What are the opportunities and challenges for forest products industries that policymakers and others should be aware of when formulating policies to maintain a thriving forest industry

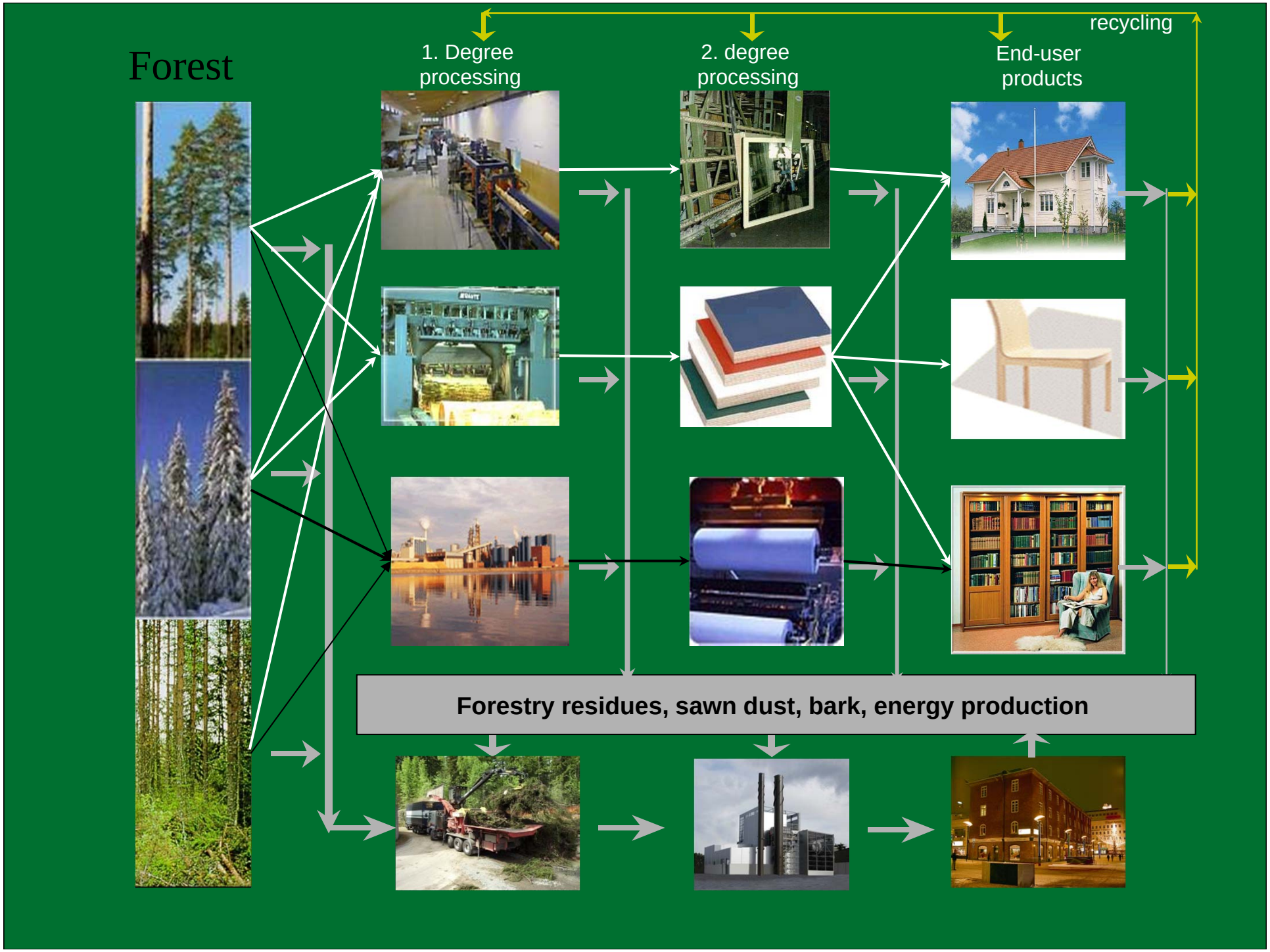
Roundtable discussion

10 December, 2013
Rovaniemi

Kimmo Järvinen
European Organization of the Sawmill Industry aisbl

EXECUTIVE SUMMARY

- ***European forest industry is almost solely using European rawmaterial and responsible for the forest owners income***
- ***European forests are growing clearly more than harvested, but only 60-70 % of the annual increment is harvested***
- ***Increasing the supply of logs, roundwood and woody biomass by 20 % would greate roughly 500 000 new job opportunities, 70 billion € revenues, 20 billion € added value AND 6 billion € forestry income while reducing Europe's dependency on North american pellets and climate change mitigation.***
- ***Increasing the use of wooden construction products provides an excellent opportunity to alleviate the scarcity of nonrenewable raw materials while mitigating the adverse effects of climate change.***
- ***EU single-sided "open" industrial policy is gradually killing the European wood working industry and causing the woody biomass drain outside Europe***


