Competitiveness, Employment and Industrial Policy

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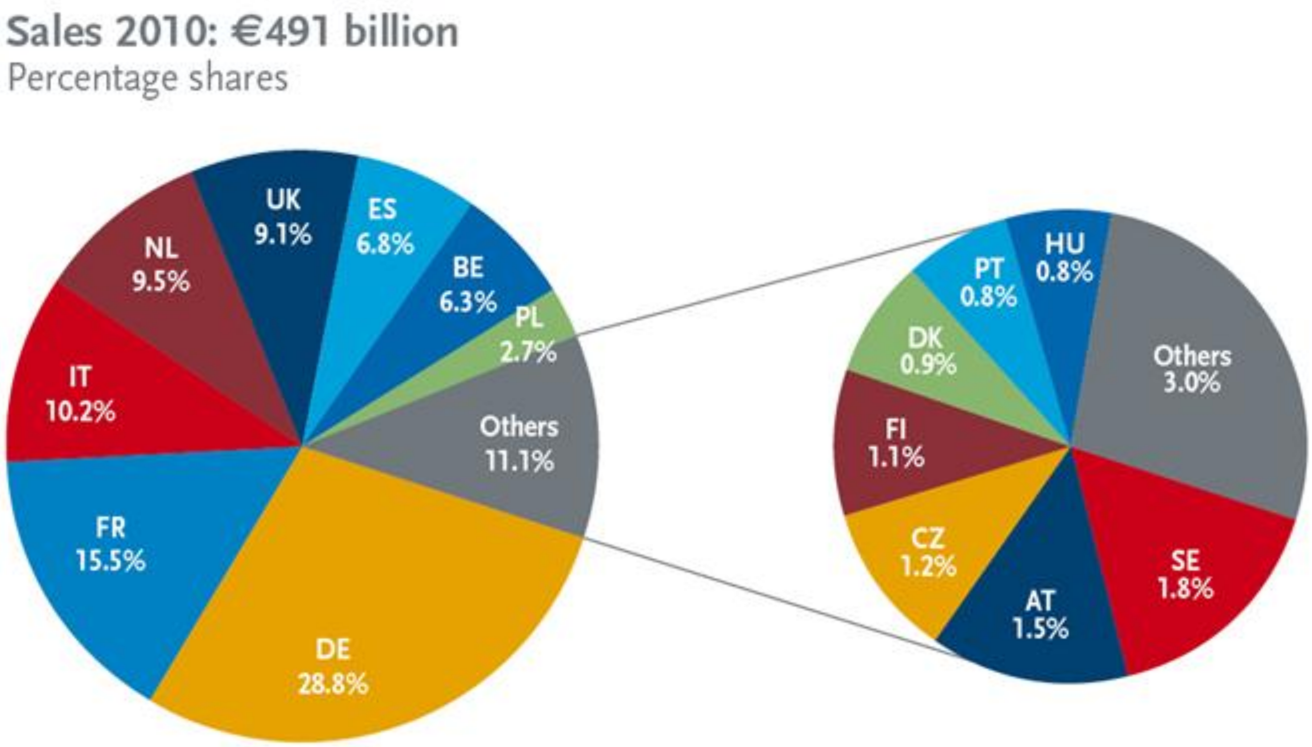
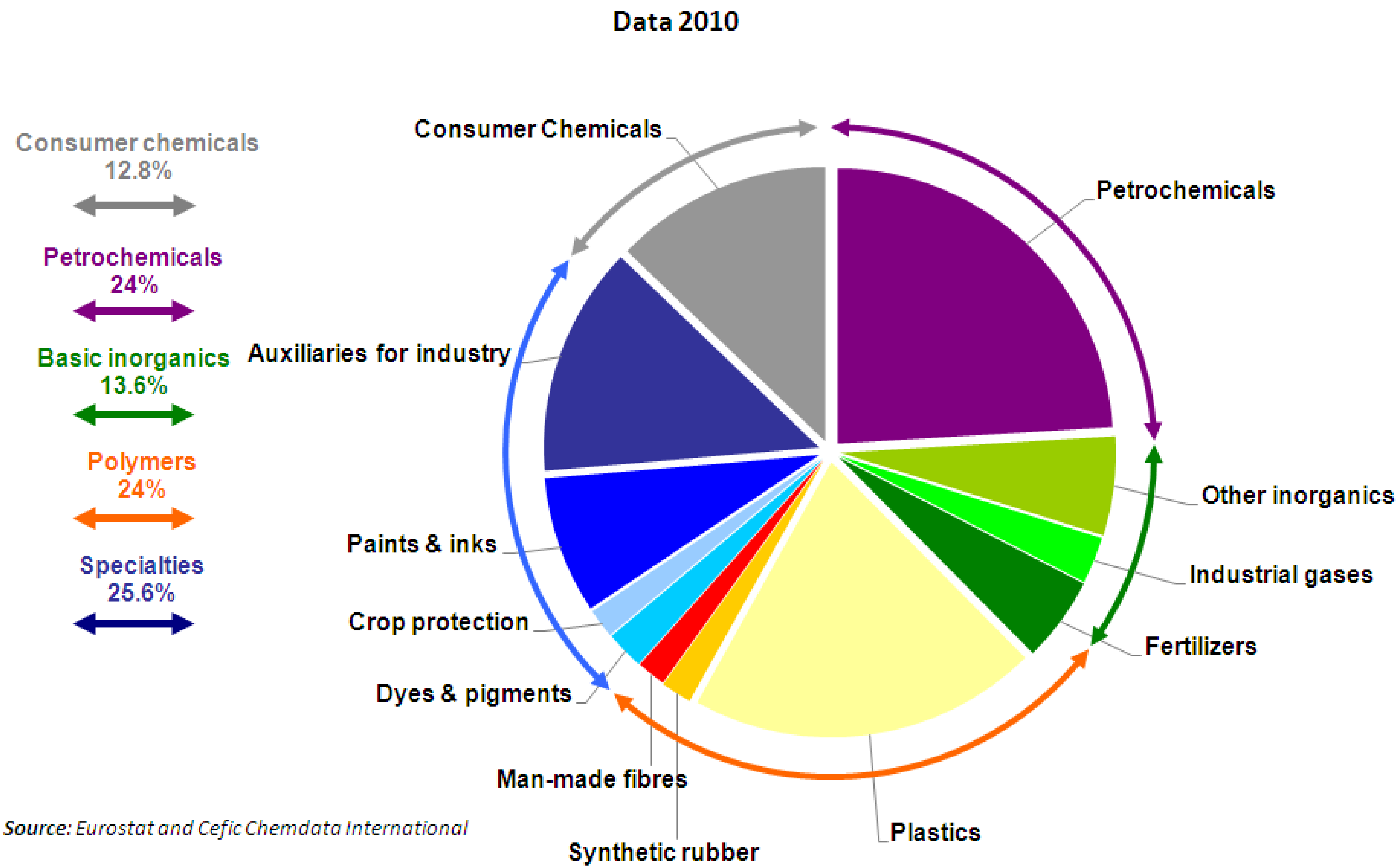
The EU Chemicals Industry - a key enabler for EU's Manufacturing



