

CEO's word from the forest ground

James Treadwell

I write this while we are seeing log prices fall rapidly from their highs of the past two years. This is a situation we have seen occur time and again, and I wonder why we keep following this commodity cycle, and are then surprised when we have the odd correction. Whilst prices have dropped quickly, I am reasonably confident we will start to see them climb again in 2-3 months. Now is not the time to panic.

Experience has taught us to not overreact. It is important we keep our infrastructure (harvest, roading and cartage crews) operating, even if at slightly lower volumes. As an industry we cannot afford to lose any more experience. Everyone needs to work together, be they in harvesting, forest owners, forest managers, cartage operators or customers to ensure the industry will continue to grow when prices improve. This may mean everyone needs to take a look at their margins. The onus should not fall on the forest owner, or on the harvest contractor. Everyone involved along the chain should be looking at ways to tighten their belt to see us through this period.

It is also time we examine how we export our logs. This downturn was not a surprise to anyone. We all knew it would happen, just not when. Our methodology of using multiply exporters, all who keep pivotal information in-house and a refusal to work together and 'manage' the export industry results in these massive price movements. As an industry, we can continue to tell ourselves this is just the market and we must take whatever is on offer, or we can look at ways to manage our exports and value add, be that via more processing or better marketing.

Here at IFS Growth we are working with all our suppliers to find ways to ensure we can maintain crews and supply chains. In some instances we have cut our margin, along with our crews, to ensure any pain is shared across everyone. We have worked with our customers (both export and domestic) to ensure we are getting the best pricing we can. As we saw this downturn coming at some point, we have been working on longer term pricing which is now helping protect some of our clients returns.

Our suppliers are our partners; without them we are not able to offer our clients a service. Therefore we are very protective of them and work closely with them in times of crisis to ensure we all get through these periods. Likewise our clients are the root of our business. We must ensure our clients are getting the best possible return for their investment, both in the short and long term. We are keeping all our clients fully informed of the current situation, and providing our views on the future. If you have not heard from us, please do not hesitate to contact your client manager to get an update on your block, but also on the near and long term future.

To all of you, be you a supplier, a member of staff, a client or an observer, please be assured we are doing the best for you we can with the cards which have been dealt. We will keep you informed and will mangle through this period to ensure everyone survives. This is a time for working closely together. Those who work in partnership will always succeed those who work in isolation, and this is even more true in times of crisis.

Thank you
James

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