Business opportunities for the marine transport of timber in Scotland

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TODAY'S PRESENTATION

1. Study Brief
2. Marine transport strengths
3. International best practice
4. Current flows & competitiveness
5. *Obstacles to growth*
6. *Potential solutions*

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STUDY BRIEF

- *commissioned November 2005*

1. Quantification of existing marine timber transport
2. Identification of potential for new flows
3. Assessment of obstacles to growth
4. Recommendations to overcome obstacles

- *study to be completed February 2006*

MARINE TRANSPORT STRENGTHS

- large volumes
- longer hauls
- bulk commodities
- non-urgent transits
- source and/or destination pier-connected

THE BRITISH COLUMBIAN EXPERIENCE

- world's most sophisticated system
- 18m tpa – 93% share
- coastally located mills
- variety of methods used:
  - tow and boom floating
  - barging
  - roll-on roll-off trailers
- large payloads – low costs
- virtual log market

THE FINNISH EXPERIENCE

- 1.5m tpa – 4% share
- lakes, canals, wide rivers
- bundle floating predominates
- cheap – but speed / quality issues
- consolidated supply chain decisions

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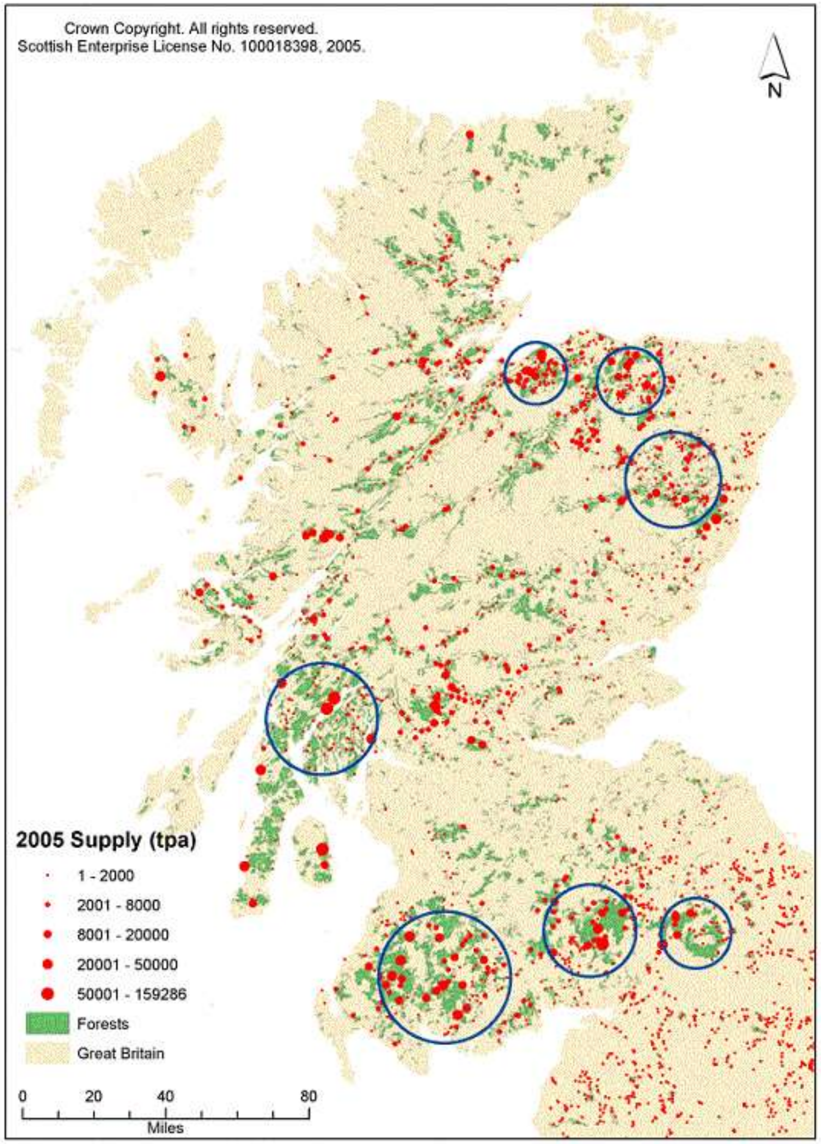
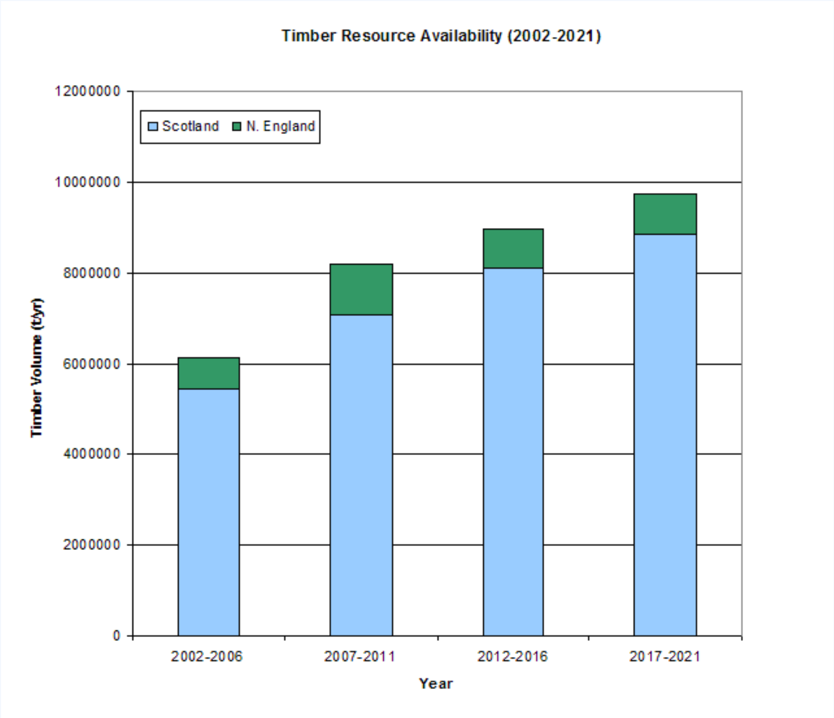
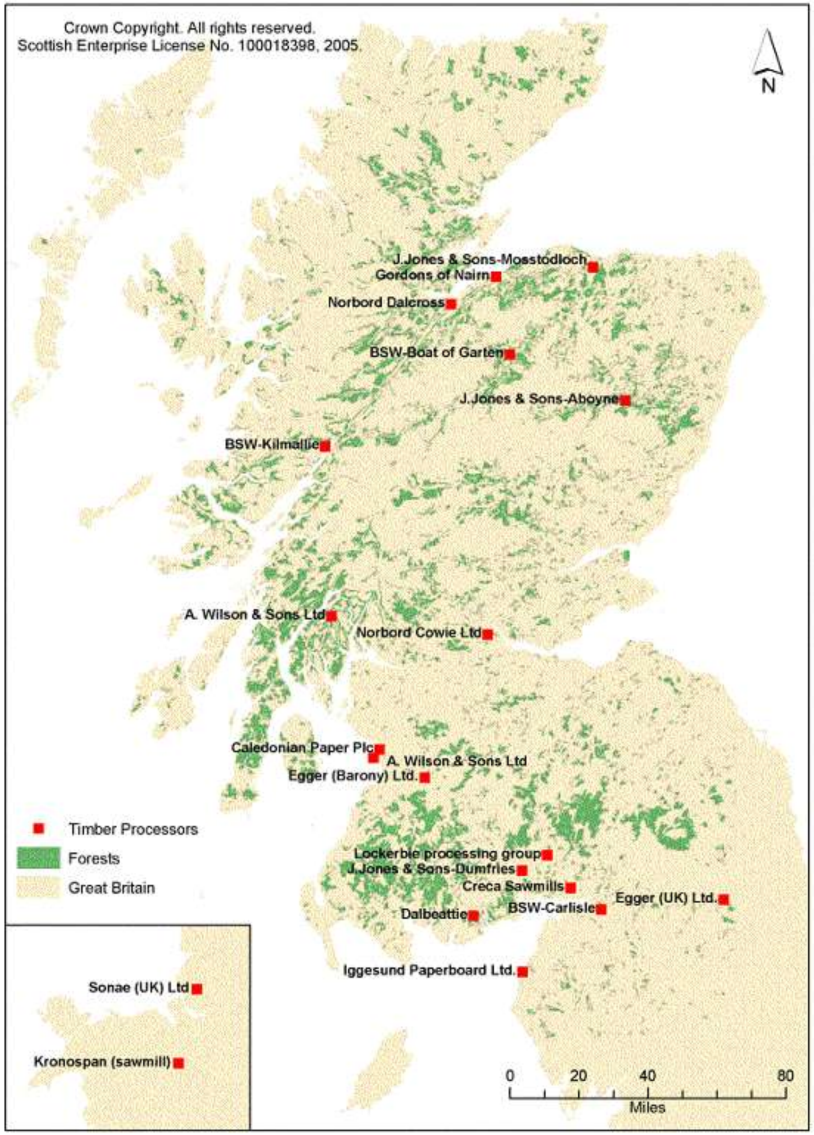
EXISTING TIMBER SUPPLY

