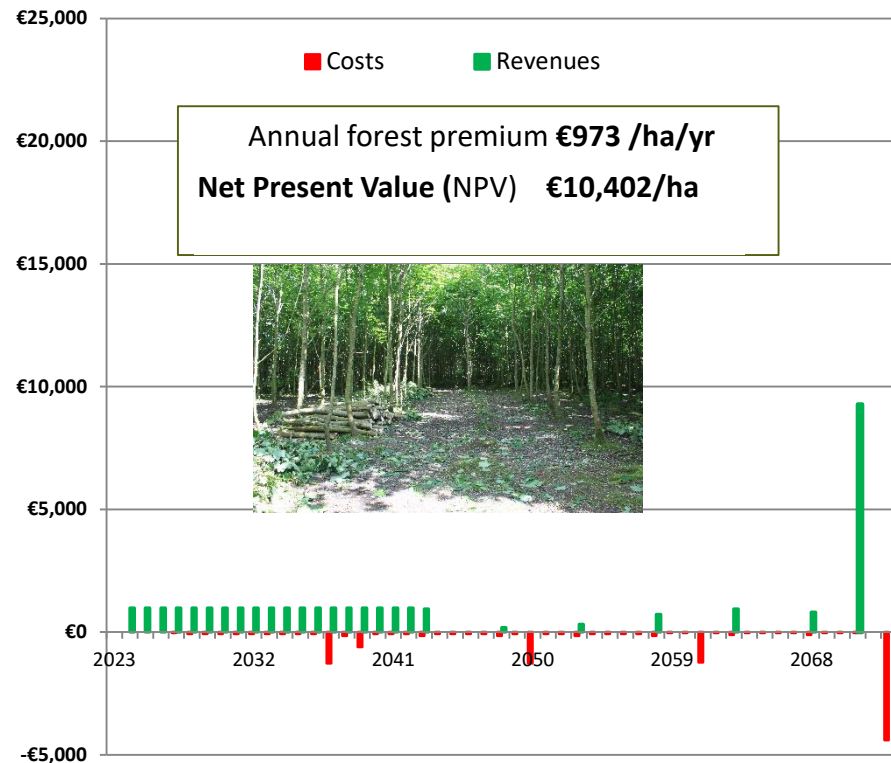
**FT12 - mixed high forest with mainly spruce, 20% broadleaves**



**Forest Type 12:** 65% Sitka spruce, Yield Class 24  
 20% Broadleaf species,  
 15% Area for Biodiversity Enhancement (ABE)

(ABE = open spaces, retained habitat, hedgerows, environmental setbacks)

**FT7- Productive broadleaf forest**



**Forest Type 7:** 85% Sycamore, Yield Class 8  
 15% Area for Biodiversity Enhancement (ABE)

# Timber Prices



Product

Length  
(m)

Small end  
diameter  
(cm)

Mill Gate  
Prices  
July – Sept  
2023  
€/tonne  
(ex VAT)

Pulpwood	3		41 - 47
Palletwood	3.1	14+	66 - 75
Palletwood	3.7	14+	74 - 85
Sawlog	4.9	16 - 20+	86 - 104

- Availability of published timber prices were limited during 2023
- Prices are indicative and fluctuate according to range of factors
- Prices over last year have fallen
  - Particularly for large sawlog
  - Pulpwood prices have remained steady
- Timber prices have dropped in recent weeks - from July-Sept levels shown



