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Confederation of Paper Industries Ltd
1 Rivenhall Road, Swindon, Wiltshire SN5 7BD

Tel: +44(0)1793 889600
Fax: +44(0)1793 878700
Email: cpi@paper.org.uk
Web: www.paper.org.uk
Twitter: @Confedofpaper

Confederation of Paper Industries Ltd
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Paper - the sustainable, renewable choice

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Change and Challenges

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

The Confederation of Paper Industries (CPI) aims to unify the UK's Paper-based Industries with a single purpose in promoting paper's intrinsic value as a renewable and sustainable fibre-based material, enhancing its competitiveness through seeking to reduce legislative and regulatory impacts and in spreading best practice.

CPI represents the supply chain for paper, comprising recovered paper merchants, paper and board manufacturers and converters, corrugated packaging producers and makers of soft tissue papers.

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

CPI represents 68 Member companies from an industry with an aggregate annual turnover of £6.5 billion, 25,000 direct and more than 100,000 indirect employees. Members range in size from large multi-national organisations with multiple sites in the UK, to single site SMEs.

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President's Introduction

Applying science to future challenges

As many readers will be aware, I recently took up a position within the Holmen Group as Senior Vice President for New Business Development, based in Sweden. This comes after many rewarding and happy years running the Iggesund plant in Cumbria. I leave with mixed feelings as my family had come to regard themselves as naturalised "Brits".

My appointment comes at a very opportune moment. Europe's Paper Industry could well be on the verge of making some fairly dramatic breakthroughs in research for alternative uses of forest fibres, in new markets for paper-based products and in revolutionising the whole papermaking process.

The work undertaken by the Confederation of European Paper Industries (CEPI) in being the first major industrial sector to produce a '2050 Roadmap', and then to follow that up by bringing the whole industry together to work on the 'Two Team Project', deserves special mention.

It is worth recalling that the driving issue behind this project was the main conclusion to be drawn from the Roadmap: that the industry would not be able to achieve the 2050 target of an 80% reduction in carbon emissions without ground-breaking technological breakthroughs.

Whilst individual companies can work on their own projects, it takes an industry body to harness the collective strengths of the whole sector to make progress in such an area.

Two competing teams, comprising academics, scientists, suppliers and industry experts, were set up to investigate possible solutions to this issue; altogether over 60 ideas were studied. These were whittled down to eight, which were then judged in a final competition. The winning concept was a process using Deep Eutectic Solvents, produced by plants, to make pulp. However, all the final concepts have potential and will be the subject of further research.

In the same way that CEPI brings together the wider paper-based industries on a European basis, so does CPI in the UK. I have been very impressed by the level of expertise, enthusiasm and commitment shown by the CPI team during my time in office. Their work has resulted in some significant savings to Members from the relentless onslaught of regulation and legislation. Its leadership of the Paper and Board Industry Advisory Committee (PABIAC) has resulted in the lowest accident rates in Europe across all four CPI sectors, and its communications team has raised the profile of paper and corrugated packaging to new heights.

I wish CPI well for the future and I trust that its Members will continue to give their utmost support for its endeavours.

Ola Schultz-Eklund

Director General's Overview

"Change brings with it challenges and we face a period of possibly quite significant change"

Change brings with it challenges and we face a period of possibly quite significant change.

In Europe, a new Commission will be appointed in 2014 and fresh elections will result in a new - and possibly more Eurosceptic - parliament. This makes the future direction of EU policy less predictable. A referendum on Scottish independence will determine the future structure of the United Kingdom. A 'yes' vote could stretch CPI's resources to its limits.

The challenge we face is to convince new administrations that a key priority has to be the competitiveness of manufacturing, especially the Energy Intensive Industries (EIIs). We cannot continue to absorb costs not faced by our global competitors. The true cost of achieving unrealistic targets or limits, direct and indirect taxes and levies, needs to be assessed in the context of changing international norms. We need policies that offer real incentives for companies to invest, whether that is in new plant and equipment or in developing blue-sky technological breakthroughs.

The results of CEPI's Two Team Project demonstrated, at least in theory, that there are potential solutions to the seemingly intractable problems of achieving energy, carbon and resource objectives. Whilst our industry must continue to support these initiatives, government also needs to step up to the plate with incentives that enable us to take these ideas from the drawing board to reality.

I sense that the political consensus surrounding Climate Change is beginning to break down as the true cost of achieving very ambitious carbon reduction targets hits home. I believe that this consensus has inhibited meaningful debate on the consequences, particularly to industry, of policy in this area.

CPI will continue to lobby for a more realistic approach to legislation and target setting because, unless our warnings are heeded, we face two distinct possibilities. Firstly, the gap between energy demand and supply will narrow to the extent that supplies will be threatened, and secondly, that heavy industry will decamp to areas of the world where the business environment is more receptive.

The forthcoming challenges for CPI will be firstly to maintain paper's 'at risk of carbon leakage' status, and secondly, to ensure that the current carbon neutrality of biomass definition remains unchanged. These will also be two priorities for CEPI because to lose either would be very damaging indeed for Europe's papermakers.

Here in the UK, we will continue to press for the abolition of the Carbon Price Floor (CPF), despite the Chancellor's Budget announcement of a freeze in the escalator. We shall also press the Government to abandon the Carbon Reduction Commitment (CRC) and to incentivise Combined Heat and Power (CHP).

Another major challenge for us will be in the waste arena. All EU waste legislation, including the Packaging and Packaging Waste Directive (PPWD), will be reviewed in 2014. The debate will centre on a simple definition: are end-of-life materials to be treated as a waste or as a resource? This will determine whether landfill avoidance remains the overriding priority or whether the driver becomes the 'circular economy' with all that means for recycling.

In the UK, all of the devolved administrations have been consulting heavily ahead of this review, and a major change in England will see responsibility for this policy area split between BIS and Defra. We can look forward to an interesting debate.

CPI joined CEPI in successfully lobbying Members of the European Parliament to overturn a decision by the Commission to change the definition of 'end of waste', which, had it been allowed to progress, would have been very detrimental to our recycling efforts in the EU. The revision to the EN643 standard has at long last been completed, which should further strengthen our hand in improving quality standards.

Paper-based packaging also faces an additional challenge as there is an emerging proposal to change the legal basis of the PPWD - from a 'single market' measure to an 'environmental' one; a measure that could lead to widespread market abuse. We will join forces with other packaging trade associations to lobby against this proposal.

At the time of writing, another issue which could rebound on the paper sector is the possibility that the German authorities could legislate on the question of mineral oils. If it goes ahead, we could face a 'Pandora's Box' of food contact issues which might even drag tissue products into the argument.

Following the highly successful CPI Biennial Health and Safety Conference in November 2013, the industry will now turn its thoughts towards the next phase of its continuous improvement programme. Throughout 2014, the PABIAC Strategy Committee will agree a new industry health and safety strategy for 2015 onwards. Progress under the current strategy has been good, with all sectors recording a reduction in the number of injuries to below the HSE All Sector Manufacturing Rate of 677 per 100,000 employees.

Whilst lobbying of legislators is highly important, it is also vital that we influence and educate regulators, be that the Environment Agencies in England, Scotland and Wales; the authority overseeing the implementation of the EU Timber Regulations, or the HSE. Regular contact is maintained with the Environment Agencies resulting in a good working relationship. A Paper Industry strategy paper has been issued and a major piece of work for coming years will be the transition of the requirements of the Pulp & Paper BREF into environmental permits.

Another potential challenge for the industry is the proposed reforms to the Abstraction Regime for water. CPI continues to influence the direction of these reforms by playing an active part in Defra's Abstraction Reform Advisory Group and responding to consultations ahead of legislation expected in 2015.

CPI has continued to punch above its weight in its lobbying efforts and in promoting the sector to the outside world. Indeed, the Chancellor specifically mentioned the Paper Industry in his Budget speech and in media interviews afterwards.

Our website receives over one million hits a year, briefings for MPs and UK MEPs are produced regularly, and in 2013, we issued a record number of press releases and received a record number of press mentions. The appointment of a new PR agency to promote Corrugated Packaging has proved to be highly instrumental in raising the profile of the sector. During 2014, we will be working to refresh the website and ensure that our highly successful online schools education resource 'PaperWorks' reflects the forthcoming changes to the national curriculum.

CPI has, I believe, demonstrated that it is a valuable asset to the industry and is well equipped to meet the challenges that a changing world will inevitably throw its way.

David Workman

Energy - top of the political agenda

With energy being one of the main inputs to papermaking, cost is always high on the agenda. Internationally competitive prices are crucial for long-term viability and is an issue on which CPI consistently presses the Government. Energy hit the top of the political agenda in 2013, with a major dispute over the cause of higher prices.

While the Government argues it has no control over market prices, it must ensure markets operate properly and that its own regulatory policies do not add unnecessary costs. In this context, the cumulative impact of policies is key and looking at the cost impact of each policy in isolation is misleading.