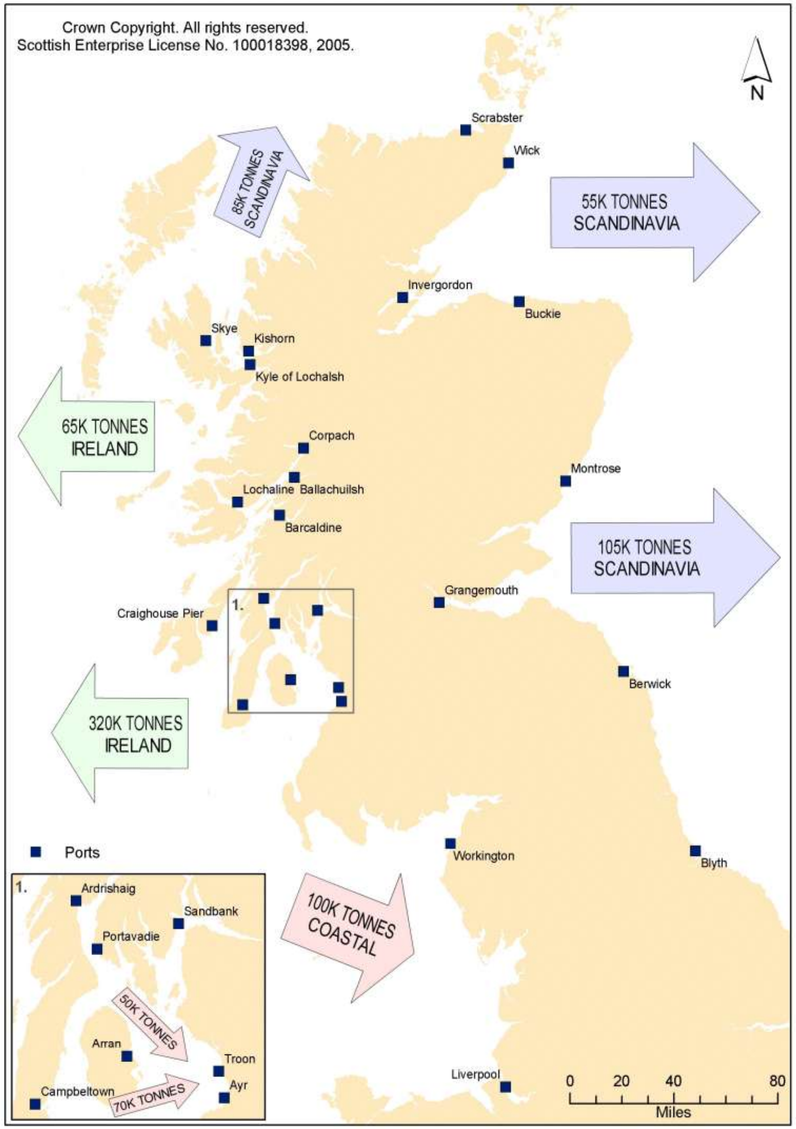






EXISTING TIMBER DEMAND

- few mills on coast
- none with dedicated piers
- key mill concentrations:
  - Inverness / Moray
  - Central Ayrshire
  - Solway / Cumbria
- no major East Coast mills
- sea has just 2-3% share



CURRENT MARINE TIMBER FLOWS

- two markets:
  - exports 700,000 tpa
  - coastwise 250,000 tpa
- key export markets:
  - Ireland / Scandinavia
- key coastwise flows:
  - Argyll to Ayrshire
  - Argyll / Lochaber to Cumbria
- key ports:
  - Ardrishaig / Troon / Ayr / Corpach

CURRENT MARINE COMPETITIVENESS

- most coastwise flows need grant aid
- not many long hauls available
- road legs at both ends of sea transit
- multiple handlings
- *exports on commercial basis:*
  - large volumes
  - backload opportunities
  - no road / rail alternative to sea
  - Scottish Sitka Spruce

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TOWARDS A MARINE TIMBER TRANSPORT MODEL

Where does marine timber transport work best ?

