

# Egger UK

Securing major investment in the UK timber processing industry



An Austrian company, Egger UK, has selected its plant in Hexham, Northumberland out of its 16 European sites, for a £100 million investment. Egger UK supplies 25% of the UK demand for chipboard. Investment in a new chipboard line with on-site processing will create the most technologically advanced plant of its type in Europe, securing hundreds of jobs and highlighting the role of forestry in regional economic development. This investment will catalyse active woodland management helping to create and maintain vital habitats for rare and protected woodland species. Egger's environmental credentials are demonstrated in their accreditation as 'FSC certified' and its use of the largest known biomass heating boiler in the UK as part of the new investment.

## objectives

- To replace an outmoded, uneconomic chipboard plant with a state-of-the-art processing facility.
- To maintain and grow market share for UK produced timber.
- To develop an integrated cluster of forest-based manufacturing on the Egger site to optimise the advantages of new investment.

## actions

- Replacement of previous technology with a new continuous production chipboard line.
- Construction of new silos for chips, sawdust and resin.
- Installation of three new chipping/flaking machines at circa £2 million each.
- Installation of a 50 mw biomass boiler for plant heating requirements.
- Attract related businesses to the area who could take advantage of waste wood recycling, reduce transportation and shared heat and power. These could supply raw material to the plant (e.g. sawmill residues) or add value to chipboard products (e.g. furniture components) etc.

## achievements

- Attraction of over £100 million new investment into processing in the North East and into the UK forest industry.
- More than 500 jobs secured on the site of the new plant.
- More than 1,000 jobs secured within other local businesses.
- 750 construction phase jobs, with associated boost to the local economy.
- A secure end use for 200,000 tonnes of waste wood from local authority sources, reducing the amount of waste material entering landfill.
- Enhanced financial security for forestry woodland businesses in North East England.
- Potential wider community gains from woodlands being opened up to allow greater public access enhancing personal fitness and well being as well as offering opportunities for rural businesses associated with outdoor recreation.

## background

The Egger Group with its headquarters in Austria, ranks amongst the leading producers of wood-based materials in Europe. Today the innovative family-run company produces five million m<sup>3</sup> of high quality chipboard, MDF and OSB boards. Egger UK has over the past 20 years, become the UK's leading wood-based panels manufacturer supplying 25% of the national 3.25 million m<sup>2</sup>/annum chipboard market.

Hexham is the largest of Egger UK's two chipboard mills. MDF and OSB are high-added value chipboard products used throughout the construction and furniture industry. They are produced from generally low quality timber, sawmill offcuts, chips and sawdust. Egger also recycles 200,000 tonnes of waste timber from local authorities. Locally the plant employs 574 staff on its Hexham site. It uses 400,000 tonnes of round timber from woods every year, purchasing directly from the Forestry Commission and from other landowners in the region. The modernised mill will secure and extend a roundwood market in the North East. It justifies the thinning and felling of trees and new planting, it underpins the sector's harvesting and transport infrastructure and generally supports sustainable woodland management. Indirectly this process offers huge gains for nature, the economy and rural communities as it not only leads to enhanced woodland biodiversity but also opens up woods for access and helps cover the cost of landscape improvements.

The planned business cluster for sawmilling, secondary processing and added-value activities will also help develop the Hexham area as a centre of forest-based skills, thereby protecting jobs and further strengthening Egger's UK chipboard and forestry operations.

## quotes

*"The Forestry sector contributes over £450million a year to the region's economy and employs over 3000 people. Eggers' investment underlines this and also places what is sometimes seen as a traditional industry at the forefront of modern manufacturing technology and practices. The expansion will see Egger invest £100m in their Hexham plant making it one of the most technically advanced in Europe."*  
Tom Warburton, Head of Regeneration at One NorthEast.

## funding

**Total: £100 million**  
Egger

## lessons learnt

- It has taken considerable time to persuade other government bodies engaged in economic development of the positive role and potential of the forest industry.
- Securing planning permission and land for development is costly and time-consuming, requiring considerable strategic forethought.