Competitive markets are expected to set global wholesale prices, but it's not always clear that markets are operating properly in setting fair and transparent prices. In gas, historic pricing links to oil markets still weigh on some contracts, while shale gas continues to be a game changer in North America. By contrast, the potential for shale gas exploitation and its impact in Europe is unclear, though there does seem to be an increasing acceptance that gas could play an important role in helping reach carbon reduction targets, at least in the medium-term. This could potentially allow time for technologies such as wind and solar to continue to commercialise and fall in cost to make them more competitive, without excessive subsidy. With no facilities for liquefaction, and so no ability to export, American gas prices have slumped, offering its industry a massive competitive advantage, while also reducing American carbon emissions as less carbon-intensive gas replaces coal in electricity production. The importance and potential impact of this price differential is a real concern for European competitiveness, especially as a possible free trade agreement is negotiated.

In the electricity market, the Government is part way through delivering a new Energy Bill to set a framework within which the massive investment to deliver new low-carbon generation capacity, and the associated power distribution grids, can be delivered. This is now urgently required as older coal-fired generation is closed, partially in response to regulatory pressures. Such is the possibility of a future supply crunch, that the regulator has issued warnings that the supply margin is expected to reduce to wafer-thin levels over the next few winters; to such an extent that informed commentators are speculating on the possibility of supply interruptions.

Fundamental to understanding the development of government policies, is the commitment, enshrined in the 2008 Climate Act, to effectively decarbonise the economy by 2050. The UK is unique in having this legal requirement, which, in the absence of a genuine global carbon reduction deal, is proving to be more and more problematic and expensive. If carbon costs were increasing everywhere at the same rate, then the UK would not be alone in guaranteeing to drive up its energy costs through carbon policies.

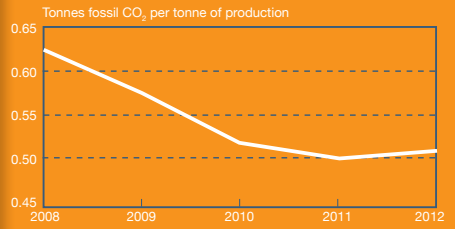
European Union Emissions Trading System

The European Union Emissions Trading System (EU ETS) is the cornerstone of climate change policy, driving down emissions from power generation and heavy industry across the European Union, by limiting the amount of fossil carbon dioxide that can be released through a 'cap and trade' emissions system. With EU ETS Phase III having started in 2013, CPI continues to coordinate independent verification of emission reports for the UK Paper Sector. Politically, CPI has raised concerns over increasingly pedantic regulation that adds nothing to the overall quality of reporting and yet makes compliance ever more time consuming and expensive.

Pulp and paper manufacturing is accepted as 'at risk of carbon leakage' - the loss of investment and jobs to areas outside Europe with lower carbon costs. As a consequence, the sector continues to receive an element of free allocation to cover emissions arising from heat use; emissions arising from electricity generation are no longer covered by free allocations. Because the basis of carbon leakage-based allocations has changed, and assuming business as usual, the sector will be around a third short of the allowances required for compliance; a major change from Phase II and an additional new layer of cost. Even with current low EU ETS prices, the cost of buying this number of allowances would be in the region of £4m pa. However, this is expected to quickly escalate as the cost of EU ETS allowances increases in line with the aspiration of the Commission and the number of allowances provided for free continues to fall.

The industry continues to invest in carbon reduction, succeeding in reducing the direct emissions of fossil carbon dioxide by around 20% (per tonne of paper produced) since 2008.

Direct Site Emissions of Fossil Carbon Dioxide 2008 - 2012



Compensation to address the indirect cost impact of the Carbon Price Floor on electricity prices

The Carbon Price Floor (CPF) is a new UK policy designed to progressively increase the cost of generating electricity from fossil fuel, with the intention of making low-carbon generation more competitive. Clearly, this drives up the cost of electricity for users. The Commission has provided State Aid Approval to allow Member States to compensate for the additional costs arising from EU ETS; free allowances are no longer provided for electricity generation or use. The compensation is targeted at the most electro-intensive manufacturing installations operating in a small number of specified sectors, including the manufacture of paper. During 2013, CPI worked closely with BIS to identify and support UK paper mills eligible for this support; around £8m was paid in 2013, with further payments promised for future years.

In addition to this existing compensation package, the UK has promised a second package to offset the cost impact of the new Carbon Price Support (CPS) tax. CPS is a UK-only top-up tax added to EU ETS in order to increase the cost of carbon to reach that indicated by the CPF. Unfortunately, the Commission has not yet provided the required State Aid Approval for this second compensation package. The CPS rate is scheduled to almost double in 2014 and then double again in 2015 before being frozen, meaning finalising and delivering this second part of the compensation package is a priority for 2014.

The Paper Sector Climate Change Agreement

All UK paper mills continue to benefit from the sector Climate Change Agreement (CCA). Membership provides a substantial discount on the Climate Change Levy (CCL) - a tax added to commercial energy bills - as well as exemption from the Carbon Reduction Commitment (CRC). The CCL discount on gas remains at 65% but has been increased to 90% for grid-purchased electricity, delivering a total saving for the sector of £16m in 2013, plus a further saving of £15m from the CRC exemption.

A new support policy for Combined Heat & Power?

Policy makers are showing an increasing interest in energy efficiency (partly through the Energy Efficiency Directive), and as such, the potential of Combined Heat & Power (CHP) is being re-examined and the proposed partial exemption from CPS taxation is welcome. As papermaking uses heat as well as power, CHP is a good fit for the sector but only if policies are delivered to overcome the high investment costs and operational complexities. CPI continues to support DECC and others in developing a new support regime to ensure the continued operation of existing CHP plants, as well as the development of new ones. Indeed, the whole area of industrial energy generation is under examination. This includes both its role in delivering additional power to reinforce the grid, and also the operation of existing combustion plant as the Commission and Member States develop new operational rules to reduce air pollution.

A changing political landscape?

During 2013, we began to see evidence that the Government and Commission were finally getting the message about industrial competitiveness and internationally uncompetitive energy prices. Together they cause real and lasting damage to the European industrial base, losing economic investment, jobs and wealth creation. There is a particular irony that as EU manufactured goods are swapped for goods imported from elsewhere, direct European greenhouse gas emissions fall but emissions outside the European Union increase. The European elections in 2014 and the UK elections in 2015, offer an opportunity to lobby for a more balanced industrial policy, prioritising support for retaining a strong UK and European Papermaking Sector.

Industrial innovation

Papermaking companies are not sitting back and waiting for things to happen. More than half of the energy used in the European Paper Industry now comes from biomass, with increasing use in the UK. The industry has a strong programme of innovation and research to find ways to become more energy and carbon efficient. This included the industry coming together, under the Two Team Project, to identify potential breakthrough technologies that will be required if the sector is to effectively de-carbonise over the next few decades. Such industrial-led innovative research and collaboration is unusual, and realistically can only be led by an organisation separate from any one company; in this case, led by the Confederation of European Paper Industries (CEPI).

The results of the Two Team Project can be found on the website at: http://twoteam.unfoldthefuture.eu.

The CEPI TWO TEAM PROJECT

Forestry – a sustainable, renewable resource

Paper mills use recovered paper to produce more than 70% of the fibre used for papermaking in the UK. Even so, forestry still underpins the industry as fresh virgin fibre is needed to replace that lost from the recycling loop. Recycling is an integral part of papermaking, but after passing through the process a number of times, the fibres become damaged and too short for reuse. And of course, some paper is not available to be recycled – at one extreme being stored in books, at the other being flushed away!

Virgin woodpulp production in the UK is carried out by two modern integrated mechanical mills, grinding low-grade conifer timber into pulp. These mills use wood grown in northern England or Scotland, providing important income to support forest management. Both mills use all of their pulp to make paper. Other virgin pulp used in the UK is imported, mostly from elsewhere in Europe, but also from North or South American plantations. Different types of paper have different characteristics - such as softness, strength or printability – which are produced by using different pulps.

The amount of UK timber used to make paper is fairly stable, with less than 5% of harvested timber being utilised. However, the amount used to generate energy continues to increase. Energy biomass is a valuable resource which is increasingly a globally traded commodity, with ever greater amounts imported to the UK. CPI, alongside other sectors using forest fibre, has raised concerns that excessive support for energy production could result in unfair competition for the same materials – either lower grade wood suitable for papermaking or even paper for recycling. To some extent, the Government has listened to these concerns and sustainability criteria are being introduced to ensure biomass energy production delivers genuine savings in Greenhouse Gas (GHG) emissions. Nonetheless, concerns remain over converting or co-firing conventional power stations to use energy biomass as a raw material. Unless the heat produced is used alongside the electricity generated (to increase the percentage of available energy that is productively used), such power stations do not make environmentally or economically effective use of this valuable resource.

