CBI Product Factsheet:

Certified Tropical Timber Garden Furniture in the UK, 2015
Introduction

The UK is a very important EU market for garden furniture made of certified tropical timber. It therefore offers several opportunities for exporters in developing countries. Obtaining sustainability certifications and engaging in long-term relationships with buyers in the UK is essential to optimising such opportunities. In addition, given the constrained supply of currently popular species (e.g. teak and mahogany), future prospects lie in marketing the beneficial properties of lesser-known, alternative species of tropical timber.

Product definition

This fact sheet focuses on certified tropical timber garden furniture in the UK market. Garden furniture articles include benches, dining chairs, lounge beds, tree seats, tables and swing seats. The use of tropical timber in garden furniture is valued for the inherent strength, durability and appearance of the material. In addition, sustainability is becoming an increasingly important factor for UK consumers and, consequently, for retailers. The market for garden furniture made from certified tropical timber can offer opportunities for exporters with the ability to meet the requirements of UK buyers.

No specific trade data are available for garden furniture made of ‘tropical’ timber species, and separate data for ‘certified’ garden furniture are very scarce. The following data analysis is therefore based on figures for the trade of wooden garden furniture in general, assuming that most garden furniture in the UK is certified (predominantly through the FSC) and made from durable species (tropical or other).

Classification of timber garden furniture:

Harmonised System (HS): Within the EU/EFTA, the following HS codes are used to indicate trade in timber garden furniture:

- 9403.6090: Wooden furniture (excl. for offices or shops, kitchens, dining rooms, living rooms, bedrooms and seats)
- 9401.6900: Seats with wooden frames (excl. upholstered)

Prodcom: The following Prodcom codes are used to indicate European production of timber garden furniture: (in which garden furniture is produced from imported tropical sawn timber)

- 3100.1290: Non-upholstered seats with wooden frames
- 3109.1300: Other wooden furniture (excluding bedroom, dining-room, living-room, kitchen, office, shop, medical, surgical, dental/veterinary furniture, cases and cabinets designed for hi-fi, videos and televisions)

Product specification

This section provides an overview of the most important technical characteristics of tropical timber garden furniture in the UK:

Quality: Quality depends upon the target customer. Garden furniture can be made in various qualities and durability. These aspects should be discussed frequently with your customers.
Species: Tropical timber species common in the UK market for garden furniture include the following:

- Acacia (native to Southern Asia, tropical Africa)
- Eucalyptus (native to Northern Australia and Indonesia)
- Roble/oak
- Iroko (native to West Africa)
- Mahogany
- Balau

Dimensions: Common dimensions are identified in the UK market for several articles of garden furniture. Dimensions apply regardless of the species used. Commonly used dimensions are displayed below for three popular articles of garden furniture: the two-seater bench, the folding chair and the tea table. For additional dimensions, see the section on prices below.

Table 1: Common dimensions for two-seater benches, folding chairs and tea tables

<table>
<thead>
<tr>
<th>Product</th>
<th>Picture</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two-seater bench.</td>
<td><img src="image1.png" alt="Picture" /></td>
<td>Alexander Rose</td>
</tr>
<tr>
<td>Length: 120 cm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Height: 60 cm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Width: 85 cm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSC.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Folding chair.</td>
<td><img src="image2.png" alt="Picture" /></td>
<td>Alexander Rose</td>
</tr>
<tr>
<td>Height: 100 cm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Width: 60 cm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depth: 65 cm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSC.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tea table.</td>
<td><img src="image3.png" alt="Picture" /></td>
<td>Amazon</td>
</tr>
<tr>
<td>Height: 75 cm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Width: 85 cm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depth: 85 cm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSC.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Colours: In the UK market, tropical timber garden furniture is usually not painted. Instead, it is left to reveal its original colour, thus providing a natural look. In markets where tropical timber is used for its aesthetic features (including the garden furniture industry), lighter colours are gaining popularity. Other available colours include:

- Dark, warm reddish brown
- Golden brown
- Warm, honey colours

The colour of garden furniture is determined by the species of tropical timber, the type and frequency of finishing oil used, and the age of the timber product. Garden furniture left outdoors will age into a lighter, greyish colour.

