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European Forest-based Industries & Bio-energy - competition & synergies

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COMMISSION

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1. Main EU Institutions:

Council: Member States' governments & officials acting together to debate and modify policy & legislative proposals

Parliament: directly elected deputies (MEPs) debate and modify policy & legislative proposals; make own proposals

Economic & Social Committee & Committee of the Regions: appointed members give opinions on Commission proposals

Court of Justice: last stop in legislative disputes arising from enactment of EU legislation

Commission: "guardian of EU Treaties", proposing policies, including legislation, & implementing (with Member States)

Overview of EU (European Community + Member States) policies affecting the forest-based sector

Activities	Sectorial policies	Horizontal policies
Sustainable Forest Management Wood procurement from forests and other wooded land Non-wood forest products, services and other functions (social, environmental, cultural)	National forest policies EU Forest Action Plan - FAP (CAP) Rural Development	Regional Environmental Research & Technological Development + Innovation Finance Competition Internal Market Development Co-operation; Trade (FLEGT) Ext. Relations
Wood utilisation:		
as raw material for processing into forest-based materials & products as building material as (in-)direct energy source	Industrial policy MS building regulations & Constr. Products Directive Energy & Climate Policies	

2. EU Climate & Energy Policies -

motivations for using renewable energy sources (RES)

- climate change: cut greenhouse gases (GHG)

- security of energy supplies

NB 2007: EU 50+ % energy imported

EU 8 % of final energy use renewable

2030 EU 70 % energy imported (est.)

- competitiveness (Lisbon Agenda….)

Policy proposals 2007-8 (led by DG TREN)

- January 2007 energy package proposed targets for 2020:

  - - 20% greenhouse gases (GHG)
  - + 20% energy efficiency
  - 20% renewable energy (10% bio-fuels)

Broadly endorsed by Member States (MS) March 2007 (European Council) and EU Parliament

Objectives confirmed in EC's 23/01/2008 proposal for Climate and Energy Package "20-20-20 goal"

NB possible 30 % GHG reduction if Non-EU states commit to similar reductions (not at IPCC COP 15!)

Renewable Energy Directive 2009/28/EC

Main instrument is the “Renewables Directive” which sets:

i) binding EU target: 20% RES by 2020 (bio-fuels 10%)

ii) binding MS RES targets and trajectories (interim goals)

iii) requirement for MS to submit national Renewable Action Plans (nREAPs) by 30/06/2010

iv) Commission’s template for nREAPS (30/06/2009)

v) scope for support measures by and co-operation between MS, including trading of RES shortfall/excess

vi) sustainability criteria for biomass in bio-fuels; possible extension to biomass for heating, cooling & electricity

vii) progressive repeal of green electricity & bio-fuels Dir.s

viii) underlying principle of energy efficiency (prod. & use)

National Renewable Energy Plans (nREAPs):

Commission Decision of 30/06/2009 (Doc. C (2009) 5174-1) under Directive 2009/28 established a template for the presentation of nREAPs. Main elements:

- short overview of national renewable energy policies
- estimates of gross final energy consumption of all types of energy up to 2020
- 2020 targets by energy type (electricity, heating and cooling, transport) with trajectories 2005-2020
- list of measures for achieving the targets (economic, administrative, planning), including national support schemes
- Provisions for use of RES in buildings
- information campaigns to inform about and promote RES
- training and certification of installers (e.g. of boilers)
- electricity infrastructures (e.g. how access for RES is to be facilitated)
- district heating and cooling
- sustainability criteria for bio-fuels and other bio-liquids
- financial support to implement nREAPs
- biomass supplies (domestic & traded) for RES; impacts on other economic sectors
- projected increases in biomass supplies

NB EU MS must submit their template to the Commission by 30/06/2010.

