

The Confederation of Paper Industries

Our priorities for a new Government



Paper - the sustainable, renewable choice

The UK's Paper-based Industries

Highlights of the UK's Paper-based Industries



115,000

Number of jobs
supported



£11.5bn

Annual Turnover

73%

Reduction in
carbon emissions
since 1990



71%

UK recycling
rate



Our priorities for sustainable manufacturing growth in the United Kingdom

The UK's Paper-based Industries produce essential products for the UK and export. Without paper products, such as packaging for food, consumer goods and e-commerce, toilet tissue and graphic papers, society as we know it would simply cease to function.

Our industry is a careful steward of its natural, renewable, and recyclable raw material: cellulose fibre. We recycle over 70% of all UK consumed paper and have reduced our carbon emissions by 73% since 1990.

The industry is also an economic dynamo for communities up and down the UK, supporting 115,000 jobs in industrial areas and generating some £11.5 billion in turnover.

We make a vital contribution to the social, economic, and environmental wellbeing of this country, and this is a responsibility we take extremely seriously.

The UK's Paper-based industries need a pragmatic policy and regulatory environment if we are to be able to invest in UK manufacturing, drive recycling, deliver resource efficiency and produce world-class, sustainable, and essential paper-based products here in the UK.

Our industry's success is the UK's success – let's find a way to make it happen together.

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A Green Industrial Growth Strategy with long term funding support

The Issue

The UK's Paper-based Industries can only thrive if the UK is a competitive location for manufacturing. This is made up of a number of different factors such as human resources and skills, infrastructure, regulation, exchange and interest rates, taxation, and political stability. All of these issues need to be addressed through a proper Industrial Strategy. For Energy Intensive Industries such as papermaking, access to competitively priced and reliable sources of energy is critical. Carbon costs are one aspect of these energy costs, and indeed part of the overall competitiveness of the UK to attract and retain investment. Carbon cost driven investment leakage (the loss of local manufacturing and jobs to places with lower carbon and energy costs) results from the interaction of all of these policy developments and not one issue in isolation.

UK paper production peaked at 6.6 million tonnes in 2000 and has been declining ever since. In 2022, the UK produced 3.46 million tonnes. In 2023, four paper mills closed in the UK, with a loss of over 1,000 jobs in Aberdeenshire, Kent, Gloucestershire, and Greater Manchester. These businesses were focused on exports, which have been made uncompetitive due to higher UK manufacturing costs, largely driven by energy. These competitiveness issues have grown in their scale, and for some became unmanageable following COVID-linked disruption and the ongoing energy crisis.

Conversely, German paper production has increased over the same period. In 2000 it was 18.2 million tonnes, increasing to 21.3 million tonnes in 2021. This is as the result of a long-term strategy to support domestic manufacturing. Such a strategy does not exist in the UK.

The UK is the world's largest open economy importer of finished paper products, with net imports of 3.6 million tonnes in 2020. Furthermore, in 2022, the UK exported over 4 million tonnes of collected paper and card ready for recycling, meaning that this activity – and the associated economic benefits – occurs outside the UK. Without carbon cost driven investment leakage, CPI would have expected that significantly more of the high value added papermaking would have occurred in the UK, rather than the UK exporting a lower value material for other countries to recycle into a higher value product.

Investment leakage is caused by a multiplicity of factors, and it isn't immediate. High capital cost long lived assets simply cannot respond agilely to rapid change. But in the long term, investment is deterred and sites close, which is why a long-term, pro-manufacturing policy stance is so important.



CPI's Proposed Solutions

Green Industrial Growth Strategy

- Establish a Green Industrial Growth Strategy, with cross-party support and committed funding. The Government should agree deals with individual companies or sectors tying support to deliverables in emissions, investment, growth, and jobs.
- Accelerate the Energy and Trade Intensive Industries reforms that the Government has announced to equalise UK energy costs with the EU.
- Revenue from the sale of UK ETS permits and Carbon Border Adjustment Mechanisms (CBAMs) levies should be redirected to introduce a long-term funding strategy for industrial transition that is competitive with those in the US and EU and which would act as an incentive for industry to locate in the UK.

Taxation

- The Government must learn lessons as the UK and EU establish CBAMs for specified sectors. Extension to other sectors should only be progressed after a proper impact assessment is concluded.
- Government should remove unnecessary carbon costs, such as the Carbon Price Floor, which have served their purpose since coal power has been effectively eliminated with the UK.

Energy Networks

- The Government should ensure that decarbonising the UK electricity supply is cost-effective and that the necessary renewal and rewiring of the distribution network is delivered in a timely manner.

A revised Resources and Waste Strategy to support high quality recycling of paper

The Issue

Paper remains the sustainable, renewable, and recyclable material of choice, serving various essential purposes, from toilet paper to books, via packaging to NHS PPE, and substituting for fossil oil-based plastic materials in a wide variety of applications.

The UK has made significant progress in promoting recycling and waste reduction, and the paper industry has played a pivotal role, with a strong track record of material recovery and recycling. Without progress in source segregation, a recent report¹ suggests that recycling rates could fall 12 percentage points below the target of 89% by 2030.

