

UK Paper and Board Recovery: 2008 State of Trade



Collection Rises to 8.8 Million Tonne Mark

Confederation of Paper Industry (CPI) analysis of UK paper mill raw material usage and H M Revenue and Customs (HM R&C) trade data shows continued progress through 2008 in the recovery of used paper and board products from the UK waste stream for recycling.

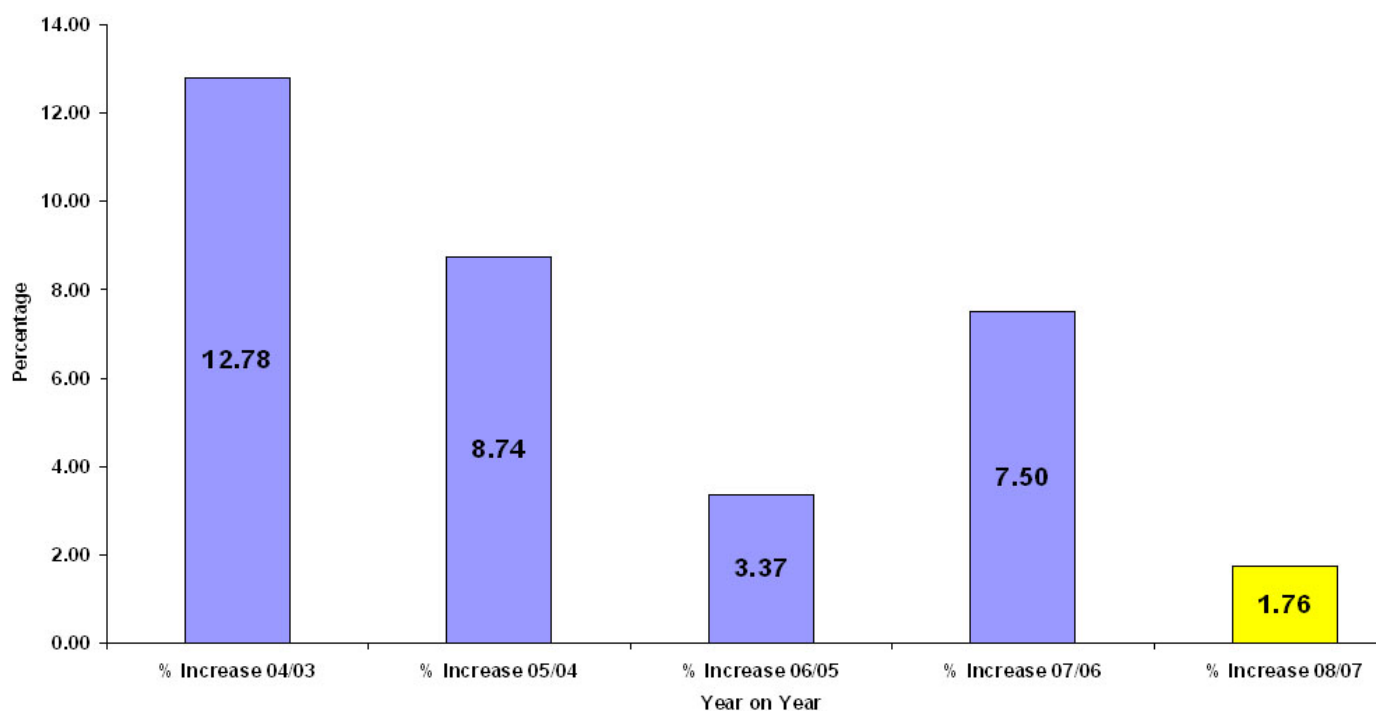
The data shows that just over 8.8 million tonnes of recovered paper was either recycled in the UK (45%, 3.99 million tonnes), or exported for recycling overseas (55%, 4.85 million tonnes). Taking away the HM R&C import data for waste paper classifications (around 72,000 tonnes), CPI estimates the collection of recovered paper from the UK waste stream to be just under 8.8 million tonnes.

This paper and board recycling performance represents greenhouse gas savings of almost 11.7 million tonnes of CO2 equivalent in comparison to other UK disposal options such as landfill and incineration.

Collection Growth: A Rollercoaster Ride

The overall 2008 UK collected tonnage was 1.8% higher than that collected in 2007 (151,000 tonnes) but the level of growth is well down on that seen in 2007 (7.5%, 602,000 tonnes). The 2008 performance reflected the difficult global economic conditions with a significant rise in collections during the first half of the year (6.1%, 262,000 tonnes) followed by a contraction in the second half (-2.6%, -111,000 tonnes) compared to the same periods in 2007.

