

# WESTAS

Westas Group's stakeholder magazine 1/2024

**FOREST OWNER  
UNTO LEVEÄLAHTI**

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*"Westas's service package has been reinforced in forest management services, which are described in more detail elsewhere in this magazine."*

– Maija Perävainio



# BETTER TIMES AHEAD



**2**023 came after a period of economic boom. During the past year, the drop in the price of sawn timber was exceptionally steep, more than 30 per cent. The reasons for the decline in demand and falling prices are clear: the slump in construction, inflation, higher interest rates, the oversupply of unsold flats and the general uncertainty resulting from the war in Ukraine.

Under the pressure of the economic cycle, Westas Group's result was, as expected, marginally negative, which can be considered a relatively decent achievement. The result was also reduced by the production shutdown during which improvement investments were made in the sawlines, especially in Pihlava. The investments improved competitiveness through higher efficiency and were aimed at raising the value yield of sawn timber. The group's investments amounted to EUR 8.9 million. The weaker profitability was partly offset by good demand for and higher prices of sawmill by-products. There is scarcity and fierce competition in the raw material markets, and

the possibilities to influence raw material costs have been very limited.

2024 was expected to be a flatter year. At the start of the year, demand picked up and the order book was quite good. What was expected to be a flat year has, however, turned out to be a year of instability due to industrial actions. As I am writing this, sawn timber exports have mostly stopped due to port strikes. However, production continues as long as there is enough storage space for the sawn timber and the sawmill by-products have somewhere to go.

Finland's competitiveness is facing challenges. Work communities should understand that we cannot afford to stagnate. The company must make investments that improve productivity, and the personnel must understand the importance of improving productivity. Production equipment must operate efficiently and without disturbances, raw materials, energy and other resources must be used sparingly and the manufactured goods must be high-quality. That is all there is to it, but theory is one thing, practice is another. ✕

PEKKA KOPRA

## WESTAS

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

Westas Group produces high-quality spruce and pine sawn timber for the domestic market and for global export markets. The Group is one of Finland's largest private wood-processing companies. Its current mills are located in Koski and in Pori.



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# A ONE-PERSON JOB



*Even though many people sell their timber through standing sales, there are also some that decide to go with sales at delivery price just for the fun of doing the work. When you have a farm tractor, trailer, crane, a couple of good chainsaws and one slightly older one as a spare, you have everything you need.*



**U**nto Leveälahti sits down in his armchair and begins to reminisce about the Tommilampi estate that he keeps as a summer place.

— I've been doing some genealogical research, and it has become clear that originally the estate was sold in 1897 to local factory owners who chopped down practically all of these forests. My grandpa came here in 1913 and the estate was partitioned in 1935. This is my mother's childhood home.

The estate of Leveälahti, who lives in Hämeenkyrö with his partner, consists of two smaller estates: his father's childhood home in Pomarkku and the Tommilampi estate.

On the Noormarkku estate Leveälahti's parents had a small dairy farm with just a few cows where they grew wheat, oats and hay for their own needs. They gave up the animals and farming in 1993 when EU regulations entered into force, after which the ten hectares of fields have been allowed to become overgrown.

— The old roads around the fields are intended for small equipment and I would need to make investments to begin cultivating the fields again. I've looked into the matter enough to know that there are at least plenty of rocks there, Leveälahti says with a grin and adds that it could be suitable for growing hay.



### ON HIS OWN FROM START TO FINISH

All in all, the estates have fifty hectares of spruce-dominated mixed forest. The trunks are sturdy and some parts of the forest are 120 years old. As his parents began to age and Leveälahti worked elsewhere, the forests' management fell by the wayside, but now, when the situation has changed, the forest owner has begun clearing the backlog.

– I've been doing farm work since I could push down the clutch pedal on our little Ferguson tractor. I learned about forest management on the job too, but of course my studies at the agricultural college included the basics, he explains.

For now, forestry work has been a hobby, but he does not rule out the possibility of making it his job. Just over a year ago, Leveälahti bought an excavator. He has used it for soil improvement and plans on using it to mound the areas to be regenerated. He intends to take care of other forest management jobs himself too.

But first there's the felling. Based on the best offer, Leveälahti chose Westas as his timber trade partner. It also matters where the wood ends up.

– When I sell to a sawmill, the timber is turned into products with a long life cycle. It really matters to me, he says.

### TRUNK BY TRUNK

Leveälahti has sold wood both through standing sales and sales at delivery price. In the future, he intends to sell annually so that the old forests that have stopped growing can be regenerated. With a farm tractor, crane and a few chainsaws, he can get through stands at a speed of around 10–12 logs per day. He is currently harvesting an area of 0.6 hectares, which is expected to yield approximately one hundred cubic metres of logs according to the forest management plan.

– I was going to make a clearing, but I noticed that there were quite a few saplings underneath so I decided to leave some layers. I want the stand to have all kinds of vegetation. I left a few aspens standing as well as a snag for cavity-nesting birds, he explains.

Before picking up his chainsaw, Leveälahti inspects the trunk as a whole. When the tree has been felled, the forest owner delimbs the trunk and turns it over using timber tongs to inspect it, and then measures and bucks it into suitably sized logs. The bucking is guided by Westas's dimension and quality requirements and matrix pricing, which favours longer and thicker dimensions. The work does not end even after getting to the edge of the clearing.

