

Brexit



Introduction

The UK's Paper-based Industries will thrive post-Brexit if the legislative and political environment encourages growth in investment in UK papermaking and its downstream processing industries. Conversely, if the negotiations leave the UK industry in an uncompetitive cost position and with restricted market access, then UK paper manufacturing and converting sites and jobs are at risk.

The paper-based industries provide good quality employment in regions of the UK outside London. Growth in papermaking and processing is a vital part of the solution to the question of how to make the UK economy work for all.

The UK's Paper-based Industries urge the Government to adopt the following policies during the Brexit negotiations.

Avoid the Cliff Edge

Business needs stability to preserve the investment and operating climate of the UK and continue growth. The leading priority therefore for the Government must be to ensure that the UK avoids a chaotic exit from the European Union, leading to a "cliff edge" situation in which the rules that govern UK trade are unclear, and trade is significantly impeded, or indeed stopped, while negotiations conclude. Such a situation might arise if:

- Non-tariff barriers emerge in respect of UK-EU trade
- Customs procedures with the EU for UK goods are unclear
- The UK has not formalised its independent membership of the WTO

The UK Paper Industry supports the phased implementation of any eventual Brexit agreement to prevent trade from falling off a cliff edge and enable business and governments to adjust to the new trade relationships. Paper benefits from zero tariffs already, but we are very concerned at the possible emergence of new non-tariff barriers to trade in the event of a chaotic Brexit.

Safeguard EU Trade and Supply Chains

The UK Paper Industry depends greatly on its EU supply chains. The UK imports both pulp and paper for further processing and is itself an exporter of

paper products and recovered paper for recycling. The UK Paper Industry also depends on the skills and services of EU wide technical teams and on European Standards for the specification of its products. Much of the papermaking and converting equipment is now manufactured outside of the UK and access to latest technology is critical to continued productivity improvements, along with ensuring a tax regime which encourages capital investment.

The final Brexit agreement must ensure that these supply chains remain linked and that they are not disrupted by new tariffs, non-tariff barriers related to standards or regulations, or restrictions on skilled workers and those with manufacturing skills, especially those coming to the UK for short term intra-company roles.

Both the Brexit agreement and future UK regulations must deliver the most competitive UK business environment possible, within the context of continued frictionless trade with the EU. This applies especially to environmental, natural resources, business rates, employment and health and safety legislation. A robust trade defence policy must be at the heart of the new arrangements in support of UK businesses.

Deliver a Sustainable and Competitive Energy and Environmental Policy

The UK should take the opportunity of the Brexit discussions to address the issue of energy affordability

for Energy Intensive Industries. The UK should retain and grow its participation in the Interconnectors to ensure continued access to the widest possible sources of electricity and gas without supply disruption or tariff and non-tariff barriers.

Direct policies to support affordable energy in the UK would include grants for viable energy efficiency initiatives within energy intensive sectors and the abolition of the Carbon Price Floor. The current schemes to mitigate (via compensation and exemption) the costs of UK decarbonisation should be extended to cover 100% of the additional costs.

The UK's Paper-based Industries urge the Government to use the opportunity of Brexit to advance the circular and bio-economies. This is an opportunity to ensure that valuable paper fibres are retained within the paper sector for as long as possible before composting and/or manufacturing into refuse derived fuel. The Government should also focus on the quality of recycled materials and not just on volumes. The UK biomass mobilisation plan should be upgraded, and the Climate Change Levy exemption for biomass CHP reinstated.

The UK's Paper-based Industries welcome the commitment to transpose EU law into UK law from day one of Brexit, as a provider of legal certainty. However, we urge the Government to move quickly to reduce regulatory burdens on business, consistent with continued access to EU markets.

Data Footnote

The UK's Paper-based Industries are significant manufacturing employers. They have a total direct workforce of 25,000 and support a further 100,000 jobs in their supply chains. The industry has a total turnover of some £6.5 billion and is a leader in the development of a sustainable, low carbon manufacturing sector here in the UK. The Paper-based Industries are widely spread throughout the UK, but with concentrations in the North West of England, Wales, Scotland and the far South East of England.

In 2016, the UK imported a total of 4.69 million tonnes of paper from the EU at a value of £2.96 billion. In the same year the UK exported 798,000 tonnes of paper to EU countries at a value of £728 million. The UK is the world's largest net importer of paper.

Further Information

Further information is available from Andrew Large, Director General on 01793 889601 or email alarge@paper.org.uk.

Confederation of Paper Industries

- The Confederation of Paper Industries (CPI) is the leading trade association representing the UK's Paper-based Industries, comprising paper and board manufacturers and converters, corrugated packaging producers, makers of soft tissue papers, and collectors of paper for recycling.
- For facts on the UK's Paper-based Industries please visit: www.paper.org.uk.

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