Club du Bois
17th October 2018
EU Parliament Brussels

The European Panel Federation (EPF), the European Organisation of the Sawmill Industry (EOS) and the European Confederation of Woodworking Industries (CEI-Bois), organised the 7th Club du Bois meeting under the chairwomanship of Mrs Maria Noichl, MEP, on 17th October at the European Parliament in Brussels.

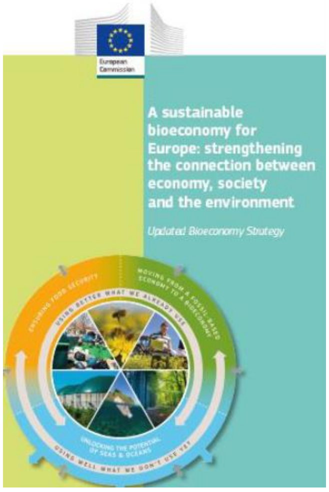
This edition focussed on **the European woodworking industry and its threats & opportunities.**

Opening by Mr Paul Brannen, MEP

Paul Brannen MEP opened the event highlighting that the focus of the Bioeconomy Strategy from 2012 seemed to be novel uses of biomaterials, in particular further down the value chain. The updated EU Bioeconomy Strategy from earlier this month recognises the role biomaterials, namely wood used in construction, play in the EU priorities, one of them being building a carbon neutral future in line with the climate objectives of the Paris Agreement. He also underlined that this recognition is likely a result of the successful lobbying and liaising with the Commission and he thanked the Commission. While we always used to build in wood, engineered timber now allows us to build at height and at scale, some of the best examples of which we have in Europe, including the largest structure built in wood, in Hackney in London.

Driving the global bio-economy: market trends and perspectives of the European wood construction sector – Mrs Margherita Miceli, Policy Advisor, CEI-Bois

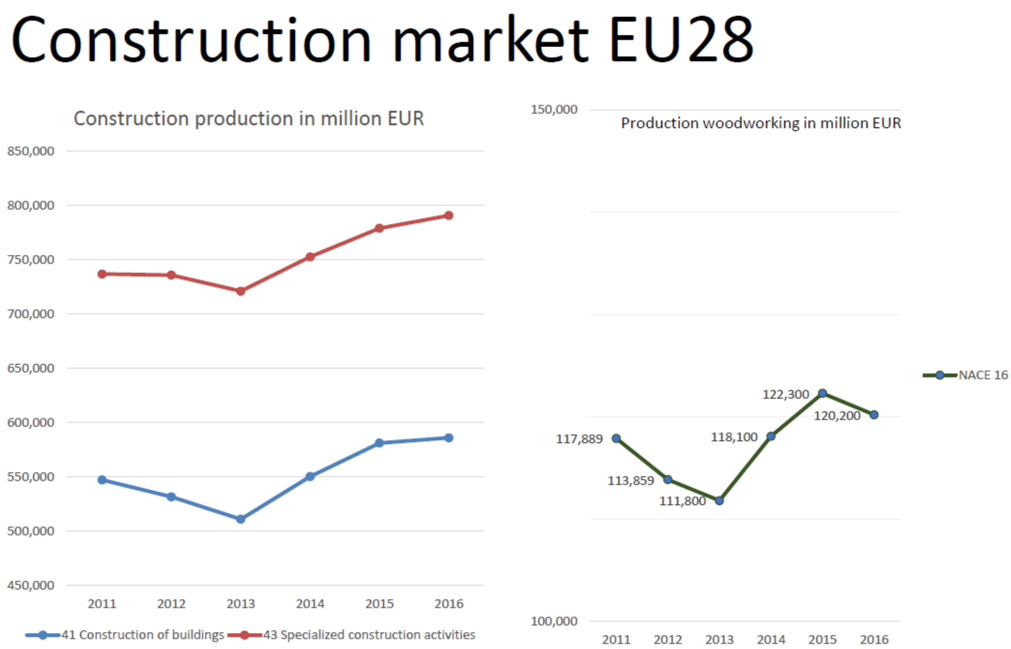
The presentation of Mrs Miceli (CEI-Bois) offered some insights on the statistics of the woodworking sector as an important contributor to the European Bioeconomy.