Annual percentage Increase in the collection of recovered paper and board



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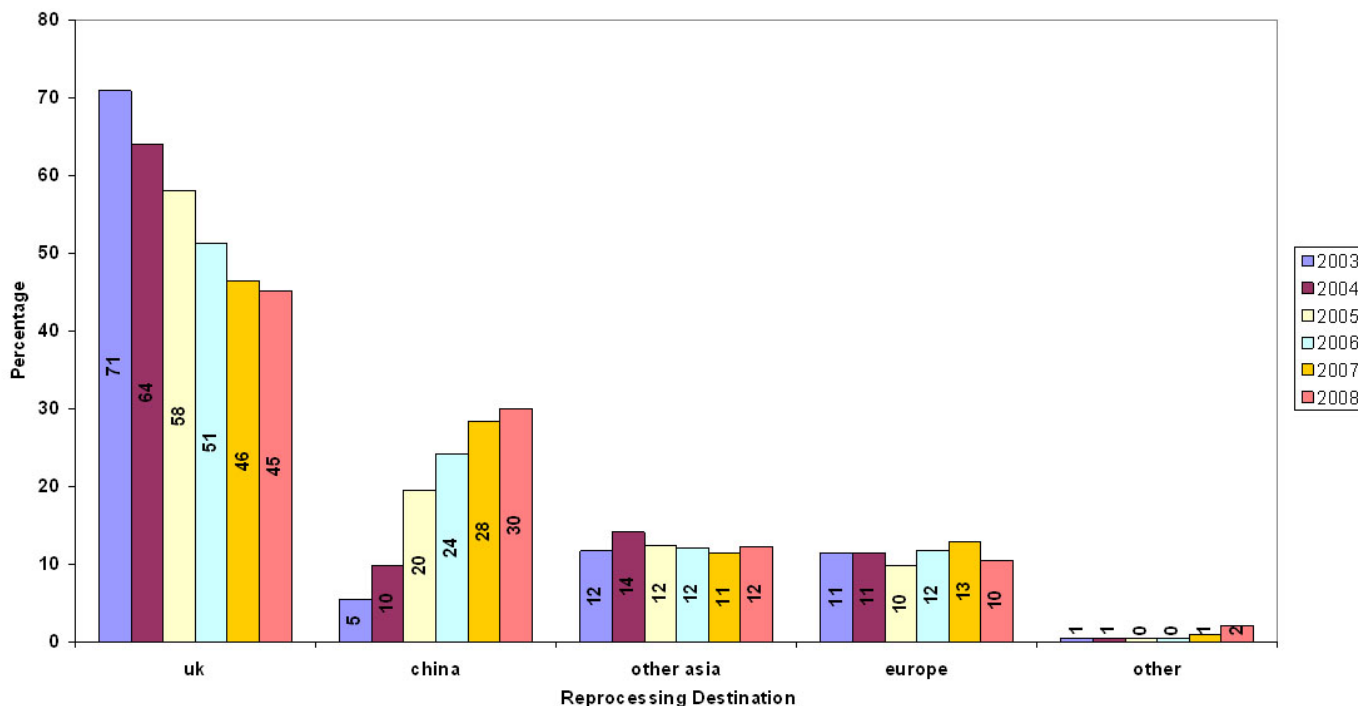
Exports Continue to Dominate

Exports of recovered paper rose 189,000 tonnes through 2008, with around 20% of this growth associated with a decline in UK reprocessing (38,000 tonnes) rather than increased collection. It is expected that in 2009 domestic usage of recovered paper will remain around 4 million tonnes, with exports continuing to significantly exceed UK usage. The end of 2009 should provide evidence of increased UK recycling through the development of new domestic papermaking capacity.

Chinese Market Critical

Apparent Chinese demand continued to grow through 2008, cementing China as the key second destination for UK collected recovered paper, behind the UK domestic market. China accounted for 30% of paper and board recovered from the UK waste stream, with the home domestic market falling to 45%. Europe accounted for 10% with the Far East, excluding China, accounting for the vast majority of the remainder. It is, however, likely that a significant portion of European exports are being transhipped to Far East destinations.

UK Recovered Paper Markets by %



UK Consumption of Paper and Board Products Falls

CPI estimates that the 2008 UK consumption of paper and board products flowing into the UK waste stream reduced by 7% compared to 2007 to 13.15 million tonnes. This means that there was a significant rise in the UK recycling rate for paper and board products to 67% in 2008 from 61% in 2007 and may be a significant factor in the low rate of actual tonnage growth through 2008. This rate is likely to see the UK rise above the European average which has set a target of 66% by 2010. However, we still lag behind the performance of the highest achievers in Europe. We are also more reliant on the export market for recycling success compared to our major populated neighbours.

Peter Seggie, CPI Recovered Paper Sector Manager, commented: "2008 was another difficult year for the domestic paper industry, but exports continued to rise to accommodate excess material as it became available on the market. It was a real rollercoaster of a year with significant growth seen over the first half of the year followed by declining numbers for the later months as collection slowed. This was influenced by falling consumption of paper and board products in the UK and over the later part of the year by falling demand from the Far East and domestic mills as they adjusted their stock levels.

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"2009 promises to be a very difficult year for the UK recovered paper industry with the generation of waste paper falling as the economic recession continues leading to a significant "quality squeeze". Smaller volumes will be available for collection from already secured sources and if tonnage levels are to be maintained, more sources will be required. This will have a significant knock-on effect for cost and quality control for collectors and may be made more difficult if demand from global paper mills falls further suppressing collectors income."

CPI will continue to watch the development of UK collection with interest, and hope that the development of further UK reprocessing infrastructure is not hindered by a lack of quality recovered paper.

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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.
- CPI represents 265 member sites across 60 companies, with a combined annual turnover of £4 billion and 24,500 personnel.
- 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.