– When this job is done, I still have twenty cubic metres of firewood waiting to be chopped in my yard, he says.

He intends to continue selling at delivery price, if he has the time. Good equipment and preparation have saved him from any hazardous situations while working by himself in the forest. Regardless, Leveälahti's decision to take care of some of the felling on his own has raised some eyebrows.

– Many people have asked whether that is entirely wise. Why don't I let someone else take care of it? I have the machines already, so why not? This is both work and exercise in one and when the day is over I don't need to go the gym. I don't keep track of how long my days are, but my dad used to say that when the branches get too high it's time to leave, Leveälahti says.

### AT THE TABLE

## FRESH OUT OF SCHOOL, BUT A FORESTRY VETERAN



*In his own words, Oskari Kamppi has been staring at the ends of logs since he was little. These days you can find him in the forest both for work and during his free time, and the best thing about his job is trudging through the forest.*

Oskari Kamppi, who studied at the Tampere University of Applied Sciences, came to Westas for a five-month trainee period a year ago. For the son of a third-generation sawmill worker, it was clear that his future would be in a forest-related industry, but his summer trainee period made it clear to him that he was destined for procurement. The traineeship led to a permanent position and now the forestry engineer, who will be fully qualified after his thesis is completed, is buying timber in the Ulvila–Pori–Siikainen–Merikarvia area.

When a young forestry expert shows up, it can sometimes surprise a forest owner, but Kamppi says that visits to forests are what he likes best.

– Of course winter has somewhat cut back on my treks into forests. I enjoy talking to people and I learn a lot from meeting them. Even though my young age sometimes raises suspicions about my abilities, I get positive feedback too. I admit that I'm just starting out, but I get help from good entrepreneurs who are well known in the region, Kamppi says.

Despite his short stint in the profession, he has become familiar with the day-to-day challenges of forestry work. Weather conditions vary and impact felling and timber transports, especially when the ground is not frozen. There is, however, no point in overanalysing mishaps.

– We always do the work as well as possible and if something gets broken, we fix it, Kamppi says.

Having wandered around in the woods and jumped on forbidden log piles since a young age, it is no wonder that he spends his free time in the forest doing his own forestry work. When asked about alternative professions, Kamppi's response comes quickly.

– If I hadn't found a career in the forest, I would have gone to work in a sawmill. There were no other alternatives, he concludes. ✕



*"Timely management measures and eco-friendly processing methods designed to yield high-quality wood secure forest owners a good log yield and income from forestry."*

– Maija Perävainio

## TIMBER TRADE, HARVESTING AND MAINTENANCE OPERATIONS

*The wood procurement annual cycle follows a rhythm dictated by Finnish nature. Often, however, no two years are the same. Last winter, even Southwest Finland, where the climate is usually milder, enjoyed good harvesting conditions. Now, the harvesting is affected by the approaching spring.*

**L**ast year was a successful one for Westas's wood procurement. Although the sawmill industry was in a downturn and the prices of logs were at a record high, wood procurement took place throughout the year and at a suitable stock level for Westas. The autumn's rains brought poor conditions early on, but the unusually early and cold winter brought a smile to the faces of lumberjacks. Last winter, we were able to harvest many stands that were waiting for the perfect winter conditions.

This year's timber trade started off with winter stands where the idea was to benefit from the winter's last below-zero weather. Now the demand has naturally moved onto

summer and spring thaw stands. Even though Westas's focus, as a sawmill, is in regeneration fellings that mainly produce logs, it is worth offering Westas all types of stands, including first thinnings. The goal is providing comprehensive services for forest owners and proper management of the forests with correctly timed measures. Whatever the timber grade, from logs to energy wood, Westas can find a use for it.

### HIGH YIELDS FROM WELL-MANAGED FORESTS

Westas's service package has been reinforced in forest management services, which are described in more detail elsewhere in this magazine. Timely management measures and eco-friendly processing methods designed to yield high-quality wood secure forest owners a good log yield and income from forestry. Well-managed forests produce strong wood. The goals of forest owners and users of good-quality logs go hand in hand: a good log yield is a matter of honour for both Westas's Forestry Department and harvesting contractors.

The good and timely management of forests is also encouraged through the Metka system, which replaced Kemera. It has been possible to apply for the new Metka subsidies since the start of March. The management of stands and young forests does not require a preliminary plan. It is possible to apply for the subsidy after the work

has been completed. Maintenance work can be performed immediately when spring conditions arise. Other types of jobs need planning and the work cannot start until the subsidy decision has been given. Unlike with Kemera, under Metka it is possible to grant a subsidy for road refurbishment also to individual estates. Unfortunately, the processing of forest road projects is not beginning until later this year. The maintenance of the road network is of utmost importance – it may take a long time before Southwest Finland is hit with winter conditions next.

