

Healthy forests need markets

Using low-quality, fuel-grade wood for biomass production makes commercial and environmental sense.



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Key takeaways

- Misunderstandings about the role primary woody biomass plays in providing secure, reliable and renewable power will have negative and material impacts across Europe and around the world.
- Planned policy changes in Europe risk increasing costs to heat people's homes, jeopardising energy security and failing to meet critical climate targets, potentially harming forest health globally.
- European Parliament proposals to introduce a cap and a subsidy ban on utilising sustainably sourced, harvesting residues are deeply flawed and will have negative impacts on the ability for Europe to meet its decarbonisation targets.
- Biomass should not be sourced from high-quality, high-value sawlogs. EU policy decision making on primary woody biomass should ensure this is the case, not restrict good, sustainable sources of biomass such as harvesting residues or the co-products of forest management.
- Without a market for low-grade or low-value wood there is less incentive for landowners to invest in sustainable forestry practices, reducing the overall health of forests and increasing the risk of pests, disease, and forest fires.

Introducing restrictions to reduce the use of primary woody biomass will not stop harvesting from taking place, which is primarily driven by long-lived, solid wood product sectors.

Biomass is the EU's largest source of renewable energy by some distance. In 2020, solid biomass – woodchips, pellets, and renewable waste materials – accounted for 40% of the final consumption of renewable energy.

Solid biomass, like wood pellets, comes from low-grade or low-value wood from actively managed working forests. The sale of this wood provides a vital revenue stream for commercial foresters practising [sustainable forest management](#). But proposed changes to the EU's Renewable Energy Directive (RED III) will lead to unintended consequences for sustainable forestry and the energy sector.

An incentive for active forest management

The low-quality or low-value wood used by the biomass sector includes the residues from practices like [thinning](#) – periodically felling a proportion of the forest to promote healthy, vigorous growth. This is an important element of active forest management. Fewer trees mean less competition for light, water and nutrients, while the removal of weaker and diseased trees protects against the spread of pests.

Less competition and danger helps landowners grow more high-value sawlogs, which can be sold for construction and other solid-wood product using sectors. This market dynamic makes sawlogs too expensive to use for biomass pellet production.

Thinning also minimises the risk of wildfire, maximises carbon sequestration and improves biodiversity. In the US Southeast, for example, thinning has helped to restore habitats for rare and threatened species that thrive in open pine forests.

Wood removed through thinning includes logs that are too small, misshapen or simply unsuitable to be sold as sawlogs, as well as treetops and branches.

The European Parliament proposals under RED III would confusingly put both valuable sawlogs and low-grade wood under the EU classification of 'primary woody biomass'

The proposal would also place extreme restrictions around how energy produced using primary woody biomass is accounted for in progress towards renewable energy targets. This will negatively impact the market for low-value wood and in turn, reduce economic incentives to sustainably manage forests. Proposals to introduce a cap and "phase down" of this type of material will stunt the entire growth of the sector, which is at odds to widely held views globally that demand for sustainable biomass will increase towards 2050.

Why markets matter

Without a market for lower quality or lower value wood, there is less incentive to manage forests sustainably. This increases the risk of pests, disease and wildfire, and compromises the long-term health of the forest. Wood that would be removed through thinning or final harvest, for example, may be left to rot on site or be burned.

In British Columbia, forest owners must, by law, dispose of waste wood, meaning millions of tonnes are burned, releasing an estimated 3 million tonnes of CO₂ a year into the atmosphere.

The biomass sector has long operated in Europe and North America; regions where deforestation is currently not a threat to working forests even with the sustained use of biomass which might become categorised as 'primary woody biomass'.

Through sustainable management the US South, where Drax sources around a third of our biomass, saw annual forest growth increase by 112% between 1953 and 2015, while forest coverage increased by 108%.