

# Brexit implications for the Irish forest sector

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Many sectors of the Irish economy are deeply reliant on the UK market and none more so than Ireland's timber exporters. Our sawmills and panel board manufacturers rely on the UK market for 83% of Ireland's timber exports. Continued unfettered access to the UK market is absolutely essential to the continued expansion of the industry and the jobs, exports and environmental returns that it creates.

Irish timber exports to the UK market are a tremendous success story. Historically, the UK has always been an important market but the collapse of the Irish construction market after 2008 forced a renewed focus on the UK and saw the beginning of a major transition. Both Coillte and Ireland's private sawmills demonstrated tremendous fortitude and ability as they targeted the UK market and developed a significant market share there in just a few years.

Ireland has a dynamic, fast-growing forest sector with modern, efficient sawmills. Irish forestry is an important national resource that generates annual exports of over €350 million, mostly going to the UK. The economic activity of the forest sector is spread through every region of the country and makes an important contribution to regional development and rural employment.

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The scale of the forest sector will increase significantly in the coming years as the large area of privately owned forests planted throughout the 1990s mature and reach harvesting age. This will significantly increase the supply of round wood to the processing sector. Ireland's sawmills are currently making large investments in line with this growth in the supply of their raw material and production on the island of Ireland will increase from 4 million m<sup>3</sup> in 2016 to close to 8 million m<sup>3</sup> by 2035.

The Irish forest sector is highly competitive, well organised and determined to meet the challenges of Brexit. However, the UK is the only viable market for the majority of our output. Product and market diversification are not adequate solutions.

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Free trade is an absolute prerequisite to the continuing trade in timber products between Ireland and the UK. The Brexit negotiations must ensure that at no time do tariffs or non-tariff barriers arise. The EU should aim to negotiate a comprehensive free trade agreement with the UK and, in the interim, provide an adequate transitional period during which time free trade arrangements apply.

The Irish forest sector has a number of particular concerns in relation to Brexit:

- **Currency:** The depreciation of sterling against the euro has already resulted in a significant market shock.
- **Trade:** Trade links with the UK are deep and unique - 83% of the sector's exports go to the UK. Trade must be maintained and trade barriers avoided.
- **Transport:** The forest sector sends thousands of trucks each year to the UK. It is absolutely essential that the border continues to operate in a seamless manner. Significant technological and infrastructure investment may be needed should the UK leave the Customs Union.
- **All island economy:** Increased controls and checks at the border with Northern Ireland present unique trade, economic and political risks. Timber and products move both ways across the border every day. Companies on both sides of the border have developed cross-border supply chains that will be difficult to replace.
- **Timber market:** Ireland and the UK share market and regulatory norms in the production of timber products and their use in the construction market. The same is not the case in mainland European markets. Irish timber exports are thus closely tied to the UK market.



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