



# **EU 2020: the Chemical Industry Perspective**

**11<sup>th</sup> Plenary meeting of the Sector Social Dialogue Committee  
of the European Chemical Industry  
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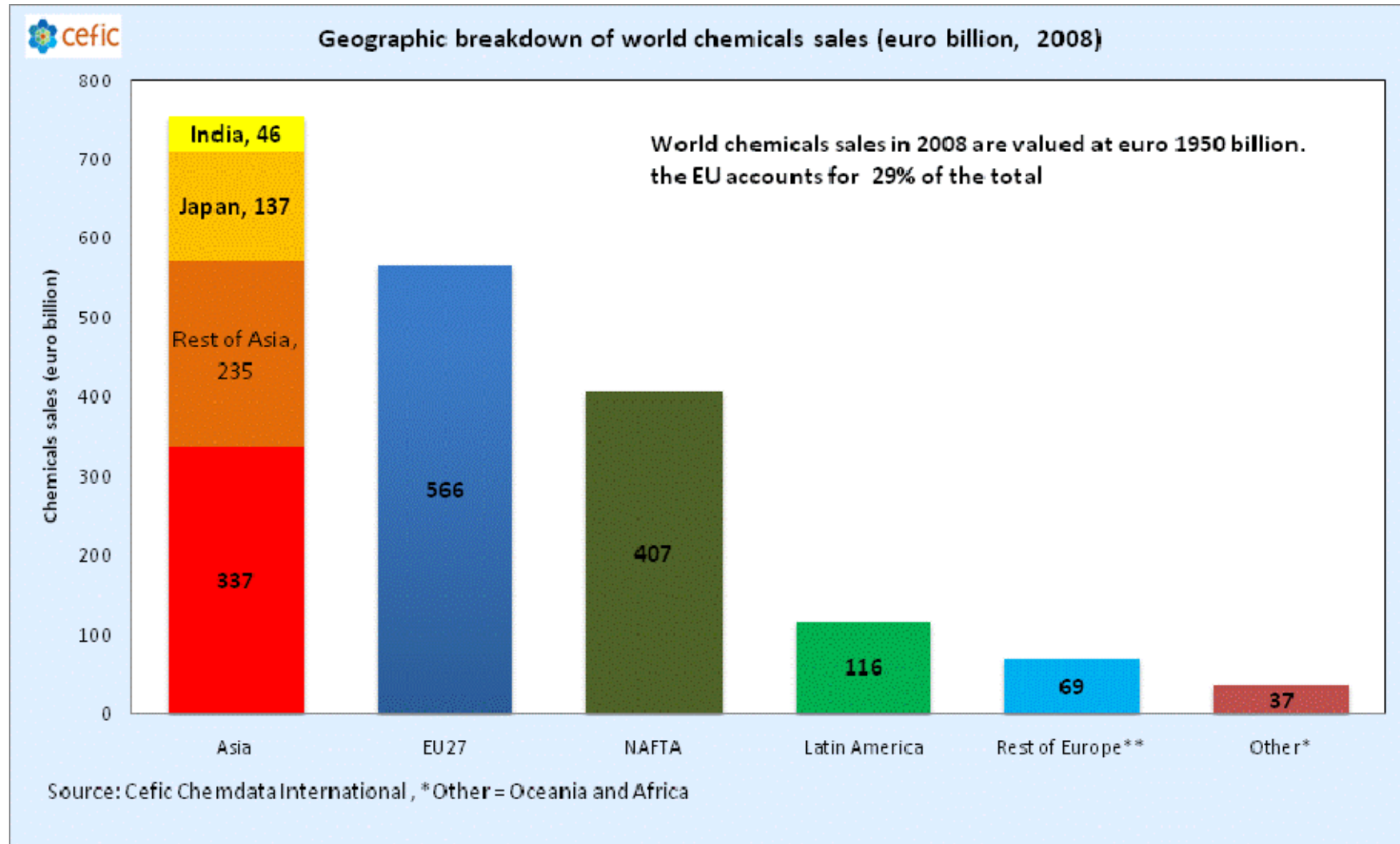




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# 1. Today versus Yesterday: ongoing trends and changes

