

EPF ECONOMIC REVIEW. THE WOOD-BASED PANELS INDUSTRY IN EUROPE

EPF Chairman, Mr Paolo Fantoni, welcomed over 200 participants in the EPF Annual General Meeting held in Venice, Italy, last July 2016. Introducing the open part of the General Assembly, Mr Clive Pinnington, EPF Managing Director, presented an economic review of the wood-based panels industry in 2015 with forecasts 2016. Figures were drawn from the recently published 'EPF Annual Report 2015-2016', an extensive compilation of industry statistics collected by the Federation.

In 2015 particleboard production went up by 1.5% to 29.1 million m³ and is expected to continue this positive trend in 2016 with a further 1.1% growth.

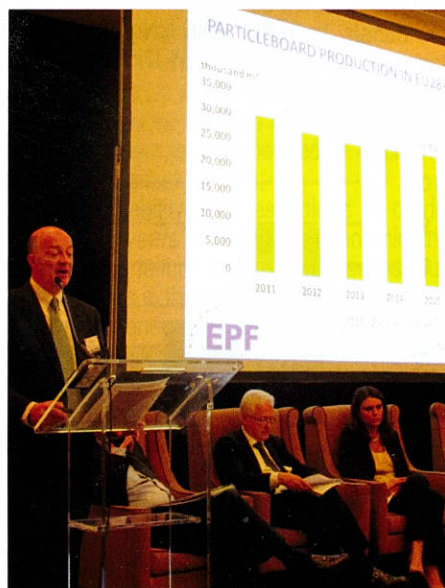
Medium Density Fibreboard (MDF) production showed an even greater increase of 2.7% in 2015 rising to 11.8 million m³. Production capacity of MDF in Europe is forecasted to increase up to 15 million m³ in 2016 (it was 14.8 million in 2015).

Oriented Strand Board (OSB) production improved by 3.9% in 2015 and amounted to 5 million m³. Production capacity of OSB in Europe is forecasted to increase up to 6.4 million m³ in 2016 (it was 6.0 million in 2015).

Hardboard production went up by 9% and amounted to 616,000 m³ whereas **softboard production** showed an increase of 10%, reaching 4.4 million m³ in 2015. Production capacity of Hard & Softboard in Europe in 2015 was 1.4 million m³ (Hardboard), 3.5 million m³ (Softboard rigid), and 1.8 million m³ (Softboard Flex).

All production figures for particleboard, MDF, OSB, hard and softboard are related to the EU28 and EFTA.

Plywood production increased by 1% in 2015 to 2.8 million m³ and is expected to rise by an additional 3.5% in 2016, to reach 2.9 million m³ for total EU28.



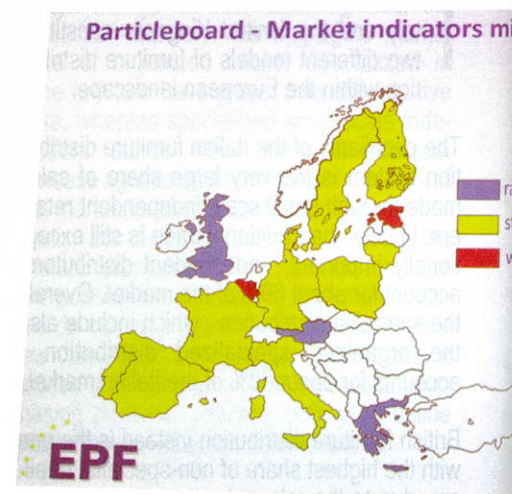
Mr Clive Pinnington, EPF Managing Director, presenting an economic review of the wood-based panels industry at the EPF Annual General Meeting in Venice, July 2016

Together these figures represent a growth of 3% in 2015 for the wood-based panels industry in terms of production volume:

A geographical analysis of the annual figures was shared, showing the relative size of each country in the production of particleboard, MDF, OSB and plywood.

