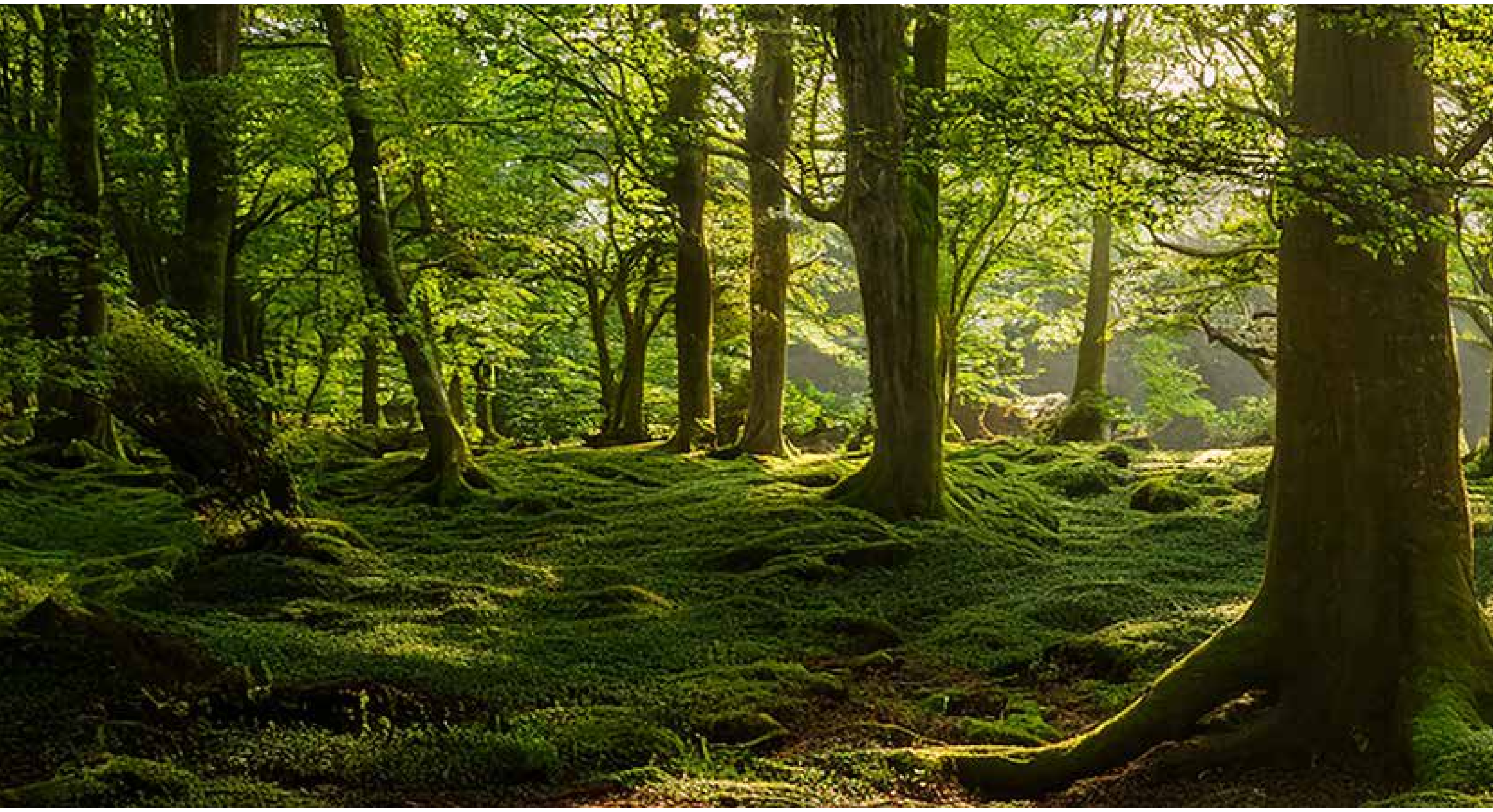
confederation of paper industries

Blueprint for the Future

Charting industry's drive to sustainability

Annual Review
2024-2025

Paper – the sustainable, renewable choice



Confederation of Paper Industries

The voice and face of the UK's Paper-based Industries

The Confederation of Paper Industries (CPI) is the leading organisation working on behalf of the UK's Paper-based Industries. CPI's membership includes the overwhelming majority of the supply chain for paper, comprising paper and board manufacturers and converters, corrugated packaging producers, makers of soft tissue papers, and collectors and processors of paper for recycling.

CPI represents an industry with an aggregate annual turnover of £15 billion, with 56,000 direct and a further 59,000 indirect employees. Members range in size from large multi-national organisations with multiple sites in the UK, to single site SMEs.

CPI unites the UK's Paper-based Industries with the purpose of promoting paper's intrinsic value as a renewable and sustainable fibre-based material, enhancing its competitiveness through seeking appropriate legislation and regulation for the industry and in spreading best practice.

CPI is working to promote:

- a positive image for paper
- secure energy supplies at competitive prices
- resource efficiency within a coherent waste strategy
- the benefits of packaging
- a sustainable UK Paper Industry
- manufacturing as a vital part of a balanced economy
- a competitive, level playing field for the UK's Paper-based Industries

Paper – the sustainable, renewable choice

Contents

President's Foreword

Kevin Bussey
CPI President

"Despite the difficult times ahead, there is the beginning of a mood of optimism about the future for papermaking and conversion in the UK."

2024 was the year of elections, with a new Labour Government elected in the UK for the first time since 2010, a second Trump Presidency starting in January 2025, and European elections leading to a rightward shift in both the European and some national Parliaments. Coupled with continued hostilities in Ukraine and the Middle East, the impact of these events creates significant downside risks to industry in terms of energy costs, trade disruption, and lower economic growth. 2025 is likely to be a challenging year, but it will also be a year in which CPI again shows just how valuable it can be for its members.

CPI's track record of success is already strong. Our commitment to industry health and safety is second to none, and we have successfully taken up the chairmanship of the Paper and Board Industry Advisory Committee (PABIAC). The 2025 priority is to drive the 2023 – 2027 plan forwards with its focus on psychosocial issues, accident investigation, and human factors in health and safety. I am delighted with how many CPI members have already signed up to the PABIAC Pledge and I hope that all members will have done so soon.

CPI is also proving effective in changing the business environment for its members. On Simpler Recycling, our engagement with Defra has led to a re-prioritisation of separate collection of paper and board for recycling, which will improve quality across the industry. Our work also continues in support of lower energy

bills for members, through the British Energy Supercharger and other measures that bear down on policy costs for energy intensive businesses.

Despite the difficult times ahead, there is the beginning of a mood of optimism about the future for papermaking and conversion in the UK. For the first time in many years, there are three new paper mill investments in varying stages of completion, which demonstrates the confidence that international investors are showing in the UK as both a location for investors but also a market for paper products. There is a long way to go until the UK is as competitive as the US or Asia, but progress is steadily being made.

Globally, many commitments on sustainability have been made that will need rapid action before the deadlines of 2030. Our industry is positively engaged in working with both Government and other industries to clarify the decarbonisation options ahead and work to open those options to the industry in a competitive way. We must avoid a rush to decarbonise the UK at all costs, leading to de-industrialisation and forcing UK consumers to purchase high carbon products from elsewhere. In this context, CPI's long-term work in understanding the global megatrends that affect the industry and weaving them into our strategy development is helpful in supporting sensible long-term decision making.

Thank you again for your support of CPI over the past year. I'm grateful to my colleagues on the Board and Council for their work in understanding and setting the strategy that CPI's staff team are diligently pursuing on your behalf. We're looking forward to working with you and for you in 2025.

Director General's Overview

Andrew Large
CPI Director General

"I think we should be proud of our achievements in recent years, supporting the UK during COVID, starting to reduce energy costs for industry, and promoting a real recycling-based circular economy."

In July 2024, the long-awaited UK General Election took place, delivering a large Parliamentary majority for Labour, and the potential of five years of political stability and progress in tackling the UK's many issues. Unfortunately, the promise of calmer waters has been rapidly upset by the Government itself setting a downbeat tone in its early months, the October 2024 Budget and its fallout, and most notably, the early weeks of the second Trump Administration. The UK economy is currently flatlining and while inflation remains more subdued than in 2022, it is predicted to reach 3.7% in the middle of 2025, far above the Bank of England's 2% target. Interest rates have started to track down, and at the time of writing sit at 4.5%, down from 5.25% last year. However, the situation is on a knife edge, and many industries, especially those which are energy intensive, remain under severe pressure.

The political battlelines are being drawn for the local elections taking place in 2025. Labour, Reform, and the Conservatives are all effectively neck and neck in the polls, with Labour and Reform setting out very different visions for the future, and the Conservatives engaged in a long period of introspection following 14 years in government and a spectacular election defeat. For each party, the global political and economic backdrop has robbed them of many of their foundational certainties. America will be less present in Europe, and the multinational institutions on which we have come to rely, the UN, WTO, WHO etc., all seem less and less capable of preventing a return to a Great Power World. In particular, the UK Government seems hemmed in by its own economic choices, and unable to decide who it will disappoint.

CPI's election manifesto focused on:

- The establishment of a long term Green Industrial Growth Strategy that would drive UK industrial investment and lower global carbon emissions.
- The review and reform of the Resources and Waste Strategy so that it incentivises a high-quality circular economy for materials, and ensure that fossil oil-based products are minimised.
- Policies that would underpin industrial competitiveness, including long term investment support, action to create a UK wide skills framework, and trade policies that support UK industry.

It is early days for the new UK Government, but CPI continues to focus on these three issues, and to work with Government and other stakeholders to drive progress and change. In particular, we urge the Government to focus on the big picture of what it is trying to achieve, and to strip unnecessary processes and bureaucracy that acts, however well meaning, to delay progress and stymie much needed investment in the UK economy.

CPI's new strategic approach, which I reported on last year, is already beginning to bear fruit. We have increased our engagement with the new Government, and in doing so we are making the case that a competitive UK paper and paper-products industry is vital for the wellbeing of the nation. The UK is seeing new investment in papermaking, which is a testament to the work CPI is doing to promote more attractive economic conditions. However, there is a long way to go, and looming geopolitical concerns mean that CPI's efforts will be all the more necessary in the years to come.

In spite of the ongoing political, economic, and policy challenges, 2024 was again a year in which CPI had considerable achievements in support of member needs. You will read about many of these in this review, but there are some I would like to highlight below.

On health and safety, in 2024 CPI consolidated the chairmanship of the Paper and Board Industrial Advisory Committee (PABIAC) and is leading the implementation of its 2023 – 2027 strategy "*Health and Safety - it's in our hands*". Improving industry performance continues to be the leading priority for CPI, and our work is aimed at developing the underlying skills and strategy that makes good heath and safety an integral part of industry practice. Moreover, our continued advocacy for a proper response to the contaminated LPG scandal shows that we are not willing to allow others to victimise our industry as a result of their poor practices.

Concerning energy cost issues, the Government is showing a willingness to engage with industry on the key issues. Reform of the electricity market and Ofgem is in the offing, and the recent steel strategy consultation shows the importance of EII energy costs from day one. CPI is working tirelessly to ensure that members are able to access already agreed reductions on energy related on-costs and also that total bills are reduced to more competitive levels.

On the recycling side of CPI's work, we continue to engage with Defra to develop both the EPR scheme and the Separation of Waste Regulations. We were delighted that the Government has agreed to make separate collection of paper and card the default for local authorities, and will be working closely with Government and all stakeholders to ensure that the revised TEEP assessments only screen out exceptional cases requiring co-mingling, rather than being a one and done tick box exercise. On EPR, much work remains to be done if the scheme is to launch fully by the end of 2025 in an orderly manner.

As international trade issues march up the agenda, CPI now has dedicated resource in place to work alongside other trade exposed industries, and the UK Trade Remedies Authority, to ensure that if UK trade defences are required, then the industry will have solid foundations for launching cases.

I remain acutely conscious of the competitive environment in which CPI, as a trade association, operates. It is incumbent on us to demonstrate to members how we provide value for money. Every year, we report on the value we have secured to CPI's members, and we welcome all of the feedback and engagement that we have from members in that process.

This is my last CPI Annual Review. After over 8 ½ years at CPI I am moving to a new role in a different industry in summer 2025. I have hugely enjoyed my time in this essential industry and the relationships I have built with both members and the CPI team. I think we should be proud of our achievements in recent years, supporting the UK during COVID, starting to reduce energy costs for industry, and promoting a real recycling-based circular economy. I am indeed very grateful to you all.

This year has seen a further refreshed CPI Board move forward. I would like to thank the CPI President, Kevin Bussey (Smurfit Westrock), Senior vice-President Brian Lister (Saica), and vice-Presidents Ulf Löfgren (Holmen) and Patrick Willink (James Cropper) for their guidance and advice. Brian retired at the end of 2024 and I am extremely grateful for his support over the years. I am delighted that David Richardson (Logson Group) has joined the Board and I know he will be a strong supporter of CPI's growth in the years to come. Alongside CPI Chief Operating Officer Neil Fishburne, CPI has a strong management team for the future and I am indebted to them all.

I would also like to give my wholehearted thanks to the CPI team. The Confederation benefits from the work of an experienced team, who are constantly seeking to enhance the service we offer to members. They deserve a huge vote of thanks for the work they have done in the past year to advance the issues that are important to members, in the teeth of strong economic and policy headwinds. I leave CPI in secure hands, and well able to face the future, whatever it may bring.

Energy and Climate Change

Energy and Climate Change

The cost of energy remains a critical issue for Energy Intensive Industries (EII) such as papermaking. While a relentless focus on energy efficiency continues to drive down energy use, increased cost remains one of the key manufacturing inputs and a huge source of concern for industry. In common with other EII sectors, a secure and international competitively energy system in the UK is vital.

With the new Government reaffirming and hastening the drive to deliver a Net Zero economy, energy types are being transformed, alongside changes in the way energy is used and where it comes from. The drive to deliver a Net Zero economy by 2050 comes with challenging interim targets, and sets the context for UK energy policy, with a series of carrot and stick policies to drive change likely to be deployed in the next few years.

The UK paper sector sells product into both domestic and export markets, where price is a key consideration. With energy being a major input cost, if the cost of energy in the UK is higher than elsewhere, then UK made product is put at a competitive disadvantage.

Energy Challenges in 2024

2024 was characterised by increases in energy costs causing growing concern as the year progressed. While prices have not hit the peaks experienced in recent years, they remain substantially above historic levels and the direction of travel is not clear.

