



CPI Senior Management Symposium
*The next decade – challenges and
opportunities*

***Policy and Industry – in search of
synergies***

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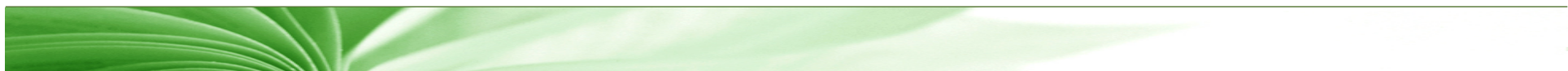
In search of synergies....



- Chilean Miners



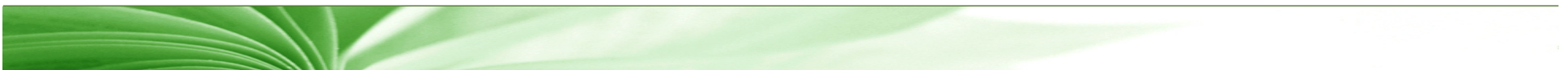
- Brussels



What would they see...?

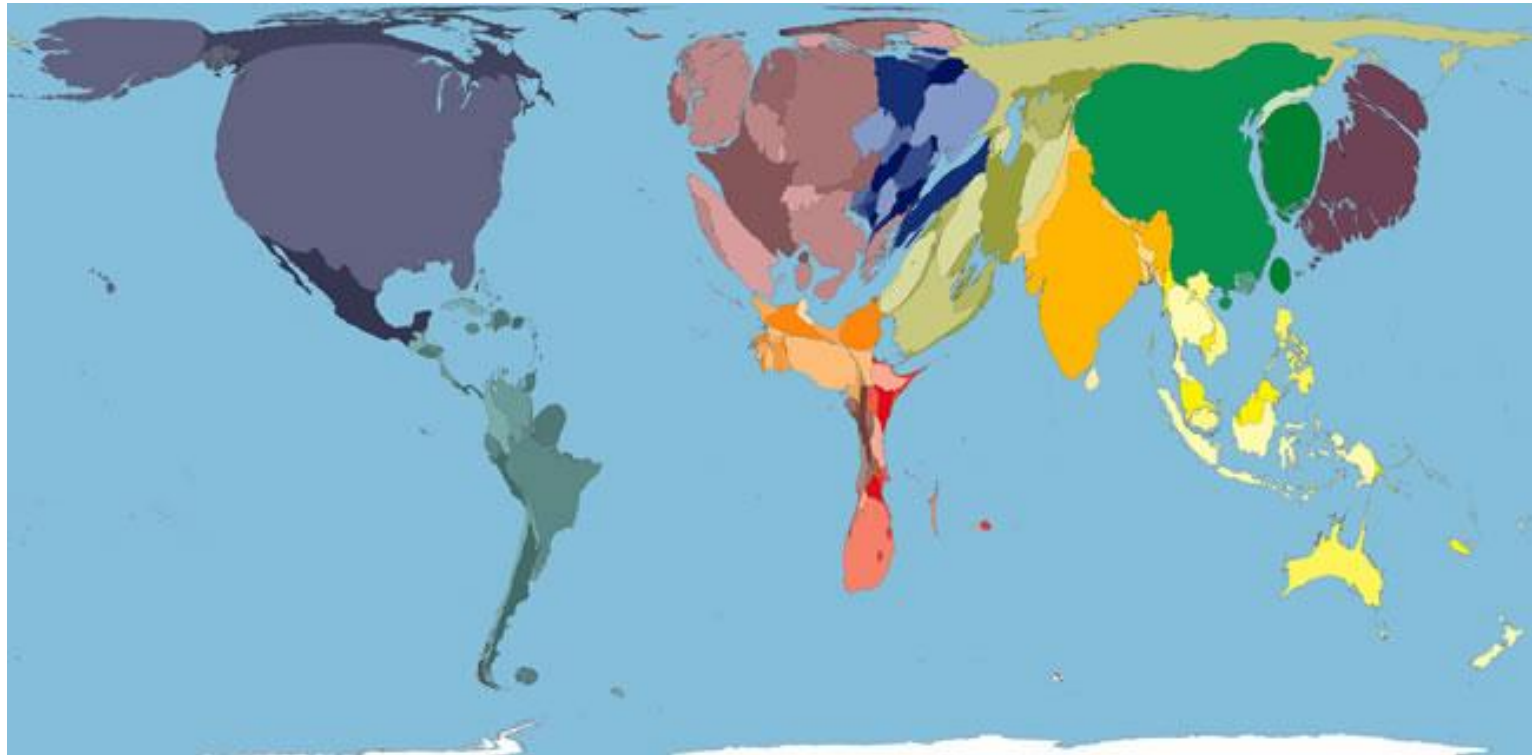


- Still a “start-up” Commission beginning its policy cycle.
- A move back towards the member states – “less Europe”, more difficult decisions or less decisions?