# Europe is still in a good position: EU accounts for 29% of the world chemicals sales (euro 1950 billion)

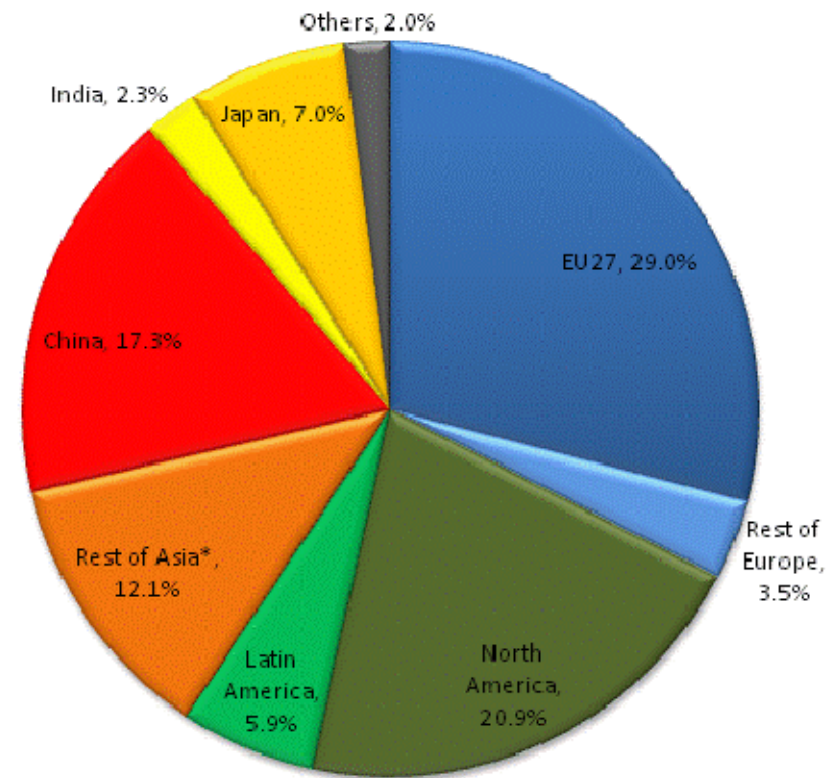
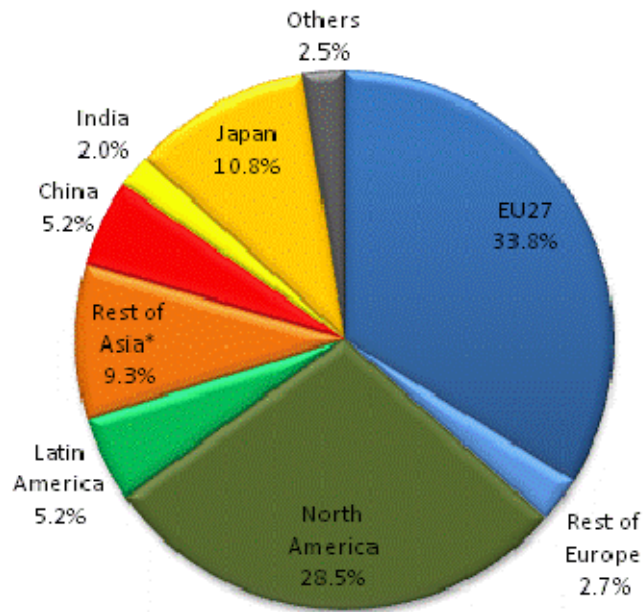


