

CPI Calls for Free Allocation of EU ETS Allowances for the Paper Industry



The Confederation of Paper Industries (CPI) today called for the UK Government to support the granting of free allocation of allowances to manufacturing industry in the European negotiations on Phase III of the EU Emissions Trading Scheme (EU ETS).

The European Commission's original proposals envisaged requiring industry to buy its ETS allowances after 2012. Many energy-intensive manufacturing industries, such as the papermaking industry, are exposed to global competition and it is not possible to pass the increased costs of purchasing allowances through into product prices without significantly losing market share. Production of products such as paper would migrate to non-carbon constrained economies with little or no consequent reduction in CO₂ emissions; furthermore European manufacturing industry would reduce in size still further with associated negative impact on the economy.

The cost to industry of having to purchase all required allowances is huge. For the UK paper industry it could be in excess of £100 million annually; such a sum is of a similar magnitude to the industry's typical recent annual profitability and would be completely unaffordable.

CPI's Head of Regulatory Affairs, David Morgan, said: "Negotiations between the Council of the European Union, the European Parliament and the Commission on EU ETS are rapidly coming to a head. Many Member States are now recognising the huge costs to manufacturing industries of having to purchase all their allowances and the consequent threat of such industries becoming uncompetitive with those in non-carbon constrained economies. The Government should support UK manufacturers in these difficult economic times by leading the call for free allocation to secure the future for industries such as papermaking and prevent significant job losses."

ENDS

For further information please contact David Morgan, Head of Regulatory Affairs, on 07900 828669 or email dmorgan@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 UK papermaking industry manufactures some 5 million tonnes of paper each year and employs some 10,000 people.
- Papermaking is an energy intensive industry, however the UK paper sector's energy efficiency has improved by 38% since 1990.
- Direct carbon dioxide (CO₂) emissions from the UK paper industry comprise about 0.5% of total UK emissions and 44 of the UK's 52 paper mills are in the EU Emissions Trading Scheme (EU ETS).