

WESTAS

Westas Group's stakeholder magazine 2/2022

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WESTAS

Westas is Westas Group's magazine for forest owners, customers and other stakeholder groups. It is published twice a year.

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EDITORIAL

FROM ONE EXTREME TO THE NEXT



Photo: Pasi Leino

The past two years have been a time that is unlikely to be repeated in one's career. Demand and prices for sawn timber have been at a level that could have never been imagined in advance.

As expected, the situation quickly turned around with the approach of this autumn.

Westas heads into this weaker economic cycle with solid financial buffers, free of net debt. We nevertheless have been able to invest in the competitiveness of our sawmills with adequate financing, taking the risks into account. Now, although we would have the capacity to take another step forward, we are in an industry that makes it very difficult to swim entirely upstream in terms of demand. With the upheaval the world is in right now in many ways, it would be a miracle if it were not reflected in the demand for sawn timber. The price of energy, fuels and food, not to mention the increase in interest rates, are eating away at consumers' purchasing power and slowing down construction. The war in Ukraine alone is creating natural caution in consumption. The situation is very similar just about anywhere you look, whether it's Europe, North America, North Africa or Asia.

The timetable for the future is unclear. Whether this current, somewhat prospectless, situation will last a year, two or three, I cannot say. However, we should adapt to the weakening of demand because it is not even in the forest owner's interest to create an oversupply of sawn timber, as when the price of sawn timber falls, the price of the raw material will fall eventually as well. The situation is paradoxical in many respects, of course, as with the end of Russian imports of pulpwood, felling volumes in Finland cannot be expected to increase from the current level, given the requirements set for carbon sinks, diversity and nature protection, while at the same time, additional sawmilling capacity is being created in both northern and southern Finland.

The situation appears challenging, but I am confident that Westas is well-equipped to handle this as well.

It is again time to thank our personnel, customers and other partners for their co-operation this past year, even though we still have some time left in 2022! ✕

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and changes its appearance,
and eventually it can be
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– Mika Rantanen



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FIVE DECADES OF CLOSE TIES WITH FOREST OWNERS

Seppo Anttila is a true wood procurement veteran. In November, he will turn a new page and focus on choir singing, fishing and forest work. While he is sure to be busy when his career comes to a close, he believes he will miss his meetings with forest owners.

Seppo Anttila has a close relationship with the forest and in this case also with the forest owner. The forest owned by his wife was harvested 7 years ago, and now the young forest they planted together sequesters carbon and will grow stronger for decades to come.



Seppo Anttila graduated from the Evo Forest Institute as a forest technician in 1982. Even as a young boy, he would follow his father and grandfather as they planted and cleared trees.

– But I can't say I fell into the industry. It was just always clear that I would work with trees in some capacity. My career choice was more based on a desire to do productive work – to be at the beginning of the national economy's value chain, generating money for society that can be used to produce services and well-being, he says.

After graduating, Anttila started working for the Pöytyä-Aura Forestry Association, where he advanced from forest planner to executive director. In the early days of his career, loggers still did 90 percent of the work, stands were stamped tree by tree, logs were measured in a pile one by one, and it took a long time to plan the work and maintain contact. Nevertheless, Anttila believes time was used more efficiently in those days.

– We came, we agreed, and we did the work. There were no constant interruptions and delays, he recalls.

After 16 years, he decided to part ways with the Forestry Association.

– I felt like my work there was done and thought I would take a little break from the field. So I became a sacrist at the Pöytyä congregation and occasionally worked as a gravedigger. Although I was only there for about half a year, it was a valuable experience, he says.

WORK WITH PEOPLE

Anttila started working as a buyer at Raunio Sawmill in 1998. His purchasing area varied through the years, and the number of forest owners he did business with rose well into four figures.

– Back then, when people still sent out personally signed Christmas cards, I remember scribbling my name on 200 cards in my best year, he recalls.

The forest owners – the people – are still the best part of the job. Anttila recalls a colleague once saying that forest industry professionals are 'professional people-meeters'. He couldn't agree more.

– Of course, it's easy to say that people are the best part of this job, but if you call the wrong number and end up chatting with the person for 15 minutes anyways, like I do, I think it's pretty obvious that I really mean it, stresses Anttila.

Before digital maps made it into harvesters, drivers relied on paper maps to find their way through forests. Once, at a worksite in Äetsä, thirty cubic metres of wood had already been harvested before the driver realised that he was on the wrong side of the property boundary. The work was stopped and Anttila went to find out who owned the stand.

– I called the Forestry Association and was told that I could not have picked a more difficult forest owner whose trees to cut down.

Anttila called the forest owner, who went to inspect the damage. With humble apologies, Anttila promised to pay the list price for the trees. And just like that, they shook hands and the forest owner made coffee for them. Anttila suspects that if the forest owner had noticed the cut trees himself, the situation could have been very different.

– I have got on with everyone 99 per cent of the time. The old Finnish expression 'The forest answers in the same way one shouts at it' definitely applies here. Making a genuine effort to take care of matters and owning up to your mistakes goes a long way. There are actually very few really difficult people, says Anttila.

