



Raw Materials Week 2018

15 November 2018, Marivaux Hotel, Boulevard Adolphe Max 118-126, 1000 Brussels

Forest-Based Industries 2050

1. Nature of the meeting

This event was the first one in the EU Raw Materials Week dedicated to biotic raw materials in the With representatives from academia, business, NGOs and public authorities, this meeting took stock of current challenges and policies (Session I) and marked the way for a sector-led strategy to 2050 (Session II).

2. Keynote speech

The European Forest Institute (EFI) indicated that the forest-based sector contributes to a transformation from a linear to a sustainable, circular bio-economy, using research and innovation support to this end but needs to maintain and improve its global competitiveness. In this context, new strategic alliances with other sectors are likely to be part of the formula for success. A long-standing view of the multi-functional value of forests is in danger of being replaced by focus on their use as a CO₂ sink. Public perception of forestry, acceptability of forest management, importance of forest-based industries not only providing wood-based goods but also as a driver and funder of sustainable forest management are key challenges ahead.

3. Session I: State of the forest-based sector

The UNECE identified major factors for 2050: global population will be 9-10 billion people, there will be 5 billion middle class people by 2030, with most of the increase in Asia; and the global economic centre of gravity will have shifted from the mid-Atlantic to China. The key issues will be mitigation of and adaptation to climate change (by reaching zero emissions) and urbanisation. In its 2030 Forest Sector Outlook Studies to 2030, the UNECE predicts demand and supply for forest products to increase through to 2030: if forest biomass is increasingly used for carbon storage, and if biodiversity is given priority and forests are conserved, the supply of wood will decrease by 12%, while if we promote energy from wood in line with 2020 targets, wood supply has to increase by 50% by 2030.

The printing industry, portrayed by GOC consultants, is characterised by SMEs, having: low access to capital, an ageing workforce but low recruitment, and low mobility. Business models are changing, leading to horizontal integration, larger companies, automation, 24/7 working, and an even cleaner industry, with paper, ink and other sludges being retained and recycled. New high-tech skills and up-skilling are required to embrace digitisation and MS need to update education curricula. Attractiveness of the sector adds to challenges..

The European Organisation of Sawmillers underlined that more and better forest-based sector data are needed to help integrate forest-based industries to know better the wood resources in forests and match them with the production of wood-based products, for which demands are evolving globally. Not only is there is not enough detail on forest composition but also data on felling and removals is often old and/or not complete or accurate, moreover there are no forecasts and there is no breakdown by wood species. However, to be useful, data must be accurate, frequently collected and harmonised. In addition, product definitions, descriptions and codes often do not tally between production and trade nomenclatures. In any case, codes for new products must be quickly adopted, so that markets can monitored more accurately and on an up-to-date basis, as is the case for Japan.

CEPF, a European forest owners' body, recalled that there policy map that relates to forest-based sector is complex: there is no single EU Common Forest Policy. The sector needs coherent policies from the EU, coupled with guidance on their implementation, and an holistic approach to support Sustainable Forest Management. The EC needs to support markets for sustainably mobilised wood and its derived products, and updated improved skills training – especially for digitisation, as well as recruitment strategies to attract younger workers into increasingly high-tech jobs.

Panel discussion and Questions

Knowledge gaps exist around:

In addition to the above “forest-based sector” information, also information needs to be strengthened on the following:

- The structure of forest ownerships and the composition and identity of forest owners, especially in the private sector, inter alia as a basis for more intensive and better forest management, including to reduce the incidence and ferocity of forest fires. CAP support could address this;
- on ‘disturbances’ (e.g. forest fires, pests and diseases) also needs to be more intense, accurate and comparable;
- information on post-consumer recovery, reuse and recycling of wooden materials and products, their carbon footprints and environmental effects of auxiliary products e.g. inks and sludges.
- How to motivate people, especially the young, to enter the sector, e.g. through smartphone “apps”, and how to provide the training they need to develop the high-tech skills needed to operate in “digitised” jobs.

On sectoral data, a forest-based sector taskforce was proposed to: 1. identify data inconsistencies and gaps; 2. propose ways to improve databases; 3. help set product definitions and codes whilst minimising discrepancies between production and trade nomenclatures. It was also proposed to encourage the whole sector to cooperate on information-sharing to overcome ‘horizontal’ issues, whereas currently the sector suffers from a poor image, partly because it is not seen to be speaking with one voice. The Cascading Guidance shows how problem-solving can work across the whole sector through information sharing.

Questions covered pessimism around re-skilling, an ageing workforce, a fragmented sector, and the unattractiveness of jobs in the sector. It was felt there was a lack of guidance on how to manage forests as means of carbon-storage vs as sources of raw material; on planting, growing and finding markets for the future wood species-mix; and on how to improve working conditions and profitability. More data are needed on disturbances and their effects; more investment was called for – especially to support small private forest owners; and mainly the EU was urged to help with communicating the value of the forest sector, and hence gaining a “social licence” to operate.

