

## European wood-based panel industry (EPF)

### Answers to questions on the analytical report in the light of the international negotiations

1. *In your opinion, how have key indicators of the risk of carbon leakage (such as exposure to international trade, carbon prices etc.) for the EU energy intensive industry changed since the adoption of the climate change and energy package implementing the EU's unilateral 20% emission reduction target at the end of 2008?*

EPF reply: Yes we have seen a dramatical change of one key factor in the last year. The wood prices for production material and waste wood for the energy generation rised drastically. Some plants had to be stopped due to the lack of material.

2. *Do you think that the outcome of Copenhagen, including the Copenhagen Accord and its pledges by relevant competitors of European energy-intensive industry, will translate into additional greenhouse gas emission reductions sufficient to review the list of sectors deemed to be exposed to a significant risk of carbon leakage? If so, how and why?*

EPF reply: No.

3. *In your view, what would be a compelling new general economic or other factor which would require a change of the level of free allocation to sectors deemed to be exposed to a significant risk of carbon leakage?*

EPF reply: The own EU policies and legislations have to be taken into account. If the EU legislations requires to use much more biomass (=95% wood), the overall wood prices increase strongly because of new demand from the energy industry. To use wood for wood-based products (not for energy) will be very difficult in the future due to the price increases (see answer on question n°1). Taking into account that wood products stock the carbon out of the atmosphere for many years (up to 10 yrs), it is much better keep the carbon in the wood than to burn the wood immediatly. When you burn wood, the climate balance is zero, but when you stock the carbon into the wood it is negative!

4. *Do you consider free allocation of allowances as sufficient measure to address the risk of carbon leakage, or do you see a need for alternative or additional measures?*

EPF reply: EPF thinks that free allowances can only be a first step concerning carbon leakage. Other measures are necessary because the key factors wood prices and wood availability are so strong that this is a real threat to our industry.