

From: E W Turner- Sales
Sent: 01 April 2022 11:04
To: john@interpak.ltd.uk
Subject: price increases

Good morning .

With the situation between the Ukraine and Russia we yet again find ourselves in a position where we have to increase our prices due to the shortage of logs..

Russia are one of the biggest producer of logs producing 15 million cubic metres a year and the fact they are no longer able to export has driven prices up again.

There is now a shortage of timber as other countries and mills cannot fill the gap left by this situation. Scandinavia and some of the Baltic states are now struggling to cope with the demand.

We will therefore need to increase our prices from 1st May 2022 by 15%. This is something I hate to have to pass on to customers however I have no other choice with how the world is at the moment. One thing we do guarantee as always is our ability to guarantee supply during the difficult times ahead. We are able to buy as competitively as possible in the timber market and I will do my utmost to keep the price increase to a minimum.

I am sorry we have to do This but it is beyond our control .

Please see below a bit more detailed information from one of our main timber suppliers

Thanks and Kind Regards.

Dave Sandland.

Two major factors have dominated the UK softwood trade, namely shortages and price. In a dramatic reversal of fortunes, softwood has gone through a price re-evaluation to a level that the industry has never seen.

After the relative lows of (of prices up to 2019), there has since been a steady price recovery through 2020/21 as demand rocketed during the first lockdown. As supply started to lag behind, the rate of increase became steeper.

In today's 2022 market, import prices have more than doubled in a year, gaining around 149% in Euros or 139% in Sterling (allowing for currency differentials).

There are currently large gaps in both Sawmills and Importers stocks, with volumes of all grades having fallen short of demand and these shortages continue to fuel price increases. The current crisis in the Ukraine will further exacerbate this trend - Central Europe imports up to 10 million m3 a year of sawn timber from Russia, Ukraine and Belarus which will - certainly in the short term - cease to be exported. Demand on Scandinavian and Baltic State timber will be significant, however, their annual output will not be sufficient to fill the void created. As with all businesses, an increase in energy prices will also increase production costs to further heap pressure on inflated prices.

Having adjusted to the problems associated with supply limitations, issues will remain with logistics. The clamour to ship as much wood as available (into the UK) could increase port activity to stretching point leading quaysides to suspending vessel arrivals to allow landed stock to clear - as previously happened in 2021.