Forest
1. Degree processing
2. degree processing
End-user products
recycling
Forestry residues, sawn dust, bark, energy production

Wood Working vs. Steel Industry

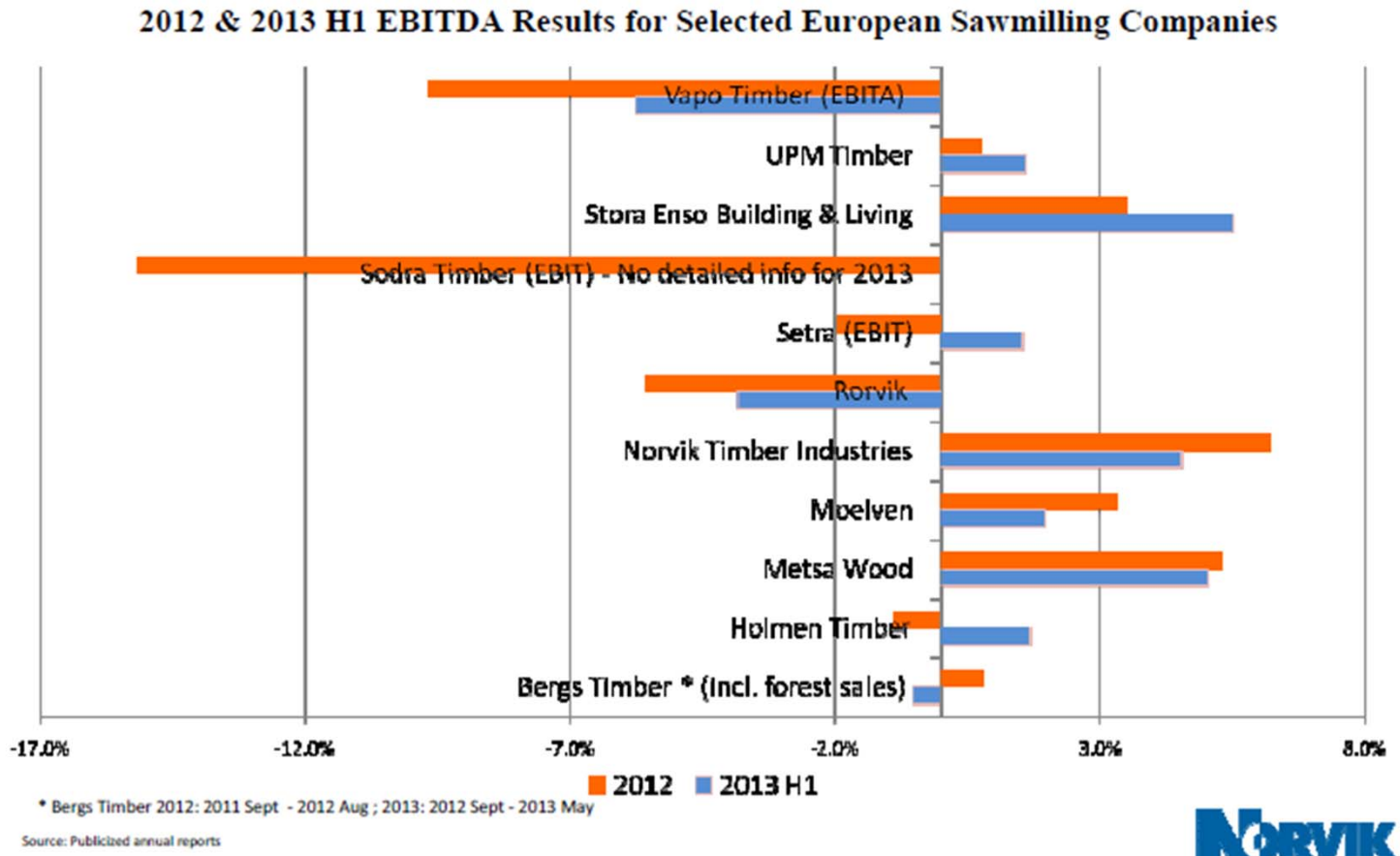
Wood working industry

- Turnover : about 200 billion
- 2 million ! Employees
- Evolution 2007-2011: - 21%
- 541.000 jobs lost (NACE)

