

CPI Response to the Comprehensive Spending Review



David Workman, CPI Director General

David Workman, CPI Director General, responds to yesterday's Comprehensive Spending Review by saying:

There were no real surprises in the Chancellor's Spending Review as most of the measures announced yesterday had been trailed well in advance.

One piece of good news is that the Renewable Heat Incentive (RHI) will be funded from central government (rather than a levy on industry) and will be less bureaucratic. CPI had real fears about the cost implications of the original proposals and lobbied hard against RHI being funded by a tax on industry.

Other positive elements include the retention of many of the larger infrastructure projects, which in the longer term will benefit us all, and the boost to spending on adult apprenticeships to provide up to an additional 75,000 apprenticeship places every year by the end of the Spending Review period.

The CRC Energy Efficiency scheme however now seems to have become a form of carbon tax and, although the first requirement to purchase permits has been delayed until Spring 2012 (from Spring 2011), costs for those companies/organisations not in a Climate Change Agreement will rise considerably. This must be seen as an additional stealth tax which could do great harm to future growth prospects in many manufacturing sectors – including some Paper and Paper-related sectors.

The one issue upon which we were hoping for some clarity is the future for Climate Change Agreements and the Levy. However, there was no reference to it in the announcement yesterday. We hope that there will be no "sting in the tail" when announcements are finally made. It is essential that current rebate conditions continue to operate.

The reduction in funding for defra, WRAP and the Local Authorities may well have implications for the waste recovery and recycling sectors. The danger is that a "lowest-cost option" policy will be implemented which ignores environmental best practice – i.e. the waste hierarchy.

The success of the Government's strategy is dependent on growth in the economy, and manufacturing sectors, in particular sustainable industries such as paper, will need to play a major part in generating this growth. However, this will require UK manufacturing to remain globally competitive and there were few signs in yesterday's announcement about how this is to be achieved. We need a strategy for growth in manufacturing.

Cuts in public expenditure, on the scale announced yesterday, may well adversely affect market demand for some paper-related products so we need to ensure that any further measures do not exacerbate this situation by adding further costs to an industry where margins are already tight.

ENDS

For further information please contact David Workman, CPI Director General on 01793 889601 or email dworkman@paper.org.uk.

Continued.....

Notes to Editors

- 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.
- For additional information on the UK paper industry, in the first instance, please contact Catherine Waterfield, External Affairs Coordinator, on email cwaterfield@paper.org.uk. Alternatively, please visit: <http://www.paper.org.uk>.