In addition to market supply and demand balances and, of course, seasonal demand fluctuations, are political implications linked to geopolitics in the Middle East and Eastern Europe that could, at any stage, flare into something engulfing whole regions, with implications for both energy security and cost. With President Trump tearing up the established norms of international politics it is impossible to forecast with any confidence what happens next.

For energy markets, US policy could well drive a resurgence in fossil fuel extraction, although it is questionable whether there is sufficient global demand for large new volumes of petro-carbons without driving down prices. For policymakers in the UK and the EU this could become a real dilemma if the energy cost advantage already enjoyed by external manufacturing companies increases as domestic companies have their energy costs driven up by policies linked to decarbonisation.

In the UK, the general election delivered victory to the Labour Party, and with such a large majority that all but the most contentious policy decisions can be pushed through. One of the early actions was for DESNZ (led by Secretary of State Ed Miliband MP) to use COP 29 as a platform to bring forward early action to deliver Net Zero through more ambitious decarbonisation targets (81% by 2035 from a 1990 base). These changes will inevitably lead to revised targets to reduce the use of fossil fuels faster than previously expected. It remains a huge frustration that UK targets, underpinned by the 2008 Climate Change Act, are still based on domestic emissions rather than consumption emissions. There is a real risk that decarbonisation could simply move manufacturing to China or India by swapping UK manufacturing for imports. It will be interesting to see whether the cross-party political consensus over Net Zero lasts.

The Government also pushed forward with 'Clean Power 2030' and its plan for the UK to be a Clean Energy Superpower, with the target to decarbonise the UK electricity supply grid brought forward to 2030 from 2035. As well as the challenge of the huge investment (and who pays, of course) it is not clear whether the national grid can change quickly enough. New low-carbon generation is frequently some geographical distance from existing grid infrastructure, leading to hugely expensive, and locally unpopular, new or enhanced connections being needed, at the same time as investment in new generation equipment. Recall that previous research has indicated that all UK mills would need an enhanced grid connection if they were to electrify, and the 1.84 TWh of electricity from sector CHP would also need to be replaced.

The year also saw long-delayed progress in supporting Carbon Capture and Storage (CCS) with the signing of the first carbon capture contract, linked to a new gas power station in the North East, serving as a blueprint for keeping gas generation as part of the decarbonised grid. In 2024 gas provided 26% of UK electricity with this expected to fall to 5% in 2030, although with the same generation capacity to back up intermittent renewables.

For those in charge of a company's energy policy the best approach to take is not clear, and there is no real consensus on how best to deliver decarbonisation. It is a classic situation where there can be first mover advantage, but also a risk in picking the wrong or unproven ideas that eventually do not work and leave a site with an uncompetitive operating position.

Irrespective of these policy developments, mill energy managers continue to focus on energy efficiency – on the basis that not consuming the energy at all is the best situation to be in!

CPI has been working alongside UPM Caledonian and Holmen Workington through the Flue2Chem project to research the possibility of utilising captured biogenic carbon to replace fossil carbon in the supply chain of chemical surfactants used in huge volumes in household cleaning products. The F2C partnership includes the supply chain for surfactants, from manufacturers to household name brand owners as well as the academic community. In total, partners have invested in excess of £4.4m into this research including support from UK Research & Innovation.

F2C has enabled the University of Sheffield to develop a mobile carbon capture unit (pictured above in place at UPM Caledonian) that has spent operational time at both paper mills. Captured CO_2 has been used by researchers to progress cutting edge research based around biological and thermo-catalytic processes to synthesise bio-based chemicals such as ethylene and long chain fatty alcohols for use in the chemical industry.

If the project can develop commercial routes to deliver commercially usable bio-based surfactants, it offers the potential for substantial volumes of petro-carbons to be substituted for a renewable feedstock.

UK Emissions Trading Scheme (UK ETS)

UK paper and pulp mills are regulated under UK ETS, through which sites are required to monitor and report their, independently verified, emissions of fossil carbon each year. The operator is subsequently required to provide a matching number of UK ETS allowances, ultimately issued by Government, to cover these emissions. Each site receives a limited number of free allocation (essentially fixed by a production benchmark set by the most carbon efficient sites) meaning that almost all receive less than required and so need to purchase the balance. Purchasing this shortfall cost the sector in the region of £22m in 2023.

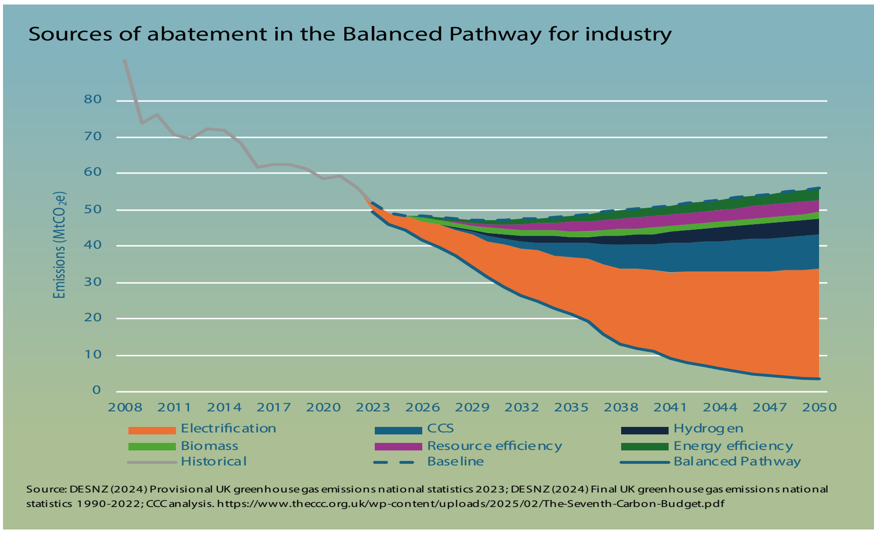
In 2008 (the start of ETS), sector emissions were 3.195m tonnes of CO_2 – by 2023 this has fallen to 1.26m tonnes CO_2 – a reduction of around 51% with emissions per tonne of production reduced by around 40%. Over the same time period production fell from 5m to 3.25m tonnes – a huge loss of wealth creation and employment.

These free allocations are important to protect UK mills from carbon leakage – if mills had been required to purchase all the required allowances, the cost would have been an additional £46.6m.

Decarbonising the UK Paper Industry

Decarbonising the UK Paper Industry

Modern papermaking has made huge reductions in the amount of energy used, meaning that each tonne of UK made paper now results in only a third of the emissions of carbon dioxide compared to 1990. So, while papermaking remains energy intensive, a continuing reduction in energy use, together with step changes and new technology (as outlined in the following pages), mean that bio-based, renewable, and recyclable paper-based products are proving to be a key material in the transition to a circular low-carbon economy.



UK national targets already require a Net Zero economy by 2050, with interim targets driving early action. By 2030 emissions are to be reduced by 68% and by 2035 - an increased target of an 81% reduction from levels in 1990.

CPI and our members continue to work closely with Government and the Committee on Climate Change (CCC) officials to explore how papermaking, the energy intensive part of the paper cycle, can decarbonise while remaining internationally competitive. Retaining this competitiveness is critical. Not all countries are decarbonising at the same pace, meaning that policymakers need to ensure that UK decarbonisation does not result in additional costs.

Current energy use in the sector is dominated by electricity and heat, either from the grid or generated on site through high efficiency Combined Heat & Power plant (CHP), with heat at non-CHP sites coming from gas boilers. The key challenge is to move away from using natural gas to low carbon alternatives. This is made more difficult when other countries still see natural gas as a stepping stone to replacing coal and reducing emissions. They are, essentially, an investment cycle behind where the UK is.

At national policy level, the CCC acts as an independent advisor to the Government, proposing a series of carbon budgets and outlining policies that can decarbonise the UK economy and meet the interim targets.

Early in 2025, the Committee published its 7th Carbon Budget, covering the period from 2038 to 2042. This builds on its previous work outlining a series of changes to the operation of the economy and to peoples' behaviour. For industry, the CCC analysis reinforces the need to move away from coal, oil, and gas, with electrification increasingly seen as the most realistic decarbonisation route for most industrial sites.

The Committee's recommendations include:

- Making electricity cheaper relative to gas.
- Speeding up the grid connection process, currently acting as a barrier to industrial electrification.
- Introducing business models to accelerate early-stage deployment of electrical heating equipment.
- Maintaining support for Carbon Capture and Storage (CCS) and hydrogen, as they have an important targeted role.
- Setting standards for the whole life carbon impact of products to drive resource efficiency.

The Challenge

At its heart, papermaking needs electricity to drive machinery and heat to dry the product. Most heat is provided through steam, with the balance used as hot air for direct drying or as radiant heat. Unlike some sectors, this steam is relatively low temperature and pressure, with the heat produced remotely from the paper machine, meaning that different sources of energy to make this heat can be explored.

Combined Heat & Power

Because papermaking requires both electricity and heat, combined heat & power technology

(CHP) is a good fit for the sector, delivering energy savings compared to separate generation of power and heat. Mills have been encouraged to invest in this technology, and almost 80% of all paper produced in the UK is manufactured at mills having on-site electricity generation using CHP plant. These plants are either powered by sustainable biomass or, in the majority of cases, by natural gas. The equipment is a capital expense, and the asset long-lived, being built with regulatory encouragement. Much of the plant is only part-way through its operational life.

Policymakers need to think carefully about the future of the UK's industrial CHP fleet, as it provides dependable support for the national grid. If it no longer existed, there would be increased demand for grid supplied power and even more grid investment needed to reflect the altered patterns of electricity flows.

The Routes to Decarbonisation

Energy efficiency

A new paper machine represents a multi-million pound investment with a design life in excess of 30 years and, with investment, potentially much longer. Existing sites need continued investment to operate with the most energy efficient systems, taking advantage of improvements as they reach the market. With continued support, incremental changes to energy efficiency will continue to be delivered.

Resource efficiency

Resource efficiency continues to underpin the industry, with high levels of recycling already being the key raw material for UK-made paper. Lightweighting continues to use less material to deliver the same functionality, while research continues to reduce input materials and reduce process wastes. Other research is seeking new uses for by-products such as paper crumble and even carbon dioxide, as well as increasing the recyclability of new products put onto the market.

Biomass generation

Solid biomass is a proven, reliable, and sustainable source of energy for the Paper Industry. With virgin fibre mills being in heavily forested areas, it is logical that forest residues are the key energy source. The UK has three mills using biomass as their energy source, however, with relatively low levels of forest cover, it is not widely expected that biomass will greatly expand from its current pattern of use, although there will be some local opportunities.

Biogas

Biogas can either be directly used by an energy plant on or adjacent to the paper mill or alternately blended into existing natural gas supplies for use elsewhere. The sector already has several anaerobic digestion (AD) plants at paper mills using process wastes, with the generated biogas either injected into the national gas grid or fed to a gas engine to generate electricity and useful heat. Paper mill AD plants, using site process waste from processing recycled paper, are of a size that generate only a fraction of mill energy and the scope for expansion is limited.

Hydrogen

Hydrogen is generating a huge amount of interest as an alternative to natural gas, either blending into existing supplies, or supplied via new pipelines. A key advantage of hydrogen is that existing equipment can operate with minimal changes on a blended supply, while equipment suppliers are developing 100% hydrogen compatible equipment. Any new sector gas combustion plant is being installed with the potential to switch to hydrogen designed in.

Of course, the source of any hydrogen is critical. Hydrogen is classed as green only if made by

electrolysis using 100% zero carbon electricity, or classed as blue if made from natural gas, with the carbon being captured for permanent storage at the point of generation. A number of mills are active in local projects being supported through the hydrogen support programme (HAR1) financed by the Government.

Electrification

The CCC Carbon Budget 7 research has concluded that electrification is the key decarbonisation technology for industry, and especially the paper sector. This conclusion is based on the assumption that grid supplied electricity will be decarbonised, accessible, and affordable – all huge challenges.

The sector already uses electricity to power paper machine drives, motors, vacuum systems, and other equipment, with this electricity being imported from the local grid or generated on site.

However, electrification is also a good fit to provide the heat supply. Electric boilers are already available in a range of relevant voltages and steam production rates, while electric infrared dryers can potentially replace gas dryers. Electric heat pump technology is also quickly developing and is now capable of raising temperatures to around those needed for drying, and at a lower level of electricity use than boilers.

If electrification of heat production is to be a widespread answer, then grid capacity, grid connections, and operational cost will all need to be addressed.

As a number of different sectors are all seeking to electrify at around the same time, with transport and domestic heating being particular targets, the overall amount of electricity used nationally is likely to substantially increase at the same time as gas use falls. Research also indicates that all mill grid connections would need to be reinforced to allow the site to import more electricity.
Both of these issues represent huge challenges. Additionally, the cost of grid supplied industrial electricity needs to be addressed, with current prices making electrification simply uneconomic. Policymakers are actively addressing this issue.

Carbon Capture Utilisation and Storage (CCUS)

The investment to provide CCUS at scale is large and, realistically, beyond the means of most paper companies in the UK whose sites are, on the whole, relatively small emitters of carbon dioxide compared to the likes of steel, cement, or chemical plants. The likelihood is that any on-site carbon capture projects will be linked to usage projects or regional permanent storage, though no paper mills are close to the locations of the current target areas.

Overall summary

- The sector could completely electrify heat, but at considerable expense mainly incurred for grid reinforcement and connection to site. Further development of heat pumps could reduce the need for grid reinforcement. However, from an OPEX perspective, electricity is not currently an affordable option without policy intervention.
- Biogas and hydrogen could supply a limited percentage of the sector heat requirement, but hydrogen is likely to be very expensive and would need revenue support.
- CCUS has limited opportunities within the sector.
- Resource and energy efficiency will continue to incrementally improve performance, especially with grant support.

Making a number of assumptions, the sector's future fuel mix might comprise of:

- some biogas from mill AD plants;
- some biogas blended via the existing gas grid;
- some hydrogen blended via the existing gas grid or from direct new supply; and
- with the remaining balance likely to be from electrification requiring, depending on technology development, between a doubling or quadrupling of grid supplied electricity (plus a margin for peak demand).

The UK needs:

- a plan to build on the Supercharger scheme to reduce energy policy costs to levels competitive with competitor nations;
- reform of Ofgem to act as a better regulator to large energy users and drive lower costs;
- a gas competitive decarbonisation strategy to fill the void between today's policy mix and the desired 2030+ position in which competitive alternatives to gas are available;
- continued biomass carbon neutrality to enable additional support for biomass CHP, linked to a growing UK sustainable forest resource; and
- a decarbonisation investment strategy that recognises the need for the UK to be an attractive location for both incoming investment from new investors and continuing investment from existing investors.

