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## Full exposure to a carbon cost could jeopardise Australia's paper industry



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Full exposure to a carbon cost without appropriate transitional measures could jeopardise Australia's pulp and paper industry with many facilities either closing down or becoming unprofitable if the carbon cost reaches \$50 per tonne.

A3P, the peak body representing the plantation products and paper industry, has commissioned an independent report to quantify and illustrate the status of the pulp and paper industry as an emissions-intensive trade-exposed industry as well as conducting a survey of the possible impact on facilities.

Richard Stanton, CEO of A3P said "Paper is a renewable resource, it is recyclable, stores carbon and generates bioenergy. It should be able to make a positive contribution in a future carbon constrained world."

"We are concerned the implementation of Government policy could perversely lead to loss of investments in Australia for no carbon benefit and a poorer environmental outcome."

The pulp and paper industry contributes \$2.7 billion to Australia's GDP and directly employs around 19,000 people.

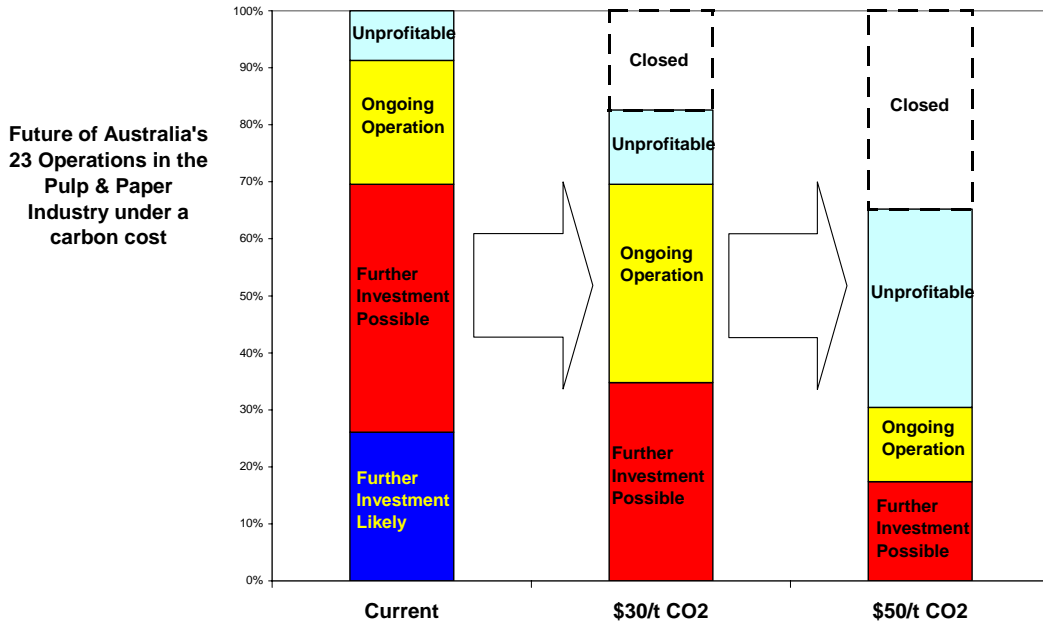
Under the Australian Government's proposed Carbon Pollution Reduction Scheme (CPRS), transitional measures will be put in place for industries that are deemed to be emissions-intensive trade-exposed (EITE) in order to smooth the transition to a low-carbon economy and prevent 'carbon leakage' to countries where there are no constraints on emissions.

Australia's pulp and paper industry is one of the largest emissions-intensive trade-exposed non-metal manufacturing industries and faces potentially devastating consequences if a carbon cost is introduced without appropriate transitional measures.

The results of the survey conducted by A3P are summarised in the graph below. The key conclusions are that without transitional measures:

1. A carbon cost of \$30 per tonne of CO<sub>2</sub> equivalent would lead to the closure of 15% of Australia's pulp & paper manufacturing facilities.
2. A carbon cost of \$50 per tonne of CO<sub>2</sub> equivalent would increase the level of closures to more than 30% of Australia's pulp & paper facilities.
3. A carbon cost of \$30 per tonne of CO<sub>2</sub> equivalent wipes out the likely future investment that would have been expected in 25% of Australia's pulp & paper facilities.

4. A carbon cost of \$50 per tonne of CO<sub>2</sub> equivalent means that less than 30% of Australia's current pulp & paper facilities are profitable and could be expected to keep operating in the medium term.



Mr Stanton called on the Government to review its proposed treatment of emissions-intensive, trade-exposed to ensure that investment in the pulp and paper industry does not leak to other countries.

“Neither the Government, the public nor the industry should desire an outcome where Australia loses investment in sustainable industries. The Government must critically review the rules and limitations on permit allocation to emissions-intensive, trade-exposed industries.”

The full report on the Pulp and paper industry and the survey of facilities impacts are available on the A3P website [www.a3p.asn.au](http://www.a3p.asn.au)

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**Further information**

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