# Europe is still in a good position but other countries are catching up rapidly



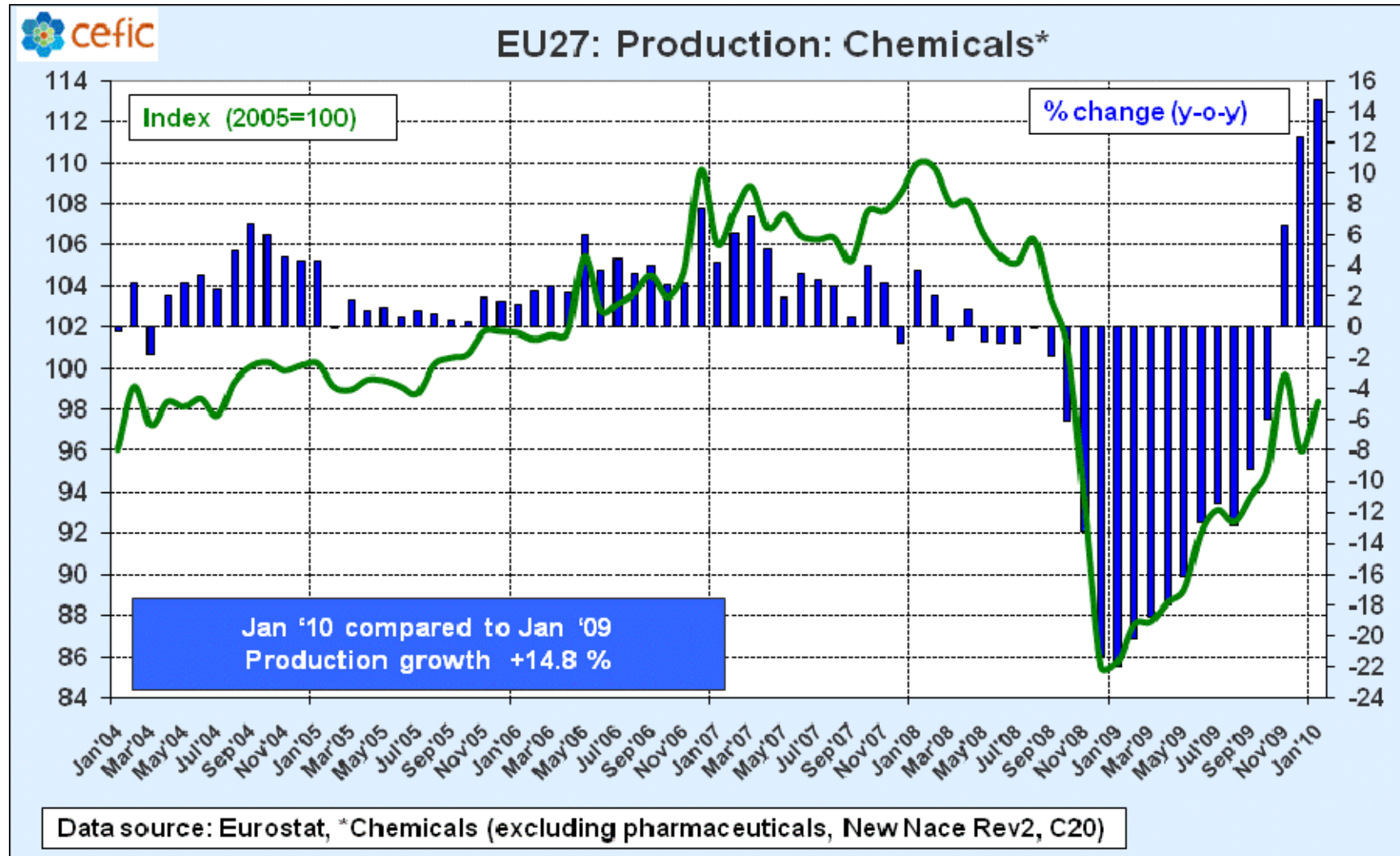
1998: € 1095 billion

2008: € 1950 billion

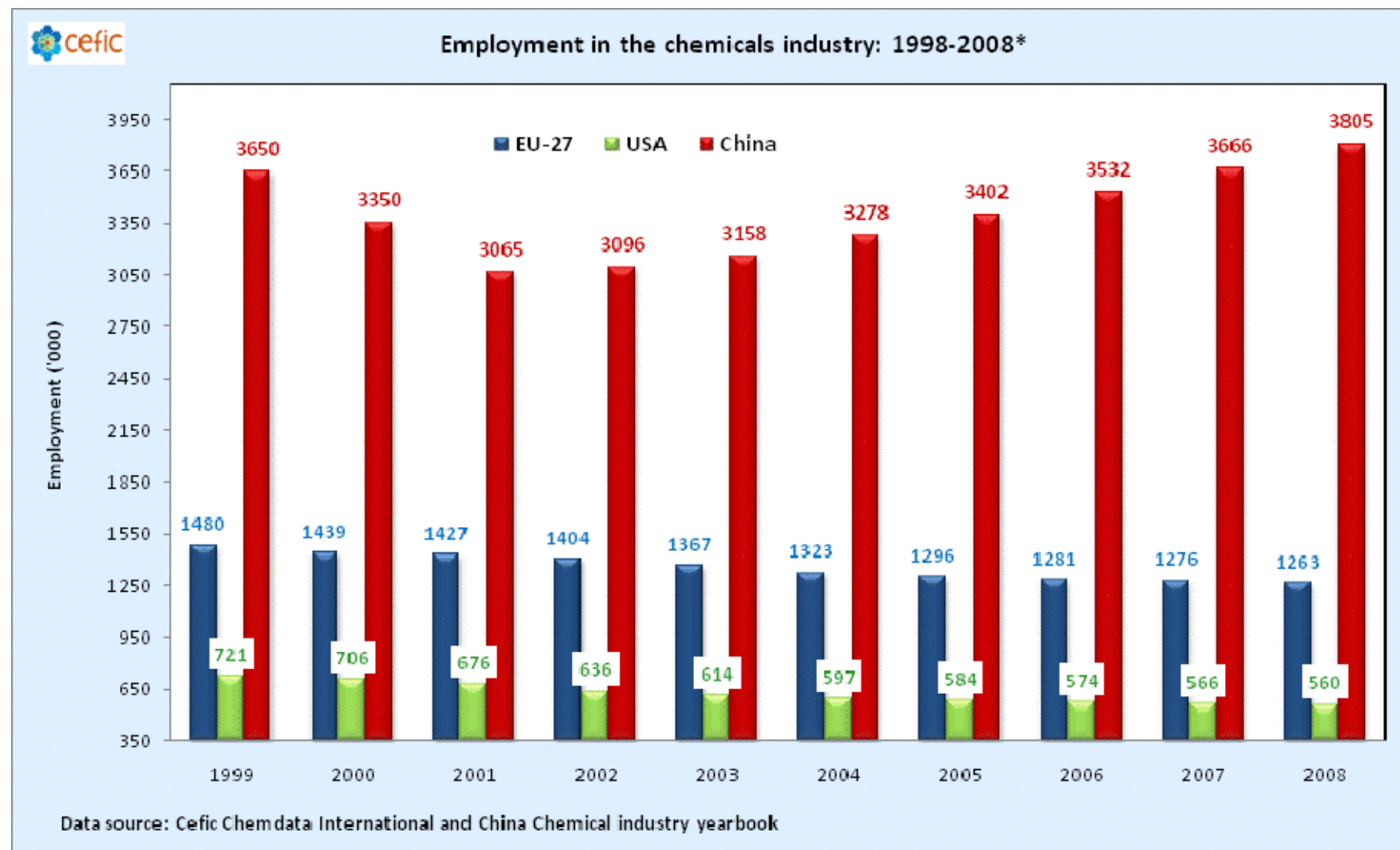


Source: Cefic Chemdata International, \*Asia excluding China, Japan and India

# EU chemicals production improving since January 2009 but still 15% below peak of 2008



# Employment in the chemicals industry: EU versus the USA and China: 1999-2008



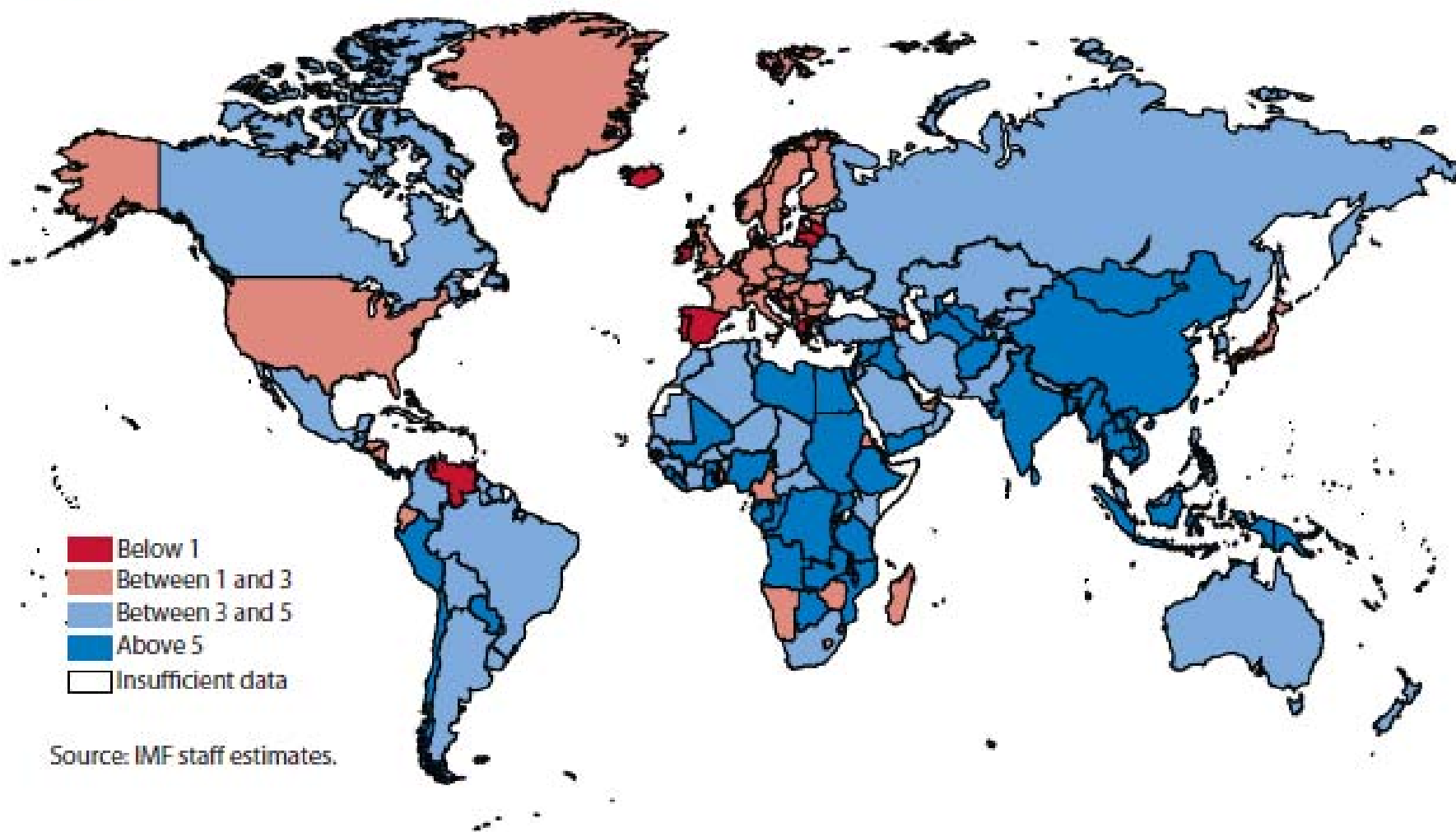


# **Tomorrow (2020): The future of the EU chemicals industry**



## Figure 2.1. Average Real GDP Growth in 2010-11

(Percent)





# Structural change ahead



- Competition occurs on a global level. Traditional factors like access to feedstock, market size and cost factors become crucial
- EU chemical companies must constantly innovate since others are catching-up rapidly.
- EU chemical industry will be under severe regulatory pressure, e.g. resulting from the implementation of legislation such as REACH, GHS, ETS, IED, Water Framework Directive, etc.