Sector energy use in 2024 comprised:

- **6.82 TWh** of natural gas (used in CHP or boilers)
- **3.44 TWh** of solid biomass (used in CHP)
- **0.13 TWh** of other fuels
  (This "gas + biomass" provided **1.8 TWh** of electricity and **6.5 TWh** of heat)
- **1.23 TWh** of electricity (imported from the grid)

CHP plant also operate to support the national grid, and the sector exported **0.52TWh** of electricity in 2024.

Sector Carbon Reductions since 1990

For 2024, using government national carbon factors, and assuming a credit for electricity exported, the sector's fossil GHG emissions were:

- **1.28 $MtCO_2$** direct emissions - with a specific figure of **0.38 tCO_2/t**
- **0.14 $MtCO_2$** indirect emissions

Compared with a base year of 1990:

- Direct fuel CO_2 emissions were **69%** lower.
- Specific fuel CO_2 emissions from direct fuel use were **53%** lower.

These reductions have been brought about by fuel switching (from coal and oil to natural gas and biomass), huge investment in CHP (both gas-fired and biomass-fired), and progressive energy efficiency improvements.

Furthermore, reductions in the carbon content of grid electricity have helped reduce total CO_2 emissions attributable to consumption of both direct fuel and electricity:

- Direct and indirect fuel CO_2 emissions were in total **78%** lower in 2024 than in 1990.
- CO_2 emissions per tonne of production (from direct & indirect fuel use) were **66%** lower.

Forestry

Forestry

The paper and paper-based products industries rely on renewable fibres, either from wood or other plants with strong fibres such as cotton, abaca, and straw. Indeed, there is ongoing research into a wide range of alternative fibre sources to widen the resource base as other industries turn to forests as a material source capable of replacing non-renewable products – the “bio-based economy”.

In the UK, with our high recycling rates, it makes sense that that domestic papermaking is based around recycling, with almost three quarters of fibres being from paper and card collected for recycling from UK homes and businesses. However, as some fibres are lost to the recycling cycle through fibre damage after repeated recycling cycles, non-availability due to use for e.g. long-term storage or non-collection, a certain amount of new fibre still needs to be added to the cycle.

Sustainable Forests

The UK has two mills, Holmen in Cumbria and UPM Caledonian in Ayrshire, that process UK harvested, low grade timber largely from Scotland and the north of England, to make mechanically produced pulp for use in their own papermaking. Other UK mills use virgin fibre imported as pulp, mainly conifer pulps from Scandinavia and North America or eucalyptus pulp from plantations in South America. The type of pulp used depends on the characteristics needed in the paper, such as softness or strength.

With the importance of forests being increasingly recognised, income from the sale of sustainably harvested material is an important element of encouraging forest owners to keep their land as forest rather than clear it for other uses. Indeed, the amount of forested area in Europe continues to increase, and the UK is expected to see increases in woodland cover as new policies are developed to replace EU agricultural schemes. New forests are likely to be increasingly multi-purpose, balancing nature conservation with amenity, carbon storage, and other productive uses. These are all elements that can be compatible with good quality forest management.

UK Timber Regulation

Companies handling timber and timber-derived products, including wood pulp, made or processed within the UK must prove it has been legally harvested. This is an initiative strongly supported by CPI members and indeed CPI continues to call for the scope of the Regulation to be widened.

The focus of timber regulations is on legality, but most pulp used in the UK goes further than the legal minimum and is also certified to ensure that environmental concerns are also properly addressed. Consumers can support this initiative by buying product marked as independently certified, with FSC and PEFC being the most widely used schemes.

EU Deforestation Legislation

The EU has further developed these principles and widened the coverage to also include products containing cocoa, coffee, soy, palm oil, rubber, and cattle. From the start of 2026, companies placing wood-derived products onto the market will be required to carry out risk assessments and operate due diligence systems to confirm that the products do not originate from locations that have been illegally deforested, and that their production has not led to degradation of high biodiversity forests. The result is that forest management plans and plantation grown timber will be increasingly important.

All products containing virgin fibre being placed into the EU market (including those coming from the UK) or exported from the EU will need to comply with these new rules, including a requirement that data is reported before products can be sold.

Environment and Sustainability

Environment and Sustainability

Climate Change Adaptation

During 2024 the Environment Agency (EA) continued its efforts on Climate Change Adaptation, which will continue over the next few years. Permitted sites had the requirement to have a Climate Change Risk Assessment in place by April 2024, with an additional requirement to have climate change adaptation integrated into Environmental Management Systems by 2026.

The EA issued permitted sites with a Climate Change Adaptation questionnaire in 2024. Analysis from the EA suggests that the risk assessments for elevated temperatures, flooding, and erosion should include the UKCP2018[1] future projected climate change predictions, which equates to a 2° rise by 2050. Elevated temperatures, storms (flooding), and low river levels are the main risks of Climate Change to most industries.

Sites are encouraged to keep records of local data associated with the risks identified, such as extreme weather events, and ensure that data is recorded internally to help monitor and report on future resilience. Sites should continue to update risks assessments following any extreme weather events.

The Climate Change Committee has commissioned a project to assess risks and identify solutions relating to current and future water scarcity, with a focus on risks to agriculture, energy, and industry. This work will form part of the "Well-adapted UK" report supplementing the Fourth UK Climate Change Risk Assessment (CCRA) due for publication in 2027. CPI is part of this project team. Scenario analysis undertaken by the EA outlined the possibility of water demand exceeding availability in the UK by 2030. This future risk is likely to increase due to a combination of growth pressures and changes to droughts associated with climate change; the Government is in the process of preparing plans for nine new reservoirs, as water storage is seen as a barrier for water resilience in the UK.

Paper Sector Review

The EA undertook a review of the Paper Industry during 2024. Overall, the sector is seen as a good sector, and a largely compliant industry with the majority of sites in compliance bands A and B. Sites in compliance bands A and B have demonstrated an expected level of permit compliance. A few sites are classified in compliance band C, influenced by issues at Effluent Treatment Plants (ETP). Compliance activity undertaken by the EA last year included audits, monitoring checks, procedure reviews, and 37 site inspections. There has been a reducing trend in permit breaches, with those recorded mainly due to issues at ETPs. Late submission of monitoring data is seen as an area that can be improved. Overall, we have a well performing sector with no significant issues.

PFAS Project

The EA funded PFAS project has been completed, and a report has been issued. The key message is that the sector is not a significant source of PFAS in the environment. A PFAS proforma was issued to permitted sites during 2024 - feedback is awaited from the EA on the proformas.

Some PFAS have been restricted in England and Wales through UK REACH (PFOA/PFOS). The EA is currently undertaking surveillance of PFAS as part of its groundwater quality monitoring network. A report by the HSE makes a number of recommendations, including limiting the use of PFAS-containing foams used by firefighters, as well as the use of PFAS in textiles, furniture, and cleaning products. The only UK legislative changes around PFAS have come from The Drinking Water Inspectorate (DWI) which has issued new guidance to water companies on PFAS.

Looking to the Future

We have some significant challenges ahead; the abstraction reform of the transfer of licences into environmental permits has been delayed, although Defra has confirmed that work to move abstraction licenses to EPR continues to progress to the next stage under the current Government. The EA advised that it is currently developing a digital service platform as part of this transition, which it said will make it easier to apply for, and manage, the permissions required to abstract water. Abstractors will also be able to view their license information through the service. The EA advised that licences would be converted into permits with their rights intact, forming part of the Restoring Sustainable Abstraction programme, which the EA has said it plans to complete by 2027.

[1] www.metoffice.gov.uk/research/approach/collaboration/ukcp/data/index

Health and Safety

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Find out more about PABIAC

Health and Safety

In 2023, Liquid Propane Gas (LPG) powered forklift truck (FLT) incidents and issues relating to LPG contamination dominated the headlines. A year later, while some progress has been made over the last 12 months, notably the Health and Safety Executive (HSE) finally publishing its investigation report into the causal factors, the industry continues to have LPG / FLT safety issues.

Hence, for the best part of 2024, we were constantly pressing the HSE to conclude its investigation and finally resolve this issue, and even wrote to Liz Kendall, Shadow Secretary of State for Work and Pensions to outline our growing concerns about the performance of the HSE on this matter.

In November 2024, the HSE issued its findings. Finally, two years after the first FLT explosion, and thousands of blocked FLT vaporisers later, we would get answers to the many questions we raised, and normality would return to working life.

Unfortunately, while the HSE report identified the Phillips 66 (P66) refinery in Immingham as the source of the LPG contamination, and the HSE referred the three FLT manufacturers of the affected vaporisers as high-risk products to the Secretary of State (Department of Business and Trade), the HSE has decided that no further action will be taken and the investigation is now closed. We are disappointed with the HSE's overall handling of the situation, and we disagree with its decision to close the investigation. However, CPI values its relationship with the HSE, particularly through the PABIAC tripartite partnership, and our focus moving forward is to collaborate in preventing similar incidents from occurring again. Our primary concern has always been to ensure the protection of everyone in our industry, and this will not be compromised. Our immediate priority is to initiate a process to review and revise the HSE Safety Notice (Bulletin Number EPD 02-2023). While the bulletin initially served as an essential temporary measure at the height of this issue, its current form places the entire burden on the end user to manage risks, which is becoming commercially stifling. Meanwhile, FLT manufacturers and the gas supply chain have faced significantly fewer consequences for their actions in this matter.

PABIAC Strategy 2023 - 2027 *Health and Safety – it's in our hands*

With the launch of a new PABIAC strategy in October 2023, the 6th strategy to be launched since 1998, 2024 was a busy year, providing the industry with the information and techniques to help them work towards achieving the targets in each of the three objectives.

In January 2024, over one hundred members joined CPI's first ever PABIAC health and safety webinar.

Behaviours and human factors are widely recognised as having an important effect on accident causation and prevention, and understanding and integrating human factors into health and safety is one of the key objectives for the industry to achieve under the new PABIAC strategy.

In the first of a series of five webinars on this subject, and with the help of a human factors expert, we explained how our brain and senses are designed to see things in a certain way, and how people are very poor at focused and sustained attention, hence why we do unpredictable things.

Using video clips, case studies, and years of personal experience in investigating accidents, we explained how human error can be categorised into four distinct areas - memory slips, lapses, mistakes, and violations, and how in each case certain controls can be introduced, particularly with regards to design and layout, which can help make these lapses error-tolerant.

Subsequent webinars focused on identifying and prioritising safety critical tasks, employee engagement, human factors in accident investigation, and human factors in management procedures.

In February 2024 we ran the first of five two-day workshops held throughout the year. These workshops focused on human factors in safety critical tasks and root cause analysis in accident investigations.

Psychosocial Hazards and Wellbeing

National and industry statistics indicate an increasing trend in work-related ill health, and the most commonly reported causes are now stress, depression, and anxiety.

Objective 3 in the current PABIAC strategy sets a clear objective for all sites to have a management system in place and to implement effective controls to manage psychosocial hazards in the workplace. In 2024 CPI set up an industry working group with a remit to focus purely on psychosocial hazards and wellbeing, and to gather and disseminate examples of good practices for sharing across the industry. In March 2025, we held the first webinar on managing psychsocial issues, with more planned throughout 2025.

CPI Biennial Health and Safety Conference

In July 2024 over 180 delegates from all operational levels within the industry attended the CPI biennial health and safety conference, which focused on the three objectives in the new PABIAC strategy 2023-2027 *Health and Safety – it's in our hands*.

With a strong line-up of expert and influential speakers delivering the breakout sessions, and supported by sponsors and exhibitors showcasing the latest advancements in health and safety, this event had something for everyone.

Opening the conference was Jo Moffatt, Strategy Director of Engage for Success (EfS), who delivered an outstanding presentation about the EfS movement and its origins 10 years ago. Jo discussed the Four Enablers for successful employee engagement: visible leadership, engaging managers, giving employees a voice, and organisational integrity, all of which mirror PABIAC's message to the industry that effective leadership, engagement, and collaboration are crucial for achieving success in delivering the strategy.

This message was further reinforced when the then PABIAC Chair, Brian Lister, addressed the delegates and invited the whole of the UK's Paper-based Industries to commit to signing a joint agreement with their trade union / employee representatives to work together on delivering the objectives in the strategy.

Throughout the day delegates listened intently and engaged with speakers on topics covering human factors and preventing maintenance error, avoiding the blame game in accident investigations, mental health conversations and awareness, and including measuring psychosocial hazards. With an eye on future technology, an innovative session looking at AI in action, and how it can be used to revolutionise health and safety practices was particularly well received.

In the keynote address Carole Spiers, Chair of International Stress Management Association UK, captivated the audience with her insights on mitigating the costs of stress by understanding its causes, recognising stress symptoms in oneself and others, and, using internal and external resources, how you can cultivate a positive workplace culture and effectively address psychosocial issues.

Looking Ahead

On 1st January 1975, the national regulator for health and safety in Great Britain was officially launched. Created under the Health and Safety at Work etc Act 1974, the HSE celebrates its 50th Anniversary.

For the last 50 years, the HSE has played a central role in reducing workplace death and injury, helping Great Britain become one of the safest places in the world to work. As the regulator for the UK's Paper-based Industries, and a key partner in PABIAC, in the late 80s the HSE was hugely influential and supportive in driving much needed health and safety improvements across the industry.

While today that support is less visible, evident by the HSE's decision on the LPG/FLT situation, CPI will continue to take the lead and work with the industry to implement the strategy and drive step change improvements, so that health and safety becomes a fundamental value ingrained in the fabric of our organisations, that our employees and our industry have every right to expect.

Paper for Recycling

Paper for Recycling

In 2024, the resources and waste sector navigated a challenging legislative landscape as the Government advanced critical measures, including the Separation of Waste Regulations (formerly known as Consistency of Collections or Simpler Recycling), Extended Producer Responsibility (EPR), and the Deposit Return Scheme (DRS). The progression of statutory instruments through Parliament marked a significant milestone for the UK's waste and resources sector.

After years of stagnation, 2024 brought notable progress, creating a significant opportunity for the UK's Paper-based Industries to refine proposals in line with industry positions and drive advancements towards a circular economy. However, swift action from Defra remains essential to maximise recycling rates, whilst ensuring high quality of Paper for Recycling.

