

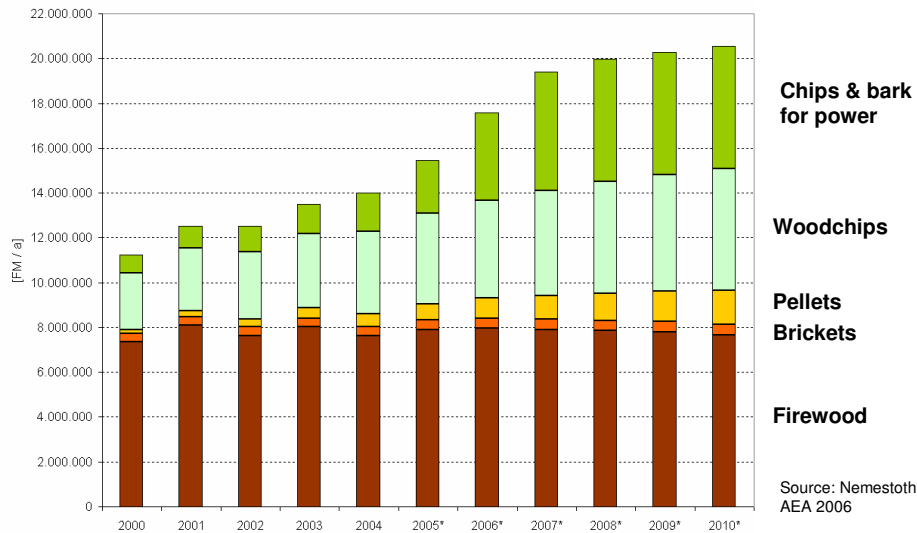
***The European Market for wood biofuel,
including trade in processed wood fuels***

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**The fundamental facts of wood fuel use are very similar
in most European countries**

- » The largest amount of wood fuel is still used as firewood in a traditional way
- » The second important share comes from wood fuel used in forest industries: sawmills, boardmills, pul & paper factories
- » Modern forms of wood use like pellets are still small but rapidly growing
- » Wood use for power production is growing very fast

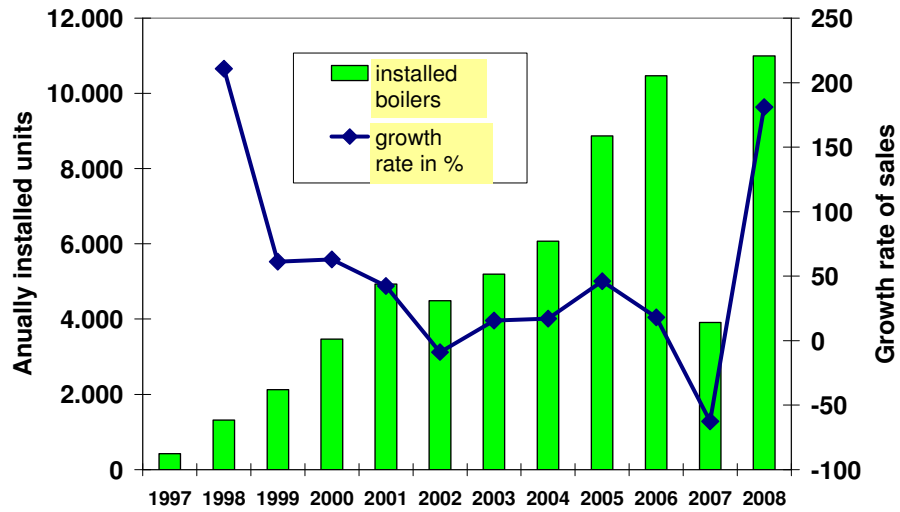
Wood fuel use in Austria



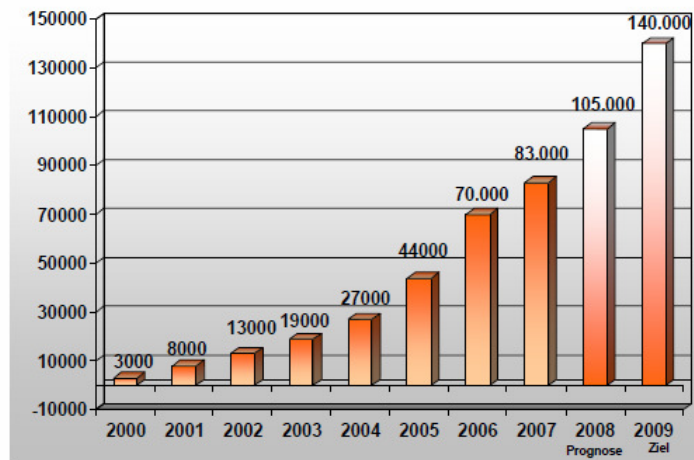
Pellets – the fastest growing wood fuel

- » Easy to transport, store and burn in automatic appliances
- » Can be used for heating and power production from 5 kW to 500 MW
- » Excellent and comfortable fuel for domestic heating