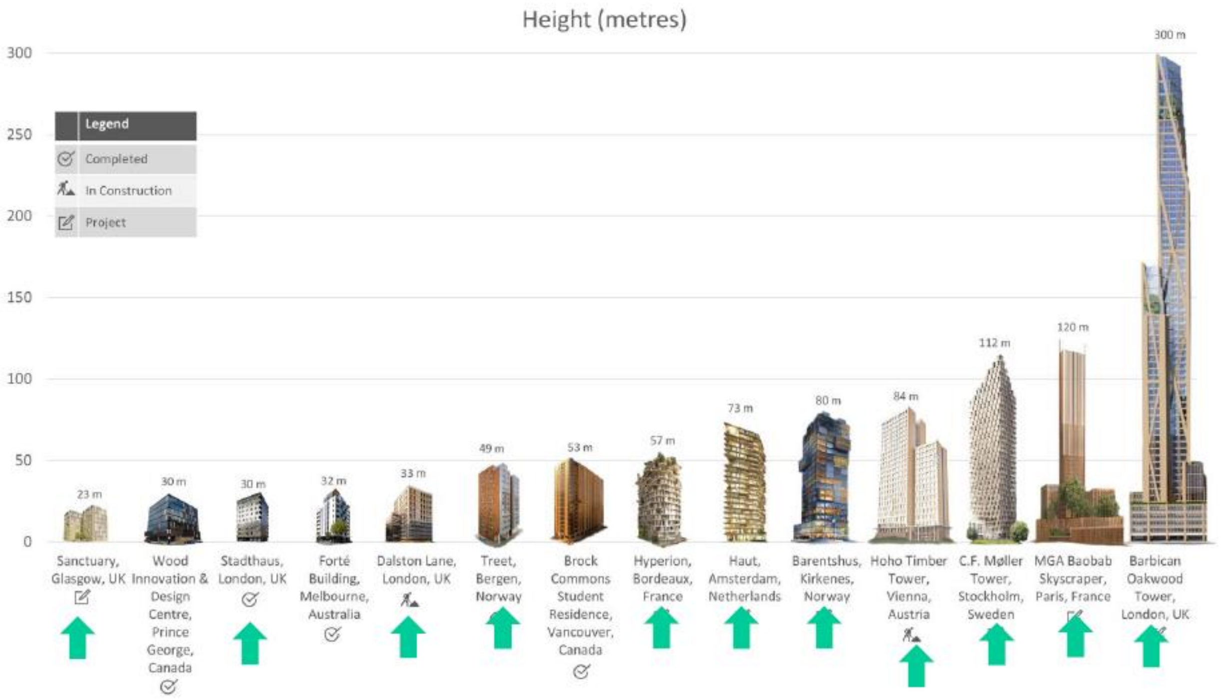
She started the presentation quoting the newly released EU Bioeconomy Strategy (11.11.2018), which stresses the importance of sustainability and circularity – two core features of the woodworking industries – as key drivers for EU economic development.

Mrs Miceli also highlighted how the Strategy recognises the contribution of the woodworking industry to the fight against global climate change thanks to its greenhouse gas (GHG) emissions saving potential, with an average of 2.1 tons of CO_2 saved per ton of wood used in construction as a replacement for concrete.

Looking at the economic contribution, the woodworking and furniture sector are together the third largest sector of the Bioeconomy in terms of employment and the fifth for turnover.



After presenting some statistics, including the positive outlook of the European construction sector, Mrs Miceli concluded her presentation showing how Europe is already leading the way of sustainable construction with examples of existing and planned high-rise timber building projects and expressing the wish that the Bioeconomy Strategy will further accelerate this transition.

