Navigating Towards the Future

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UNECE Committee on Forests and the Forest Industry meeting
19 October 2016, Geneva
Menu

• About CEPI
• Scene setting
• CEPI’s policy priorities
• Moving forward with the CEPI’s 2050 roadmap
1. CEPI
About CEPI

• The Confederaton of European Paper Industry gathering 18 member countries (17 EU members + Norway)

• Represent in Brussels the 515 pulp, paper and board producing companies and the interests of 950 paper mills

• Engaged in international fora (UN, FAO, WTO) to represent 23% of the world production

• Chair: Peter Oswald, Mondi

• Vice-Chair: Karl-Henrik Sundström, Stora Enso

• A staff of 19 industry, policy and public affairs experts led by Sylvain Lhôte
2. Scene setting
The EU Context

• Brexit: a complex process to start early 2017
• A resource and expert challenge for the UK and the EC
• Practical deadline for negotiations are the EU elections in May 2019
• But Dutch, French and German elections in 2017 will affect the negotiations

• The policy agenda is basically set: very few new policy initiatives if any.
The EU Context

• Brexit causes ‘substantial’ increase in economic, political, institutional uncertainty

• UK GDP forecast cut by 0.2% point for 2016 and 0.9% point for 2017

• Euro area GDP forecast at 1.6% in 2016 and 1.4% in 2017

• Global GDP forecast for 2017 cut by 0.1 % point, to 3.4%
The European pulp & paper industry in 2015 (% change / 2014)

- Turnover (billion euros) 78.8 (+0.4%)
- Added value (billion euros) 16.5 (+1.5%)
- Market pulp production (million tonnes) 13.1 (-0.7%)
- Paper production (million tonnes) 90.9 (-0.2%)
  - first half 2016 45.7 (+0.1%)
- Operating rate 91.2% (+1.5%pt)
- Employment (thousand jobs) 178.2 (-1.6%)
- Share of jobs in rural areas (%) 60

Part of the forest & paper chain:
- Turnover (billion euros) 365
- Value added (billion euros) 120
- Employment (million jobs) 3
- Share of manufacturing industries (%) 6
The European pulp & paper industry in 2015 (% change / 2014)

<table>
<thead>
<tr>
<th></th>
<th>'000 Tonnes</th>
<th>2014</th>
<th>2015</th>
<th>% Change 2015/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newsprint</td>
<td>7,594</td>
<td>7,019</td>
<td></td>
<td>-7.6</td>
</tr>
<tr>
<td>Uncoated Mechanical</td>
<td>5,634</td>
<td>5,503</td>
<td></td>
<td>-2.3</td>
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<tr>
<td>Coated Mechanical</td>
<td>7,050</td>
<td>6,789</td>
<td></td>
<td>-3.7</td>
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<tr>
<td>Uncoated Woodfree</td>
<td>9,017</td>
<td>8,934</td>
<td></td>
<td>-0.9</td>
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<tr>
<td>Coated Woodfree</td>
<td>7,364</td>
<td>7,020</td>
<td></td>
<td>-4.7</td>
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<td>Other Graphic Papers</td>
<td>29,065</td>
<td>28,246</td>
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<td>-2.8</td>
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<tr>
<td>Total Graphic Papers</td>
<td>36,659</td>
<td>35,265</td>
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<td>-3.8</td>
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<tr>
<td>Sanitary and Household</td>
<td>6,998</td>
<td>7,153</td>
<td></td>
<td>2.2</td>
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<tr>
<td>Case Materials</td>
<td>26,205</td>
<td>27,059</td>
<td></td>
<td>3.3</td>
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<tr>
<td>Carton Board</td>
<td>8,551</td>
<td>8,710</td>
<td></td>
<td>1.9</td>
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<tr>
<td>Wrappings</td>
<td>4,106</td>
<td>4,071</td>
<td></td>
<td>-0.9</td>
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<tr>
<td>Other Paper &amp; Board for Packaging</td>
<td>4,591</td>
<td>4,733</td>
<td></td>
<td>3.1</td>
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<tr>
<td>Total Packaging Papers</td>
<td>43,452</td>
<td>44,572</td>
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<td>2.6</td>
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<tr>
<td>Other Paper &amp; Board</td>
<td>3,910</td>
<td>3,881</td>
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<td>-0.7</td>
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<tr>
<td>Total Paper &amp; Board</td>
<td>91,019</td>
<td>90,872</td>
<td></td>
<td>-0.2</td>
</tr>
</tbody>
</table>

