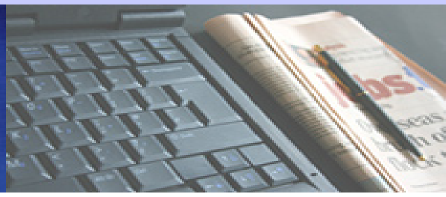
8 July 2008

Press Release

UK Paper Recovery Industry Continues Excellent Progress Within Europe



Following the launch of the Confederation of European Paper Industries (CEPI) Key Statistics for 2007, CPI can confirm that the UK has increased recovered paper collection to well above the European average when calculated using the same methodology.

However, a degree of caution is required as the UK is in a rather unique position in terms of the trade and utilisation of already converted paper and board products and packaged goods.

Using data from CPI mill returns, and HM Revenue and Customs export data, the UK collected 71.1% of the unconverted paper and board products consumed in 2007, 5.0% above the European average of 66.1%. However, the calculation method for the above figures does not take into consideration the net trade in already converted paper and board products (such as printed books, magazines, cards) or the net trade in packaging around finished goods (such as corrugated boxes around imported goods). At a European level the net trade in this type of paper and board is taken to be in balance however CPI estimates that in the case of the UK this added over 1.4 million tonnes in 2007 to that available for collection from the UK waste stream. If this additional tonnage is incorporated into the calculation then the UK's collection rate drops to 63.6%, 2.5% below the European average.

The CEPI statistics also clearly show major differences between the UK and the rest of Europe in terms of its reliance on the export market for paper and board recovery. Whereas Europe on average recycled 85% of the material it collected, the UK only recycled 46%; with this figure set to fall further through 2008. UK paper mills continue to lead the way in terms of recovered paper usage against production with a recovered paper utilisation rate of 77% against a European average of just 48%.

There are numerous UK drivers that should continue the increase in paper and board recovery from the UK waste stream including the Landfill pre treatment requirements, the landfill tax escalator and voluntary initiatives like the "Recycle on the Go" campaign. These should ensure that, even with the import of many already converted products into the UK, we start to report at the very least the European average in 2008. It is also interesting to note that UK paper and board consumption appeared to fall slightly in 2007 which again should mean higher paper and board recovery rates for the same collection levels.

Commenting on the figures Peter Seggie, CPI's Recovered Paper Sector Manager, said, "These figures confirm the continued development of recovered paper collection in the UK in comparison to our European neighbours; however they need to be taken in context. The UK is in a rather unique position in Europe with regards our increasing collection of recovered paper but with a very low domestic recycling rate, 33.4% against a European average of 56.4%. This is mainly due to the huge imbalance between UK production and consumption. The UK produces less than 45% of its domestic paper and board needs, and has a low level of exports. This means that even with a very high utilisation rate in the mills, domestically we only use just under 46% of what we collect."

He went on to say, "Because of the improving collection rate, 2007 saw the UK export over 54% of what it collected and this will be the norm until the UK increases its domestic paper recycling capacity. This position is sustainable as long as there are expanding overseas markets (as seen in 2007 with China), but the increasing collection rates of European partners mean they will be strong competitors on the global market. Should any issues arise with overseas demand, the UK will be among the first to suffer because of our low domestic recycling level. There have been no significant UK papermaking capacity closures announced in 2008 and some signs of new production capacity coming on stream in 2009 and 2010 however in the short term the export market will need to continue to absorb increased collection levels."

Continued...

cpi confederation of paper industries

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		Usage ('000 Tonnes)			Utilisation Rate (%) (usage/production)			Collection Rate (%) (collection/consumption)			Recycling Rate (%) (usage/consumption)		
		2006	2007	% change	2006	2007	% change	2006	2007	% change	2006	2007	% change
CEPI		**48,944**	**49,631**	**1.4**	**47.9**	**48.4**	**0.5**	**64.7**	**66.1**	**1.4**	**56.4**	**56.4**	**0.0**
of which:	Germany	15,254	15,822	3.7	67.3	68.3	1.0	75.1	72.9	-2.2	74.0	75.1	1.1
	France	6,050	5,947	-1.7	60.5	60.3	-0.2	63.7	63.5	-0.2	55.4	53.4	-2.0
	Italy	5,578	5,580	0.0	55.7	55.2	-0.5	51.0	51.8	0.8	47.4	46.9	-0.5
	Spain	5,371	5,678	5.7	84.5	84.6	0.1	59.0	63.9	4.9	68.4	73.7	5.3
	UK	4,172	4,047	-3.0	74.6	77.4	2.8	65.2	71.1	5.9	33.9	33.4	-0.5

1 http://www.cepi.org

ENDS

For further information please contact Peter Seggie, Recovered Paper Sector Manager, on 07887 641481 or email pseggie@paper.org.uk.

Notes to Editors

For additional information on the UK paper industry, in the first instance, please contact Catherine Waterfield, External Affairs Coordinator, on 01793 889612 or email cwaterfield@paper.org.uk. Alternatively, please visit: http://www.paper.org.uk.

- CPI is the voice of the paper industry in the UK, representing papermakers, tissue manufacturers, corrugated packaging producers and recovered paper merchants.

- The Recovered Paper Sector integrated and independent Recovered Paper Merchant Members manage around 67% of UK collected recovered paper.

- The Recovered Paper Sector Mill Members utilise around 75% of UK used recovered paper.