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Pandemic squeezes pallet industry

Covid-19 recovery to cause strain on wood availability, according to industry body Timcon



The Timber Packaging & Pallet Confederation (Timcon) has raised concerns regarding mounting pressure on the availability of wood which is likely to impact prices.

The organisation, which represents the manufacturing and repairing wooden pallet and packaging industries, said several factors in the post-lockdown market were putting significant upward pressure on the cost of wood from many origins, including the UK and Baltics, from where the majority of the pallet and packaging industry sources its raw materials.

This issue is occurring in the UK and Ireland, but also worldwide, with countries such as the US particularly affected, Timcon said.

Wood prices rose due to a reduction in mill operations and closures, combined with an upswing in domestic home improvement and DIY projects during the lockdown period from March.

These increases have been further fuelled by the relaxation of restrictions during the summer, which caused increasing demand as construction projects have resumed quickly. Stocks at UK and European sawmills have been critically depleted, and they are now operating at full capacity.

Timcon said that other forces have compounded the problem, including an upward impact on demand as the end of the UK's Brexit transition period on 31 December; high global demand diverting timber from Scandinavian and German sawmills; and, nearer to home, the ongoing backlog of felling licences in Ireland, which is causing concern about the availability of logs later this year and into 2021.

However, with regard to the final issue, new legislation will be brought before the Oireachtas on Tuesday to get the forestry sector moving again, according to the minister with responsibility for forestry, Senator Pippa Hackett.

"We are expecting timber availability to tighten, which of course has the potential to effect prices," said Stuart Hex, secretary general of Timcon. "Although demand for pallets and packaging remains moderate, we anticipate a knock-on effect of the current shortages in construction and fencing, where we have already seen record high prices and shortages. Our sector often has to compete with fencing for core and side boards."

Timcon's forecast is reflected in several independent price indices, which include the Fefpeb Pallet Timber Price Index covering UK, Germany, Netherlands, Italy and Sweden.