

### 1. Overview of the Forest Sector

The Irish forestry and forestry product sector contributes €2.3 billion to the Irish economy supporting 12,000 jobs. Timber production is forecast to double to 7.90 million m<sup>3</sup> by 2035, with almost all of the increase being harvested in the private forest sector. Farmers own and manage 85% (or approximately 300,000 hectares) of the private forest estate. If the timber production forecast is realised the opportunity exists to increase the annual value of the sector to €4.5 billion and the support 22,000 jobs, predominantly in rural areas.

### 2. Ireland's Forest Products Export Market

	2015
Harvest of commercial roundwood	3.02 million m <sup>3</sup>
Forest Products exports	€355 million
Sawn softwood exports	€121 million
Wood based panel exports	€190 million

- In 2015, 78% of the forest products produced in Ireland were exported.
- Key markets for Irish forest exports were the UK, Germany and the Benelux countries.
- Ireland's market share of the UK sawn softwood timber market has more than doubled from 3.3% in 2007 to 7.0% in 2014.

### 3. UK Market for Forest Products

- The Northern Ireland and the UK is a key market for Irish sawn timber exports. Consumption of sawn softwood in the UK is dominated by its use in the construction sector.
- In 2015, the UK imported 6.3 million m<sup>3</sup> of sawn timber products from Ireland. Ireland was the fifth largest exporter of sawn softwood timber to the UK.
- Over the period 2011 – 2015 the volume of sawn softwood exported to the UK from Ireland increased by 13%
- In 2015, 65% of the panel products (OSB and MDF) produced in Ireland were exported to the UK and Northern Ireland. Ireland was the third largest exporter of particleboard and OSB and the largest exporter of MDF to the UK

### 4. Issues of concern in relation to Brexit

- The Irish forest sector is very reliant on the UK market, with the UK being the only viable market for the majority of forest products produced in Ireland.
- The impact of fluctuations and volatility in the sterling rate on timber prices.
- The potential cost implications due to increased bureaucracy in exporting forest products and implications on competitiveness.
- The roundwood production is forecast to double to 7.90 million m<sup>3</sup> by 2035, with almost all of the increase being harvested in the private forest sector. There is a concern that farmers might choose to delay harvesting operations until there is more stability in the market place.
- Insufficient investment by the sawmilling sector to process the increased roundwood forecast due to uncertainty in the market.

- Farmers are first time producers of timber, typically the farm forest resource is small and fragmented and as a result production can be inefficient.
- The lack of forest certification (FSC and PEFC) in the private forest sector and the implications on market access in Europe.