Finishing: Tropical timber garden furniture is commonly treated with oil. The advantages of treating the wood with oil include the enhanced appearance of the natural colour of the timber. In addition, using the oil to seal the pores protects the timber from:

- Weather conditions, including UV rays, water and frost
- Splintering
- Dust, moulds, insects etc.

Types of packaging: If the density of your wood product is very high, and the volume of the order is low, it is advisable to use 20’GP containers. If the volume is large, it is advisable to use 40’GP containers. Orders are usually transported and counted by the number of containers (20 ft or 40 ft). Dry Cargo Containers defined as 20’GP (general container), 40’GP and 40’HQ (high cube) are usually used for shipment.

Labelling: Labels for certified tropical timber garden furniture should include the following information:

- Information describing the timber garden furniture
- Country of origin
- Species (common trade name)
• Quantity in units
• Details of the supplier (name of company, name of supplier)
• Information on compliance with national legislation
• Information on sustainability labels and other certifications

**Buyer Requirements**

This section is divided into three parts: requirements that you *must* meet in order to be able to export; additional requirements that you *may* meet; and niche requirements that you *can* meet. Additional details are provided in the more general CBI document on ‘Requirements with which your product should comply.’

**Figure 1: Buyer requirements for tropical timber products sold in the UK market**

---

**Requirements you must meet**

**General Product Safety:**

The [General Product Safety Directive](#) applies to all consumer products in the EU. The obligation to comply is primarily the responsibility of the companies in the European Union that place the finished product on the market. In many cases, however, they ask their suppliers to comply with the specified requirements. In addition, all goods marketed in the EU are subject to non-product-specific legislation on [liability](#).
CE marking not required for garden furniture

The CE mark demonstrates that the products comply with harmonised requirements regarding mechanical resistance, stability, safety in case of fire, hygiene and the environment. Garden furniture does not require CE marking.

Sustainability certification

To market your product as ‘certified’, you will need to meet and prove compliance with a sustainability label that is recognised by the EU. The standards involved in such labels typically consider three issues:

- **Legality** – the forest owner/manager holds the legal right to harvest, and the timber is harvested, processed and traded in compliance with relevant international, national and regional laws;
- **Environmental sustainability** – the forest is managed in a way that preserves the health of the forest for future generations;
- **Social sustainability** – the timber is harvested, processed and traded in a manner that respects the rights and working conditions of those directly affected.

For many wooden products, including timber garden furniture, certification from the Forest Stewardship Council (FSC) is the most common label. Another popular scheme is the Programme for the Endorsement of Forest Certification (PEFC). Requirements for the FSC and labels consider issues of sustainability in a manner reflecting the three issues indicated above.

Sustainable forest management has become commonplace in the market for non-tropical timber. In addition, the demand-driven commitment towards legality and sustainability has crystallised in the UK market in recent years. For example, in 2010, over 91% of all wood and wood products (both tropical and non-tropical) entering the UK were certified. Only a portion consisted of tropical timber. The UK market for exclusively certified tropical timber is also growing, albeit at a slower pace. In 2010, 16% of all tropical wood imported into the UK was certified. This is confirmed by more recent, general studies on sustainable consumption in countries including the UK, which indicate that demand-driven sustainability requirements are rapidly increasing.

Tips:

- To improve your understanding of the criteria demanded in the market for certified tropical timber, refer to the principles and guiding criteria of the FSC and the PEFC.
- Be aware that any supplier of sustainable certified timber must acquire a CoC certificate. Be sure to target only buyers with CoC certification. Non-certified buyers are not allowed to sell certified timber.
- Learn the requirements for CoC certification. The website of the Global Forest & Trade Network (GFTN) provides a roadmap to certification.
- To find European or local buyers (e.g. importers, processors and retailers) and suppliers of certified timber and timber products, refer to the FSC Global Marketplace and the PEFC database.

EU Timber Regulation (EUTR)

All timber imported into the EU is required to come from verifiable legal sources. All European Union buyers placing timber or timber products on the market are required to show due diligence. This can be achieved through contracts or separately for each container that is sent. The EUTR also requires operators to trace their products back to the source. Exporters who supply legal timber but who cannot provide well-documented guarantees of legality will thus not be allowed to supply the market in the European Union. The easiest way to prove compliance is through a voluntary legality verification system or regular sustainable forest-management certification (e.g. FSC).