Summary table of EU MS (national)RES in 2005, targets for 2020:

1st column: share of energy from RES in gross final consumption of energy, 2005

2nd column: target share of RES in gross final consumption of energy, 2020

Belgium	2,2 %	13 %
Bulgaria	9,4 %	16 %
Czech Republic	6,1 %	13 %
Denmark	17,0 %	30 %
Germany	5,8 %	18 %
Estonia	18,0 %	25 %
Ireland	3,1 %	16 %
Greece	6,9 %	18 %
Spain	8,7 %	20 %
France	10,3 %	23 %
Italy	5,2 %	17 %
Cyprus	2,9 %	13 %
Latvia	32,6 %	40 %
Lithuania	15,0 %	23 %
Luxembourg	0,9 %	11 %
Hungary	4,3 %	13 %
Malta	0,0 %	10 %
Netherlands	2,4 %	14 %
Austria	23,3 %	34 %
Poland	7,2 %	15 %
Portugal	20,5 %	31 %
Romania	17,8 %	24 %
Slovenia	16,0 %	25 %
Slovak Republic	6,7 %	14 %
Finland	28,5 %	38 %
Sweden	39,8 %	49 %
United Kingdom	1,3 %	15 %

Relative & absolute EU RES targets, biomass component, wood equivalents

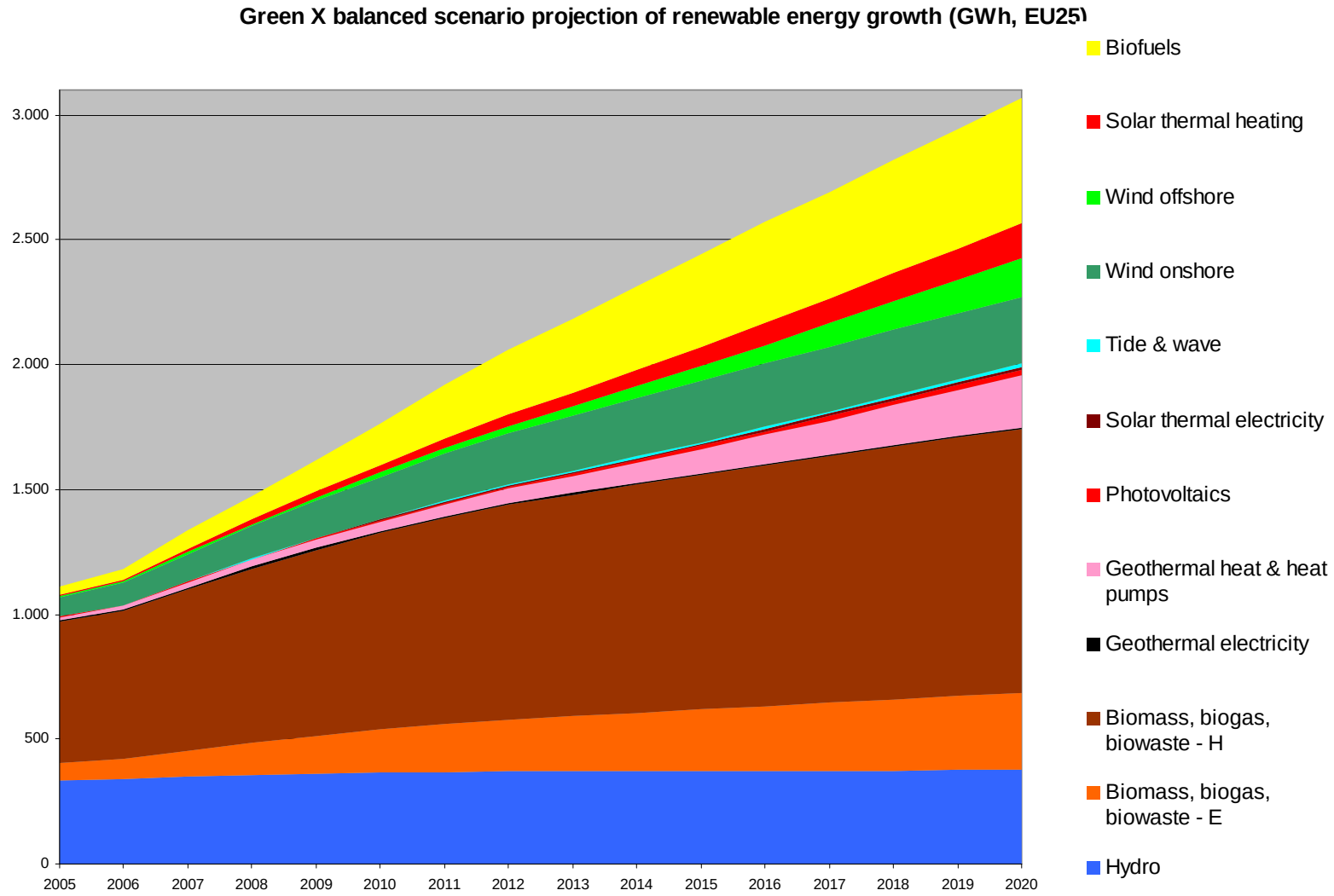
NB green figures only for ALL biomass from wood