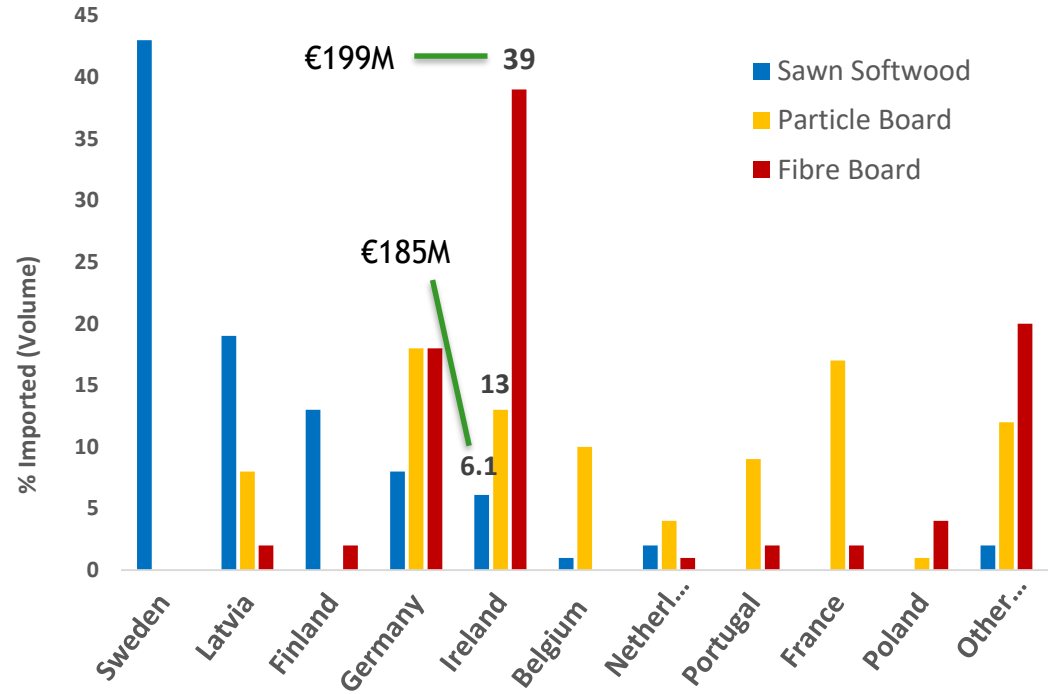
# Timber Markets

2022

- Exports of 1.54 million tonnes of forest and wood based products:
  - Valued at €784 million
  - Increase of 4% in volume and 13% in value on 2021 levels

Source: DAFM 2023

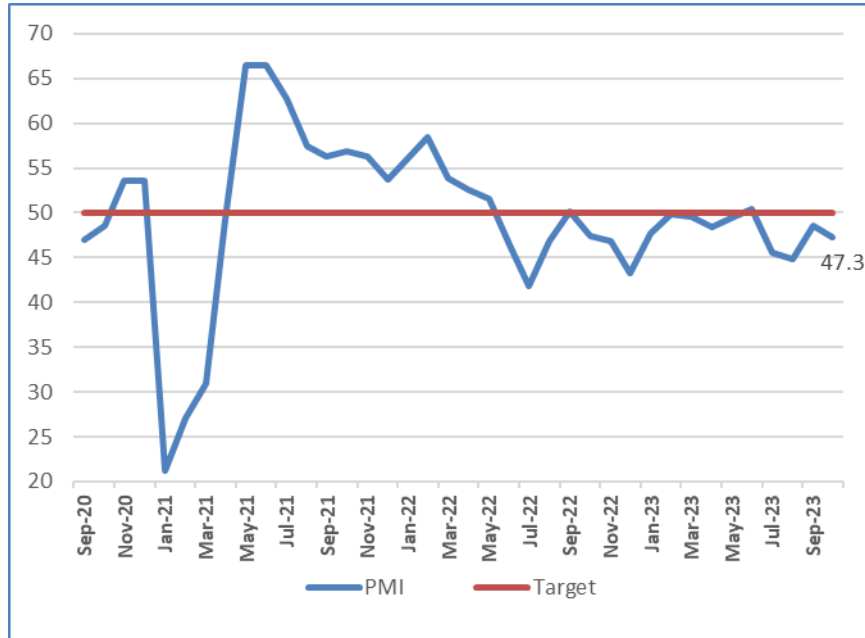
## Country of origin of wood imports into the UK, 2022