IN THE RIGHT PLACE

The swift change in attitude towards forestry is concerning. The forestry veteran admits that mistakes have been made and some of the criticism is accurate, but the negative attitudes are largely based on stories and perceptions.

– I would hope that in these discussions, people are realistic and approach them with a focus on scientific data, taking economic realities into account. I think it is worrying that the EU even interferes with ownership rights. Forest owners have an undeniable right to their property. Period. Of course, you can express your views, but in the current social order, there is no encroaching on ownership rights, stresses Anttila.

Despite the criticism towards the industry, Anttila has not regretted his choice of profession for a second. Now, after four decades, he feels like he is in the right place.

– I am extremely proud of my work. I have also been lucky in my employers.

Still, the thought of having his days free is appealing.

– The work is stressful in its own way. There are a lot of moving parts, always something going on. Of course you get used to it, but now as I look back on the industry, I can say that things at least will not get any easier. To young people in the field, I would tell them that it is easy to speak the truth. It is good to hold on to that, he advises.

He has other advice, too: If you want to walk tall in your region, you have to take care of matters well and remain neutral. Sometimes it's a good idea to bite your tongue, and it's probably wise not to get involved in local politics. Wherever you go, you always represent your role as a purchaser.

– Once during a solemn moment at church, with my head bowed down in prayer, my neighbour, who happened to be sitting next to me, whispered, 'What do you pay for spruce logs nowadays?' ✕



"Anyone who is having thoughts of selling should take advantage of this time soon."

— Juha Mäki

TIMBER TRADE WILL FORGE AHEAD UNTIL THE TURN OF THE YEAR

Sawn timber trade and, alongside it, log trade have been strong the past two years. Now, demand for and the price of sawn timber have taken a downturn, but Westas is nevertheless buying logs to saw in the autumn.

As we head towards the end of the year, Westas has a good reserve of logs to rely on. The summer campaign in June inspired forest owners to sell, and the positive vibe even carried over into July. August, for its part, was typically quieter, but in the course of autumn, timber trade has picked up once again.

— The supply of logs has remained good, and logs are being traded as usual. Our wood procurement area is special in that trade usually continues well into the season, right up until December. So it's not too late, even if forest owners haven't had time to sell their logs yet, says Westas Forestry Director **Juha Mäki**.

PRICES STILL HIGH

Although the strongest demand for sawn timber is over and timber prices have taken quite a strong downturn, the price of a log is still rather high. In early summer, pine and spruce were nearly head-to-head, but as autumn approached, the gap widened, with spruce gaining a few euros over pine.

— The price is still good, even though the economic cycle is over. Anyone who is having thoughts of selling should take advantage of this time soon, Mäki stresses.

The price of a log has not disappointed, and the atmosphere in timber trades has been good. Mäki admits that higher prices would readily be paid for pulpwood and energy wood if that were possible on the Finnish market.

— In the global market, the price of birch pulp has already exceeded the price of a log, but it is a different situation in Finland. Instead, the megawatt price of gas and coal is several times the price of wood, he stresses.

CHANGES IN STORE FOR THE REST OF THE YEAR

The dry summer was good for harvesting, but also for the spruce bark beetle. The insects have not developed into a problem, however.

— Generally speaking, spruce bark beetles have been found in the type of forest that is otherwise in need of harvesting and management work. The beetles are not a problem in the forests of active log sellers, because an axe is the forest's best medicine. Possible damage caused by the beetles makes it easier for forest owners to make decisions, but in the deals we have made, it has been purely an issue of supply and demand, stresses Mäki.

Some forest owners have seen new faces during timber trades, as five new people have started in the forestry department this year, three of whom in wood procurement. Changes are also in store for the end of the year, when the new forest information system is introduced at the beginning of November.

— All materials will be renewed and, for example, timber trade offers will have a new look. All in all, the changes will only be positive for the forest owners, says Mäki.

Despite the general increase in uncertainty, Westas continues to buy wood as usual and encourages forest owners to offer up their sites. Thinnings are also of interest.

We are still on the tail end of the favourable economic cycle, and the proceeds from timber trade can be protected from inflation, for instance, in a Westas Tukkitili, i.e. a log account. ✕

PEFC CERTIFICATION REVISES FOREST MANAGEMENT PRACTICES

More than 90 per cent of Finnish forests are certified under the PEFC system. The revised PEFC requirements to take effect this autumn will bring changes to forest management as well as to the operations of forestry operators.

PEFEC Finland is part of the Programme for the Endorsement of Forest Certification (PEFC), an international system that was founded in 1999 to promote ecologically, socially and economically sustainable forestry. It offers practices for sustainable forest management, chain of custody monitoring of wood raw material, proof of the sustainability of the wood products supply chain, and gives consumers the opportunity to make sustainable purchases.

PEFC's international standard is updated regularly every five years, and therefore national standards are also updated every five years. In Finland, the PEFC standard on forest management and forest use is reviewed based on the work of a working group made up of dozens of industry operators. The group goes over the entire standard, looking at its various sustainability aspects from the

perspective of what needs to be updated. It is a continuous improvement effort in which best practices in various areas of sustainability are updated based on research data and the current situation. Once the working group has completed its tasks, the standards are also aligned with the international standard in order to fulfil those requirements.

