



EPF

Newsletter

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EPF NEWS

NEW SECRETARY GENERAL EPF

During the General Assembly, the EPF members accepted the resignation of Dr. Guy Van Steertegem as Secretary General, a position that he held for the last 12 years (of which 7 with Fesyp). In order to ensure continuity, the EPF members decided unanimously to extend the presidency of Mr Frans De Cock (Unilin NV, Belgium) with one year. Mr László von Döry (Homogenholz, Austria) was elected vice-president and Mr Kris Wijnendaele was appointed as new Secretary General of EPF.

NEW ASSOCIATED MEMBERS

The Managing Board of EPF is pleased to, once again, welcome two new associated members which brings the total to 57.

SC Achema is the biggest nitrogen fertilisers producer of Lithuania and the largest factory that is involved in this type of activity within the Baltic countries. Achema's product range consists of nitrogen and compound fertilisers, adhesives, paints, resins, industrial gases, other chemical products and intermediates. SC "Achema" has more than thousand employees; annual fertiliser production exceeds 1 million tonnes.

More information is available on their website: www.achema.com.

Sasol Wax GmbH is the leading specialist in the manufacture of petroleum waxes, Fischer-Tropsch hard waxes and other wax related products world-wide. Their in-depth application expertise and highly developed production technology are the basis of their success. Thanks to their on-going investments in modern equipment and the latest technologies, Sasol Wax GmbH produces its products not only cost effectively but also in an environmentally friendly way.

More information is available on their website: www.sasolwax.com.

EPF ANNUAL GENERAL MEETING

The Swedish Federation of Wood and Furniture Industry TMF welcomed the European producers of wood-based panels (EPF) for their Annual General Meeting from 25 to 27 June 2003 in Stockholm. With about 40 participants at the internal meetings and more than 100, of which many associated members, present for the whole programme, the organisation can once more be called a success. The meetings took place in

the beautifully renovated conference room of the historical "Grand Hôtel", opposite to the Swedish Royal Palace.



The "gala-diner" took place in the former ammunition chamber of the Citadel on Vaxholm Island, one of the 4000 islands in the archipelago of Stockholm. The participants reached the Citadel by boat and were welcomed with (fortunately friendly) canon shots. Afterwards they were informed on the citadel's history which was never seized, followed by music and traditional dance.

During the EPF Annual General Meeting on 26-27 June 2003 in Stockholm, EPF President Mr Frans De Cock reported that recent developments required him to temper the cautious optimism he had voiced in his President's report in the EPF Annual Report. Unfortunately, the wood-based panels industry continues to feel the effects of the lingering downbeat economic climate.

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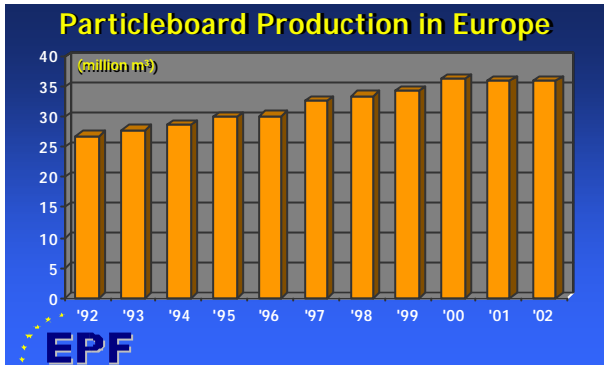
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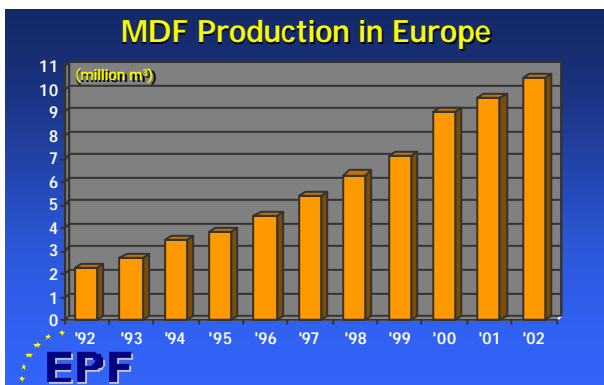
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Particularly particleboard suffered, as consumption registered a decline and fell by 2% during 2002. In line with this development, particleboard production within the EPF member countries recorded flat growth rates and amounted to 32.1 million m³. A positive point was found in the export activities, which increased substantially by almost 12%.