### ENVIRONMENTAL PROGRAMME SUPPORTS DIVERSITY

This year brings with it the Finnish Sawmills Association's new environmental programme. The programme describes measures with which forest diversity is improved in connection with harvesting. Like in the current environmental programme, measures in the new programme are also voluntary for forest owners. These can be used to support forests' diversity alongside the Finnish Forest Act and certification. The environmental programme will be published in early summer, and the online course on the programme can also be completed by forest owners. ✕

MAIJA PERÄVAINIO  
FORESTRY DIRECTOR



*"The forest management services are offered in collaboration with local professionals."*

– Mika Järri



## A PARTNER FOR ALL STAGES OF THE FOREST CYCLE

*For several years now, Westas has offered forest management services through which forest owners are able to guarantee the high-quality regeneration of their forest stands and lighten their own workload. The operating model is now being shaped to be more flexible and diverse.*

**J**ust over a year ago, Westas adopted a new forest system that has been used since last autumn in both the timber trade and forest management services. Forestry specialist **Mika Järri** started with the company when the development and expansion of the system took place. Järri is standing in for an employee on parental leave in the Koski–Mellilä–Marttila–Lieto–Karinainen–Tarvasjoki wood procurement area, but he spends part of his working hours developing forest management services, building the subcontractor network and training the company's own employees.

– I'm also responsible for the operations of regeneration and clearing worksites and, when needed, I help our forestry specialists choose the most suitable forest management service package for each forest stand and forest owner, he says.

### ON THE FOREST'S AND THE OWNER'S TERMS

The new system allows for a single agreement to be made on forest management measures when making a timber trade. This lets forest owners take care of timber sales, their statutory regeneration obligation and future forest management measures in one fell swoop. The system also offers the forestry specialist access to pattern data, which helps plan the measures.

– Our forestry specialists provide advice and guidance on making a plan. Sometimes the tree species can be changed after felling, if it is the best solution for the forest's growth and future. Our goal is to facilitate the daily work of forest owners and instead of them having to order soil preparation from one place, saplings from another and then planting them in the harvested area themselves, they can get everything they need from one place, Järri explains.

The service offering includes soil preparation, saplings, sowing or planting the saplings, early care of the saplings, maintenance of the sapling stands and preliminary clearing. The service package is agreed on together and the owners

can choose which parts they want. The services are also available to forest owners who have not yet made timber deals with Westas but wish their forests to be managed professionally.

The forest management services are offered in collaboration with local professionals. The regeneration starts with soil preparation usually the next autumn following the harvesting and new saplings are planted the next spring. Over the years, Westas's service has grown in popularity, and we are close to reaching half a million planted saplings.

– Next spring more than 400,000 saplings will be planted through us. On top of this number are the saplings that forest owners have ordered from us.

Järri considers the forest management service agreement to be a three-way deal where everyone wins. The forest owner gets everything from one place with high-quality service. If they wish, they can free up their time for other work and leave the forest management entirely to someone else. For Westas, the forest management service agreement opens up possibilities for more comprehensive co-operation with the forest owner and, for the forest, it means a secure future.

– The goal of our correctly timed and well-executed forest management services is a healthy, thriving forest that supplies high-quality logs and guarantees the owner good timber trade income in the future, Järri concludes. ✕



# YOUR, MY AND OUR WASTE

*All human activity produces waste. Sorting and treating that waste is part of sustainability. Although the by-products from sawing are fully utilised and the process itself is zero waste, a sawmill still produces large amounts of different types of waste. Westas strives to influence these amounts.*

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*"For us, good collaboration with waste management means that we don't need to think about it at all."*

— Kimmo Raita



**P**ihlavy Sawmill produces around a thousand tonnes of waste each year. This includes energy waste, recovered cardboard, metal and mixed waste, and hazardous waste. The single biggest waste type is energy waste, at some 35 per cent.

– In addition to ordinary energy waste, the amount includes packaging plastics, recyclable sawn timber wraps and wrap cores, explains **Kimmo Raita**, Mill Manager for Pihlavy Sawmill.

The amount of mixed waste and scrap metal varies substantially from year to year, especially depending on investments. Large installations to be dismantled usually consist of metal, which goes directly to Stena's metal recycling facility. The materials from demolished buildings and structures end up in mixed waste.

– The sawmill plot is very old, and when the sawmill was built 150 years ago, it was common practice to bury all waste in the ground. The same applies to the oldest buildings. When doing demolition work, one must always be prepared for surprises; the walls can hide almost anything, Raita says.

From a waste perspective, the plot is also otherwise problematic. The yards are old and the sewerage under them is partly inadequate. Especially in the spring and autumn, rain and melting waters pooling in the yards wash bark and loose soil into the rainwater drains and block them. Attempts have been made to solve this problem by improving yard grading and transporting ploughed snow to places where the melting water flows in the desired direction. The waste management provider is responsible for the removal of sewage from the wells, for emptying the waste bins and treating the waste.

Not only the amount of the various waste types, but also their utilisation varies yearly. One trend that stands out in Raita's reports is that waste was previously used more as energy and now as materials. This change has at least something to do with the waste types.

– When a vacuum truck empties the yard's wells from rainwater and sand, this waste can also be utilised as material.

## **CHALLENGE: REDUCING THE AMOUNT OF WASTE**

The waste bins that are emptied weekly are placed near the operations that produce waste. The sorting of waste into the bins is the responsibility of the cleaners and those whose work involves waste. The level of the bins is monitored daily and, if necessary, an additional emptying is requested.

– For us, good collaboration with waste management means that we don't need to think about it at all, Raita says.

The partnership with Veikko Lehti, the company responsible for waste management, goes way back. According to Raita, the fact that Lehti is a local operator and a family business with the right size for Pihlavy tipped the scales when selecting the waste management service provider. Flexibility is also important.

– They have reacted quickly and help has always been only one phone call away.