A revised Forest Strategy

Towards the end of 2013, the European Commission published a revised Forest Strategy with an increased focus on forest-based industries, their competitiveness and an aspiration to mobilise more material for economic use. This increased focus is in the context of forestry as an expanding resource, as forests grow faster than they are harvested. In the UK, there is a general consensus that improved forest management could provide increased rural employment, as well as mobilising additional biomass for productive use.

European Union Timber Regulations

During 2013, the new European Union Timber Regulations (EUTR) came into force, requiring those first placing timber and timber-based products onto the EU market to ensure the timber was harvested legally. CPI welcomes these new Regulations, with CPI Members integrating them into their existing fibre management systems. CPI continues to work closely with the National Measurement Office (the UK regulator) to ensure papermaking continues to comply with EUTR and remains a low risk sector. The industry view has always been that there is no place for illegally harvested timber in papermaking. Indeed, CPI argues that the scope of the Regulation should be extended to include imported printed materials.

The Revised Pulp & Paper BREF – the story so far.....

The Pulp & Paper BREF has been galloping up the final straight during 2013 towards the conclusion of the revision process; a process which began way back in 2006, having had not one, two or three but four different authors along the way.

The original BREF (BAT Reference Document) was published by the European Commission in 2001 as guidance for setting permits under Integrated Pollution Prevention and Control (IPPC). In the meantime, the 'rules of the game' were changed with the introduction of the Industrial Emissions Directive (IED) which gave a much greater significance to the BREF. The BREF defines what are considered to be Best Available Techniques for the industry (BAT Conclusions), as well as specifying BAT Associated Emission Limit Values (BAT AELs) for when BAT is implemented. Significantly, under IED, whilst BAT is not prescriptive in that you could make the case for an equivalent alternative, the **BAT AELs are legally binding** and will be incorporated into mill permits.

Much of 2013 was spent gathering evidence and presenting the case to the IPPC Bureau (the BREF authors) for more realistic BAT AELs. This process was coordinated by the Confederation of European Paper Industries (CEPI) with CPI actively involved. The original proposals were based on data supplied in 2009 by mills across Europe. However, that data was not representative of the UK as less than 20% of UK mills submitted data; a lesson to be learned for future revisions of the BREF!

By the time of the Technical Working Group (TWG) meeting in April 2013, the majority of the outstanding issues were related to Kraft and Sulphite pulping, which were not applicable in the UK. However, one set of BAT AELs did present a significant issue for many UK mills - those fitting into the Speciality Mills classification. This is a hugely diverse group, with equally varying processes. The proposed emission limit values were based on limited data and took no account of this diversity. An ultimately successful campaign was mounted, initiated by CPI and led in the final stages by the Environment Agency (EA), to bring about an understanding of the Speciality Mill issue and propose criteria for inclusion in the BREF when the BAT AELs would not apply. The TWG met to finalise the draft BREF and agreed to the Speciality Mill proposal along with a number of other changes, including the exclusion of small combustion plants from the scope of the BREF.

CEPI's view at the conclusion of the TWG was that the outcome was successful, with the resultant BREF as good as could be expected. The final draft of the Pulp & Paper BREF progressed through the formal IED approval process and on to translation, with publication of the BREF expected mid-2014.

Looking to the rest of 2014 and beyond, the responsibility for implementing the BREF requirements moves to the regulators in the UK. CPI's understanding is that the EA will continue to take the lead following its involvement in the TWG, but 'translation' into permit emission limit values and conditions will be by the appropriate regulator i.e. EA, Natural Resources Wales (NRW) or Scottish Environment Protection Agency (SEPA).

The first phase of implementation has been to classify all mills, as different BAT AEL tables apply depending upon such things as Speciality, Recovered Fibre with or without de-inking or mechanical pulping. Mills will then be formally asked by the regulator to confirm how they operate to BAT and how they will meet the BAT AELs. Some time ago, during the inception of IED, CEPI and CPI, amongst others, successfully argued for the inclusion of an option for derogation from the BAT AELs. This is an option that could be available to mills, but any justification must be robust and based on certain criteria. Any derogation granted would be time limited to allow for, say, an investment cycle.

CPI understands that, following the response to the formal request for information, the regulators intend to carry out a full permit review in 2014 to incorporate conditions and emission limit values leading up to the revised BREF; by no means a small undertaking! For clarification, legal compliance with the revised BREF is required four years from publication, so mid-2018 is the expected date from which the revised BREF requirements will be enforced.

CPI will work closely with the regulators and mills in what could prove to be a very interesting time ahead of the 2014 permit review.

As a footnote, CPI is working with both CEPI and the EA to collate robust data ahead of a proposed BREF for medium combustion plant, as well as the next BREF revision in 2022!

Sector-specific guidance - Adapting to Climate Change

With an increasing trend for sector-specific guidance, CPI has been working with the regulators, in particular where they wanted to produce good practice guidance. Whilst having the benefit of bringing clarity to what is expected from operators, good practice guidance, to be effective, must also be practical and proportionate. The EA's Climate Ready Support Service has worked with CPI and CPI Members to produce the good practice guidance 'Adapting to Climate Change'. The guidance aims to help assess the risks to business from extreme weather conditions and climate change; a topical issue given the storms and floods of the 2013/14 winter! Where appropriate, such Paper Industry specific guidance will be accessible from the CPI website.

Revision of ISO 14001 – Environmental Management Systems Standard

ISO 14001, the standard for environmental management, is now under review with a revised standard due early in 2015. The revision has been written using the new high-level structure which is common to all new management system standards and facilitates easy integration when implementing more than one management system. Key changes include:

- Evaluating organisational risks and opportunities in the context of external environmental conditions (e.g. adapting to climate change and resource availability).
- Strengthening requirements on the involvement of top management and the integration of environmental management into core business processes and alignment with business strategy.

CPI has had the opportunity to participate in the British Standards Institute (BSI) subcommittee, feeding the UK comments through to the International Organisation for Standardisation (ISO). A final draft will be available for comment in late 2014.

Working together with the regulators

With all the environmental issues we face, maintaining a good working relationship with the regulators is key. This was of particular importance in 2013 with the development of NRW as the regulator for Wales, with the EA now the regulator for England only, and SEPA covering Scotland. The Paper Sector Group at the EA has brought industry knowledge and some consistency to regulating the sector. CPI continues to hold regular meetings on issues of industry-wide importance, working with this group and jointly liaising with NRW and SEPA.

This work brought benefits in 2013 with the revision of the BREF in particular, and will continue to do so with the challenges of 2014.

A common sense approach

How quickly time flies. Believe it or not, it is two years since Professor Ragnar Löfstedt's review 'Reclaiming Health and Safety for all' hit the headlines and set the foundations for the biggest shake-up in UK health and safety systems since the introduction of the Health and Safety at Work etc. Act 1974.

In February 2013, the Department for Work and Pensions published two reports which revealed that the Government was making rapid progress in restoring 'common sense' to health and safety, saving business millions of pounds and considerable time every year.

As part of this 'common sense' approach:

- Half of all health and safety legislation will have been reviewed, scrapped or simplified by the end of 2014.
- One fifth of all health and safety publications have been scrapped.
- Proactive health and safety inspections by the Health and Safety Executive (HSE) in non-major hazard industries have been reduced by approximately one-third, from 33,000 in 2010/11 to less than 22,000 in 2011/12.
- Changes have been introduced to the regulatory system to combat the rise of a compensation culture, and more recently, the House of Lords has introduced legislation to remove the 'strict liability' for employers.

So, with all this happening behind the scenes, what impact, if any, has it had on how we manage health and safety in the UK Paper Industry? For CPI and the industry, 2013 was 'business as usual'.

Setting industry standards

Each of the Paper and Board Industry Advisory Committee (PABIAC) delivery committees have been working on updating industry guidance. Corrugated Sector guidance for casemaker machines and a revised 'Recover Paper Safely' have been completed and are now with HSE awaiting a foreword. For papermaking, good progress has been made on revising 'Making Paper Safely' but the sheer size of the task has meant a delay in publication until mid-2014.

In Europe, CPI continues to represent the industry on a number of European Committee for Standardisation (CEN) Technical Committees. In 2013, the British Standards Institute (BSI) published a new standard for horizontal baling machines that are commonly used in the paper recycling industry. The new standard 'BS EN 16252:2012 Machines for compacting waste materials or recyclable fractions. Horizontal baling presses. Safety requirements.' has received much interest and input from UK industry, and is the first time a standard has been published for these types of machines.

Progress on producing similar EU standards for vertical baling presses, machines for compacting waste materials and Hand Fed Platens, is ongoing and should be completed by the end of 2014.

Injury performance

The industry's injury performance continues to make good progress. Statistics for April 2012 – March 2013 show that the industry's injury rate has reduced from 833 injuries per 100,000 employees to 547 - a 34% improvement. This improvement is even more impressive considering that we still measure the injury rate under the old RIDDOR criteria - over-3-day lost time injuries.