– The PEFC has a very national perspective. The Finnish standard complies with the given international framework, but it is always applied with the national circumstances in mind, explains **Tatu Liimatainen**, General Secretary of PEFC Finland.

CHANGES VISIBLE IN FELLINGS

The review of the PEFC requirements for Finland's sustainable forestry now coming to a close was started in 2019. The draft version has been under international assessment since the spring, and the final version is

expected to be approved by the end of the year. The entire process is transparent and open, and all industry operators have had the opportunity to participate in it or to review the documents.

The most significant changes in the revised standard relate to ecological PEFC requirements concerning, for instance, buffer zones, the mix of tree species and retention trees. With the new standard, the diameter of retention trees will increase to 15 centimetres, and in future there must be an average of ten retention trees per hectare. Concentrations of deadwood with a minimum diameter of 20 cm must also be ten trees per hectare. A mix of tree species and thickets must be left in all stages of forestry. The width of buffer zones along water bodies will increase to ten metres, and only selective felling will be allowed in them.

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Tatu Liimatainen, General Secretary of PEFC Finland | Photo: KMY



“The purpose is to ensure the sustainability but also the acceptance of forest use by increasing actions to preserve diversity and valuable elements in the standard.”

– Tatu Liimatainen



Photo: PEFC Finland

– In other words, more trees will be left in the forest than before. How this will affect, say, timber trade revenue, or whether it will affect it at all, will depend largely on the site in question, says Westas Purchasing Manager **Janne Lehti**.

A self-monitoring obligation was also imposed on operators in the industry, meaning an assessment must be conducted on the site after felling.

– The site cannot be assessed by someone who participated in the felling, which means forestry specialists or contractors cannot assess their own felling sites. These new obligations also increase the need for training. For instance, all our forestry department employees and contractors will now take the PEFC certification course created by the advisory service company Tapio, says Lehti.

The certification changes will thus be reflected in both forest stands and day-to-day work. Tapio and Pellervo Economic Research PTT prepared an assessment of the impacts of changes in forest management, and the assessment takes a closer look at the standard's economic implications for forest owners. PEFC's General Secretary Liimatainen stresses that of course every forest owner will carry out the required actions from their own point of view, and there is flexibility, as long as

the given requirements are met.

– The purpose is to ensure the sustainability but also the acceptance of forest use by increasing actions to preserve diversity and elements that protect valuable habitats in the standard, says Liimatainen.

TRAINING AND DIALOGUE

During autumn, PEFC Finland organised 12 training days in the field throughout the country to instruct forest industry professionals in the new standard and its requirements. During the day-long training sessions led by experts from Tapio and the Sustainable Forest Management Association, a total of nearly 600 people learned about the impacts of the changes to their own operations in theory, and then reviewed the changes in practice in the field. Project Manager **Jenni Kylmäaho** describes the three-week effort as an all-around success.

– The atmosphere was good and the days were characterised by a conversational approach. The feedback we received has been positive. We have compiled the feedback as well as the questions we received during the field training days, and our intention is to get together again with the answers later in the year, she says.

Liimatainen stresses in particular the importance of dialogue and says that going forward, both internal communication between industry operators and external communication will be increased.

– This is not an exclusive operation that affects only a certain area. It concerns everyone: forestry operators, forest owners and the general public. We are here to answer questions, and it is always nice when the phone rings and the caller is interested in hearing more about PEFC certification, he says.

According to Liimatainen, interest in sustainability is growing among operators outside the industry as well, and there is a demand, for instance, for reliable proof of the origin of wood. Certification is currently raising a lot of interest also on the EU level.

– It remains to be seen what the new forest strategy will bring, he says. Change is, however, a natural part of continuously evolving certification.

– Over the course of more than twenty years, a very effective and efficient method has been built for securing the implementation of legal standards, while at the same time creating added value for our forests on a voluntary basis and on market terms. That is what PEFC certification is all about. ✕

PEFC FOREST CERTIFICATION PLAYERS IN FINLAND

PEFC FINLAND

PEFC Finland – Finnish Forest Certification Council is tasked with maintaining and developing Finland's PEFC system. PEFC Finland promotes PEFC certification and co-operates with sister organisations in other countries as well as with PEFC's head office in Geneva, Switzerland. The council oversees the work to define the PEFC criteria for forest management in Finland as part of broad stakeholder co-operation. PEFC Finland also grants the right to use the PEFC logo, supervises the use of the logo in Finland and maintains information on PEFC certifications.

KESTÄVÄN METSÄTALOUDEN YHDISTYS RY (SUSTAINABLE FOREST MANAGEMENT ASSOCIATION)

PEFC forest certification can be implemented as regional PEFC group certification that may include both forest owners and entrepreneurs. Finland's provinces and municipalities are divided into three regions, and currently around 13.7 million hectares of forests throughout Finland are covered by regional PEFC group certification.

