Cynulliad Cenedlaethol Cymru | National Assembly for Wales
Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig | Climate Change, Environment and Rural Affairs Committee
Ymchwiliad i bolisi coedwigaeth a choetiroedd yng Nghymru | Inquiry into Forestry and woodland policy in Wales

FWP 20

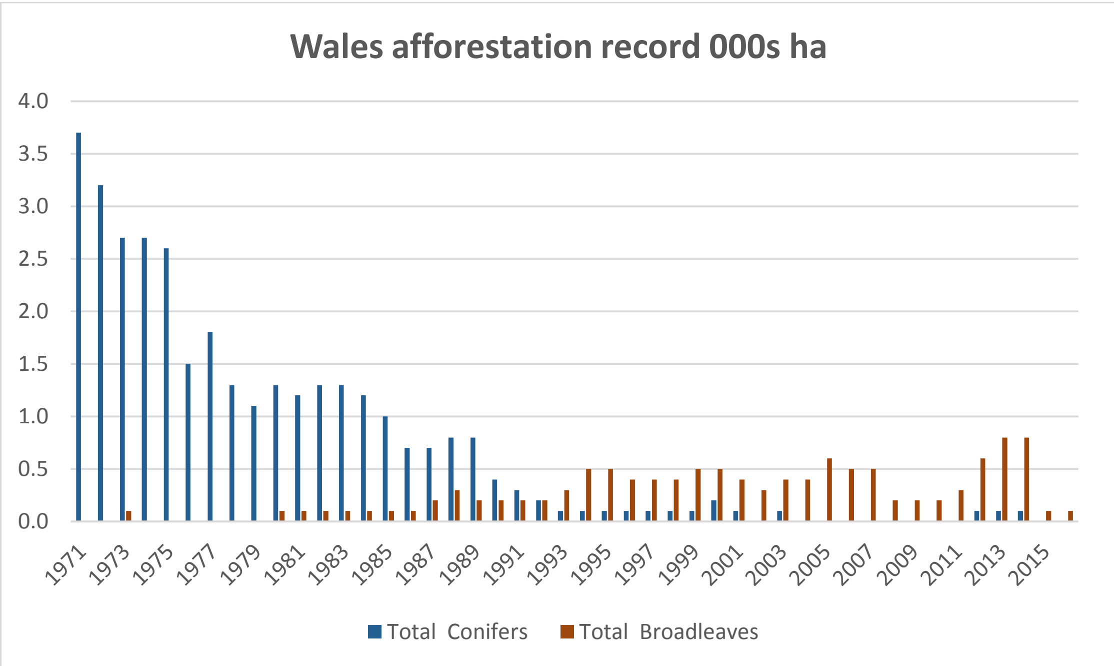
Ymateb gan : Grŵp BSW Timber
Evidence from : BSW Timber Group

1. As a major sawmill business in Wales, BSW's submission to this consultation concentrates on the effect and impact of Welsh forestry and woodlands policy on its core Welsh business, addressing in the main the Consultation's question **"a competitive and integrated forest sector"**

2. BSW Timber is a family owned sawmilling group with seven sawmills in UK and one in Latvia. Our sawmilling interest in Wales is in Newbridge-on-Wye where we employ 145 staff. We process nearly 300,000 tonnes of logs per annum, equivalent to almost a third of Welsh sawlog production.

3. In preparing this submission, we state that we fully concur with the content of the ConFor submission, particularly the statement "*The disastrous failure of WG since 2010 to meet agreed tree-planting targets puts the economic, social and environmental sustainability of our countryside at risk. This failure must be tackled as a matter of urgent priority, as Wales is now in danger of deforestation"* Sustained deforestation will lead to a failure to adhere to UK Woodland Assurance Standard (UKWAS) and jeopardise our FSC© accreditation.