Steel Industry

- Turnover : about 170 billion
- 360.000 employees
- Evolution 2007-2011: - 11%
- 43.000 jobs lost (EUROFER)

Financial health of industry



* Bergs Timber 2012: 2011 Sept - 2012 Aug ; 2013: 2012 Sept - 2013 May

Source: Publicized annual reports

NORVIK TIMBER INDUSTRIES

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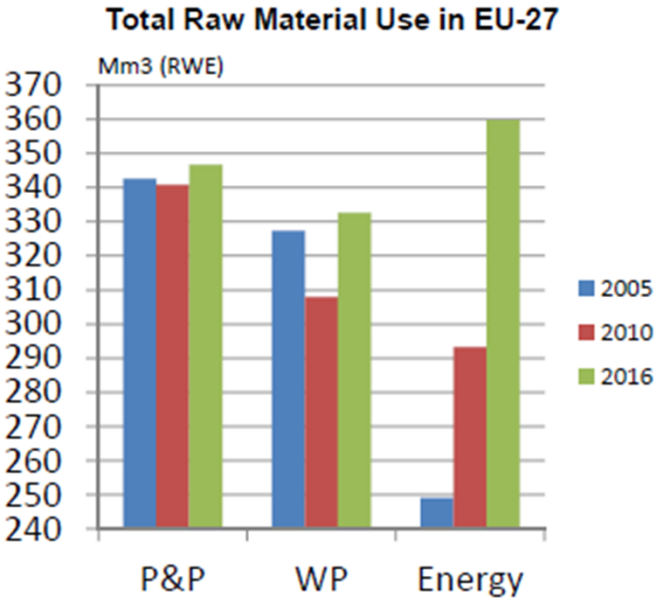
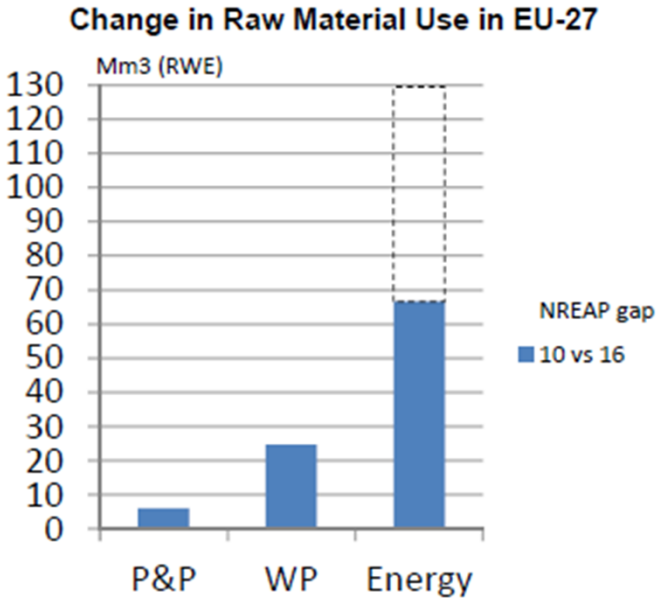
Pulp and Paper and wood products to remain relatively unchanged whereas bioenergy to increase significantly. In addition, energy related raw material gap expected in 2016.





Indufor ...forest intelligence

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WORLD PELLET MARKET (MILLION TONS)		2013 Est.	2020 Est.
WESTERN EUROPE (EU)	Consumption	16	33
	Production	10	13
	Net import	6	20
NORTH AMERICA	Consumption	3,5	5
	Production	7	15
	Net export	3,5	10
OTHER MARKETS	Consumption	1,5	5
	Production	3,5	15
	Net export	2	10
WORLD MARKET TOTAL		21	40

VAPO

EOS

European legislative framework

A Growth Programme for Industrial Renewal in Europe

Against the backdrop of the economic and financial crisis and recent discussions on the need for growth, industrial policy seems to be back on the European public agenda. Echoing positions put forward by major European think tanks, leaders in Europe have challenged the idea of industrial policy as purely national issue, and called for a rethink of European industrial policy. On one side of the Rhine, the head of the SPD parliamentary group in the Bundestag, Frank-Walter Steinmeier, firmly advocates the European growth agenda to include a European industrial strategy, on the other side, France's President Hollande, who had put re-industrialisation at the heart of his election campaign, has established the first ever ministry for productive recovery, led by Arnaud Montebourg.