Improvements in quality were a key focus for CPI in 2024. Through a variety of channels and methods, CPI reinforced the message that high-quality recyclate is fundamental to a successful circular economy, driving domestic and international market demand, and also emphasised the issues with contamination which impose significant economic and environmental costs, threatening the success of British businesses and jobs. For the UK's Paper-based Industries, high-quality input material is crucial for its competitiveness and long-term sustainability and essential to achieving environmental goals, reducing greenhouse gas emissions, and supporting long-term economic growth.

In November the decision to make separate collections of paper and card the default was a pivotal step towards improving quality. This measure is essential for producing high-quality recyclate and sets the stage for ensuring upcoming reforms align with the principles of circularity. Going forward, collaboration with Defra, local authorities, waste management companies, and MRF operators, will be vital as work continues on additional guidance for the application of the Technical Environmental Economic and Practicable (TEEP) assessment. A system which supports separate collection of paper and board in all but exceptional cases,and a consistent, evidence-based approach to TEEP, is essential to deliver real improvements in quality.

Progress on the Separation of Waste Regulations is only one aspect of the broader reform agenda.

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to download the Guidelines

A key message to Defra was that EPR must be carefully aligned to ensure it works in harmony with all other reforms. CPI supports the "producer pays" principle that underpins EPR and which provides much-needed funding to local authorities at a time of strained public finances. However, without ringfencing EPR funds for recycling-specific initiatives, there is a significant risk of undermining efforts to transition to a circular economy.

Despite numerous calls by CPI and the majority of the materials sector, current EPR proposals still risk unintended consequences, such as higher consumer costs and a shift to less sustainable packaging. The current EPR fee structure creates a cost advantage for plastic packaging due to its lightweight nature. The unresolved details of the EPR fees could inflate the cost of paper and card products, diminishing the UK's competitiveness. This scenario may lead to increased imports of cheaper materials from countries with lower EPR fees, undermining domestic production.

Additionally, central to EPR's success is also the Recyclability Assessment Methodology (RAM). The 5% threshold for paper and card which was announced at the end of the year was a crucial positive step forward, ensuring the RAM adequately reflects the complexities of paper and card packaging, enabling efficient reprocessing. However, similarly, several aspects are still to be clarified before its overall impact can be assessed.

A landmark achievement for CPI in 2024 was the publication of the 4th edition of the Design for Recyclability Guidelines, providing essential guidance for fibre-based packaging amid evolving regulatory changes. Since 2019, these guidelines have defined sustainable packaging design. They define the very essence of sustainable packaging design by setting clear design recommendations, such as emphasising the need to limit non-paper components to 5% of pack weight, and the need to reduce contamination in the recycling stream. Developed collaboratively, the guidelines challenge companies to innovate responsibly.

CPI's ongoing updates, supported by industry input, ensure the guidelines remain relevant in a rapidly evolving landscape, helping businesses adopt sustainable practices and meet consumer demands for accountability. As new technologies emerge and policy takes shape, CPI will continue to review these guidelines through a cross-sectoral CPI committee and wider stakeholder engagement. Plans are already underway to assess the necessity of a 5th publication in 2025, reaffirming CPI's commitment to sustainability and accountability.

Throughout 2024, CPI placed greater emphasis on communication and engagement with members, media outlets, and policymakers. CPI's positions were featured in numerous opinion pieces and press releases, while policy proposals were presented at external fora and debates.

CPI has consistently advocated for a resilient and sustainable recycling system in the UK. However, delays in announcing the Resources and Waste Strategy reforms, coupled by economic challenges, have created uncertainty. Critical work on TEEP remains and EPR is yet to be fully developed.

Moving forward, collaboration with CPI members and policymakers will be crucial to ensuring reforms are cohesive and effective. The insights and expertise of members will play a vital role in developing practical solutions and tackling industry challenges. It is essential for the UK's Paper-based Industries to continue highlighting the need for clear government support to achieve an 85% recycling rate by 2030, while maintaining high-quality recyclate. In 2025, strengthening partnerships with members and stakeholders, coupled with decisive action, will be key to creating a sustainable and resilient future.

Packaging Affairs

Packaging Affairs

In the last year, packaging affairs have been dominated by looming regulatory changes. In the UK we saw the culmination of years of effort by Government and industry to finalise the Collections and Packaging Reforms (CPRs). In the European Union, the Packaging and Packaging Waste Regulations (PPWR) were finally approved in December 2024, following a long year of negotiations and debate across the bloc.

Following a change in Government and recognising the potentially significant impact of upcoming packaging reforms on reuse and recycling, CPI, with the support of the Corrugated Council and the Recovered Paper Council, has engaged Grayling, a public affairs agency. This partnership aims to ensure the sector's priorities are effectively communicated and considered by the Government. The primary focus of this work is to ensure the upcoming CPRs fully realise their potential in supporting the circular economy and sustainability of paper-based packaging.

Extended Producer Responsibility

EPR is the cornerstone of the CPRs which will shift the financial responsibility for packaging waste management squarely on producers, with the aim of incentivising the use of environmentally sustainable packaging. Defra expects the scheme to raise £1.35bn annually from obligated producers, with the majority of this fund due to support local authority household packaging waste management. The regulations passed into law in December, and apply from 1 January 2025. Businesses handling packaging will be invoiced EPR fees from October this year, but have been required to report packaging data since 2023.

Over the last year CPI has been highly active in this space, scrutinising and challenging Defra's plans, representing the paper-based packaging sector's interests, and supporting members with guidance as Government prepared for the first year of EPR (2025). In early 2024 Defra unexpectedly published amendments to the EPR data reporting requirements, placing a significantly larger burden on suppliers of empty packaging. We have worked closely with members to understand the reporting requirements and obligations on members, and actively engaged with compliance schemes, Defra, and the Environment Agency to advocate for clarity on these complex asks of businesses. CPI is continuing to support members by working with Defra to review the definition of household packaging, develop decision trees, and provide advice.

Another key focus for CPI has been the development of the EPR fee structure. Defra published three iterations of the illustrative EPR base fees in 2024 with the aim of giving businesses an idea of the fees they will be invoiced from October 2025. With each iteration, CPI has thoroughly reviewed the proposed fees and their impacts on members and the industry more widely. CPI has engaged with Defra, raising concerns about the potential for the proposed fees to lead to market distortion, and other unintended consequences including impacts on inflation and industry competitiveness. We have pressed Defra for further information and analysis to ensure a fair fee structure that has the confidence of industry.

Looking ahead, 2025 will be a critical year as the EPR scheme goes live and producers begin paying fees. CPI will continue to play a constructive role, monitoring the implementation closely, working to ensure a level playing field for the paper and board sector and advocating for policies that support an efficient EPR that increases both quality and quantity of recyclate, incentivises recyclable packaging, reduces contamination, and invests in improving the efficiency of the UK circular economy.

PPWR

While the predicted impact of EPR on UK industry is significant, the impact of PPWR on the EU's packaging sector is potentially seismic. PPWR represents a fundamental shift in the EU's approach to packaging, moving beyond a focus on single-use plastics and recycling to a broader strategy encompassing waste reduction.

Initial Commission proposals on reuse were viewed by our sector as potentially an existential issue given a 90% reuse target for transport packaging by 2040 and a 90% reuse target on large household appliances by 2030. However, critically, the final text approved in December

2024 includes exemptions for cardboard boxes from reuse targets (including for transport, e-commerce packaging, sales and grouped). This positive outcome was only achieved through studious engagement by our members and colleagues across the EU, including FEFCO, the European Association for the Corrugated Packaging Industry, and Cepi.

The final regulations require all packaging placed on the EU market to be recyclable by 2030. Other measures include, but are not limited to; minimum recycled content targets in plastic packaging, the setting of a maximum empty space ratio of 50% in grouped, transport, and e-commerce packaging; and the restrictions on certain packaging formats, including single-use plastic packaging for fruit and vegetables. The PPWR is the primary enabling regulation, with secondary implementing regulations set to be developed over the next several years. CPI will continue to work closely with European colleagues and keep our members informed of key developments.

Although the UK is no longer subject to EU law, many CPI members maintain trade relationships with EU countries and could therefore be affected by the forthcoming PPWR.

Reuse

CPI is concerned by the acceleration of the reuse debate, both in the EU and UK, where there is a widespread assumption amongst NGOs and decisionmakers that reuse is always best for the environment. While cardboard boxes are exempt from PPWR reuse targets, reuse discussions are intensifying, with numerous reports and initiatives likely to influence future policy. For example, in the last year, CPI has engaged in consultations on the Scottish Government's Circular Economy Route Map and WRAP Cymru's exploration of reuse and repair in Wales, both of which emphasise the mainstreaming of reuse as a policy goal. We have sought to highlight the sustainability of recyclable paper and board packaging, using an evidence-based approach to demonstrate that reuse is a complementary strategy, not a superior alternative, to recycling. As we progress into 2025 we will work closely with Grayling to continue to further our position.

UK Corrugated Industry Trade Show

CPI was delighted to partner with the Sheet Plant Association (SPA) in hosting the UK Corrugated Industry Trade Show 2024. This key event brought together the corrugated and paper-based packaging supply chain, providing a crucial platform for discussion around sustainable manufacturing and innovation. CPI was pleased to host several presentations, contributing valuable insights and expertise to the discussions shaping the future of the sector. The show was held at the Telford International Centre in October, with a diverse range of exhibitors showcasing the latest advancements in machinery, software, and services. CPI's collaboration with the SPA underscored the importance of working together across the industry to drive progress and ensure the continued growth and sustainability of corrugated packaging.

BRCGS Standard for Packaging Materials

Last year saw the launch of the latest version of the BRCGS Global Standard for Packaging Materials, after extensive engagement and consultation with industry. This critical standard recognised by many brand owners and retailers is designed to ensure the safety, quality, and legality of packaging, particularly in the food industry. CPI wishes to thank Alexandra Moore (Saica) for representing CPI by sitting on the Technical Advisory Committee that oversaw the updates to the standard, and for engaging with our Packaging Regulatory Committee.

Issue 7 was published in October 2024 with first audits to Issue 7 commencing from 28 April 2025.

Competitiveness

Competitiveness

Competitiveness is the capacity of an industry sector to maintain a sustainable market share in the midst of the broader macroeconomic and policy environment.

Following the UK's departure from the EU we face significant challenges if we are not to be disadvantaged, caught between the EU and the USA in an increasingly difficult trading environment. With an aging workforce, we need to have a plan in place to recruit into the sector; and, if we are to inspire that new generation, we need to be able to raise an awareness of the attractive environment and employment opportunities that we can offer. In addition, as the Labour Government introduces new employment legislation, we need to be ready to inform our members and assist them to adapt as required.

A dedicated focus on Competitiveness brings a different direction for CPI, bringing greater resource to certain well-established areas of activity, and developing other areas which have not previously had the support that they needed, together building a broader service offering for the membership across all sectors.

Expanding this work into a comprehensive and unified strategy that sits alongside the work on energy and sustainable products, we can make a step change in the work of CPI to present paper to a variety of audiences as the material of the 21st century.

Trade

The UK now has responsibility for its own trade remedies regime and needs to take positive and constructive steps on the global stage to ensure growth for the economy. Already a significant challenge, this is made more difficult by the increasingly protectionist environment that we are starting to see emerge around the world.

In recent years, trade remedies have resurfaced as an issue for several primary materials, and we are focusing on the developing trade flows within paper and paper-based products. CPI is building a capability to support members with trade remedies by following the development of global (WTO) and regional trade negotiations. We are also tracking relevant imports and exports with the aim of identifying trends that can impact the UK market.

We will work with our members to develop a strategy to address these matters, developing the ability to bring UK trade defence cases as needed.

Throughout the last year, CPI has engaged with the Trade Remedies Authority (TRA) – the Government Agency which exists to defend the UK against unfair international trade practices – in preparation for any future work that may be required. We will engage with members to identify where the UK import situation might merit UK trade remedies, and act as facilitator for members wishing to pursue such a trade case.

In order to strengthen our approach to the TRA, we have also engaged with the Manufacturers' Trade Remedies Alliance (MTRA), a coalition of manufacturing trade associations, which seeks to bring accurate and timely evidence to the TRA.

> With a challenging trading environment ahead of us, and the potential for considerable disruption, we were pleased to have had the opportunity to attend the Trade Remedies Authority (TRA) Parliamentary Reception in January 2025.
>
> The timing of the TRA event was fortuitous, coming on the day of President Trump's inauguration, and well attended, with a number of MPs expressing their interest in the impact of trade issues on UK industry. The Reception provided a constructive opportunity to build on our relationship with the TRA and confirm our position as members of the separate Manufacturers Trade Remedies Alliance (MTRA).

Following the inauguration of President Donald Trump we have seen rapid and significant calls for change, with Executive Orders having been signed from day one, and significant announcements since. He has previously declared himself "Tariff Man" and stated that "tariff" is his favourite word. The protectionist policy that he will pursue is expected to have a significant impact on the global economy.

Throughout the first quarter of 2025, we have seen a remarkable level of action from President Trump, with the imposition of global tariffs being swiftly followed by temporary suspensions. While we had anticipated more dramatic action in this second term – given that in his first term he often complained about the bureaucracy that stood in the way of his ambitious aims – this has been more spectacular than most expected.

There is clearly much still to come and, in order to adapt to these developments, CPI has formed a Trade Network Group to keep members up to date with changes and to establish what action can be taken to support UK Industry.

At the time of writing, most UK products are subject to a 10% tariff and there are some early indications of a pending trade deal. However, even if the direct trade position with the USA remains strong relative to other countries, the introduction of tariffs elsewhere in the world could have significant indirect impacts, with the potential for the redirection of goods, including pulp and paper, to new markets including Europe.

China is facing very substantial tariffs, and we wait to see what response will be made and how this will develop in the coming months, with non-tariff barriers also now being considered. The implications are likely to be significant and, as the two largest global economies interact, the consequences will affect the rest of the world.

Developments since the inauguration of President Trump have been more dramatic than we might have expected, with unexpected tactics being used to apply pressure on the global stage.

Tariffs have now been introduced on a range of products, and we are reviewing the level of UK exports of paper to the USA. According to HMRC data, in 2024 the UK exported £684m of goods to the USA under paper codes, but £460m (approx. two thirds) of that was finished books, cards, and maps, outside the scope of our members' operations. That still leaves £222m exports of paper and paper products and we are engaging with our members to identify how significant such exports are to their operations.

