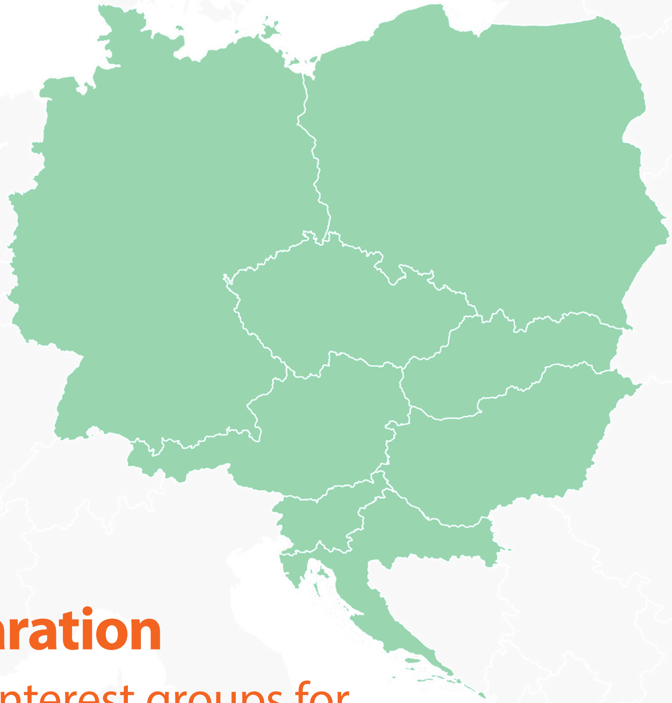

Prague Declaration

of the CEE wood industry interest groups for

Innovation – Climate Protection – Jobs – Value Creation

Introduction

The wood industry interest groups from Austria, Croatia, the Czech Republic, Hungary, Poland, Slovakia, and Slovenia — supported by the German Forestry Council (DFWR) — share common interests, goals, and responsibilities. Our member companies source their wood from forestry operations that have practiced sustainable forest management for generations. Many of the businesses in the Central and Eastern European (CEE) wood sector are family-run and deeply rooted in their local communities.

A strong and competitive European wood products manufacturing sector is essential for achieving key EU strategic objectives – including environmental targets, innovation, and job creation. Our industry contributes to a more sustainable and resilient economy, grounded in environmental responsibility and sound business practices.

The wood sector in the CEE region proudly works with one of the few renewable and sustainable raw materials that is widely available across the continent. By doing so, it strengthens Europe's strategic autonomy and security of supply in an increasingly volatile geopolitical context.

Forests and Raw Material in Europe

Europe is a green continent: Nearly half of its land area is covered by forests. These forests provide vital ecosystem services – from biodiversity and recreation to natural risk mitigation and clean drinking water. But forests are also a critical source of renewable raw materials and play a central role in climate protection.

Wood, a uniquely versatile raw material, grows in our forests. Trees absorb CO_2 from the atmosphere, store carbon, and release oxygen. Over the past 30 years (1990–2020), Europe's forest area has expanded by **16.8 million hectares** – equivalent to the combined size of Hungary and the Czech Republic. During the same period, the volume of wood reserves increased by approximately **11 billion cubic metres**, or **45%**. Only about **65% of the annual growth** is currently harvested.

Using Wood to Protect the Climate

Trees have a natural life cycle. As they age and decay, the carbon they stored is released back into the atmosphere. If harvested at the right time, however, the carbon remains stored in durable wood products, contributing to long-term carbon retention. In this way, the wood sector helps build a "second forest" — one of products — while also reducing emissions.

Sustainably managed forests are then able to regenerate, absorb CO_2 more efficiently, and become more resilient to environmental challenges than unmanaged, aging woodlands. Climate change is already impacting forests today. This makes **active, adaptive forest management**, which has already been implemented, more important than ever. It strengthens the regenerative capacity of forests more effectively and more quickly than natural processes alone can manage.