- A Europe less important around the world.
- Climbing out of the economic crisis.
- An EU 2020 Strategy “towards a smart, sustainable and inclusive growth”.
- 50.000 people speaking “Benglish” (Brussels English)
- Key challenges – population growth, resource shortage and climate change.



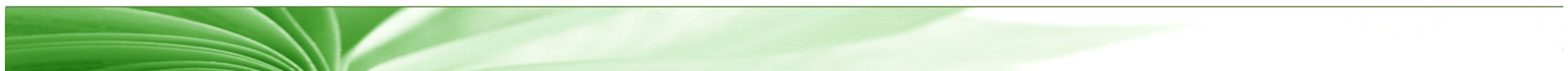
The Geography of Energy

Annual Fuel Consumption: Size Proportional to Absolute Consumption

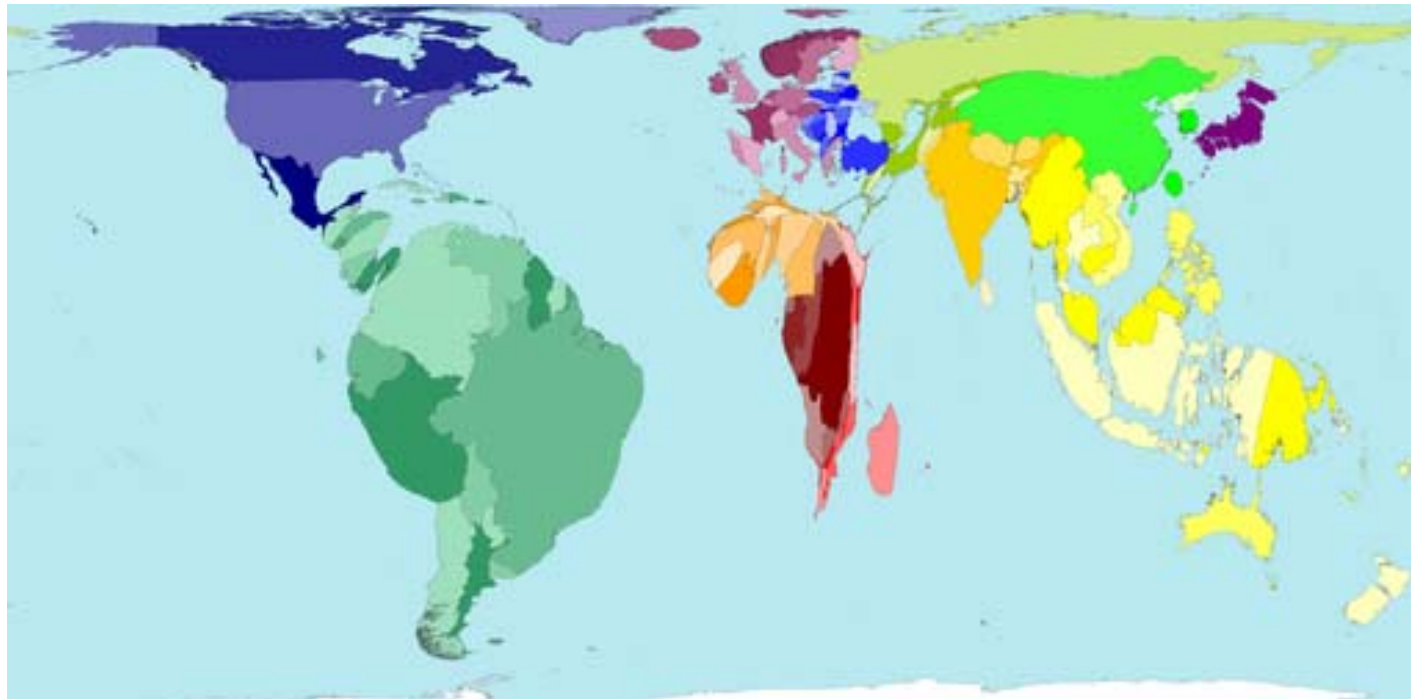


On the "fuel globe", the US, EU, China, India and Japan form five almost equal blocks.