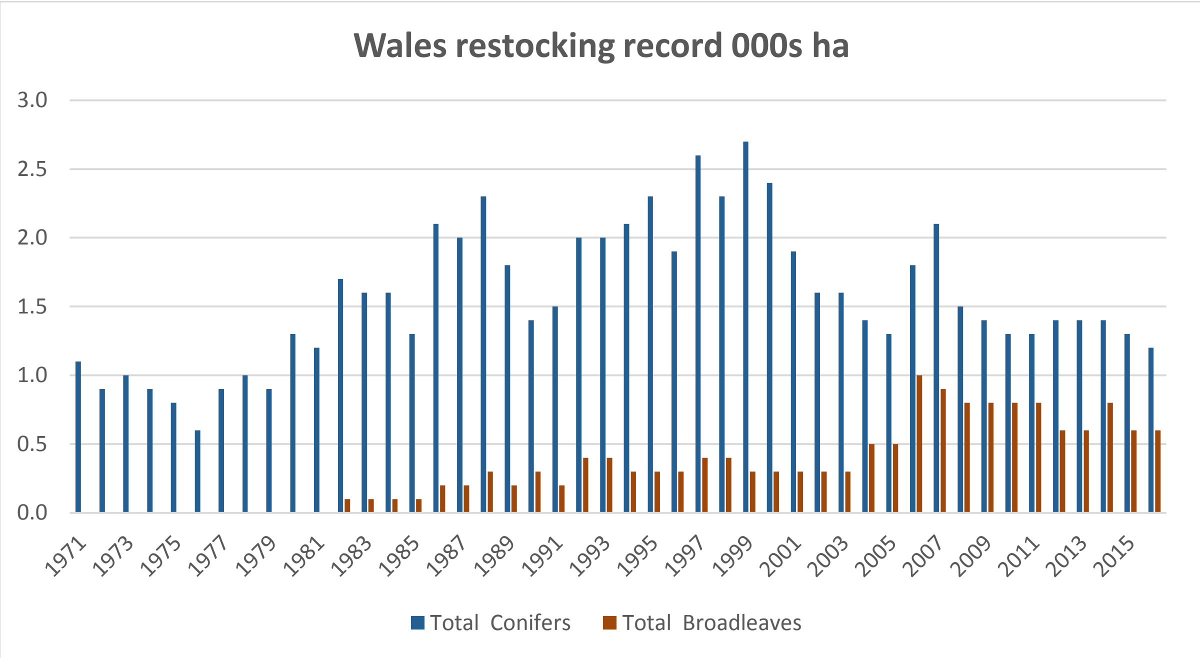
4. Wales has a thriving softwood sawmilling and processing sector, worth £528M GVA, despite a lamentable record of woodland creation and restocking. The recently published Woodlands for Wales Indicators 2015-16 affirms that the estimated area of conifer woodland in Wales has decreased by 18,000 hectares since 2001. Only 700 ha of new conifer woodland have been planted this millennium, compared with 5,000 ha in the previous sixteen years.



