

## Report on the Club du Bois meeting: Exploring the the full potential of one of the most climate positive EU manufacturing sectors: the Woodworking Industry

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On 8 January 2020, the 8<sup>th</sup> edition of the *Club du Bois* was organised under the chairwomanship of MEP Mrs Maria Noichl, at the Brussels premises of the European Parliament. The event is a joint initiative of the three Brussels based organisations: the European Confederation of Woodworking Industries (**CEI-Bois**), the European Organisation of the Sawmill Industry (**EOS**) and the European Panel Federation (**EPF**).

The 8<sup>th</sup> edition of the Club du Bois focused on the priorities of the wood-working industries for the period 2019-2024 and on the role of wood products in achieving several of the climate mitigation objectives recently proposed in the EU Green Deal.



The event gathered an important number of MEPs, industrialists and experts from the wood manufacturing and forest-based family. In particular the organizers extended their gratitude for the presence and active participation in the debate of the following Members of the Parliament:

- Mrs Maria Noichl**, Germany, Group of the Progressive Alliance of Socialists and Democrats;
- Mrs Simona Bonafè**, Italy, Group of the Progressive Alliance of Socialists and Democrats;
- Mr Michal Wiezik**, Slovakia, Group of the European People's Party (Christian Democrats);
- Mrs Delara Burkhardt**, Germany, Group of the Progressive Alliance of Socialists and Democrats;
- Mrs Maria Soraya Rodriguez Ramos**, Spain, Renew Europe Group;
- Mr Pietro Fiocchi**, Italy, European Conservatives and Reformists Group;
- Mr Mauri Pekkarinen**, Finland, Renew Europe Group;
- Mr Petri Sarvamaa**, Finland, Group of the European People's Party (Christian Democrats);
- Mr Seb Dance**, UK, Group of the Progressive Alliance of Socialists and Democrats;
- Mr Eero Heinäluoma**, Finland, Group of the Progressive Alliance of Socialists and Democrats;
- Mr Carlos Zorrinho**, Portugal, Group of the Progressive Alliance of Socialists and Democrats;
- Mr Alvaro Amaro**, Portugal, Group of the European People's Party (Christian Democrats);
- Mrs Patrizia Toia**, Italy, Group of the Progressive Alliance of Socialists and Democrats;
- Mr Christian Allard**, UK, Group of the Greens/European Free Alliance;
- Mrs Elena Lizzi**, Italy, Identity and Democracy Group (represented by her assistant).

Additionally, the former Member of the European Parliament, **Mr Paul Brannen** (UK) attended the Club du Bois meeting confirming his dedication to the cause of using wood as an environmentally friendly construction material.

The evening was opened by the Club du Bois Chairwoman, MEP Mrs Maria Noichl. *“Without doubt, wood is one of the most versatile renewable resources used in material applications. Using wood is a climate friendly solution for Europe”*, Mrs Noichl emphasised. She recalled as well that wood products store carbon during their life cycle. Recycling wood products allows them to continue to store carbon indefinitely. This regenerative use of wood extends the carbon cycle which has great advantages to society, especially in the mitigation of climate change. When wood cannot be re-used or recycled, it can still produce green energy through combustion.



Mrs Noichl welcomed first time attendees at this cross-party, cross-national, cross-committee contact group between Parliament and the Woodworking Industries.

In particular, a special thanks was given to the Italian MEP Mrs Simona Bonafè who has kindly agreed to become the new Chairwoman of this discussion forum, and took up this role at the end of the meeting. Mrs Noichl concluded her welcome speeches introducing the three key speakers of the evening, and expressing gratitude to the hosts and organisers of Club du Bois for their engagement on behalf of the European woodworking industries.

- **Presentation by EPF Chairman, Dr Paolo Fantoni on “Wood-based Panels: An innovative industry turns a traditional material into a model of the circular economy, and a climate champion”, with special focus on Extended Producer Responsibility (EPR) and developing work with wood education with universities.**

Introducing the market development of European wood-based panels (WBP), Dr Fantoni explained that EPF, the European Panel Federation, represents the manufacturers of particleboard, MDF, OSB, hardboard, softboard and plywood in more than 25 countries. The European wood-based panels industry has an annual turnover of about 22 billion euros, creates over 100,000 jobs directly and counts more than 5,000 enterprises in Europe.