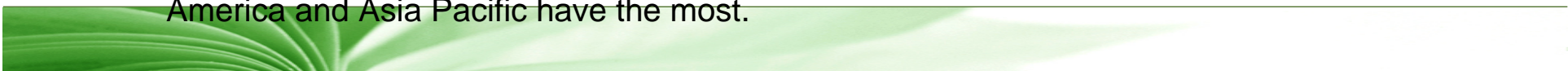
Fuel consumption per year (Image: SASI Group, Univ. Sheffield/M Newman, Univ. Michigan)



Water resources: Source for war and peace



- Water resources here include only freshwater, because saline (sea) water requires treatment before most uses. Only 43 600 cubic kilometers of freshwater is available as a resource each year, despite more than twice this amount falling as precipitation (rain and snow). Much is lost through evaporation. Countries with higher rainfall often have larger water resources. Of all the water available, the regions of South America and Asia Pacific have the most.

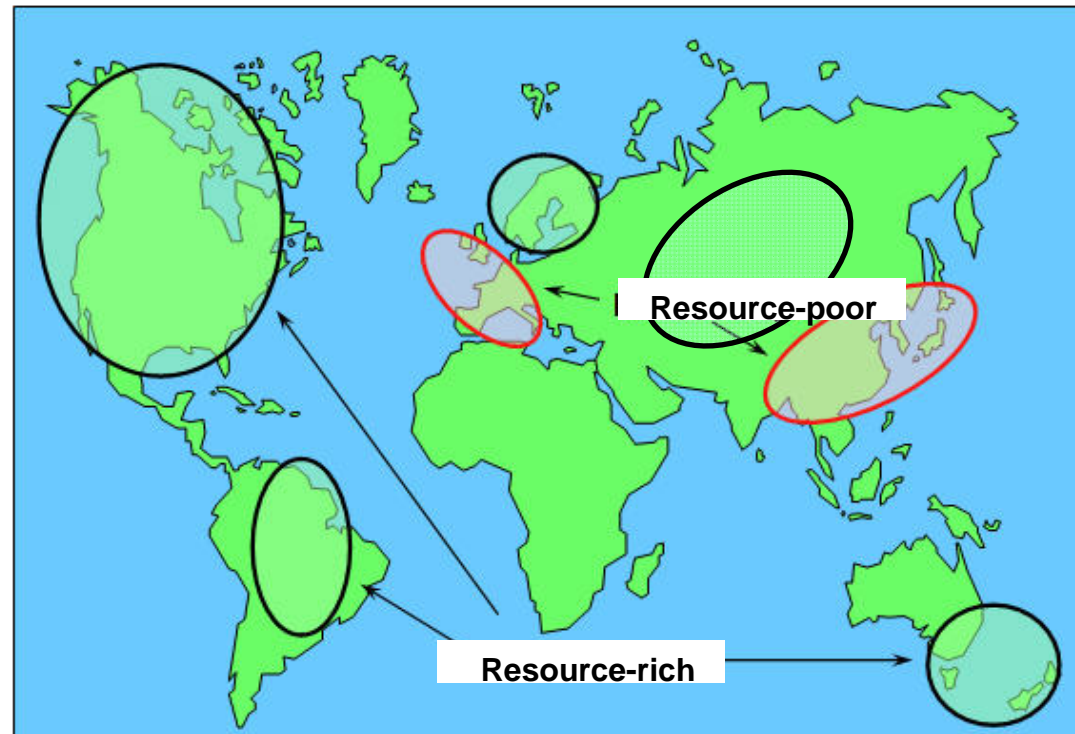


”To have and have not”: Nouveau riche, still poor



- **The rich and the poor countries are perhaps not where one assumes them to be. A resource-oriented world has other priorities.**

An index based on water, forest, energy and arable land gives a new geography for the rich and poor.

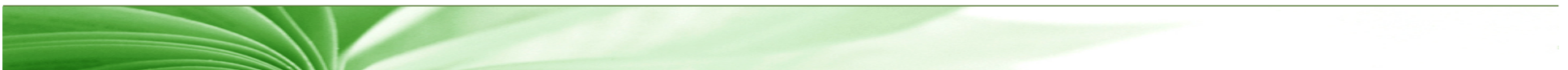


$$\text{Resources} = (\text{water} + \text{forest} + \text{energy} + \text{arable land}) / \text{capita}$$

Four synergies ahead



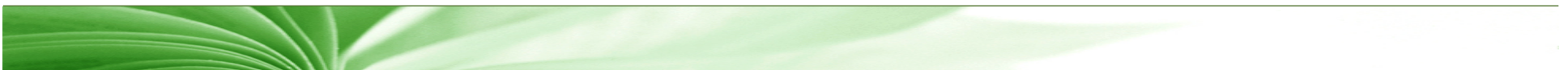
- Europe needs a resource efficient economy – we are the champions of the recycling society.
- Europe wants a low carbon economy – we can deliver it, more than any other sector.
- Europe wants an innovation union – we can lead.
- Europe wants to deliver – we need raw material.