Source: DAFM, 2023; Forestry Commission, 2023

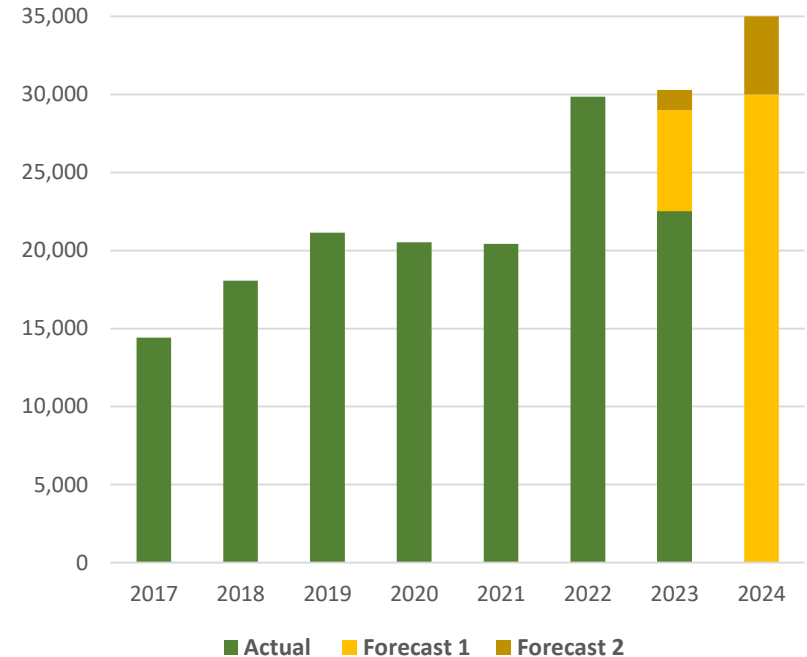
# Domestic Timber Markets 2023 - Construction

**BNP Paribas Real Estate Construction PMI  
Sept 2020 to Oct 2023**



Source: S&P Global

**Dwelling completions RoI  
(actual and forecast) 2017-2024**



CSO 2023, McQuinn 2023. O'Leary 2023



# UK Markets 2023

- UK construction activity predicted to fall by 6.8% in 2023
- Overall UK timber imports levels forecast to remain below those of 2022
- 6.5 M m<sup>3</sup> sawnwood, 3.2 M m<sup>3</sup> wood-based panels
  - **UK OSB imports to June 2023**
    - 26% higher than 2022 levels
    - from main suppliers, including Ireland
  - **UK MDF imports** – 5% growth to June 2023