The wood working industry will be profoundly influenced by the combined efforts of EU policy makers to establish a "smart, sustainable and inclusive" economy in the EU with 're-industrialization' as the main driver. Indeed, the European Commission wants to make sure that manufacturing output reaches 20% of GDP (currently 16%) in the EU by 2020.

Against this backdrop, key issues for the sector will be energy efficiency, resource availability, sustainability, product development, and the protection of biodiversity.

European legislative framework

EUROPEAN COMMISSION

Brussels, 20.9.2011
SEC(2011) 1067 final

COMMISSION STAFF WORKING PAPER

Analysis associated with the Roadmap to a Resource Efficient Europe
Part II

EUROPEAN COMMISSION - PRESS RELEASE

Commission sets out the path to resource-efficient growth

Brussels, 20 September 2011 – Today the European Commission set out a 'roadmap' aimed at transforming Europe's economy into a sustainable one by 2050. The Roadmap to a resource-efficient Europe outlines how we can achieve the resource efficient growth which is essential for our future wellbeing and prosperity. The roadmap identifies the economic sectors that consume the most resources, and suggests tools and indicators to help guide action in Europe and internationally. It is an agenda for competitiveness and growth based on using fewer resources when we produce and consume goods and creating business and job opportunities from activities such as recycling, better product design, materials substitution and eco-engineering.

Environment Commissioner Janez Potočnik said: "*Green growth is the only sustainable future – for Europe and the world. Industry and environment need to work hand in hand – in the long term our interests are the same.*"

Better resource use in an environment under strain

Rising demand around the globe is increasing pressure on the environment, and creating greater competition for resources. Key natural resources such as raw materials, metals, energy, biodiversity and water have been used to fuel economic growth as though supplies were inexhaustible. This is not sustainable in the long term. Today's roadmap puts forward the means by which we can continue to achieve growth in a sustainable way.

European legislative framework

EUROPEAN
COMMISSION

Brussels, 20.9.2013
SWD(2013) 343 final

COMMISSION STAFF WORKING DOCUMENT

A BLUEPRINT FOR THE EU FOREST-BASED INDUSTRIES
(woodworking, furniture, pulp & paper manufacturing and converting, printing)

Accompanying the document

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A new EU Forest Strategy: for forests and the forest-based sector

{COM(2013) 659 final}
{SWD(2013) 342 final}

Today the Commission issued a blueprint to further dev industries.

processing and related industries and the challenges they face - including global competition, raw-material supplies; environmental, renewable energy and climate policy targets; educational needs, logistics and an ageing workforce – and describes how to overcome these challenges. The Blueprint was issued in conjunction with a new EU Forest Strategy: for forests and the forest-based sector.

CALL FOR ACTION

Table 1: EU forest-based industries - key structural statistics, EU-27, monetary data in current basic prices, 2010-2011

F-BI sub-sector/ Parameter	Woodworking	Furniture	Pulp & paper manufacturing & converting	Printing	Total
N° firms	184 000	130 000	21 000	120 000	455 000
N° jobs	1 093 000	*1 000 000*	647 500	*770 000*	*3 510 500*
Production value (M€)	115 702	92 000	168 000	85 535	461 237
Turnover (M€)	122 264	96 000	180 000	88 009	486 273
Added value (M€)	31 200	30 000	41 000	32 477	134 677

Source: Eurostat (sbs_na_ind_r2), estimates (in *italics*) by DG Enterprise and Industry

CALL FOR ACTION

- The growing stock in European forests in 2010 including stumps is **21,021 M m³ o.b.** of which 731.0 M m³ o.b. are available for wood supply (AWS). The final annual potential from forest results in **713.0 M m³** available for wood supply, calculated in solid wood equivalents (swe)

- The actual domestic use (consumption) based on the WRB 2010 was calculated with **543.7 M m³.** Thus removals correspond to **539.7 M m³**. This corresponds to 75.7% of the available potential. Thus, **173.3 M m³** remain in forests.