	2006	2010 target	2020 target
All renewables:	7%	12%	20%
Biofuels:	1%	5.75%	10%
Green electricity:	15%	21%	(no sectoral
Heating/ cooling:	9%	none	targets)

Biomass	(385)	70 Mtoe	(825)	150 Mtoe	(1075) 195 Mtoe
Green electricity:		18 Mtoe			62 Mtoe
Biofuels:		3 Mtoe			43 Mtoe
Heating:		49 Mtoe			90 Mtoe

(Green = Mm3 roundwood equivalent @ 5.5 m3 = 1 toe)

How do we get to 20% RES? Many sources
But 80% biomass is wood (wood = 52% RES)



Implications of the nREAPs for the European forest-based sector

- Regardless of the energy mix that MS have in their nREAPs, a significant component will be biomass and the biggest source will continue to be **wood**, until....
- ...other biomass sources (municipal & agricultural residues, dedicated agricultural energy crops) come on stream
- This creates challenges but also synergies
- **Challenges:** intensifies competition for wood raw material (including forest and wood-processing residues) between wood-processing industries (sawnwood, panels, pulp & paper) and the energy-generating sector
- This competition is not only at macro levels (nationally and EU), but especially locally
- This leads to higher wood prices and even local shortages

- Problem to get more wood (forest, OWL, post-consumer)
- In some areas, wood-market info & marketing sub-optimal
- Many private forest owners not motivated by income
- Those that are may have small holdings, poor access, lack machinery, expertise and /or organisation **Synergies:**
- Energy markets can offer more income for forest owners
- Energy wood demand catalyses harvest in new forest areas
- Wood pellets can provide income from sawmill residues
- Forest-based industries can produce, use & sell energy
- Bio-refineries can optimise wood biomass use and outputs according to market trends, including bio-fuels, CHP, et al.
- Revision of directive on the energy performance of buildings 13.11.2008 (COM(2008) 780 final) to incentivise use of RES
- Informal co-operation EC & UNECE/FAO/IEA, leading to Joint Wood Energy Enquiries (JWEE) 2006, 2008, 2010

Unforeseen issues:

- Prolonged, deep economic crisis has reduced EU wood-processing output to 70-80 % of prior levels
- Wood harvesting from EU forests down to 75-80 % of prior level, buoyed up by increasing energy wood demand
- Overall wood demand down but there are local & regional conflicts, high wood prices and persistent shortages
- Lower demand for saw logs means less residues; since pellets pay more, panel industries suffer
- Non-EU sources face problems:

  - N. American demand for wood fuel is increasing

  - Canadian (BC) mountain pine (beetle) mostly inaccessible

  - Russia: wood production down; using more wood energy
- competition for feed-stock from 2nd/3rd-generation bio-fuels

Summary

1. EU has broad set of horizontal & sectoral policies
2. Many of these affect the forest-based sector
3. The EU Renewable Energy Directive sets targets, scope and means for EU MS to increase RES
4. nREAPs require MS to plan for supplies & use of renewable energies, including biomass
5. Wood will remain a/the major source of biomass
6. Forest-based sector faces challenges & synergies
7. Unforeseen issues should be identified and faced
8. Regular collection and analysis of meaningful and comparable data & info on wood supply & demands (processing & energy) is essential

Thank you for your attention!

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