Source: CPA Autumn Forecast 2023; TDUK, 2023



Source: Global Wood Market Info, 2023

# Sustainable Forest Management

## Range of measures in new Forest Strategy Implementation Plan:

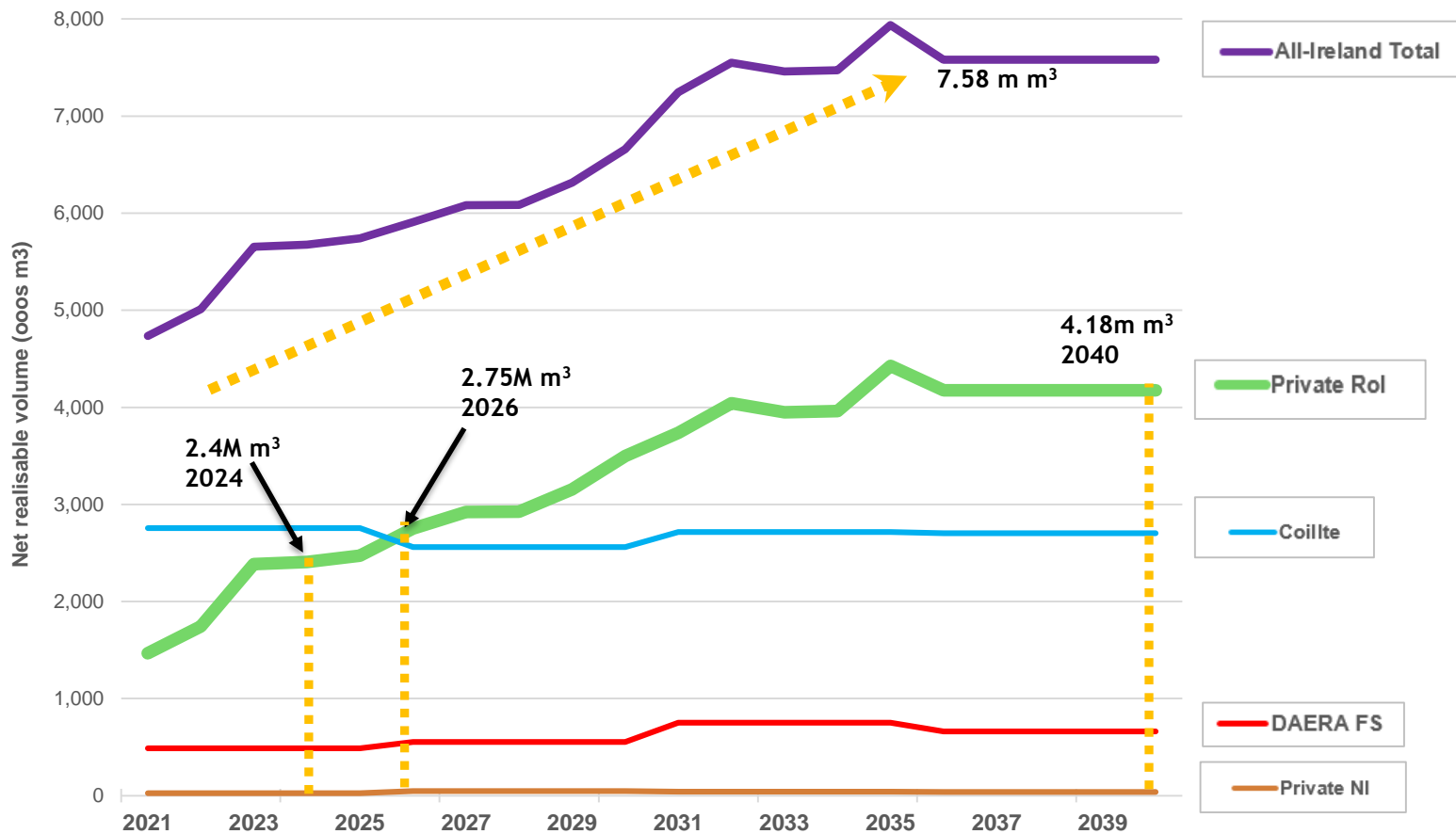
- **Woodland Improvement** – broadleaf thinning, conversion to Continuous Cover Forestry
- **Forest roads** (including ecologically-enhanced forest roads, special construction works)
- **Forest management plans**
- **Native woodland conservation**
- **Forest Knowledge Transfer Group (KTG) Scheme**
- **Pilot Environmental Enhancement Scheme**
- **Pilot Open Forests** – support for existing social, cultural and heritage forests
  - Forest classroom, NeighbourWoods, Heritage forests
- **Resilient reforestation**

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# OUTLOOK FOR 2024

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## All Ireland Net Realisable Timber Volumes 2024 and beyond (000's m<sup>3</sup>)



