EUROPEAN PANEL FEDERATION
WOOD-BASED PANELS

Brussels, 11 April 2022

EPF Position Paper on the Amendment of the Renewable Energy Directive

The European Panel Federation (EPF) warmly welcomed in July 2021 the publication of the Proposal amending Directive (EU) 2018/2001 of the European Parliament and of the Council, Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive 98/70/EC of the European Parliament and of the Council as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652 (RED III) as part of the so-called Fit For 55 Package. The wood-based panels industry believes that the promotion of the use of renewables and the transition towards a decarbonised European energy sector are key to achieving the objectives of the carbon neutrality by 2050, addressing the needs of the post COVID-19 recovery and the challenges of the current energy crisis which might require even higher ambitions to ensure more resilient energy security supply.

EPF was delighted that the Commission acknowledged in its proposal that biomass needs to comply with the sustainability and GhG saving criteria for the use of biomass, established by Directive (EU) 2018/2001 in line with the cascading principle and the waste hierarchy as laid down in Directive 2008/98/EC. To meet the objectives of climate neutrality, the sustainability criteria is of the utmost importance to reduce early energy recovery, restore sustainable carbon cycles and increase carbon removals in circular and climate positive harvested wood products. For the EU's forestry resource to best meet our climate, economic, environmental and biodiversity targets, it is essential to allow the carbon cycles to be extended via sustainably harvested wood products, such as wood-based panels, for as long as possible by ensuring material preference over early energy recovery when economically and environmentally possible.

In this respect, it is essential that subsidies for bioenergy should not create market distortions for raw materials especially for woody biomass and prevent that high quality wood is diverted to energy market, with associated negative impacts on resource efficiency, biodiversity and carbon sinks. EPF therefore also welcomed the proposed obligation to phase out, with some exceptions, support for electricity production from woody biomass as from 2026 and the proposal for reporting on the impact of the Member States' support schemes for woody biomass, including on biodiversity and possible market distortions, and will assess the possibility for further limitations regarding support schemes to biomass.

Given the current negotiations in the TTE (Energy) Council and the ITRE/ENVI Committees of the European Parliament, EPF would like to highlight once again the necessity to maintain all references to the cascading principle especially in Recital 4 and Art.3(3) of the Directive. Enshrining the cascading principle is especially important given current supply chain difficulties and material shortages. EPF therefore believes that the retention of the cascading use of wood in RED III, in line with the EC guiding principles of sustainability, resource efficiency, circularity, new products or markets, and subsidiarity is vital to avoid market distortions and ensure the security of supply of raw materials for the wood-based panels industry.

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Moreover, EPF understands that the subsidiarity principle must be respected, however, in line with the existing European Commission guidance on cascade, the design of support schemes should allow for increased biomass availability for all purposes and the continuation of efficient resource allocation. In addition, separate collection and re-use and recycling obligations laid down in Directive 2008/98/EC must also be complied with. Thus, even if the delegated act is removed in favour of member state competence, the intent of applying the cascade principle in line with previous EC guidance should be maintained.

To conclude, the wood-based panels industry is committed to doing its share in the transition towards a carbon neutral and circular economy as it has done already in the past. Wood-based panels are sustainably sourced and circular climate positive products that are used extensively in construction and renovation (for structural integrity and energy efficiency), furniture and packaging. In this respect, our products hold a great potential in increasing carbon removals and sustainable carbon life cycles. Therefore, EPF believes that a coherent and viable approach is necessary when reviewing the rules of the RED together with the Forest Strategy, the revision of the LULUCF and the EU ETS.

Finally, it is essential that future woody biomass availability is guaranteed through cascading use especially given the increasing threats on wood availability. In order to ensure consistency between the different European policies impacting European forests, it is of the utmost importance to ensure that there is enough biomass for the whole EU circular bioeconomy ecosystem especially if we want to turn the built environment into a carbon sink by using nature-based materials such as wood and reach climate neutrality by 2050.

EPF represents the manufacturers of wood-based panels being particleboard, dry process fibreboard (MDF), oriented strand board (OSB), hardboard, softboard and plywood. EPF has members in 32 European countries. The EU wood panel industry has a turnover of about 22 billion euro every year and provides directly over 100,000 jobs. The production of wood-based panels in the EU-27 (+EFTA) in 2020 was an estimated 58 million m³. *www.europanels.org*

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