The organisation that applies for and holds regional PEFC group certification is the sustainable forestry management association called Kestävän Metsätalouden Yhdistys ry (KMY). The association ensures compliance with the PEFC standards and helps promote awareness of PEFC certification. KMY also represents participants in regional PEFC group certification in the certification process. The association maintains a register of participants in regional PEFC group certification and provides information and guidance in matters related to PEFC certification.

KMY was established by the Central Union of Agricultural Producers and Forest Owners (MTK), Finnish Forestry Industries and the Finnish Sawmills Association.

FINNISH SAWMILLS ASSOCIATION

All members of the Finnish Sawmills Association, including Westas, fall under the scope of regional PEFC group certification. The certification criteria are integrated into the companies' daily routines and self-supervision, and they cover the companies' operations everywhere in Finland.

THE WOMEN BEHIND THE NUMBERS

Since the turn of the year, Westas's financial department has grown by three employees. In addition to two new accountants, the role of department chief was taken over by a long-standing professional who, in her own words, joined the sawmill from left field.

Minna Saaranluoma-Carpelan earned a master's degree in economics and business administration from the Turku School of Economics, majoring in international marketing.

– I had always been interested in languages, and that programme focused on languages. I was especially interested in Germany and the German language, but soon after starting my studies, I realised I was more interested in

business administration. Logical thinking appealed to me, and I ended up minoring in business administration, she recounts.

Minna graduated at a time when the Finnish economy was going through difficult times, and it took a couple of years for her career to take off. In the meantime, Minna had started a family, with whom she moved to Hungary for a few years to work as a controller in the subsidiary of a Finnish company. When she returned to Finland, she took on the role of financial manager for the same company,

but eventually switched to the employ of Ensto Saloplast in Salo. Her final career move before joining Westas was working as the CFO of Sormat, the leading manufacturer of construction fastening and anchoring products in the Nordic countries, for 15 years.

– Between last Christmas and New Year's I saw a job notice for the position of CFO, and the job description sounded like it was made for me. I had been thinking about changing jobs for some time already, so I decided to apply. I had no idea about the industry or Westas, I only knew that the sawn timber industry was an important export business for Finland. I really came out of left field, says Minna with a laugh.

PROFESSIONALS LEND A HAND

In mid-March, the CFO stepped into her new position. Minna says her days are filled with more than just



"I came here based on the job description and decided I would learn about the industry through that."

– Minna Saaranluoma-Carpelan

numbers, and she enjoys the diversity of her tasks. Besides budgeting, tax-related matters, financial statements, cash-flow monitoring and financing, she also produces reports to support executive management's decisions, serves as the Board of Directors' secretary, and oversees IT and HR administration matters.

– A year ago, I never would have imagined that I would be working at a sawmill. I came here based on the job description and decided I would learn about the industry through that, she says.

And the rest is history, as they say. She spent a lot of time early on learning the basics and gaining a picture of the different business areas.

– Whom I should ask about which matter, which archive contains which information, and so on. Fortunately, I have a team of top professionals who take care of the daily routines and help me succeed in my work. Other staff have also been very helpful, says Minna.

Also helping the situation is that 2022 has been marked by a positive economic trend.

– If I had joined the company in the midst of difficult times, my time would have been spent intensely taking care of cash flows. I might not have been able to grasp the big picture with as much versatility and as quickly, she reckons.

DEVELOPING DURING WORKING HOURS, FOOTBALL DURING FREE TIME

The CFO has a few plans for developing the financial department's operations, including increasingly moving away from excel files and adopting modern cloud-based systems, and digitalising receipts.

– Westas has already made great strides in digitalising receipts, but there is still room to take things even further.

After a workday filled with numbers, development and any number of tasks is behind her, the CFO can be found in the forest picking mushrooms and berries, at the cottage or in the company of her 3-year-old grandchild. She is also a "soccer mom".

– My teenage son actively plays football. He is already 17 years old, though, so I don't have to be at every game, says Minna with a smile.



*"Fortunately, I have a team of
top professionals who help me
succeed in my work."*

– Minna Saaranluoma-Carpelan

HALF A YEAR AT PIHLAVA

Jonna Lehti, an accountant at Pihlava Sawmill, has been working in the financial department since March. After earning a bachelor's degree in business administration from the Satakunta University of Applied Sciences five years ago, Jonna worked for the municipality of Eurajoki as a financial administration secretary and later also as an office secretary for technical services. Leaving her municipal tasks behind her, she joined accounting, payroll and HR solutions provider Accountor, where she worked as an accounting assistant.

– I applied for the job as Pihlava's accountant because I wanted to take the next step in my career, says Jonna.

While she is familiar with the Pihlava area, the sawmill is completely new to her, and even after working there for half a year, she is constantly learning new things. Jonna spends her days taking care of accounting tasks and invoicing, and is in contact with other finance department professionals who work at Koski nearly daily. Pihlava has only a few salaried employees, and the unit is tight. Jonna considers that one of the best parts of the job.

– The people are close, within arm's reach. I like that the organisation has a flat hierarchy and everyone, including senior management, can easily sit at the same table, she says.

