

Subsidies will kill us, says Egger plant chief

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THE [boss](#) of one of Northumberland's biggest businesses warned of a "potential crisis" in its industry yesterday – due to government subsidies for 'green energy' firms.

Bob Livesey, joint managing director at the Hexham-based Egger UK, believes the wood panel industry is under threat from the bio-energy sector, which enjoys significant government support.

Concerns have been raised for the 1,500 jobs associated with the plant because it says it is being priced out of the market by government-subsidised electricity generators.

And while Mr Livesey dismissed suggestions that jobs were at risk, he declared: "From an industry point of view, the crisis is real unless we can get the Government to change its policy in the next 12 to 18 months.

"We have tried to keep away from sensationalism about it and go through proper political channels – but we have to make sure that the Government sees sense."

A European Day of Action within the wood panel industry went ahead yesterday – and at Egger a major debate including MPs, the county council, timber industry delegates and the North East Chamber of Commerce was held in the company boardroom.

All 16 delegates gave their support to Egger under the Make Wood Work slogan and Hexham Conservative MP Guy Opperman said afterwards: "There was no question that everybody stands four-square behind Egger.

"Some limited subsidies I can live with, and so can Egger, but there is an unfair emphasis and something needs to be done about it."

Mr Opperman was part of a cross-party group which met Minister for Climate Change Greg Barker this month and will meet him again in November.

"We put our case but he can't make any commitment, as no minister can at the present stage," he added. Among the delegates at Hexham were MEP Fiona Hall, Northumberland resident Lord Vinson, a member of the House of Lords, Forestry Commission regional director Brendan Callaghan, Chamber of Commerce head of member relations Jonathan Walker and directors from four other major timber firms.

They heard that current UK wood demand was outstripping supply and while annual production and supply totaled 12m tonnes, biomass generators would be needing 28m tonnes within five years, while the annual UK yield would peak by 2020.

Because the Government provides subsidies that allow bio-energy generators to buy at more than twice the price for the wood panel [industry](#), the scales have been unfairly tipped.

“What we are asking for is a level playing field,” Mr Livesey added. “We are not against the biomass industry – indeed, we invested recently in that area ourselves at Hexham – but there should not be unfair competition.”

Egger, the second-largest wood panel source in Europe, employs almost 500 people at Hexham and has invested millions of [pounds](#) in the plant in recent years. This month it invested in its own subsidiary Timberpak, opening a recycled wood supply unit at Washington which created ten jobs.

The Wood Panel Industry Federation is conducting a campaign and WPIF’s director-general Alastair Kerr says the situation can only get worse as long as more and more energy projects go ahead.

“Wood prices could potentially rise to a point where they meet that paid by generators for imported material,” Mr Kerr said. “This will put thousands of jobs in the UK wood panel and associated industries at risk and has the potential to escalate costs for the construction and furniture industries.

“The Government’s renewable energy policies – specifically support for biomass – are directly damaging the competitiveness of the wood panel industry in the UK. If nothing is done to amend this policy, I fear the wood panel industry will continue to shrink and could eventually disappear from the UK altogether.

“Critically, we will have sacrificed an entire industry for the very small contribution to the UK’s targets for reducing greenhouse gas emissions that wood-fired power stations represent.”

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