Regarding the year 2018, the sector (WBP) had a production of 59.3 millions m<sup>3</sup> being the seventh consecutive year of growth. However, in year 2019, production is expected to have declined slightly due to the general economic situation and production is estimated to have been 57.6 millions m<sup>3</sup>. Significantly, average annual WBP growth in the period 2013-2018 was 2.4%, compared to a European GDP increase of 1.8%. In a very simplistic but important way, this shows that wood-based panels have gained market share in Europe during recent years.

Dr Fantoni explained that the production of wood-based panels incorporates almost all industrial circularity concepts. Although the sector is currently still using some virgin wood material, the production of wood panels is based on a circular process now using recovered wood and industrial by-products for approximately 50% of its resource need. In particleboard, this figure rises to 66% with 40% coming purely from wood waste. Innovation has been at the heart of this and the panel sector, as recalled by Mr Fantoni, is a pioneer and great advocate of the cascading approach through the use of post-consumer waste wood and industrial wood residues.

Wood and wood-based products have huge potential across a range of sectors, and they are a key contributor for reducing carbon emission particularly in the construction sectors. The use of wood-based panels in construction, for both new and refurbishing buildings is without doubt an environmentally friendly choice.

Regretfully, Mr Fantoni underlined that some barriers (mostly legislative ones) still persist in the internal market thus hampering the full potential of the sector.



For this reason, Mr Fantoni stressed the need for:

- **EU Harmonisation, not Regionalism**
  - EPF supports One Europe, not different rules and regulations in every country
  - Recent developments, especially challenges to Construction Products Regulation in Germany, threaten this
- **Level Playing Field, especially for Raw Materials**
  - Wood for industry is scarce, and could become more so (pressure on plantations and biodiversity requirements)
  - Need Parliament to make sure that any subsidies for Bioenergy (burning wood) do not create market distortions

Mr Fantoni closed his intervention with three calls for action on behalf of the Federation he represents:



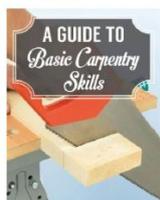
#### Extended Producer Responsibility

The next step towards the Circular Economy;  
Panels and furniture should be returned to the value chain.



#### “Renovation wave” should be integrated in the EU Green Deal

Panels can be structural, decorative, or can insulate;  
Local supply using local material – “Made in the EU”;  
Panels are a sustainable, resource efficient and have natural carbon storage.



#### Investing in Skills and Education

EPF is committed to the next generation of woodworkers;  
Currently creating a network of University specialists;  
Intention is to motivate the EU Commission to support and to develop this together.

In conclusion Dr Fantoni urged MEPs to support the use of wood-based panels be it in construction, in furniture, in packaging or in other applications. Panels can be a model for both the Circular Economy and the European Green deal. Wood-based panels show the way ahead in how we can offer industrial growth *with* environmental and climate benefits, and not at their expense.

- **Presentation by EOS Chairman, Mr Sampsa Auvinen on “Overview of the economic and politic dynamics that characterise the European sawmill industries including considerations on raw material supply and forest diseases”.**

Mr Auvinen, recalled that the European sawmill industry consists of about 35,000 sawmills scattered around Europe. European sawmills are chiefly microenterprises (more than 29,000) with strong connections to the rural areas and local communities where they are located. They account for a yearly production value of over EUR 36 billion and employ about 250,000 people across Europe. The European sawmill industry is responsible for a production of around 112 million m<sup>3</sup> (data from 2018, including production of both sawn softwood and hardwood) and, depending on the year, around 25-28% of the European sawnwood production is exported to non-European countries, making the European sawmill industry a fully globalized industry. The largest overseas markets of the sector include China, Japan, the United States, and Middle East and North African countries.

Looking at the non-EU Market, Mr Auvinen made three recommendations:

1. The EU Commission should be vigilant that **trade agreements are correctly implemented** and enforced, and the use of the **dispute settlement systems simplified and accelerated**.
2. Looking at trade relations, the EU Commission should **reinforce its trade promotion activities** in key markets having a focus on the manufacturing industries and enforcing coordination with Industry Organisations, the various Chambers of Commerce and EU delegation in Third Countries.
3. The **manufacturing sectors -including SMEs- should be assisted to open trade opportunities** in growing non- EU markets.



