

Impact of COVID-19 on the timber supply chain

To better understand the effect of COVID-19 on the timber supply chain, the Confederation of Timber Industries (CTI) and its member associations, the British Woodworking Federation (BWF), Structural Timber Association (STA), Timber Trade Federation (TTF), Trussed Rafter Association (TRA) and Wood Protection Association (WPA) surveyed their members between 27 April and 6 May 2020. Below is a break down of some of the key insights.

An overarching picture

The timber supply chain ultimately reflects the turbulence felt in the wider economy as [a result of quarantine measures put in place in response to COVID-19 in March](#).

Some members took the decision to close down, with unclear instruction from Government and social pressure on impacting their ability to continue to stay open. Others have been continuing on, often with reduced capacity to maintain social distancing measures, as shown below. At the time of the survey, 18% of respondents were not operating at all.

Looking closer at the data, manufacturers were the most affected by quarantine measures, which is shown by the increase in percentage of businesses shut down by trade association - with the STA (20%) and BWF (29%) far more likely to be currently shut down than the TRA (6%), TTF (4%) or WPA (0%).

This reflects the difficulty faced by manufacturers across the UK since quarantine measures began. The [Confederation of Business Industries Industrial Trends Survey, April](#) shows a sharp decline in sentiment and output across almost all firms. For those manufacturers able to remain open, most are operating at either minimal or medium capacity. No respondents from the BWF reported they were currently operating at maximum capacity, while the majority of STA respondents (45%) were operating with minimal capacity.

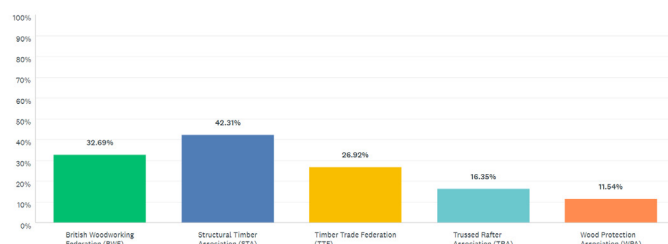
The majority of respondents from all organisations believe that if quarantine measures were lifted they could return to full operations either immediately (54%), or in less than a month (31%). However, there are some who believe it will take much longer, with just under 15% of respondents from all organisations believing it will take longer - as long as between three and six months in some cases (3%).

The vast majority of those who closed (92%) are planning on reopening in May 2020. This would mean 98% of the respondents are back on stream this month, and comes as the Government rhetoric shifts towards reopening and the easing of some measures in early May.

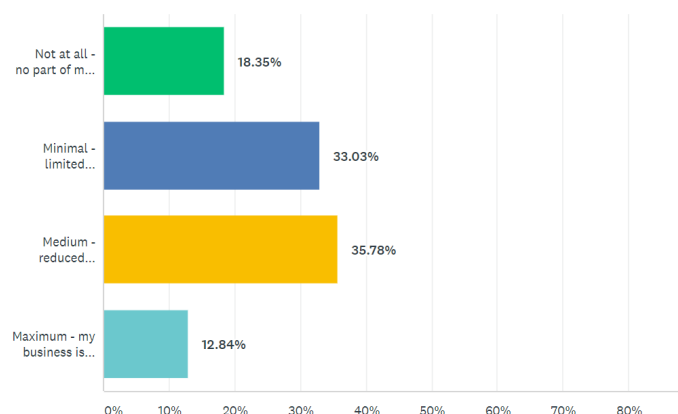
With major house builders announcing they are reopening on some sites, the timber industry appears to be looking to follow suit. The timber industry is prepared to support and is stocked to supply the market, as reflected in [the recent TTF report](#), where 88% of respondents had stock either above or at normal levels for this time of year.

However, it appears that social distancing and other quarantine measures will remain in place for some time, which will likely affect output. Already construction has seen its steepest decline in 23 years, according to the [Markit / Chartered Institute of Purchasing and Supply Purchasing Managers Index](#).

Please check if you belong to any of the following associations

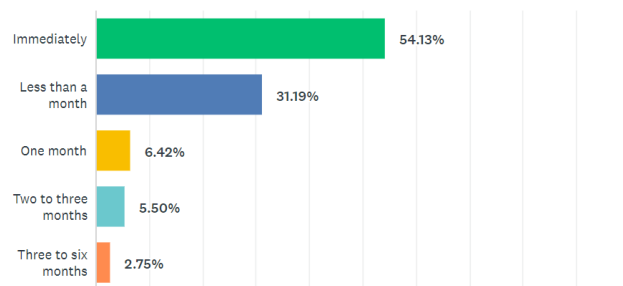


Is your business currently operating?

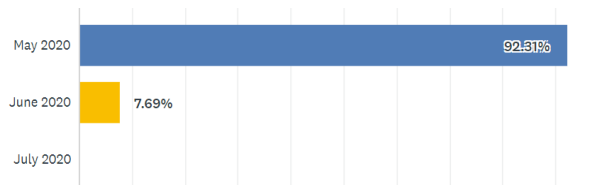


How quickly could you return your business to full operations if quarantine measures were lifted?