AN ACCOUNTANT WITH A PASSION FOR FISHING

Kati Kylmäniemi is an accountant at the head office at Koski Sawmill. Prior to taking on her role at Westas at the start of this year, Kati held various roles in accounting and payroll administration. After graduating from business school as a financial administration professional, she worked in the technology industry, among others, but the sawmill is a new work environment for her. Well, not entirely new.

– My husband's father has worked at the Riihimäki Sawmill, so I have some understanding of what sawmills are like and the work that takes place there, says Kati.

Even with a good basic understanding, there is still a lot to learn. Kati says that internalising the different functions and thereby the big picture has been challenging, especially in the beginning, but her colleagues, whom she describes as fantastic, have been a great help. At work, in addition to accounting, Kati takes care of payments, invoicing and basic bookkeeping, but in her spare time she can most often be found outdoors.

– I like unwinding in the forest, and in autumn I pick berries and mushrooms. Last summer I learned how to fish, and we spend a lot of time on the water. In the winter I knit wool socks and listen to audio books by the fire, she says. ✕

EVERYONE IS THEIR OWN SAFETY OFFICER

Occupational safety is part of a company's social responsibility, and Finnish companies work continuously to ensure it. Besides financial factors, occupational safety is about people's well-being, productivity and meaningful work.

Westas's Production Director **Sakari Virtanen** is the safety officer for the Koski Sawmill and in addition to an occupational safety representative, the unit also has an occupational safety committee that convenes regularly. The occupational safety committee is made up of representatives of salaried employees, production and the forestry department, and a specialist from the health-care services provider Mehiläinen sometimes takes part in the meetings. Pihlava has a similar occupational safety organisation, with Mill Manager **Kimmo Raita** acting as the occupational safety officer.

Generally speaking, Westas's occupational safety situation is good. Koski Sawmill has not had a single accident this year, and while there have been several work accidents at Pihlava, they have not been severe, mostly along the lines of splinters in the hand or rubbish in the eye. Other typical accidents at the sawmill have been sprained ankles as a result of tripping.



Westas's Production Director Sakari Virtanen

– At Koski, the number of accidents leading to sick leave has been below average for the industry, while at Pihlaja it has been around average or slightly above. This is largely due to Pihlaja having a more complicated operating environment – it is labyrinthian and old. Koski also has long traditions of focussing on occupational safety and a culture of occupational safety established even before Westas came into being, says Virtanen.

The sawmill operates in three shifts, which is a significant challenge for occupational safety.

– There is a lot of automation here, and people are not always at their most alert at four in the morning, Virtanen points out.

Occupational safety demands repetition and daily work: making observations, development, instruction, surveying, learning new things and building a culture of safety. One example of this work is the safety round recently carried out at Koski Sawmill.

– Changes were made at the sawmill during the summer, so we prepared a review and a memorandum that included occupational safety matters that need to be rectified. This is normal procedure when changes are made, explains Virtanen.

A risk assessment was also carried out on a felling site in the summer. That involved interviewing harvester and combi machine operators and going over all the work phases and possible accident risks.

– The machines are safe as work environments, and the observations are mainly related to the risks on the worksite, he says.

MAKING OBSERVATIONS IS EVERYONE'S DUTY

Virtanen always starts his workday by touring the sawmill and inspecting areas. Besides his own safety observations, the employees also make observations. Observations can be, for example, broken areas, protective covers that are missing, items stacked in the wrong places, or poor lighting due to burnt-out light bulbs.

Preventive work is also being done. A project is currently under way whereby a single switch in the control room can be used to secure not just one machine, but an entire area. Thanks to the secure area, someone repairing a piece of equipment can rest assured that the machine next to them has also been turned off and that it is safe to work.

Also being examined are the terpenes resulting from sawing pine, as these can cause occupational exposure and even fever, congestion and a sore throat among those most sensitive.

– Impurities in the air have been measured, and now we are considering how they can be removed. Of course, it is possible to install very strong ventilation on the line, but at the same time, care should be taken to ensure that the working temperature and other conditions are appropriate, says Virtanen.

He believes that when various safety matters are always kept in the forefront, they will become self-fulfilling

“Occupational safety starts with each one of us. People must know that they bear responsibility for themselves and for their workmates.”

– Sakari Virtanen

and rooted in the work culture. The company's task is to make sure that the conditions are in order, then it is the employees' turn.

– These issues can't be externally motivated, and there can't be someone constantly telling others what to do on a daily basis. Occupational safety starts with each one of us. People must know that they bear responsibility for themselves and for their workmates, stresses Virtanen.

FELLING POSES THE BIGGEST RISKS

The work of the forestry department's professionals differs greatly from everyday routines at the sawmill, which means the risks are also different. There aren't really work accidents in the forest leading to absences, and the most common accidents are related to slipping on exposed bedrock, roots or rocks.

– The forest is a unique work environment, and it's not possible to predict all risks. Everyone needs to understand this and use common sense when moving about in the forest, says Procurement Manager **Janne Lehti** of Westas's forestry department.