The future of forests in Europe must be actively shaped, not passively preserved. Environmental protection in the 21st century means responsible and science-based engagement with nature — not withdrawal from it. Calls to exclude large forest areas entirely from use, without consideration of regional contexts, societal needs, or proven forest management practices, do not solve the challenges we face. Nature is not untouched, and never has been. That is precisely why we need knowledge, data, innovation, and good governance. Forest policy must be guided by realism, not ideology. What forests require today is informed stewardship — tailored to current ecological, economic, and social realities. Europe has the expertise, the tools, and the responsibility to act. Let us use them — for climate protection, for biodiversity, and for the people who depend on forests.

Protecting the climate also requires a strong economy — one that can fund innovation, provide employment, and offer people security. Ambitious targets alone are not enough; practical, economically viable solutions must follow. For the wood sector, this means continued access to raw material from **sustainably managed forests**.

We strongly oppose the withdrawal of forest areas from use and blanket restrictions on harvesting. Placing forests in a metaphorical "glass case" and limiting wood supply is counterproductive — both for **climate protection** and for **biodiversity**. Turning forests into passive carbon repositories at the expense of a functioning, circular bioeconomy is not a solution.

Sustainable Raw Materials – A Prerequisite for a Strong European Wood Industry

The foundation of value creation in the wood industry lies in the supply of roundwood and industrial wood harvested by forest owners and operations. Traditionally, companies in the wood-based industries operate close to their raw material sources, with nearly all of their wood sourced from surrounding regions.

Our companies rely on forests that have been sustainably managed for generations. Since raw material costs represent the largest portion of production costs in the wood industry, **secure and stable access to wood** is critical to maintaining a competitive and functioning value chain.

Our Key Positions

- **We call for a strong and unambiguous commitment** from the European Union and national governments to sustainable forest management, including a **comprehensive impact assessment** of existing Green Deal measures and their interactions with forests and the forestry and wood value chain.
- **We insist on maintaining access to raw materials from Europe's forests**. We view the closure of large forest areas to harvesting critically. If our companies are forced to reduce their use of European wood, the international competitiveness of our industry will suffer, and domestic value creation will decline. Decreasing access to local raw materials leads to higher procurement and transportation costs, while increasing dependency on imports. This would result in job losses and the erosion of value creation in Europe's rural regions.
- **We support measures to increase the contribution of European forests to raw material supply.** In particular, we advocate for incentive systems that encourage small forest owners to become reliable long-term suppliers to the wood industry and its value chain.
- **We emphasise the importance of state forest institutions as reliable partners in the wood-based value chain**. In many countries of the CEE region, public forest enterprises have long played a key role in ensuring a stable and sustainable raw material supply. We call for the continued responsible management and market orientation of these institutions to secure long-term raw material availability for the wood industry.
- **We call for legal and regulatory frameworks to be practical and low in bureaucracy**, especially for small forest owners. Sustainable management of small forests must not be hindered by excessive administrative burdens.
- **We welcome climate-resilient and sustainable forest development** and advocate for the interests of the wood industry to be considered in the selection and breeding of future tree species, especially coniferous species like **spruce and pine**, the sector's most important tree species.

Relaunching the Green Deal – Putting Wood at the Core

The European Green Deal aims to make the EU climate-neutral by 2050. While its ambition is in principle welcome, the recent orientation offers the potential to undermine climate-friendly and in some cases regionally anchored value chains based on renewable resources such as wood. A renewed approach is needed — one that recognizes the sustainable use of wood as a key pillar of climate policy and economic resilience. The future direction of European climate, environmental, and economic policies presents both opportunities and risks for forests and wood. The goal must be to harness the potential of sustainable wood use to combine climate protection and value creation, to create climate-friendly houses, and to promote the bioeconomy, while securing and creating new jobs.

Our Positions

- **We call for a fundamental relaunch of the Green Deal, with wood and the circular bioeconomy at its centre**. The sustainable use of wood must be seen as an essential component of climate neutrality. We advocate for a positive and constructive vision of forest management that integrates carbon storage in forests and in long-lived wood products.

