

National Assembly for Wales
Environment and Sustainability Committee
PFE 14
Inquiry into The Public Forest Estate in Wales
Response from: Wood Panel Industries Federation (WPIF)

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The WPIF would be happy to give oral evidence to the Committee.

I. The Wood Panel Industries Federation (WPIF)

- II. The Wood Panel Industries Federation (WPIF) represents all British manufacturers of wood panel products. The industry is worth more than £600m a year and provides 7,900 FTE jobs across the UK.
- III. In North Wales, Kronospan operates a wood panel plant in Chirk. Kronospan is one of the Top 10 manufacturing companies in Wales, employing over 600 people, mainly from the rural population (over 90% of who live within 10 miles of the site). In the last 5 years, this site has seen investment of £30m.

IV. The Wood Panel Industry and Natural Resources Wales (NRW)

- V. As an important forestry based business in Wales, Kronospan has a significant interest in Natural Resources Wales (NRW)'s forestry operations. Kronospan had a strong commercial relationship with Forestry Commission Wales (FCW); in 2011 Kronospan purchased more than 150,000t of round timber directly from FCW - around ¼ of FCW's annual harvest. As such Kronospan and the Wood Panel Industries Federation were concerned about the proposals to create a single environment body and consistently highlighted the need for commercial forestry interests to be a key focus of NRW and for the acumen and expertise of FCW to be maintained in the new body.
- VI. The WPIF and Kronospan were, and remain, very concerned by the lack of a forestry representative on the NRW Executive Team as indicative of a view that forestry interests are less important than the other areas that fall under NRW's remit. FCW had excellent stakeholder engagement and this has been lost with the creation of NRW. The industry has been reassured to an extent by the Minister's ongoing engagement with the forestry industry via regular stakeholder meetings that have provided an opportunity to raise concerns. This shows that the Welsh Government does appreciate the vital contribution the forestry sector makes to the Welsh economy and this is reflected in positive efforts to increase woodland planting and to support forestry via Glastir and the Rural Development Programme (RDP).
- VII. Kronospan has also been engaged with NRW and has agreed to some long-term timber contracts. However, Kronospan and the WPIF, along with the wider Welsh forestry sector,

continue to have a number of significant concerns about NRW's operations in relation to forestry. As the manager of the Welsh public forest estate and the main single supplier of softwood to the wood processing sector it is essential that NRW works effectively and efficiently to ensure that the estate is managed cost effectively and in a way that maximises returns whilst meeting the demands of its customers. The Welsh forestry industry does not believe that this is currently the case.

- VIII. Since NRW's creation last year it seems that commercial timber is not being prioritised as the industry feels it should be. Timber contracts are being agreed, often six months in advance, but are not starting on time, meaning that the whole supply chain is negatively affected and the operations of processors like Kronospan are held up. The industry is concerned that if this continues there will be serious repercussions for the sector if they are unable to access the wood they need in a timely manner. This is an issue that must be addressed effectively, particularly given that procurement was highlighted by the Wales Audit Office in its report on the operations of FCW, published in January 2013, as an area where continued improvement under NRW was required.
- IX. As well as concerns about the reliability of NRW's management of the commercial timber business, the forestry sector also has serious concerns about woodland creation and replanting. This must be addressed by the Welsh Government as well as NRW. The Welsh Government's woodland planting target is not being met and the area of productive conifers in Wales actually declined by 13,000 hectares from 2000-2010. Following the rapid felling of sites as a result of diseases such as phytophthora ramorum, there are concerns that this could more than double due to a lack of suitable restocking. During 2008-2013 only 65% of the felled area was restocked with conifers even though nearly 100% of the area was stocked with conifers at the point of felling. This compares to 84% conifer restocking in Scotland. Compensatory woodland creation has not mitigated this loss as only 200 hectares of conifers were planted during this time, compared to 2100 hectares of broadleaves.
- X. In addition, the Forestry Commission's 50 year forecast, published in April, has shown major concerns for the future total Welsh timber harvest. The FC forecasts that from 2027-2031 there will be a decrease of 430,000m³ (-22%) compared to the current harvest and from 2042-2046 there will be a 962,000m³ decrease (-48%) compared to the current harvest. This is of significant concern to the Welsh forestry sector. Immediate planting needs to be undertaken, especially given the lack of sufficient progress towards meeting the Welsh Government's target of planting 100,000 hectares of new woodland by 2015.
- XI. Broadleaves are not suitable for use in the wood processing sector and therefore it is vital that the Welsh Government and NRW turn their attention to increasing the stock of commercial coniferous timber, particularly following disease outbreaks when appropriate restocking must be a priority. Currently there is little information available from NRW in terms of the timetable for restocking or which species they will be planting. The forestry sector would be open to supporting the planting of different species, however only following sufficient engagement. A lack of communication is creating uncertainty for the forestry sector and puts investment at risk. If the supply of commercial conifers is not increased, existing processing businesses will be forced to curtail their investment in Wales while new businesses may be deterred from entering the market at all because of the insecurity of supply.
- XII. The Welsh Government and NRW, potentially in conjunction with the private sector, should conduct research on alternative conifer species to enable the creation of a resilient conifer

