

Dear colleagues,

With the first newsletter “Tackle Climate Change: Use Wood” I intended to inform you on the excellent environmental credentials of wood and wood-based products, in particular in relation to climate change, and about the socio-economic importance of the European woodworking industries.

With this second newsletter I want to bring to your attention another “hot” topic on the European agenda related to wood, namely the focus on renewable energies in the energy package published by the European Commission on January 10<sup>th</sup> 2007 < *COM(2007)1 final - COM(2007)2* >.

Global warming and climate change should be dealt with, but always taking into account the socio-economical impact of the proposed measure. Due to the “burning” need of the European Union to invest and promote biomass energy throughout the European biomass action plans and the RES-policy, the woodworking industries are now experiencing severe challenges.

The attached joint position paper of the woodworking industries and their social partners clearly states that they are in favour of developing biomass energy, but not at any cost. The national Biomass Action Plans should focus on making more wood available in order to foster not only the further development of biomass energy, but also foster the European woodworking industries. Sustainable availability of wood at a competitive cost level is crucial and should be assured.

I truly hope that the reading will give you some more insight all aspects regarding biomass energy and its synergies with the future of the European woodworking industries.

Collegial greetings,

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**Social partners demand the recognition of wood-based products as carbon stores with a positive contribution to climate change!**

*Authorities at European, national and regional level must focus their “Biomass action plans” on making more wood available in order to foster the European woodworking sector as well as the further development of biomass energy*

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The European woodworking industries provide work for 2.7 million employees in some 270,000 companies generating an annual turnover of 226 billion EUR in the EU-25. Firms are often located in remote, less industrialised areas, making an important contribution to the rural economy. This diversified industry covers a wide range of activities, from forestry and sawmilling to the production of wood-based panels, from construction products to packaging, pallets and furniture. Sustainable availability of wood at a competitive cost level is crucial for the sector for which CEI-Bois and EFBWW are recognised by the European Commission as the social partners in the European Sectoral Social Dialogue.

Wood is a renewable and multi-functional resource. On the one hand the wood-based industries experience an expanding demand for wood as a raw material. This is thanks to the increasing popularity of wood-based products, which store the CO<sub>2</sub> captured from the air by trees and can thus be considered a carbon store. Increased use of wood products hence takes more CO<sub>2</sub> out of the atmosphere thereby creating a carbon sink. Moreover, continuous improvement of recycling rates of wood and wood products through considerable investments in modern technologies increasingly prolong the lifecycle of wood-based products. On the other hand, the wood-based industries are pioneers in the field of energy and electricity generation based on biomass. The use of wood both as a renewable raw material and as a renewable energy source represents a vital contribution to the mitigation of climate change.

Regretfully however, the European, national and regional policies to support energy from renewable sources are inequitably benefiting new players entering the wood-using markets. Wood biomass is readily available for energy producers. Since they receive various types of subsidies, they are able to pay more for wood raw materials. This distorts wood raw material markets to an increasing extent and does not contribute to making more wood available in a sustainable way, but rather creates additional competition on currently mobilised wood resources.

Because of their practice and experience - and considering the great variety of wood applications - the woodworking industries are the most competent partner when it comes to developing a strategy to

secure a sustainable framework for the wood value chain. Consequently, the entire forest-based industries chain - comprising forest owners, woodworking sector, pulp & paper producers and downstream industries – is ready to provide its extensive expertise in the course of the development and fine-tuning of a policy specifically focussing on the utilisation of biomass for either thorough mechanical valorisation or energy generation. Furthermore, by active involvement in sustainable forest management the woodworking industries are and have for many years been contributing to a sustainable use of their natural wood resources, the principal accomplishment of which is illustrated by a steady expansion of European forests.

Therefore, CEI-Bois and EFBWW jointly say: Yes, to a cleaner environment, yes to a breathable world, but a clear NO to any approach jeopardising the future of 2.7 million workers and their offspring! Over the last 12 months, the increasing competition with the energy sector has increased costs for timber with up to 10% and the wood raw material costs for the panel industry with 20-30% and in some regions even 50%. Consequently, the costs for the production of furniture have risen with up to 10% in some segments, whilst also wood-based construction elements have become more expensive. This all results in significant cost increases for the consumer and obvious inflationary pressures and it could lead to further closures in the wood-based industries.

To avoid such a scenario, CEI-Bois and EFBWW want to ensure the continuous availability of wood raw materials on a sustainable basis, the safeguarding of the competitiveness of Europe's woodworking sector and job security, as well as the full exploitation of the role of wood and wood products in mitigating climate change. Therefore, the authorities must:

- Develop actions to foster the sustainable expansion and use of forests and plantations at European and worldwide level with a view to making more wood available for the production of carbon storing wood-based products as well as for the production of renewable energy. This shall include support for activities regarding efficient recovery of forest residues; for development of short rotation forestry and biomass energy crops ; for establishing efficient logistic systems for the transport and distribution of biomass and support for implementation of programmes conceived to exploit the large potential of still unused biomass in an economical and sustainable way.
- Stop the direct and indirect subvention to energy installations using woody biomass, since this is distorting competition on wood raw material markets and jeopardising the future of the forest-based industries as well as of society as a whole.
- Recognise increased use of wood-based products as carbon sink under the Kyoto Protocol, thereby formally acknowledging the positive contribution of wood-based products to climate change mitigation.
- Foster the recycling of wood by-products and residues and therefore support collecting, sorting and cleaning technologies and improve waste regulations and related research.
- Recognise the superior eco-efficiency of wood-based products versus other materials and their supreme properties in recycling with minimal energy use.
- Respect the value chain of wood and wood-based products. To achieve this, it is essential that, before taking decisions on measures to increase the use of wood for energy production, to always involve the wood-based industries as the competent key partner. This shall ensure optimal mobilisation of wood taking account of the specific regional situation.

CEI-Bois and EFBWW offer to co-operate with all stakeholders in elaborating the best possible solution for the climate change problem. This endeavour being by no means simple, requires a basic willingness to understand the fundamental role of wood and wood-based products in the process of monitoring and reducing emissions of greenhouse gases. In fully validating the supreme qualities of wood in this respect, the European Union already has a natural and invaluable tool in its grasp. Failing to recognise this opportunity would be a historical error and a colossal injustice towards the woodworking industries and future generations.

Signed in Brussels on 24 October 2006,

For CEI-Bois

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