- The industry needs to respond to calls for increased use of renewable feedstock and greening of its products.
- With profits under pressure, access to finance is a key issue for the industry, especially for smaller companies

## Structural change ahead (cont'd)



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- Petrochemicals as an example: Other parts of the world, especially the Middle East, enjoy competitive advantages of low prices for key raw materials and access to finance.
  - In the coming years massive new capacities are coming on stream. In addition, the Middle East clearly aims to move further down the value chain.
  - Speciality and fine chemicals, which faces increased pressure from China and India.
  - The consumer chemical sector will face growing pressure for green products. This trend will intensify even more while EU is moving to greener economy.

# Europe 2020: New Economic Strategy in Europe



- **President Barroso launched the Europe 2020 Strategy to prepare the EU economy for the next decade on March 03, 2010**
- **Three key drivers for growth have been identified and will be implemented through concrete actions at EU and national level**
  - ✓ **Smart growth – fostering knowledge, innovation, education and digital society**
  - ✓ **Sustainable growth – making production more resource efficient while boosting the competitiveness (**low-carbon economy**)**
  - ✓ **Inclusive growth – raising participation in the labour market, acquisition of skills and fight against poverty**
- **Progress will be measured against 5 headline EU-targets, which Member States will translate into national targets – Commission will monitor the progress**

# Europe 2020: New Economic Strategy in Europe



- **Starting points for the 5 EU-level targets:**
  - ✓ **75% of the population aged 20-64 should be employed**
  - ✓ **3% of the EU's GDP should be invested in R&D**
  - ✓ **The 20/20/20 climate/energy targets should be met**
  - ✓ **The share of early school leavers < 10%; degree or diploma > 40% of the younger generation**
  - ✓ **20 million less people should be at risk of poverty**
- **In order to meet the targets, the Commission proposes a Europe 2020 agenda consisting of a series of flagship initiatives**

