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## **Statement by João Gonçalves, Centro PINUS 's President**

The pine cluster in Portugal has been deeply impacted by the energy sector in the last years.

Maritime pine is a native, pioneer tree, that currently occupies 22% of the Portuguese forest.

Pine stands are mostly semi-natural and with low intensity forest management. This is the species that the energy sector prefers to source because of its wood properties. Pine forest is the only in Portugal suffering severe decline, mainly due to forest fires: 27% of the area was lost between 1995 and 2015.

Despite this forest resource decline, a new energy cluster was created within a few years.

Currently, this sector represents a third to a quarter of the annual pine wood consumption in Portugal. This has severely increased the pine wood deficit that is estimated to represent 57% of the annual consumption.

Competition for pine wood among industrial players is increasing and the cluster sustainability is severely threatened. The market distortion because of subsidies to the biomass industry are a reality: the only reason why these players can compete for pine wood is because of the public support they get, while the other players act on an “unregulated” pine wood market.

Many enterprises can't cope with the increasing wood price and shut down. Typically, this happens for smaller enterprises that have the highest social impact.

Subsidies to the biomass industry have increased the pressure in an already declining forest resource and directly contributed to the decreased competitiveness of traditional forest industries, namely sawmills, the “backbone” of the pine cluster and the sector with highest contribution to job creation.