HIGHLIGHT

The House Magazine of

R. T. TANNER & CO. LTD.

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Tanner's Quarterly Trade Journal

Once again when trade appeared to be on the upgrade at last, the country was plunged into near chaos as the result of the miner's strike. Twelve months previously almost the same situation arose and the results, particularly in our trade, were serious and set back recovery considerably.

It is early days as yet to establish the results of the latest disaster, for let there be no mistake it was a disaster for the country. Not for one moment would we try and adjudicate in the problem or even in the settlement thereof, but merely look back in horror at the disruption to industry and the unemployment thereby created. At the time unemployment was far too high for anyone to be contented, but apart from the numbers temporarily stopped due to the strike, more are certain to be thrown out of work permanently. Already one paper mill stopped through lack of power will not re-open. True this mill and other industrial units would possibly have been forced to shut down eventually, but it is a tragedy that these closures are in any way expedited.

Practically every mill was affected, and as paper making is a continuous process it was quite impracticable for mills to have any hope of producing paper, and they mostly concentrated on finishing. However, printers and converters were just as badly affected, so that consumption was little greater than production, and stocks remained quite adequate to see the mills over the period before they were able to resume full scale production.

The main consideration is how much damage it has done to the economy. It is without doubt considerable, as little if any business which was lost, due to production problems is ever made up in subsequent weeks. Late publications will catch up, but many which emerged were published with fewer pages, and therefore less paper was consumed. As was seen in the postal strike, lost advertisements are not made up overnight, and it is frequently many months before these are recovered if at all. It was not really until the postal strike was settled that our industry felt the full impact of the strike, and we may well witness the same over the miners strike. Throughout all industry less money has been earned and therefore less will have been spent, so that the country is very much back in square one, where it was before the slight increase in business activity was becoming apparent at the turn of the year.

Now we presume everyone will await the budget to see what changes are likely here. In this country these days, we all seem to have a good excuse for the delay in business resurgence. At least we can be thankful that we await the advent of the budget with the expectant hope that taxes in one way or another will be reduced and not increased!

In our opinion . . .

Normally we talk each quarter about the prospects within our trade, but on this occasion we are going to talk about ourselves.

1970/71 was a good year for the Company in fact a record one, and up to the end of February, 1972 (11 months) this year sales have kept up to the previous year, though expenses have increased and margins have been cut. However considering the state of trade throughout the Country and the paper trade in particular, we consider ourselves fortunate.

The converting side and envelope manufacturing has been particularly busy, and our main problem has been to increase output and maintain stocks. This part of our business has been heavily hit with the reduction in the usage of power, and we were reduced to a three day week. However our staff rallied round in a truly wonderful way, and production continued in a somewhat abbreviated manner. Now we are flat out to make up the leeway, and can but apologize for lack of stocks and late deliveries, due entirely to circumstances beyond our control.

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To what do we attribute this success? We think that as an independent smallish business we can offer a service second to none. The people running the business from the board down to the invoice typist or warehouseman are interested in the Company and what they are trying to do. Another important factor is that our trade during the last 2/3 years has changed out of all recognition as to qualities, sizes and substances, both for paper and board and also envelopes and pockets. Not only has it changed, but it is continuing to do so at if anything an increased rate.

We are entirely independent as to where we obtain our materials, and we are always looking out for new lines, and are not afraid to cast overboard any qualities which have become second line. In other words if a new grade is available which is better and cheaper than an existing old regular, the latter goes out of the window, and the new addition is put into stock. This is a continuing process and our buying panel reviews all such cases every month.

Hence we keep up to date, a factor which is very necessary in this constantly changing world.

Price Lists

Within the next few days price lists for paper and boards and for envelopes and pockets will be mailed to you.

You will notice that we are continuing to rationalise our stocks by dropping slow moving qualities and sizes, though in most cases we can still supply these. We have added Hi-Fidelity art paper and boards to our range and Peerless Cast coated boards.

With envelopes and pockets a few lines, for which there was little demand, have been discontinued, but alternatives are in most cases available.

Purchase Tax

As is now common knowledge Purchase Tax was reduced in the budget from 30 per cent. to 25 per cent. on all taxable goods. This was as expected in that tax would have to be brought more into line with the eventual imposition of V.A.T. of 10 per cent. For those who consider that there is still a wide divergence between Purchase Tax at 25 per cent. and V.A.T. at 10 per cent. should realise that V.A.T. is unlike Purchase Tax in that it is cumulative and is paid on every facet of material, manufacturing, delivery etc. The resultant items will therefore be very little different in ultimate cost, though more will be in the basic cost and less in the final addition of V.A.T.

The main problem would appear to be the difficulty of the retailer who has paid Purchase Tax on goods which remain unsold at V.A.T. day and who finds that he must add V.A.T. to his sale price, thereby taxing his sale twice.