PABIAC Strategy 'Being the Difference Together'

As we reached the mid-term point of our current industry strategy, CPI canvassed Members on their progress so far. The overall response rate was very good and early indications show that against the five objectives, there has been an increase in the number of sites which now operate a near-miss system. Of the respondents, 94% have a clear and targeted health and safety action plan, and employee consultation and working together also featured highly. Areas for further improvement include occupational health and competence; both will feature more prominently during 2014.

Health and Safety

Paper Industry - Slips & Trips Workshops

In March and April 2013, the Health & Safety Laboratories (HSL) ran two very successful workshops on preventing slips & trips in the Paper Industry.

The events were run in conjunction with PABIAC and were a follow-up to research by the HSL into the causes of slips & trips in the Paper, Tissue, Corrugated and Recovered Paper Industries.

CPI Biennial Health and Safety Conference

In November 2013, the industry came out in force once again to support the Biennial Health and Safety Conference.

The conference, sponsored by Pilz Automation Technology, attracted over 200 delegates, including CEOs, Managing Directors, Safety Practitioners and Safety Representatives from all sectors of the Paper-based Industries.

Lawrence Waterman OBE

As in previous years, delegates to this unique event were treated to a day of inspirational presentations from a wide variety of speakers.

The theme of the conference was 'Working Together: Making the Paper Industry SAFER... today, tomorrow and for the future'. CPI was delighted to have Lawrence Waterman OBE, Head of Health & Safety for the Olympic Delivery Authority and Head of Health & Safety for the London Legacy Development Corporation, speaking about the 'Big Build'.

Amongst the other speakers were representatives from HSE, the trade unions and an ex-paper mill operator with a compelling 'life changing' story about how his arm was severed in an industrial accident. Also speaking was a paper mill manager who had achieved over two years without a lost time accident. Encapsulating the theme of the conference, he gave a presentation on how, with the right vision, determination and commitment from everyone, you can achieve your goal. He concluded by stating "Senior managers lead behavioural change, the workforce judges us on our behaviour".

Looking ahead

As we enter the final year of our current PABIAC strategy, the emphasis for each of the industry delivery committees will be to focus on helping and supporting companies in working towards achieving the five objectives. CPI values the thoughts and suggestions from colleagues on how we can continue to make the industry a safer place to work. We encourage regular information sharing through, for example, the distribution of safety alerts, injury statistics, and regional health and safety meetings.

In February 2014, the PABIAC Strategy Committee began the process of setting the next set of strategic objectives for January 2015 onwards. Industry feedback from the Biennial Conference will help to shape these objectives.

No matter what 'common sense' reforms are introduced by government, CPI will continue to help the industry focus on managing health and safety, without placing a 'burden' on business.

Recovered Paper data summary

The UK recycling rate for paper and board has fallen from 70% in 2012, to 68% in 2013. The falling rate is due to the decline in collection of recovered paper in 2013, down 230,000 tonnes to 7.87 million tonnes (-2.8%). This is driven primarily by a 15% reduction in collection of used newspapers and magazines.

Due to a large increase in importing activity (+2.5%) the estimated net volume of paper-based packaging around imported commodities in 2013 increased by 135,000 tonnes (+16%) to 970,956 tonnes.

Exports of UK recovered paper were down by 5.4% throughout 2013. This may be due in part to China's 'Operation Green Fence' (and subsequent 'Earth Goddess III') quelling China's recovered paper demand.

Meanwhile, China's imports from North America, Japan and Australia all expanded significantly, with those from Canada and Australia increasing by more than 20%[1]. It is still too early to say at this point whether the changes in China's recovered paper import flows are temporary, or more long-term. What remains certain, however, is that the quality of UK recovered paper MUST be improved if we are to remain credible competitors in the global recovered paper marketplace.

Policy vacuum in England

2013 began with a flurry of legislative and strategic proposals from England and the devolved governments. A number of these were aimed at tackling an acknowledged material quality 'market failure' in relation to the Waste Framework Directive (WFD), subsequent European Commission Guidance and UK Judicial Review ruling.

Whereas Wales and Scotland have sought to directly address the demands of the revised Waste Framework Directive (rWFD) and drive the Circular Economy agenda, the same cannot be said of England. In fact, probably the most meaningful indication of Defra's future commitment to the resource agenda was that it would become less of a priority.

Defra is stepping back in two key areas where it feels business is 'better placed' to act; both of which have major implications for CPI Members utilising paper for recycling:

- **Commercial and industrial (C&I) waste:** Defra will not be looking to develop any new policies on C&I waste, yet the need for a national C&I waste strategy may be one of the few issues that the entire waste sector can agree on. In the absence of a renewed evidence-base, initiated and agreed by policy makers and regulators, the onus to address the challenge of recovering valuable resources from the C&I residual waste stream now appears to rest with the UK Paper Industry and others.
- **Energy from Waste (EfW):** There is clearly no consensus as to where or when the residual waste treatment capacity 'tipping point' will be reached. Government would be particularly well advised to think about the implications of both the European experience, and policy horizon. Consistent C&I data collection and analysis should be routinely used by UK governments to monitor waste infrastructure provision.

CPI will continue to lobby government on both of these key issues.

Jury remains out on material quality measures

Meanwhile, the recently published Materials Recycling Facility (MRF) Regulations will have major implications for the future quality of the UK's recovered paper. CPI welcomes the Regulations' statutory footing, but it remains to be seen if the sampling, monitoring and auditing regimes are robust enough to bring about genuine improvements in material quality. Our view is that the regulations still fall a long way short of delivering that overall objective.

Regarding the outcome of the 2013 Judicial Review into the Government's interpretation of the rWFD earlier in the year, any decision by local authorities to move away from separate collection should, according to the ruling, involve a "sophisticated context-driven exercise of judgement". Consequently, this Government committed to producing guidance for local authorities in determining whether separate collections are 'technically, environmentally and economically practicable' (TEEP). However, Defra provided an early indication of its reduced activities when it announced via Twitter in January that it no longer intends to publish guidance on the legal implications of TEEP; a clear u-turn on its previous pledge to 'ensure we have a common understanding of what TEEP means'. There remains a strong presumption in the rWFD for separate collections so, in the absence of further clarity, the 2013 Judicial Review may not be the last.

A further awaited government proposal is aimed at improving enforcement and control of the waste exports regime, via amendments to the Trans-Frontier Shipment (TFS) Regulations. The impact of these changes relies heavily on the ability of the Environment Agency (EA), in the face of 1700 job cuts, to enforce them. Nonetheless, CPI intends to collaborate with fellow trade bodies to seek clarification on material quality standards under the TFS Regulations, to ensure that any enforcement that can be carried out is applied consistently and at the necessary level of material quality.

European influence

On the European front, and on a more positive note, CPI successfully lobbied alongside the Confederation of European Paper Industries (CEPI) for the rejection of proposals for end-of-waste criteria for paper. Had the proposals been sanctioned, end-of-waste status for paper would have shifted further up the supply chain, from the reprocessors to processors (including MRFs). However, strong opposition was raised by the European Parliament and the proposals were vetoed – reportedly representing the first time in history that a piece of environmental legislation has been voted down. Nonetheless, CPI welcomes the outcome.

2013 also saw the launch by the European Commission of a review of European Waste Management Targets. Given that recent figures indicate the UK's recycling rate will be 'insufficient' to meet the '50% by 2020' EU recycling target, it is perhaps telling that the UK does not support further target revisions.

CPI is of the firm view that plateauing national recycling performance should act as a clear indicator of the need for greater strategic focus and leadership around the material quality/wider resource agenda; not less! Significant budgetary pressures faced by central government are acknowledged, but policy direction need not be hugely resource-intensive - existing yet unpublished TEEP guidance being a prime example. Equally, mechanisms must be put in place to ensure that local government is not forced into a position of compromising on long-term financial benefit in the face of short-term financial mitigation. Any increases in EU recycling targets would undoubtedley further raise the stakes on the 'front line'. CPI intends to engage directly and comprehensively with local authorities on this issue.

In conclusion...?

Major concerns over the quality of the UK's resource stream remain largely unresolved, and the effectiveness of proposed mechanisms to address these issues clearly hangs in the balance. We are unlikely to realise in 2014 the mutual fruits of any policy developments, so 2014 is already shaping up to be a year of continued banging of the 'material quality drum'.

Evident constraints facing UK recovered paper reprocessors must be addressed in order to allow investment in new infrastructure, if we wish to remain a competitive industry in the global marketplace. Otherwise, we simply risk exporting elsewhere both our raw materials and any genuine notion of achieving a truly Circular Economy.

1 Confederation of European Paper industries (CEPI)

Employment Affairs

A key part of the work of CPI is its valued support to Members on HR matters, both at an industry level and down to an individual site. CPI's Employment Affairs offers information and expert guidance on employment law, working arrangements and annual hours, and general HR topics.

Through the work of CPI Employment Affairs, the industry continues to maintain generally excellent relationships with the recognised Trade Unions and works in partnership with workforce representatives to reach mutually acceptable outcomes.

