

UK Paper Industry in Favour of Staying in a Reformed EU

The Confederation of Paper Industries (CPI) issued its January briefing to MPs last week in which CPI Director General, David Workman, sets out the case for the UK remaining within a reformed EU.

He states that the position of the UK's Papermakers, Converters and Recyclers is in favour of the UK remaining within a reformed EU. The future of UK Papermaking relies on continued capital investment, and a strength of the EU for our industry is the ability to trade freely across borders.

Should the UK leave the EU, it would cast doubts over free movement and regulatory frameworks. Exporters to the EU would still have to comply with a host of EU regulations and standards, and we would be projected into a period of uncertainty. This is the type of business environment that deters investors, putting in jeopardy the 25,000 direct and 100,000 indirect jobs in the paper supply chain in the UK.

This being said, reform to the EU is not only overdue but essential. EU officials legislate in isolation regardless of the consequences to European industry, placing burdens and restrictions on industries such as Paper, particularly in relation to environmental, energy and climate change measures. The UK Government is not entirely blameless either, having signed up to the most challenging Climate Change targets than any other EU country.

Whether the UK remains within the EU or not, a more level playing field is needed for Energy Intensive Industries (EII) across Europe. We need to be operating under the same regulatory regimes as other EU countries. Failure to act will result in the loss of even more capacity. The UK's Paper Industry lost a massive 20% of its capacity in 2015 and our country is now the largest importer of paper anywhere in the world.

Mr Workman commented: "The debate on our membership of the EU will undoubtedly intensify over the coming months but we would urge Members of Parliament to recognise that the challenges for Energy Intensive Industries in the 21st century will be enormous and that we genuinely believe that we are in a better position to face them from within a reformed EU."

The MPs Briefing can be downloaded in full from the CPI website at:

www.paper.org.uk/aboutcpi/communication/mps.html

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NOTES TO EDITORS

- The Confederation of Paper Industries (CPI) is the leading trade association representing the UK's Paper-based Industries, comprising recovered paper merchants, paper and board manufacturers and converters, corrugated packaging producers, and makers of soft tissue papers.

MPs Briefing
CPI Briefing to MPs on the UK's Paper-based Industries
CPI confederation of paper industries
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This Briefing informs MPs about the range of issues currently affecting the competitiveness of CPI Members. For further details about CPI or its activities, please visit www.paper.org.uk.

As the voice and face of the UK's Paper-based industries, CPI represents the supply chain for paper comprising recovered paper merchants, paper and board manufacturers and converters, corrugated packaging producers and makers of soft tissue papers.

The UK's Future Must Be Within a Reformed EU
Speculation is rife that the long awaited referendum on the UK's membership of the EU will take place this year.

The position of the UK's Papermakers, Converters and Recyclers is overwhelmingly in favour of the UK remaining within a reformed EU.

Genuinely held opinions will undoubtedly be forcefully expressed during the lead-up to the referendum itself but the business case for staying within a reformed EU is strong.

The UK's Paper Industry is largely foreign owned, mainly by European or global operators based in Scandinavia, Germany, Ireland, Spain and Italy. They have no particular affinity with the UK – no emotional attachment. Indeed, the UK is seldom even represented on the Boards of these companies. Even some of the UK-based companies are global in scale.

The future of Papermaking in the UK depends on continued and ongoing capital investment – the decisions about which will be taken in light of projected returns over a longer time frame than is perhaps realised. A new paper mill will cost in the region of £400m and would expect to have a life of at least thirty years, so investment decisions are not taken lightly.

The great strength that the EU offers our industry is the ability to be able to trade freely across borders and, in theory, operate under the same regulatory framework. It also acts from a position of strength in trade negotiations and in dealing with competitor nations that pose a threat to our own industries through unfair practices.

A decision to leave the EU will cast doubts about free movement and regulatory frameworks. Exporters to the EU would still need to comply with a host of EU regulations and standards. As with most divorces, separation (if it comes) is likely to be protracted and messy. We would go into what could be a very lengthy period of significant uncertainty – exactly the business environment that would deter investment. This in turn puts in jeopardy the 25,000 direct jobs and the 100,000 indirect jobs in the paper supply chain here in the UK.

As this also comes at a time of great global economic uncertainty, it is wise for the UK to be creating even more doubt in the minds of potential investors about the UK's future relationship, not just with the EU but with the rest of the world?

However, the European Paper Industry is not slavishly devoted to the Brussels regime. Ahead of the recent European Parliamentary elections, it ran a very hard-hitting campaign titled "BASTA" – a Spanish word meaning "enough is enough". For far too long, EU officials and

parliamentarians have seen Europe as an island, disconnected from the rest of the world. It has therefore legislated in isolation regardless of the consequences for European industry. It forgets that the economy is now global and companies can invest wherever they wish.

The bureaucratic burdens and restrictions born by industries such as Paper have been immense, particularly in relation to environmental, energy and climate change measures. The EU has also failed to implement its long held policy objective of creating a truly efficient and integrated European energy market. The principal of subsidiarity is constantly undermined because of the need to comply with State Aid Rules.

This is why reform is not only overdue but essential.

However, here in the UK, successive governments have also inflicted damage on Energy Intensive Industries (EII). Not

David Workman, Director General

CPI Paper - the sustainable, renewable choice

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- CPI represents an industry with an aggregate annual turnover of £6.5 billion, 25,000 direct and more than 100,000 indirect employees.
- For facts on the UK's Paper-based Industries please visit: www.paper.org.uk.