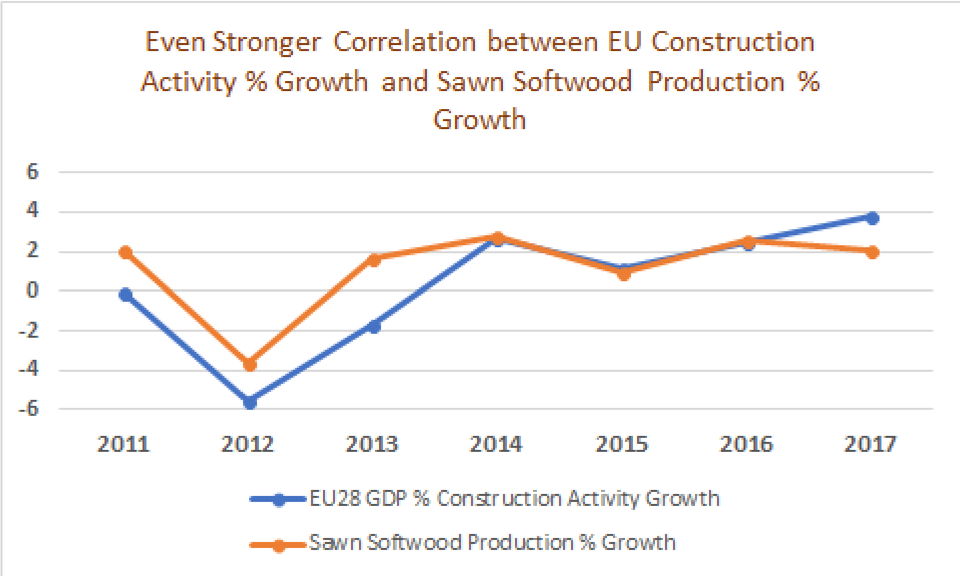


Source: Confederation of Timber Industries, UK

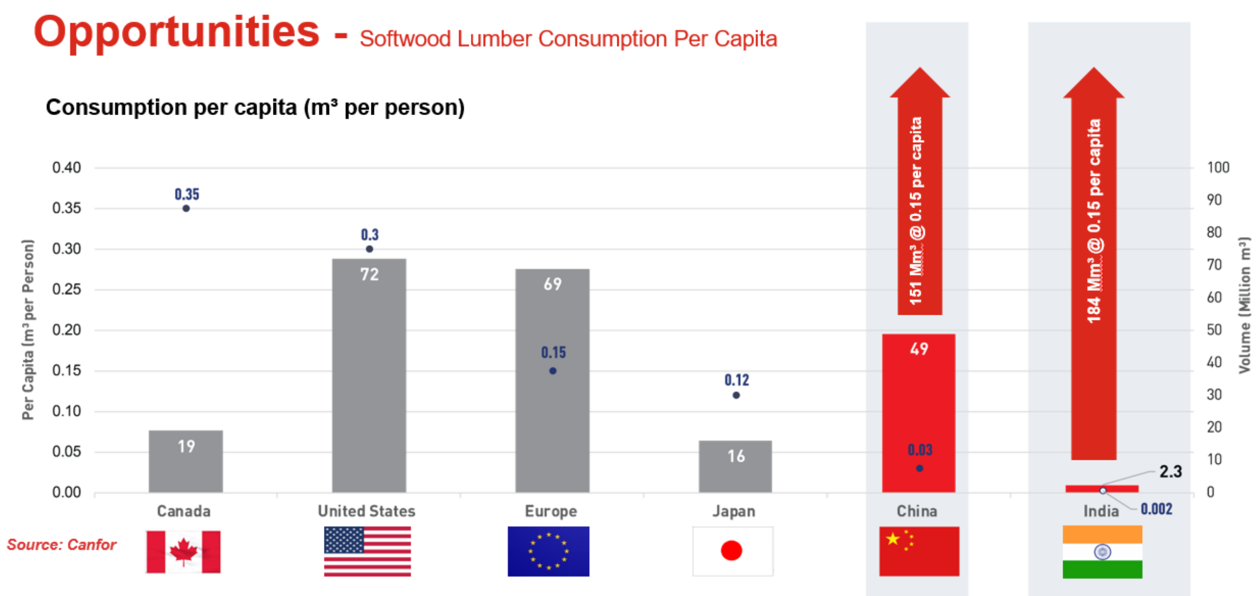
The European Sawmill Industry: global market developments and trends – Mr Diego Benedetti, Economic and Policy Advisor, EOS