Each year there is a round of negotiations with Unite the Union and the GMB on wages and conditions of employment for those Papermaking and Corrugated Sector companies conforming to their national agreements. CPI Employment Affairs leads the industry's negotiating teams, presenting pay settlement data, and industry and general economic data in support of the industry's position.

In the Papermaking Sector, a proposed settlement on wages and conditions for 2014 was reached by the industry and union negotiating teams, and subsequently agreed by the union membership. In separate negotiations in the Corrugated Sector, and after protracted negotiations, a two-year settlement was reached which will be put to the union membership for agreement.

A key role of CPI Employment Affairs is that of dispute resolution at local level. By working in partnership with Members and the unions, local issues can be resolved within the framework of the national agreements and employment law, and so help to maintain the good industrial relations seen across the industry.

Packaging Affairs

Promotion of Corrugated Packaging

CPI Corrugated Sector retains a PR agency to build awareness of the benefits of Corrugated Packaging; the core of this programme is a conventional approach to trade journals. A wide range of editorial pieces, both press releases and features, were issued to key media targets. Over the year, targets for media hits were exeeded, not just in terms of volume but also in our chosen key titles. A wide range of topics included:

- Space efficiency to improve retail logistics
- Taking waste out of the supply chain
- The opportunities for digital printing
- Reduction in carbon footprint

In addition to this proactive approach, CPI also gave specific responses, where necessary, to negative comments on corrugated by other material industries. The media programme will continue in 2014 and will be enhanced in a number of ways. For example, CPI will utilise new analytical technology to determine how often our key phrases are mentioned. The current activity in terms of speaking opportunities at seminars and trade exhibitions will also be developed further.

A Corrugated Twitter account (@corrugatedcpi) was established towards the end of 2012, as a channel to circulate key messages using social media. One year on, the activity has proved successful as Twitter continues to raise its profile and offer an opportunity for an increased awareness of CPI and our messages. We have a high frequency of 'retweets' and clear growth in 'follower' numbers, which more than trebled over the course of 2013.

As part of the communications activity for 2013, CPI sponsored four features in Packaging News, focusing on innovation and new developments in corrugated. Features included novel packaging concepts, production line efficiencies and improving the brand presence of new products on-shelf. An important development for the industry, this enables CPI to speak at public events with a series of case studies that go beyond the more general benefits of corrugated. CPI will sponsor a further series of features in 2014.

CPI continues to work closely with the marketing campaign of the European Federation of Corrugated Board Manufacturers (FEFCO), which is also committed to raising the profile of corrugated as a packaging material throughout Europe. In a new development, FEFCO created a series of 'Mr Corrugated' adverts which were designed around seven key benefits of Corrugated Packaging. These have been successfully developed and placed in a number of key European trade media publications, and are available to view at www.paper.org.uk.

Following their placement, the 'Mr Corrugated' adverts were submitted to The Grocer magazine for its Marketing, Advertising and PR awards in the Trade Media category. Out of more than 90 submissions 'Mr Corrugated' was shortlisted in the final six, a tribute to the originality and impact of the campaign. The event offered an excellent opportunity to further raise awareness of corrugated to the retailer audience.

Food contact

The range of issues that the Paper-based Packaging Industry is facing are many and varied, including a range of product safety matters, environmental issues and an increasing requirement from customers for ethical audits. The Corrugated Issues Committee (CIC) continued its work throughout 2013, overseeing issues as they apply to the Corrugated Industry and liaising with other CPI committees and working groups.

The largest area of activity is food contact. CPI is pleased to continue its involvement with colleagues at the Food and Drink Federation (FDF) and other UK trade associations through the Food Packaging Value Chain (FPVC), which enables the supply chain to present a united voice to customers and retailers.

The most significant area of food contact activity has been in relation to perceived concerns over the presence of mineral oils in packaging made from recycled papers. The situation has remained quiet in the UK, and the Food Standards Agency has indicated that it has "not identified any specific food safety concerns" and that "there is no need for consumers to change their eating habits". However, the German Federal Ministry of Food, Agriculture and Consumer Protection has issued a proposal for an Ordinance on mineral oils in recycled paper packaging, which potentially sets a precedent in Europe.

During 2013, CPI initiated discussions with Defra over the German draft Ordinance. We advised Defra colleagues of our concerns and that, in the event the German Government notifies the Commission of its intention to proceed, we would seek an urgent meeting to discuss these concerns in more detail and determine our national response to the Commission. CPI will continue to follow this matter in 2014 and will work closely with European colleagues throughout the Paper-based Packaging Industry.

In addition to the matter of mineral oils, CPI followed a number of other food contact issues, including printing inks, borates in corrugator glues and anthraquinone. In a general response to all of these issues, the European Paper and Board Industry published the 'Industry Guideline for the Compliance of Paper & Board Materials and Articles for Food Contact'. The Industry Guideline (available at: www.paper.org.uk/information/pages/guidance.html) has established the suitability of paper and board for food contact applications, and could potentially form the basis of a specific legislative measure in the future.

Engagement with retailers

CPI has increased its level of engagement with retailers and other significant players in grocery distribution. A number of meetings with colleagues in retailer organisations were held throughout 2013 in order to better understand their opinions on corrugated as a packaging material.

As part of the engagement programme, CPI attended the Institute of Grocery Distribution (IGD) Convention 2013 'Powering the Industry: Energy, Innovation and Positive Thinking', which took place in London. The Convention was very well attended and delegates heard from a number of high-profile speakers. The event provided an important insight to the future of UK grocery distribution, focussing on the importance of transparency and trust, innovation, social media and the role of the youth audience.

Liaison with other Packaging trade associations

In the current climate, with the constant increase in the regulatory burden and the inevitable economic pressure on all trade associations, it is appropriate that we work with other associations to share ideas and maximise our resources. In the area of Packaging Affairs, CPI has done this over many years through its membership of the Packaging Federation and the Industry Council for Research on Packaging and Environment (INCPEN), and will continue its support of these groups in 2014.

In 2013, there were occasions where CPI was able to contribute to the work of other associations, including:

- On 5 March 2013, the 'Fresher for Longer' national campaign was launched to raise awareness of the important role packaging plays in keeping food 'fresher for longer', thus reducing the volume of food which ends up being needlessly wasted. The campaign addressed consumer misconceptions, highlighting that packaging is not the problem, but is part of the solution.

- CPI supported the British Coatings Federation (BCF) at its first annual Food Contact Summit on 28 November 2013, with a programme that brought together retailer and brand speakers on the topic of migration in the food packaging supply chain. CPI spoke on paper and board, providing an opportunity to promote the suitability of paper for food contact applications.

- A report from the Royal Society for the Protection of Birds (RSPB) – sponsored by the Alliance for Beverage Cartons and the Environment (ACE UK) – demonstrated that practices such as replanting and coppicing used in certified forests can help support biodiversity. While the conclusions of the work may not come as a surprise to the Paper and Board Industry, it provided a timely and positive reminder to MPs of the sustainable nature of our industry.

In addition to supporting other trade associations on these and many other occasions, CPI took the lead in 2013 to start a process of uniting those associations that represent Paper-based Packaging in its various forms. The Paper Packaging Forum (PPF), which started to meet in the second half of the year, currently represents four associations, enabling the industry to unite with a single voice on a range of legislative issues and marketing projects.

'Mr Corrugated'

Cooperation with European Corrugated Association, FEFCO

CPI works closely with FEFCO and continues to explore opportunities for greater cooperation. A CPI Corrugated Sector meeting was held in July 2013, with the FEFCO President and Director General as special guests, enabling our organisations to exchange ideas and build on each other's strengths.

Projects from other national associations were considered, including a Benelux project to place advertising on the sides of delivery vehicles and a German initiative to approach radio stations. Also, a recent four-week trial in a retail store in Spain – with every plastic crate replaced with corrugated - produced some very positive results for corrugated. CPI is exploring the opportunities to replicate this work in the UK.

CPI is also working closely with FEFCO in preparation for its 2014 Summit which takes place on 4-6 June in London. A number of working group meetings has established the programme and other administrative details for the event which presents a great opportunity to showcase the UK Corrugated Packaging Industry.

Effective, successful communications

2013 saw another busy year for the CPI Communications team who continue to raise the profile of the wider Paper-based Industry through active PR, as well as ensuring Members are kept up to date with industry issues.

CPI News, our Member-only newsletter, is issued fortnightly and remains the primary source of information about the latest news and issues with which CPI is dealing. It highlights the latest consultations, statistics, training opportunities, events, and other industry-relevant information and is a vital reference for our Members. It also provides links to our monthly press coverage reports, providing Members with a snapshot of recent press mentions.

The **DG's Report** is printed and issued three times a year, keeping Member company CEOs and senior management up to date on the work of CPI.

Six **Members' Circulars** were distributed, containing action points and information on key issues ranging from CEPI's Two Team project to CPI's Biennial Health and Safety Conference.

