



## **PRESS RELEASE**

### **Subsidies spark unintended resource shortage in EU**

*Complexity of issue leads to unintentional 'environmental idiocy', says Ladislaus Döry, President of the European Panel Federation*

Brussels, 11 October 2010. A debate today lifted the lid on a hitherto unrecognised side-effects of the EU's renewable energy policy: the financial incentives to burn wood harvests. Experts at high-level panel debate in the Flemish Parliament revealed how subsidies for woody biomass make it more profitable for forestry by-products to be sold as fuel for incineration rather than for use as wood (in furniture, construction, etc). Wood panel manufacturers warn that the unintended consequences of EU Biomass subsidies are endangering their industry, putting at stake jobs, rural communities and the environment. They raise the spectre of wood biomass becoming the next biofuels debacle, unless policymakers act now.

Jan Peumans, President of the Flemish Parliament comments: *"Wood is a natural material that surrounds us in our everyday lives. Wood is a beautiful, environmentally friendly and durable. Even after the first use it can still be recycled to maximise the potential of this valuable raw material. We need to become more sensitive and creative in our efforts to recycle wood products as much as we can and to prolong their life cycle as much as possible. I think working with wood and recycling it efficiently is one good example of how to use natural resources in the most responsible way for a more environmentally friendly society."*

Ladislaus Döry, President of the European Panel Federation, claims: *"We're facing the difficult situation that subsidies for wood for fuel generation push the energy industry in a wrongful advantage within the wood market. We've already experienced that the increasing competition with the energy sector has raised costs for timber substantially. Besides the important environmental arguments in this debate, let's bear in mind that processing wood into products creates 25 times more employment and 10 times more added value than direct wood use for energy. There is thus no doubt that the European wood industry with 2.7 Million employees creates huge economic and environmental benefits. Subsidies for woody biomass reduce the competitiveness of our sector which is putting taxes, revenues and jobs at stake at an already difficult time. Therefore, we urge the European Commission to rethink critically on financial support measures such as subsidies that favour using raw wood material in energy generation. Instead, the better use of wood and forest residues as well as an increased use of wood products should be promoted, since wood products are containers of solidified CO<sub>2</sub>."*

Prof. Joris Van Acker, Head of the Laboratory for Wood Technology, Ghent University, Faculty of Bioscience Engineering, says: *"There are many ways to generate energy with biomass. Now it's the time to put the right rules in place regarding the replacement of fossil fuels with biomass. We should avoid the absurd situation of cutting down trees to burn for energy. We should ask ourselves if it's really environmentally reasonable to subsidise the direct use of wood for energy generation. In my opinion, it is much more valuable to the environment and the economy to concentrate on extending the life of wood, which has the great characteristic of being a carbon store. I'm convinced that we should improve recycling rates of wood and find the right balance between using wood for fuel and as a raw material to benefit the environment."*

Bart Martens, President of the Environment & Energy Committee in the Flemish Parliament, adds: *"These unintended consequences of the EU RES policy on the wood-based panels sector demonstrate that the EU needs to develop a European Policy on Sustainable Materials Management. The Belgian Presidency is developing first proposals to be discussed by the EU Environment Council in December."*



**European Panel Federation**  
**Europäischer Holzwerkstoffverband**  
**Fédération Européenne des Panneaux à Base de Bois**

Tone Knudsen Deputy Director from Bellona Europa explained: *"Bellona sees sustainable production and use of biomass feedstock as an essential part of future solutions to the climate challenge. We will need biomass for both products, chemicals and energy purposes in the future. Today, forests are the main source to biomass and as the demand increases, the pressure to, and need for sustainable management of the forests is a key to our future, as well as developing new sources of biomass feedstock which can ease the pressure on forests. As such, sustainable biomass is a limited resource and it is essential for policy makers to keep in mind that which types of biomass is used for which purposes, does matter. We must ensure that policy affecting supply and demand of biomass, does not bring unintentional and unforeseen impacts. My attention has been drawn to wood needed for solid biomass purposes today, and I will keep following this up with policymakers"*

At the panel debate "Solid biomass – the next biofuel disaster?" on 11 October at the Flemish Parliament in Brussels, the following panellists participated: Bart Martens, President of the Environment & Energy Committee in the Flemish Parliament; Stefaan Vergoote, Head of Unit Strategy and Economic Assessment of DG Climate Action (CLIM) of the European Commission; Ladislaus Döry, President of the European Panel Federation (EPF), Prof. Joris Van Acker, Head of the Laboratory for Wood Technology, Ghent University, Faculty of Bioscience Engineering, and Tone Knudsen, Deputy director, Bellona Europa.

The event attracted an audience of more than 120 to the Flemish Parliament. The renowned artist, Arne Quinze (creator of The Sequence and the Cityscape) lent his support with a keynote address about his experience working with wood.

Please find more information on the debate at: [www.europeanpanels.eu](http://www.europeanpanels.eu)

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**The European Panel Federation (EPF) represents the European manufacturers of particleboard, MDF and OSB from 29 countries. The sector includes more than 180 factories- which are mostly located in rural areas. In 2009 the industry produced 34.6 million m<sup>3</sup> of particleboard, 12.2 million m<sup>3</sup> of MDF and 3.3 million m<sup>3</sup> of OSB, generating a turnover €25 billion.**