Securing our raw material (1)



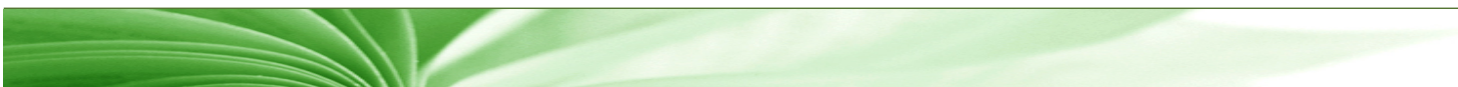
- **We need raw material at affordable prices.**
- EU policy pushes sectors towards biomass.
- In the coming decade not only the all large utilities but also the steel and cement sector will focus on biomass.
- The national renewable action plans have confirmed our findings from the McKinsey study – wood shortage and land use issues are crucial in the future.
- Its not only burning wood that will be an issue, but also burning unsorted waste.



Securing our raw material (2)



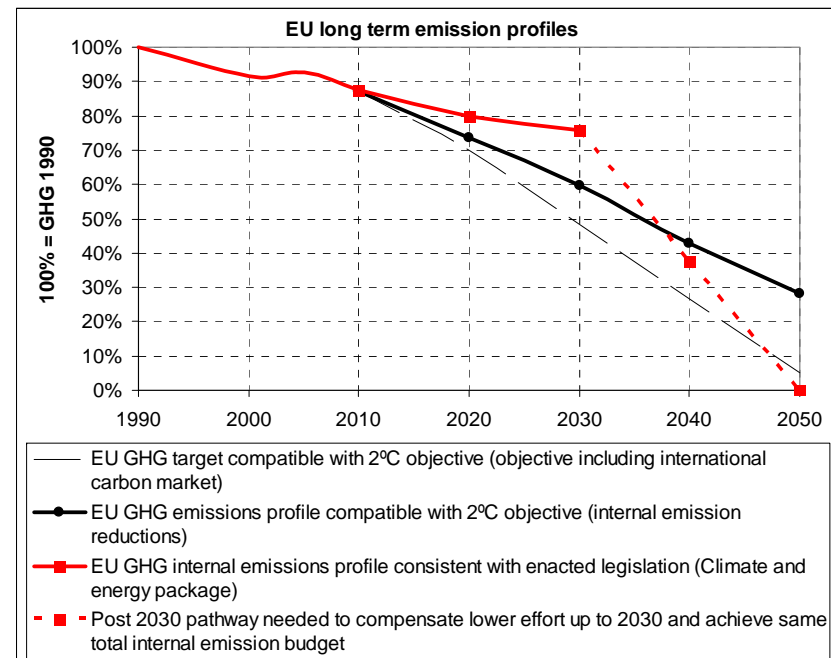
- EU to develop a *raw material policy* including a focus on fibre.
- We are, and need to be, the core of the *resource efficiency policy*.
- Renewable energy *sustainability criteria* and traceability requirements.
- Synergy – business/policy – “how to make the most out of a tree”
- In this case its policy that secures your raw material (!)



Striving for a low carbon economy (1)



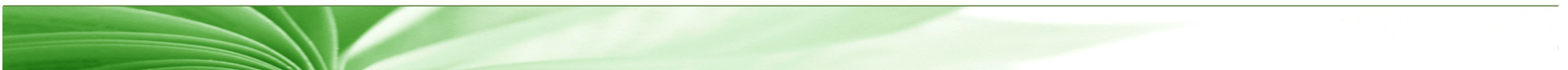
- We need energy and carbon at competitive prices.
- EU develops climate policy.
- Short term: EU ETS.
- Long term – the 2050 target set in Copenhagen.
- EU 2050 Roadmap in 2011.
- How to get to -95%?
- Two paper machines away...



