

## Sustainable Aviation Fuel Bill: Committee Stage

Wood Panel Industries Federation Written Evidence - July 2025

Sustainable aviation fuel presents an opportunity not just to cut our carbon emissions, but also an economic opportunity to develop both new technology and skills in our communities. However the development of SAF must not come at the expense of other established industries. The Wood Panel Industry Federation is concerned that financial support for SAF through a Revenue Certainty Mechanism has the potential to distort the market for woody feedstocks. This submission details these concerns and asks that the SAF Bill legislates to ensure that the SAF mandate adheres to the waste hierarchy; and that the industry is regulated to ensure that the already limited market for woody feedstock is not further constrained by the introduction of the Revenue Certainty Mechanism.

### *The Wood Panel Industry*

The Wood Panel Industry Federation fully supports the Government's ambition to decarbonise UK aviation, but there is growing concern around woody feedstocks, particularly recyclable waste wood, and forest timber, potentially becoming eligible as a feedstock for domestic Sustainable Aviation Fuel. The danger could arise if supplies from currently eligible domestic feedstocks prove insufficient to fulfill the mandate.

There are three wood panel manufacturers in the UK, comprising the constituent members of the WPIF: West Fraser, EGGER and Kronospan, and their contribution to the UK economy is hard to overestimate. Operating across five sites in North England, Scotland and Wales, they generate a combined turnover of over £1.4 billion per annum and support 10,600 jobs directly and indirectly with average salaries in the sector upwards of £47,000 per annum.

The UK wood panel industry currently supplies 65% of the UK's demand for wood panel products, utilising 25% of the annual roundwood harvest basket (11.2 million green tonnes) and 25% of the annual waste wood basket (4 million tonnes). An essential supplier to the housebuilding industry amongst many others, the industry supplies some of the UK's biggest brands, including B&Q, Jewson, Wickes, and Howdens, with 10% of the wider UK's economy by value made up of wood panel-reliant industries.<sup>1</sup>

### *Woody Feedstocks and the SAF Mandate*

The Wood Panel Industry is the largest industrial recycler of post consumer waste wood in the UK, processing over 1 million tonnes annually (25% of the total waste wood available in the UK) to manufacture sustainable products vital to construction, furniture and interior design.

As detailed above the industry also sources its feedstocks from virgin wood, utilising 25% of the annual roundwood harvest basket (11.2 million green tonnes). Roundwood is round material (either branches or trunk) cut from trees, both small roundwood (with a diameter of 7cm to 14cm) and sawlogs (diameter greater than 14cm). The virgin wood used by the wood panel industry is primarily sourced from productive coniferous species grown in the UK.

Diverting waste wood and potentially forestry products into subsidised SAF production would create unfair competition for this finite resource, leading to supply shortages and increased costs. This would not only threaten a key UK manufacturing industry, critical to the success of delivering quality and affordable homes but also undermines carbon sequestration efforts as wood panels lock in carbon for many decades - unlike fuels, which release emissions upon combustion. Furthermore, the burning of

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<sup>1</sup> Building a Sustainable Future: The Economic Impact of the UK's Wood Panel Manufacturing Sector, CBI Economics (2005)

non-residual wood-derived fuel (either in biomass boilers or aircraft engines) clearly does not meet the requirements of the waste hierarchy.

The eligibility criteria for the SAF Mandate currently stipulates that feedstock materials must be waste that cannot be 'prevented, reused, or recycled – in accordance with the waste hierarchy'.<sup>2</sup> Whilst the mandate acknowledges the waste hierarchy, which, in principle, would prioritise the use of waste wood for recycling before energy recovery it isn't clear how this will be monitored and enforced, leaving supplies of virgin and waste wood vulnerable to being used in SAF against eligibility criteria. The SAF Mandate includes provision for feedstock eligibility currently to be reviewed should problems arise with the supply of SAF from permitted feedstocks.

The sector has already witnessed the damaging effects of policy-driven market distortions through the Non-Domestic Renewable Heat Incentive (RHI). Subsidies under this scheme created artificial demand for woody biomass which significantly inflated the cost of virgin wood and reduced its availability for our sector. This distorted market dynamics and forced the wood panel industry to compete heavily with subsidies to energy producers, leading to shortages and higher operational costs and a supply crunch for the whole industry.

