

**EPF Chairman Paolo Fantoni's Speech during the EPF Annual General Assembly in Porto,
29th June 2017**

This year our acknowledgement and thanks are not only addressed to the Hosting Member Sonae Arauco and to their truly appreciated high quality levels and the amazing hospitality reserved to all of us, but also they are a message of a new era emerging within EPF representation through which new expectations expressing an intercontinental vision are raised from intercontinental players.

On the one hand, this enlarged point of view offers our Federation a wider perspective. On the other, however, we cannot deny that our duties and responsibilities will change accordingly and get even bigger.

Furthermore, it is my prerogative to highlight how we, a group of industries and as a whole in this sector, have lost a great opportunity by not being able to engage our products via the TTIP agreement in order to develop a more solid alliance with our American partners.

On the contrary, we are still suffering from the conspicuous increase of local initiatives fostering and reinforcing aspects of protectionism that may rapidly develop into barriers to free market trade. This is a practice that EPF radically deplors.

European Union Countries have long ago abandoned the sectoral industrial policy based on fostering the single activity, while environmental politics are widely spreading and have almost overcome Industrial politics.

In the past twenty years nothing has been more effective than the Kyoto Protocol, along with its further revisions and the Circular Economy Package.

Recent statistical studies from the European Commission have highlighted that the panel board industry has incurred a disproportionate amount of costs resulting from EU policies and legislation. In the period from 2005 to 2014, wood-based panels incurred an additional +10.8% of costs (as a share of value add) due to the Community politics, while the wood industry in total recorded in the same period a +4.9% figure due to the same influencer.

Moreover, the panel board industry has registered a reduction in the production capability of 7 million cubic meters in the last ten years, almost equivalent to 10% of the overall European capability, most of which results from a relocation of production sites into countries with lower cost impact.

In this scenario, the European Panel Industry has the right to look suspiciously at the forecasts of the renewable energies target, set at 20% for the 2020, 27% for 2030 and threatened now by a demand requesting 40%.

In 2016 the amount of renewable energies produced in Europe was 16% of total demand. Half of this came from wood, meaning that 8% of all energy in Europe came from biomass sources. The idea of persevering or even augmenting the consumption of wood for energy is no longer frightening only to manufacturers but it is of grave concern to environmentalists as well.

During the 2016 Venice Declaration regarding the Circular Economy, many aims of our Federation have been rolled out:

- Equalise the pressure on the wood availability between industrial and energetic use
- Consolidate the idea around the efficiency of using wood as a resource
- Eliminate any existing bias resulting from the application of combustion incentives
- Stimulate targets concerning wood recycling.
- Establish a threshold to the overall amount of wood destined to landfills
- Stimulate a greater demand for wooden-based products in order to increase CO₂ storage.

At the same time, we are experiencing fundamental successes and we are widening our principle of communality:

- The idea of eliminating inefficient wood combustion subsidies for the sole aim of producing electrical energy is now gaining wide support
- The efficient manner of considering multiple lives for materials under the “Cascade use” logic is finally getting recognized
- The Circular Economy Package has set the aim of recycling all wood and thus eliminating all wood waste from landfill.

In this context, our perception on the recent legislations concerning the Circular Economy Package is two-folded. We experienced a true satisfaction regarding quantitative results (an increase in the recycling levels was registered) but we are slightly less positive on the qualitative results acquired where we were hoping for greater braveness and initiative.

We would have desired documents to go more deeply in detail especially on the “Cascade use of wood” definition, privileging the “Best Practice” introduction through which the National politics are addressed.

At the same time, we would have desired more evidence of the Extended Producer Responsibility in order to promote the establishment of national virtuous circles to favour wood recycling. Therefore, we would like to applaud all European mattress producers who are going through the analysis of such process that will lead them to be back in charge of their goods during the final life cycle phase and responsible for the separation of the various materials composing the mattress, a process already shared and taken on by the packaging manufacturers.

In the same way, our applause goes to all those purchasing initiatives of Public Administrations that require the office furniture manufacturers to take responsibility at the end of their product lifecycles.

The Wood Industry is therefore consolidating its image of Best Performer within the Circular Economy. This must be due to the fact that our technological capabilities are able to separate, clean and recycle wood, not merely because wood is an easy-to-burn material.

A melamine panel board must be able to be reprocessed and become once more a melamine panel board to create multiple lives of wood.

In this way, we will be able to change the perception of wood from being a scarce resource to let it become a widely available material for the entire civil society. This way of thinking is at the core of our EPF Federation and gives great value to all of our work, and must become a worthy accomplishment.

Finally, I would like to thank all EPF Members for having supported the continuation of my Chairmanship for the second biennial mandate 2017-2019 as per the Managing Board proposition on 29th June 2017.

Oporto, 29th June 2017

Paolo Fantoni
Chairman EPF