1.1% of total EU GDP
1.2 million direct employees
1.5% ave. annual growth rate
21% global share

Sources: Eurostat and Cefic Chemdata International

The EU Chemical Industry's Key Sectors



Source: Eurostat and Cefic Chemdata International

Development of Cefic's plan for "Manufacturing Platform Europe"

External Analysis:
- Member States
- Key Chemical Regions
- Industry and Business Federations
- Major political groups

EU 2020 Strategy
- **Industrial Policy for the gobalisation era**
- Innovation Union
- Resource Efficiency

Recommendations of the **High Level Group** for the Competitiveness of the Chemical Industry

Internal Analysis:
- Key Competitiveness factors, drivers, trends, opportunities and threats for the Chemical Industry and Key Subsectors
- Key Industrial policy plans of National Federations and major Companies.
- Cefic's Program Council Priorities
- Cefic's Sustainibility Strategy

Cefic's Plan for Manufacturing Platform Europe

Key global competitiveness challenges we are facing

1. Low middle class population growth in the EU – low demand growth
2. High Energy Costs (eg natural gas in Europe: 10 USD/mio. BTU – USA: 2 USD/mio. BTU)
3. Increasing feedstock costs
4. High Regulatory Compliance Costs (eg REACH, Seveso, EED, 7th EAP…)
5. Access and raw material availability issues (eg. biobased feedstock, rare earths, natural gas, titanium dioxide)
6. Clear signals of trade competitiveness loss vs. India and China
7. Unclear ”green economy” horizon in terms of jobs and output
8. Lack of a “Common Industrial Policy”

Key Policy Recommendations – Possible Elements

1. An EU policy that stimulates demand, eg a European building refurbishing program (in line with Energy-Efficiency targets)?
2. Rigorous competitiveness proofing for new and existing regulations
3. An EU raw materials plan for the chemicals industry
4. Globally competitive energy costs
5. A targeted support framework for SME's in a close-knit connection with larger players – support for clusters and regions
6. A well-defined plan for the development of technical talent in support of the EU chemicals Industry
7. A globally competitive trade policy
8. A stronger stimulation and reward for transforming innovation into investment in the chemicals industry.
9. A clear plan for keeping (and bringing) full value chains in Europe

Key Policy Needs (Sub-sectoral examples)

Industry Segment	Key Policy Needs
Petrochemicals	-Industrial Emissions Directive will have greatest impact on competitiveness -ETS follows in importance.
Detergents and Cleaning Products	-Voluntary sustainability initiatives -Influence ecolabels and GPP -Biocides, REACH/CLP developments
Chlor-alkali Industry	-State-aid to compensate ETS -Supportive trade policy for export to Eastern Europe
Coatings Industry	-Securing Raw Materials (eg titanium dioxide) -GPP and related MS initiatives -Biocides, REACH/CLP developments
Fertilizers Europe	-Support for productive agriculture (CAP) -Caution about recycling initiatives (Resource efficiency) -Lower natural gas costs