The EUTR is part of the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan. Another element of the plan involves Voluntary Partnership Agreements (VPAs), which are voluntary trade agreements between the EU and timber-exporting countries. Countries that can demonstrate full implementation of their national control schemes are granted EU FLEGT licences, and all timber exported from these countries is considered legal. It is important to note, however, that FLEGT does not prove sustainability or address deforestation; it concerns only legality.

At this time, European Union buyers consider sustainability certification important and the EUTR essential. In the future, consumers are unlikely to purchase products that are less sustainable, once they have been informed about the difference.
between 'legal' and 'sustainable' (Source: feedback from 17 importers during meetings and an online questionnaire conducted in 2015). From the perspective of developing countries, the provisions of the EUTR are considered complicated and expensive, thus posing a threat to imports from developing countries.

**Current state of affairs:** The implementation of the EUTR is still in the early stages. In many EU member states, the monitoring of trade in illegal timber is still insufficient. On the supply side, at the time of writing (Jan 2016), nine developing countries were in the final stage of implementation, and nine other countries were still in the negotiation phase. None had reached the FLEGT licensing stage (check EU-EFI for the current status). Since the implementation of EUTR, therefore, no FLEGT-licensed timber has entered the EU market. According to some reports, Indonesia and Ghana were expected to have completely implemented their FLEGT legality-assurance systems by the end of 2015, but this has been delayed several times. Regardless of these shortcomings, most large professional buyers do comply with the requirements in the EUTR, and most ask their suppliers to prove the legal origin of their timber. Compliance is especially common in Northern and Western EU countries, which are characterised by a strong commitment to legality and sustainability. Even in these regions, however, some buyers (particularly smaller concerns) are less pro-active and not yet fully compliant. Since the implementation of the EUTR, the supply chain for timber has become more transparent. This has led to major improvements in the legality controls and overall environmental and social performance of the timber and forestry industries within this chain. In time, the EU will eventually move towards a stricter implementation of the EUTR.

**Tips:**
- The implementation of the EUTR has made the EU even less of a market for incidental selling. If you decide to keep selling to the EU market, you should be aware that legality assurance is an essential aspect of trade, along with price and quality. Additional information is provided in the Guidance Document for the EUTR.
- Additional details concerning the control of illegal timber and timber products are available from the EU Export Helpdesk.
- The European Timber Trade Federation and the EU FLEGT facility provide regular updates concerning the status of the implementation of the EUTR.
- When seeking to establish long-term business relationships, suppliers are advised not to wait for the full implementation of the EUTR and FLEGT system, but to be pro-active and ensure full transparency and legal sourcing, in addition to taking measures independently, if necessary.
- The EUTR has been fully implemented in the UK, and inspections are being conducted. Additional information is available here.

The implementation of the EUTR in many European countries, including the UK, has made them less accessible to exports from non-certified sources. In its current state of implementation, the UK has assigned enforcement power to the National Measurement Office (NMO). Additionally, penalties and inspections are already being enforced in the UK market. Consequently, there is an increasing shift to European imports of non-tropical timber, while exporters in developing countries are simultaneously focusing on emerging markets with less stringent requirements.

**CITES**

The Convention on International Trade in Endangered Species (CITES) establishes provisions for the international trade of endangered species. If you are supplying endangered timber species listed by CITES, be sure to acquire a CITES permit. The CITES permit ensures compliance with the requirements of the European Union Timber Regulation (EUTR), and all timber covered by this permit is regarded as having been legally harvested.

**Tip:**
- To determine whether your timber species is included in the CITES list, refer to Annexes A, B and C of the CITES Regulations. Be sure to refer to the most recent version of the Regulations (see under consolidated version), as the list is updated regularly.

**Chemicals in timber**

The preservatives arsenic, creosote and mercury can be used to prevent rot and improve the durability of timber, especially for timber destined for outdoor applications (e.g. decking). The EU does not allow the use of these preservatives, except for application to wood or other products used in industrial installations or as railway sleepers. Additional restrictions apply to timber products treated with certain oils, glues, varnishes and lacquers that may contain harmful substances. For example, painted articles may not be placed on the market if the concentration of cadmium is equal to or greater than 0.1% by weight of the paint on the painted article.

