



# SUSTAIN THE WOOD VALUE CHAIN

The wood-based panels industry is facing a crisis because of the rapidly growing demand for wood from a subsidised competing sector:

**ENERGY!**

## The European Panel Federation calls on European legislators and Member States

- **To rethink the subsidy provision and level the playing field**
- **To put pressure on the European Commission to conduct a proper evaluation of the National Renewable Energy Action Plans (NREAP) based on appropriate criteria and take into account the carbon life cycle of wood.**
- **To analyse the differential between wood supply and demand, when the NREAPs are being controlled**

The incineration of woody biomass for energy generation is increasing to levels that already affect the availability of wood (raw and recycled) in the EU. As a result pressure is building on all forest industries, but woodworking has been particularly affected.

According to a UN study, the global timber harvest in Europe in 2009 was estimated at 446 million m<sup>3</sup>, of which 253 million m<sup>3</sup> was used for industrial purposes and 193 million m<sup>3</sup> for energy generation. Currently, the growth rate of the use of biomass and wood for energy production is over 20% per year. Due to strong subsidies for the renewable energy sector, Europe's demand for wood-based energy sources is predicted to grow even faster in the near future— with alarming consequences for the woodworking industries in the EU.

Despite a slump in wood demand from woodworking industries during the economic crisis, wood prices have risen considerably due to growing resource competition between the energy and the product manufacturing sector. In the UK for instance, wood prices have increased by 30% over the past 4 years. Subsidies allow energy firms to outbid traditional users rather than encouraging them to develop innovative new ways to generate power. Let's face it, wood burning is hardly a revolutionary technology. Subsidies give the UK energy sector the ability to pay an excess (€92) per tonne. As a result of such subsidies and other widely varying measures, the market price of softwood chips in Europe has increased by 30 to 50% during the last 5 years.

National subsidy systems for energy production from woody biomass, aiming for the Member States to comply with the EU rules on renewable energies, are therefore slowly eroding one of the most important and economically valuable industry sectors in Europe.

This shift from use of wood as a resource for product manufacture to biomass for energy is counterproductive. As well as being damaging to the environment and to the economy it will inevitably have a significant impact on employment amongst the wood using industries it displaces. Subsidies for energy production from biomass have unintentionally made it more profitable to burn wood than to use it as a raw material for product manufacture. Wood is a valuable and vital resource for the European economy and environment and shouldn't be wasted!

# SUSTAIN NATURAL VALUES

## DID YOU KNOW ?

- For every tonne of wood, wood products provide 54 man hours of work while energy generation only provides 2 man hours.
- The wood industry generates €1044 for the European economy for each tonne of dry wood it processes. By comparison, burning a tonne of wood to generate energy only contributes €118.
- The wood sector creates 25 times more employment, 10 times more added value and offers better job security than the biomass production.



The woodworking industry is a strong contributor to economic recovery and a provider of welfare in the EU

In 2008, the European woodworking industries accounted for a turnover of more than €270 billion annually and provides 2.4 million jobs in the EU. Representing 9% of this, the panel industry plays a key role by giving value to byproducts from harvesting and wood processing delivery high quality, light and affordable products for building and furniture.

The forest-based industries are crucial for the survival of the rural economy

The wood industry consists of about 280,000 SMEs in Europe, 75% of which are located in rural regions thus providing a large majority of the jobs in more remote and less industrialised areas.

Wood panel industry is essential in the value chain of wood

The world furniture production is worth about €260 billion, for which Europe accounts for 30%. The furniture industry remains by far the largest end-user market for the particleboard in the EU. The EU furniture sector is worth €130 billion and it is growing 1.8% on an annual basis.

## NOTE TO EDITORS:

The European Panel Federation (EPF) represents the European manufacturers of particleboard, MDF and OSB from 29 countries. The sector includes more than 180 factories- which are mostly located in rural areas. In 2009 the industry produced 34.6 million m<sup>3</sup> of particleboard, 12.2 million m<sup>3</sup> of MDF and 3.3 million m<sup>3</sup> of OSB, generating a turnover € 25 billion.

For more information: [www.europeanpanels.eu](http://www.europeanpanels.eu)