These concerns risk being repeated under the SAF Mandate, which, with the introduction of a Revenue Certainty Mechanism, will incentivise producers wishing to use this essential raw material for SAF production. Were this to happen, the industry expects that the Mechanism will:

- Increase the price of feedstocks as SAF producers can afford to pay more for the materials, given that their revenue is guaranteed.
- The Wood Panel Sector will struggle to match prices backed by subsidy, which risks increasing the price of wood panel products in the UK.
- More expensive, higher quality waste wood would be more likely to be diverted to SAF production, requiring the Wood Panel Industry to invest more money and time to sort lower quality waste wood for recycling.

Preventing other Market users from being outpriced could be legislated to level the playing field and secure the supply of raw materials for critical sectors like the wood panel industry. The industry is calling for the UK Government to;

1. Maintain the ban on the eligibility of all wood types that are a product (such as forestry timber) or recyclable, from the SAF Mandate, especially virgin wood residues from sawmilling and;
2. Maintain strict adherence to the waste hierarchy, to ensure that only contaminated, non-recyclable waste wood can be used in the production of SAF.

If policymakers do not maintain the SAF Mandate in full accordance with the waste hierarchy, the price of finished panel products will be forced upwards and the sector's ability to meet the 65% demand it is currently able to satisfy using domestic raw material supply will be reduced. Future eligibility of woody biomass such as forestry products and recyclable waste wood for SAF production would seriously risk undermining the success of other valuable UK industries.

The wood panel industry stands ready to support the UK Government's ambition of delivering 1.5 million new homes by the end of the Parliament, a target which cannot be achieved without the use of wood panels in the building and fit-out of new homes. We ask that the current eligibility criteria preventing the use of forestry timber and recyclable waste wood as permitted SAF feedstocks are maintained in the longer term, policymakers can both support the development of a domestic SAF industry that is truly sustainable as well as facilitate economic growth through the building of new homes. To that end we propose the below criteria to be used to regulate the feedstocks available for use in domestic SAF production.

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<sup>2</sup> RTFO and SAF Mandate technical guidance 2025 (UK Government , p.18)

### Proposed 'Forestry Residues' Definition

Forestry residues are residual waste left over from commercial forestry operations, including logging, thinning and pruning. These residues (collectively known as 'brash') typically consist of branches (with a top diameter of less than 7cm), treetops, leaves, bark and small trees or shrubs not suitable for commercial timber production.

### Exclusions

Each of the following represents an essential raw material for the wood panel industry. As such, they cannot be categorised as residual waste and should not, therefore, be eligible as a permitted feedstock under the SAF Mandate or the waste hierarchy:

- Roundwood: small roundwood (SRW) with a top diameter above 7cm up to 14cm, with roundwood of above 14cm top diameter also known as sawlogs.
- Sawmill products: comprising sawn timber, wood chips, sawdust, pin chips, shavings, slab wood and bark.
- Waste wood: post-consumer waste wood Grades A,B C

### Explanatory notes

Roundwood is simply defined as round material (branches or trunk) cut from trees. There has traditionally been a distinction between small round wood (up to 14cm top diameter cut from the top third of the tree) and sawlogs (>14cm) in terms of both diameter and length. However, this distinction is gradually disappearing.

Forest thinning is an important forestry/silvicultural practice aimed at encouraging stronger trees to develop. Thinning can result in some merchantable roundwood that is generally too small in diameter to produce sawn timber, but which can be reduced to strands or chips for use in wood panel manufacture

The virgin wood sources used by the wood panel industry are generally derived from productive coniferous species grown in the UK. Other than for very marginal imported volumes when there is excess forestry material in Europe (e.g. after major storms), it is not generally commercially viable for the sector to import significant volumes of virgin wood. This is due in-part to phytosanitary rules requiring imported virgin wood to be bark-free, but also the basic fact that 50% of the material by weight is water.

In addition to virgin wood (small roundwood/roundwood and sawlogs) the wood panel industry also uses sawmill products and post-consumer waste wood. The overall post-consumer waste wood market in the UK is relatively constrained, with a total annual market of 4.5million tonnes. The wood panel industry takes around 1 million tonnes of waste wood annually, around 330,000 tonnes of which is derived from wood packaging. Waste wood is generally recycled into chipboard, representing an average of around 65% of the industry's raw material input. A further 500,000 tonnes goes to animal bedding and horticulture, with the remaining 3 million tonnes used for biomass energy generation. The amounts going to landfill or for export are negligible.

Introducing a new volume consumer into a constrained UK waste wood/forestry products market, would cause a severe market distortion that would hit the wood panel industry hard, especially if that new entrant enjoyed a guaranteed strike price for its end product. The focus for potential new market entrants such as SAF should be imported feedstock.