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Wood Panel Industries Federation

Issue 2

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# Make Wood Work

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# Wood policy needs to change



by Alastair Kerr,  
Director General,  
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Over the past year, the **Make Wood Work** campaign has highlighted the negative impact that biomass subsidies – available to electricity generators through the Renewables Obligation (RO) policy – will have on the wood panel industry and other wood processors.

The message is simple: there is not enough wood available in the UK to support the number and scale of biomass electricity plants that are being proposed for development. By allowing subsidies to support the procurement of wood as fuel for large-scale electricity projects, the Government is putting at unnecessary risk many thousands of jobs.

The RO works well for the likes of wind generation, where the subsidy is used to support capital and distribution costs. But in respect of biomass, the bulk of the subsidy is used to support the purchase of wood to be burned as fuel, and as such the RO actually has some perverse consequence.

In particular, the present system encourages the cherry picking of biomass fuel types in favour of those that will generate greatest profit for the generators. Surely we should be focusing instead on those fuel types that will lead to greater environmental returns – such as short-rotation crops, energy crops and energy from end-of-life waste?

Apart from the fact that financial support to the electricity generators comes from the pockets of all of us as consumers, the RO is too blunt an instrument.

Manufacturing wood-based products is far more carbon positive than burning the same wood. The carbon value of the resource must be fully appreciated and the nature of the growing cycle and the realities of harvesting fully understood.

Otherwise the consequence of redirecting, through subsidy, the wood we use today into energy generation would result in a net increase in CO<sub>2</sub>

emissions totalling six million tonnes per annum – which is bad news for the environment and the taxpayer.

During the time it takes to regrow a tree, this will result in additional carbon emissions totalling over 200 million tonnes at a cost to the UK economy of over £12 billion.

Biomass electricity generation is also inefficient – not to mention it driving jobs abroad and the carbon consequences of importing wood.

Burning virgin wood, or used wood that has recycling potential, is a waste of a valuable resource. The message behind Make Wood Work is one of recognising the economic and carbon potential of this vital resource and, as such, policy should be aimed at maximizing this and only allowing it to be burnt as fuel at the end of its useful life.

“There is not enough wood available in the UK to support the number and scale of biomass electricity plants that are being proposed for development”

## What others say

An influential report published in February by the World Wide Fund for Nature (WWF) has sounded the alarm over the growing use of biomass as a fuel.

The Energy Report 2011 – published by the WWF in collaboration with the respected energy consultancy Ecofys – said the inefficient use of biomass threatened to cause regional and local desertification across the developing world, and raised what it claimed were ‘significant social and environmental issues’.

The report also called on what it describes as ‘land-grabbing’ to be outlawed and said developing countries should be incentivised to conserve their forest carbon. It echoes concerns that large tracts of tropical rainforest will be razed to the ground and replaced with fast-growing non-indigenous species to meet the ever-growing demands of electricity generators.

Alastair Kerr of the WPIF said the report provided strong evidence that the biomass issue was not something confined to the UK wood panel industry but a worldwide problem that governments needed to address.

“Although the report did not specifically set out to examine the case we have made in the Make Wood Work campaign, the findings of the independent experts at Ecofys support our belief that bioenergy should be used as a last resort where other renewable energy sources are not viable, such as in transport fuels.

“The report quite rightly recognised that there are competing and highly valuable uses for wood. In estimating the potential for wood bioenergy, its authors placed the manufacturers’ needs for industrial roundwood first – something the UK Government has failed to do.”

Closer to home, a recent Channel 4 News investigation told of the plight facing Britain’s largest office furniture manufacturer Senator which had seen its chipboard costs rise by 30 per cent – 10 per cent in the last quarter alone.

“We want the wood to come to us so we can make something positive out of it – use it for a life of 20 years or so before Drax and other people burn it to get power back,” said the company’s commercial director Paul Clarke.

“The power is always there – we want to use the wood first. Any subsidy for biomass fuel should reward people for either making use of contaminated waste timber or alternative sources of fuel that don’t impact other sectors.”

- The wood panel industry supports energy recovery from low-grade waste wood, provided that wood that can be recycled is not burned.

# The story so far

**The Make Wood Work campaign has been successful in gaining support from a wide range of individuals and organisations.**

All of the UK's main wood panel producing companies have stood shoulder to shoulder since the launch ten months ago.

Unions and staff at Kronospan in Wales, and those working in Scotland for Norbord, staged a walk out in support of the Day of Action that was coordinated by the European Panel Federation.

Alan Roy of the Unite union said: "The fact that panel producers throughout the UK are shutting down their facilities for one hour today, shows unprecedented co-operation between businesses to highlight the seriousness of inaction on this issue."

South of the border – at Egger in Northumberland – a round table debate was attended by local MP Guy Opperman, North East MEP Fiona Hall and representatives from a wide range of organisations including the North East Chamber of Commerce, the county council and the Forestry Commission. All attendees voiced concerns about the sustainability of large-scale biomass energy and the impact that government subsidies would have on existing industries.

In the North West at Knowsley, Sonae has been engaging with customers to highlight the irrational nature of a policy that incentivises burning ahead of recycling, and that the consequences of shortages in wood supply will have a far-reaching impact that is not confined to just the wood panel industry.

As the effect on jobs – far beyond the 8700 directly dependent on the sector – has become apparent, organisations in housebuilding, furniture making, forestry and sawmilling are also throwing their weight behind the sentiments of the campaign.