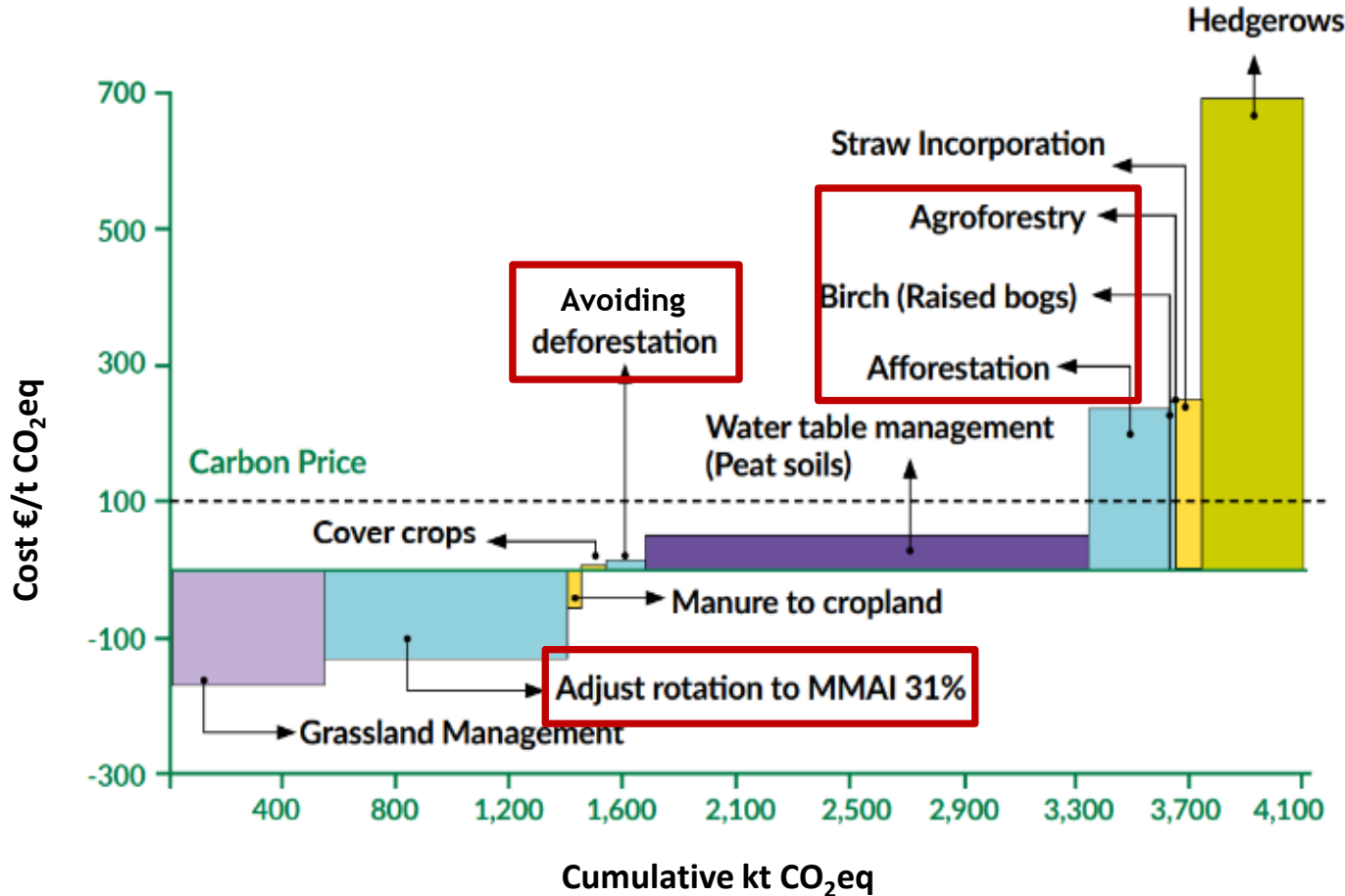
Source: COFORD 2021

# Domestic and UK Markets - 2024

- **New dwelling completions forecast between 30k - 35k**
- **Focus on timber use in construction**
  - New inter-Departmental and Industry Steering Group (Nov, 2023)
- **Opportunities to expand wood energy use**
- **UK construction output expected to fall by 0.3% in 2024** (CPA, 2023)
  - Private housing and RMI impacts
- **Room for positivity in longer term**
  - Linked to need to decarbonise built environment
- **Optimise market opportunities**
  - Flexible, responsive and market-focused approach



# Marginal Abatement Cost Curve LULUCF, Pathway 2



# Other 2024 Challenges and Opportunities



## New forest creation

- Support to farmers and landowners
- Awareness-raising of highly attractive opportunities

## Sustainable management and timber mobilisation

- Support capacity building for forest owners to optimise, economic, environmental and social benefits of forests

## Forest certification

- COFORD study outlines steps towards a national certification scheme for forest owners
- Work has progressed - tender issued for services to undertake the work / associated tasks involved in preparing a business plan for Irish Group Certification Scheme

## Ash Dieback affected - forests

- Independent Review into Ash Dieback Support Schemes published September 2023
- Follow-up Implementation Plan to be shortly published

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# THANK YOU



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