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## A3P welcomes release of Pulp and Paper Industry Strategy Group Issues Paper

A3P welcomes the public release today of the Pulp and Paper Industry Strategy Group Issues Paper by Senator Kim Carr, Minister for Innovation, Industry, Science and Research. This is the first stage of a joint effort by the Australian Government, Unions and pulp and paper industry leaders.

The issues paper recognises the substantial contribution of the Australian pulp and paper industry in terms of employment, income generation, and sustainability performance. The Australian pulp and paper industry employs around 14,500 thousand people and generates revenue of over \$9 billion annually.

“The paper also recognises that there are real opportunities for expansion of the Australian industry to produce products for import replacement and export markets,” said A3P CEO Richard Stanton

“However, despite some substantial capital investment and steadily increasing production in recent years, much of the industry has been characterised by declines in profitability, employment, investment and research and development spending.”

The issues paper highlights a number of challenges facing the industry if it is to remain internationally competitive and able to supply products to both domestic and export markets. Key challenges identified include:

- International competition for the large ongoing capital investment required to maintain and replace existing mills.
- Risks associated with increasing energy prices and carbon costs.
- Unequal competition from imports which enjoy subsidies or lower costs due to lower environmental or other regulatory standards.
- Declines in some traditional markets, particularly for communication papers, as a result of the internet and other technological change.
- Need for greater investment in research and development and more applied innovation.
- Additional costs and inefficiency associated with a complex regulatory environment created by different levels of government.
- The need to expand and maintain Australia’s wood fibre and recovered paper resources to support world scale operations.
- Identification and development of specific product and market niches where Australian producers have or can develop a competitive advantage.

“This is a process that senior industry executives have been actively engaged in and we look forward to continuing to work with the Government and Unions to define strategies to address these issues.” said Mr Stanton

The group is expected to present its final report to Senator Carr in November 2009. The issues paper can found online at [www.innovation.gov.au/pulpandpaper](http://www.innovation.gov.au/pulpandpaper)

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