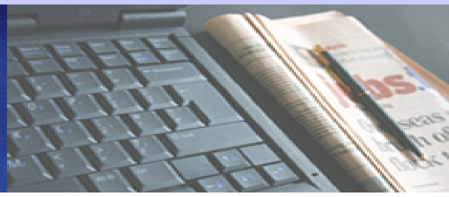
1st July 2009

Press Release

UK Paper Recovery Industry continues progress within Europe



Following the launch of the Confederation of European Paper Industries (CEPI) Annual Statistics for 2008[1] , the Confederation of Paper Industries (CPI) can confirm that the UK has cemented the position of its recovered paper collection to well above the CEPI average when calculated using their methodology. However a degree of caution is required as the UK is in a rather unique position in terms of its trade balance in finished paper and board products and packaged goods.

Using CPI UK mill returns and HM Revenue and Customs data, the UK recovered 8.77 million tonnes (77%) of the 11.44 million tonnes of unconverted paper and board products (papers for printing and conversion to finished products) consumed in the UK in 2008, well above the reported CEPI average of 67%. However the calculation method used by CEPI for the above figures does not take into account the UK's net balance of trade between imports and exports in finished paper and board products (printed books, printed magazines, printed greetings cards etc) or the net balance of trade in packaging around finished goods (corrugated boxes around imported electricals and food etc). At a European level, this net trade in finished paper and board products and packaged goods is taken to be in balance. However in the case of the UK, CPI estimates that for 2008, UK imports of this type of material exceeded exports by some 1.7 million tonnes. Incorporating this additional tonnage into the calculation increases the amount available for recovery from the UK waste stream to 13.14 million tonnes and reduces the UK's recycling rate to 67%, the same as the CEPI average.

The CEPI statistics also clearly show major differences between the UK and the rest of CEPI in terms of reliance on the export market for paper and board recycling. Of the material collected by CEPI countries, excluding the UK, 89% was recycled within Europe in 2008. For the UK, only 46% of the material collected in the UK was recycled in the UK; with this figure likely to fall further through 2009. UK paper mills continue to lead the way in Europe in terms of recovered paper usage against domestic production with a recovered paper utilisation rate of 80% against a CEPI average of just 49%.

There are numerous UK drivers that should continue to push paper and board recovery from the UK residual waste stream (including the new packaging strategy, the landfill tax escalator and voluntary initiatives like the "Recycle on the Go" campaign) however the actual volume recovered may decline in 2009 as the consumption of paper and board products slows in the current economic climate. These drivers however should ensure that, even with the import of many finished paper and board products into the UK, we continue to report at around the European average level.

Commenting on the figures Peter Seggie, CPI's Recovered Paper Sector Manager, said, "These figures confirm the continued development of recovered paper collection in the UK in comparison to our European neighbours; however they need to be taken in context. The UK is in a rather unique position in Europe with increasing collections of recovered paper but a shrinking domestic recycling capacity; this means domestically we only recycle 35% of what we consume against a CEPI average of 55%. This is mainly due to the huge imbalance between UK paper and board consumption and UK production. The UK paper and board industry supplies just 35% of UK domestic paper and board consumption; even with a very high utilisation rate of recovered paper in domestic UK mills, they only use just under 46% of the total amount of material collected."

He went on to say, "Because of growing recovery levels, 2008 saw the UK export over 54% of what it collected and this will be the norm until the UK increases its domestic paper recycling capacity. This current position is sustainable as long as there are expanding overseas markets (as seen with China through most of 2008). However, with poorer performing European neighbours increasing waste material recovery rates in line with EU legislation, there will be strong competition on the global market going forward. Should any issues arise with overseas demand, such as those seen through the later part of 2008, the UK will suffer severely because of our low domestic recycling level. There have been further UK papermaking capacity closures announced in 2009 but their use of recovered paper should be balanced in part by new production capacity coming on stream in 2009. In the short to medium term, the UK will continue to rely on the export market to absorb the majority of material collected from the UK waste stream."

Data taken from 2008 CEPI Annual Statistics

		Usage ('000 Tonnes)			Utilisation Rate (%) (usage/production)		Recycling Rate (%) (collection/consumption)		Domestic Recycling Rate (%) (usage/consumption)	
		2007	2008	% change	2007	2008	2007	2008	2007	2008
CEPI		**49,631**	**48,616**	**-2.0**	**48.4**	**49.1**	**66.1**	**67.0**	**56.4**	**55.3**
of which:	Germany	15,822	15,489	-2.1	68.3	67.8	72.9	74.1	75.1	71.6
	France	5,947	5,677	-4.5	60.3	60.3	63.5	64.3	53.4	53.0
	Italy	5,580	5,329	-4.5	55.2	56.3	51.8	57.0	46.9	48.1
	Spain	5,678	5,442	-4.2	84.6	84.8	63.9	68.8	73.7	74.9
	UK	4,047	3,993	-1.3	77.4	80.1	71.1	76.6	33.4	34.9

[1] http://www.cepi.org

ENDS

For more information, please contact Peter Seggie, Recovered Paper Sector Body Manager, on 07887 641481 or email pseggie@paper.org.uk.

Notes to Editors

- For additional information on the UK paper industry, in the first instance, please contact Catherine Waterfield, External Affairs Coordinator, on 01793 889612 or email cwaterfield@paper.org.uk. Alternatively, please visit: http://www.paper.org.uk.

- CPI is the voice of the paper industry in the UK, representing papermakers, tissue manufacturers, corrugated packaging producers and recovered paper merchants.

- The Recovered Paper Sector represents three main categories within its Membership:
    - UK Mills using recovered paper as a raw material;
    - UK Integrated Recovered Paper Merchants affiliated to Papermill Groups; and
    - UK Independent Recovered Paper Merchants independent of Papermill Groups.

- The Recovered Paper Sector integrated and independent Recovered Paper Merchant Members manage around 67% of UK collected recovered paper.

- The Recovered Paper Sector Mill Members utilise around 80% of UK used recovered paper.