4. Session II: Future Perspectives

Product development needs to accelerate to reach 2050 targets on climate change. A mega-trend is that more wood is going into cities, where maybe two-thirds of the population will live by 2050.. Technically advanced wooden building products can provide a solution to creating new and renovating or expanding old building stock. Engineered wood products (EWP) allow homogeneous, predictably performing building products to be made out of small-dimensioned, often low-quality wood. These include as glued-laminated lumber (glu-lam), which permits large spans to be built, e.g. for sports hall or bridges, while cross-laminated timber (CLT) facilitates off-site prefabrication of multi-storey (20+) apartments and offices, either from the ground up or rooftop extensions. Laminated veneer lumber (LVL) permits building beams to be made to any dimensions required. In all cases, the wood stored in buildings retains that captured from the air by forest trees and substitutes that from the production of alternative materials. Wood also has lower embedded carbon in its processing, requires less heating and more generally provides a healthy living environment.

Through the wood-based bio-economy, the sector can also mitigate climate change by: sustainable forest management; increased resource and energy efficiency, such as creating reusable and recyclable products from renewable resources and using by-products – including for energy. By creating long value chains, and by working across new industries and cooperating in industrial symbiosis, it is possible to upgrade all products derived from forests to their highest-value use. The EU is therefore urged to:

- ensure the sustainability of forest resources and the continued supply of raw materials therefrom;
- ensure the global competitiveness of EU companies;
- continue to support the circular bio-economy.

Panel discussion and questions

The chair listed commonalities as: innovation, circular economy, full utilisation, climate change mitigation and the need for a coherent policy framework.

The panel underlined the need to shift consumer demand to low-GHG goods and services if Europe is to reduce its GHG emissions to below 1 tonne per person per year and thus address climate change. This is a major opportunity for the forest-based value chains, IF their many constituent small companies can cooperate effectively. To reach 2050 targets, both the EU and industry must work together, while education and training are also key for informing and motivating EU citizens, and developing sectoral skills.

Whereas previously, many jobs were physical, repetitive and so required modest levels of education and training, introducing automation and digitalisation to the forest-based sector means having new and very specialised skill sets for specific jobs. People now work on highly complex, computer-controlled machinery, controlling a much wider range of tasks than hitherto. In addition, it is seen as a major challenge to attract new workers, especially the young, to replace retirees.

Questions covered whether, given competing interests and the need for raw materials, the forest-based industries can collaborate and create a single vision of what the sector will look like in 2050. In this context, it was acknowledged that companies are already willing to work with their competitors, and to risk losing IP in favour of sharing best practice for the greater good.

The skew brought about by subsidies was discussed: the fact that there are still subsidies for fossil fuels but there is no carbon tax distorts the market against the wood products sector.

Part of future success will lie in consumers demanding that products and services be sustainable, proven with data and certification. Clear information is also needed to properly communicate the carbon footprint of each separate product and service.

The panel concluded with the proposal from leading industry representatives to support a workshop for the EU forest-based industries to deliver, by this time next year, their common vision for the 2050 horizon.

5. Endnote speech

FTP stated that the potential market for forest products is increasing and, with certain quantitative and qualitative limitations, there are growing raw materials markets. However, EU funding for the forest-based sector in 2017 was equivalent to just 42 cents per EU citizen. Therefore, to help develop more of the products and technologies needed to help fulfil those potentials, much more funding is needed, not only from EU sources but also member-states, academia and, not least, the forest-based industries themselves. Other major hurdles for development of the sector are the public's perception of forest-based industry – e.g. “we can't kill trees to make textiles” – and

recruitment & training: how do we encourage young people to enter what is a shrinking job market, but one where new, especially digital skills are very important.

A pan-European vision for research and innovation in the forest-based sector was announced: FTP Vision 2040, which was to be officially launched the following week. The Vision 2040 paper would propose 10 targets to be reached by 2040.

Annex: Agenda of the meeting

Raw Materials Week

12-16 November 2018



Forest-Based Industries 2050

15 November 2018, 9.30-13.00

Marivaux Hotel (Boulevard Adolphe Max 98, 1000 Bruxelles)

09.30-11.20 **Session I: State of the Forest-based Sector**

Welcome by **Ms Malwina Nowakowska-Ketterle**, Deputy Head of Unit, DG GROW

Keynote by **Mr Harald Mauser**, EFI

Presentations:

Forest resources and Wood Supply - **Ms Lia Fain**, UNECE

Sectoral skills demand and supply - **Mr Marcel Lamain**, GOC

Sectoral information needs - **Mr Diego Benedetti**, EOS

Sector-relevant EU policies - **Ms Fanny-Pomme Langue**, CEPF Q&A

11.50-13.00 **Session II: Future Perspective** – Chaired by **Ms Teresa Presas**

Presentations:

Construction Market - **Ms Sonia Moder**, KLH GmbH

Bio-based Products - **Ms Tytti Peltonen**, Metsä Group

Panel Discussion:

Ms Sonia Moder, KLH GmbH

Ms Tytti Peltonen, Metsä Group

Mr Sampsa Auvinen, EOS

Dr Gerfried Jungmeier, Joanneum Research

Ms Anna Martin, Bioenergy Europe

Endnote by **Mr Johan Elvnert**, Forest-based Sector Technology Platform