

The worldwide economic turmoil has led to recession in the developed world, with reduced demand for many products, including newsprint and many other grades of paper. Some might have expected that the credit crisis would have ended prospects for the plans for Ecco Newsprint's new world scale facility. However, the case for Ecco Newsprint in the UK is stronger than ever.

The direct consequence for newsprint is that much of the elderly and inefficient, high production cost facilities in North America and Northern Europe have been, and are continuing to be, shut down. Over the last two years worldwide annual production capacity has been reduced by **more than 3 million tonnes in North America and Europe** and some commentators speculate that in a year's time a further **1 million** tonnes will have been withdrawn.

UK selling prices in 2008 have been the lowest in the world and a substantial selling price increase is predicted for 2009. In addition, UK newspaper publishers have the highest consumption of newsprint in Europe, yet rely heavily on imported newsprint. When the recession is over they will likely face further substantial increases in cost for imported newsprint, because there is insufficient local production of good quality newsprint on which they can rely.

Against this background, Ecco and its customers, suppliers and funders remain convinced of the compelling case for Ecco. Substantial reductions in construction costs now seem likely, and represent the final phase of development work necessary to conclude Ecco's ongoing financing programme.

The Ecco team is working energetically to bring together all the necessary elements to enable the construction timeframe to be agreed and work to start.

Enquiries

Ramsay Hampton
Chairman, Ecco 01628 681987

Marcus Moir
Chief Executive, Ecco 07711 078458

Kate Miller
Brunswick 0207 3963544

Notes to Editors

Ecco Newsprint is building a new British recycled newsprint paper mill in the Tees Valley in North East England. It will produce over 400,000 tonnes of newsprint per annum using recovered waste materials as raw material. The mill will result in over half a million tonnes of recovered waste paper being diverted from landfill per year.

Ecco was founded by Chairman Ramsay Hampton, who has 20 years' experience in the UK newsprint industry and by Chief Executive Marcus Moir, an experienced corporate financier.

Ecco's mill is a response to market imbalance in the UK. The UK newspaper printing market is the largest newsprint market in Europe. Of the 2.65m tonnes of newsprint consumed in the UK, 66% of this is imported from North America, the Nordic region and Europe. Customers wish to see this imbalance corrected.

Ecco's mill is also a response to increasing environmental awareness. The UK produces 28 million tonnes of household waste, of which newspapers and magazines are a major element. The UK has historically achieved a low level of recycling for this waste, with most being sent to landfill. This project is in line with increased UK government and EU strategies to remove used newspapers and magazines from landfill, offering a sustainable, environmentally sensitive, and importantly local means of recycling newspapers and magazines collected in the north of England and Scotland.

For more information see www.econewsprint.co.uk