Employment Affairs

Employment Affairs

In October 2024, the Government introduced a new Employment Rights Bill, aimed at putting an end to "unfair employment practices". It is expected that the Bill will ban zero-hours contracts, end fire and rehire, and introduce basic employment rights such as parental and bereavement leave from day one. The Government states that this Bill will make the workplace fairer and more adaptable to modern needs, benefiting both workers and employers, while promoting long-term economic growth.

A new Fair Work Agency will bring together existing enforcement bodies to enforce rights such as holiday pay and sick leave, and to support employers looking for guidance on how to comply with the law. The earliest time frame for the new rights to take effect would be autumn 2026, allowing businesses to prepare for the changes.

The Get Britain Working White Paper was published on 26 November 2024, with the Government's intention to address spiralling economic inactivity. It is identified that 2.8 million people are out of work due to long-term sickness.

The Government wants to address youth education and mental health issues, improving the situation for those who want to enhance their living standards, and for employers who need to recruit but cannot find people with the skills to fill the roles. It is considered that radical reform is required, and the White Paper sets out a fundamentally different approach, "transforming a Department for Welfare into a Department for Work" and mobilising Mayors and local councils. There are also plans to support employers to employ people with health conditions and to keep them in the workplace.

By bringing down economic inactivity levels it is declared to be a first step towards achieving an 80% employment rate. The UK is the only major economy that has seen its employment rate fall over the last five years, predominantly driven by a rise in the number of people who are out of work due to long-term ill health.

Get Britain Working

The Government's Get Britain Working White Paper sets out six key issues for the UK workforce:

- too many excluded from the labour markets due to health conditions or low skill levels
- too many young people leave school without essential skills
- too many people stuck in insecure, low paying jobs
- too many women who care for their families with challenges progressing at work
- too many employers who cannot fill their vacancies due to labour and skills shortages
- a disparity in the labour market between different places and different groups of people

An independent review into the role of UK employers in promoting healthy and inclusive workplaces is proposed. Poor workforce health puts costs on employers arising from absence and turnover, while there is compelling evidence about the value of helping people with a health condition or disability to stay in work. A review will run until summer 2025 with wide-ranging engagement.

CPI will follow the Employment Rights Bill as it evolves through 2025, influencing it as we can, and keeping our members informed on developments.

Apprenticeships

Apprenticeships

Across the UK there are more than 9.4 million working people over the age of 50, equivalent to 30% of the workforce. Manufacturing industry is higher than this average, with 34% of employees over 50.

Over the coming decades a significant proportion of this group will leave work permanently, taking their acquired skills and experiences with them. Long-term demographic change means that there is unlikely to be the same supply of younger people that we have seen historically to enter the labour market to replace retiring workers.

While there has been much talk of rebalancing the UK economy away from services and towards manufacturing, we await developments from the Labour Government that will positively influence such a move.

CPI has developed an established and comprehensive apprenticeship scheme for UK papermakers with three current cohorts of students, the first of which graduate in 2025. We are enhancing the curriculum, and increasing numbers, building on the current levels of participation for Papermaking and looking to develop the opportunities for other sectors.

The apprentices have embarked on the Science Manufacturing Technician (SMT) Level 3 as a core course. This provides an established qualification, including elements such as environmental and risk management systems, undertaking continuous improvement, and quality assurance processes etc., to which we add bespoke specific papermaking training.

From September 2025, our industry consortium has agreed that apprentices in future cohorts will be on a revised Process Industry Manufacturing Technician (PIMT) scheme, which brings an enhanced level of core training.

Throughout 2025 we will engage with our other sectors to identify their training requirements. We are also exploring an opportunity for personnel in member companies to train as STEM ambassadors, through which they can learn to represent their organisation at local schools' events and careers fairs. Engagement with schools and colleges through careers fairs, and building the reputation of local business and the broader industry, will be explored in more detail in the coming years.

In addition to new employees, we will also look to those established employees that may benefit from new skills or retraining. Across all of membership sectors, in time, we will explore Degree Apprenticeships and other opportunities for employees above and beyond the apprenticeship programme.

As we seek to understand the skills requirements of our members, we will be working with stakeholders to evaluate how we can meet those needs required to address the challenges that lie ahead.

"What's next for skills?" A Westminster Reception with Lord Blunkett

CPI was pleased to participate in a parliamentary reception at the House of Lords on 29 October 2024, where the Rt Hon. Lord Blunkett outlined his views for the future of education and skills across the UK. He had previously been invited to lead the "Learning and skills for economic recovery, social cohesion and a more equal Britain" report for the Labour Party prior to the General Election.

Many of Lord Blunkett's recommendations have since been announced in the Budget, with the changes to the Apprenticeship Levy into the Growth and Skills Levy, and the creation of Skills England to replace the Institute for Apprenticeships and Technical Education (IfATE).

The Labour Government has stated that growth requires skills and has confirmed that they will improve skills opportunities for those entering the labour force. CPI will continue to engage, identifying opportunities for the UK's Paper-based Industries.

Public Affairs

Public Affairs

The 2024 election brought a substantial Labour landslide win, and Sir Kier Starmer MP's Government had a majority of 167. The Conservatives suffered a significant defeat and are currently regrouping around their new leader while trying to regain popular support. Reform UK is growing in popularity and may yet do well in the local elections in May 2025. In Scotland and Wales, the parties are gearing up for the 2026 national elections and in Northern Ireland, the Stormont administration remains stable, notwithstanding some significant domestic and EU related challenges.

The new Government however faced mounting challenges, and seemed to spend much of its first few months in office talking down the country's prospects, culminating in the tax-raising Budget of October 2024. The UK economy is flatlining and, with inflation remaining a worry, "stagflation" remains a real concern. CPI is fully aware of the challenges that the industry faces and continues to lead advocacy efforts to the new Government as well as interpreting government policies to members and briefing them on the implications for their businesses. Energy costs and long-term sustainability remain at the top of the agenda, as well as recycling and explaining the merits of easily recyclable paper-based products.

All of this UK activity takes place in the context of the global convulsion caused by the early actions of the second Trump Presidency. Much of the usual geopolitical context is at risk of being swept away as the US, Russia, and China seem fixed on a course of returning to the Great Power world of the 19th Century. Europe and the UK will have much to do if they to avoid becoming, again, the place where others fight their battles.

Political Engagement

The election saw a massive churn in MPs, with over half of the new intake never having been elected before. This has created a massive engagement need for CPI, in common with all other organisations that engage in advocacy, as new MPs seek information about key policy issues that affect their constituencies and try to find their niche in the political landscape. Most Ministers have also not been in office before, and while they have their civil servants to support them, they are also getting to grips with their new responsibilities in real time.

As part of that process, CPI has engaged agency support from Grayling to ensure that we are well placed to be making the case for our members on the specific issues of reuse and recycling, focusing first on the Separation of Waste Regulations and EPR. It is early days for this work, but we are seeing the dial move in favour of our industry.

Since the election, CPI has met a number of senior Ministers to put the case for paper and to seek support for our policy proposals. We met Jonathan Reynolds MP, the Business Secretary, at the launch of Shotton Mill, and used that opportunity to impress on him the need for policy change to drive further investments of that scale in UK manufacturing.

In February 2025, along with other energy intensive industries, CPI met Sarah Jones MP, the Industry Minister, to again make the case for lower energy prices for industry, and for government support for the investments required for decarbonised UK manufacturing in future.

CPI's advocacy work has also been active in the recycling policy area. In early 2025, CPI met Sarah Jones MP and Mary Creagh MP (the Environment Minister) to raise concerns about the potential unintended consequences of the current EPR proposals, particularly as regards the encouragement of material switching to less recyclable alternatives, such as plastics.

While much of CPI's work has been focused on the new Government, we have also engaged with Opposition figures. Lords Blencathra and Roborough have been instrumental in raising issues of concern in the Lords, and we look forward to working with them and other colleagues in future.

Finally, CPI also attended many All-Party Parliamentary Group meetings on issues such as energy, environment, and packaging.

The CPI team continues to meet regularly with officials from a number of government departments, and last year, we met the Conservative Environment Network to open discussions on sustainability policy and recycling. We are especially proud of our supportive relationship with the Department for Business and Trade (DBT), as the UK economy strives for growth in troubling times. Our visit programme took officials from DBT, the Committee on Climate

Andrew Large, CPI Director General with Jonathan Reynolds, Secretary of State for Business and Trade at the launch of Shotton Mill

Change, and the Department for Energy Security and Net Zero to see paper mills and converting sites.

CPI remains a member of groups such as the Energy Intensive Users' Group and the Packaging Federation, which enable us to leverage a shared position with other industries to expand our advocacy reach.

Overseas, CPI continues to work with both the United Nations Food and Agriculture Organization to promote recycling of paper as a key aspect of sustainable, resource efficient forest management. We have also worked alongside the European industry associations and their public affairs advisors in support of their work on the Packaging and Packaging Waste Regulations.

Governance and Strategy

In the run up to the 2024 election, the Public Affairs Group (PAG), together with the issue experts from within the CPI's committees and Councils, worked to develop our manifesto and wider communications strategy. This being achieved, the PAG is now focusing on coordinating activity across CPI to prevent contradictory messaging and to ensure maximum effectiveness.

Our issue suite remains broadly as it was before the election was held, and recognises the long-term nature of many of our industry's challenges.

Our key priorities are:

A Green Industrial Growth Strategy

- Government should establish a Green Industrial Growth Strategy, with cross-party support and committed funding.
- Funds from UK Emissions Trading Scheme auctions (and in due course any Carbon Border Adjustment Mechanism) should be recycled to support UK investment in decarbonisation of industry. CBAMs should only be progressed after a proper impact assessment is concluded.
- Agreements should be signed with individual companies or sectors tying support to deliverables in emissions, investment, growth, and jobs.

A Revised Resources and Waste Strategy

- The Government's Resources and Waste Strategy should be reformed to support high quality recycling of paper and the minimisation of unsustainable packaging materials and formats.
- Extended Producer Responsibility (EPR) must be introduced in a way that does not act like a packaging tax, increasing inflation during a cost-of-living crisis. EPR fees must be channelled towards sorting and reprocessing of recycling only and not subsidise other activities.
- Build on the commitment for separate collection of paper and board at kerbside with a reform of the TEEP process to ensure that most fibre is collected separately at source.
- The Government should work with CPI to ensure that any recyclability assessments under EPR will be scientifically rigorous and act against "wishcycling".

A Competitive Business Environment

To create a more competitive business environment, CPI urges the new Government to:

- Support decarbonisation investments with a tax super-deduction
- Introduce a UK Internal Market for skills funding to enable UK wide companies to have a single training strategy
- Support the PABIAC 2023 to 2027 Strategy
- Reform UK trade policy to give greater support to UK foundation industries, such as paper, that are essential to UK economic security.

Communications

Communications

Communication is the backbone of any successful trade association, promoting collaboration, transparency, and industry growth. It ensures that members stay informed about industry trends, regulatory updates, and advocacy efforts, allowing them to make well-informed decisions. Effective communication strengthens relationships between members, industry stakeholders, and policymakers, creating a unified voice that can drive meaningful change.

Additionally, clear and consistent messaging enhances member engagement, boosts participation in events, and promotes the association's initiatives.

Our Members

Effective communication with our members is at the heart of what we do, ensuring they stay informed, engaged, and supported. We achieve this through multiple channels, including CPI News, our fortnightly newsletter that delivers key industry updates, policy developments, and important announcements straight to their inboxes. Our website serves as a central hub for resources, while direct contact allows us to provide tailored support and guidance. Regular member briefings offer deeper insights into critical issues, fostering discussion and collaboration.

Keeping our members well-informed is essential for helping them navigate industry challenges and stay ahead in a rapidly evolving sector.

Online

The CPI website (www.paper.org.uk) is a key platform for disseminating information to both members and non-members. It provides a diverse array of resources, including fact sheets, position papers, industry statistics, and other relevant content. Furthermore, the Members Only section offers exclusive access to more in-depth statistics, briefing papers, and committee meeting documents.

During 2025, CPI will be redeveloping the website to create a more modern, user-friendly, and engaging platform that better serves our members and stakeholders. As technology evolves, it is essential to keep our digital presence up to date, ensuring seamless navigation, improved accessibility, and a fresh, contemporary design. The new website will feature an enhanced layout, streamlined access to key resources, and a more intuitive user experience. By modernising the platform, we aim to make information easier to find, improve mobile compatibility, and provide a more dynamic space for industry insights and updates. This redevelopment reflects our commitment to innovation and ensuring that CPI remains a trusted, go-to resource for the latest industry news, data, and developments.

Social Media

CPI has established its presence on various social media platforms such as X (formerly Twitter), LinkedIn, Facebook, and Instagram. We are pleased to share that we have a growing number of followers across all channels, with over 2.1k on Twitter, more than 1.5k on LinkedIn, and 1.1k on Facebook. Currently, CPI is working on revising its social media strategy and is determined to strengthen its online presence across all platforms.

Publications

CPI offers a variety of publications, including Position Papers, Member Briefings, and Fact

Sheets, to keep members and stakeholders fully informed. These materials can be found on our website and are updated on a regular basis.

Press

CPI regularly publishes press statements and releases on a range of key topics. Our team also contributes to opinion pieces and feature articles, both online and in printed trade publications. We have strong relationships with trade media and are committed to enhancing CPI's presence in the press by expanding our reach and increasing media coverage.

Our team is always available for press interviews on key topics within the UK's Paper-based Industries, offering expert insights and informed perspectives. Whether discussing sustainability, recycling, industry innovation, or policy developments, we are committed to providing clear, accurate, and timely information. With strong industry knowledge and a deep understanding of the challenges and opportunities facing the sector, we are here to support the media with reliable commentary and analysis.

Events

Throughout 2024 and into 2025, we continued to host several PABIAC webinars covering topics related to Human Factors and Psychosocial Risks. Additionally, in 2024, we conducted in-person PABIAC workshops focusing on Accident Investigation and Safety Critical Task Analysis.

A key highlight of the year was the successful Paper Industry Gold Awards ceremony held in May 2024 *(see P45)*. We eagerly anticipate the 2025 awards, scheduled for 17 June. Furthermore, we organised the Biennial Health and Safety Conference in 2024 and have already secured dates for the next conference, which will take place on 6–7 July 2026 at the Chesford Grange Hotel in Kenilworth.

CPI staff actively participated in, and spoke at, various industry events, including the Environmental Services & Solutions Expo (September 2024), the Sheet Plant Association (SPA) Trade Show (October 2024), the Recycling Expo (October 2024), and Packaging Innovations (February 2025). The CPI team looks forward to engaging in more panel discussions and events throughout the remainder of 2025.

