Jamaican Timber: Pricing and Market Situation

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Rapid Assessment Small Scale Wood-based Enterprises

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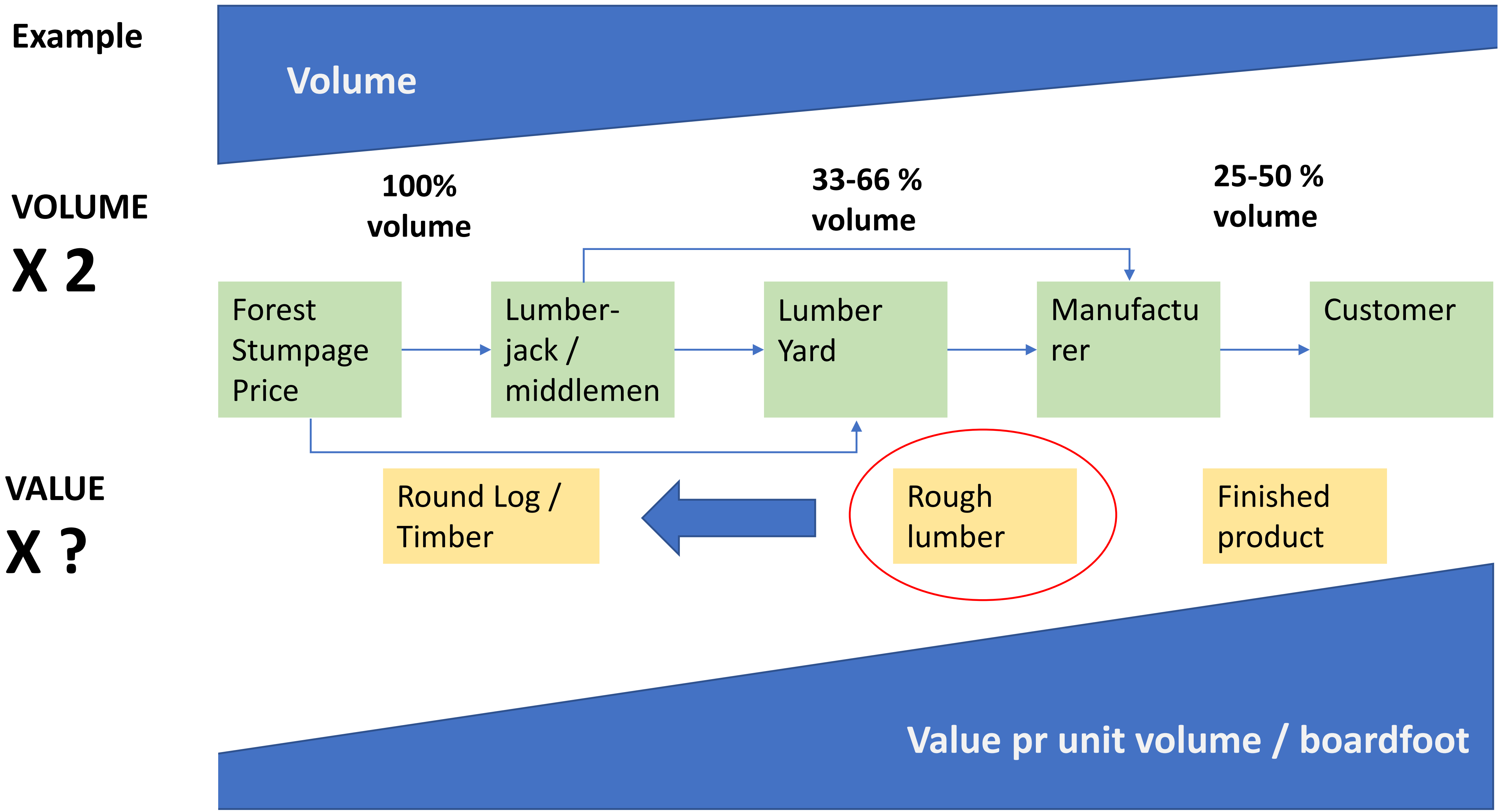
Forestry Department
Funded by the European Union
NIRAS