Striving for a low carbon economy (2)



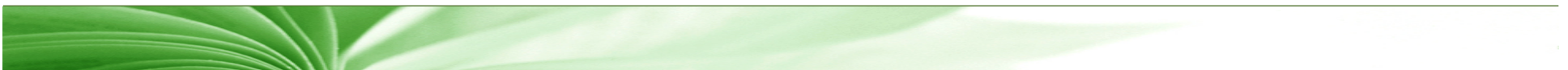
- EU ETS alone will not do the job!
- (please ask anything about benchmarks)
- When new technology is not there, one can push the carbon price through the roof, we can only close mills. So we need breakthrough technologies!
- And the policies to bring them.
- CEPI develops a 2050 Roadmap, aiming for the least cost scenario – “meeting targets without going bust” but very much focusing on the “ifs”.



Finally making innovation work (1)



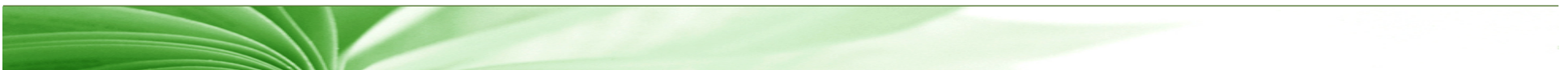
- We will need new technologies and need to bridge the Valley of Death in R&D.
- The only answer to challenges ahead comes from investments in companies, based on innovations.
- The EU is creating the *Innovation Union policy*.
- EU R&D funds will go to innovation partnerships – a.o. raw materials, resource efficiency, water (technologies), bio based materials.



Finally making innovation work (2)



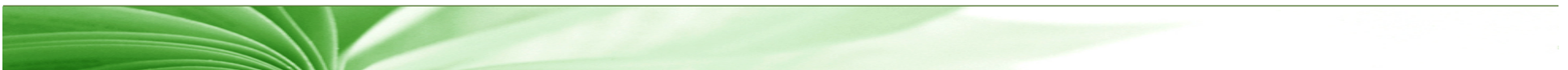
- What we need is “five times 50 million” instead of 5000 small projects. Brussels starts to understand.
- ETS funds should, and now partly will, be channelled back to industry R&D.
- A philosophical question is if one can “plan” R&D.
- A more practical one is can we afford not to do so, with only 40 years to go before 2050?



Closer to home – raw materials



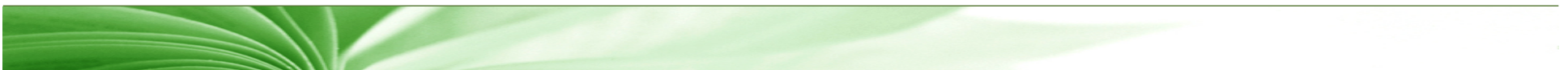
- **We need industrial policy.**
- In the US, raw material policy is part of national security policy.
- Europe is now developing its raw material policy. Focused on rare earth, metals and fibre!
- Which will not only be part of the innovation union policy but also part of the new *“industrial policy for a globalised era”*.



I hope to have proven



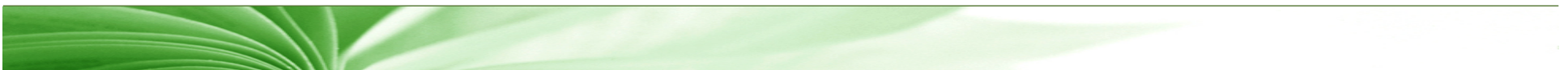
- Policies will deliver costs, challenges, sometimes threats, but also opportunities.
- EU policy is moving in the right direction – industrial, innovation, resource policy are crucial.
- We operate in a regulated world. Which means that besides producing paper and board, sourcing raw materials, we also need to “manage” policy.
- A strong CEPI does this for you in Brussels, and strives to do so better every year.



For lunchtime



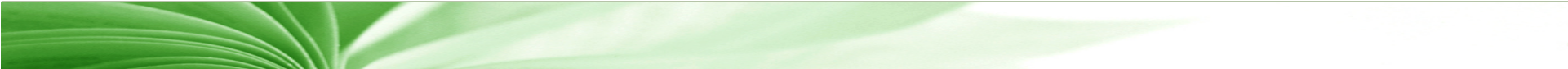
- Trade polices. China. US. Canada.
- Carbon and water footprinting.
- Carbon neutrality of biomass..
- EU ETS in detail. Energy tax.
- Rules for environmental permits
- Food Contact, mineral oils.
- Illegal GMO potatoes in Sweden
- Nanoparticles and nanotechnology.
- Cancun climate conference.
- **The Dutch' brutal defeat of Sweden last night.**



A broader perspective for our sector



A sunrise,
not a sunset



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