About three years ago, the waste collecting infrastructure at Pihlavy Sawmill was updated. At that time, a review was carried out together with Veikko Lehti to determine the frequency at which the waste bins needed to be emptied, dedicated bins were provided for hazardous waste and the bins were placed at three different spots on the sawmill plot. Employees were also instructed on how to sort waste.

Among industrial scale operators, Pihlavy Sawmill places just below the average as a waste producer. However, reducing the amount of waste was set as one of the goals in Westas's sustainability report. Considering that the sawmilling process produces no waste and that, except for dismantling, demolition and excavation work, all waste comes from operations surrounding the process, the goal is a challenging one, according to Raita.

– We could best influence our own process, but in this case, the solution does not lie there. Providing the procurement chains with precise guidance is one way to influence the amount of waste entering the plot, and covered storage space should be increased to avoid double wrapping of the sawn timber packages. I believe the recycling ratio could be further improved, he says. ✕





# A HUNDRED YEARS OF WASTE

*As far back as the 1920s, Oskari Lehti engaged in horse-powered professional transport operations subject to a licence. What was originally a one-man business specialised in emptying manure storages and transporting waste from factories has, over the years, grown into Veikko Lehti Oy, a limited liability company owned by the Lehti family.*

*"In addition to single-compartment vehicles, we have vehicles with two and three compartments, which enables them to collect multiple waste types at a time. This reduces travel and benefits the environment."*

— Robin Leppänen



Photos: Veikko Lehti Oy



**O**ver the years, business has grown and regulations have increased, waste types have become more diverse and recycling has increased. All this has made it necessary for the industry to evolve and for operators to expand their service offering. Veikko Lehti

has also undergone a transformation from a waste transporter into a fully fledged circular economy operator. In addition to the management and recycling of ordinary waste, the company's service offering includes the treatment of hazardous waste, data protection compliant services and cleaning and sewage services. The company's clientele includes practically all waste producers from consumer customers to housing companies, from industry to trade and from municipalities to state units.

– Along with the company's growth, the waste amounts have also grown: we annually treat a total of around 150,000 tonnes of waste, says **Robin Leppänen**, Sales Engineer.

Veikko Lehti operates in the Satakunta, Pirkanmaa, Kanta-Häme, Loimi-Häme, Uudenmaa and Päijät-Häme region and currently employs close to 200 people, including contractors and the co-operation network. The company has six sorting centres and its main office is located in Aittaluoto in Pori. Leppänen says that the waste collection fleet includes 60 waste transport vehicles, some of which are powered by biogas.

– In addition to single-compartment vehicles, we have vehicles with two and three compartments, which enables them to collect multiple waste types at a time. This reduces travel and benefits the environment.

### **BECOMING BETTER TOGETHER**

In its current form, waste management demands a lot from customers, but especially from the service provider, who is responsible for ensuring that the waste is sorted, treated, disposed of or recycled as required by law. Documentation must also be in order.

Ordinary waste, such as paper and cardboard, is transported from Pihlava Sawmill to Veikko Lehti's sorting centre, where it is sorted for impurities. After that, the waste is baled and transferred to operators that use it as raw material, such as users of recycled paper. Like ordinary waste, metals are sorted by grade and transported to facilities that process them. Paper to be destroyed for data protection reasons is shredded into very small pieces with a mobile shredder on site, and the shredded paper is delivered for recycling. Mixed waste and energy waste are utilised for energy production at regional thermal power plants, among other things. Before delivering a waste batch, metals, cardboards and plastics are separated from mixed waste and energy waste for recycling. Veikko Lehti collects waste oil from around Finland to be treated, just like other hazardous waste, in the company's treatment facility with an environmental permit.

– Plastics, such as sawn timber wraps, are handled by grade, baled and transported for recycling, says Leppänen

He says that waste management services are being developed together with customers. Customers' waste management issues are reviewed roughly once a year and, if necessary, operations are enhanced through, for example, improved sorting, optimised waste management or training.

– These projects have yielded excellent results. For example, at the Puuvilla shopping centre, we provided the tenants and the shop personnel with training on sorting, targeted communications, sustained what was learned and monitored the results. This significantly improved sorting and increased the recycling ratio, Leppänen concludes. ✕



## **DID YOU KNOW THIS ABOUT INDUSTRY'S WASTE OBLIGATIONS?**

The Waste Act was reformed in 2021 and the reforms entered into force in 2022. The new Waste Act imposed on industry a more extensive obligation of separate collection of waste, which currently also applies to waste from industrial processes. According to the Waste Act, waste with a consistent quality produced in large volumes, such as plastic films, must be separated from other plastics.

Obligations also increased in administration. Industrial operators must report the construction waste resulting from their investment projects separately from the municipal waste from office and staff rooms. They must be prepared to present the authorities with reports on the amount and treatment of these and other waste fractions arising from the operations, if requested to do so. In addition, an electronic transfer document must always be prepared for hazardous waste, construction waste, POP waste (Persistent Organic Pollutants), contaminated soil and certain types of sludge when these are transported to a waste reception facility.