Collaboration

Partnering with organisations like Two Sides, the Printing Charity, the Stationers' Company and, through PABIAC, Unite the Union and GMB, is essential for strengthening our industry. Through collaboration, these relationships drive meaningful change and promote a sustainable future for our industry.

Connect with us:

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- x.com/@Confedofpaper
- linkedin.com/company/confederation-of-paper-industries
- instagram.com/paper.uk_/

Beyond the Box

SCAN THE QR

Watch the 'Match Posponed' video

The Beyond the Box campaign ran successfully for many years, with the objective of promoting the sustainable credentials of cardboard as an alternative to plastic packaging in a range of applications.

Established in 2018, following industry's request that we seek to 'win over the hearts and minds' of the consumer, we increased our influence through national media in ways that the UK's Paper-based Industries have never previously done.

A new agency was appointed in 2023 and brought a new approach, evolving to recognise a different way of working with a greater focus on social media and a reduced budget, conscious of the need to seek efficiencies.

The new core activity in social media saw a clear upward trajectory in results through 2024, with the new programme bringing us significant increases in followers and in engagements.

We saw an increased recognition of the positive qualities of cardboard, with lively interaction and good levels of 'user-generated content' as our followers posted their own recycling experiences. We also engaged with a range of social media influencers. Thus, we encouraged consumers to opt for cardboard-based packaging options and adopt more responsible recycling practices, seeking to drive the use of cardboard packaging by businesses and brands in response to evolving consumer preferences.

Over the course of 2024 we saw an average reach of 113k per month across our social media, with an impressive engagement rate of 20%, far exceeding industry averages.

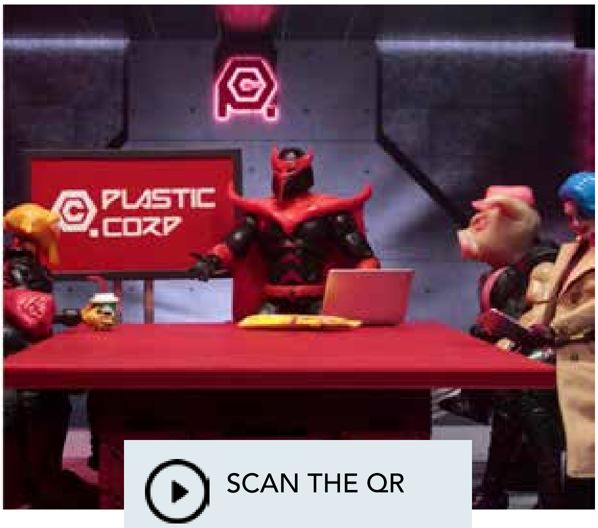
In addition to social media, we ran a number of significant 'hero' projects through 2024.

Match Postponed

Early in the year we drew on the powers of AI creative imaging to create a striking social post, publishing an animation called 'Match Postponed', which pictures a dystopian future where plastic pollution is rampant and stops an important football match. It was timed specifically for, and went live immediately prior to, the Euros. It was a real change to our previous approach, and we were pleased to see that it achieved 100k views before the football matches even started, a better result than any of our other social posts at that point.

Plastic Corp

Following the success of Match Postponed, we completed a light-hearted video in the second half of the year. Plastic Corp took a light-hearted look at a fictional corporate Board of Directors in a crisis meeting… There's a new threat to their world dominance: cardboard packaging… Everyone who works at Plastic Corp is a plastic figurine… Everything's made of plastic. The Plastic Corp campaign delivered the highest reach and engagement that we saw through 2024.



SCAN THE QR

Watch the 'Plastic Corp' video

All Aboard Cardboard

We also ran a successful schools programme, in which we encouraged industry representatives to engage with local schools. An educational campaign 'All Aboard Cardboard' was designed to teach primary school children all about cardboard's environmental credentials, with a key focus on its reusable, renewable, and recyclable qualities.

We were pleased to run the same programme again in the autumn of 2024 to coincide with national Recycle Week (14-20 October) and we sought the support of our members, seeking volunteers who can go out and present to local schools.

We can all agree on the importance of informing the younger generation, and were pleased to see strong support for this initiative.

The Beyond the Box programme undoubtedly achieved remarkable results, effectively engaging with consumers on an emotional level and "winning over hearts and minds". However, with the general election and a shift in priorities towards public affairs (moving away from consumer-facing communications), it was an appropriate time to conclude Beyond the Box activities at the end of 2024, bringing the campaign to a close.

www.cardboard.org.uk

Paper Industry Gold Awards

Paper Industry Gold Awards

CPI launched the Paper Industry Gold Awards in 2022, in partnership with the Paper Gold Medal Association (PGMA), to celebrate achievements in the UK's Paper-based Industries.

The third awards ceremony was held on 21 May 2024, where industry representatives gathered at Stationers' Hall, London, to honour outstanding contributions. The awards showcased industry-wide talent and highlighted key advancements in sustainability, workforce development, and community engagement.

Hosted by CPI Director General Andrew Large, the event featured two-time Paralympic Gold medallist Richard Whitehead MBE, who spoke on diversity and inclusion and presented the awards. The awards recognised excellence across seven categories: Recycling, Net Zero, Community Engagement, Health & Safety, Sustainable Innovation, Skills, and Equality, Diversity & Inclusion (EDI).

Andrew Large praised the winners for driving industry progress through innovation and sustainability.

2024 Winners:

Recycling

WEPA UK Ltd

Net Zero

Kimberly-Clark

Community Engagement

Smurfit Westrock Leeds

Health & Safety

WINNER: Sonoco: Stainland Board Mills

Health & Safety

HIGHLY COMMENDED: Board24

Sustainable Innovation

JOINT WINNERS: James Cropper PLC *(Left)* & Sonoco Europe with Kellanova *(Right)*

Skills

DS Smith plc

EDI

Northwood Hygiene Products Ltd

The Paper Gold Medal

Tim Gray received the Paper Gold Medal for his voluntary leadership of the Sheet Plant Association (SPA), revolutionising the sector and fostering global collaboration. The Paper Gold Medal is awarded to an individual recognised for an outstanding, lifelong contribution to our industry.

In his acceptance speech, Tim expressed gratitude and commitment to furthering industry knowledge through a written contribution.

2024 Gold Award Winners

Custodian of the Paper Gold Medal

After nearly 60 years of awarding the prestigious annual Paper Gold Medal to individuals who have made an outstanding contribution to the print, paper and allied industries, the Paper Industry Gold Medal Association has passed the custodianship of the Medal to the Stationers' Company, the livery company for the communications and content industries, who will now be the residual body for the Paper Gold Medal, ensuring the safekeeping and oversight of it for future generations.

After the appointment of the Stationers' Company as custodians of the Gold Medal in March 2025, the Paper Industry Gold Medal Association was then dissolved.

2025 Awards

The fourth Paper Industry Gold Awards were launched in November 2024, with the ceremony set to take place on 17 June 2025. The event will again take place at Stationers' Hall and sees the return of seven main award categories, with some adjustments from last year.

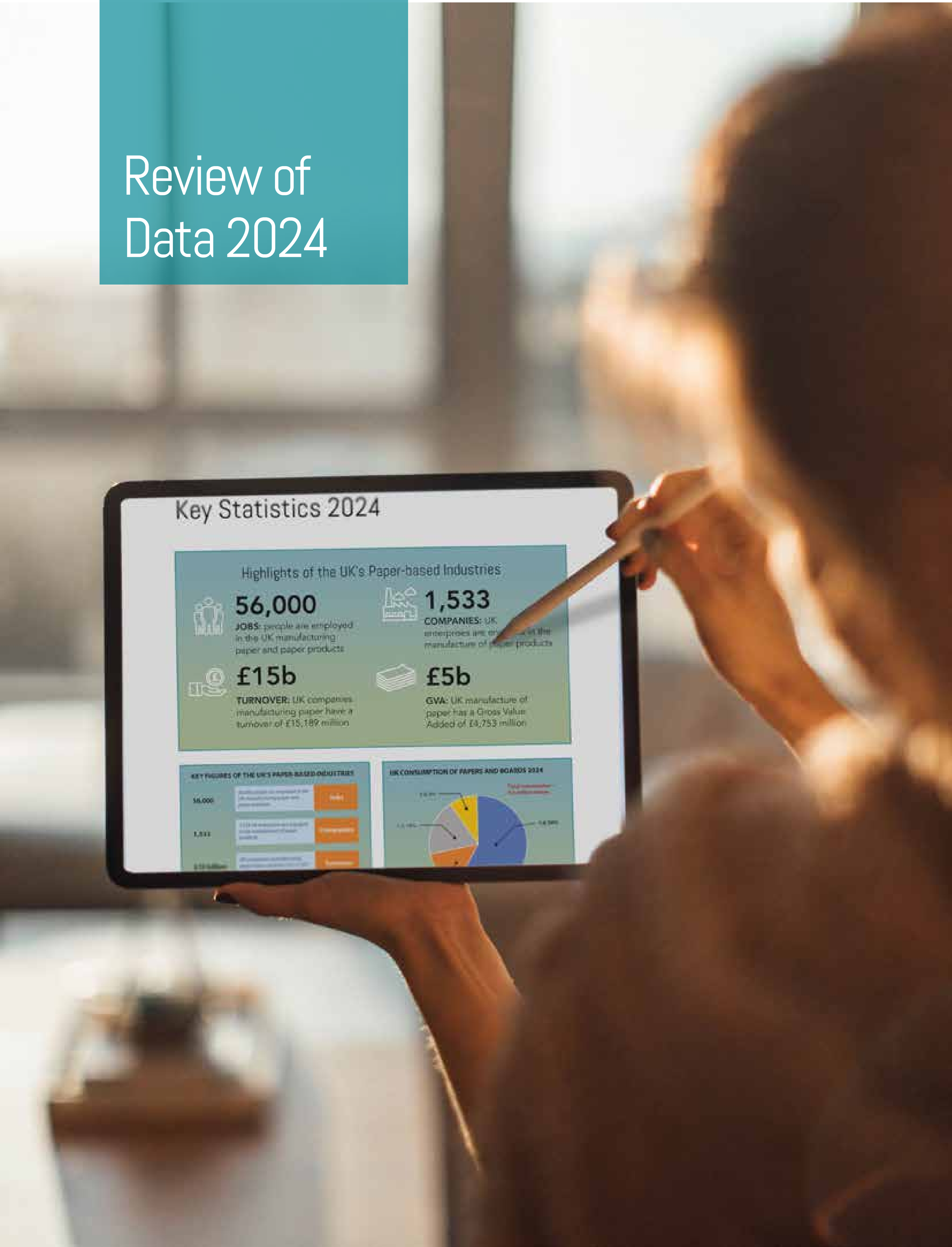
The Sustainable Innovation and Net Zero awards have been merged, and we are excited to introduce a brand-new award for 2025, the Young Talent Award. This prestigious recognition will be given to an individual who exemplifies innovation, dedication, and leadership. Designed to inspire the next generation, the Young Talent award underscores the Paper Industry's commitment to nurturing future leaders and positioning the sector as an appealing and dynamic career path for ambitious young professionals.

Additionally, the Paper Gold Medal will once again be presented at the ceremony, alongside the awarding of certificates to the first cohort of apprentices who have successfully completed three years in the relaunched CPI Papermaking Apprenticeship Scheme.

We are, for the first time, offering a range of sponsorship opportunities designed to maximise value and engagement.

CPI looks forward to hosting the 2025 awards in June and looks forward to seeing many of our members there.

Review of Data 2024



Review of Data 2024

The Economic Value of the UK's Paper-based Industries

2024 has been a better year for the UK's Paper-based Industries, with increases in both UK consumption and production to report below. However, the industry remains far smaller than at the turn of the Millennium, and while further investment is underway, there are further opportunities for the UK industry to grow.

Overall Industry Picture

The UK's Paper-based Industries remain a substantial employer with 56,000 jobs recorded in the industry. These jobs remain widely distributed across the UK and come from 1,533 enterprises with a collective turnover of just over £15.1 billion per annum and a gross value added to the UK economy of some £5 billion.

Consumption per capita, at 133.5 kg, remains close to the European average, although it has declined a little in recent years.

Productivity

In 2024, industry productivity growth, in common with that of UK industry as a whole, was positive but weaker than hoped for. The causes of this are complex, but relate largely to short term factors including the timing and impact of new investments and the retention of employment in anticipation of future growth, which has negatively impacted output per worker this year. Nevertheless, the industry continues to be highly productive, with significant use of automation and digital controls to manage manufacturing operations.

Decarbonisation

In 2024, continued progress was made in the decarbonisation of the industry. Production rose, but UK carbon emissions from papermaking remained steady at 78% lower than 1990 levels.

Detailed Review of Data 2024

With the main indices of production and consumption having been so poor for the Paper-based Industries during 2023, an improvement was not difficult to achieve during 2024. Most sectors experienced good growth for the first half-year. A more cautious economic environment in the second half, overshadowed by the first Labour budget in 15 years and the spectre of 'Trumponomics', tempered some of the early gains, culminating in a 'soft' recovery, with growth in output and demand for almost all sectors of our industry in the region of 2 – 5%.

Apparent Consumption of Paper and Board

Demand for papers and boards grew by almost 5% last year compared to 2023, though this was largely import-driven. All the main sectors (Packaging, Tissue and Graphics) experienced growth in some degree, ranging from Packaging (+4.6%) and the Printings & Writings sector (+12.6%) to more modest growth in the Tissue sector (+1.3%) which, being largely supplied domestically, was affected by capacity closures. It was in the Printings & Writings sector, almost wholly supplied by imports, that the biggest gains were to be seen, with the Coated Woodfree sector alone growing by an astonishing one-third. The whole sector ended the year at 1.44 million tonnes (+175,000 tonnes). For Packaging, whilst the UK's large Corrugated Case Materials sector saw reasonable growth of 2.6% to 2.44 million tonnes, the other smaller subsectors – packaging papers and boards – averaged approximately 10% improvement in consumption.

Overall, consumption of primary papers and boards finished 2024 at 6.78 million tonnes. Secondary consumption is estimated to have grown likewise, with net imports of converted papers and boards increasing by a fifth to 1.06 million tonnes. Consequently, while net imports of paper-based transit packaging are estimated to have decreased slightly, CPI calculates the total of papers and boards placed on the UK market to have been 9.55 million tonnes, an increase of exactly 5% over 2023.