The European Union has adopted restrictions on the use of chemicals in processing. The EU REACH (Registration, Evaluation and Authorisation of Chemicals) regulation specifies requirements for the use of oils, varnish, lacquer or other
products that may contain harmful substances. The import of decking treated with certain substances (e.g. arsenic and chrome) is prohibited.

Although this legislation does not apply outside the European Union, buyers are increasingly implementing sustainable practices within their own companies and supply chains. They are therefore likely to ask you to comply with these requirements regarding the use of chemicals during processing and production (e.g. volatile organic compounds [VOCs] used in coatings, formaldehyde and Pentachlorophenol).

**Tips:**
- Ask buyers whether they have specific policies concerning chemicals and what their specific requirements for suppliers are.
- The [EU website on reduction of emissions and substitution of solvents](https://ec.europa.eu/environment/air/pollutants/volatile-organic-compounds) provides additional information on reducing VOCs.
- Consult the European Export Helpdesk to determine how REACH affects you.
- To learn more about restrictions on specific substances, refer to Annex XVII of the document entitled [Registration, Evaluation and Authorisation of Chemicals (REACH)](https://ec.europa.eu/chemicals). The EU website also provides additional information on REACH.
- Another useful resource is the CBI document on ‘requirements with which your product should comply’

**General requirements on packaging:**

In addition, all goods marketed in the European Union are subject to non-product-specific legislation on packaging ([Directive 94/62/EC](https://eur-lex.europa.eu/). These regulations are intended to introduce measures for reducing the spread of pests associated with packaging materials made of raw wood. All wooden packaging material (mostly pallets) that you use must display the ISPM 15 logo and your unique identification number (if you produce the packaging material yourself). If you do not produce the material yourself, you will need to buy it from a licensed producer in your country. For additional information, consult the CBI document on [Buyer requirements](https://www.cbi.org.uk).

**UK legislation, the UK Government Timber Procurement Policy (TPP):**

Alongside the many European Union-wide regulations that are implemented by the member states (see above), country-specific laws are applicable as well. In time, the European Union-wide legislation is ultimately expected to replace many of these country-specific laws.

The UK is a frontrunner in the sustainable public procurement of timber products. Under the UK’s TPP, government bodies are allowed to use only timber and timber products originating from independently verified sustainable sources (e.g. timber products from FLEGT partners'). In addition, bidders must provide the appropriate documentation to prove the legal and sustainable origins of the products. This policy applies to all timber products used on any government property (thus also including garden furniture).

**Tip:**
- For additional information on complying with the UK government procurement policy for timber, refer to the document entitled [Timber Procurement Policy (TPP): Prove legality and sustainability](https://www.gov.uk)

**Additional requirements**

**Corporate responsibility**

Companies are also addressing other issues, in addition to the origin of wood. Buyers in the UK are increasingly paying attention to their corporate responsibilities with regard to the social and environmental impact of their businesses. This also affects traders and processors. Important issues include respect for indigenous rights, owner’s rights, environmental performance and respect for labour laws, as well as healthy and safe working conditions. Many European companies in the timber sector have policies addressing these issues. Suppliers may be required to verify that certain policies (e.g. through certifications and standards) are in place.

Suppliers can also be asked to abide by codes of conduct that guarantee good practices with regard to health and safety and environmental awareness. They may also be asked to sign supplier declarations to ensure compliance with local laws and regulations, industry minimum standards, the [International Labour Organisation (ILO)](https://ilo.org) standards and the UN Conventions.
Tips:

- Investigate possibilities for improving your performance in sustainability. Even if immediate compliance with certifications is beyond your scope, becoming familiar with issues included in these programmes can provide you with an idea of where your focus should be with regard to sustainability. For additional information on these aspects, read the document entitled Wood processing and furniture making: Cleaner production fact sheet and resource guide.
- Refer to the fact sheet on health and safety management in the woodworking industry, published by the Building and Woodworkers International Association (BWI).
- Refer to the Less Dust Guide published by the European Federation of Building and Woodworkers to learn how to reduce wood dust in the workplace.
- Ask your EU buyers about their supplier policies with regard to labour standards. Learn how these standards are monitored and/or evaluated.
- Investigate possibilities for implementing sustainability certification for continuous process improvement. Specific examples include ISO 14000 (environment), OHSAS 18001 (health and safety) and SA8000 (labour standards).