With the job profiles being different, that means the safety gear is also different. The forestry department has specified the high-visibility clothing, helmets and footwear that are to be worn in different tasks, as well as

the tasks in which employees can wear lighter clothing.

– Safety gear must always be worn on worksites where forest machines operate. In addition to felling sites, this means situations where brush cutters or chainsaws are used, says Lehti.

Even if worksites are marked off with signs, they cover broad areas that can be accessed from multiple directions. Lehti stresses that while on a worksite where a forest machine operates, the most important thing is to make yourself visible. Hazards are often caused by curious outsiders who arrive on a site without the machine operator's knowledge and do not comply with the exclusion zone indicated on the signs.

– The signs include the harvester operator's phone number, which people can call to announce their arrival and let the operator know that someone is moving around in the forest. In general, there is no need to get right up close to see, as a harvester's exclusion zone is surprisingly large. The same goes for wood piles – there is always a danger of collapse, says Lehti.

Like Virtanen, Lehti stresses everyone's personal responsibility.

– Foresight and attitude are the most important occupational safety tools, he sums up. ✕



MARKET COOLING DOWN

Cyclical fluctuations in the sawn timber trade have always been strong, and stability has never lasted for long. Now, after a few positive years, the market has once again taken a turn. Trade continues to roll on, but it is already starting to slow down.

The war Russia started in Ukraine in February confused market sentiment in the first half of the year. Sawn timber prices began dropping slightly since the start of the year, but the war raised them temporarily. An import ban on sawn timber from Russia and Belarus has been in force since July, which accelerated trade in spring, but the outlook gradually became increasingly unclear.

– We therefore made the decision to sell as far into the approaching autumn as possible, explains Westas's Sales Director **Erkki Koskelo**.

It proved to be a good decision, as autumn trade is off to a slow start. According to Koskelo, demand for made-to-measure products has remained roughly the same, but bulk products trade has taken a downturn. With the exception of Japan, the pine market in particular has slowed down, although the price of pine has not fallen as much as the price of spruce.

– From the outset, the price of pine did not rise at the same pace as spruce, so the decline has also not followed the same curve, he points out.

DIFFERENCES BETWEEN MARKETS

As we head into autumn, the situation in Europe appears mixed. While prices in France and Germany have significantly spiralled and demand especially for planing customers has crashed, it has been business as usual in the neighbouring countries of Switzerland and Austria. Construction in Spain and Italy has also remained stable.

– The UK's outlook was bleak in early summer, but trade has since increased at a rather nice pace. Volumes are down, of course, but on the other hand, the previous uptick was due to changes in sawn timber flows and not due to absolute growth in demand. After the situation

normalised, we find ourselves again at a pace we are used to, explains Koskelo.

In Finland, however, spring and summer were quiet compared to the last two years. Prices have fallen and demand has been low.

– Decks have been built and renovations completed, and people have again been using their money for travel. Now there are different clouds on the horizon of sawn timber trade. At the end of October, the domestic market will get quiet, partly due to the industry's seasonal nature, but rising inflation and increasing energy costs will play their own role in stifling construction, Koskelo estimates.

IN WHAT DIRECTION IS CHINA HEADED?

The situation in northern Africa has been challenging for some time now. The populations of Egypt, Algeria and Morocco are young, and there is a need for construction, but in Egypt and Algeria in particular monetary policy is fickle and, in turn, trade is unsteady.

– Although demand exists and trade is taking place, there could be a wait of a few months to open a letter of credit. When financial transactions work again, we could see even large batches being shipped out, reckons Koskelo.

Things slowed down in China when Covid-19 hit, and the market has not recovered since. When the war in Ukraine started, demand improved somewhat, but prices continued to fall. A few years ago, several polluting furniture factories in China were shut down and demolished, and the factories built to replace them are gradually starting to open. It remains to be seen whether this will increase demand for Nordic sawn timber.

– After the sanctions came into effect, Russia was expected to take control of the Chinese market, but due to, among other things, logistical problems and a lack of spare

parts, Russia has not been able to perform as expected, explains Koskelo.

Japan, an important credit market for Westas, has retained its stability, and we head into the final quarter of the year with normal expectations for that market. The temporary overflow of stocks, caused by delays in China's trans-shipments, have been eliminated, and in Westas's most important product group the price has even remained good.

In terms of logistics, the container shortage has eased, and container prices have not increased like trailer transports have. In central Europe in particular, the trailer situation has been difficult for some time now, as there are no return transports, and a quick solution to the driver shortage has not been found.

ECONOMIC MOMENTUM IS IMPORTANT

In terms of future development, Koskelo believes that how consumers direct their spending as inflation accelerates and energy prices surge will be important.

– Hopefully, money will continue to circulate and economic activity will remain at a certain level. If everyone stops spending and, for example, construction comes to a standstill, we will surely face a recession, he says.

The sales director describes Westas's situation as stable, however. The coming winter will be manageable, and while there are no quick wins to be expected, it is important to take a longer view on things.