# Europe 2020: New Economic Strategy in Europe



## ➤ Relevant Flagship initiatives:

- ✓ **Innovation union** - re-focusing R&D and innovation policy on major challenges, while closing the gap between science and market to turn inventions into products. As an example, the Community Patent could save companies 289€ million each year.
- ✓ **Resource-efficient Europe** - supporting the shift towards a resource efficient and low-carbon economy. Europe should stick to its 2020 targets in terms of energy production, efficiency and consumption. This would result in €60 billion less in oil and gas imports by 2020.
- ✓ **An industrial policy for green growth** – helping the EU's industrial base to be competitive in the post-crisis world, promoting entrepreneurship and developing new skills. This would create millions of new jobs ; Commission communication Sept/Oct 2010
- ✓ **An agenda for new skills and jobs** – creating the conditions for modernising labour markets, with a view to raising employment levels and ensuring the sustainability of our social models, while baby-boomers retire



# **What Cefic expects EU 2020 to deliver with regard to innovation**

# Innovation essentials

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## ***What it is:***

- Innovation is much more than R&D
- Innovation is a chain that is as strong as the weakest link
- Implementation of ideas into practical value for whole society

## ***➤ What it needs:***

- Specific innovation policies and instruments (not “Research plus”)
- Balance of knowledge triangle (research, innovation & education)
- Non-technological innovation (i.e. mindset change) – new ways of working together
- Coordination and complementarity of policies for speedy uptake in markets for competition
- Coordination and complementarity between national and EU policies and instruments



## Innovation in and from the Chemical Industry

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- **Need for initiation of and support for innovation by public authorities at various segments of the innovation chain simultaneously**
- **Innovation in manufacturing and products through long term visions and open innovation**
- **Need for pre-competitive cooperation between companies (HLG, SME and large)**
- **Connecting and integrating along the value chain**
- **Leadership by Chemical Industry in topical innovation networks through Public-Private Partnerships on key societal challenges**
- **Meeting new skills demands in cooperation with public authorities and academia**



# Specific innovation targets (from HLG Chemical Industry or new)



- **New focus for FP7 and 8 (and similar programmes) on innovation support with facilitated administrative procedures for companies (i.e. 30% to “proof -of-concept” projects; attractive for SME’s) (new)**
- **EC/CEFIC joint assessment of existing instruments – identification of improvements including development of new tools as needed (new)**
- **Industry to improve its engagement in driving the EU Technology Platform SusChem and to ensure outreach into value chain (HLG)**
- **Exploration of an EC/Chemical Industry Public-Private Partnership or lead “market-like” activity on 2 societal challenges (e.g. energy, environment, water) (HLG)**
- **Broaden engagement of CEFIC members in Public Private Partnerships (i.e. Grant-it) (HLG)**
- **Industry to define skills needed for innovation and suggest improvements to curricula for education (HLG)**



# **Industrial policy aspects of EU 2020**



## Cefic views on new EU industrial policy

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- Cefic provided input to Commission „**Consultation on the future EU 2020 Strategy**“
- **The transition to a more sustainable, rather than only green economy, is essential to ease the pressure on natural resources and the environment**
- Europe should not aim at turning its economy into a services economy but instead needs to **strengthen its broad, healthy and profitable industrial base covering the entire value chain from base industries to sophisticated end products.**
- **Industrial policy should create favourable framework conditions and not be dirigistic in nature**



## Cefic view on new EU industrial policy (cont'd)

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- Europe should continue to **build on its existing successful foundations characterized by strong, interlinked industrial clusters.**
- Unilateral, **isolated policies that create EU-specific additional costs** whilst ignoring the global competition exposure, manufacturing and overall trade fabric will inevitably weaken the EU industry and generate a **negative investment climate in Europe.**
- Industrial policy objectives to be integrated throughout all European policy programmes (no “silo’s” approach)
- “Smarter” regulation and improved impact assessments
- Needs of chemical SMEs to be taken into account, including access to finance



## Cefic view on new EU industrial policy (cont'd)

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- EU trade policy to deliver improved market access through multilateral and bilateral trade agreements, access to raw materials, including renewable ones, at competitive prices
- In fact no need to reinvent the wheel: there is a **roadmap and strategic plan available in the form of the High Level Group report**. The new Commission should ensure that the recommendations of the HLG are incorporated in the EU 2020 Strategy and implemented without **further delay** in close cooperation with the sector.



**Thank you for your attention !**