



WWF

#NaturaEAcasa

December 2023

Solutions for establishing a sustainable circular forest economy, social equity and compliance with Romania's environmental and climate commitments regarding the use of firewood

The double standard used to cap and offset energy prices for home heating - that is applying two different sets of rules in similar situations - has worsened the level of energy poverty and has generated an avalanche of side effects. WWF calls for measures to create a sustainable circular forest economy, for social equity and for meeting Romania's environmental and climate commitments on the use of firewood.

SUPPORT MEASURES FOR GAS CONSUMPTION, BUT NOT FOR FIREWOOD **DOUBLE STANDARD**

Romania has approved **support measures worth more than 4.5 billion RON for natural gas consumption**, in the context of gas price increases, paid to energy suppliers under GEO 27/2022 between April 2022 and July 2023, according to [data provided](#) by the National Energy Regulatory Authority (ANRE). If we consider at the situation over the last two years and take electricity into account, the amount comes to **20.5 billion RON**.

In contrast, **for firewood**, whose production cost has risen in line with the cost of energy, the government **has theoretically capped the price**, which has only complicated matters rather than helped.

In this case, the authorities did not provide any compensation, shifting the responsibility for protecting the population onto traders who could not include all the actual costs in the final price of the wood. Contrary to the expected changes, **this measure actually worsened the level of energy poverty, made it more difficult for the population to access firewood and generated an avalanche of negative side effects**. These include stimulating trade in illegally harvested wood and tax evasion, the unsustainable use of superior firewood and the burning of freshly harvested wood with high moisture content, leading to increased polluting emissions.



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DOUBLE STANDARD

! NATURAL GAS/FOSSIL FUELS VS. FIREWOOD ! URBAN VS. RURAL COMMUNITIES

If for gas users there was a specific price compensation measure, supported by the Romanian state, for wood users the measure was an arbitrary and only theoretical price cap without providing any compensation to producers/operators. In reality, this has led to **an increase in the black market trade in firewood, an increase in the export of firewood and, ultimately, to a more difficult process of purchasing firewood at even higher prices.**

Around 3.5 million households, or more than 9 million people, use firewood for heating in Romania.

In rural areas, the number of households that use wood heating is over 2 is over 2.5 million and represents 85% of registered households in rural areas. Although these households have significantly lower incomes than the national average, **they have not been granted subsidies for heating with wood, as has been the case for gas heating or centralised heating in urban areas.** Please note! We are not referring here to the scope of the law on the vulnerable consumer, where the subsidy is in fact used to compensate for the price of energy of any kind, but out of the already subsidised price, where appropriate.



DOUBLE STANDARD

! HUGE STATE-SUBSIDISED PROFITS VS. COMPRESSION OF REAL PRODUCTION COSTS ! CORPORATIONS IN THE ENERGY INDUSTRY VS. WOODCUTTERS' WORK IN THE FOREST

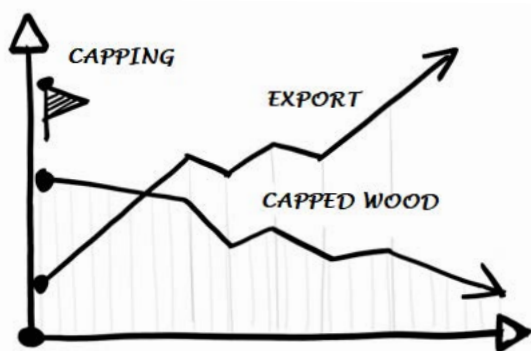
Capping would aim to discourage profiteering, not to reduce or disregard real costs. If, in the case of natural gas, after the liberalisation of energy prices there was talk of ['grotesque profits from the energy crisis'](#), (we have witnessed the [results](#)), in the case of firewood the authorities have imposed an arbitrary cap at a **price which, in most cases, does not even cover the actual costs** of harvesting, processing and distributing the wood to the beneficiary

Romania has in fact capped the work of the people. Even if the wood from the forest were provided free of charge, the costs of logging, processing and transport alone can exceed 400 RON/mc. Operators could not, in many cases, fall under this ceiling. By capping firewood, firelighters and pellets, the direct costs of harvesting, processing, handling and transport, which can be as much as 75% of the price of firewood delivered to the population, were ignored.

NEGATIVE SIDE EFFECTS IN TERMS OF COMBATING ILLEGAL HARVESTING, DEVELOPING A HEALTHY FOREST ECONOMY AND DAMAGE TO THE ENVIRONMENT AND CLIMATE

[We warned the authorities](#) last year about the risks of capping the price of firewood without adequate compensation, and the effects have become real:

IMPACT ON THE FOREST ECONOMY



A statistical analysis carried out by WWF Romania on the traceability of wood, according to data recorded in SUMAL, shows that in the first two months alone since the entry into force of the ordinance to cap the price of firewood for the population, **15% less firewood was officially sold** from the warehouses. Also for the same period, data recorded in SUMAL shows that **intra-community exports of firewood to the European market increased by 100%**.

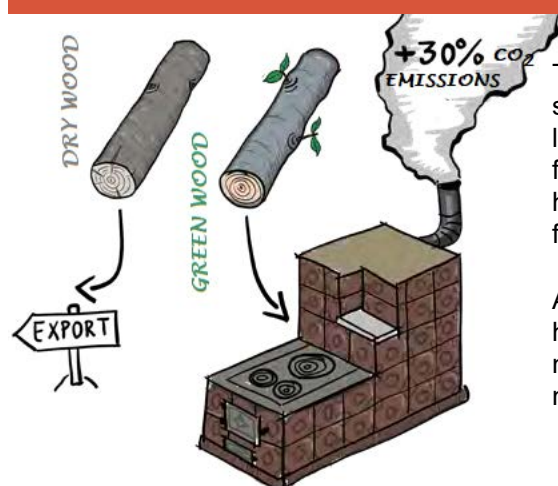
Retail stores have withdrawn capped wood products subject to the cap without compensation. Thus, the population was forced to participate in the trade of illegally harvested timber and a significant part of the timber remained undeclared. Capping without compensation has weakened trade discipline by placing timber in a different sort from that listed in the draft and [has boosted the trade in illegally harvested wood](#), acting as an [incentive for illegal shipments of firewood](#).