– Of course a lot depends on how long the unfavourable period will last. We had an exceptionally long good period, and it remains to be seen whether the dip will last as long or even longer, as it often does, unfortunately. This industry has always been subject to severe ups and downs, so there's nothing new about it, Koskelo concludes. ✕



*"Economic momentum
is important in terms
of future development."*

– Erkki Koskela

A SPA EXPERIENCE IN YOUR OWN GARDEN!

In the course of 15 years, wooden, log-heated hot tubs have found their way to people's gardens. This everyday luxury is clad in spruce processed from Westas's sawn timber and makes its way around the world from the Kirami yard in Sastamala.



At the turn of the millennium, **Mika Rantanen**, who had been living in Sweden with his family for several years, started thinking about returning to Finland. But he had to think of something to do in Finland, and the idea of hot tubs hit him.

– I bought a truckload of Swedish hot tubs, transported them to Finland and sold them. The quality of the products was weak, and I decided that if I started making these, I would have to do a better job of it, says Rantanen, CEO of Kirami Oy.

The first years were difficult. Business was not taking off, as the product was new to Finns and sitting in a hot tub with other people seemed somehow embarrassing. The global financial crisis turned out to be a turning point, however.

– Money was tight and travel came to standstill. But people still wanted a little variety in their day-to-day life, and the hot tub trade finally started to pick up in 2007, recounts Rantanen.

THOUSANDS OF HOT TUBS A YEAR

Kirami Oy is the biggest manufacturer of wood-fired outdoor hot tubs in Finland and all of Europe, in addition to being the market leader in Finland. In summer, the busiest season, six to seven truckloads of hot tubs leave Sastamala every day, destined for as far away as North America, Japan and Australia. The company's other, relatively recent, product group is pre-assembled FinVision outdoor saunas, some 99 percent of which are exported.

– The saunas are assembled from modules, and the customer can choose their own configuration that may include changing rooms, a lounge, a deck, or just the sauna, explains Rantanen.

The company has around 30 permanent employees working in its hot tub and sauna business, but during high season, that number doubles. Retail sales in Finland and Sweden mainly take place through large retail chains, while in Central Europe, sales are handled by local sales representatives. Rantanen believes the chain-store model will open up soon in Central Europe, and as the next step, he has his sights set on the other side of the Atlantic.

– Trade in the U.S. is just getting started. I believe that in five years it will be a bigger market for us than Finland is right now, he reckons.

A SHARED EXPERIENCE

Kirami's philosophy is a holistic experience. An outdoor hot tub requires an area of at least four square meters, surrounded by space where it is easy to build everyday luxury – a small spa paradise for your home. The usage costs are affordable, and one can spend the whole day in the hot tub.

– The appealing thing about a hot tub is that it's a family affair. You can enjoy the hot tub just with your spouse, but the kids, friends, grandparents and the whole



"The appealing thing about a hot tub is that it's a family affair."

– Mika Rantanen

family can also gather in the hot tub to enjoy each other's company and relax, says Rantanen.

It takes 1,100 to 1,400 litres of water to fill the tub, while the new Tiny model for two people takes 700 litres. The water is heated with a wood-fired stove, but there is a hybrid option available that allows the water temperature to be maintained, for example, throughout the weekend using a small electrical heater. Although there are different models, like the Chill model, which is especially popular in certain European countries, the company does not make customised hot tubs.

– We are assemblers, and we can't start specially tailoring our products. That does not fit into our production ideology, stresses Rantanen.

A range of accessories are available for the products, however, from steps to covers and drink holders, as well as a filtration system that makes it possible to use the same water for several weeks. The company's product development is continuous, and various prototypes developed by Rantanen are sitting all around the yard waiting either to be rejected or to go into production. The strongest development right now is in outdoor saunas, the manufacture of which is currently being streamlined.

– We are trying to reduce the amount of manual labour in the assembly process and at the same time increase our volumes. We are constantly screening new markets and, for instance, in Australia growth can be seen in all our products. Our saunas particularly appeal to a group of customers for whom custom designed and tailor made may not be possible, but they want a high-quality, finished and aesthetic end result, says Rantanen.

MADE OUT OF GENUINE WOOD

The products are 90% Finnish. The raw material used for the hot tubs is mostly planed spruce, but other options are heat-treated pine and North American cedar. All wood parts arrive from the planing mill with ready-made openings, coated and cut to size and are sent directly to assembly. The most important factor is consistent quality, and permitted limits have been set with suppliers concerning, for instance, knots and resin, taking into account the wood's properties as a living material.

– When they arrive here, the wood pieces must be ready to use, and we don't throw anything out. I believe that whoever has the expertise and equipment is the one who should do the work. We don't even have the possibility to machine the wood, and even if we did get our own machines, someone else will always have better ones, states Rantanen.

The most important sawn timber partner for Kirami is the Arolan Höyläämö planing mill, which supplies the components it processes from Westas's spruce sawn timber as the raw material for Kirami's hot tubs and saunas. The original and also most popular material for hot tubs is wood, and even though there is an alternative composite material available, Rantanen swears by wood.

