

## Support for Papermaking Announced in the Autumn Statement



Earlier in the week the Chancellor of the Exchequer made his Autumn Statement to the House of Commons. CPI was pleased to hear George Osborne recognise the importance of Energy Intensive Industries (EIs) to the UK economy and make specific reference to the Papermaking Industry:

*"I am worried about the combined impact of the green policies adopted not just in Britain, but also by the European Union, on some of our heavy, energy-intensive industries. We are not going to save the planet by shutting down our steel mills, aluminium smelters and paper manufacturers. All we will be doing is exporting valuable jobs out of Britain."*

This is exactly the message CPI has been pressing both through direct lobbying and in partnership with others.

David Workman, CPI Director General commented:

*"For the first time in many years we have had a senior government Minister actively proclaim support for manufacturing and EIs in particular. This is very welcome and has come about because of a huge effort by CPI and other industrial bodies in lobbying Ministers and civil servants over many months."*

*However, there is still a lot of work to do in following up on the detail of the package of measures announced this week particularly with those government departments which are less well disposed to supporting our cause."*

While many of the details of the support package are still to be confirmed, the headline is an increase in the Climate Change Levy (CCL) discount (for grid electricity arising from CCA membership) from 65% to 90% in 2013 to partially offset the impact of the Carbon Price Support taxation on the cost of purchased electricity.

This is something of a triumph as at one stage it looked very possible that the Government would completely abolish the CCA scheme and the associated discount on CCL – the sector CCA scheme will save the industry in the region of £19m this year, with a further saving of £6m per annum arising from this change.

Other aspects of the support package include:

- Potential support to reduce the additional cost of electricity arising from EU ETS costs incurred by electricity generators. This is subject to guidance from the European Commission and additional analysis by DECC and BIS.
- Potential additional support for electro-intensive industries to mitigate further the impact of the Carbon Floor Price. This will be targeted at trade exposed sectors (and possibly only installations) where electricity costs are higher than 15% of the Gross Value Added by the operation. A consultation and information gathering exercise is promised from BIS.
- Further consideration of options to minimise the impacts of the Electricity Market Reform Proposals on EIs.
- The development of the Green Investment Bank with £100m to be offered in loans for industrial energy efficiency.

As expected, support for Combined Heat and Power (CHP) plants and the tax treatment of input fuel under the Carbon Price Support (CPS) taxation was not covered in the statement, though the issue continues to be discussed.

As already indicated, there will be some relief from CPS for fossil fuels used in CHP, but no confirmation on the reduction – we understand 50% and 75% discounts are being modelled. CPI continues to work alongside the Combined Heat & Power Association on this issue.

**ENDS**

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**Notes to Editors**

- CPI is the voice and face of the UK Paper Industries, representing recovered paper merchants, paper and board manufacturers and converters, corrugated packaging producers and tissue makers.
- CPI represents 72 Member Companies, with a combined annual turnover of £4 billion and 19,600 personnel.
- For additional information on the UK Paper Industry, in the first instance, please contact Annabel Acton, Communications Manager, on 01793 889612 or email [aacton@paper.org.uk](mailto:aacton@paper.org.uk)
- Alternatively, please visit: <http://www.paper.org.uk>