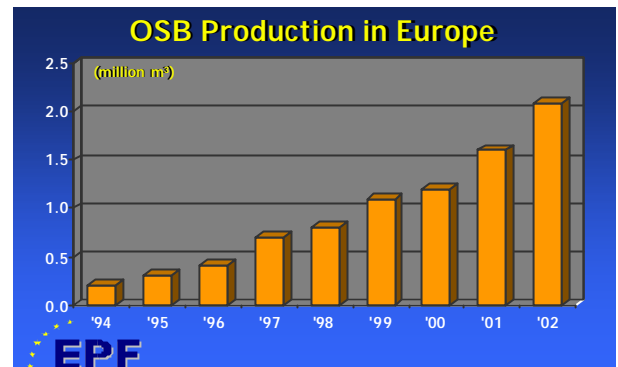
In the MDF industry, production set a new record at 10.5 million m³, topping the 2001 level by more than 9%, as the industry enjoyed a clear upswing from the second quarter onwards. The corresponding buoyant European demand for MDF was also reflected by the considerable decrease in overall stocks throughout the year 2002. European MDF consumption equally rose by over 9% and totalled 9.6 million m³. The continuous growth pattern of the last ten years was thus reinforced again. This positive trend continued during the first quarter of 2003. However, Mr De Cock informed that the MDF producers are recently experiencing a decline in orders, which would be rather worrying in view of the coming holiday period.



OSB production continued to expand massively, recording 31% growth to 2.1 million m³. In addition, an increase of 27% in European OSB sales and exports resulted in a total European consumption figure of 1.7 million m³. Mr De Cock added, however, that the European OSB

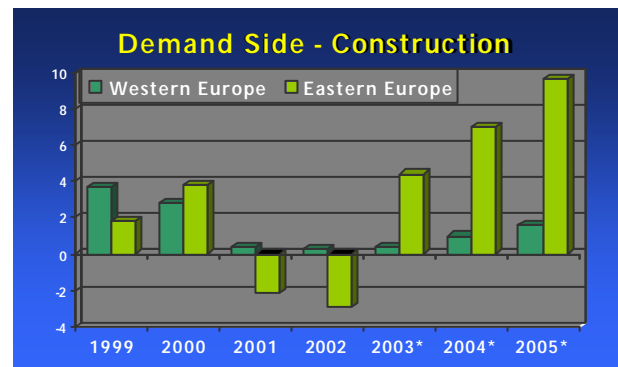
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producers still have a way to go to reach a healthy balance between supply and demand in view of with their installed capacity of 3.1 million m³.



Looking to the future, the EPF President was of the opinion that the prospects for the wood-based panels industry are not too bright. The economic forecasts continue to be revised downwards and a clear turnaround is now deferred until 2004. In addition to the difficult market conditions, the very high exchange rate of the Euro to the US Dollar is presenting the panel industry with big problems to compete on its traditional export markets. If this situation continues, the wood-based panels sector may be witnessing the beginning of a substantial restructuring process in the industry.

Moreover, consumption of particleboard has been declining since 2000, from more than 31 million m³ to just 29.7 million m³. For MDF, a new record might be reached this year passing the 10 million m³ threshold, but the recent stagnation in demand indicates that one should not be too optimistic. Despite the impressive growth rates in production and consumption of OSB, this sector is still struggling with an extremely low demand/capacity ratio.



On the other hand, the positive economic outlook in the EU candidate countries and the bright construction forecast for these future EU

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members might bring some hope for an earlier revival of the overall European wood-based panels industry.

The EPF President stressed the great concern of the wood-based panels producers about the development of the raw material costs, in particular for wood. EPF contacts with EU Commissioner Liikanen have already resulted in the creation of a working group in the European Commission to review the implementation of some of its Environmental Directives. EPF advocates that wood shall first and foremost be used as a raw material for the production of wood and wood-based panel products and only at the end of its life cycle for the production of energy.

Mr De Cock was pleased to report that the European Commission recently recognised that wood plays an important role in combating climate change. In one of its very recent publications, the Commission writes: "Trees reduce carbon dioxide (CO₂) in the atmosphere, since one cubic metre of wood absorbs one tonne of CO₂. Greater use of wood products will stimulate the expansion of Europe's forests and reduce greenhouse gas emissions by substituting for fossil fuel intensive products." The Commission says "it is examining ways to encourage these trends." Mr De Cock and the EPF members hope the European authorities will help them to increase the use of wood in general and of wood-based panels in particular. EPF presented a brochure and two posters to communicate the excellent credentials of wood-based panels to the general public. We can expect to see more of this in the near future.

Mr Lars-Göran Sandberg, Chairman of Timwood AB, presented the most important drivers in the panel board industry. He stated that during 2001, the European particleboard production represented 55% of the world output, against 53% for consumption. For MDF, Europe holds a 48% share in production against 41% for demand. OSB is dominated by North America, holding some 90% of the total market, whereas Europe represents 8%.

Mr Sandberg informs that the declining European population towards 2020 will be a negative driver for demand. The economic development in Eastern Europe will continue to outperform Western Europe. An equal trend is seen for housing and renovation. For furniture, Eastern

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Europe is foreseen to grow towards 2010, while Western Europe will remain flat.