The **2012-13 Review 'Strength Through Unity'** was widely distributed again in printed format. The publication was mailed not only to CPI Members, but also to MPs, MEPs, trade press and industry associations.

CPI's online schools education resource **'PaperWorks'**, went from strength to strength in 2013, culminating in winning the Trade Association Forum 2013 Best Practice Awards Website of the Year. The resource was also expanded with the addition of a new Design and Technology module 'Design & Technology for Corrugated Cardboard Packaging' for 11 to 14 year olds. The module provides students with information on the latest technology used in the Corrugated Packaging design sector, including details on the aesthetic, economic and environmental values of corrugated cardboard packaging.

Launched in September to all UK secondary schools, the new module has been widely supported by industry, with Members providing free samples of corrugated packaging to schools, and sponsoring a competition which challenges students to respond to a realistic packaging design brief. See page 25 for further information on PaperWorks.

Lobbying MPs in the UK and Europe

Our visibility in the political arena continued during 2013. CPI's **MPs Briefing** is mailed to all MPs in January, May and September, with a covering letter which, where applicable, contains their constituency CPI Member contact details. The briefing provides an update on the latest industry news and issues and is an opportunity to highlight key ways in which MPs can influence government policies affecting our industry. Several MPs responded wishing to arrange meetings or to make visits to Member sites to discuss questions arising from the MPs Briefing; a positive sign that our messages are getting through.

An **MEPs Briefing** was introduced in 2013 and is distributed to all UK MEPs to ensure the issues facing the Industry in the UK are also visible in Europe and considered in European policy discussions.

CPI provided regular comment pieces and articles which were hosted on the **ePolitix / Politics Home** networks – both on the website and through social media.

Some of the key articles included:

- ahead of the Budget, an article in March: 'Keeping Energy intensive manufacturing competitive' in which David Workman spoke out for the UK Energy Intensive Manufacturing sector.
- an article calling for the inclusion in the Queen's Speech of the following: 'My Government will introduce a bill to… replace the Carbon Price Floor with a mechanism that ensures UK manufacturing pays no more, either directly or indirectly, to emit carbon than our major European competitors'.
- an article in June: 'Osborne must invest in infrastructure' in which, ahead of the Spending Review for 2015/16, David Workman suggested the Chancellor should switch funding from day-to-day government spending to infrastructure investment.
- an article printed in ModernGov magazine: 'Paper - An industry with a great future, only if...' which addressed the question: 'Why in the UK do we import more paper than we produce and what can we do to turn that around?'. The article focused on raising awareness of the UK's high direct and indirect energy costs and the cumulative cost impact of the UK's climate change and environmental policy regimes; costs which our global competitors do not have to bear.

CPI continues to play an active role in various parliamentary groups, including:

- Associate Parliamentary Group for Energy Studies
- All-Party Parliamentary Environment Group
- All-Party Parliamentary Group for Energy Intensive Industries
- All-Party Parliamentary Group for the Packaging Manufacturing Industry
- All-Party Parliamentary Manufacturing Group
- All-Party Parliamentary Sustainable Resource Group

Letters to Ministers

The number of letters sent directly to Ministers and Shadow Ministers almost doubled in 2013, helping to ensure that the Government and the Opposition are aware of CPI Member concerns around government policy affecting the competitiveness of our industry.

The subject of these letters included:

- Definition of End-of-Waste Criteria for Paper - Lord de Mauley and Lord Deben
- The Industry Forum meeting - Chuka Umunna MP
- Directive on Emissions Trading – all UK MEPs

Of particular note was a response received directly from the Chancellor regarding compensation for the indirect cost impact of the Carbon Price Floor.

George Osborne
(Image supplied by Dods)

Steve Freeman (CPI), John Briggs (Weidmann Whiteley), Greg Mulholland MP and Bill Wallace (Weidmann Whiteley).

Alliances and affiliations

During 2013, CPI continued to represent Members at a European level through its work with the Confederation of European Paper Industries (CEPI), European Federation of Corrugated Board Manufacturers (FEFCO), European Recovered Paper Association (ERPA), European Tissue Symposium (ETS), and worldwide via the Bureau of International Recycling (BIR).

CPI also works with a number of alliances within the Industry:

- Advisory Committee on Packaging (ACP)
- Alliance for Beverage Cartons and the Environment (ACE UK)
- BPIF Cartons
- Combined Heat & Power Association (CHPA)
- Combustion Engineering Association (CEA)
- EEF The Manufacturers' Organisation
- Emissions Trading Group (ETG)
- Energy Intensive Users Group (EIUG)
- Food and Drink Federation (FDF)
- Manufacturers Climate Change Group (MCCG)
- Paper and Board Association (PBA)
- Paper Industry Technical Association (PITA)
- The Packaging Federation (PackFed)
- The Industry Council for Research on Packaging and the Environment (INCPEN)
- Resource Association
- Sheet Plant Association (SPA)
- Timber Trade Federation (TTF)
- Waste & Resources Action Programme (WRAP)

In the Press: In Print, Online, Socially Mobile!

The success achieved in extending CPI's media profile continued in 2013 by building further on relationships with key trade press.

A total of 30 press releases, 32 features and 12 comment pieces were issued, with 35 additional press mentions received. Topics covered ranged from the announcement that the UK achieved the lowest industry accident rate in Europe, lobbying on the Carbon Price Floor, the launch of FEFCO's 'Mr Corrugated' campaign, the cumulative cost impact of government policies on UK energy prices, to support of CEPI barricading the European Commission building.

In total, CPI's media activity in 2013 generated 265 press mentions, up from 189 in 2012. All press coverage is reported monthly on the CPI website.

Some of the most notable press mentions were:

- The Guardian reporting on 'Mandatory carbon reporting: can it address climate change?' This article included comment from Steve Freeman.
- Packaging News: 'Industry chiefs welcome pro-business Budget', including comment from David Workman.
- Retail Packaging: 'Forefront of a Revolution' by Andy Barnetson.
- Health, Safety & Environment Unit – Australia on Andy Braund speaking at the Australian Pulp and Paper Industry Health and Safety Conference.
- Let's Recycle: 'MEPs in first vote over paper end-of-waste rules' with comment from Stuart Pohler.

At the start of 2013, CPI made its first steps into the world of social media, developing a new Twitter account @Confedofpaper.

Over the year, CPI's following grew to 218! Followers include Members, journalists, associations and we gained our first MP follower! The significance of social media as a key channel through which to communicate with target audiences continues to grow.

CPI tweets on a variety of topics from press releases and links to industry events, to key press articles. As CPI's presence has grown on Twitter, an increasing number of our tweets have been 'retweeted', meaning key messages reach an ever-wider audience.

We will continue to build on this PR and social media activity throughout 2014.

Speaking opportunities and events

In 2013, the CPI team attended several industry events, to speak or take part in panel discussions.

The key events were:

- Recycling and Waste Management in September, where CPI's Director of Packaging Affairs, Andy Barnetson, participated in the 'Optimising Packaging' session and Stuart Pohler, CPI Recovered Paper Sector Manager, participated in the 'Feedstock' panel.
- Paper Recycling Conference Europe 2013 in October, where Stuart Pohler spoke on the subject of 'The Impact of quality at the MRF/Depot'. This gave CPI the opportunity to further raise its profile at a European level, and to maintain the momentum on highlighting quality issues facing paper reprocessors.

In addition, there were several events hosted by CPI in 2013, namely, EU Timber Regulations Seminars and the CPI Biennial Health and Safety Conference, in November.

CPI website

Visits to the CPI website have consistently hit around one million per year for the last few years, and 2013 was no exception.

CPI's website continues to host a wealth of Industry information for the general public, as well as the dedicated Members area which contains detailed event information, consultation documents and meeting minutes, amongst others.

We will be working on refreshing the website to include CPI position papers on relevant legislative issues and a new 'Key Issues' section.

CPI Members are notified of updates to the site by the weekly email **Web Updates**.

Connect with us:

Web: www.paper.org.uk
Email: cpi@paper.org.uk
Twitter: @Confedofpaper
@corrugatedcpi

Myths and Facts

Launched in January 2013, CPI's booklet **Paper Myths and Facts: A Balanced View** went from strength to strength throughout the year.

