European Pulp and Paper Industry

A MANIFESTO FOR COMPEITIVENESS AND EMPLOYMENT

European Parliament
The negative waves of the economic crisis are being felt across the European pulp and paper industry. Paper production has declined sharply in the last years, matching a decrease in paper demand. The industry is struggling to hold employment steady at 260,000 and its €5 billion a year investment budget is under great pressure.

The European pulp and paper industry is eager to discuss its current difficulties and its solutions for the future with members of the European Parliament to ensure it is understood and wins its support for solutions that will maintain the industry’s global leadership.

The European pulp and paper industry commends itself in an increasingly environmentally conscious global economy. The new business climate demands that future development reflects society’s insistence on responsible energy and resource management with a clear demonstration of sustainability. Based on sustainably managed renewable resources, the paper industry is an important player in the emerging European bio-economy. Supporting the industry’s ongoing transformation will benefit Europe’s economy; its societal needs, and will reflect its core commitment to environmental responsibility.
The pulp and paper industry is in many ways a business model of sustainability: it turns over €80 billion a year and €18 billion in value and wealth creation. Around 1.8 million jobs depend directly and indirectly on the industry, 63% of which are in rural areas.

Europe cannot afford to have the pulp and paper industry and its related value chain lose competitiveness. It would mean compromising the industry’s unique achievements in sustainable consumption and production. The value of paper, in its many forms, is at the core of society’s needs. Ensuring its future developments will allow it to realise its full potential.

Our industry is an example to others in its responses to current challenges, not least in mitigating climate change. We practice sustainable forest management, pursue security of energy supply through renewable energy, and optimise resources through the highest recycling rates. We are a significant provider of employment, and add economic value through the constant harnessing and updating of new technologies.

We call upon the European Parliament to ensure that over the coming years it carefully considers any new legislation proposed and the consequences it will have on Europe’s industry as well as its environmental impact.

The transformation of the European pulp and paper industry is based on the opportunities created by the new sustainability-minded economy. We call for the support of all European politicians to that transformation that will further align the industry with changing demands in society, new business environment, and new priorities for the economy.

WHAT NEEDS TO BE DONE: FROM DAMAGE LIMITATION TOWARDS RECOVERY

In the Industry’s view, the European Parliament’s role should be to drive priorities where necessary to:

• ensure any new legislation clearly balances environmental, competitiveness and employment interests;
• create winners not victims in the revised ETS and ensure Europe’s industry remains strong and respected;
• finalise policies that allow better access to raw materials, market access and fair competition;
• ensure European legislation allows Europe to compete with lower energy cost competitors;
• continue to represent and fight for the interests of European industry against competing countries;
• ensure that the EU innovation process is readily supported by legislation.
The European Parliament should avoid adopting new measures that will add to industry’s operating burdens and drain investment, ultimately leading to the promotion of production outside of the European Union.

It needs to be understood that it makes sense for companies to pursue sustainable consumption and production objectives if there are rewards for sound environmental performance. It makes no sense to create disincentives through the continual imposition of new and sometimes confusing product criteria that are of only marginal benefit to consumers and society. The impacts of such policy contradictions are made worse by allowing imports into the EU that do not comply with the same criteria.

Our Industry’s future would benefit from actions which:

- recognise the role the pulp and paper industry plays in mitigating climate change and support a clear strategy for the treatment of carbon stored in forest and wood products;
- ensure that any future climate agreement and its implementation into EU law delivers fair and equal burden sharing between the EU and competitor pulp and paper-producing countries and keep the Climate leakage status as long as needed;
- introduce legislation to prevent eco and social dumping into the European market;
- support the revision of the IPPC directive in a way that allows the paper industry to operate in a continuously improving manner within the EU without unfair demands being placed upon it;
- pursue European harmonisation of the application of green public procurement rules that currently fragment the internal market;
- strive to develop legislation that is kept simple, to reduce the volume of new legislation, and to avoid duplication and contradictory regulations and reporting requirements;
The EU Raw Materials Initiative must include all raw materials and not be limited to the preliminary list of critical materials. Measures must avoid unfair competition and promote equal access to wood for both pulp and paper and bio-energy producers so that our industry can maintain its current high contribution to EU’s renewable energy targets.

**European initiatives in support of the Pulp and Paper industry are needed that:**

- endorse the conclusions on the UNCCP 4th Assessment Report that state that in the long-term:
  - a sustainable forest management strategy
  - aimed at maintaining or increasing forest carbon stocks,
  - while producing an annual sustained yield of timber, fibre or energy from the forest will generate the largest sustained mitigation benefit;
- recognise that the pulp and paper industry in Europe sources its renewable raw materials from sustainable and certified sources;
- aim at an integrated policy that encourages a more sustainable production of biomass through better mobilisation of existing forest resources and a more rapid use of policies to encourage the forestation of idle land;
- avoid excessive subsidies, tax breaks and supply guarantees that incentivise the use of biomass solely for incineration and focus instead on energy efficiency criteria and value creation with adequate sustainability criteria;
- promote a recycling society by ensuring that recovered paper is valued as a raw material and not seen as waste.
Energy costs are one of our main competitive factors. Our industry is operating within an energy market where competition is virtually impossible.

**To mitigate this situation, the European Parliament should:**

- recognise the pulp and paper industry as “energy intensive” and ensure that it is treated as such throughout the EU so that it benefits from special measures such as in the ETS and the Energy Tax directive;
- push for further transparency in price forming mechanisms;
- avoid the introduction of any legislation that supports unilateral EU measures that lead to higher energy prices in Europe such as those resulting from the Emissions Trading Scheme, energy taxes or fees on Renewables.

---

**TRADE AND COMPETITION**

The EU’s market is open while a number of other pulp and paper producing countries are protecting theirs, putting at risk the EU’s exports.

**The European Parliament must strive to:**

- secure a level playing field across the EU within our sector, and combat protectionist measures both inside and outside the EU;
- allow companies to explore different responses to current economic conditions, including restructuring and consolidation;
To guarantee the EU’s future, the European Parliament must play its part by stepping up efforts to make the EU more competitive in developing and applying new technologies. Research and innovation needs to be given an even higher priority to ensure that high-quality research and development is transferred into commercially exploitable applications.

The European Parliament must support:

- investment in and the development of technologies such as integrated pulp bio-refineries, recycling based bio-refineries and their related technologies which can deliver solutions that are not yet available through Carbon Capture and Storage;
- the principle that the EU’s research framework programme and revenues from ETS are used primarily for the development and demonstration of new technologies to reduce emissions at source;
- consider paper and new paper related products in the deployment of the bio-economy;
- the fact that R&D is needed to secure high-quality jobs in the European pulp and paper industry and thereby maintain the European Union as a region with a strong industrial backbone in which the pulp and paper industry remains a driver for technological innovation.
The European Pulp and Paper Industry calls upon the Members of the European Parliament to:

- Recognise the importance of the pulp and paper sector to the European economy and the role it plays in mitigating climate change;
- Promote climate change policies that maintain the level playing field and allow European industry to compete fairly;
- Support research and development to ensure Europe’s industries stay at the forefront of technological development and deliver climate change mitigating solutions;
- Have the economy in mind before finalising any new legislation to ensure that it will be better legislation that improves environmental legislation without penalising industry unnecessarily;
- Act to secure open markets and promote strict EU trade laws to ensure fair competition;
- Call for an effective and efficient strategy to secure access to raw materials for European industries.

January 2010