Diego Benedetti, Economic and Policy Advisor of the European Organization of the Sawmill Industry (EOS), gave a presentation on the sawnwood's market outlook titled: *The European Sawmill Industry: global market developments and trends.* A short macroeconomic overview set the scene: Mr Benedetti explained that GDP in the EU is set to grow by 2% both this year and probably in 2019, too. However, many potential downside risks are accumulating, including – but not limited to – a fully-fledged trade war between the US and China, a hard Brexit, a steep rise in oil prices, and last but not least, a hard landing of the Chinese economy – however, over the last few years many observers predicted a crisis in China. While this never materialised, there are presently many imbalances in the Chinese economy.

Mr Benedetti then proceeded to analyse the sawnwood markets. EOS represents both softwood and hardwood producers, but he emphasised that the two sectors have different dynamics. Overall the sector's production and exports rose by 2% in 2017 and even this year are expected to grow. The softwood sector is doing well thanks to active construction markets in Europe (Mr Benedetti showed that there is a strong correlation between construction activity growth and sawn softwood production growth) and lively overseas exports. Deliveries to overseas countries have been growing over the last few years: the largest markets for European producers are Egypt, China, Japan, and the United States. Mr Benedetti opined that in the medium- and long-term overseas markets will be playing a more and more important role for many European mills. Also, he argued that the UK is a very large importer of sawnwood so he called for a Brexit outcome that keeps trade unhindered.



In the medium-long term Mr Benedetti argued that the market has a huge untapped potential: per capita sawn softwood consumption in Europe is five times as high as in China and immensely higher than in India.