Sales of domestic pellet boilers in Austria



Total number of pellet boilers in Germany



Source: DEPV 2008

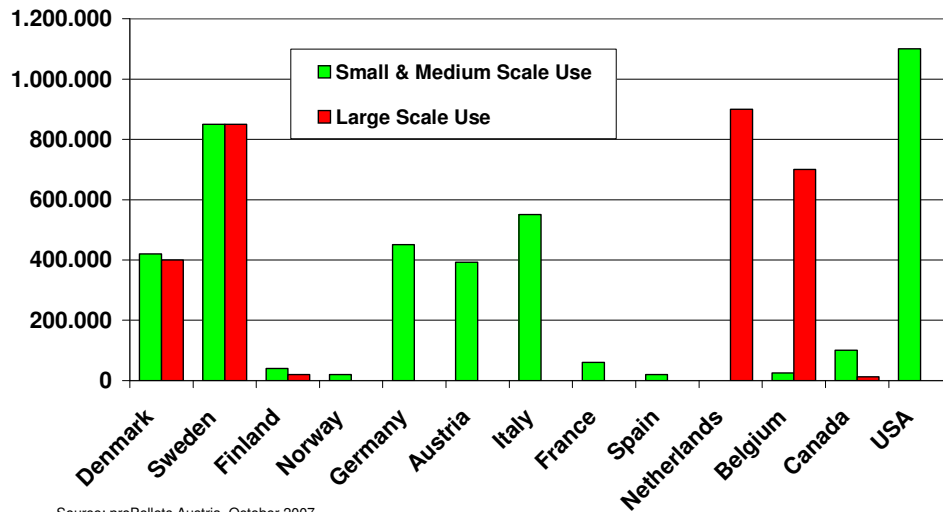
Remarks to global wood trade

- » Wood is mainly a locally used resource
- » Intercontinental trade with chips / pellets for energy production is only relevant for power plants located close to ports (NI, Be, Dk, Se, Uk)
- » Main trade route for pellets today: Canada – Europe
- » Future: Canada – USA, Latin America - Europe

Trade with wood pellets in Europe – main trade routes

- » Austria – Italy
- » Germany – Netherlands, Belgium
- » Baltics, Finland - Sweden, Dk, Be
- » Central & Eastern Europe: Italy, Austria, Be, NL

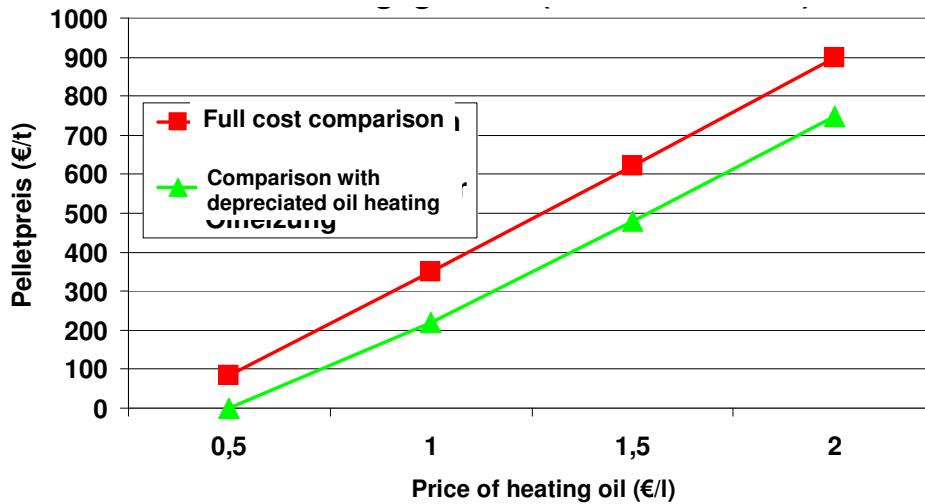
Use of wood pellets in Europe: for power and heating



Trends for future wood fuel development

- » Fastest growing sectors: power production and pellets for heat production
- » Strongest growing segments for pellet heating: pellet stoves for residential use, pellet boilers >100 kW
- » Traditional use of firewood will increase also
- » Strong demand on wood resources
- » The energy market could change the wood economy radically

How high is competitive pellet price depending on heating oil price



Conclusions

- » The European market for wood fuels is developing dynamically
- » New EU legislation on renewable energy use will further accelerate this development
- » Wood fuels can be very competitive with oil, if oil prices exceed 70\$/bbl
- » Wood fuels can create new economic opportunities for rural areas with forest
- » The local use of wood fuels will be dominating in the future as the advantages are better understood and local markets develop.

Thank you for your attention!

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