

Introduction

In each of the past two years the Confederation of Paper Industries (CPI) has published an Economic Value Report which shows the extensive contribution of the UK's Paper-based Industries to the UK economy.

2020 has been an extraordinary year, shaped by the coronavirus pandemic, its impact on national and global economies, and the way we conduct our day to day lives.

Given current circumstances, CPI has decided to publish this short overview, entitled 'Summary Economic Value Report - 2020', which provides a brief overview on the economic status of the UK's Paper-based Industries, highlighting statistics for 2019, looking at the information we have for 2020 so far, and reflecting on the role we have played in the health crisis and how we hope to contribute to the national recovery.

CPI will publish a full Economic Value Report in Spring 2021 when we have more detail and can reflect with more clarity on the impact COVID-19 has had on the UK's Paper-based Industries.

Our Contribution to the UK Economy

The UK's Paper-based Industries continue to be significant employers across the UK. The greatest number of paper-based industry jobs are in the North of England.

INTEGRATED PAPER, PACKAGING, TISSUE AND RECYCLING IN THE UK 2019



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SUMMARY ECONOMIC VALUE REPORT 2020

Across the UK, these businesses were at the heart of the UK's COVID-19 response. In the immediate response to the pandemic, our employees were identified as critical to the UK economy and the response to the virus spreading across the country.

Throughout Spring 2020, CPI members continued to operate safely and effectively, supplying a wide range of tissue and graphic papers, as well as essential packaging and recycling. Now, the Industry wants to play an equally significant role in the UK's post-COVID economic recovery.

UK Consumption of Paper

Despite the impact of COVID-19, much of the UK's Paper-based Industries has been remarkably resilient. As shown below, UK consumption of tissue and corrugated board, largely for packaging, has been consistent over the past 12 months.

The overall consumption of paper within the UK has fallen by around 7% in the last 12 months, as the graph below shows. The longer-term trend for graphic papers and the constant innovation in lighter weight packaging products continues to have an impact on tonnages consumed, exacerbated by the effect of the coronavirus in the early months of 2020.

The lower volumes of paper on the market directly impact the volumes of used material available for recycling, but paper remains the most widely recycled of all materials.

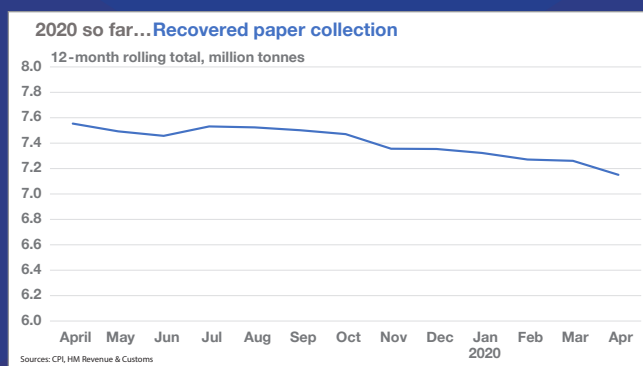
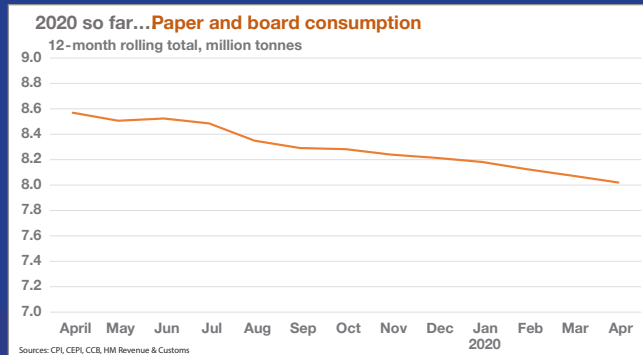
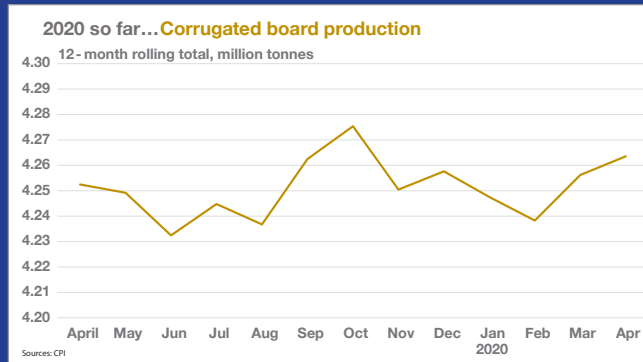
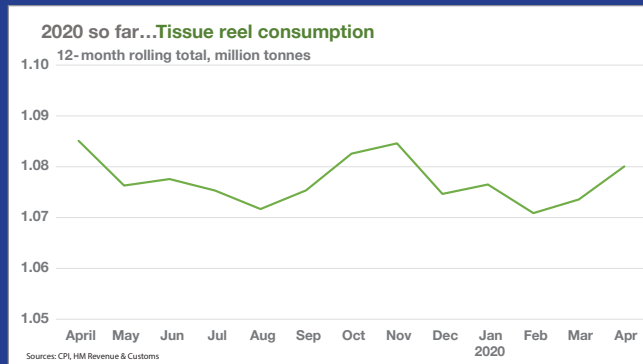
Case study - Jobs and the economy

£12 billion annual turnover

62,000 direct employees

100,000 indirect employees

1,417 UK enterprises are engaged in the manufacture of other tissue products



Case study - Hygiene Tissue

From January to April this year, the UK paper industry produced 130,000 tonnes of Facial, Industrial, Sanitary tissues and 235,000 tonnes of other tissue products.

Opportunities for Growth

An infinitely renewable, recyclable, and sustainable material, cellulose fibre is the material of the 21st century. The UK's Paper-based Industries are crucial to unlocking the opportunities presented by an increasingly circular economy, meeting the UK's climate commitments, and tackling economic challenges.

The coronavirus pandemic marks a reset point in the global economy. Over many years, the UK has relied on long and complicated supply chains for goods, often stretching over many countries. The response of countries in the pandemic period has been to close borders and keep essential goods for their own people, which calls into question the viability of the supply infrastructure that globalisation has created. CPI has often called for the Government to enhance the conditions for investment in the UK's Paper-based Industries, and for the UK to be the place where value is added. This new drive to improve the reliability of the UK's supply chains should finally be the catalyst for real action. Less complicated and more resilient supply chains need greater UK manufacturing.

Government industrial strategy has to take ownership of the structure of the UK economy. The failing of previous industrial strategies is that they have always been about the playing field and not about who plays. We cannot build economic sovereignty in the UK without having world-class UK players across the economy, and Government needs to accept its responsibility for these outcomes as well as the processes of policy. These policies need to make sure that investment in UK manufacturing is always a competitive and viable option, instead of manufacturing elsewhere and exporting to the UK.

As well as improving the balance of payments and reducing the trade deficit in goods, an increase in manufacturing employment will reduce benefits claims and increase personal and corporation tax receipts. Manufacturing must grow as a proportion of the UK economy. We see no reason why the manufacturing of paper and board could not increase by the equivalent of two large mills making paper for packaging purposes.