

1,500 Factory Jobs At Risk

Evening Chronicle (Newcastle, UK)
October 29, 2010

UP to 1,500 jobs are under threat at one of Northumberland's largest employers.

The Egger UK chipboard factory, in Hexham, is in danger of running out of wood.

It is being priced out of the market by Government-subsidised electricity generators.

The boom in eco-friendly biomass boilers has left Egger struggling to meet its needs, posing a threat to the company's future.

Joint managing director Bob Livesey said: "The reason our timber supplies are threatened is down to the growth in power generation fuelled by timber.

"Although it is claimed by the power generation industry that its timber requirements will be sourced from locations such as South America, it is widely believed that it will use UK Government subsidies to source timber from UK resources."

Ironically, the Egger factory itself switched to wood power in 2007, when it invested in its own biomass energy plant.

But Mr Livesey said: "We use wood that has no further productive use such as dust to heat our production processes.

"Both existing and planned North East and national power stations, use any type of timber, whether it is straight from the forest or recycled.

"Furthermore a crucial factor is that the power generators receive Government grants allowing them to pay significantly more for timber than we are able to."

Egger directly employs close to 500 employees at its site in Hexham, with another 1,000 people in the forestry and haulage industries dependent on the plant for work.

To stave off the threat, Egger subsidiary Timberpak Ltd, which is responsible for sourcing recycled timber for the Hexham plant, is opening a recycling plant on a four-acre site in Washington.

The site will process recycled wood it collects from manufacturers and facilities including civic amenities sites from around the North East.

The site is expected to create 10 new jobs, opening in January.

The use of recycled timber is a key component of Egger's environmental commitment.

The Wood Panel Industry Federation, which represents wood-based panel manufactures in the UK, is now campaigning on behalf of companies like Egger for a fairer deal from the Government.

A WPIF spokesman said: "As an industry we believe that wood should be used and processed as many times as possible.

"It can be used to make furniture, recycled, made into chipboard and made into furniture again before finally being burned when it has reached the end of its useful life."