Standards Map of the ITC

Consult the International Trade Centre’s Standards Map, an online tool that provides comprehensive information on more than 130 voluntary sustainability standards and similar initiatives. It covers such issues as codes of conduct that are relevant to your products, in addition to reviewing the most important features of the selected standards and codes, and providing a side-by-side comparison of the requirements for various standards. It also provides a self-assessment module for evaluating your company’s performance against various standard requirements. This tool generates a ‘sustainability diagnostic report’ for your company, which you can share with the business community. Consult the standards map videos to see how the Standards Map can help you to determine which initiatives may be useful for you.

Niche requirements

Dual certification (FSC and Fairtrade)

Smallholders and communities often face tough competition in the global timber market. The FSC organisation is working to differentiate products from communities and smallholders in the marketplace. Dual certification from FSC and Fairtrade has been tested. In addition to sustainable forest-management practices (FSC), additional attention is being directed towards on-site social conditions (Fairtrade). Timber with FSC/Fairtrade certification is sold with a Fairtrade premium that adds 10% to the value of wood products from certified smallholder communities. Dual certification is particularly attractive in the UK market, given the high level of consumer recognition for the Fairtrade label (estimated at 72.5%).

Tip:

- For additional information regarding dual certification, refer to the FSC website.

Trade and Macro-Economic Statistics

This section provides an overview of the UK market for timber garden furniture during the 2010–2014 period. Trade data on timber garden furniture have been extracted from Eurostat. Note that, because the data contain no specific distinctions for ‘tropical’ or ‘certified’, they provide only a general indication of the trade in timber garden furniture (both tropical and temperate species). For this reason, caution is advised when drawing conclusions based on the figures below. Statistics of a more general nature are provided in the CBI document entitled What is the demand for tropical timber?.
Imports: Moderate increase

In 2014, total UK imports amounted to €726 million, indicating a moderate increase from 2013. The leading supplier to the UK market was China, with a 37% share (€265 million) of all UK imports. Other suppliers in 2014 included Vietnam (11%), Poland (11%), Lithuania (6%) and Germany (5%).

In 2014, developing countries accounted for 56% of total UK imports. In addition to the significant share held by China (34%) and Vietnam (10%), other developing country suppliers to the UK market include Indonesia, India, Malaysia and Singapore.

Tips:
- To compete with China and other large suppliers in the UK market, focus on producing garden furniture with higher added value. Although timber garden furniture has a standard basic design, you can make your products distinctive and unique by concentrating on special finishes and hand-carved details. More sophisticated products can translate into higher profit margins.
- Timber garden furniture is used outdoors. For this reason, marketing techniques should highlight the qualities of your products with regard to durability and resistance to moisture, fungi, insects and breakage.

Exports: Decrease

Exports of garden furniture include both re-exports of previously imported finished furniture and furniture made in the UK of tropical sawn timber. In 2014, total UK exports of timber garden furniture decreased to €101 million. One likely reason...
for the decrease has to do with the decrease in production (see below). The leading destinations for UK exports were Ireland and the United States. In 2014, Ireland accounted for a 17% share (€17 million), with the USA having a 15% share (€15 million) of all UK exports. Other major destinations for UK exports of timber garden furniture include France (6%), Japan (5%) and Germany (5%).

**Production: Slight fluctuations**

![Production of garden furniture](chart1.png)

*Figure 4: Production of garden furniture, in € million (Source: Eurostat, 2015; Prodcom database).*

The production of timber garden furniture in the UK increased progressively from 2010 through 2013, but decreased in 2014, amounting to a value of €615 million. The decrease was a direct result of the decrease in consumption (see below), although it could also be attributed to higher import levels (see above).