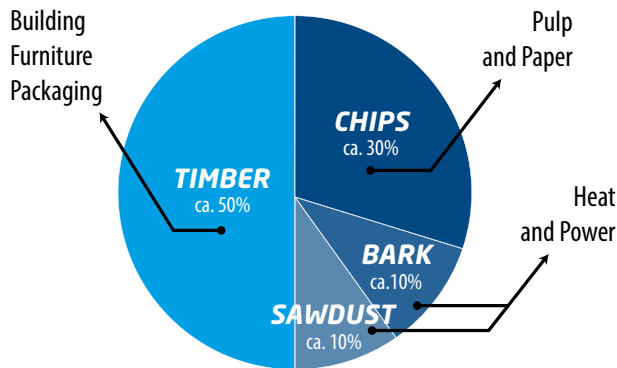
# EVERYTHING FROM TOP TO BOTTOM

*The sawmilling process results in not just one but four products. The role of by-products in a sawmill's product portfolio rarely comes to the fore, although they are of great importance for the sawmill and forest owners alike.*





## BREAKDOWN OF WESTAS PRODUCTION



Info: The Finnish Sawmills Association

*"Rather than waste, the sawmilling process results in products that have a value and a purpose and which improve raw material profits for both the forest owner and the sawmill."*

– Juha Vahtera

When felling log trees in a forest, 20 per cent of the branches are left behind to ensure the nutrient cycle. All other parts of the tree are utilised. They are first sorted into piles according to timber grades, from where they will be transported to their destinations. The logging residues are collected and delivered to energy plants. The small-diameter wood from the tree crown will go to pulp and paper mills to be used for energy, while the logs will continue their journey to the sawmill.

– Logs account for about two thirds of a tree trunk and small-diameter crown wood for one third, explains Westas's Bioenergy Manager Juha Vahtera.

Roughly half of every log arriving at the sawmill becomes sawn timber, while the other half is processed into a variety of by-products for different uses. Sawdust and bark together make up more than 20 per cent, while wood chips account for 30 per cent.

– As a sawmill, of course, logs are what we are after at a felling site, but we also look to maximise the profit the forest owner earns on the entire wood biomass portfolio, keeping natural values in mind.

### NOTHING IS WASTED

At the sawmill, the logs go through log sorting and the log yard to the sawmill feed and the first sawmilling operation, debarking. The debarking machine removes the bark from the surface of the log. The bark is reduced into particles in a bark crusher and transported to the yard where it will dry and heat up in a pile before being conveyed to the incineration plant. The spruce bark from Koski Sawmill is utilised 100 per cent in the sawmill's own thermal power plant, which generates the heat required for drying the sawn timber. Pine bark is also utilised in incineration, but in the summer, the bulk of it is sold for landscaping needs.

– As Pihlava Sawmill does not have its own thermal power plant, all bark is transported to its partner Pori Energia's plant, which supplies the heat required for the sawmill's processes, explains Westas's Production Director Sakari Virtanen.

In the sawmilling process, the chipper canter and the drum chipper produce chips as by-products. These operations also produce sawdust, which is screened and transported to a storage facility. Good production planning can impact the amount of sawdust, but the thinner the pieces sawn from the logs, the more there will be sawdust. After sawing, grading is the only operation that produces by-products. The pieces cut from the ends of the sawn timber pieces and the logs rejected in log sorting before debarking are chipped.

The handling of by-products is part of the sawmilling process, and regular investments are made not only in the machinery used in sawing, but also in the conveyors and screens used in the handling of by-products.

– The most recent investments related to by-products were the modernisation of ground floor conveyors at Koski Sawmill and the screen at Pori Sawmill, Virtanen says.

He says that while the aim is to always process every log into as much high-quality sawn timber as possible, the quality of the chips from sawing also matters.

– Particle size has an impact on, among other things, the chips' moisture content and bulk density, which must meet the customer's specifications. This can be achieved by using the right blades and rotation speeds.

### VALUABLE PRODUCTS FOR DIFFERENT USES

Westas annually produces about 480,000 m<sup>3</sup> of spruce and pine sawn timber at its two sawmills and procures roughly 1.3 million m<sup>3</sup> of wood for that purpose. Both sawmills thus produce significant volumes of by-products.

– Both sawmills daily produce about 8.5 truckloads of

chips, 5 truckloads of sawdust and 2.5 truckloads of bark, says Bioenergy Manager Juha Vahtera.

The wood chips are mainly used as raw material in the pulp and paper industry. The sawdust is incinerated.

– Now, with the energy market undergoing a major transformation, wood chips are also used for energy production in the dead of winter, Vahtera points out.

The long-prevailing notion that sawmilling by-products are process waste with no value is long outdated. For a few decades, by-products have been a significant part of business for Westas, just like for all sawmills. The sawmilling industry would not be viable if it were not for the sensible utilisation of by-products.

– Rather than waste, the sawmilling process results in products that have a value and a purpose and which improve raw material profits for both the forest owner and the sawmill.

Vahtera points out that the customers buying by-products rely on the raw material from the sawmill for their business. The boilers of many energy customers are designed for wood-based fuel, and pulp and paper mills are also dependent on wood chips. Selling by-products also creates jobs. Westas's by-products are transported by half a dozen wood chip trucks round the clock, seven days a week.

Alongside the existing uses, new end uses are constantly being sought for the by-products, and a number of promising product development projects have been launched around them.