IMPACT ON THE POPULATION

The measure was justified by a "high level of protection for the citizens", but the effect was quite the opposite. Romanians who use firewood for heating [have felt the effects of this ordinance at first hand](#): less firewood on the market, an even higher actual cost of wood and low energy efficiency due to the high moisture content of firewood.



IMPACT ON THE ENVIRONMENT AND CLIMATE



The arbitrary setting of the cap meant that dried/wooded firewood in storage and manufactured pellets or firelighters were excluded from legal trade. The only legal purchase of 'green' wood directly from the forest remained possible. Thus, those who did not have supplies and had to buy firewood immediately had to use wood purchased directly from the forest with a high moisture content.

As a result, they received a lower yield of at least 30%. They therefore had to burn more wood to get the same thermal energy and caused more emissions, resulting in more pollution. Ultimately, the costs were much higher in terms of their budget, health and the environment.

SOLUTIONS PROPOSED BY WWF ROMANIA

Due to Romania's deficient energy infrastructure, it is clear that the population, especially in rural areas, will remain dependent on wood heating for at least the foreseeable future. This is why our country **must undertake a comprehensive set of measures** to secure higher wood value and cascading use and lay the foundations for a sustainable circular forest economy that reduces energy poverty, increases energy efficiency and contributes to decarbonisation and reduced air pollution.

ENERGY/FINANCE



Following the model practised for other energy sources, a viable solution is **to compensate for costs including firewood and wood-based products for heating homes**. However, wood must be **conditionally subsidised** so as to ensure legality of origin, high value and cascading use, and to encourage the use of dry wood/sawn wood or briquettes/fuelwood. Without creating distortions in the market, such a measure would guarantee real support for the population, improved energy efficiency, responsible use of wood and, not least, a cleaner environment. It would also bring an entire grey market in untaxed firewood to light and turn it into a secure revenue stream for the state budget, which would also significantly reduce the trade in illegally harvested wood.



Funding for programmes such as the **'stove scrappage'** or the **'first energy efficient wood/pellets/briquettes'**.

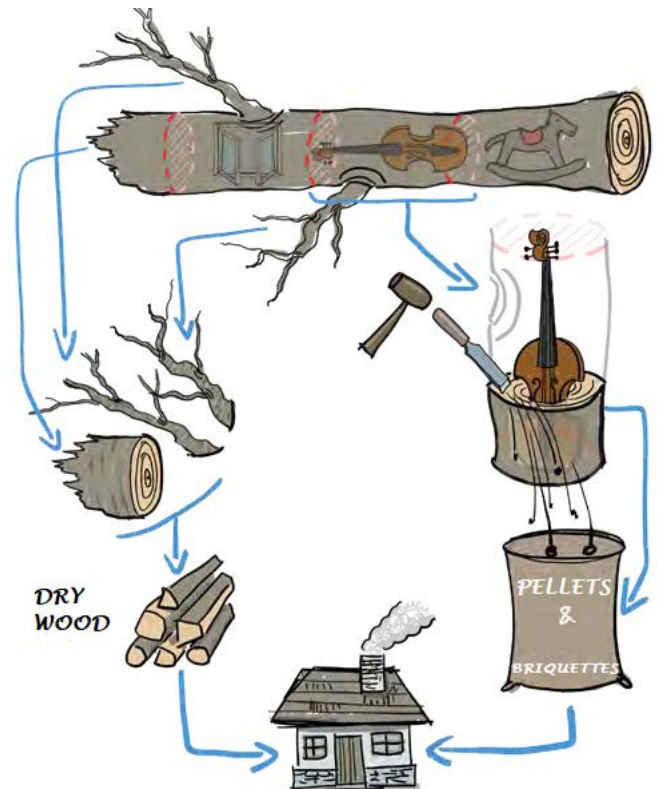


Maintain reduced VAT on firewood for the population.



Improving the transmission and distribution infrastructure for household heating.

A SIMPLE LAW AMENDMENT IS NOT ENOUGH, AN INTEGRATED SET OF MEASURES IS NEEDED



FORESTRY



Reforming the system to combat illegal harvesting and closing loopholes in SUMAL.



Setting up mechanisms **to foster improved exploitation of timber**.



Investments for the establishment of primary platforms and timber warehouses to ensure conditions for sorting, processing, baling/using of firewood before recovery.



Investments **in forest infrastructure to reinforce the environmentally friendly access network**. In the absence of this infrastructure, the cost of harvesting timber will remain high and it will not be economically justifiable to harvest the timber resulting from the care work in young stands. There is a potential of several million cubic metres per year that is not being exploited, and the failure to carry out proper care work has a direct negative effect on the resilience of forest ecosystems to natural hazards.



Solving administrative logjams in forestry, which is currently stifled by bureaucracy and unnecessary but costly administrative procedures that are ultimately reflected in the final price of timber.



Sustainability criteria for the use of forest biomass for energy purposes promoting the use of cascading wood.



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WWF Romania calls on the Romanian authorities and government to consider these solutions in order to ensure the establishment of a sustainable circular forest economy, social equity and compliance with Romania's environmental and climate commitments regarding the use of firewood.