The challenge extends beyond merely increasing recycling rates; it also involves enhancing the quality of recyclable materials entering the resource stream. CPI champions the expansion of recycling infrastructure and the advancement of responsible waste management practices, which embrace the circular economy and support sustainable economic growth.

Without such measures, recovered paper risks becoming unusable for recycling, with landfill or incineration remaining the only disposal options, a tragic waste of a precious resource.

Blanket “material neutral” approaches to reuse systems must be avoided. Recycling and reuse packaging systems are complementary and mandatory reuse for all materials will cause unintended harms to both the environment and economy.



¹<https://www.dssmith.com/media/wasted-paper>

²<https://www.statista.com/statistics/476802/dry-recycling-composition-england-united-kingdom/>

CPI's Proposed Solutions

Packaging

- Recognise the value of packaging in the minimisation of waste across all supply chains, thus increasing resource efficiency and minimising carbon impacts.
- Refocus policy attention towards phasing out the use of plastics where fibre-based solutions are viable alternatives.
- Extended Producer Responsibility (EPR) must 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.
- The EPR Scheme Administration should be owned and run by industry, with firm targets and incentives to improve the efficiency of recycling and the quality of materials collected.
- The existing PRN system will be a part of the packaging landscape for some time to come, and it should be reformed to be more transparent and level the playing field between both materials and businesses.



Recycling

- Reform "Simpler Recycling" and build a collection and recycling system that delivers the best outcomes, which for paper and fibre-based products requires separate collection from households.
- CPI has created the Papercycle process to determine and certify the recyclability of fibre-based packaging. The Government should work with Papercycle to ensure that any recyclability assessments under EPR will be scientifically rigorous and act against "wishcycling".
- Any deposit return scheme must include glass products from day one, to reduce the volume of glass in household recycling collections and thereby improve the quality of the recovered fibre.

Regulatory Permitting

- Ensure adequate resources are in place to reduce current permitting delays to new and existing sites so that they are no longer a barrier to economic growth.
- Prioritise Government support for an increase in laboratory capacity for industry to be able to demonstrate its emissions compliance without undue delay.

71%

The UK's recycling rate for all paper and cardboard.

80%

The UK recycling rate for packaging paper and cardboard is over 80%.

89%

The industry is working toward a 2030 target of 89% recycling for packaging paper and cardboard.

One-third

Over one-third of household recycling is paper and board².

A more competitive business environment for the UK to attract inward investment

The Issue

The UK's Paper-based Industries depend on a competitive national economic and social environment in order to thrive. In this context, our industry is committed to operating in the safest way possible, and to recruiting and training new employees from across UK society.

We need Government to act to ensure that the UK business environment is competitive with those in competitor nations, both European and further afield.

CPI's Proposed Solutions

Industrial Support Mechanisms

- Corporation Tax rates need to be lowered to be competitive with other nations seeking inward investment.
- Investments that support decarbonisation or resource efficiency should be entitled to a super deduction against Corporation Tax to encourage investment to grow the economy and support decarbonisation.

Skills

- The Government should introduce a Single Market for UK Skills so that cross-UK employers can access a single apprenticeship and training support and funding scheme across all four nations.
- The apprenticeship levy should be reformed so that it provides businesses with more funding support for vocational training from apprenticeships to post-graduate. Government should also take responsibility to build support for manufacturing industry, including paper, as a lifelong and rewarding career, as has been done with other sectors.
- Government should work with businesses to support equality, diversity, and inclusion in the manufacturing industry workforce.

Health and Safety

- The UK's Paper-based Industries are committed to minimising risks and harms. We urge Government to increase the support given to HSE to enable the



implementation of the tripartite (industry, unions, and HSE, together known as "PABIAC") industry health and safety strategy so that HSE regulators can work together with industry and trade unions to raise standards across the board.

- CPI also urges the Government to make further resources available for the proactive inspection of businesses, coupled with timely enforcement action as necessary.

Reform of UK Trade Policy

- Trade policy should be reformed to ensure that the UK is not a dumping ground for products excluded from EU and US by anti-dumping measures in those jurisdictions. UK policy must be benchmarked so the UK market is not the last importer standing.
- The work of the Trade Remedies Authority should include proactive market surveillance and work with UK industries to pinpoint import trends and support the initiation of trade cases as necessary.
- Both the lesser duty rule and the economic value test, which act to reduce the penalties on dumped products should be removed. Unfair dumping of products on to the UK market must never pay.

Our Story

CPI is the leading trade association representing the UK's Paper-based Industries – we have recently celebrated our 150th Anniversary. We are proud to have 79 member companies and our diverse membership encompasses forest owners, paper and board manufacturers and converters, corrugated packaging producers, soft tissue paper manufacturers, as well as collectors of paper for recycling. Our membership comprises the vast majority of all of these sectors in the UK.

At CPI, our core mission is to unite and empower the UK's Paper-based Industries, emphasising the inherent value of paper as a 100% renewable and highly recyclable resource. Our primary goal is to bolster the industry's competitiveness. We have an important role in fostering the exchange of best practices and knowledge within our membership, pursuing continuous growth and innovation. We also champion appropriate legislative and regulatory frameworks at the national, European, and global levels.

Manufacturing Employment in the UK's Paper-based Industries


2023



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