Source: FC/NRW Grant schemes

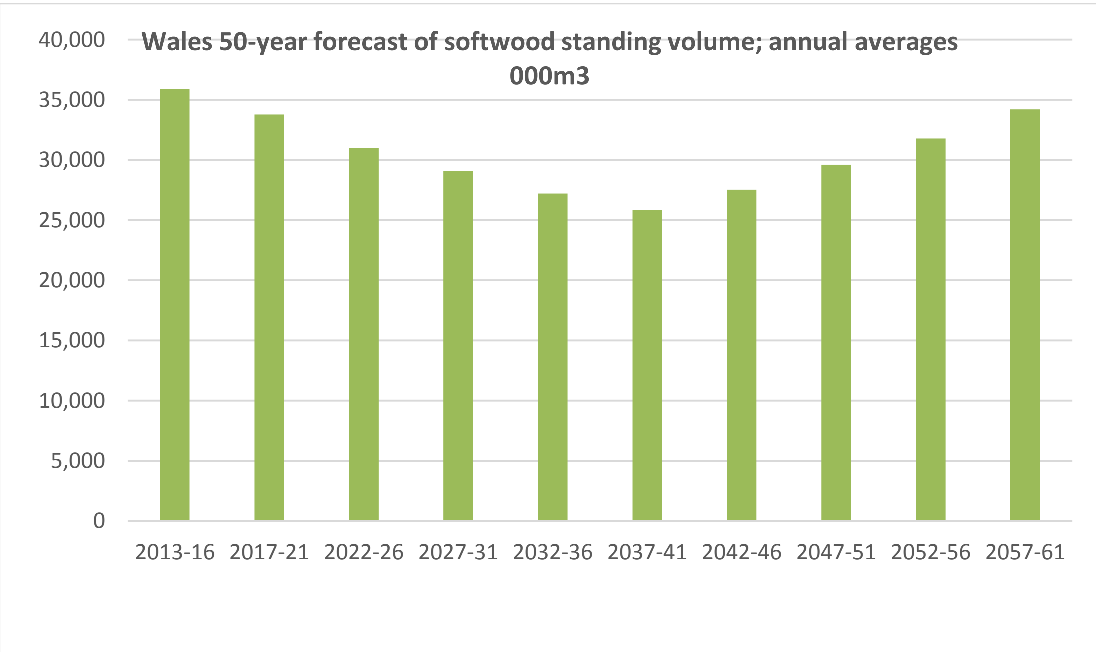
5. The Wales Climate Change Strategy 2010 called for "the expansion of woodland in Wales from about 500 ha to 5,000 ha per annum maintained over 20 years".

6. As if the new woodland creation was not bad enough, Wales is failing to keep up with productive restocking as the conifer forested area has reduced by over 1,000 ha per annum this century. The proportion of restocking by broadleaves has averaged 30% of total restocking in comparison with an average of 13% in previous fifteen years.