Market Characteristics

- Informal and disorganized
  - Producers not organized – consumers /manufacturers ditto
  - Little communication and information sharing
  - No system for tracing timber
- No statistics / overview of domestic production
    - Legal harvest not registered
    - Extent of illegal timber harvesting unknown
- Pricing
  - No overview of prices and no timber grading system.
  - FD timber prices determined centrally.
  - Perceived low economy for private forest owners.

Working backwards from lumber prices to timber prices



2021 Lumberyard Survey

Attempt by FD and NIRAS A/S to determine market prices of lumber :

- 45 lumber yards visited across 14 Parishes
- Evidence base for estimating timber prices

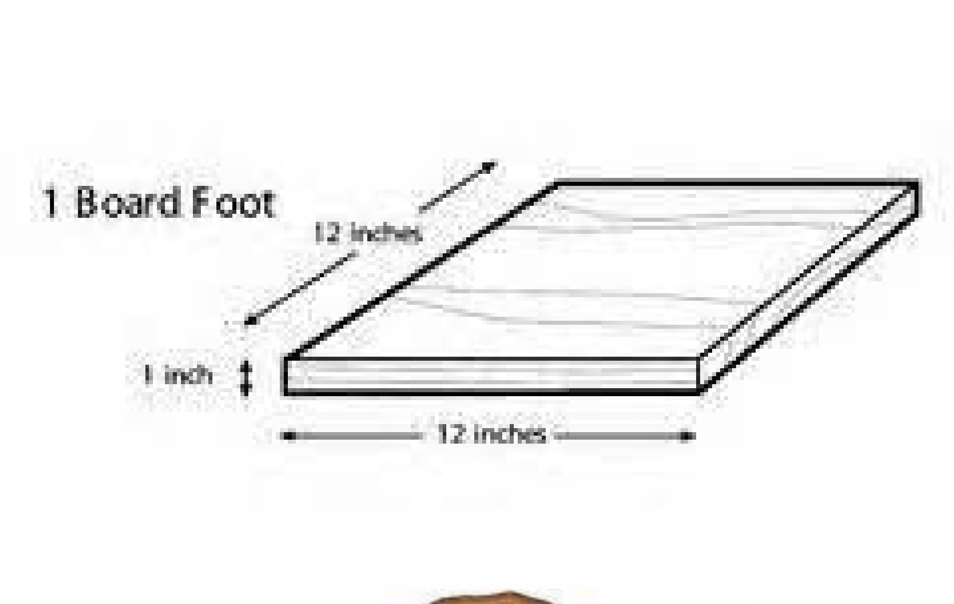
Weaknesses:

- Small sample.
- No guarantee that informed prices are correct.

Strengths:

- The first of its kind (better than guesswork).
- Market was not influenced by Forestry Department prices (logging moratorium).
- Followed up by a smaller survey November 2022 (7 Parishes)

WOOD PRICES: Some basics



Lumber is sold by the boardfoot
12 boardfeet = 1 cubic foot

Timber is sold by m3
423.79 boardfeet = 1 m3

Lumber recovery factor depends on
- Size of log
- Quality of log
- Type of equipment

NIRAS

Lumberyard Survey findings (JMD/bf)