- In the year 2010 the total consumption of wood resources from trees results in **577.1 M m³.** This corresponds to a resource

- **453.4 M m³** roundwood / stemwood (C+NC)
- **51.1 M m³** bark
- **39.2 M m³** forest residues
- **33.4 M m³** other woody biomass

CALL FOR ACTION

FBI parameter	2010 figures	Mobilization	Incremental economical benefit
Wood supply Mm3 (swe)	540	640	100
No job opportuntities	2740500	3248000	507500
Production value M€	375702	445276	69574
Turnover M€	398264	472017	73753
Added value M€	102200	121126	18926
Forestry income M€	32400	38400	6000
Biomass to power plants Mm3	169	200	31

CALL FOR ACTION

- WOOD IS CRUCIAL FOR (BIO)ECONOMY
- WOOD, A GEOSTRATEGIC RESOURCE IN THE GLOBAL ECONOMY
- BUILD AND MAINTAIN SUSTAINABLE AND RECYCLABLE WOOD RESERVES IN EUROPE

IMPROVED WOOD MOBILIZATION

Forests and other wooded land cover over 40% of the EU land area with a great diversity of character across the different regions. Afforestation and natural succession of vegetation, have increased EU forest area over the last decade by around 2%. In Europe, with only 60-70% of the annual increment being cut, the growing stock of wood is also rising

EU's forest owners should be given a clear incentive to sell more in a more organized way, which will further support economic growth, carbon sink and renewable energy production.

Technologies for using waste and recycled wood in industrial scale should be developed

Green taxation should encourage the utilization of renewable natural resources, as well as improving resource and energy efficiency in businesses.

Improved wood mobilization

Sustainable forest biomass production

Future incentives

Today's incentives

Technology development to produce competitive solutions

EOS advocacy program

Wooden construction products are certified for sustainable origin and manufacturing
Why are not the other construction materials ?

Comprehensive construction product certification about origin, sustainability and legality makes different materials equal. Certified products should be given priority in public procurement. A system should be created for the compilation of statistics and monitoring of material flows and for the use of materials.

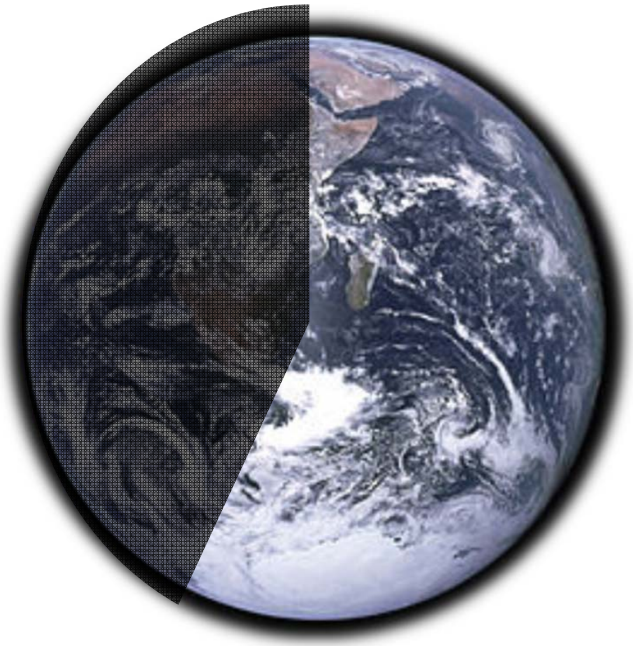
As for the FSC, EUTR and PFC, transparency and mutual recognition should be forced. If there is no uniform definition for the sustainability the idea is highly questionable and can be abused.

Construction industry wide LCA (and maybe EPD) calculations methods should be established

Position on EU policies

Wood and Environment

There is a growing recognition that forests play an important role in storing carbon and combating climate change. Every year, Europe's forests absorb more than 100 Mt of carbon, the equivalent of nearly 7 % of all greenhouse gas emissions. These major contributions to the global carbon balance are acknowledged and included in the greenhouse gas accounting systems and EU policies.