resource. New species should not be planted without knowledge of their timber qualities or the correct provenances. At present, Glastir is encouraging growers to widen their species planting base but without the correct information on timber qualities etc. there is a risk of not only planting commercially unsuitable woodland but also increasing rather than decreasing the risks posed by climate change.

- XIII. Both the Welsh Government and NRW should be expanding woodland creation and restocking efforts, providing appropriate grants via Glastir/RDP for the growth and management of commercial softwoods and by encouraging planting in areas like marginal upland farmland. Indeed, spatial planning was highlighted as an area for improvement by the Wales Audit Office in its report last year. Not only would this have economic benefits, it would also allow Wales to increase its carbon sink as well as supporting wood processors that maximise the carbon sequestration benefits of wood by turning it into products with long useable lives.
- XIV. This is particularly important in light of the increasing use of wood to burn for biomass power generation. The wood panel industry is very concerned by the diversion of domestic timber to the subsidised energy sector and believes the Welsh Government and NRW should be actively supporting the most sustainable and environmentally beneficial use of wood, namely in wood products. Processing wood into panels only releases 378kg of CO₂ per tonne of wood compared to burning wood for electricity generation, which typically releases 1,905kg of CO₂ per tonne of wood. Therefore it is important that the burning of wood for power generation only takes place once the wood has reached the end of its useable life. This will ensure the optimum impact both environmentally and economically and, alongside more commercially friendly woodland creation efforts, would give key industries like the wood panel industry the confidence to continue investing in Wales' rural economy.
- XV. In addition to concerns about NRW's commercial timber supply, Kronospan and the wider forestry sector also have significant concerns about the wider culture within NRW relating to forestry and stakeholder engagement. The industry appreciates that in its first year there were significant structural challenges for NRW to overcome. However, it remains unclear who, other than the Chief Executive who has a much higher level remit, the forestry industry should be liaising with on forestry related matters. There is no forestry representative on the Executive Team and there is no one at senior management level in NRW with responsibility for the management of the public forest estate. This should be rectified immediately through the introduction of a specific forestry representative at a senior management level. FCW had excellent stakeholder engagement and provided the sector with valuable expertise and direct support. As the industry feared, much of this has been lost with the creation of NRW. If the Welsh forestry sector is to thrive, and investment in Wales' economy to continue, then it is essential that these management issues are addressed and a more supportive culture on forestry issues is fostered within the organisation.
- XVI. The WPIF and Kronospan appreciate the efforts to expand woodlands in Wales and the ongoing support for forestry interests demonstrated by the Welsh Government. However, if the Welsh forestry sector is to feel confident in continuing to invest in Wales then the issues outlined above must be addressed. The Welsh forestry industry is a valuable contributor to the Welsh economy and its important role should be reflected in NRW's, and the Welsh Government's, policies as a priority area for action and support.