**Consumption: Less demand**

![Consumption of garden furniture](chart2.png)

*Figure 5: Consumption of garden furniture, in € million (Source: Eurostat, 2015). The following formula is used to calculate apparent consumption: production + imports − exports.*

The apparent consumption of timber garden furniture in the UK increased gradually from 2010 through 2013, but it decreased in the last reporting year of the period, amounting to a total value of €1,239 million in 2014. The most important likely cause of the decrease has to do with the weather conditions prevailing during the ‘gardening season’. The garden sector is always vulnerable to high risks associated with weather extremes: heat, moisture and cold can have major consequences. Another reason might have to do with competition from other materials (e.g. metal, bamboo and the trendy rattan-look garden furniture). Metal products already account for over 40% of the UK market for garden furniture (*market research report* by AMA Research).

The British Chamber of Commerce (BCC) predicted that the GDP and consumer confidence would increase in 2015. Given that tropical timber garden furniture is a luxury item, increased GDP and consumer confidence could be expected to have a positive effect on its future consumption. According to the *market research report* by AMA Research, the UK garden sector in general is expected to grow by an average of 2%–4% in the coming years.
In addition, the UK market is one of the most sensitive with respect to sustainability. Increased GDP and consumer confidence is therefore expected to have a greater positive effect on the consumption of sustainable tropical timber products than it does on the consumption of non-sustainable tropical timber products. In particular, the consumption of certified timber is expected to penetrate the UK market further in the coming years. Contributing factors include the recent pledge of a group of leading companies in the UK to use 100% sustainable wood products by 2020. These companies include UK retailers of tropical timber garden furniture, including Homebase and Argos.

**Tips:**
- Monitor consumption patterns in the UK closely. Given the sensitivity of UK consumers to sustainability, anticipate an increase in the demand for sustainable tropical timber products. For additional information on sustainability certification, refer to the EU buyer requirements in this report.
- To understand UK trends, talk to both the purchasing managers and sales managers of your buyers. These managers have a better idea of the developments of the market, and they will be able to help with product development.
- For additional information on market developments in the timber sector, refer to the document on CBI Trade Statistics for Tropical Timber.
- In addition, read this interesting report about the general garden sector in the UK.

**Market Trends**

**A shift towards sustainability:**

In the UK, sustainability is high on the political agenda, and it is one of the few European Union countries to have an established public procurement policy. It has also taken specific actions towards implementing the European Union Timber Regulation. Sustainability is also considered an important issue for the UK trade federations and amongst large retailers. Finally, consumer awareness of sustainability is growing, and this is expected to continue in the coming years. The UK companies that have integrated environmental responsibility into their business policies include Alexander Rose and B&Q.

**Tip:**
- To benefit from your sustainability certifications, target buyers who are willing to pay price premiums for your certifications. Consult the websites of the FSC and the PEFC to identify these partners.

**Changing consumer preferences:**

In markets where timber is used for its aesthetic features (e.g. the garden furniture sector), colour plays an important role. Consumer preferences in the UK have shifted towards light hues and reddish tones. According to UK industry sources, current popular colours in the UK market for garden furniture include red tones, such as Jarrah (Eucalyptus) and the Merbau species. Light-coloured species (e.g. Roble) have also been identified as increasingly popular in the UK garden furniture industry. Current UK consumer preferences for reddish and light-coloured species have disadvantageous implications for darker coloured species (e.g. mahogany).

**Tip:**
- Anticipate the current trend of demand for lighter and reddish coloured timber species. If you export dark coloured species, try to reduce the darkness of the wood through finishing techniques, or use lesser-known species with the same durability. In addition, you could place increased emphasis on other features of your product that correspond to trends in the UK (e.g. the demand for sustainability).

**Opportunities for lesser-known species (LKS)**

According to industry sources, the demand for alternative tropical species is likely to be affected by the limited availability of certain tropical species (e.g. teak and mahogany). Furthermore, UK importers that have experienced problems in supplies from certain regions and species are shifting to suppliers of lesser-known species that are close substitutes. This can provide an opportunity for exporters able to supply non-conventional species. One concrete example involves the unstable supply of Iroko timber from African sources. To overcome these supply constraints, UK buyers are searching for substitute species that have features similar to this species, but which are more widely available. Supply constraints on popular species can provide opportunities for exporters of LKS from developing countries.
Market Channels and Segments

This section focuses on the most important developments that are shaping the value chain for tropical timber garden furniture in the UK, along with their consequences for exporters from developing countries.