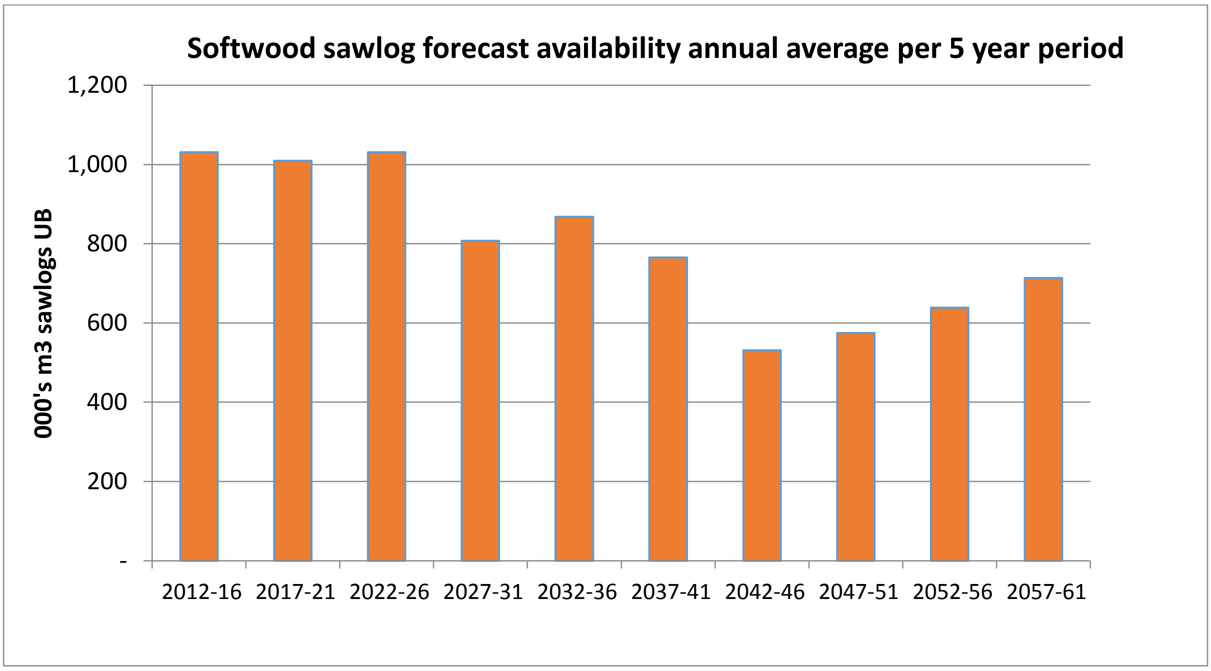
Source: FC/NRW Grant schemes

7. With typically a thirty-five to forty-five year cycle of planting to clear-fell harvesting, the lack of planting and restocking in Wales is having a direct impact on the inventory of softwood standing timber.



Source: National Forestry Inventory 2014

8. This leads directly onto the availability of Roundwood from which the derived sawlog volume has effectively peaked and is plateaued at 1M cubic metres but in ten years' time will start to fall dramatically to 0.8M cubic metres.



Source: National Forestry Inventory 2014

9. BSW has invested £10M in Wales in the last seven years which has led to a growth in turnover from £19M to £30M and direct staff employed has increased by 32 in the same period. Business confidence to invest by any forestry sector company is largely predicated on the sustainable availability of Roundwood within its catchment area. Investment in fixed capital equipment, processing lines, will be based on a financial payback of seven to ten years with an anticipation of twenty to twenty-five years utilisation, assuming good maintenance and updates.

10. With the outlook painted in this submission, there is no commercial rationale to invest further in Welsh sawmilling capacity, as long as the planting and restocking failures continue.

11. The lack of a commitment to supporting the forestry sector by sustaining an adequate productive planting programme, thereby, effectively, overseeing Welsh deforestation will inevitably lead to a contraction of the industry, lost opportunities to climate mitigation and job losses.

12. This is in contrast to the situation in Scotland where the Scottish government has increased its planting targets from 10,000 ha a year to scale rising to 15,000 ha per annum by 2025. The Scottish Cabinet Secretary with responsibility for forestry recently commissioned a complete review of the woodland creation planning process and has accepted some key recommendations for improvement.

<u>Opportunities for Welsh timber</u>

13. With an annual output of 500,000 cubic metres of sawn timber from Welsh forest production, there is a strong opportunity for adding value and targeting a range of markets in Wales. In particular, there is opportunity to expand market penetration of locally produced timber in local construction.

14. For example, Powys County Council have recognised the importance of forest and wood products industry to rural and regional employment and economic development. They are to be

commended for introducing a Wood Encouragement Policy whereby they will ensure that all briefs for new Council housing projects incorporate the requirement to use wood where it is deemed suitable and cost effective.

15. Such a policy, if extended to the whole of Wales, would make a highly positive contribution to the objectives of the Well-being of Future Generations (Wales) Act 2016 through local employment, reduced carbon miles and the benefits from well designed and constructed homes from timber.

Conclusion

16. BSW and the entire forestry sector in Wales, as in the rest of the UK have made a massive commitment to the nation's rural economy over the last twenty-five years. British sawmilling is one of the most technically advanced in Europe and has carved out a 40% market share for sawn timber products in the UK, more than doubled since 1990. The level of investment in capital equipment, in training a skilled workforce and establishing a portfolio of forests and woodlands delivering economic, social and environmental benefits is remarkable.

17. Wales is missing out on the opportunity to maximise climate change mitigation. The Reed Report, *Combating Climate Change: a role for UK forests* (2009) concluded that "sustainable forest management can maintain the carbon store of a forest at a constant level while the trees continue to remove CO2 from the atmosphere and transfer a proportion of the carbon into long-term storage in forest products". The report also states, "Woodland creation provides a highly cost-effective and achievable abatement of GHG emissions when compared with potential abatement options across other sectors".

18. The sector needs the Welsh Government and all of its agencies to provide advocacy for productive forestry to protect and grow this successful industry based on natural capital, the trees growing in Wales now and in the future. WG must use the opportunity of leaving the EU to completely review its post-CAP land support mechanisms and give forestry the place it deserves.