

2009: Recession impacts all facets of the paper and board industry, but positive developments as well



Preliminary analysis by the Confederation of Paper Industries (CPI) of 2009 UK paper and board data shows a decline in most facets of the industry including UK consumption, UK production, UK usage and UK exports of recovered paper and board. However, there is positive news with the waste paper and board recovery rate continuing to rise, the successful machine conversion by St Regis at Kemsley, the opening of the new PALM newsprint facility in Norfolk and the announcement that the new SAICA packaging mill in Manchester will go ahead.

In 2009 the UK consumed an estimated 11.5 million tonnes of paper and board products, a 10% reduction on 2008, leading to a fall in the volume of used products collected for recycling to 8.1 million tonnes, 7% less than in 2008. The UK produced just 4.3 million tonnes of paper and board, a 14% reduction on 2008. In terms of raw material, UK paper and board mills used just under 3.8 million tonnes of recovered paper and board, a decline of 6% on 2008, while exports fell to 4.5 million tonnes, 8% lower than in 2008.

In 2009 collection volumes of recovered paper and board reduced due to falling consumption. However, the collection rate (the tonnage collected as a percentage of the tonnage consumed) actually rose to around 78% from 76%, demonstrating that the UK recovered paper industry continues to find new sources of material. The smaller decline in domestic usage of recovered paper and board meant that UK exports bore a higher percentage of the reduced collection. The opening of the PALM newsprint mill in Norfolk is likely to see exports fall further in 2010 if collection levels do not pick up to compensate.

2009 saw 90% of the fibrous raw material used by the UK paper industry come from recovered paper and board, one of the highest rates in Europe, and this is likely to rise further in 2010 with the new domestic recycling capacity provided by PALM.

Peter Seggie, Recovered Paper Sector Manager at CPI, said: "2009 was again a very demanding year for the UK paper and board industry. Further closures are a reflection of the difficult recession the world has gone through. However, it was great to see new paper and board-making capacity come on-stream to reverse some of the recent decline in domestic paper and board manufacturing. The fact that the new UK capacity is based on 100% recovered paper is also good news for the recovered paper industry, and with the green light having been given to the development of a new packaging mill in Manchester, this bodes well for those collecting used packaging as well.

"The successful St Regis conversion of a machine to light weight recycled packaging paper, the new PALM newsprint mill and the progress on the SAICA packaging mill all show that there is scope for a vibrant, modern paper industry in the UK where demand for paper products is much greater than that produced domestically. St Regis, PALM and SAICA are very positive investments in the UK and will create skilled employment and reduce the UK trade imbalance in paper and board products. However, for more investment to be forthcoming, UK government policy must support further growth in the manufacturing sector if investments like these are to be replicated in the future."

Full details of the UK paper industry performance in 2009 will be distributed once the final confirmed details are available in March.

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Notes to Editors

- CPI is the voice of the paper industry in the UK, representing papermakers, tissue manufacturers, corrugated packaging producers and recovered paper merchants.
- CPI represents 265 member sites across 60 companies, with a combined annual turnover of £4 billion and 24,500 personnel.
- 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.
- 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>.