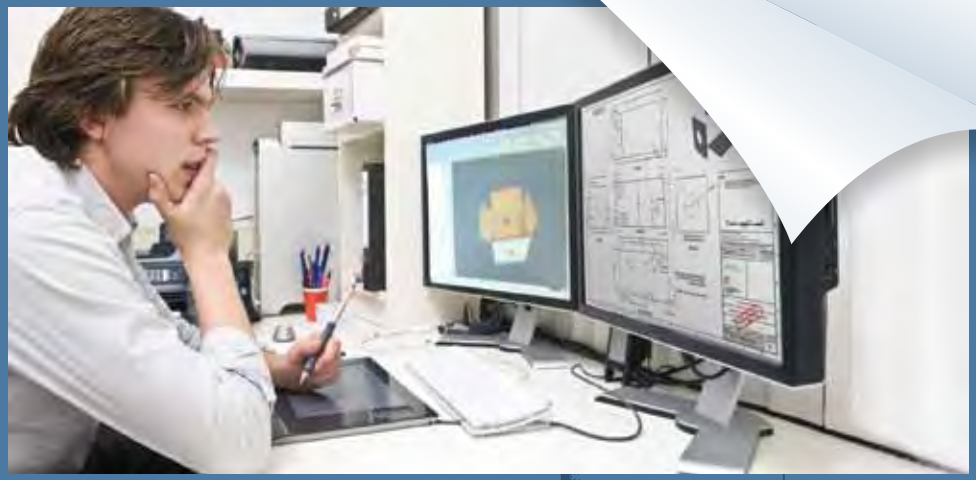
Developed to dispel some of the common misconceptions around paper, the booklet provides a factual and balanced view of the UK Paper Industry, whilst promoting paper as a sustainable and renewable choice.

Initial distribution was to a target audience including CPI Members, MPs, UK MEPs, Peers, Civil Servants, Press and related associations; the response to the booklet was so positive that it was reprinted almost immediately on publication!

As well as distributing the booklet at industry events, we received many requests from the general public for copies and from Members for extra copies to pass on to customers; all helping to spread the 'good news story' far and wide. In total, we have mailed over 3,000 copies to date.

The booklet is available to view and order on the CPI website at: www.paper.org.uk/mythsandfacts.

PaperWorks



PaperWorks, CPI's online schools education resource, was launched in 2012 and provides teachers with a range of curriculum-linked multimedia learning material about the Paper Industry.

The PaperWorks website consists of the following modules:

- Art and Design: 5 to 7 years
- Science and Technology: 7 to 11 years
- Design and Technology: 11 to 14 years
- Geography Studies: 11 to 18 years
- Business Studies: 14 to 18 years

PaperWorks received ongoing interest throughout 2013, with statistics from the main resource website and the Times Education Supplement (TES) website, both showing steady levels of views, from both new and returning visitors.

Most notably, the prestigious Trade Association Forum (TAF) Best Practice Awards and Dinner was held in July 2013, and we were delighted that our PaperWorks website was the winner of the 2013 Best Practice Awards Website of the Year!

PaperWorks met stiff competition from other UK trade associations to win the award, which adds to support it has already received from both Industry and the Education sector.

CPI has received numerous enquiries from schools; a good indicator that target audiences have a keen interest in the Paper Industry and the positive story of paper.

In September 2013, we added a new dimension to the PaperWorks resource by launching a new module from the Corrugated Sector, focused on the Design and Technology curriculum: 'Design and Technology for Corrugated Cardboard Packaging'. Aimed at pupils aged 11 to 14 (KS3), the module challenges students to respond to a choice of real-world packaging briefs, by creating a logo and brand, then designing a packaging solution based on the shelf-ready packaging (SRP) requirements now being demanded by many customers of the Corrugated Industry.

The module has been well received with a 4-star rating on TES and 'favourite' listings from teachers, and consistently strong numbers of visitors. To support the launch of the new module and to encourage uptake within schools, teachers are able to request samples of corrugated materials for class projects. Also, students are invited to enter their packaging designs into a competition with prizes for both them and their school. Entries are welcome until 14 June 2014; winners will be announced on 27 June 2014. Hopefully, the module will inspire the next generation of corrugated packaging designers!

To maintain and build upon the success to date, ongoing promotion is scheduled for 2014. This will be in the form of email and postal campaigns direct to UK Primary and Secondary schools.

Review of Market Data 2013

2013 was a more successful year for most sectors of the UK Paper and Board Industry as they responded to improving economic conditions. The Packaging and Tissue Sectors, in particular, benefited once more from increased consumer spending and rising living standards. The Graphics Sector, however, continued to struggle with declining demand.

Apparent consumption of Paper and Board

Although overall demand continued to decline, several sectors posted such good growth that total consumption fell only marginally to 9.86 million tonnes (-1.8%). An excellent second half of 2013 for the Corrugated Sector saw consumption of liners and fluting rise by 2.8% to 2.21 million tonnes. The Tissue Sector, largely unaffected throughout the recent recession, again increased consumption of parent reels by 3.3% to 1.16 million tonnes. There was also a resilient performance by the Cartonboard Sector, showing just a small decline of 0.7% and with consumption of virgin fibre cartonboards more or less stable at 379,000 tonnes.

In the Graphics Sector, Newsprint consumption fell once more by over 100,000 tonnes, a now annual feature of demand in this sector; 2013 ended with consumption of 1.67 million tonnes, down 6.5%. The Printings and Writings Sector fared better with Uncoated Woodfree bulk grades (reels, sheets and cut-sizes) actually increasing for the first time in recent years, by 1.5% to 1.06 million tonnes. Although Coated Woodfree consumption fell heavily (down 6.5%), there are some signs that demand may have bottomed out for Printings and Writings papers which remains the UK industry's largest sector.

Production and deliveries of Paper and Board

Another good year for most paper and board producers saw output rise by 1.8% to 4.56 million tonnes, adding a further 90,000 tonnes to last year's total. This improvement appears to have been led by increased domestic demand with home sales rising by 2.7% to 3.47 million tonnes as export sales declined slightly.

SAICA's Partington Mill, Manchester

Leading this improvement were the Newsprint and Corrugated Case Materials Sectors. After a poor 2012 Newsprint production rose by 4.2% to 1.23 million tonnes, its highest ever level. And Case Materials also reached a recent peak at 1.4 million tonnes as SAICA's new Manchester mill reached maximum capacity – the highest level of output for the sector since 2007. Otherwise, production of parent reels of tissue continued to advance steadily, gaining a further 7,000 tonnes at 802 kTonnes (+0.9%). Elsewhere, the remaining mills in the Printings and Writings sector saw declines in output, as did the Cartonboard and Coreboard Sectors (-0.6% and -3.8% respectively).

There were two mill closures during 2013, together with the closure of two machines at Smurfit Kappa's Townsend Hook mill ahead of their replacement by a single new machine in 2014. One further closure is planned later in 2014 whilst some additional parent reel capacity for tissue is anticipated within the next two years.

Papermaking raw materials

Recovered paper usage at paper and board mills kept pace with increased output with, for example, a large rise in use of News & Pams (+4%) to 1.57 million tonnes, matching the increased output by the sector. Total usage increased by 1.0% to 3.81 million tonnes. The most notable feature of 2013 was the switch away from traditional 'brown' grades, such as OCC, to Mixed Papers as the price and reduced mechanical fibre content of these materials made them more attractive to buyers at packaging mills. Mill stocks ended the year considerably higher than in December 2012, particularly Corrugated & Kraft and Mixed Papers which, at almost 75,000 tonnes, had increased by 50% during 2013.

UK recovered paper exports again declined during 2013, mainly due to the significant fall in demand for old newspapers and magazines exports, which fell by almost half to 587,000 tonnes. As a result, collection of recovered paper also fell losing 230,000 tonnes (-2.8%), leaving the UK's recycling rate for paper and board at 68%. There was a slight decline in usage of domestic and imported woodpulps which remain at around 1.1 million tonnes.

Production of Corrugated Board

As noted above, an excellent second half of 2013 was experienced by the Corrugated Sector, said to be due to the warm summer with a good yield of produce and increased leisure activities to the benefit of the sector. Production of corrugated board rose by a further 1.4% to 3.56 million ksm amongst CPI Members participating in the corrugated production report. CPI estimates that total production was 4.39 million ksm, a 2.5% increase on the total estimated for 2012. The sheet feeding sector had a more difficult year, with output falling back to 1.06 million ksm (-2.6%). Further turbulence is anticipated in this sector with the addition to the market of American company CSI's new sheetfeeder at Scunthorpe later in 2014.

