

UK Paper and Board Industry declines further in 2008 but with limited impact on domestic recycling levels



Preliminary analysis by the Confederation of Paper Industries (CPI) of UK mill performance showed a decline in domestic paper and board manufacturing in 2008 but a smaller decline in the domestic usage of recovered paper and board.

In 2008, the UK produced just under 5 million tonnes of paper and board, a 4.7% reduction on the 2007 total. In terms of raw material input, UK paper and board mills used just under 4.0 million tonnes of recovered paper and board, a much smaller decline of 1.3% on 2007 usage.

Four paper and board mills closed in the UK in 2008 and a further three announced consultations over future plans; these seven mills represent around 675,000 tonnes of UK capacity. A key factor quoted in the decisions to cease production was lack of profitability due to difficult trading conditions with little hope of investment returns at each of the sites.

The small decline in domestic usage of recovered paper and board through 2008 means that UK exports for the year are likely to be around the 4.7 million tonne mark, just above that exported last year. Over 76% of this material was destined for Far East markets.

2009 will see the full impact of the 2008 UK mill closures reflected in the yearly production totals together with the impact of the possible further closures in 2009 as a result of the announced consultations (balanced somewhat by planned new capacity coming on stream). CPI estimates that in 2009 around 4.7 million tonnes will be produced domestically with usage of recovered paper and board remaining around the 4.0 million tonne mark.

Peter Seggie, Recovered Paper Sector Manager at CPI, said: "2008 was again a very demanding year for the UK paper and board industry and the four closures, and three current consultations, are a reflection of the difficult time the industry is still having in securing profitability. We hope the planned new paper and board making capacity in 2009 and 2010 will reverse the decline in paper and board manufacturing and secure a better outlook for the industry, particularly in terms of domestic paper and board recycling. All the planned new UK capacity is based on 100% recovered paper and board.

"In the UK, great strides continue to be made in increasing the tonnage of recovered paper and board being retrieved from the waste stream, but the excessive reliance on the export market for recycling capacity was cruelly exposed through the last few months of 2008, leading to extensive negative press on the paper recycling industry. The market developments towards the end of 2008 show how vital it is that the UK retains a strong paper and board manufacturing industry to ensure that there is a reliable internal market for recovered paper and board recycling. Despite the planned new investments, the UK will remain one of the smallest producers of paper and board in Europe relative to its consumption of paper and board products. CPI calls upon the UK government to provide more encouragement for investment in UK paper and board manufacturing.

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For more information, please contact Peter Seggie, Recovered Paper Sector Body 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.