Customs and Excise are adamant at present that no reduction can be made in this case, though the matter is being seriously considered. Far more likely is that there will be a tax holiday of a month or so prior to the introduction of V.A.T. to allow clearance of such taxed articles, and retailers will have to take the rough with the smooth, and average out the losses and additional profits from such an arrangement.

One thing must always be guarded against, in that retailers will hold back their orders from 1st January, 1973 until V.A.T. is a fact. This would have catastrophic effects on our trade, and with many others. The government seems to favour an increase in the supply to retailers of goods on sale and return in this period, but our trade is far from suitable for this type of trading, and certainly will not be encouraged.

We will of course keep you up to date with the latest developments in this connection in the forthcoming months.

We must be eternally grateful that at least we are only going to have one rate of V.A.T. apart from zero rating, as this will make life far easier. However there are likely to be many problems connected with our trade as the results of exempting a considerable amount of printing of books, newspapers and periodicals from the incidence of V.A.T., and details on how this is to work will no doubt be published in due course.

Mrs. Gillian Seeds joined the Company in July 1971, as secretary to the Managing Director. In spite of an immense amount of work, she is as cheerful as her smile proclaims.

Stocked in the following sizes and substances:

Prices

price per 1,000 sheets £

			Weight per 1,000 Sheets	up to 250 kg.	250 kg.	500 kg.	1,000 kg.
45 g/m²							
	Large Post	**419 × 533mm**	**10.0 kg.**	**2.85**	**2.50**	**2.33**	**2.15**
	Dbl. Cap.	**432 × 686mm**	**13.3 kg.**	**3.79**	**3.33**	**3.10**	**2.86**
	***R.A. 2**	**435 × 620mm**	**12.1 kg.**	**3.45**	**3.03**	**2.82**	**2.60**
61 g/m²							
	***R.A. 2**	**435 × 620mm**	**16.5 kg**	**4.44**	**3.89**	**3.61**	**3.33**
71 g/m²							
	Large Post	**419 × 533mm**	**15.9 kg.**	**4.20**	**3.68**	**3.42**	**3.16**
	Dbl. Cap.	**432 × 686mm**	**21.0 kg.**	**5.54**	**4.87**	**4.52**	**4.18**
	***R.A. 2**	**435 × 620mm**	**19.1 kg.**	**5.04**	**4.43**	**4.11**	**3.80**
	A4	**210 × 297mm**		**1.25**	**1.10**	**1.04**	**0.94**
85 g/m²							
	Large Post	**419 × 533mm**	**19.0 kg.**	**5.02**	**4.41**	**4.09**	**3.78**
	Dbl. Cap.	**432 × 686mm**	**25.2 kg.**	**6.65**	**5.84**	**5.42**	**5.01**
	***R.A.2**	**435 × 620mm**	**22.9 kg.**	**6.05**	**5.31**	**4.92**	**4.56**
	A4	**210 × 297mm**		**1.50**	**1.31**	**1.22**	**1.03**

* It will be noticed that the R.A. 2 size is slightly larger than normal to allow for bleed-off work, yet is not so wasteful as S.R.A. 2 size.

This sample is printed on 85 g/m²

SARUM BANK & BOND

Obtainable only from:

R. T. TANNER & CO. LTD.

CRAYFORD AND LEEDS

Most of our vans have been re-painted in our new house colours of tan, white and orange, displaying our motif of the T, as the above illustration demonstrates. All should be completed shortly.

Our new envelope and pocket box end labels displaying the same motif, are also now largely in use, and have been very well received. Identification with a different coloured label for each quality is far easier for ourselves and customers than all the code numbers in the world.

Paper Production

After a decade of steadily rising usage the U.K. consumption of paper and board declined during 1971 to a total of 6.6 million tonnes, a decline of 7.3 per cent. over 1970.

Production in the U.K. was down by 11.6 per cent. over 1970 but imports continued to increase though by only a small margin, 1.6 per cent. However imports of uncoated and coated printing and writing papers and coated boxboard were up with huge increases over 1970, namely 44, 43 and 28 per cent. respectively. Kraft liner paper and board, strawboard and building board all declined.

Added to this melancholy picture, the results of the British Paper Mills made miserable reading, few if any showing a profit, and those that did made most of these from activities outside paper making.

At least the constant rise of pulp prices has ceased due to the lack of demand and over-production. Meanwhile the prices of most papers have been increased by 3 to 5 per cent. so provided demand improves and mills can fill up their production programmes to somewhere near full capacity, they should be operating in a more profitable way.

