

Safeguarding the EU exports of wood and wooden products

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Forest industries are the backbone of European manufacturing industries

- The EU Forest-based Industries represent over 7% of EU manufacturing GDP and over 3.5 million jobs.
- Over 20 % of the outcome of the European forest industry products are exported outside Europe generating sales revenue of almost € 90 billion and added value of € 20 billion.
- The demand for bioenergy, biochemicals and biocomposites are growing strongly all over the world

Table 1: EU forest-based industries - key structural statistics, EU-27, monetary data in current basic prices, 2010-2011

F-BI sub-sector/ Parameter	Woodworking	Furniture	Pulp & paper manufacturing & converting	Printing	Total
N° firms	184 000	130 000	21 000	120 000	455 000
N° jobs	1 093 000	<i>1 000 000</i>	647 500	<i>770 000</i>	<i>3 510 500</i>
Production value (M€)	115 702	92 000	168 000	85 535	461 237
Turnover (M€)	122 264	96 000	180 000	88 009	486 273
Added value (M€)	31 200	30 000	41 000	32 477	134 677

Source: Eurostat (sbs_na_ind_r2), estimates (in *italics*) by DG Enterprise and Industry



Transmission of an European tree disease would have disastrous effects on European exports and Asian forests

- When introduced into the foreign forests, European pests can cause severe economic damage.
- The often severe economic losses undermine the profitability and competitiveness of agriculture, forestry and forest industries.
- The transmission of new pests would elicit trade bans by the export countries, damaging EU wood and wood working industry exports and trade.



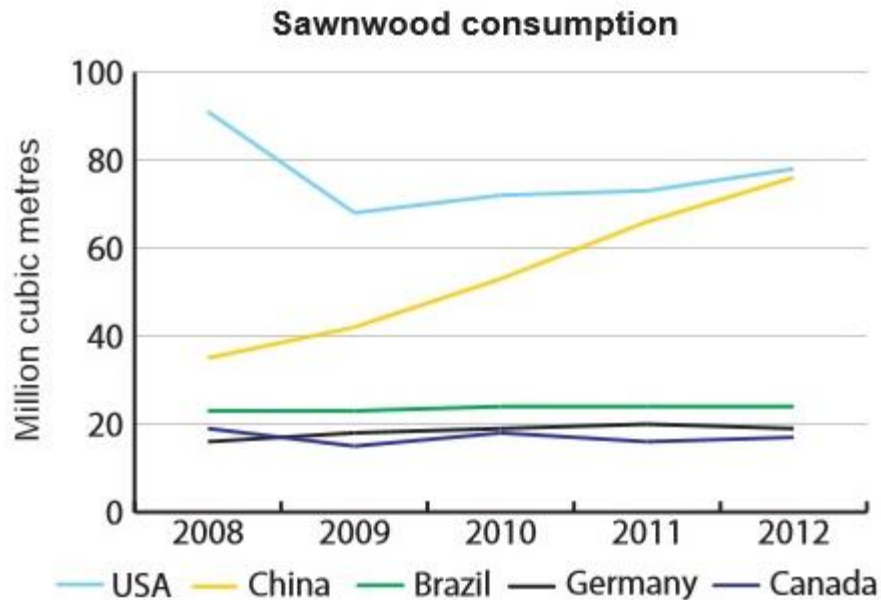
OPEN TRADE POLICIES SHOULD NOT MEAN INADEQUATE PHYTOSANITARY MEASURES

- EU's roundwood and wooden product's export protection system aligns with the International Plant Protection Convention (IPPC).
- The IPPC requires its contracting parties to make arrangements to issue phytosanitary certificates certifying compliance with the phytosanitary regulations and describes an export certification system to produce valid and credible phytosanitary certificates.
- According to IPPC the legal responsibility of the plant disease control and prevention lies in the hands of the exporting country.