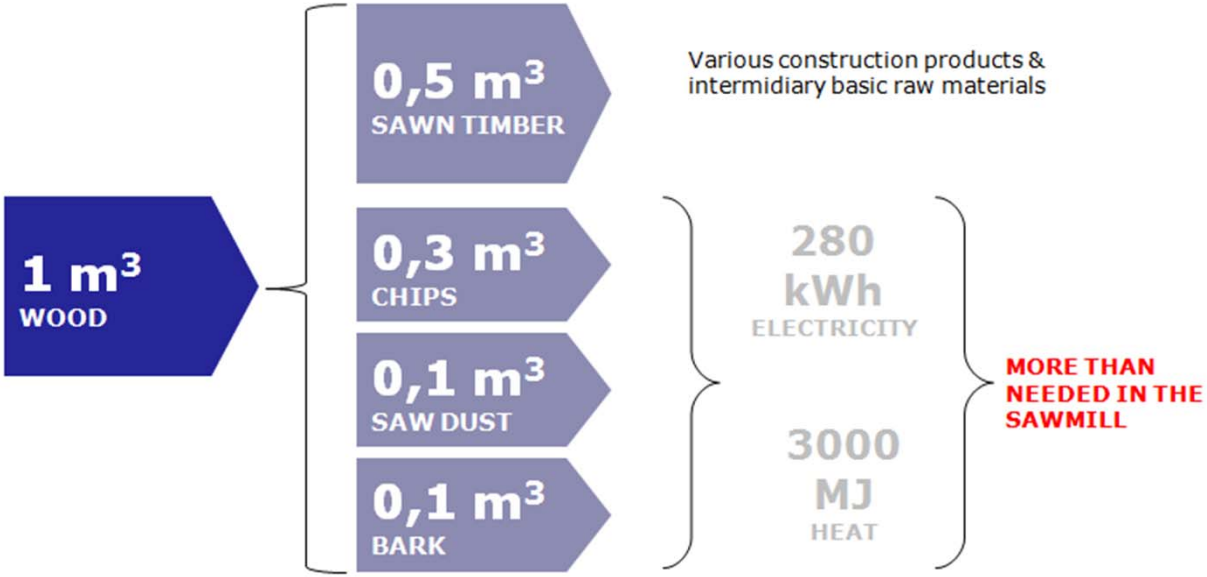
EC/Roadmap to a Resource Efficient Europe 20.9.2011; Opportunity buildings: ”45 % final energy, 35 % green house gas emissions, more than 50 % of all extracted materials”

Position on EU policies

Wood and Energy

EU governments and non-governmental organizations are encouraging the development of renewable energy to combat climate change mitigation and increase energy security. Wood is currently the largest source of renewable energy, although other renewables, such as wind and solar, are rapidly gaining momentum. Nevertheless, it is estimated that a significant increase in the supply of wood will be necessary to reach the 20% target set for renewable energy by 2020.

The EU wood working industries are playing an important role as providers of heat and electricity and as producers of wood-based bio-fuels, by becoming "bio-refineries", thus contributing to more efficient use of wood both for energy and forest products. Indeed, sawmills and wood panels producers are largely self-sufficient already through energy recovery from waste.



Position on EU policies

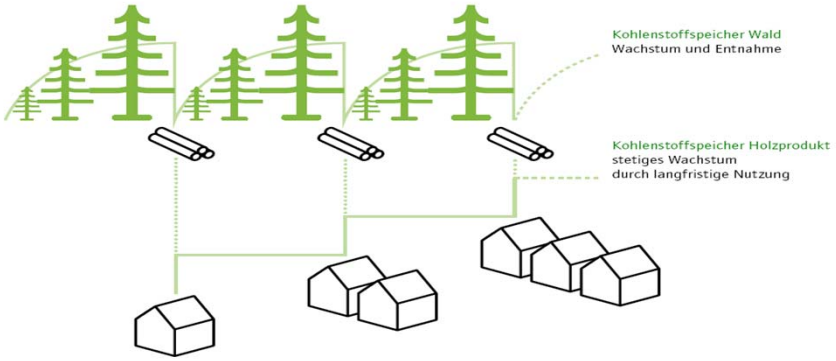
Wood and construction

The European Commission has developed the concept of 'lead markets' as a tool to promote favorable market conditions for new innovative products, services and technologies in the EU market. Lead markets should provide solutions to economic and societal challenges such as health, energy, environment and transport. Sustainable construction is one of the six markets in the Lead Market Initiative.

Construction of buildings represents 10% of the global economic activity, consumes 40% of the world's materials and energy production, accounts for 17% of global fresh water consumption, and utilizes 25% of the annual global wood harvest. An important message is that in comparing the environmental profile of the three main construction materials, wood systems outperform steel and concrete.