– The objective is to increase the added value of by-products and diversify their use in the future. Westas plays an essential role in a number of these projects as a supplier of suitable raw material. ✕



# TRANSPORTING WATTS ON RUBBER TYRES

*By-products are transported from the forest and sawmills to customers, no matter the time of day. The use of raw materials by thermal power plants and industrial operators is carefully planned and scheduled, which means that transport companies must be reliable above all else.*

**S**amu Kivimäki followed in his wheel loader driving father's footsteps when he joined Kyröskoski Sawmill. In next to no time he moved on from sweeping floors to driving, and his main task is now running his own company. Wattaway, which operates mainly in Satakunta and Pirkanmaa, has grown quickly, and in addition to trucks, they have purchased wheel loaders, as well as mobile chippers thanks to a business transaction in 2022.

## **WHO ARE YOU?**

Samu Kivimäki, entrepreneur and Managing Director, Wattaway Oy.

## **PERSONNEL AND TURNOVER?**

Our turnover amounted to around EUR 6 million last year, and we employ 38 people.

## **EQUIPMENT?**

I started out as a part-time entrepreneur and part-time sole trader in 2006 and my equipment consisted of a truck and an excavator. The company form changed into a limited liability company 12 years ago and we bought a wood chip truck at the time. We currently have 15 trucks, three chippers, one mobile shredder and 10 wheel loaders that operate in sawmills and terminals. Some of the trucks transport raw materials to thermal power plants and pulp mills around the clock.

## **WHAT ARE YOU GOOD AT?**

Well everything of course! Our principle from the very start has been that whatever we do, we do it well. I guess one of the reasons behind our rapid growth is that customers have confidence in us and in what we do.

## **WHAT DOES THE FUTURE LOOK LIKE?**

Slow and steady progress and growth. We are not planning on taking any big leaps forward as we did a couple years ago when chipping became part of our business after the acquisition. A timber truck has been my dream since I was a little boy but I was told at home to forget that idea.

## **ARE YOU WORRIED ABOUT THE AVAILABILITY OF LABOUR?**

Currently, our employee situation looks good. The transport industry is funny in that when times are tough there are plenty of people willing to take on work but when things start looking up and we need more people, it gets more challenging to find new drivers. Regardless, I am confident that we can find enough professionals in the future.

## **WHAT DO YOU LIKE ABOUT YOUR JOB?**

The variety. I am sort of the company's jack of all trades. I do everything that needs doing and solve problems, both big and small. No two days are alike and that makes the job interesting.

## **ANY REQUESTS FOR OTHER ROAD USERS?**

Drivers need to look at how they pass other cars. People driving passenger cars try to fit into tiny spaces and they drive in front of you suddenly from intersections. The braking distance for vehicle combinations at highway speeds is close to 100 metres even in dry summer conditions and at least half as much in winter. In addition to the car needing a long distance to stop, hard braking always poses a risk to other road users as well.

## **WHAT DO YOU LISTEN TO ON THE RADIO?**

Radio Rock, although I don't really need to have a radio in the truck. My wife always complains when she rides along that the radio is too quiet, but I feel that they're often blaring too loudly in cars. ✕

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*"No two days are alike and that makes the job interesting."*

— Samu Kivimäki





“Even though my daily work revolves around the equipment, the best part of my job is working together with people.”

— Esa Kinnunen



## UNINTERRUPTED PERFORMANCE AS THE GOAL

*The mill service manager is responsible for ensuring that the sawmill equipment operates safely and without interruption. The manager's work becomes visible when problems occur, but in order for everything to run smoothly and for the sawmill to operate optimally, a lot of planning and daily work goes on in the background.*

**A**s a young competitive athlete, **Esa Kinnunen** dreamed of a career in professional sports. At some point, however, it began to be apparent that sports would not guarantee him a future and his body also started protesting.

— I noticed an ad in the paper for wood technology studies in Pori. After studying there for a year I switched to Kotka from where I graduated with an engineering degree in wood technology in 2001. That I ended up in the industry was the result of a series of coincidences rather than a lifelong dream, he says.

Kinnunen completed the long trainee periods for his studies at a sawmill and ended up at Kyröskoski Sawmill

as a production supervisor upon graduation. In 2009, he transferred to Kyrö Sawmill, where he worked first as a supervisor and then as a production engineer. Two years ago, Kinnunen took on the role of mill service manager at Westas Koski.

### VARIETY IS THE SPICE OF WORK

At Koski, the maintenance team consists of two cleaners, three electrical automation maintenance technicians and four repair technicians. Mornings begin with an update reviewing the previous day's events and disturbances. Roughly half of the day is spent doing routine work, and half is spent taking care of acute situations and planned repairs.

— I wish I had more opportunities to make the rounds and develop things — to get my hands dirty so to speak. There is so much to do however that I have to prioritise, Kinnunen says.

His days are spent on daily routines like reading emails and reviewing orders and offers, as well as all kinds of problem solving, inspections and repairs. Kinnunen explains that he and Production Director **Sakari Virtanen** have made a plan on investment needs for upcoming years. As maintenance employees always participate in dismantling and installation work, the mill service manager tries to get the team involved already at the investment planning phase.

— Even though my daily work revolves around the equipment, the best part of my job is working together with people, he says.

Despite this, he admits that he also enjoys working with the equipment.

— I would like to do more things myself if there was only time. Earlier, I worked in maintenance alongside my actual role and I really enjoyed it. The best way to learn how machines and automation work and what they are made of is when you get to repair them and work on them yourself, Kinnunen explains.

