

IRELAND

National Market Report 2000

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NATIONAL MARKET REPORT, 2000
to
Joint Session of Timber Committee
of
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1. GENERAL ECONOMIC TRENDS

1.1. Key Economic Indicators

Key Economic Indicators of the performance of the Irish economy in recent years, together with an indication of the likely outturn are illustrated in the following table:-

Recent Economic Development and Prospects

	1993-98	1998	1999	2000 Forecast
Annual Percentage Volume Changes				
Economic Growth				
Gross Domestic Produce (GDP)	8.5	8.9	9.8	10.3
	7.7	8.1	7.8	8.3

Gross National Product(GNP)				
Expenditure on GNP	5.8	7.4	7.7	8.5
Private Consumption	15.2	16.7	12.6	10.8
Fixed Investment	6.1	9.3	8.5	8.5
Final Domestic Demand	18.9	20.5	12.4	15.6
Exports of Goods and Services	14	23.2	8.7	14.7
Imports of Goods and Services	-	1.5	0.1	0.1
Stock Changes (%GNP)	-	14.3	16.9	18.7
Net Factor Income (%GNP)				
Level of GNP (£ billion)	39.6	52.2	59	67.2
Employment (000 change)	58	82	90	75
Unemployment (%)	11.8	7.7	5.6	4.5
Consumer Prices (%change)	1.9	2.4	1.6	5.25
General Government Balance		2.0	1.9	3.7
Surplus/Deficit(-)as % of GNP				

Source: Department of Finance, Dublin

2. Economic Highlights

The Irish economy's current exceptional growth phase is continuing. For the sixth successive year economic growth in Ireland will be among the highest in the world.

Such a sustained period of very rapid growth has few if any precedents not just in our own economic history but in that of the industrialised world. Remarkably, this prolonged period of very strong growth in output and employment has also been one of relatively moderate inflation and a balance of payments surplus.

The prospects for 2000 are for further very rapid growth in output and employment although there are signs that the pace of growth may be slowing. The current inflation rate is also on the relatively high but is likely to moderate later in the year.

1. DEVELOPMENTS IN FOREST PRODUCTS MARKETS

2.1 Timber Markets

Most of the roundwood produced in Ireland is harvested from plantation forests established over the past 70 years and owned and managed by Coillte (The Irish Forestry Board). The forest estate, excluding plantations under 10 years old, is adding incremental volume of 3.3 million m³ annually, of which about 80% is harvested depending on market demand.

Roundwood production in 1999 amounted to 2.5 million m³ (overbark), an increase of 4% on the previous years production. A further increase in production is expected in 2000, due principally to increased demand from the sawmilling sector. The demand for logs will be greater in 2001 as a result of new investment in the main sawmills. There is significant restructuring within the sawmill industry and, by the end of 2000, the main players in the industry will be operating modernised mills following the completion of major investment programmes.

1. Construction Timber

The Irish market for construction timber has grown substantially in recent years driven by a buoyant economy, with low interest rates. Construction timber usage was at record levels in 1999 with new house completions at 46,500, up 10% from the previous year. A further 10% increase is predicted for 2000. The house repair, maintenance and improvement sectors are also booming. The overall consumption level for structural timber in 1999 is estimated at 1.1 million m³ compared to an annual average of 0.5 million m³ at the beginning of the 1990's. About 45% of the timber requirement is supplied by Irish sawmills with the balance supplied by imports, principally from Scandinavia, with lesser volumes from the Baltic countries.

2. Pallet and Packaging Timber

Demand for pallet and packaging timber remained very strong as a result of the high levels of construction and manufacturing activity. Most of the production from Irish mills was absorbed in the Irish markets. Exports to the UK remained stable but Irish mills found difficulty competing in a market which suffered from oversupply and the downward price impact which resulted. However, the strength of sterling against the Irish currency did help the competitive position of Irish sawmills.

3. Pulpwood and Sawmill Residues Demand

The Irish board mills performed very well during 1999 and maintained a very strong position in their respective markets. All of the mills operated at record intake levels and further increases in production are expected in 2000.

The Louisiana-Pacific Europe OSB plant has now established a strong market position and the Willamette MDF plant is also a market leader. Finsa has completed a new investment programme and has significantly increased its output.

The total usage of pulpwood and residues by this sector was about 1.5 million m³.

4. Outlook

The outlook for forest products in Ireland is very positive. High levels of economic growth, resulting largely from increased construction and manufacturing output, will maintain a strong demand for forest products for the foreseeable future. The principal challenges will be to further improve the competitiveness of the sawmilling industry, to increase the share of the Irish construction market supplied by Irish timber and to successfully export increased amounts of sawntimber and timber products.

5. Sustainable Forest Management / Certification

Coillte Teo.(the Irish Forestry Board) is the largest landowner in Ireland, with a forest estate of close to 500,000 hectares. Coillte is committed to the concept of Sustainable Forest management and is pursuing the rapid implementation of internationally accepted standards to demonstrate the commitment to the Helsinki and Lisbon principles.

Coillte is now engaged in the process which will result in Forest Stewardship Council (FSC) certification early next year.

3. TABLES

(tc1 and tc2 to follow)