- **We support climate policy frameworks that reward the substitution of fossil-based and emission-intensive materials with renewable wood-based alternatives.**
  Only by enabling broader and smarter use of wood — particularly in the building sector — can the EU meet its climate targets in a cost-effective and socially inclusive way.
- **We assert that the bioeconomy strategy must be based on the traditional value chain**. Given the way the forest-based sector currently functions, the traditional wood processing value chain is the key sector for the forest and wood value chain. It is an important partner for the forest-based value chain and makes an important contribution to wood processing. It also makes a decisive contribution to the objectives of climate policy. The demand for wood in the value chain has ensured a resource-conserving, sustainable structure throughout Europe for generations. Sustainably managed forests ensure climate-friendly forests. They can absorb more CO_2 from the atmosphere. Thanks to sustainable forest management concepts in Europe, the supply of wood in domestic forests has been increasing for decades.

Nature Restoration Law (NRL) – Protecting Nature through Sustainable Use

Healthy, growing forests are the foundation of our industry. We support efforts to protect biodiversity and restore degraded ecosystems. However, a strict non-use policy, as promoted in the current Nature Restoration Law, contradicts the integrated approach needed for climate adaptation and biodiversity. Forest protection and forest management are not mutually exclusive — they are complementary.

Our Key Positions

- **We call for a revision of the Nature Restoration Law to ensure that forest adaptation to climate change is not hindered by blanket restrictions on use**. Active forest management is essential to maintaining healthy forests and should be recognised as a nature-based solution to both climate change and biodiversity loss.
- **We urge reconsideration of the 10% strict protection target, which would significantly reduce wood availability and endanger climate goals**. Studies show that meeting this target could cut the EU wood supply by up to 48%. Forests must remain a reliable source of renewable materials.
- **We insist on respecting subsidiarity and national competence for forest policy**. Forestry decisions must reflect local ecological and socio-economic conditions. EU legislation should set goals, not micromanage implementation.

LULUCF Regulation – Aligning Carbon Goals with Sustainable Forest Use

The revised LULUCF Regulation sets higher carbon sequestration targets for land use sectors. While well-intentioned, these targets should not promote forest abandonment. The largest climate benefits arise when forests are actively managed and wood is used to replace more carbon-intensive materials.

Our Key Positions

- **We oppose any approach that equates non-intervention in forests with higher climate ambition**. Leaving forests unmanaged will eventually reduce their CO_2 absorption capacity and increase the risk of carbon release through decay or forest fires.
- **We advocate for an active forest management model that combines carbon sequestration with long-term carbon storage in harvested wood products**. This model ensures that forests continue to function as dynamic carbon sinks and supports a vibrant circular bioeconomy.
- **We highlight that rejuvenated forests are more resilient to climate change and contribute more effectively to long-term climate goals**. A smart mix of management, regeneration, and use is essential for both carbon balance and forest health.
- **We demand a valid and supportive revision of the regulation for use in durable products**. CO_2 is released during harvesting and manufacture of wood products and by the use and disposal of wood. Much of the wood that is harvested remains in products for differing lengths of time. HWP is normally reported by product categories with different life-cycles such as paper, wood panels, and sawn wood. Harvested wood products are a very long-term carbon sink. The complex dynamics of land-use changes between categories and the relative contributions from biomass and soils lead to fluctuating estimates of sectoral emissions and removals.

Building with Wood – Unlocking Ecological and Economic Potential

The wood industry in Central and Eastern Europe is one of the main global drivers of innovation in timber construction. Our companies work closely with leading architects, engineers, and planners to develop and realise cutting-edge building concepts using the renewable raw material wood. We not only export wood products but also build expertise and engineering excellence and design modern timber construction systems. Therefore, we request and ask for a leading role in the development of the framework.

A shared passion for innovation and ecological responsibility has positioned our sector as a key player in the transformation of the building industry. Engineered wood products such as **glued laminated timber** and **cross-laminated timber (CLT)**, developed and refined in our region, have revolutionised timber construction worldwide — particularly for multi-storey buildings and urban development projects.

Wood offers significant ecological and technical advantages: It is renewable, lightweight, prefabrication-friendly, and ideal for climate-conscious urban planning. In order to fully unlock these benefits, the **framework conditions for timber construction must be simplified, harmonised, and modernised**. Today, regulatory and bureaucratic barriers often prevent the broader use of wood as a building material — especially across Member States with differing construction codes, fire regulations and environmental reporting systems.