### ANTICIPATION IS KEY

According to Kinnunen, the drives of the main equipment, i.e. the engines, as well as the thermal power plant, are the most critical spots at the sawmill. There have not been any major problems with these and as much proactive planning as possible is carried out.

— If a small disturbance, such as a strange smell or noise occurs in the equipment, we look into it and replace parts. The worst that can happen is that someone reports a deviation but no-one reacts to it, and the next thing you know production is at a standstill. Major disturbances have to be done away with completely in production, Kinnunen says.

No two sawlines are the same; the equipment around the sawing machine always forms a unique system that has been partly modernised and developed in-house over the years. Over the past two years, Kinnunen has come to realise the amount of tacit knowledge embedded in operating the machines.

— If not every day, then at least every week something new occurs. Learning and getting to grips with it takes time, but it's important so that I can do my job as well as possible. My goal is for the sawmill to be up and running and to have as few interruptions as possible, he sums up. ✕



# WHITE CUMULUS CLOUDS ON THE HORIZON

*The developments in the final months of a sluggish 2023 sparked hopes of timber trade picking up in the first quarter of the new year. The positive momentum driven by growing demand and a slight increase in prices early in the year is, however, overshadowed by changes in logistics.*

**T**he first half of 2023 was difficult for the global sawn timber trade. Prices fell in both pine and spruce to their pre-Covid levels: a combined drop of 28 per cent was registered in Finland's top ten export markets for both tree species. At the same time, stumpage prices in Finland rose to record highs.

– It was a difficult equation for all sawmills. Luckily for us, spruce, which is our main species, sold better than pine. Demand for pine was really weak throughout 2023, recalls Westas's Sales Director **Erkki Koskelo**.

As autumn came, the market started to show signs of recovery, however, and in the new year, sawn timber prices improved slightly. Nevertheless, the high raw material price continued to weigh on profitability, and simultaneously, freight prices started to rise as several vessels sailing to East Asia started to go round the African continent due to the unrest in the Middle East. This led to a significant increase in container prices, and the increases also hit the vessels operating in the Mediterranean and making a stop in Israel.

– In this market situation, it has not been possible to pass the higher freight costs directly on to customer prices. However, thanks to good collaboration with customers, we have been able to negotiate solutions that both parties are happy with, Koskelo says.

Koskelo predicts that the most challenging times for freight traffic are still ahead of us as the longer container turnover rate resulting from increased transport distances begins to show in the availability of containers. He does not believe the high prices will come down.

– Even if the unrest were to ease and navigation through the Suez canal were to resume, I believe freight prices will remain at their high level. Trailer prices in Central Europe have also risen on the back of Germany's rising tariff per kilometre, among other things.

## EUROPE IS BUILDING WITH WOOD

Customers' low inventory levels and increased use of wood have translated into higher trade activity in Europe. Unlike

many other countries, France was consistently strong throughout last year and even increased spruce volumes by 11 per cent. At the same time, prices fell by 26 per cent, and freight prices to France have remained higher than to East Asia. Trade activity is still high, although price development has been weak compared to, for example, Germany.

In the UK, where the market has been trending downward for some time, consumption has begun to grow. There is competition with Swedish sawmills which have gained market shares in the country. In Germany last year, spruce consumption fell by 12 per cent, which is exceptional for a traditionally strong market. Towards the end of the year, the trend started to reverse, and both demand and the price are currently returning to a good level.

– In Germany and Europe, wood use is growing overall. Building with wood is much more prevalent compared to Finland, Koskelo says.

Estonia, Latvia and Lithuania have an abundance of wood-processing industry serving the Central European construction industry. As a result of the sanctions on Russia, several Baltic operators have turned to Finnish sawmills for their raw material needs, and Koskelo says Westas has also entered a number of new partnerships precisely in these countries.

– Business is steady and new inquiries are coming in weekly.

## CHANGES IN POWER RELATIONSHIPS

The Chinese market woke up in the autumn after a few quiet years, and demand picked up. The price level continues to be very low, however, and growing freight volumes are slowing a return to full-scale trading. Towards the end of the year, trade was brisk for spruce boards in particular, but demand for pine remained weak, just as in the other markets.

Japan, which had retained its position as Westas's biggest export market for years, fell to second place behind Germany. The primary contributor to this was the pine laminate trade, where export volumes have declined due to a weak price development. Spruce Genban, in contrast,

has enjoyed steady demand, and its price level has also remained stable.

North Africa's strong pine market countries are known for their cyclical trade and diverse challenges. In Algeria, trade is regulated through licences, the opening of which made export volumes surge by up to 56 per cent last year. The price level remained weak, however, and this year has once again started with licence challenges. In Egypt, in contrast, demand is brisk and prices are also on their way up. High construction activity increases demand especially for lesser grades used in, for example, concrete casting and scaffolding.

The war in Israel has not affected sawn timber trade. Domestic demand has remained at a reasonable level, but prices have fallen significantly. In the Middle East, Saudi Arabia, which was a growing market before 2023, has been subdued for a long time.

The mood is downbeat also in Finland. Lumberyards are still buying goods regularly, although in smaller volumes. Planing mills engaging in export business have succeeded in retaining their volumes, but the situation for house factories is very weak. Koskelo believes it will take two to three years before construction and consumer confidence come back.