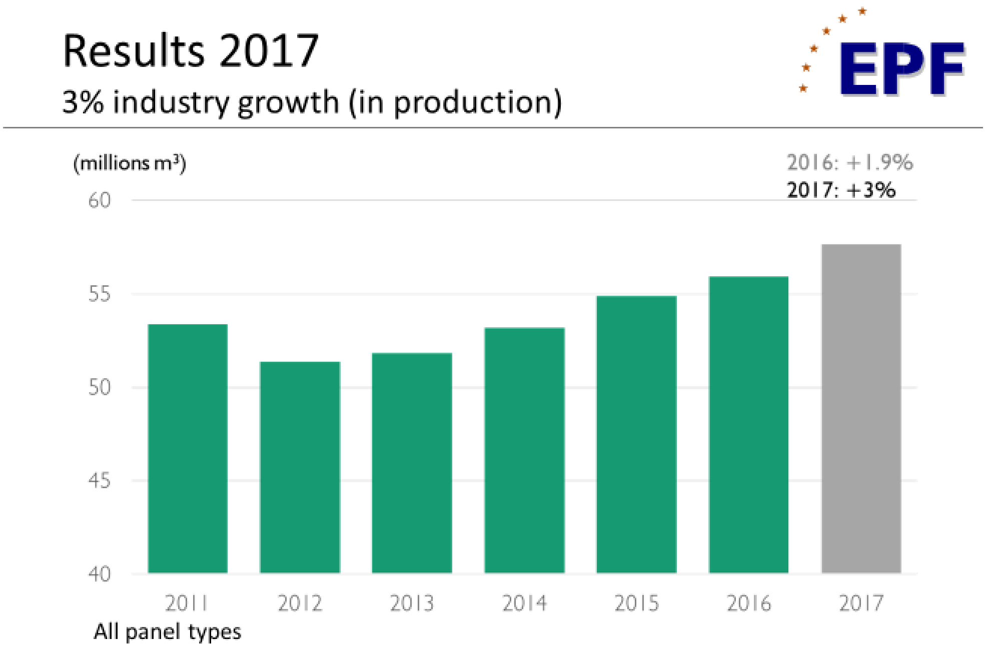


The sawn hardwood sector (despite a relatively strong demand) is stagnating due mainly to ongoing raw material leakage to Asia, in particular to China. Mr Benedetti showed the steep increase of oak roundwood exports to China over the last few years (+240% in the period 2010-2017), which affects mainly France and Belgium. Mr Benedetti urged all stakeholders to consider that it is important for the European economy to add value in Europe to its raw materials. Mr Benedetti also invited stakeholders to reflect on the effects of climate change on the European forests: there is evidence that softwood species will shrink, and hardwood species will increase, particularly in Central Europe; this could play an important role in the future availability of raw materials.

Mr Benedetti wrapped up by summarising the main messages in his presentation and by urging stakeholders to focus on raw material availability: to secure the long-term vitality of the sawmill industry (and of the whole woodworking industry) a stable and secure supply of raw materials is fundamental. This summer was characterised by widespread heat across Europe, which, combined with a stormy early Autumn, damaged the quality of many logs, particularly, but not only, in Central Europe. Overall, the sector is doing well, and there is huge potential in many areas, but in some instances, production cannot meet a relatively strong demand because it is difficult to source raw materials. Thus, actions aiming to improve the mobilisation of sustainably sourced logs should be prioritised.

Wood-based panels – clear progress in 2017; regulatory and market opportunities in 2018 and beyond – Mr Clive Pinnington, Managing Director, EPF

Mr Pinnington began his presentation with the good news that wood-based panels production has grown by an average of 2.3% over the last 5 years (compared to 1.8% GDP over the same period). This faster progress than GDP shows rising demand for these ubiquitous products, increasingly seen in furniture, construction and other applications.



Successful advocacy was commended by Mr Pinnington in winning increased prominence for Harvested Wood Products (HWPs) in the new Bioeconomy Strategy, as well as the recent LULUCF Regulation. Putting HWPs and wood-based panels at the heart of these, together with the Circular Economy, have been clear recent accomplishments. So too was the final text of the Renewable Energy Directive Recast that should secure respect for the Waste Hierarchy as well as a level playing field for raw materials, free from undue market distortions. MEPs were thanked for their great support in helping to secure these advances.

Looking ahead, Mr Pinnington highlighted three developments to MEPs. Firstly, the threat to a level playing field that comes from the desire of Member States to pass their own laws, surpassing European regulation. VOCs are a good example of this. EPF supports a harmonised European single market and opposes national developments that jeopardise it. Secondly, Mr Pinnington recalled that in Europe's drive towards renewable energy, existing businesses must not be neglected. The European Environment Agency (EEA) has stated that 72% of Europe's Net Annual Increment (NAI) in forests is currently harvested, meaning that there is limited supply. It is essential that parliamentarians and regulators recall this when considering future bioenergy use. Lastly, EPF applauded the recent IPCC report on climate change that highlights the need to plant more trees. Accepting a floor recommendation to call also for timely sustainable forest management, Mr Pinnington closed by urging for greater use of HWPs, such as wood-based panels that can extend the carbon cycle. This will continue to bring technically advanced products into our daily lives, improving them whilst benefiting our planet at the same time.

Photo courtesy of Egger/Christian Verhofer

Photo courtesy of Garnica

Mr Brannen closed the session with thanks to all involved and looked forward to the next meeting.

MEP Paul Brannen, MEP Maria Noichl, Mrs Margherita Micelli, Mr Diego Benedetti, Mr Clive Pinnington

MEP Gabriela Zoana & MEP Maria Noichl

The Club du Bois is an initiative of the European Confederation of the Woodworking Industries (CEI-Bois), the European Panel Federation (EPF) and the European Organisation of the Sawmill Industry (EOS).

Please visit our website:

www.clubdubois.eu