– Wood is wonderful to touch! It is a genuine and aesthetic material that can be processed the way you want it. It is a living material and changes its appearance, and when the product eventually reaches the end of its useful life, it can be recycled, Rantanen sums up. ✕



PASSIONATE ABOUT WOOD, AIMING TO BE NUMBER ONE

The Estonian company Puidukoda's uncompromising approach applies not only to its own activities and products, but also to its entire supply chain. The strict criteria the company has set for its partners and an ambitious service attitude are helping Puidukoda achieve its goal of being the best in Europe.

Puidukoda, located in the village of Karksi in southern Estonia, was established in 1997 from the ground up. The only things to be found on the site were old Soviet-era buildings and a small handheld planer. The company grew quickly, however, and in 2013 Puidukoda merged with the Rose Group, a family company established in 1949 and based in France. Nowadays Puidukoda is a subsidiary of the French company Protac, which is known in France as a manufacturer of quality further-processed products.

Rose Group's total production in 2021 was 400,000 m³ and turnover was EUR 220 million. Puidukoda's share of production was 155,000 m³, and last year the company had more than 100 employees and a turnover of EUR 63 million. In addition to its Estonian operations, the company has sales offices in Poland, the Czech Republic and the UK.

— Our turnover has grown steadily year on year, but at the same time, the number of employees has decreased. This is because we have switched our production from three to two shifts and invested strongly in automation and digitalisation, says Puidukoda's CEO, **Eveli Opmann**.

DESIRE TO BE THE BEST

Puidukoda's core focus is on the planing, finishing and marketing of high-quality sawn timber. Besides its main product groups, exterior and interior cladding panels, the company produces floor and decking boards and planes structural sawn timber. The production by-products are converted into pellets and briquettes. The tree species used in the products are certified spruce, pine and Siberian larch, mainly procured from Finland, Sweden and the Baltics. The company's modern production is nearly fully automated, offering several finishing options, from painting to grooving, end matching and impregnation.

— Roughly 75 per cent of the raw material used in production is spruce and 20 per cent is pine. One fifth of production is coated, but the majority is either impregnated or left untreated, says Opmann.

Puidukoda's interior and exterior design products are sold under the Woodmood brand, a range of products that

includes several wood profiles and colour- and surface-treatment options. In addition to the domestic market and central Europe, the company's products are also exported to Asia and North America, to more than 35 countries in total.

– Our passion is to create a better living environment and offer solutions for creating a cosy atmosphere, while at the same time ensuring healthy indoor air, states Opmann.

The competitive situation is tough and getting tougher all the time. Several competing companies in Estonia and elsewhere in Europe have made investments to ramp up their production and automation, as Puidukoda has. This year, the company built a new impregnation plant and automated its painting line. Through its continuous investments the company aims to maintain its competitiveness, improve its productivity and bring new products to market. According to Opmann, the goal, however, is not only in production volumes – rather, the company wants to be the top manufacturer of processed products in Europe, in terms of both quality and service.

– We focus strongly on customer relationships and a high standard of service. That means honouring the agreed delivery times, ensuring accurate deliveries, solving problems quickly and keeping our promises. We adhere to these values, and they are what we are known for. We also have to thank our co-operative and competent staff, she stresses.

SELECTIVE ABOUT PARTNERS

Puidukoda has worked with Westas for a number of years now. Opmann says Puidukoda has drawn up strict criteria that all suppliers are expected to abide by.

– The first criterion is trust: That means sticking with us in good times and bad. The second is service: Service must be provided on time and as agreed, and communication must be open and honest. Flexibility is another requirement: We expect our partners to be able to quickly adapt to market changes. And last, but certainly not least, is quality: The sawn timber must be top quality. That is a given in today's markets, not a wish, she stresses.

According to Opmann, the co-operation with Westas has been smooth, and Westas has met the criteria Puidukoda has set for its partners.

– We especially appreciate Westas's flexibility. The company has adapted well to the change in the markets, and we are happy to be able to work with the company's professionals.

The war in Ukraine has had a major impact on Puidukoda's operations. The company previously purchased some of its raw material from Russia, but after the war started, Puidukoda had to quickly find new suppliers. They sought new contacts and also expanded co-operation with existing partners, such as Westas.

– The war has not only changed raw material flows, it has also caused demand to fall, as consumers' confidence in the economy has weakened. Since we operate in several markets, we have managed to maintain our position. At least so far, we have not had to cut back our production or lay off employees, says Opmann.

Although Opmann sees challenging times ahead, she believes demand for wood products will remain good in the long term.

– Timber and processed wood have major benefits

compared to other construction materials when it comes to sustainability. Mechanical wood processing consumes significantly less water than the manufacture of other construction materials, and since wood is an environmentally friendly material that sequesters carbon, it will increasingly replace other building materials, she sums up. ✕



"We focus strongly on customer relationships and a high standard of service."

– Eveli Opmann



Puidukoda OÜ, Karksi Estonia



WESTAS

***YOU HAVE A FOREST.
WE HAVE A SAW.***

***THANK YOU FOR
YOUR CO-OPERATION.***

WESTAS GROUP OY

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