Organisations who share the WPIF's concerns include: The UK Forest Products Association, the Timber and Pallet Confederation (TIMCON), Confederation of Forest Industries (CONFOR), Confederation of European Wood Working Industries (CEI Bois), European Panel Federation, Decorative Panels Ltd, Senator International Ltd, Home Retail Group, Bio Regional and Friends of the Earth.



## Energy Minister agrees to meet with industry

**The Minister of State for Energy and Climate Change, Greg Barker MP, has agreed to meet again with representatives of the wood panel industry to hear their concerns over subsidies to electricity generators burning wood as fuel.**

It follows a Commons debate led by Rt Hon Anne McGuire MP (Stirling) who

chairs the wood panel industry All Party Parliamentary Group. MPs Susan Elan Jones (Clwyd South), Guy Opperman (Hexham) and Cathy Jamieson (Kilmarnock and Loudoun) also spoke in the debate, highlighting the devastating impact such subsidies will have on the wood processors and the contribution they make to carbon abatement, local economies and employment.

Mr Barker said he welcomed the opportunity to meet with Anne McGuire and industry representatives to listen to their concerns. Furthermore, the Minister pledged to investigate why the industry's representations were not included in the recent Renewable Heat Incentive (RHI) impact assessment.

# Government "will listen"

Less than a year into the Make Wood Work campaign, there is growing evidence that Government is starting to recognise the unintended impact that its energy policies are having on the wood panel industry.

In a recent debate in Westminster, Minister Greg Barker said he believed there had been an element of complacency in the past and that the voice of the industry had not always been effectively heard.

"I am determined to listen," he told MPs. "The coalition Government values the significant investment made in the UK wood-panel industry, and we certainly acknowledge the important benefits it delivers.

"It also provides the benefit of offering jobs – skilled, sustainable jobs – right across the UK, and often in rural areas where there is no alternative employment. Bio-energy will make a significant contribution to our decarbonisation plans, but that must not be at the expense of other jobs."

WPIF Chairman Peter Townson welcomed the Minister's remarks, and his promise to address the priority of moving wood up the waste hierarchy.

"The Minister's position on the recycling of waste wood was encouraging, and we appreciate his undertaking to meet again with the APPG and wood-panel industry representatives. But it is important not to become complacent – we need to make sure that Defra's Waste Review leads to real change in the Renewables Obligation.

"Although our submissions to Government around the Renewable Heat Incentive did not produce the result we'd hoped for, there is no doubt that Mr Barker and his Whitehall colleagues recognise the powerful arguments we have made about the environmental benefits of locking up carbon in wood-panel products rather than burning it. We also applaud his commitment to looking at the folly of treating waste as a homogenous whole," Mr Townson added.

Mr Barker went on to say: "I recognise that the wood-panel industry is rightly proud of the use it makes of the UK's waste wood and has an important and valuable role to play in the UK's low carbon economy."

However, the Government's ambitions for large-scale electricity generation from virgin fibre wood remain, though opportunities exist to reform the RO.

The Minister continued: "The RO banding review will ensure that the level of support for biomass electricity reflects industry costs. It will also reflect the UK Government's ambition for large-scale bioelectricity, which is being considered through an evidence-based review of biomass resources and their use. Analysis of the best use of biomass will form an integral part of that work.

"We recognise that the increased use of wood for energy risks negative impacts on other potential users of wood.

"We are open to new ideas. I do not pretend that we have the perfect solution yet, and DECC would very much welcome continuing engagement with the wood-panel industry."

But the industry is still greatly concerned that DECC's attitude to biomass energy is informed by a severe lack of understanding of the UK's wood market. Figures supplied to the Minister for softwood energy consumption were grossly misleading. Ofgem's own reporting on wood consumed by energy plants is three times that cited by the Minister.

Peter Townson concluded: "In getting the volume of UK timber burnt wrong, Government has failed to recognise that the emerging biomass industry already consumes 15% of the UK's forest harvest.

"We are pleased that the Minister has committed to further dialogue. It's important however that he recognises it is the level of subsidy available to large-scale, wood-fire electricity-only generators that needs to be addressed.

"Refocusing subsidy on smaller-scale efficient CHP, and generation using end-of-life waste will be more sustainable in the long term.

"But one thing is certain, I have never seen this industry so united in its determination to ensure Government sees reason and ends this unfair competition for what is a precious natural resource."

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## Friends of the Earth slams proposals

Plans for a controversial biomass plant in Scotland have been condemned, in a letter to the Scottish Government, by American members of the environment group Friends of the Earth.

The group said Forth Energy's proposals for a biomass power station in Leith failed to address growing biomass demand both in the USA and in the UK and was unsustainable.

Their biofuels campaign coordinator, Kate McMahon, added that Forth Energy's assertions they would source wood from certified producers were a long way from addressing the sustainability problem.

And, in an open letter to The Guardian newspaper, FoE US joined the growing number of opponents urging the Scottish Government to reject Forth Energy's proposals.

WPIF director general Alastair Kerr said: "The FoE contribution is a welcome and significant addition to the debate about biomass demand and its impact on the natural environment and existing forest markets.

"In addition to highlighting the impact on ecosystems, biodiversity and sustainability, Ms McMahon stresses the impact of increasing demand on existing forest product industries. It would appear that the WPIF is not alone in believing that current approaches to biomass need a serious rethink."

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## THE NEXT STEPS

The next phase of the Make Wood Work campaign will involve meeting with DECC and Ministers to ensure policy makers have all of the facts to make decisions which are fair and do not penalise the wood panel industry.

For up to the minute news visit [www.makewoodwork.co.uk](http://www.makewoodwork.co.uk)

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