The value chain for tropical garden furniture in the UK differs from that of other products in the tropical timber sector. Garden furniture is imported by importers, wholesalers or directly by sales outlets. After import, about 20% of this furniture is sold by online platforms (e.g. Greenfingers.com). Traditional garden centres account for an additional 25% of the market. The larger do-it-yourself (DIY) chains (e.g. B&Q and Homebase) account for the remaining 55% of the market.

Figure 6: Trade structure for the UK market for tropical timber garden furniture (Source: FSG and the AMA Research report).

Tips:
- Consider exporting tropical timber species that could serve as profitable alternatives to highly demanded species (e.g. teak and mahogany). In marketing alternative species, focus on their strength properties, durability and aesthetic features.
- Refer to the FSC Guide to Lesser Known Tropical Species to identify the lesser-known species that are suitable substitutes for garden furniture.
- For a more general overview of trends in the market for tropical timber products, refer to the CBI document on trends in the Tropical Timber and Timber products sector.

The UK market has stringent regulations concerning the legality of timber products. In addition, products marketed as certified must meet strict sustainability criteria. As a consequence, UK importers/wholesalers are increasingly working to achieve vertical consolidation in their production and processing practices. By integrating activities that were previously carried out externally, a firm is in a better position to manage the risks of non-compliance.

Even though more stringent requirements reduce the risks of illegal timber in the UK market, they can also threaten the existence of small-scale exporters who do not have the capacity for total chain management.
In addition to the vertical consolidation of UK importers/retailers, UK buyers are investing in long-term relationships with their suppliers, in order to reduce the risk of legality issues. In order to conduct risk assessments concerning the legality of their suppliers, UK importers/retailers are dependent upon information they obtain themselves, which is a costly procedure. This encourages UK buyers to prolong these relationships, once they have found sustainable suppliers. According to industry sources, UK buyers are finding it increasingly important to maintain relationships with suppliers of legal timber, in order to reduce the risk of border rejections.

**Segments**

In the UK, garden furniture made of tropical timber is distributed in the retail market through online platforms, garden centres and the DIY outlets (e.g. B&Q and Homebase).

**Offline versus online distribution channels:**

Online sales of tropical timber garden furniture are increasing in popularity, as evidenced by the rapidly increasing range of garden furniture available through online stores (now 20% of the market), including Amazon and eBay. Various UK garden centres and DIY outlets have perceived online distribution as a serious threat to their businesses ([i2ieventsgroup], 2014). Nevertheless, E-commerce can also serve as an extended marketing strategy for retail stores. At present, it is particularly likely that small-scale distributors have not yet taken full advantage of the added opportunities of online selling points.

**Certified tropical timber in the mainstream market:**

Due to increased consumer awareness in the UK and the strict current European Union regulations, garden furniture made of certified tropical timber is no longer a niche market product. It has become a mainstream product that is offered at competitive prices. This is particularly true for the UK market. The UK has been the leading importer of certified timber products in the European Union, and its consumer-driven demand for sustainable products is particularly high.

**Prices**

Prices for certified tropical timber garden furniture cover a wide range and are influenced by several factors, including the following:

- Availability of species
- Popularity of species (demand)
- Moisture Content (MC) around 15%
- Durability class/grade (grade A is most suitable for outdoor applications)
- Colour consistency
- Sustainability certification (FSC, PEFC)
- Furniture design: Although garden furniture has a standard basic design, it can be customised (e.g. special finishes and hand-carved details).
- Appearance of the timber: clear grain, good machining properties, staining, finishing properties

**Tip:**

- Exporters from developing countries are advised to contact other tropical timber processors. Cooperation can help exporters to benefit from synergies in terms of logistics, warehousing and portfolio compatibility.

