

# Garden furniture in the UK

## exporting certified timber decking products



Being an important European market for garden furniture made of certified tropical timber, UK offers several opportunities for exporters in furniture manufacturing countries. Obtaining sustainability certifications and engaging in long-term relationships with buyers in the UK is essential to optimizing 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.



The product range comprises 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. Garden furniture can be made in various qualities and durability. Tropical timber species common for garden furniture here include acacia (native to Southern Asia, tropical Africa), eucalyptus (native to Northern Australia and Indonesia), roble/oak, iroko (native to West Africa), mahogany and balau.

**Colour & Finishing-** In the UK market, tropical timber garden furniture is usually not painted but is left to reveal its original natural colour. 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; and 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. Tropical timber garden furniture is

commonly treated with oil to enhance the appearance as well as to seal the pores and protect the timber from weather conditions.

**Packaging & Labelling-** If the density of a said 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. Labels for certified tropical timber garden furniture should include:

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

## Buyer Requirements

**Requirements you must meet-** The General Product Safety Directive applies to all consumer products in the EU. The obligation to comply is primarily the responsibility of the companies 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. 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 the product as 'certified', one will need to meet and prove compliance with a sustainability label that is recognized by the EU. The standards involved in such labels typically consider:

**Legality** – 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** – forest is managed in a way that preserves the health of the forest for future;

**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). Sustainable forest management has become commonplace in the market for non-tropical timber. In addition, the demand-driven commitment towards legality and sustainability has crystallized in the UK market in recent years. The UK market for exclusively certified tropical timber is 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.

**EU Timber Regulation-** All timber imported into the EU is required to come from verifiable legal sources. All EU 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 to the market in the EU. 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, 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 by CBI, EU, 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-** In many EU member states, the monitoring of trade in illegal timber is still insufficient. On the supply side by January 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. 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 characterized 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. 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, that ensures compliance with the requirements of the EUTR, and all timber covered by this permit is regarded as having been legally harvested.

**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 EU REACH (Registration, Evaluation and Authorization 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).

## General Requirements on Packaging

In addition, all goods marketed in the EU are subject to non-product-specific legislation on packaging (Directive 94/62/EC). These 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) used must display the ISPM 15 logo and the unique identification number (if the packaging material is produced by the supplier himself). If not then, one will need to buy it from a licensed producer in their own country.

**UK Legislation, the UK Govt. Timber Procurement Policy(TPP)-** Alongside the many European Union-wide regulations that are implemented by the member states, country-specific laws are applicable as well. In time, the European Union-wide legislation is ultimately expected to replace many 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).

## 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 Organization (ILO) standards and the UN Conventions.

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 supplier's 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 the supplier's company's performance against various standard requirements. This tool generates a 'sustainability diagnostic report' for supplier's company, which the supplier can share with the business community.

## Niche Requirements

**Dual Certification(FSC and Fair Trade)-** Smallholders and communities often face tough competition in the global timber market. The FSC organization 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%). 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, like Homebase and Argos.

## Market Trends

**Shift towards Sustainability-** In the UK, sustainability is high on the political agenda, and is one of the few countries to have an established public procurement policy. It has also taken specific actions towards implementing the EUTR. 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.

**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).

**Opportunities for lesser-known species (LKS)-** The demand for alternative tropical species is likely to be

affected by the limited availability of 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.

## Market Channels and Segments

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%.

The UK market has stringent regulations concerning the legality of timber products. 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 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.

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). Online sales of tropical timber garden furniture are increasing in popularity, as evidenced by the rapidly increasing range of garden furniture available through online

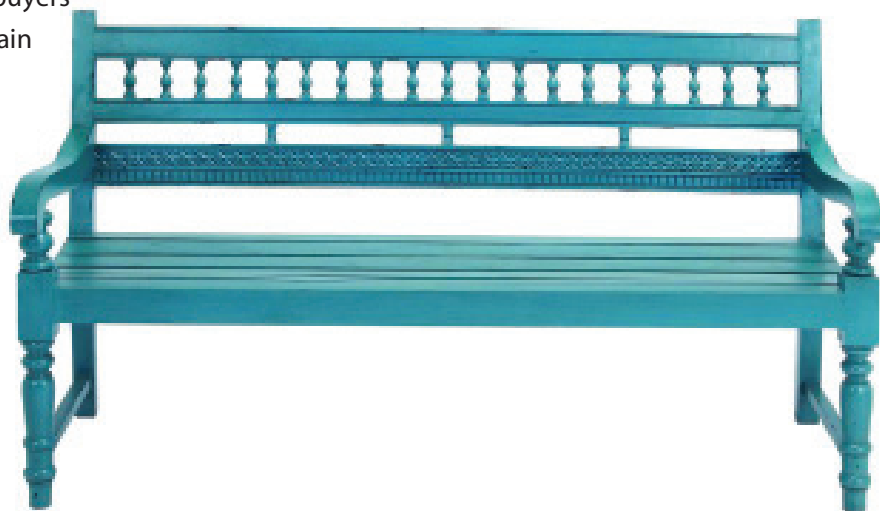
stores (now 20% of the market), including Amazon and eBay. Various UK garden centres and DIY outlets have perceived online distribution as a serious threat to their businesses (i2ieventsgroup, 2014).

## Certified Tropical Timber in the Mainstream Market-

Due to increased consumer awareness in the UK and the strict current EU regulations, garden furniture made of certified tropical timber is no longer a niche market product but 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 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 customized (e.g. special finishes and hand-carved details).
- Appearance of the timber: clear grain, good machining properties, staining, finishing properties.



Downward Pressure on Price Premiums- Despite the existence of sustainability scheme-related price premiums in the UK, 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%.

## 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, 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.

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.

## 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. Marketing the quality properties of LKS can increase their popularity, thereby contributing to the improvement of the industry's image in general. ■ Source: CBI



## Indian Timber Legality Assessment and Verification Scheme

1. Specifically designed for Indian handicrafts industry and its raw material supply chain
2. Assurance of due diligence / due care
3. Verification of chain of custody and legal traceability
4. "Vriksh" standard to meet International timber regulations criteria like EUTR, etc.
5. World-wide presence of certified companies through web based registry
6. Reduction in risk for buyers & assurance of legality compliance
7. Maintenance of traceability
8. Availability of legally harvested wood
9. Meets buyers requirements' of multiple authorities, documentation in multiple languages and complexity of verification requirements
10. Development process based on ISO /IEC guide 59:1994, code of good practice for standardization, ISEAL standard setting code, WTO / TBT guidelines
11. Ensures legal right to harvest and trade
12. Ensures compliance with legislation related to taxes & royalties
13. Ensures compliance with requirements of trade and export procedures
14. Covers each step in the supply chain from the raw material harvest to finished goods sale
15. Covers quality management systems, legality compliance, raw material supply and production, sale of "Vriksh" legally verified wood & risk assessment and mitigation program.

*Application form, alongwith details of cost and reimbursement scheme, is available at EPCH website (epch.in).*

For further details contact EPCH or write in to [vriksh@epch.com](mailto:vriksh@epch.com).