The Commission's "Roadmap to a Resource-Efficient Europe" states that existing policies for promoting energy efficiency and renewable energy use in buildings need to be complemented with policies for resource efficiency, which look at a wider range of environmental impacts across the life-cycle of buildings and infrastructure. The European Commission has opened a stakeholder consultation that will contribute to a Communication on Sustainable Buildings in 2013 (closing date October 1, 2013).

CO_2-Speicherung durch Holzbau

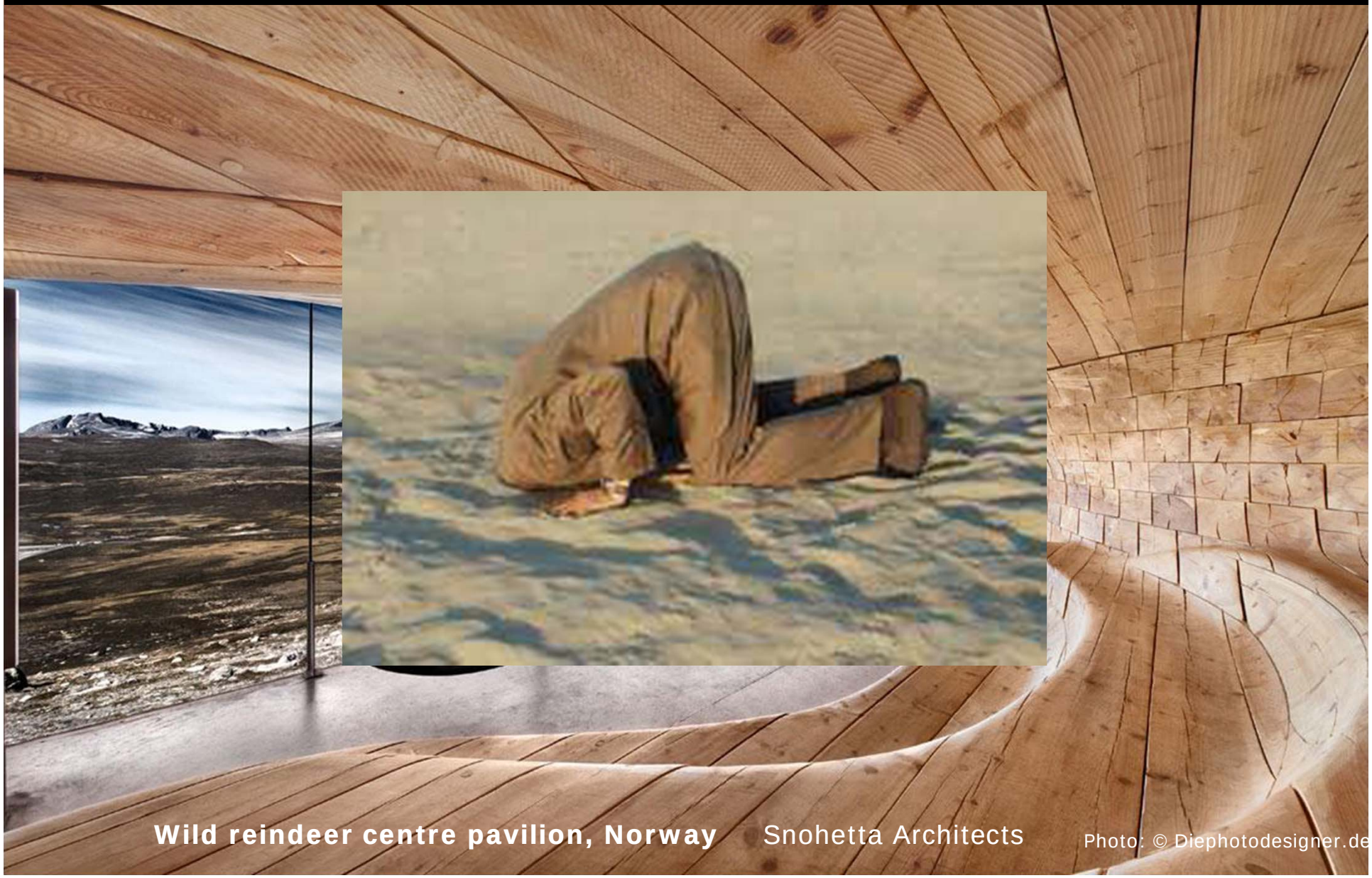


High-rise timber buildings

www.cennidicambiamento.it

EOS

Thank you for your attention !



Wild reindeer centre pavilion, Norway Snohetta Architects

Photo: © Diephotodesigner.de