

## Position of the European pulp and paper industry on the use of biomass for energy and biofuels

The European pulp and paper industry actively supports the objectives of climate change mitigation and greenhouse gas emissions reduction, and recognises that switching to renewable energy sources might play a determining role in achieving the commitment taken by the EU in Kyoto.

Practically, the European pulp and paper industry has already moved in that direction and is today in Europe the largest industrial sector using biomass as fuel. In 2003, the sector even committed to increase even further the share of its energy consumption from biomass. With this Declaration of Intent to increase the share of biomass-based energy consumed by the industry up to 56% of the total primary energy consumption, CEPI has been recognised as a Renewable Energy Partner in the Campaign for Take-Off 2000-2003.

CEPI also shares the need of the EU to improve energy security of supply as well as the energy market competitiveness and the overall European sustainability. CEPI therefore welcomes the European Strategy for Sustainable, Competitive and Secure Energy, the Biomass Action Plan as well as the Strategy for Biofuels. The Contribution of the Energy Ministers to the 2006 Spring European Council also focuses on biomass as an energy source of the future.

CEPI nevertheless wants to raise the attention of the Commission on the sectors that now already use this biomass as raw material. To these sectors it is vital that the Commission develops a policy that combines the contribution of these sectors to jobs and growth in Europe and the need for more bio-energy in the biobased economy.

This combination is possible, but careful implementation of policies is needed. Our sector already meets negative consequences of inadequately designed implementation of the European Renewable Energy Policy which puts *too much* focus on the use of wood as biomass. Demand-side measures implemented nationally to promote the use of renewable energy sources and achieve the indicative targets set at European level (feed-in tariffs, tax exemptions, green certificates), create already significant distortions of competition on the wood markets.



All these elements lead CEPI to invite the Commission to consider proportionate and balanced ways to promote the development of biomass-based energy in Europe. In that respect, special attention and emphasis should be given:

- to facilitating mobilisation of woody biomass
- to the most efficient ways to produce renewable energy from biomass (Combined heat and power)
- to assessing ex ante the viability of new renewable energy producing installations with special attention to the possible impacts on the local wood markets.
- to establishing a level-playing field by requiring the same evidence of sustainability for the procurement of biomass as for woody raw material
- to securing an increased availability of biomass by encouraging the development of energy crops, including short rotation forestry, on abandoned/set aside agricultural land
- to making sure that biomass definitions are as broad as possible to guarantee a sustained delivery of fuel to biomass-based plants
- to making the best use of waste and agricultural residues and surpluses
- to putting in place supply-side incentives that would complement the demand-side incentives that are already in place, etc.
- to recognising the contribution of traditional wood-based industries to climate change mitigation, jobs and value creation
- to making a reliable assessment of the available biomass potential in European forests
- to encouraging Research and Development both in the field of energy efficiency and energy-related technological innovation
- to reducing the impacts of renewable energy policies on local wood markets, where disturbances are more immediately perceptible.

CEPI also **urges** the Commission to seriously assess and “*review the impact of the energy use of wood and wood residues on forest based industries*”<sup>1</sup> as it is provided for in the Biomass Action Plan taking into account the EU Communication on Industrial policy statement: “*In addition, increasing the demand for wood as a non-fossil fuel, affects raw materials costs for the pulp and paper industry*”<sup>2</sup>. CEPI is ready to co-operate with the Commission in that respect.

CEPI, the Confederation of European Paper Industries, represents in Brussels some 850 European pulp and paper companies and 1250 pulp, board and paper mills. Even before the Earth Summit of Rio, the European pulp and paper industries have been actively contributing to better sustainability, by improving their fibre procurement practices, adapting production processes for better energy efficiency, minimising emissions and effluents, contributing to maintaining jobs in rural areas, etc.

Besides their contribution to human well-being, the main asset of pulp and paper products is their carbon and value adding cycles, which go hand in hand. The valorisation of recycled paper and wood fibre in producing paper and board contributes to both the sustainability and competitiveness of Europe, notably as a substitute to less environment friendly materials and products.

<sup>1</sup> COM(2005)628 final, p.13. In addition, the draft Communication on an EU Strategy for biofuels provides that « The Commission will « *monitor the impact of biofuel demand on commodity and by-products prices, their availability for competing industries and the impact on food supply and prices, in the EU and in developing countries* ».

<sup>2</sup> Commission staff working document Annex to the Communication COM(2005)474 final “*Implementing the Community Lisbon Programme: A policy framework to strengthen EU manufacturing - Towards a more integrated approach for industrial policy*”