– All construction is stalling in Finland. Consumer confidence is zero and the home sales market is frozen. Small-scale construction needs were largely fulfilled during the pandemic, and now construction companies are starting to go bankrupt. The rise in interest rates has also taken many by surprise. People need time to wrap their heads around the idea that they must actually pay for the money they borrow.

Despite the gloom and doom in Finland, Koskelo expects the spring to be bright in other respects. Inquiries keep coming in from around the world, the order book is good and prices will hopefully continue rising. As for the autumn, it is impossible to say anything at this stage.

– We will have to wait until the end of the second quarter to gain a clearer picture of the autumn outlook. At least for now, the clouds on the horizon are not dark. They are more like white cumulus clouds. ✕



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*"In Germany and Europe, wood use is growing overall. Building with wood is much more prevalent compared to Finland."*

– Erkki Koskelo





*"By selling wood to a local operator forest owners support the local economy and build shared prosperity."*

— Tino Aalto

# SAWMILLS ARE LOCAL COMMUNITIES' ECONOMIC ENGINES

*The advocacy carried out by the Finnish Sawmills Association is more than just work for the benefit of independent sawmills. It is a form of engagement that is reflected in the daily life and well-being of the sawmill towns and cities and their residents.*

Photo: The Finnish Sawmills Association





**T**ino Aalto took on the position of Managing Director at the Finnish Sawmills Association in October 2022. He had previously worked, among other things, as a Special Adviser to the Minister of Transport and Communications and as Head of Innovation Policy and CEO's Advisor at Technology Industries Finland. According to Aalto, he had no previous experience with sawmills. Or maybe he did, after all.

– I spent my childhood in Aura, a small municipality which, like so many of its kind, was home to a sawmill. There was also a sawmill in Kyrö, right across from my secondary and upper secondary school. And yes, my father used to work at a sawmill in Yläne, Aalto says.

When a recruitment consultant contacted Aalto, he began learning about the industry. Although he had some sort of an understanding of the importance of the industry for Finland, he was surprised by the sawmilling industry's role in and share of the export industry.

– I have always had a calling for exports. If exports are successful, they make it possible to take good care of the state and its people. I felt that by accepting the role I was offered I could contribute to this.

### **ENGAGEMENT AND COMMUNICATION**

The Finnish Sawmills Association's new 5-year strategy was published at the end of last year. The strategy's main advocacy priorities are securing the availability of wood, continued use of sawmilling side streams for energy production and finding new applications for these fractions.

– It is our task to ensure that these areas are not subject to negative regulatory impacts and to participate where it can make a difference.

Adding to the challenges are EU-level initiatives related to the use of forests, the climate and the energy use of wood, and an unstable regulatory environment. In addition to keeping track of the implementation of the forest industry measures entered in the government programme, attention in Finland must be paid to the national biodiversity strategy and the Deforestation Regulation, among other things.

– It is important to participate in different forums to prevent creating unnecessary obstacles to forest industry operations. In addition to the availability of wood, we aim to ensure that the protection of forests is genuinely focussed on ecologically valuable sites and that the criteria for protecting old-growth forests will be clear and well defined to avoid problems. The tax exemption on solid biofuels must also be safeguarded.

In addition to the ever-changing regulatory framework, the historically high price of wood raw material and the simultaneous global construction crisis have made their mark on the daily operations of the Finnish Sawmills Association's office and its member companies.

– The operating environment is a sum of multiple factors and we must bear in mind that while this advocacy mainly takes place in Finland, we are also advocating for the sawmills' foreign customers by protecting the interests of the sawmills. By shaping the regulatory environment, we aim to safeguard the steady supply of raw material and sawn timber also in the future.

Communications is an important part of engagement. Aalto sheds light on the industry's challenges linked to mental imagery. One of the sources he makes reference to is a study conducted by the Metsämiesten Säätiö Foundation, which reveals that citizens' attitude towards the acceptability of forest use is based on false assumptions.

– Our aim is for the different stakeholders to have an accurate, up-to-date picture of the sawmilling industry, the actual level of forest use and the industry's key role in fighting climate change as a supplier of products with long-term carbon sequestration for wood construction.

Aalto challenges decision-makers and stakeholders to engage in active dialogue with sawmills. This dialogue, he believes, will not only convey accurate information, but it will also generate new ideas and projects on how the operating environment could be improved and export revenues increased, thus increasing regional well-being.

### **BUILDING A SHARED FUTURE**

The past year has been marked by hard work and frequent visits to sawmills, but it has also given Aalto some Aha! moments. He did have a certain level of understanding of the industrial scale and modernity of sawmills when he started out as the Managing Director, but even so, he has been impressed to see just how modern and fully optimised sawmills currently are.

– Another eye opener has been the location of the sawmills. It was obvious to me that sawmills were not located in town centres, but I had no idea how important they were as engines for the local economy and for maintaining economic activity in their surrounding communities. The clearer this has become to me, the greater the pride I have felt in our industry.

Aalto reminds forest owners that by selling wood to a local operator they also support the local economy and build shared prosperity. On the other hand, the strength of independent sawmills as wood buyers – their desire to maximise log yield in a stand – shows directly in the income earned by the forest owner. Aalto is confident that this will continue to be the case going forward.

– I firmly believe that the best days are still ahead for the sawmilling industry. The green transition takes a concrete form in wood construction, and sustainable development requires sawn timber. According to some estimates, the global use of wood products and wood will double within the current decade. ✕



# WESTAS

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



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