Production and Deliveries of Paper and Board

Significant changes to UK papermaking capacity are imminent, in both the Tissue and Corrugated Case Materials sectors, with the first of several new tissue machines due to begin production in Spring 2025 and further new capacity in this sector

to follow in 2026. Additionally, the large new containerboard machine at Shotton in Deeside should be in production by next year.

Meanwhile, one or two further closures of existing capacity during 2024 made their impact felt on papermaking output. Production of paper and board exhibited modest growth of 2% (an extra 65,000 tonnes) during 2024 to end the year at 3.29 million tonnes. And whilst the Tissue sector declined slightly for the reasons given above, the UK's Corrugated Case Materials sector grew by 4.4% to 1.44 million tonnes owing to better demand last year for corrugated products.

However, improved output was largely export-related as the EU economy rallied, likewise recovering from a slump in demand during 2023. UK exports to the EU increased by over 8% to 573,000 tonnes, 78% of all exports by British papermakers. But domestic deliveries saw hardly any growth, with improved demand for Corrugated Case Materials offset by weaker demand for tissue and other types of reels; home sales finished 2024 at 2.54 million tonnes, just marginally above the 2.53 million tonnes achieved in 2023. As noted, it was with imports that UK consumption improved, with an extra 300,000 tonnes coming into the UK last year and improvements in every sector. Total imports for 2024 were 4.23 million tonnes, contributing 62% of total demand for primary papers and boards.

Papermaking Raw Materials

UK recovered paper markets were rather turbulent during 2024. Improved demand at home could not counteract rather weak export demand, particularly from Asia, leading to another year of falling collections.

With rising demand from the Corrugated Case Materials sector, the dominant user of domestic recovered papers, consumption at mills increased by 3.0% to 2.63 million tonnes (+77,000 tonnes). Whilst Corrugated grades grew steadily by 7.3%, both the other main grades, Mixed and Woodfree declined, significantly in the case of Mixed Papers (which includes Newspapers and Magazines), falling by 1.6% to 892,000 tonnes.

Imports remaining negligible, export demand, accounting for 60% of UK collections, sets the annual trend – in 2024 declining. Exports to India fell by almost 30% to well under 1 million tonnes.

Exports to other Asian destinations also fell to little over 2 million tonnes whilst the smaller demand from a rapidly recovering Europe rose by almost 60% to end 2024 on 860,000 tonnes. Total exports were 3.79 million tonnes, a decline of 4.3%.

As noted, recovered paper collections fell further, declining by 1.7% to 6.30 million tonnes. With paper and board arisings increasing and collections falling, the UK's recycling rate fell sharply to 66% for 2024 from 71% the previous year, the lowest level of recycling for some years.

CPI is aware that high wood pulp prices have caused difficulties for some members. The benchmark NBSK grade peaked at over $1,600/tonne in the late spring before falling back to around $1,500 by the end of the year, according to Utipulp. Consumption of wood pulps at UK paper mills declined by 3% to 870,000 tonnes – in part due to the capacity losses noted – whilst mills stocks remained steady, ending the year on a high of about 30,000 tonnes.

Production of Corrugated Board

The UK's consumer-facing Corrugated sector is always a good bellwether of the wider economy, and 2024 was no exception. Output of board at the UK's corrugators of CPI members, exhibiting a steady increase month by month, managed a small improvement between 2023 and 2024, ending the year on 4.31 million tonnes (+1.7%). However, with three extra working days in 2024 for various reasons, effective weekly production was more or less static, improving marginally to 85,828 ksm per week from 85,438 ksm per week (0.5%). Sheet-feeders, meanwhile, had a better year, with output of board rising by almost 5% to 1.16 million ksm, at 23,011 ksm per week. The basis weight of all corrugated board remained stable at 451 gsm.

Key Statistics 2024

Highlights of the UK's Paper-based Industries

56,000

JOBS: people are employed in the UK manufacturing paper and paper products

1,533

COMPANIES: UK enterprises are engaged in the manufacture of paper products

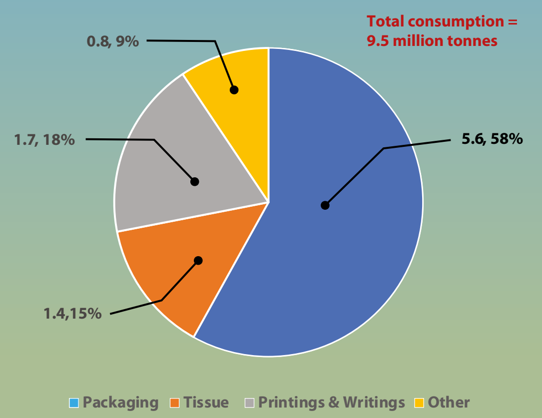
£15b

TURNOVER: UK companies manufacturing paper have a turnover of £15,189 million

£5b

GVA: UK manufacture of paper has a Gross Value Added of £4,753 million

UK CONSUMPTION OF PAPERS AND BOARDS

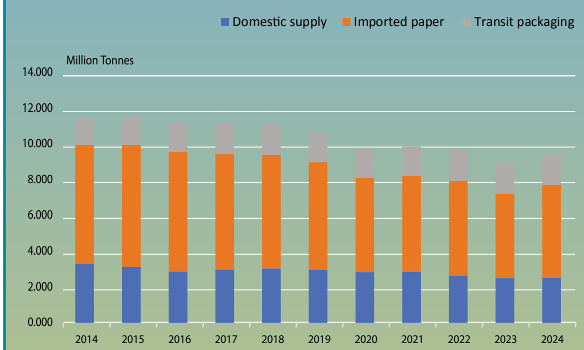


Sources: CPI, HM Revenue & Customs, NPWD

EUROPEAN PER CAPITA CONSUMPTION OF PAPER AND BOARD 2023

Sources: CPI; CEPI

UK CONSUMPTION OF PAPER AND BOARD BY ORIGIN

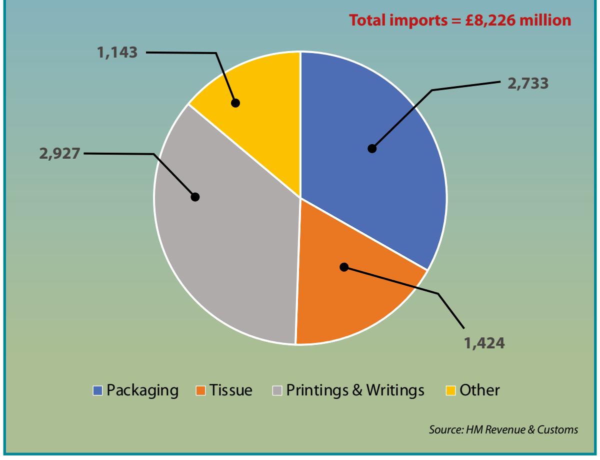


Sources: CPI, HM Revenue & Customs, NPWD

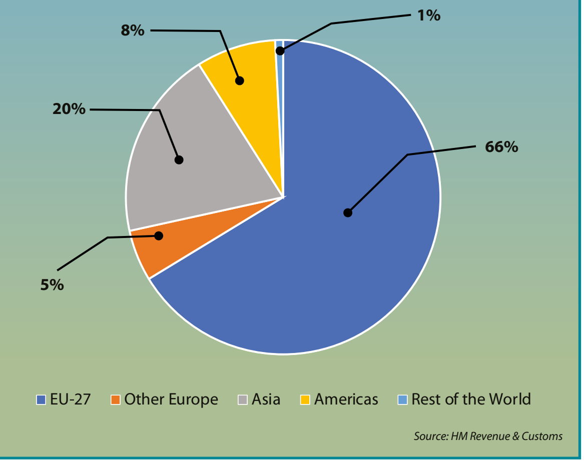
PAPER SECTOR TURNOVER

Source: ONS, Annual Business Survey 2024, SIC 17

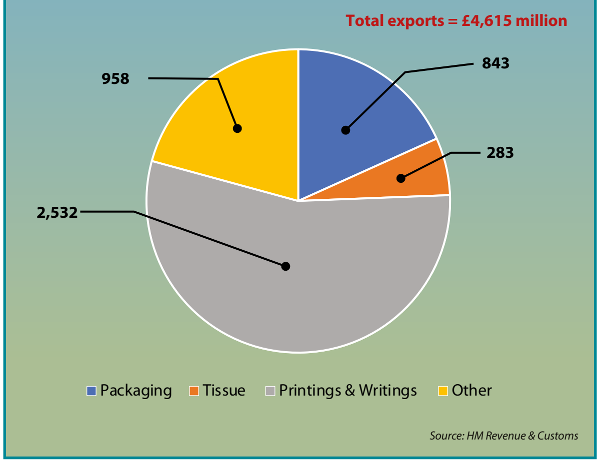
PAPER AND BOARD IMPORTS BY VALUE



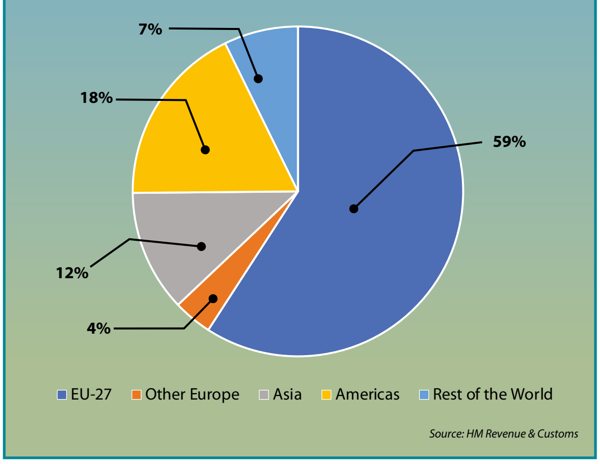
IMPORTS OF PAPERS AND BOARDS BY ORIGIN



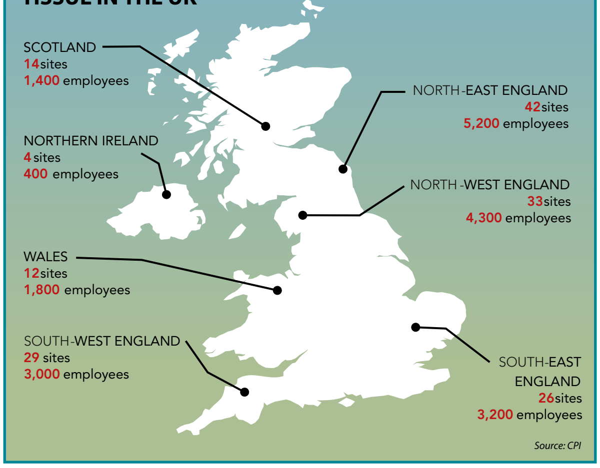
PAPER AND BOARD EXPORTS BY VALUE



EXPORTS OF PAPERS AND BOARDS BY DESTINATION

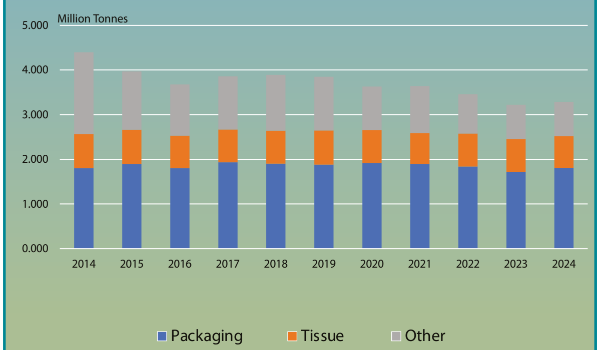


INTEGRATED PAPER, PACKAGING AND TISSUE IN THE UK



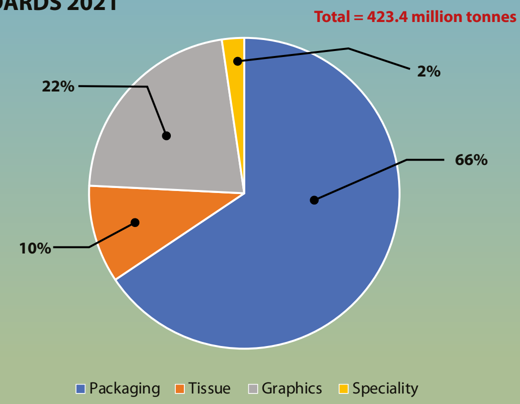
PAPER AND BOARD MILLS OPERATING IN THE UK

UK PRODUCTION OF PAPERS AND BOARDS



Source: CPI

GLOBAL PRODUCTION OF PAPERS AND BOARDS 2021



Source: CEPI/RISIFastmarkets

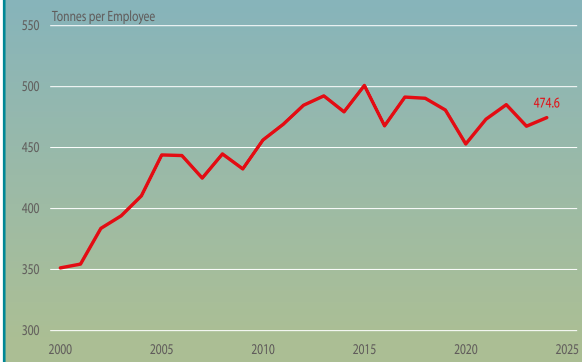
GLOBAL TOP 10 PAPER AND BOARD PRODUCERS

2021 (Tonnes)

		PRODUCTION
1	China	115.5 million
2	USA	69.1 million
3	Japan	24.0 million
4	Germany	23.1 million
5	India	16.3 million
6	Indonesia	12.6 million
7	South Korea	11.6 million
8	Brazil	10.8 million
9	Russia	10.1 million
10	Italy	9.7 million
…		
23	UK	3.6 million