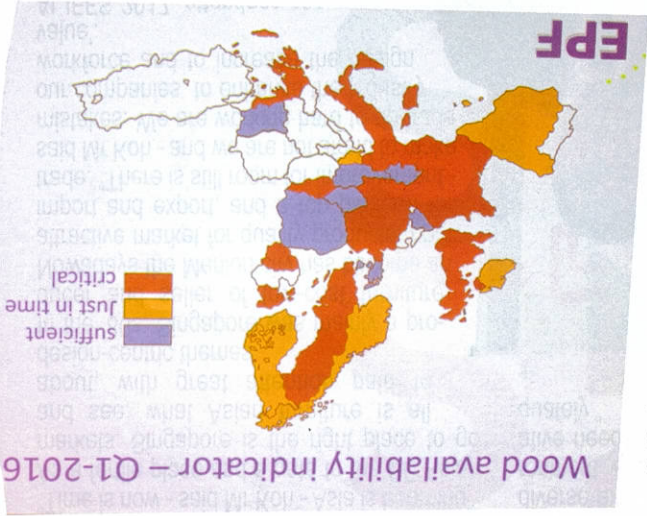
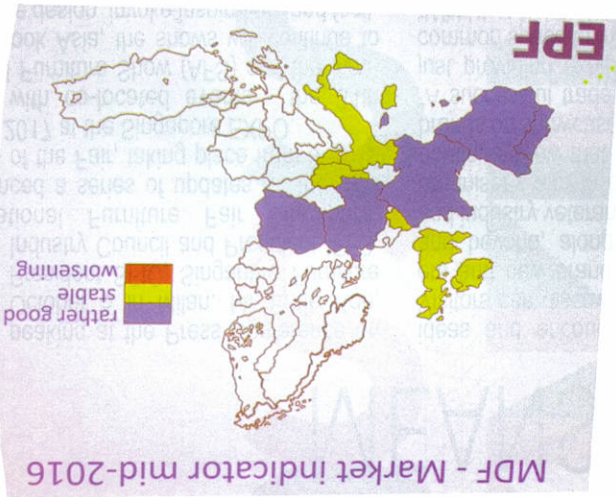
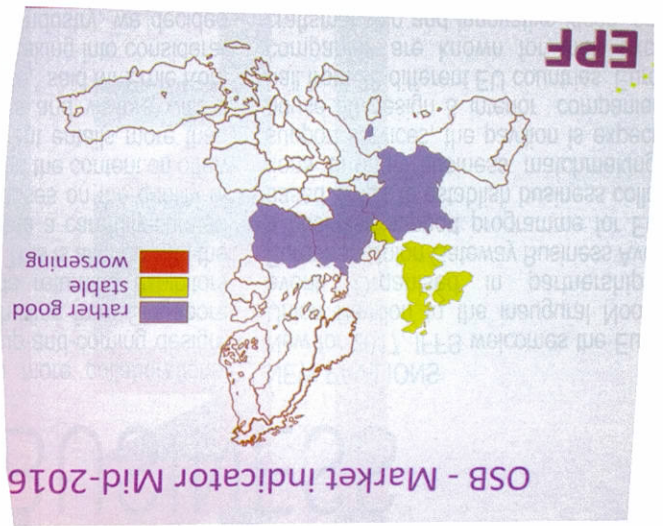
Production (million m ³)	Countries	2015	2014	2015 v 2014
Particleboard	EU28+EFTA	29.1	28.7	1.5
MDF	EU28+EFTA	11.8	11.5	2.7
OSB	EU28+EFTA	5.0	4.8	3.9
Hardboard	EU28+EFTA	0.6	0.6	9.0
Softboard	EU28+EFTA	4.4	4.0	10.0
Plywood	EU28+CH	2.8	2.8	1.0
Total		53.8	52.4	3

Source: EPF



EPF reported that the industry is guardedly optimistic about the future, predicting stable to good outlooks in all markets. However the industry is greatly troubled by the increasingly critical status of wood availability, as measured by its own research.

After the presentation of the 2015 results, the topic of the 'Circular Economy', and especially how the 'Cascade Use of Wood' can help to optimise our approach to this valuable resource for Europe, became the focal point of the discussions (see also the article 'The Venice Declaration co-signed by EPF and



industry in the eyes of the general public as a leader in Europe's drive towards a circular economy and resource efficiency.

4. Construction - To increase the use of wood-based panels in the construction industry, whilst helping to mitigate climate change thanks to wood's carbon sink qualities.

5. Africa - To share European experience of the production, certification and marketing of wood-based panels with the leaders of this growing market of Africa, thereby becoming a future reference point.

5 NEW CORNERSTONE STRATEGIES

In a closed session of its Annual General Meeting, the General Assembly of the European Panel Federation, reappraised its commitment to EPF's 5 new cornerstone strategies. These were developed in addition to the core activities of the Federation which retain their existing importance.

The 5 new cornerstones remain:

- 1. E1 Compulsory** - A desire to seek legislation in the EU-28 that endorses E1 as the minimum acceptable standard for panels and panel based products made, traded and imported into Europe.
- 2. New Standard** - An internal project to define a single low emission standard to arrest the proliferation of different limit levels around the World.

3. Image - To profile the wood-based panels