

## Conference on the State of Implementation of the Recommendations of the High Level Group on the Competitiveness of the European Chemicals Industry

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Dear Commissioner(s),  
Ladies and gentlemen,

I welcome today's Conference on the implementation of the High Level Group on the Competitiveness of the European Chemical Industry. As I said last October when I was elected Cefic president, competitiveness is a top priority of my presidency.

Let me recall that from 2007 to 2009, largely due to the economic crisis, the European chemical industry lost ground against emerging countries, which in turn continued to grow. 2010 was a strong year for our industry in terms of growth, but it will take some more years to get back to pre-crisis levels.

For several sub sectors of our industry, trade competitiveness versus other countries is eroding fast and structural change is accelerating, too. Just a few figures to illustrate what has happened over the last 10 years:

- The value of world chemicals sales increased by 60 per cent between 1999 and 2009
- In 1999, the share of EU 27 was as high as 32,1 %, whereas China stood at 5,8%
- In 2009, the share of EU 27 was down to 24%, while China jumped to 22.2%.

Today's conference focuses on two key drivers behind the competitiveness of the chemical industry: innovation and human resources.

Even if we do not address other areas directly today, we should not forget that among others, energy, raw materials and logistics remain paramount for the future of our industry.

The High Level Group report provided us in 2009 with a strategic agenda and Cefic has drawn up a roadmap for implementation, involving its entire membership. A significant number of actions have already been taken on the recommendations falling within our responsibility.

The recommendations from the High Level Group were drawn up two years ago and whilst they remain valid, we need to step up a gear.

Time is working against us!

Meanwhile we have a new European Commission and the EU 2020 Strategy, embracing initiatives such as:

- Flagship initiatives on Industrial Policy
- Resource Efficiency
- Innovation Union
- Skills
- Trade policy.

I believe the High Level Group recommendations should be linked to these new initiatives and adapted where necessary. For example, access to renewable feedstock fits into the activity related to the bio based economy. It could also be addressed in the Biotechnology group under the High Level Group on Key Enabling Technologies, as well in the context of the proposed Free Trade Agreement with Mercosur.

One of the strong points of the European chemical industry is its integration with research and innovation networks and clusters, including the related value chain. Concerning innovation, we note encouraging developments both in the chemical industry and with the national authorities.

Clusters are an untapped strength for Europe that could be pushed further. The European Commission should promote the establishment of clusters throughout Europe on the basis of what the European Chemical Regions Network (ECRN) has laid out so far.

Back home in Italy, the national government provided 120 million euros in funds for companies to [\[find new ways to\]](#) replace dangerous chemicals. I believe this is a best practice that should be proposed to the rest of the EU Member States. This could even lead to the creation of an entire chapter on sustainable chemistry under the future VIII Framework Programme on Research and Innovation (2013-2020).

There are many positive elements in the Commission's communication "Innovation Union", which is a good start. There must be a sense of urgency by all parties – especially industry and policymakers – to rapidly implement the European Innovation Partnerships (EIP) described in the recent Communication "Innovation Union" for which Commissioner Tajani is co-responsible with Commissioner Geoghegan-Quinn.

The work and leadership of Mr. Tajani and DG Enterprise has been important to us. And as I said before, the Communication on the Industrial Policy, issued by VP Tajani, should be implemented quickly and with a real sense of purpose. The chemical industry is determined to lead the future of innovation with other sectors through the innovation partnerships, and we see an urgent need to have a seat at the table with the Water-Efficiency EIP, the Raw Materials EIP, and the Smart Cities EIP. The chemicals sector stands out as a solution provider to major societal challenges. We believe our sector has a unique position AND a natural fit for a leadership role that frames the partnerships.

We welcome the attention paid to sectoral policy in the Commission's communication on industrial policy and the explicit reference to the High Level Group on Chemicals!

We are also pleased to see that the Commission's new trade policy covers many of the recommendations, even if delivery in the field is still far away. We are pleased with the concluded EU-Korea Free Trade Agreement and hope it will be followed by agreements with other regions.

However, in several policy areas implementation is lagging behind. Some member states have an active programme to implement the High Level Group recommendations or have established national high level groups, which have developed tailor made measures.

Others are doing less well. Member States and the Commission can do more in areas such as energy and climate policy, raw materials, logistics & infrastructure and above all smarter regulation. We welcome the proposed competitiveness check for new legislative initiatives and fitness tests for existing legislation.

Perhaps one potential legislative priority for Cefic and the Commission could be to find common regulatory principles among the United States, China and other non-EU countries. REACH is the most demanding chemicals legislation out there, and other countries are looking to Europe as a model for how this type of regulation can work. Apart from REACH, countries could explore the merits of the Global Products Strategy, which serves as a the industry's global blueprint for responsible chemicals management systems. Perhaps the Transatlantic Economic Council, or TEC, can be path to be used to help better "join up" chemicals regulatory frameworks between America and the European Union.

To conclude, it's clear that enough plans and reports are on the table. What counts now is effective implementation with tangible deliverables. We need a scoreboard that shows, first, where we stand in terms of what has already been implemented and, second, what still needs to be done if we are to catch up with our main competitors.

This can only be achieved if we all work together. We need to regularly review where we stand and what our competitors are doing to promote the competitiveness of their own chemical industry. The raw materials strategy that countries like China and Russia are pursuing is a case in point.

I remain confident that there is a future for Europe as a chemicals production platform, provided we take the right actions quickly.

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