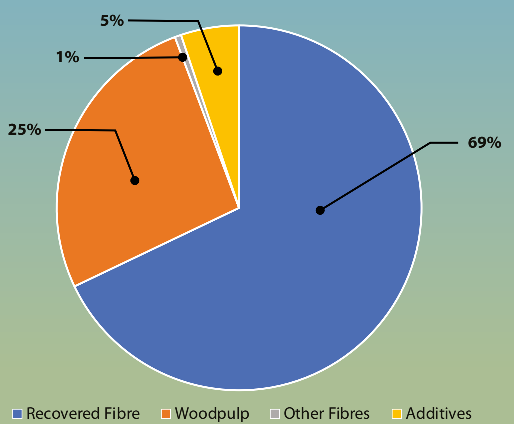
Source: CEPI/RISI Fastmarkets

PAPERMAKING PRODUCTIVITY



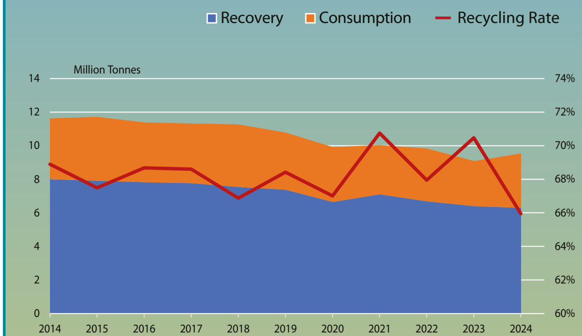
Source: CPI

PAPERMAKING RAW MATERIALS



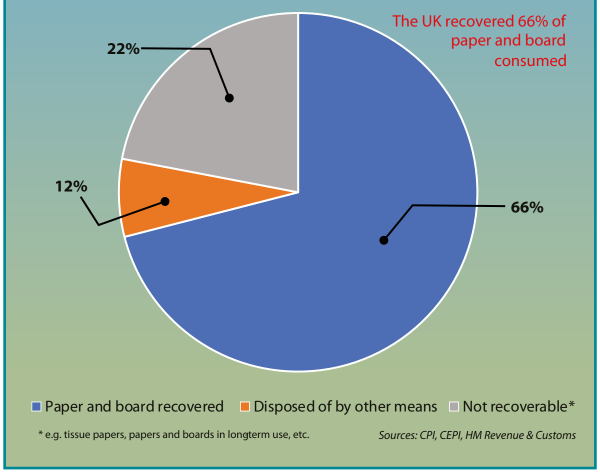
Source: CPI

CONSUMPTION AND RECOVERY OF PAPER AND BOARD

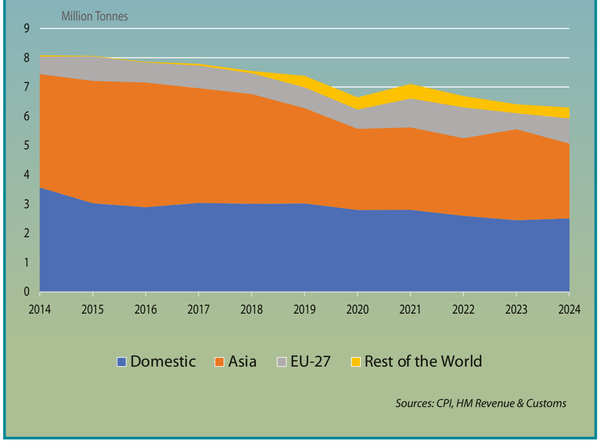


Sources: CPI, HM Revenue & Customs, NPWD

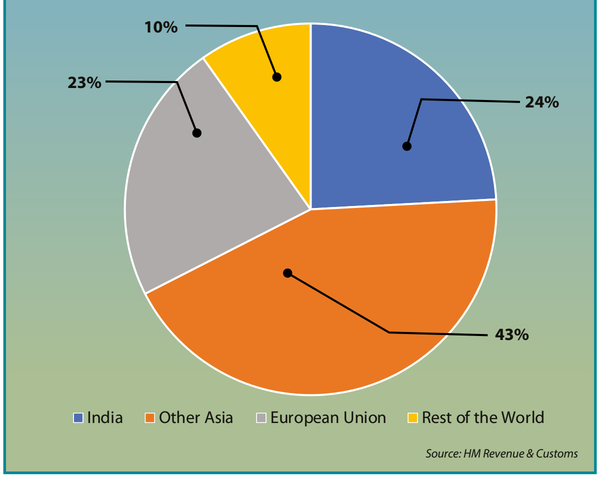
UK RECOVERY OF PAPER AND BOARD



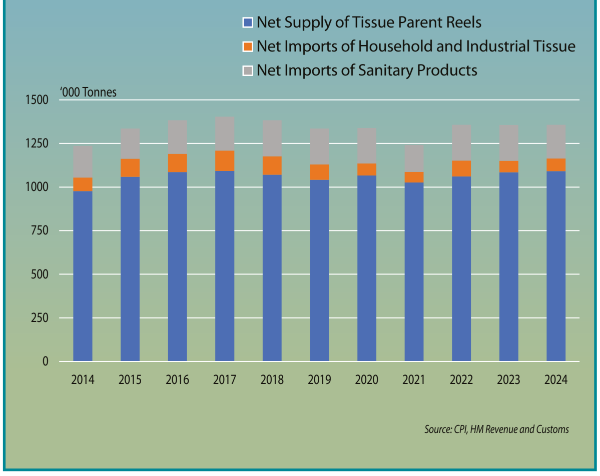
HOW UK PAPER AND BOARD IS RECYCLED



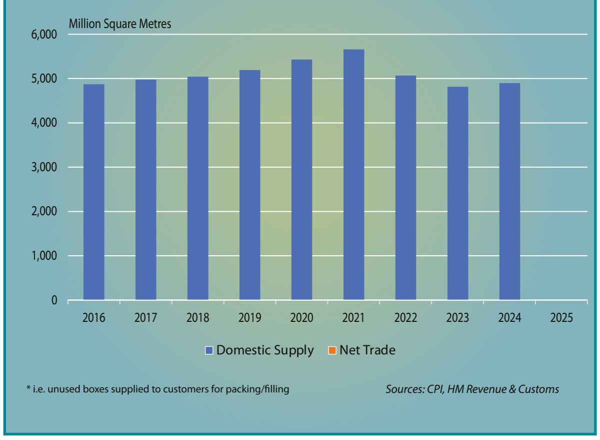
RECOVERED PAPER EXPORTS BY DESTINATION



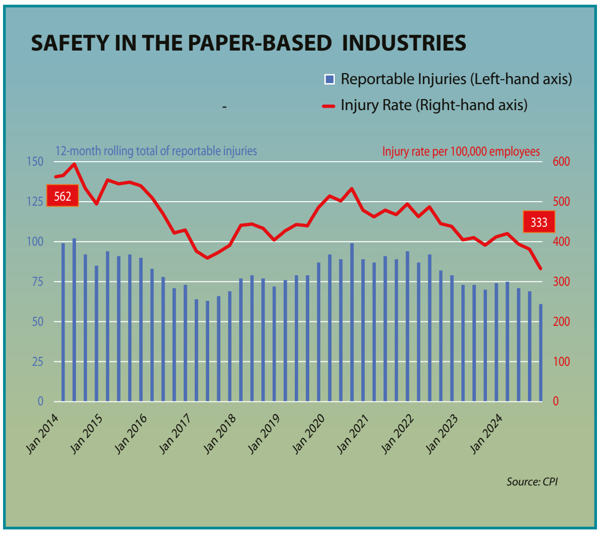
UK CONSUMPTION OF TISSUE

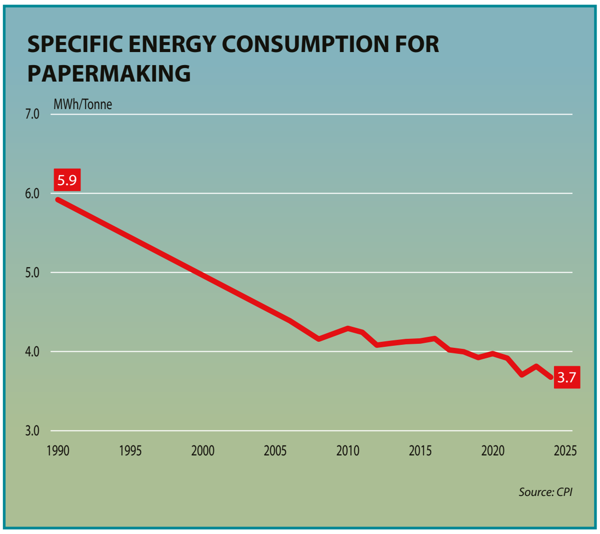


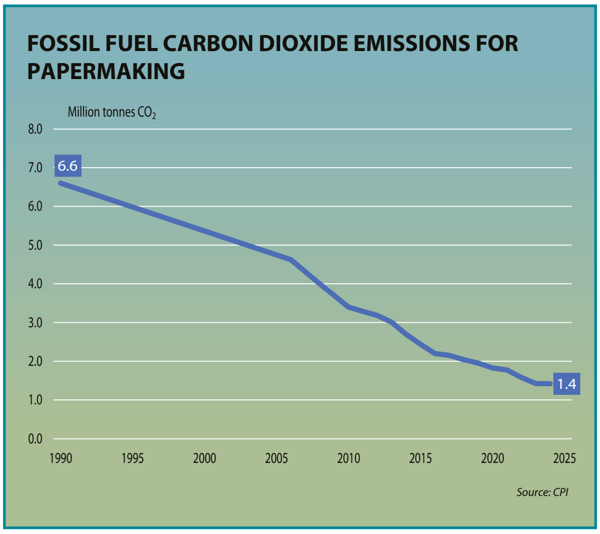
UK CONSUMPTION OF NEW CORRUGATED BOXES*



CORRUGATED BOARD PRODUCTIVITY


SAFETY IN THE PAPER-BASED INDUSTRIES
Reportable Injuries (Left-hand axis)
Injury Rate (Right-hand axis)
12-month rolling total of reportable injuries
Injury rate per 100,000 employees
562
333
Source: CPI


SPECIFIC ENERGY CONSUMPTION FOR PAPERMAKING
MWh/Tonne
5.9
3.7
Source: CPI


FOSSIL FUEL CARBON DIOXIDE EMISSIONS FOR PAPERMAKING
Million tonnes CO_2
6.6
1.4
Source: CPI

CPI Team


Andy Barnetson
Executive Director – Competitiveness


Andrew Braund
Director of Health and Safety


Phillip Fenton
Director of Packaging


Neil Fishburne
Chief Operating Officer


Steve Freeman
Executive Director – Energy


Elisse Hare
Communications & Marketing Officer


Ken Holroyd
Energy Data Manager


Nick Langdon
Statistics Manager


Andrew Large
Director General


Emma Punchard
Director of Communications


Dimitra Rappou
Executive Director – Sustainable Products


Jo Scott
Director of Sustainability


Leonie Williams
Accounts and Office Manager

CPI Council/Members 2025

Officers

Kevin Bussey	President	Smurfit Westrock UK Ltd
Ulf Löfgren	Vice President	Holmen Iggesund Paperboard Ltd
David Richardson	Vice President	Logson Holdings Ltd
Patrick Willink	Vice President	James Cropper PLC
Andrew Large	Director General	Confederation of Paper Industries Ltd
Neil Fishburne	COO	Confederation of Paper Industries Ltd

Council Members

Kevin Bussey (Chair)	Smurfit Westrock UK Ltd
Ulf Löfgren	Holmen Iggesund Paperboard Ltd
David Richardson	Logson Holdings Ltd
Patrick Willink	James Cropper PLC
Lee Doherty	Essity UK Ltd
Eddie Fellows	Smurfit Westrock UK Ltd
Dan Howell	Kimberly-Clark Ltd
Simon Morris	Palm Paper Ltd
Giuseppe Munari	Sofidel UK Ltd
Lucy Russell	Smurfit Westrock UK Ltd
Andrew Large	Confederation of Paper Industries Ltd

Full Members

Ahlstrom Chirnside Ltd
Aylesbury Box Co
BoxWay Packaging Ltd
Caledonian Packaging Ltd
Cepac Group
De Jong Packaging Ltd
Devon Valley Ltd
DS Smith Packaging Ltd
DS Smith Paper Ltd
Essity UK Limited
FASPAK (Containers) Ltd
Fencor Packaging Group Ltd
Fourstones Paper Mill
Glatfelter UK Ltd
Gordano Support Group
Higher Kings Paper Mill
Hollingsworth & Vose Co Ltd
Holmen Board and Paper Ltd
Industrie Cartarie Tronchetti UK Ltd
James Cropper Plc
John Roberts Holdings Ltd
Kimberly-Clark Ltd
Logson Group
Macfarlane Group
McLaren Packaging Ltd
Metsa Tissue Ltd
Northwood Tissue (Lancaster) Ltd
Packaging Products Ltd
Palm Paper Ltd
Pearce Recycling Co Ltd
Portals Paper Ltd
Recycling UK Ltd
Ribble Packaging Ltd
Romiley Board Mills
Roydon Packaging Ltd
S.Sheard & Son Ltd
Saica Pack UK Ltd
Saica Paper UK Ltd
Shotton Mill Ltd
Smurfit Westrock Paper UK Ltd
Smurfit Westrock Recycling UK
Smurfit Westrock UK Ltd
Sofidel UK Ltd
Sonoco Board Mills Ltd

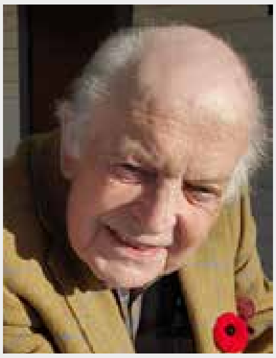
Southern Cross Packaging Ltd
Swanline Print Ltd
Tri-Wall UK
UPM-Kymmene (UK) Ltd
Vernacare International Ltd
VPK Packaging Ltd
W E Roberts Ltd
Weedon Group Ltd
Weidmann Whiteley Ltd
WEPA UK Ltd
Zeus Packaging Ltd

Associate Members

Avanti Conveyors Ltd
BIM UK Limited
Emap Publishing Ltd
Envirosystems (UK) Ltd
Euchner (UK) Ltd
Genus Trading Ltd
Jointine Products (Lincoln) Ltd
Limehouse Board Mills Limited
Mosca Direct Limited
OMYA UK Paper & Board
Pilz Automation Technology
ReCarton UK
Sedamyl UK Limited
Sun Automation Group
The Environment Exchange

Affiliate Members

Paper and Board Association



Bryan Bateman – Obituary

CPI was deeply saddened at the news of the passing of Bryan Bateman in January 2025.

Bryan was a long-serving director of the Paper Federation (from which CPI grew) before taking the lead in developing the generic Climate Change Agreement scheme in the late 1990s/early 2000s and adding ETS compliance a decade later.

Bryan's engineering background and experience in the nuclear industry was pivotal in working with government officials to shape the CCA before its launch in 2001, recognising the value of energy data in driving efficiency. He instigated database reporting for engineering checks, overcoming challenges by equipping and training paper mills and (in some cases) even providing mills with their first laptops!

In 2006, Bryan identified overlaps between EU ETS and CCA data requirements and oversaw a database rewrite to handle both schemes.

After retiring, Bryan remained a consultant to CPI, continuing to contribute significantly to the Paper Industry, with the CCA's successful implementation continuing to save the Paper Industry millions of pounds each year.

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