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With a General Election only months away, I am motivated to set out for you a succinct perspective on a number of key policy issues critical to the future of this country's important paper industries; this in the hope that, whatever the outcome of that election, all those involved in making or in critiquing future policy are fully aware of our concerns and aspirations.

The UK Paper Industry – A Summary for Policymakers

Paper is made from cellulose fibres which are renewable, reusable and a sustainable resource. In the UK, 80% of the cellulose fibres used to make paper are obtained from waste paper; that is, paper recovered from domestic and business waste streams. The balance is sourced from trees grown in managed plantations.

Paper locks up the carbon present in the tree and keeps it locked up for as long as the paper product exists or for as long as the waste paper is recycled, typically **between four and seven cycles**. Even when recycling is no longer viable (because the quality of the fibres diminishes with each cycle), the material is still useful as a soil conditioner or as a biomass fuel. As long as trees continue to be planted to replace those harvested for paper production, the net carbon released is limited to emissions arising from the manufacture and transportation of paper. The recyclability of paper, and the infrastructure we have in place, means that **paper has surpassed all recycling targets** set in regulatory and voluntary agreements to date.

The UK paper industry **employs some 25,000 people directly** and **over 250 paper installations** are to be found across the UK, from paper mills through converting plants to recovered paper depots. The **industry's annual turnover is of the order of £4 billion**. Some 5 million tonnes of paper are made in the UK each year but nearly 14 million tonnes are consumed meaning **well over half of the paper used in the UK is imported**. This has a significant impact on the UK's trade balance.

Papermaking is an energy-intensive process and UK paper mills consume some 20 TWh of primary energy per year. Paper mills are subject to the EU Emissions Trading Scheme (EU ETS) and the industry also participates in a Climate Change Agreement (CCA) with Government. The sector makes extensive use of Combined Heat and Power (CHP) to utilise energy more efficiently and also makes increasing use of biomass as a fuel. These facts have helped **the sector achieve an increase in its energy efficiency of 40%** compared with 1990. **Direct carbon emissions from paper mills have reduced by 38% over the same period to 2.7 Mt of CO₂ per annum.**

A key sector of the paper industry is corrugated (cardboard) packaging, an essential contributor to modern society without which FMCG business would not be able to function. It makes up some **30% of the UK packaging industry** and corrugated remains the UK's 'favourite packaging material'. **More than 80% of all corrugated packaging consumed in the UK is recycled**, the highest recycling rate for any UK packaging material.

Paper – the sustainable choice

The UK paper industry has contracted over the past few years and is faced with ever-increasing regulatory burdens despite having an excellent environmental record. If the industry is to continue in the UK, and is to grow, we need support from Government.

In our view, any UK Government should:

- **Continue with a system of Climate Change Agreements** to allow energy-efficient industries such as ours to gain relief from climate change levies or carbon taxes in exchange for energy and carbon efficiency improvements. Energy is one of the three main costs incurred by the paper industry and it is critical that Government accepts that this relief is needed.
- **Recognise that the UK needs a buoyant manufacturing sector** to contribute to increasing GDP and to provide jobs and skilled employment for the benefit of all.
- **Develop an energy strategy to allow industry to have long term access to energy sources at competitive prices** and at prices which do not disadvantage UK manufacturing compared to that in other EU countries.
- **Support the development of UK waste paper reprocessing capacity** to reduce the dependence of the country on exporting waste paper to the Far East in order to meet its recycling targets.
- **Reduce the regulatory burden** associated with complex and overlapping regulatory schemes (such as EU ETS, CCA and CRC Energy Efficiency Scheme)
- **Ensure that appropriate raw materials arising from recycling or in the forest are used for papermaking** rather than energy generation as this is a more resource efficient option and one which also creates more jobs.
- **Support measures that promote high quality extraction of waste paper** from the waste stream to ensure an effective raw material is available for investment in and development of domestic reprocessing infrastructure. This should help to secure public and business confidence in the recycling process.

Without such policies the paper industry is at risk of contracting and moving production outside the UK and the EU with little or no environmental, economic or societal benefit to the UK.

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