PRESS RELEASE

Danzer CEO Says Hardwood Can Compete Effectively

Hans-Joachim Danzer speaks at UNECE in Geneva about opportunities for forest products

Geneva, Switzerland, October 2016 – Does the hardwood industry need special help from regulators to thrive? This was one of the questions at a United Nations Economic Commission for Europe (UNECE) panel discussion on forest and forest products that has been held in Geneva, Switzerland on October 18 – 20. Hans-Joachim Danzer, CEO of global hardwood specialist Danzer, said he was confident hardwood could compete effectively on its own merits; he did not ask for any special help from policy makers – provided there was a fair playing field compared to other materials and there was no over-burdening regulation for smaller companies. At the conference, Hans-Joachim Danzer was one of four panelists from the wood industry, and the only one representing hardwood. All panelist agreed that wood was a material with a bright future.

The fragmentation of the hardwood industry, according to Mr. Danzer, led to much inefficiency in the value-chain. Despite the obvious advantages of the material, like being warm, decorative and sustainable, there was still ample potential to improve the efficiency in the industry.

Mr. Danzer called attention to another important implication of the industry's fragmentation: Most hardwood businesses were small, often owner operated. They couldn't afford any PR departments; their voice was mostly unheard. And even though they might operate very professionally, they still struggled to deal with over-burdening regulation. While Mr. Danzer acknowledged the value of regulation, he suggested striving for simplicity when designing them. Only that way, smaller hardwood businesses could comply and stay in business; otherwise the hardwood industry would get smaller, to the disadvantage of the material with so many positive characteristics.

Danzer innovates to increase efficiency in the hardwood industry

Mr. Danzer presented four examples from his own business to illustrate the potential for efficiency improvements, while conceding that not all of the innovations were adopted immediately by the wood industry:

- Danzer's log scanner, which allows looking inside a log before processing it, hence optimizing the yield from the valuable hardwood resource.
- Danzer's light-weight board, which can be machined like traditional boards and is very resource efficient as it is made from slicing waste
- Innovative wooden surfaces which provide new authentic looks, including wood aluminum composites for automotive interiors and other interior design applications
- Danzer's method to slice thick cut veneers for the flooring industry, which can save thousands of truckloads of saw dust compared to the traditional method of sawing.

Regulators Should Ensure a Supportive and Practical Framework

Mr. Danzer reckoned that the businesses in the hardwood industry were able to solve key challenges at hand. Policy makers didn't need to give special help. He asked that they focused on ensuring a stable and fair framework; for example the strict rules for forest use should be matched by similar rules for agricultural products from former forestland.

Practical solutions to prove compliance with regulations were needed, especially for small owner-operated businesses, which struggled with over-burdening regulations. Rules and regulations were necessary but had to be adjusted to the capabilities of small businesses. Specifically, he recommended the following guidelines for hardwood regulation:

- **Foster free trade:** including the support of free trade agreements, avoiding market distortions from subsidies or incentives, not limiting access to resources based on non-scientific campaigns, and not favoring large companies over smaller ones by creating more and more regulation.
- **Make sure that all costs are reflected in the price consumers pay:** this would include stopping all hidden subsidies for non-wood products, which are often burdened with lesser regulatory requirements than timber, and have customers pay for so called externalities, like the use of air or water or end-of-life cost.
- **Take the lead in promoting wood:** including pushing for wood in public buildings, continuing to invest in forestry schools and educating the general public; this would help reaching the United Nations' Sustainable Development Goals (SDG) and substantially reduce carbon emissions.

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- **Support hardwood as a lever for economic development:** by keeping markets open for timber from responsible and sustainable sources in developing countries – and discourage trade with agricultural products from converted former timberland in these countries. Several wood characteristics could not be matched by any other materials. And only if timber products fed the local people, they had an incentive to maintain their forests.
- **Foster trust in hardwood:** by consistently enforcing existing laws and rules like EUTR, support truthful labelling, but do not arbitrarily favor one voluntary certification program over others.

All panelists ultimately came to the same conclusion: wood will be an essential material in the coming decades as it plays a key role in addressing climate change and the United Nations' Sustainable Development Goals.

UNECE's press release covering the event can be found at:
http://www.unece.org/?id=44135

ABOUT DANZER

Danzer is a leading quality hardwood company. The company has approximately 2,600 employees and services customers from 21 sales offices worldwide. Founded in 1932, the family oriented company is managed by a member of the third generation. Danzer owns and manages forests sustainably and produces sliced veneer, lumber and innovative value-added wood products for decorative purposes. Danzer products are being used in high-quality furniture, automobiles, interior architecture and other applications.

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