**Tips:**

- Consider the option of establishing long-term relationships when approaching buyers, and present yourself as a professional and committed business partner.
- To improve your relationship with EU buyers, be realistic and transparent about your supplies (in terms of quality, volume and delivery details), and aim for continuous improvement in these aspects. This will reduce risks both for you and your customers, and it will create trust in the long run.
- The Global Forest Trade Network, an initiative of the WWF that aims to connect sustainable timber exporters with European industries, can provide you with important opportunities for finding suitable buyers.
Downward pressure on price premiums:

Despite the existence of sustainability scheme-related price premiums in the UK market, price premiums for certified tropical timber and timber products have been under pressure. In the past, premiums of 5%-30% were common. In the current market, however, price has become a more important aspect in the overall buying decisions of consumers. This has placed price premiums under significant pressure, decreasing them to around 3%.

Tip:
- Add value to your product by improving their quality (e.g. through better dying, more detailed specifications, finishes) and promoting the technical and natural features.

Figure 7: Price breakdown for certified tropical timber garden furniture imported into the UK (excluding VAT, average 20%)(Source: FSG).

Because the product group of certified tropical timber garden furniture is very broad, prices have been found to vary.

Table 2: Example of retail prices for certified tropical timber garden furniture in the UK market (including VAT)

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Price</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two-seater bench, Size (H) 70 cm, (W) 126 cm, (D) 57 cm (FSC). Hardwood (and metal frame).</td>
<td>€71</td>
<td>Argos</td>
</tr>
<tr>
<td>Side table, Size (H) 74 cm, (W) 60 cm, (L) 60 cm, FSC Hardwood.</td>
<td>€45</td>
<td>Argos</td>
</tr>
<tr>
<td>Four-Seater Round Garden furniture set. FSC Eucalyptus Wood. Dimensions of chairs: (H) 94 cm, (W) 54 cm, (D) 68 cm, Diameter of table: 107 cm.</td>
<td>€142</td>
<td>Homebase</td>
</tr>
</tbody>
</table>
**Field of Competition**

**Strict buyer requirements pose a challenge for market entry:**

Legality and traceability requirements are making it more difficult and more costly for UK buyers to find and assess the legality of tropical timber suppliers. For this reason, European Union buyers are much more determined to invest in the buyer-supplier relationships that they have already established. This restricts exporters from developing countries seeking to enter the UK market for the first time, as buyers tend to be reluctant to enter into new relationships.

**Tips:**
- Stay abreast of market-access requirements by following developments as reported by CBI.
- Exporters of tropical timber from developing countries should be aware of the demands that UK buyers have with regard to legality compliance and documentation. As an exporter wishing to enter the UK market, be sure to obtain relevant sustainability certification and be able to provide clear documentation of compliance and the transparency of your practices.

**Threat from sustainable alternatives:**

Because supplying garden furniture made of certified tropical timber can be difficult and costly, UK buyers are increasingly shifting to other sustainable non-timber products. Sustainable alternatives to certified tropical timber garden furniture are widely available in the UK market. Wood-look recycled plastic (i.e. Polywood) and bamboo are some of the materials that are marketed as close substitutes for tropical timber. Nevertheless, the inherent durability and strength of tropical timber are often difficult to surpass.

**Increased popularity of lesser-known species (LKS):**

Consumer demand for tropical timber garden furniture in the UK can also be satisfied by alternative, lesser-known species, as discussed under the heading Trends. Marketing the quality properties of LKS can increase their popularity, thereby contributing to the improvement of the industry’s image in general.

**Tips:**
- The increased interest in LKS can provide valuable opportunities for exporters in developing countries to maintain/obtain a competitive position in the UK market for garden furniture.
- Because timber prices can change daily, you should maintain contact with your buyers in order to stay abreast of price developments. For more general information on prices, consult the bi-monthly ITTO tropical timber market reports and the FORDAQ.
Useful resources

- CBI market information: Promising EU export markets.
- I2i Events Group report – The UK Garden and Leisure Market’
- UK Timber Trade Federation - http://www.ttf.co.uk
- Register for the International Trade Statistics site -http://www.trademap.org
CBI Market Intelligence

P.O. Box 93144
2509 AC The Hague
The Netherlands

www.cbi.eu/market-information
marketintel@cbi.eu

This survey was compiled for CBI by the Forestry Service Group (FSG), in collaboration with CBI sector expert Marco Bijl

Disclaimer CBI market information tools: http://www.cbi.eu/disclaimer

June 2016