- long hauls
- large volumes – but peaking issue
- availability of pier with access by forest roads
- concentration of local supply – short road hauls
- short road hauls from port to processor
- *factors inhibiting throughout road hauls:*

  - difficult public road access

  - sea-locked locations / islands

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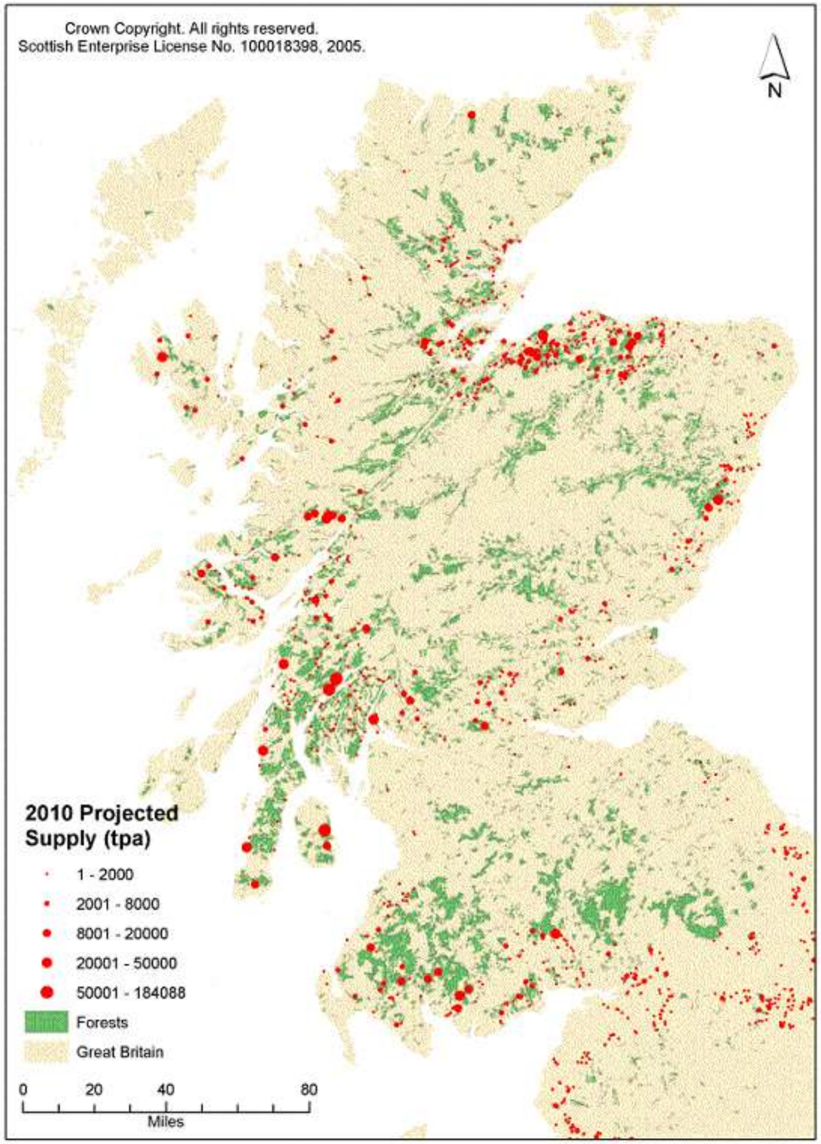

APPLYING THE MODEL

- 2.2m tpa within 20 road miles of Scottish coast in 2010
- marine access gaps:
  - eastern Dumfries and Galloway
  - south of Oban
  - northern Loch Fyne
  - Loch Eil
  - Western Skye
  - Mull
- exports:
  - Buckie vessel capacity
  - Cairnryan

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OBSTACLES TO GROWTH

- economic geography of forest industries
- availability of marine access points
- marine logistical capacity
- supply chain management
- pier peaking impacts
- shipping / handling / road feeder costs
- vulnerability to fuel price increases
- public policy – planning and grants

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POTENTIAL SOLUTIONS

- mill relocations ?
- new / enhanced piers ?
- temporary jetties ?
- barging ?
- roll-on roll-off ferries ?
- forest road networks ?
- containerisation (sea and rail) ?
- in-forest chipping ?
- marshalling hubs / virtual log market ?
- simpler planning guidelines ?
- easier access to grants ?

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Some key questions:

- How far can modern barging technology be applied to Scottish conditions for marine timber transport ?
- Is there a realistic prospect of many mills relocating to coastal locations ?
- How could the Freight Facilities Grant scheme be improved to maximise marine opportunities?