<table>
<tr><th>Species</th><th>2021 Average</th><th>2021 Range</th><th>2022 Average</th><th>2022 Range</th><th>% difference</th></tr>
<tr><td>Teak</td><td>593</td><td>300 – 1000</td><td></td><td></td><td></td></tr>
<tr><td>Jamaican Mahogany</td><td>327</td><td>190 – 500</td><td rowspan="2">404</td><td rowspan="2">400-420</td><td>24%</td></tr>
<tr><td>Honduran Mahogany</td><td>291</td><td>230 – 350</td><td>39%</td></tr>
<tr><td>Cedar</td><td>240</td><td>150 – 400</td><td>317</td><td>240-400</td><td>32%</td></tr>
<tr><td>Blue Mahoe</td><td>240</td><td>120 – 300</td><td>321</td><td>280-400</td><td>34%</td></tr>
<tr><td>Spanish Elm</td><td>234</td><td>170 – 300</td><td>331</td><td>300-400</td><td>41%</td></tr>
<tr><td>Guango</td><td>168</td><td>80 – 300</td><td>280</td><td>280</td><td>66%</td></tr>
<tr><td>Caribbean pine</td><td>158</td><td>100 – 250</td><td></td><td></td><td></td></tr>
<tr><td>Oak (Grevillea robusta)</td><td>204</td><td>150 – 280</td><td>283</td><td>240-320</td><td>39%</td></tr>
<tr><td>Sweetwood</td><td>145</td><td>80 – 250</td><td>148</td><td>100-250</td><td>2%</td></tr>
<tr><td>Pop Nut</td><td>82</td><td>50 -150</td><td>95</td><td>70-120</td><td>16%</td></tr>
</table>

PATNATT
WATER OAK
WATER OAK
JAMAICA PINE
GWANGJU
CEDAR
JAMAICA PINE
SWEETWOOD
SPANISH EM
SPANISH EM
BLUE MAHOE
PATNATT

Possible improvements

- Organization of market actors, increased bargaining power and stability.
- Forest owners report their sales to central office which publishes periodic overview of achieved prices.
- FD Prices follow market prices.
  (Too high: No business. Too low: Damages private sector)
- Increased market dialogue for increased transparency.

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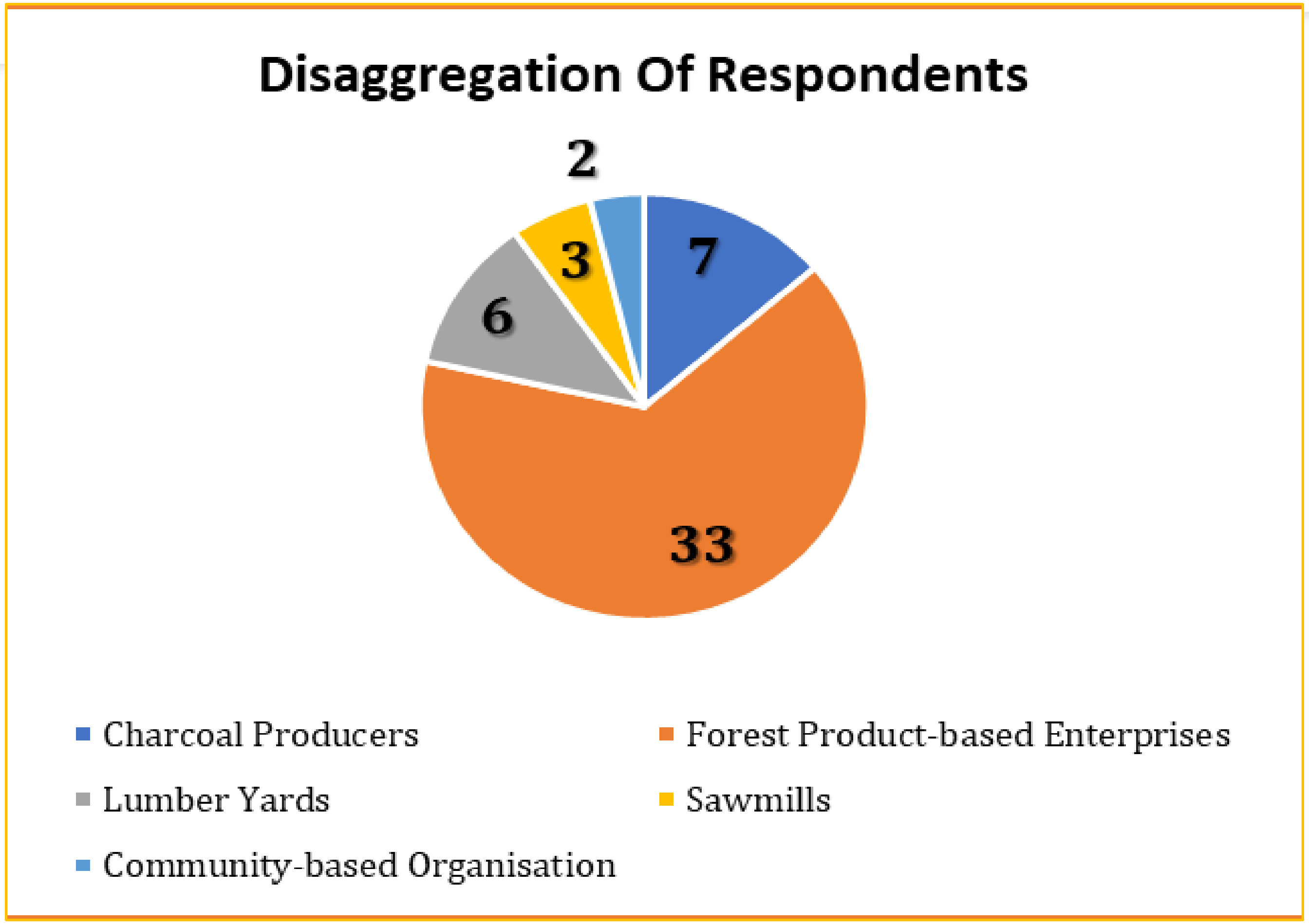
Methodology

