

PressRelease

Brussels, 15 July 2011

Low sulphur fuel regulation: major blow to competitiveness of paper industry

The European Commission today has adopted a new legislative proposal, bringing the European Union's regulation on marine fuel sulphur content in line with international requirements set out under the international maritime convention on pollution prevention known as MARPOL. The objective of this measure is to address the problem of air pollution from maritime transport by lowering sulphur emissions.

The competitiveness of the paper industry, together with most of the economic sectors in Europe, will be significantly affected by more stringent requirements for sulphur limits in marine fuels, in particular paper mills based in the 13 EU Member States bordering the SECA (Sulphur Emission Control Area including the Baltic Sea, North Sea and English Channel). The concerns of the paper industry relate to an estimated increase in shipping costs of 20-45% further to a 50-80% price increase in marine fuels. It will put European companies at a competitive disadvantage versus companies located in third countries such as Brazil or China. Pulp and paper product prices will increase up to 10 €/tonne.

The problem is the tight time schedule – the requirement to reduce the sulphur limits to 0.1% by 2015, while in other sea areas the sulphur content will be 3.5% - is simply not thought through. It does not allow industry enough time to develop and exploit technologies that lead to reduction of sulphur emissions more cost-efficiently. It is a fundamental requisite to ensure efficient technological options are available on time before putting into action any such strict and costly changes to fuel requirements.

Simultaneously, the environmental benefits will be extremely limited or even negative due to higher maritime transport costs leading to a modal shift back to transportation by road and subsequent higher greenhouse gas emissions. This stands in direct contrast to the recently released EU White Paper objective of reducing road transport and GHG emissions.

"Our industry is still recovering from the global recession. To introduce this type of measures now, does not allow industry to breath. It is important to find cost efficient ways to improve environmental performance, as not to widen the competitiveness gap in a global world. ", said Teresa Presas, CEPI Director General.

"Based on the findings of the various impact assessment studies, we will urge the Members of the European Parliament and the Member States, to agree on a postponement of the regulation", she added.

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Note to the Editor

European regulation on marine fuel sulphur content:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/888&format=HTML&aged=0&language=EN&guiLanguage=en>

CEPI Transport Carbon footprint – Assessment guidelines:

<http://www.cepi.org/content/default.asp?pageid=9>

CEPI aisbl - The Confederation of European Paper Industries.

The Confederation of European Paper Industries (CEPI) is a Brussels-based non-profit making organisation regrouping the European pulp and paper industry and championing this industry's achievements and the benefits of its products. Its mission is to promote the member's business sector by taking specific actions notably, by monitoring and analysing activities and initiatives in the areas of industry, environment, energy, forestry, recycling, fiscal policies and competitiveness in general. Through CEPI, the paper industry increases its visibility and acts on emerging issues, making expert and constructive contributions on behalf of the industry.

Its collective expertise provides a unique source of information both for and on the industry; coordinating essential exchanges of experience and knowledge among its members, the ability to provide technical assistance to legislators and to identify independent experts on specific issues. Through its 19 member countries (17 European Union members plus Norway and Switzerland) CEPI represents some 700 pulp, paper and board producing companies across Europe, ranging from small and medium sized companies to multi-nationals, and 1,000 paper mills. Together they represent 24% of world production.

Website: www.cepi.org