Production in the packaging and hygiene sectors continues to increase whilst graphics remain on structural decline.
• European Exports decreased by 1.1% in 2015 to 18.9 million tonnes, accounting for 20.8% of production
• European Imports rose by 6.3% to 5.5 million tonnes, up to 7.1% of total European paper consumption in 2015
• The trade balance slightly decreased in 2015 but remain positive (+13.5 million tonnes)
The Global Trade Context
European Paper & Board Developments

Paper and board (1half 2016 / 1st half 2015)
- Production: +0.1%
- Exports: -4.6%
- Imports: +7.0%
- Consumption: +1.7%

3. CEPI’s policy priorities
Energy and climate change

EU Emission Trading System
- EU ETS structural review – structural changes after 2020

2030 targets and... beyond
- -40% by 2030 compared to 1990
- Mandatory EU Renewable target (27%), indicative efficiency target (27%)

Land-use & biomass
- LULUCF
- Biomass sustainability
- Biomass carbon neutrality
The EU circular economy package

- An action plan 2016-2019 on production, consumption, innovation, investments
- Sectoral actions on biomass and bio-based materials, food waste, plastics (littering)
- Legislative proposals on waste, packaging and packaging waste, landfill and further sectoral legislation (e.g. fertilisers)
  - CEPI focus on the legislative proposals to amend the waste framework directive and the packaging and packaging waste one
  - CEPI and its partners see an opportunity to promote the use of bio-based materials
The bioeconomy Strategy

• Towards the post-petroleum economy
• Support the Bio-Based Industries Joint Undertaking (under Horizon 2020)
• Key challenges ahead:
  > Access to biomass
  > Access to fundings/investments
  > Access to markets
  > Evidence-based benefits (environmental, climatic, social ...)

Innovating for Sustainable Growth: A Bioeconomy for Europe
Multiple issues but one red thread: sustainable competitiveness

• Positioning pulp and paper industry as the industrial pivot and innovation engine of the European bioeconomy

• Securing competitive and sustainable energy and raw materials and protecting market access

• Shaping the climate policy through proactiveness and turning it as an investment enabler for industrial transformation
4. Moving forward with the CEPI’s 2050 Road Map
Our industry response to the EU decarbonisation 2050 roadmap

“The transition towards a competitive low carbon economy means that the EU should prepare for reductions in its domestic emissions by 80% by 2050 compared to 1990”

EU 2050 Roadmap for a low carbon economy

- 80% CO₂

+ 50% value

Bioeconomy lead

Positioned the pulp and paper industry at the forefront of the decarbonisation and bio-economy agendas and as the go-to partner for EU policy-makers
Things have changed since then...

- The EU has tabled its 2030 climate and energy goals
  - At least 40% cuts in **GHG emissions**
  - At least 27% **renewable energy**
  - At least 27% **energy efficiency improvements**

- The UNFCCC Paris agreement: to keep global warming well below +2°C
  - A dynamic agreement to drive decarbonisation
  - Will impose regular review and the upgrade of EU goals

- Our sector has further transformed (Industry 4.0, bioeconomy ...)

Our task
Why a Roadmap 2.0

- Take stock of what has been achieved since 2011 (TTP, Age of Fibre)
- Deepen the decarbonisation and value added pathways and assess investments needs
- Reinforce CEPI’s legitimacy and credibility in its advocacy:
  > ETS
  > Climate & Energy package (including RED)
  > Circular Economy Package
  > Bioeconomy Strategy Review
  > Successor of Horizon 2020
- Further position the industry as pioneer and “pivot” sector of the bioeconomy
Coming soon
Coming soon....

Highlights

• Social affairs: what skills will the industry look for in the future? How can we better prepare potential employees?
• Revised edition of the 2050 Roadmap: five years after the first edition, CEPI revisits its Roadmap based on today’s reality
• The financial impact of EU policies on our industry, based on a recent study
• Market developments and results of an international consumer survey by Innventia (in collaboration with RISI)
Thank you

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