- In-field engagement between November 22 and 29 in 7 focus parishes
- Convenience and snowball sampling
- 49 engaged of 60+ actors identified

- NB: 2 employees joined interview



Findings

Awareness of FD and Role

- Identification of the name was moderate
- 50+ population spoke of functions, awareness of public education efforts
- Level of awareness lower in the <40

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Findings

Economic Activity, Employment and Profitability

- Largely micro-operators working independently, informal. Few registered and licensed
- Providing employment for between one to three individuals. Four operators employed over ten persons
- Other models described as the "Barber Shop Approach"
- 3 operated at multiple levels of VC

Findings

Economic Activity, Employment and Profitability

- Employment provided for 150 individuals benefiting 405 directly and indirectly

Category	Total	Owner/Manager		Staff/Workers	
		Female	Male	Female	Male
Charcoal Producers	5	0	3	0	2
Forest Product-based Small Enterprises	67	0	36	6	25
Lumber Yards	61	1	5	8	47
Sawmillers	17	0	3	2	12
Total	**150**	**1**	**47**	**16**	**86**

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Findings

Gender and Social Considerations

- Male dominated. 11% were females, 1% in management and 11% workers. 1 female involved in technical work.
- Aging industry. Majority 50+. Age out of the industry into lighter work
- Respondents between 22 and 80
- Involved in industry between one and 60 years
- Majority were 2nd and 3rd generation operators

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Findings

Major Challenges

- Rising input and production costs
- Limited access to affordable financing
- Limited capacity in business and financial management, marketing, and leadership
- Aging industry with limited skilled youths
- Lumber shortage. Many raise concerns about the use of fruit trees

Conclusion and Recommendations

Opportunities for growth and inclusion of small and informal operators; including women and youths

Wealth of information and experience to share to inform the development of the sector and create social and economic good.

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Conclusion and Recommendations

Recommendations from the respondents include:

- Implement PE around the Forestry Act and implications along VC
- Organise a system of mentorship, networking, and coaching to connect informal players
- Incentivise compliance
- Consider pricing system/credit line/consignment to encourage small operator investment
- Rest forest for 20 years. Import from Guyana, Honduras, and Cayman

THANK YOU