Wood is the **building material of the future** — not only because it stores carbon and reduces emissions, but because it offers real solutions for sustainable housing, energy efficiency, and resilient urban planning. Unlocking its full potential requires a smart and coordinated regulatory approach.

Our Key Positions

- **We request and ask for a leading role at national and European level.** The Central and Eastern European wood industries associations are ready to take responsibility and want to be actively involved in the development of its legal and normative framework.
- **We advocate for the equal recognition of wood** in building codes and standards, ensuring that timber is recognised as a modern, safe, and sustainable material — on par with conventional construction products.
- **We call for harmonised and practical implementation** of the EU legal framework, such as the revised EU Construction Products Regulation, the Energy Performance of Buildings Directive and others. The regulations must provide legal clarity, reduce administrative burdens, and remain workable for small and medium-sized enterprises. Environmental and digital reporting requirements must be realistic and technically feasible.
- **We support continued public investment in timber construction**, particularly through national and EU-level funding instruments and public procurement. These initiatives help foster innovation and secure Europe's position as a global leader in green building materials. This especially applies to the new Affordable Housing Initiative of the EU
- **We encourage increased research and development efforts** in the field of wood-based construction, including the development of new materials such as engineered hardwoods, as well as further innovation in areas such as modularity, reuse, and circularity.
- **We call for legal frameworks** for the reuse and recycling of timber building components after deconstruction, recognising the potential of timber in construction. Pilot projects and practical experience from industry should directly inform EU and national legislation.
- **We support industry-driven standardisation** at both national and European level. Experts from companies and research institutions must play an active role in shaping future regulations to ensure they are effective and usable in practice.

The EU Deforestation Regulation (EUDR) – A Critical Need for Reassessment

The European wood-based industries support the EU's goal of combating global deforestation. However, the current design and implementation strategy of the EU Deforestation Regulation (EUDR) poses serious challenges for businesses in Europe — particularly for small and medium-sized enterprises (SMEs) in the wood value chain.

Since the publication of the regulation, and despite its postponement to 2026, no meaningful progress has been made towards a practical and legally certain implementation. Every new set of guidelines or FAQs increases the complexity and confusion surrounding the EUDR. Contradictory language across documents, the lack of legal binding force, and the bureaucratic burden of due diligence obligations raise the risk of misinterpretation and legal action across Member States.

The regulation, as currently designed, does **not contribute to competitiveness or sustainability**. On the contrary, it diverts resources away from innovation and undermines the very industries that are part of Europe's solution to climate change.

Our Key Positions

- **We call for the inclusion of the EUDR in the EU's Omnibus initiative for reducing bureaucratic burdens**. A regulation that aims to protect global forests should not come at the cost of undermining sustainable forest management and the functioning of the European wood value chain.
- **We demand the introduction of an additional "insignificant risk" category** for countries or regions where no significant risk of deforestation exists. In these cases, simplified documentation requirements should apply, in line with the previous EUTR regime.
- **We support a focus on first placement on the EU market** rather than full documentation through every step of intra-European value chains. The regulation's goal — to keep products from deforested land out of the EU market — can be met through targeted due diligence at the entry point to the supply chain.
- **We advocate for risk-based controls** and a prioritised focus on high-risk countries and products. Deforestation is not occurring in European forests, which continue to grow and are governed by strong legal frameworks. Risk-oriented implementation, as practiced in other EU regulations (e.g. forced labour), would be far more effective and proportionate.
- **We call for urgent legal and technical clarity**. The current information system, as well as geolocation and traceability obligations, remain unclear, untested, and in many cases, unworkable — especially for SMEs.

The EUDR, in its current form, risks becoming a **symbol of overregulation rather than effective environmental policy**. Europe must not damage its own circular bioeconomy by setting unrealistic standards that go beyond what even its most sustainable industries can fulfil. We therefore call for a **fundamental revision** of the EUDR — or, if this proves impossible, its **full repeal**.

The CEE wood industry interest groups reaffirm their commitment to sustainable development, innovation, and European cooperation. We are ready to contribute to constructive dialogue and practical policymaking that ensures a strong, resilient, and future-proof wood value chain in Europe.

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