So much will depend on the budget, which will be public soon after we write this article, but which will be common knowledge long before you read this. Little if anything given in a budget directly affects our industry, but much can be done indirectly by stimulating demand. We do not propose to be drawn into prophesying as to the measures the Chancellor of the Exchequer should take, leaving this to the many experts of the Press, but merely hope that the steps he may take will have the necessary results.

The prospects of our entry into Europe are now becoming reality, and time should be taken to look at the effects it will have on our trade.

The council of Ministers of the E.E.C. has reviewed the position of paper and has classified it as a sensitive trade, requiring special treatment. The conditions for the countries not entering the E.E.C. will be as reported in the last issue of our Journal. Duties will be gradually increased on their products till 1977 and then possibly gradually reduced until 1985 provided that the industry can compete satisfactorily.

By 1970 this country had dropped to fifth place in production of paper and board in the world, the U.S., Canada, Japan and Germany being above us in that order. In consumption *per capita* we were seventh, the U.S., Sweden, Canada, Switzerland, Denmark and Holland being above us in that order, Germany, Japan & Finland following closely behind. All these countries showed rates of growth in consumption about double this country's and no doubt in 1972 will all have passed our standards.

One point that is fairly obvious is that consumption has no bearing at all on the availability of raw materials or the size of domestic industry.

According to the F.A.O. projections prepared in May 1971, consumption throughout the world will continue to increase at an astronomical rate.

1969	1975	1980	1985
32.90	44.70	58.97	77.93

million metric tonnes.

Since the signing of the Rome Treaty the real earnings of population in the E.E.C. have been growing faster than in the U.K. due to the rapid increases in money incomes coupled with the relatively slow increase in price levels, as the following comparisons show:—

Gross domestic product at constant prices.

	1958	1971	*Improvement % per annum.*
E.E.C.	100	172	4.3%
U.K.	100	135	2.2%
other E.F.T.A.	100	164	4.0%

With the expected increase in consumption, and with the help which this country will obtain through the small tariffs to be added on non E.E.C. paper and board, the outlook for British Paper Mills is considerably brighter long term, provided that they can stay the course for the immediate future.

Ever since January when paper prices were generally increased we have carried the price of our envelopes and pockets unchanged, although most of our competitors have already increased their prices throughout their ranges.

However with the advent of new wage increases, which now appear to have been agreed, together with the many increases in overheads, we are no longer able to continue at the old prices and on Monday 1st May, 1972, we are bringing in our new price list.

The increases have been kept to the minimum and average approximately 5 per cent. New price lists will be distributed in due course.

We are pleased that we have delayed this increase until after the compensating factor of the reduction of purchase tax, where applicable, has taken place, so that the overall cost of many lines is virtually unaffected.

The Superstuff Manilla range of pockets are not changed in price at all, and for those people who require really strong white pockets, which are entirely opaque, need not look any further. These virtually untearable pockets are now more than ever tremendous value for money, and we should be pleased to send samples as required.

It is with regret that we have to announce the death of one of our oldest employees, Ernie Hirst. Ernie had been with the Company since 1935 as an envelope puncher, and was due to retire at the end of this year. Although he lived in London, when we moved our factory to Crayford, Ernie travelled daily to and fro, and seldom if ever was late.

On Saturday 8th April while at work on his machine Ernie suffered a heart attack, from which he passed away almost immediately. This is the way in which he would like to have gone, but we shall all miss his cheerfulness and mourn an old friend.

Reminiscences—*continued*

1961 witnessed our arrival in Crayford. Our factory in Hutton St., E.C.4, was moved *en bloc* to be followed by the plant from our Ashford factory. Then all the materials and merchanting stocks from our warehouses in the City and from Broad St. Station, where we had maintained very large stocks of raw material for processing followed, and by July we were reasonably straight. 60 machines and 800 tons of paper and board had been satisfactorily moved.

In 1962 our late Chairman, Arthur Tanner retired after 64¼ years with the Company and his death followed shortly after in the following year. He had been largely responsible for the steady and sustained growth of the Company in this period.

The centenary of the Company took place in July 1963 and in the following year the Leeds branch moved to larger and more convenient premises, Corner House, Whitehall Road, Leeds, LS12 1AQ, where it now remains.

On September 15th, 1968 a small tragedy occurred when the river Cray burst its banks, and flooded our factory and warehouse. With foresight all motors had been mounted 9 inches clear of the floor, so escaped the water which rose just short of this, but our paper stocks suffered severely and the whole back wall of the warehouse was moved off its foundations requiring rebuilding.

In April 1969 we closed our London Sales Office which we had maintained in Carmelite St., E.C.4, when the rest of the Company moved to Crayford. This was always a temporary measure and the move completed our plans for full integration, to the great benefit of the organisation.

Now we have reached 1972 and we are progressing steadily towards even greater horizons.