China becoming the world's largest wood consumer

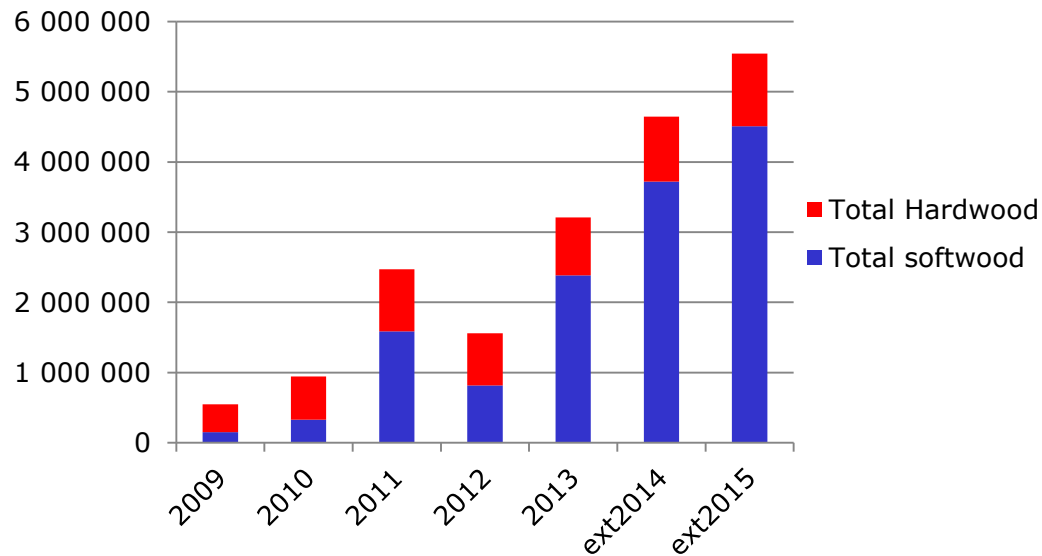
As predicted by the Chinese State Forest Administration their demand for logs and sawnwood will continue to grow and **China will need to import half of its annual requirements by 2015 (180 million m³ in 2012)..**



European log exports to China doubled in 2013

During the past few years China has become the main destination for European roundwood and log exports. Total log exports (Spruce, Pine, Oak, Beech, Birch) to China amount over 3 million m³ in 2013, showing a year on year growth of almost 200 %. Total value of log and sawn timber exports to China in 2013 was over € ½ billion.

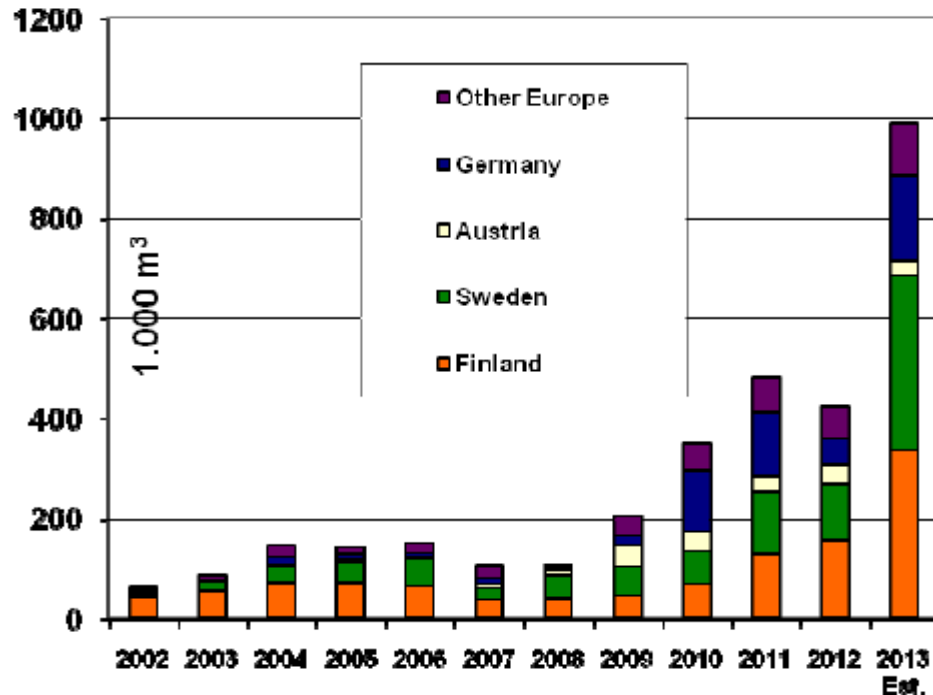
Total European log exports to China, million m³ swe



European lumber exports to China tripled in 2013

Total sawn timber exports to China amounted up to 1.5 million m³ in 2013, making China the 6th most important sawn timber export partner for EU-27. Total value of log and sawn timber exports to China in 2013 was over € ½ billion.