For particleboard, Mr Sandberg announces production to stagnate, while consumption is foreseen to grow in Eastern Europe to 15 million m³, whereas Western Europe will face a slight decline to 27 million m³ by 2010. For MDF, consumption is expected to grow by 70% to 2010, mainly as a result of positive substitution trends. For OSB, Mr Sandberg foresees demand to reach 3.6 million m³ in Western Europe against 1.6 million m³ in Eastern Europe, while the industry is characterised by an 80% concentration within the top 5.

Mr Sandberg points to the low cost advantages in the Eastern European countries, as well as in China, attracting large investments, though also causing strong import increases and a negative impact on the EU industry.

Mr Bruno Widborg, Chairman of Swedwood and member of the IKEA Board of Directors, enlightened the participants with a remarkable presentation about IKEA in the consumer's world. The vision of IKEA is to create consumer relations under the banner: "At IKEA, we do a little, you do a little and together we save money". Mr Widborg's main recommendation was to avoid consumer irritation. IKEA manages this by:

- ?? stressing that it's products are for the clever and not for the rich. Thus, IKEA does not participate in the logo terror of normal advertising, but focuses it's commercial activities on its catalogue, which intends to inform and inspire the consumer;
- ?? providing a large range of different products and solutions from international productions. Thus, IKEA presents the consumer with a multiplicity of choices;
- ?? informing the consumer that IKEA is expanding and thereby creating a lot of jobs in Eastern Europe and Asia;
- ?? contributing to sustainable development based on triple bottom-line thinking (profit – environment – social responsibilities) and the IKEA Way of Purchasing methods.



Mr Widborg closed by stating: "We all think to be lions at IKEA".

Mr Kimmo Kiviniemi, President of Metso Panelboard Oy, presented his company, which is

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a global supplier of process industry machinery and systems. Metso's goal is to be the leading knowledge-based technology company, aiming to improve productivity and competitiveness of the customers' industrial core processes. Mr Kiviniemi further introduced the unique advantages of Metso's products and solutions in order to optimise the wood-based panels' industrial processes.



Mr Jan-Ola Jonsson, Global Product Manager Special Belts of Sandvik, explained that his company is the global leader in the business areas of tooling, mining & construction and materials technology. Mr Jonsson proudly introduced the history of Sandvik, which started in 1862 and focuses particular attention to the evolution of the steel belt production.



www.processsystems.sandvik.com
www.smt.sandvik.com/sps

Mr Rob Koster, Vice President Marketing & Key Accounts of Dynea ASA, focused on special resins for low emission boards. During his presentation, Mr Koster clearly explained the production of formaldehyde-based adhesives as well as the broader perspective of the aminoplasts. He informed about the new building regulations in Japan, which include new requirements for the formaldehyde emission of wood products, as well as about the proposal in the Netherlands to establish an unrealistically low occupational exposure limit for formaldehyde. He thanked EPF for its support in this matter. Mr Koster concluded that formaldehyde based resins still provide solutions to the challenges of the wood-based panels industry.



Mr Lars-Erik Sandström, Chairman of TMF, the organising Swedish timber and furniture federation, concluded that the EPF Annual

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General Assembly 2003 was again a great success and hoped the participants have enjoyed the programme.

BIOMASS

EPF MEETS THE COMMISSION ON THE EFFECTS OF THE EU RES POLICY ON THE WOOD SUPPLY

Many EPF contacts with the European Commission (in particular the meeting of our President, Mr Frans De Cock, with the Cabinet of European Commissioner Mr Liikanen) on the biomass issue have resulted in the creation of a new working group with key services of the European Commission.

The first meeting of this working group will take place already on 15 July 2003 and aims to present the European Commission with the current and potential effects of the great variety of state support mechanisms to support the burning of biomass on the wood supply and employment in the European wood-based panels industries. EPF will have the opportunity to make presentations on the actual effects in several European countries and to suggest possible solutions to the problems.

Please contact EPF if you wish to propose a delegate for this meeting before 11 July 2003.

MEETING CALENDAR

EPF Promotion WG, Brussels, 9/9/2003 (provisional date)
CEN TC112/WG11, Brussels, 17/9/2003
EPF Technical & Environmental Working Groups, Brussels, 18-19/09/2003
CEN/TC 112 Plenary meeting, 29-30/9/2003
EPF Press Conference at Batimat, Paris, 4/11/2003
ISO/TC 89 Plenary meetings, Paris, 5-7/11/2003
EPF General Assembly, Brussels, 18/11/2003
European Wood Day, Brussels, 19/11/2003
4 th European Wood-Based Panels Symposium, Hanover, 15-17/9/2004

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