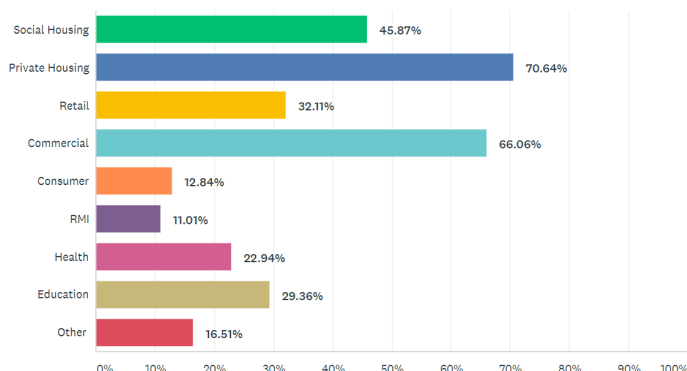
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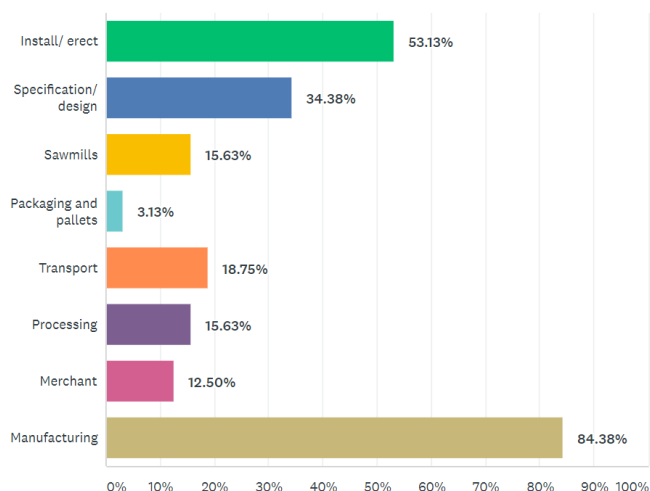
If you have closed, when do you plan on reopening?



What markets are you active in?



What parts of the timber supply chain are you involved in?



What is the likelihood of the below issues preventing you from re-opening?

	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH	TOTAL	WEIGHTED AVERAGE
▼ Lack of demand from supply chain	20.21% 19	17.02% 16	36.17% 34	14.89% 14	11.70% 11	94	2.81
▼ Lack of construction supplies	14.74% 14	29.47% 28	26.32% 25	20.00% 19	9.47% 9	95	2.80
▼ Lack of access to PPE	26.32% 25	28.42% 27	25.26% 24	13.68% 13	6.32% 6	95	2.45
▼ Hesitance from employees	22.11% 21	25.26% 24	35.79% 34	12.63% 12	4.21% 4	95	2.52
▼ Government legislation	8.60% 8	16.13% 15	39.78% 37	22.58% 21	12.90% 12	93	3.15

Within the supply chain

There was only slight variance between markets, reflecting the use of blanket measures by the Government across the construction industry. It will be interesting to see whether there are shifts in the market if, for example, the Government invests more heavily into RMI work to help support the economy as called for by some thinktanks, or the education and commercial sectors take this opportunity to push ahead with construction work which was planned for a later period.

There were more pronounced differences between different parts of the supply chain. For example, respondents who were involved in Sawmills were more likely to never have closed (70%), and were much more likely to be operating at maximum capacity. This is likely helped by the early designation by the UK's Department for Environment, Food and Rural Affairs (Defra) of these employees as key workers. Manufacturers and traders were half as likely to have never closed (33%). Merchants were in the middle of these two groups with around 44% having never closed.

Potential obstacles

The highest rated risk to the market right now is considered to be Government legislation, followed by lack of demand in the supply chain, and lack of construction supplies. While Government legislation remains considered the highest risk to the market, you could see some changes looking between Merchants and Manufacturers - with the latter more confident across all categories.

Merchants were more likely to consider there to be higher risk to their business from either a lack of demand from supply chain or a lack of construction supplies. Manufacturers gave slightly more weight to the risk of a lack of access to PPE.

Conclusions

It is encouraging almost all respondents are looking to reopen over this month, and in the short term are being buoyed by Government support and loans, businesses, so despite having lost around five weeks of trading, seem relatively confident to re-open.

However there remain concerns about what re-opening will look like in the short term, for example the implementation and enforcement of social distancing, both in the industry and on building sites, and in the medium to long term how demand and supply will be supported.

Next steps:



Industry restarts



Economic stimulus



Support for workers



Economic recovery

Disclaimer: This survey is only a snapshot designed to give an indication for how the industry is responding to COVID-19 and should not be interpreted as representing all members. There were 109 respondents to the survey. If you have any questions about this survey, please contact Liam Macandrew at lmacandrew@ttf.co.uk or call 07921726212.

Further information about the Confederation of Timber Industries

About the Confederation of Timber Industries: The Confederation of Timber Industries is an umbrella organisation which represents the UK's Timber supply chain from forest to end of life recycling. Find out more at <http://www.cti-timber.org/>.