Mr Auvinen stressed that over 90% of logs used come from European Forests. While you may not connect healthy forests with selling wood, they are actually intimately connected providing income (*2/3 of the forest owner revenues sawmill represents +2/3 of the forest owners incomes*) to pay ongoing costs for forest management activities.

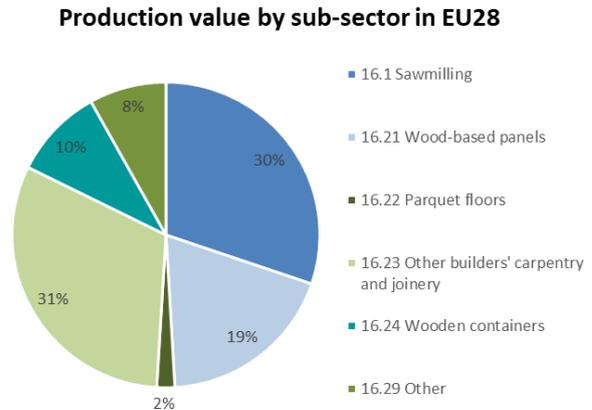
Furthermore, Mr Auvinen, presented the dramatic situation that forests are facing due to climate change and the increase of forest disturbances such as pest diseases, fire and drought. Only in 2018, damaged wood estimated was estimated 112 millions m<sup>3</sup>. Securing raw material supply at affordable price and in a predictable way is a key factor for maintaining the competitiveness of the European manufacturing industries.

Raw material supply is one of the most important issues affecting the development of the mechanical wood industries. Therefore, demand projections should be made, and these projections should be revised on a yearly basis in order to provide the sector with a sustainable growth through accurate planning.

- **Presentation by CEI-Bois Board of Directors Member Keith Fryer on “European Woodworking Industries priorities for the EU Term 2019-2024”**

The European woodworking industry consists of around 170.000 companies generating an annual turnover of 133 billion EUR and employing more than 1 million workers in the EU (2017), as Mr Fryer explained.

Furthermore, Mr Fryer presented the European Woodworking Industries’ manifesto for the EU term 2019-2024, which illustrates how the European Woodworking Industry can help the EU to reach its key goals, such as the reduction of GHG emissions in line with the Paris Agreement and the deployment of an EU circular Bioeconomy, while ensuring jobs creation and employment stability.



On behalf of CEI-Bois, Mr Fryer presented the 6 priority actions of the Confederation:

1. **Wood availability and sustainability:** Ensuring the legality of timber and timber products produced in the EU and imported from third countries is also a key aspect of sustainability at global scale. For this reason, environmental loopholes in the EU Timber Regulation should be avoided by extending its scope to all wood products and ensuring a consistent implementation among Member States.
2. **Circular Bioeconomy:** call for taking into account the carbon storage and material substitution effects of wood products. The EU should further promote the development of the circular bioeconomy and make sure that the other policies are consistent with this objective. EU policies should also take into account the carbon storage and material substitution effects of harvested wood products in the framework of the EU 2050 Long-term Strategy.
3. **Competitiveness of Wood in Construction:** Timber construction has the potential to offer sustainable solutions to the housing challenges in the EU. Building with the renewable material wood is particularly well fit for new construction and renovation in dense urban areas, answering the requirements and dynamics of climate change resilience and environmental performance of 21st century city development.
4. **Free but Fair Trade policies:** The success of the woodworking industry requires free and fair trade, while maintaining or improving standards and lowering operating costs.
5. **Research and Innovation:** the woodworking industry, together with the other stakeholders of the Forest-Based Sector Technology Platform, developed a Vision to 2040, that includes 10 ambitious targets for enhancing the potential of the sector.
6. **Social Affairs and Industrial Relations:** through the active and proactive involvement of the **European Social Affairs dialogue**, the Confederation contributes dynamically, including through agreements and projects management & implementation, to the designing of the European social and employment policy.



After a dynamic exchange of views with the participants, the Club du Bois meeting was ended by a closing remark of the new Club du Bois Chairwoman, Mrs Bonafè. Mrs Bonafè expressed her willingness to collaborate with the wood-working sector in the new legislative period 2019-2024 and beyond, to enhance its competitiveness, and to increase its prominence in our day lives.