Sawn softwood exports to China



Source: Skogsindustrierna



China has taken strict measures to protect its forest resources

China is investing over 8 billion US per year in reforestation and it protects its forests for example by means of a strict logging quota system. Thus, the harvest of both softwood and hardwood industrial roundwood have remained at almost the same levels, 60-66 and 34-38 million m³ per annum respectively, between 2000 and 2011. The Chinese forest is composed mainly of coniferous (75%) and broadleaved (25%), of which beech accounts for 15% and oak for 18%. According the forest inventory of 2006, natural forests occupy 115.8 million hectares, compared to 53.5 million ha of planted forests which are quite young and vulnerable to infections (Source: UNECE).



Case-in-point: Notice of preventing ash shoot blight into China

- Ash shoot blight is a dangerous forestry fungal disease. There has been outbreaks in some countries and regions in Europe, causing very heavy losses. This disease is caused by *Hymenoscyphus pseudoalbidus*, it can cause bark ulcers, necrosis, branches wilting, crown dead until the whole plant dead. So since 6th March 2013, this disease has included in "People's Republic of entry plant quarantine pest list" and china stop import Fraxinus plants seed or nursery stock and other propagation materials from the countries and regions occurring ash shoot blight disease.
- According to our expert analysis there is high risk of import ash logs with shoot blight disease into China.
- To protect our forest resources and ecological security, in accordance with the relevant rules of IPPC international agreements, China banned imports of logs and sawn timber from the ash shoot blight disease countries and regions

Potential losses due to inadequate log export phytosanitary measures by EU-28 countries

- Direct loss of export revenues of log exports to China of € 332 million.
- In addition to the potential direct loss of export revenues of log exports the losses of other wooden products can potentially mount up to as high as 20 000 job opportunities, € 2,1 billion sales revenues, € 0,5 billion value added
- These estimates do not take into account the possible compensation request by China for the loss of its own forest resources.

(Source: Eurostat figures concerning the volumes of exported logs are highly questionable, and thus the Chinese customs data as used to estimate the total volumes of European exported logs).

Faults in the European roundwood export system

All roundwood exports to Asia take place in closed and sealed containers:

- No control over the temperature and humidity.
- Sea journey from Europe to Asia takes 5-7 weeks during which the container is exposed to extreme conditions including subtropical heat and humidity.
- Containers create an illusory safety and obvious excessive loads are not noticeable.
- Control density in containers is alarmingly low. The necessary break of the seal and further new sealing represents a high control cost which is gladly avoided as a possible breach is not externally noticeable.



Faults in the European roundwood export system

- The exported European logs are not debarked and their relative moisture content can be 100 %.
- They are packed loosely (only roughly 25-28 tons a container) into the sealed containers, sometimes already in the forests.
- The bark effectively prohibits the penetration of the fumigation chemicals and it is difficult to verify the effectiveness of the treatment visually.
- After the ban of methyl bromide treatments in Europe, the effectiveness of the applied treatment to roundwood with bark is highly arguable.
- Fumigation treatment and export certification procedures are not well established and there exists remarkable variations within the EU-28 countries.
- Fumigation takes sometimes place in open air within the forest, with only visual inspection of the effectiveness of the treatment and possible leaking of the fumigation chemicals into the ground.
- The exported volumes and qualities are not properly recorded.

Proposed improvements to the European phytosanitary measures for log exports

Debarking of logs is a well proven and easy measure to prevent the spreading out of majority of plant diseases:

- By removing the bark we remove majority of micro-organism and their substrate.
- Debarking enhances the effectiveness of the chemical treatment and hence reduce the need for use of hazardous chemicals.
- Furthermore, debarking enables a more accurate visual inspection of the shipped material prior to shipping.

As the legal responsibility of the plant disease control and prevention lies in the hands of the exporting country it goes without saying that EU and its member countries should immediately enforce its export certification system and establish proper administrative measures against questionable accreditation of phytosanitary treatment and certification.