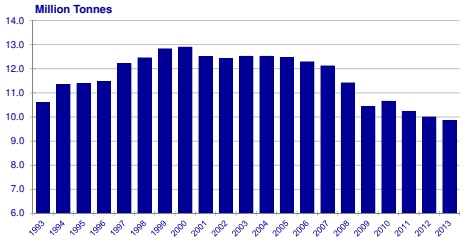
Industry statistics 2013

INDUSTRY FACTS 2013

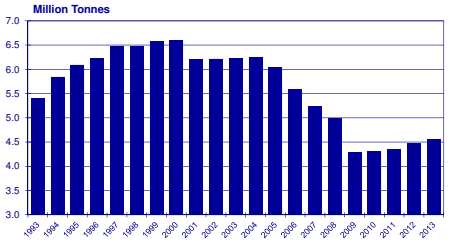
CPI Member Companies	68
CPI Member Employees	19,000
PAPER AND BOARD Production* ('000 Tonnes)	4,561.3
CORRUGATED Production (Million Sq. Metres)	3,561.8
RECOVERED PAPER Collection ('000 Tonnes	7,869.2
TISSUE Parent Reel Production ('000 Tonnes)	801.8

** includes parent reel production*

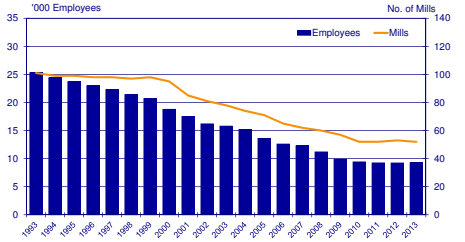
PAPER AND BOARD Consumption



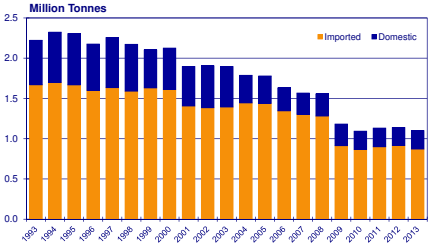
PAPER AND BOARD Production



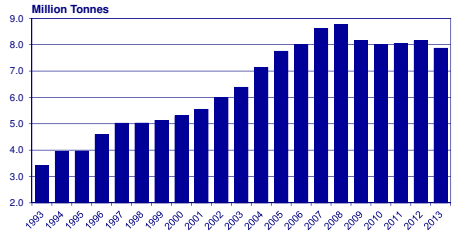
PAPER AND BOARD Mills and Employees



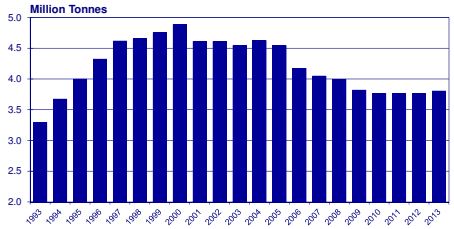
PAPER AND BOARD Woodpulp Usage



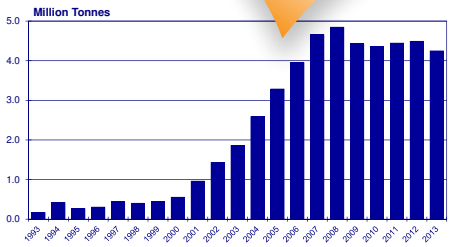
RECOVERED PAPER Collection



RECOVERED PAPER Domestic Usage

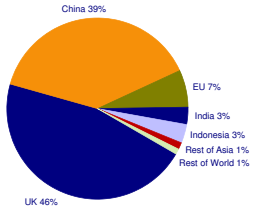


RECOVERED PAPER Exports



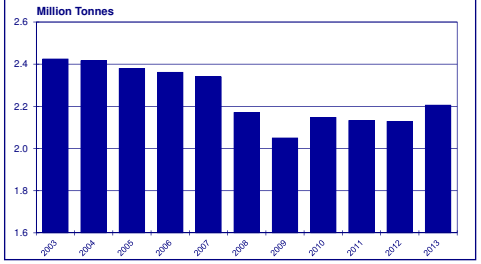
Source: HM Revenue & Customs

RECOVERED PAPER Markets 2013

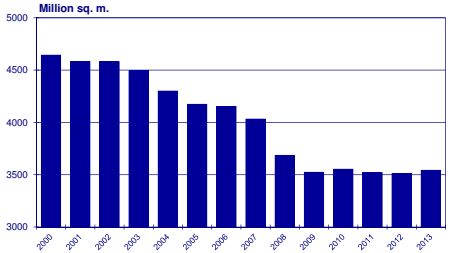


Sources: CPI, HM Revenue & Customs

CORRUGATED Consumption of Paper

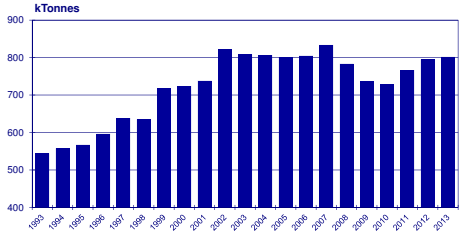


CORRUGATED Production of Corrugated Boxes



Sources: 2000 – 2003 FEFCO; 2004 – 2010 CPI

TISSUE Parent Reel Production



CPI Members

Full Members

Ahlstrom Chirnside Ltd
Arjowiggins Chartham Ltd
Arjo Wiggins Fine Papers Ltd
Arjo Wiggins Carbonless Papers Europe Ltd
Aylesford Newsprint Ltd
Berridge Waste Paper Ltd
BillerudKorsnäs Beetham Ltd
Board24 Ltd
Caledonian Packaging Ltd
Chas Storer Ltd
Connect Hygiene Ltd
CRP Print & Packaging Ltd
De La Rue plc Currency
De La Rue plc Security Papers
Devon Valley Ltd
Disley Tissue Ltd
DS Smith Packaging Ltd
DS Smith Paper Ltd
DS Smith Recyclng UK Ltd
Durham Box Company Ltd
Faspak (Containers) Ltd
Fourstones Paper Mill Company Ltd
G.R. Advanced Materials Ltd
Glatfelter Lydney Ltd
Gordano Support Group Ltd
Heath Recycling
Higher Kings Mill Ltd
Hollingsworth & Vose Company Ltd
Iggesund Paperboard (Workington) Ltd
Inspirepac Ltd
Intertissue Ltd
James Cropper plc
James Cropper Speciality Papers Ltd
John Roberts Holdings Ltd
Lancaster Tissue Ltd
Marshall Langston Ltd
McLaren Packaging Ltd
Northern Packaging Ltd
NTG (Papermill) Ltd
Packaging Products Ltd
Palm Paper Ltd
Palm Recycling Ltd
Pearce Recycling Company Ltd
Peter Grant Papers Ltd
Rigid Containers Ltd
Romiley Board Mill
Roydon Packaging Ltd
S H Fiske Ltd
SAICA Natur UK Ltd
SAICA Pack UK Ltd
SAICA Paper UK Ltd
SCA Hygiene Products Manchester Ltd
SCA Hygiene Products Tissue Ltd
SCA Hygiene Products UK Ltd
SITA UK Ltd
Slater Harrison & Co. Ltd
Smurfit Kappa UK Ltd - Corrugated Division
Smurfit Kappa UK Ltd - Paper Division
Smurfit Kappa Recycling UK
Sonoco Cores and Paper Ltd
Sonoco Recycling
Sundeala Ltd
TRM Packaging Ltd
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UPM-Kymmene (UK) Ltd
Vernacare Ltd
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Avanti Conveyors Ltd
Bobst Group (UK & Ireland) Ltd
Bollegraaf UK Ltd
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Dicom Ltd
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Metsä Board
Pilz Automation Technology Ltd
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Affiliate Members

Paper and Board Association
Paper Industry Technical Association

CPI Members
CPI Council Members
CPI Team

CPI Council Members

Chris Allen	Chief Executive	Smurfit Kappa UK - Paper Division
Clive Bowers	Chief Executive	Smurfit Kappa UK - Corrugated Division
Chris Brereton	Managing Director, UK Packaging	DS Smith Packaging Ltd
Ian Broxup	Managing Director	Aylesford Newsprint Ltd
Richard Coward	Group Managing Director	Rigid Containers Ltd
John Denman (CPI Honorary Treasurer)	Group Finance Director	James Cropper plc
John Gaunt	Industrial Director	Arjo Wiggins Fine Papers Ltd
Derek Harman	Managing Director Business & Administration	Palm Paper Ltd
Martin Holmes	General Manager and Sales Director, UK Distributors	UPM-Kymmene (UK) Ltd
Alex Kelly	Chief Executive	Logson Group
Brian Lister	Country Manager UK & Ireland	SAICA Pack UK Ltd
Ulf Löfgren	Managing Director	Iggesund Paperboard (Workington) Ltd
Peter Luck	Business Development Director	SCA Hygiene Products UK Ltd
Bob McLellan (CPI Past President)	Non-Executive Chairman	Logson Group
Ola Schultz-Eklund (CPI President)	Senior Vice President	Holmen AB
David Workman	Director General	Confederation of Paper Industries

CPI Team

Andy Barnetson	Director of Packaging Affairs
Andrew Braund	Director of Health, Safety and Social Affairs
Annabel Cotton	Communications Manager
Des Fogerty	Finance Director and Company Secretary
Steve Freeman	Director of Environmental and Energy Affairs
Nick Langdon	Statistics Manager
David Morgan	Energy Data Manager
Stuart Pohler	Recovered Paper Sector Manager
Emma Punchard	Director of Communications
Paul Storey	Head of Employment Affairs
Debbie Stringer	Environment Manager
Leonie Williams	Accounts Assistant
David Workman	Director General

CPI Membership

For further information on how to become a Member of CPI please contact:

Company Secretary, CPI, 1 Rivenhall Road, Swindon, Wiltshire SN5 7BD
Tel: +44 (0)1793 889600 Email: cpi@paper.org.uk

A membership pack can be downloaded from: www.paper.org.uk