

## PressRelease

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Brussels, 23 November 2016

### **Tripling of direct costs on the European paper industry impedes Europe's investment potential**

***"The time has come for a regulatory reset for the paper industry bringing investment back to Europe" says Sylvain Lhôte, CEPI's Director General***

A European Commission real-time study on our sector has revealed that over the past 10 years, direct regulatory costs have more than tripled. On average, direct and ETS-related indirect regulatory costs<sup>1</sup> have absorbed more than 40% of the industry's annual profitability<sup>2</sup> since 2004.

While the paper industry is engaging in major transformation of its production base to capture both growth opportunities and dramatically reduce its CO2 emissions, such regulatory burden diminishes our investment capability and deters international capital allocation into Europe.

The cumulative cost impact assessment performed for the European Commission by Technopolis reveals the full scale of regulatory costs in the fields of climate, energy and environment policies (2/3 of alone which arise from climate change & energy regulations). Despite EU leader's pledge for smarter regulation and investment in industry, these costs have not subsided in the period since 2004. Planned regulation for biomass-based large combustion plants, ETS and energy-related policies may indeed widen the regulatory cost burden.

In order to prevent the continued erosion of industry's competitiveness, the EU and its member states must rapidly restore the conditions necessary to fuel transformative investments. Together with the European Commission we share a common agenda on climate change and sustainability, as evidenced by our 2050 vision to decarbonise by 80% and create 50% added-value. We envision ourselves as leading the transition to a circular, low carbon bioeconomy. We therefore ask the Commission and EU member states to act decisively and put back climate, energy & environmental policies on a pro-investment track.

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#### **Note to the Editor**

**Session at European Paper Week.** A discussion of the study will take place on 24 November at [European Paper Week](#) at a dedicated session "EU Regulations: How heavy is the financial burden for our industry?" together with Technopolis and other key thought leaders.

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<sup>1</sup> Through higher electricity prices

<sup>2</sup> Earnings Before Interest & Taxes



**Projected timeline:** CEPI will continue to remain at the forefront of discussion on smart regulation & industrial policy. Building on our activity at European Paper Week we will continue together with our national members to raise the issue with our stakeholders throughout November and December and into 2017.

### **CEPI aisbl - The Confederation of European Paper Industries**

The Confederation of European Paper Industries (CEPI) is a Brussels-based non-profit organisation regrouping the European pulp and paper industry and championing the industry's achievements and the benefits of its products. Through its 18 member countries (17 European Union members plus Norway) CEPI represents some 505 pulp, paper and board producing companies across Europe, ranging from small and medium sized companies to multi-nationals, and 920 paper mills. Together they represent 23% of world production.

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