

# ECRN - NEWS

European Chemical Regions Network

No. 1 | December 2004



## Foreword

The chemical industry is not only in Saxony-Anhalt one of the key industrial sectors. It is also true to say of Europe that the entire business structure would be considerably lop-sided without chemistry. About one in three of all industrial employees in Europe are working in this sector; one tenth of the entire industrial turnover is generated by chemical firms. Yet, however different the characteristics of the European chemical regions, they all have to cope a large variety of challenges to safeguard their competitiveness, such as the impacts of globalisation, the enlarged European Union with chemical regions in Eastern Europe and above all the requirements of a new chemicals policy.

Hence, uniting the European chemical regions in a network is a task to which Saxony-Anhalt has been committed for years. The project "European Chemical Regions Network (ECRN)" was officially started earlier this year upon the approval of an INTERREG IIIC application by the EU. The network comprises 13 member regions from 7 countries. More and more regions have resolved since to participate so that now 20 regions are actively engaged in the network.

The regions convened for a congress already in February 2004 in Halle where 250 attendees participated in an exchange of experiences into which also the then EU Environmental Commissioner Margot Wallström involved herself. Notably the organisation of the future EU chemicals policy is



of outstanding significance for the network activities within the regions. Today the young network is a recognised "European stakeholder" for regional issues of the chemical industry and policies.

*"The chemical industry is vital for the whole industrial structure in Europe and safeguards prosperity and jobs. The objective is to preserve this status in the future. It is our common task to make the European chemical industry fit for the future."*

One big success of ECRN is that it has been appointed as an observer of the experimental game that is currently implemented by the EU commission for the implementation of the EU regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH Systems). In addition the network is providing consultation to the European Commission for actions relating to climate change after the term of the Kyoto Protocol from 2012.

The work schedule for the coming year is characterised by the challenges in the further realisation of the ambitious objectives. One priority remains the joint representation of interests in such important chemical industry-related topics as REACH, climate protection, emission right trading and cooperation of Chemical parks at the European level. In its efforts the network is open for the collaboration of further regions, in particular with a view to the enlarged EU.



PROJECT PART-FINANCED  
BY THE EUROPEAN UNION

Dr. Horst Rehberger

*Minister of Economy and  
Labour of the State of Saxony-Anhalt  
ECRN President*

# The European Chemical Regions Network (ECRN)

*„The earlier we cooperate with the Parliament and the Commission in an EU regulation procedure the better our ideas are accommodated. And this Network is our instrument in this respect. United we succeed – divided we fail!”*

Tony Richmond, Councillor Darlington Borough

## Schedule

- 1 December 2004:  
2nd Meeting of the ECRN Presidium, Brussels (B)
- 1 December 2004:  
First Parliamentary Evening of the ECRN, Brussels (B)
- 7 December 2004:  
INTERREG IIIC Lead Partner Workshops, Rotterdam (NL)

The chemical industry in Europe is currently faced with a deep process of restructuring and adaptation towards new framework conditions which for example are linked to globalisation and the enlargement of the European Union. These framework conditions are more and more determined by European directives and regulations in the field of environment, safety and competitions policy.

Central, regional, and local authorities are faced with developing suitable and future-oriented subsidy strategies for employing ERDF funding.

The European Network of Chemical Regions (ECRN) has the intention to create a greater awareness for the regional dimension with those involved in the shaping of policies in Europe. The network project will give access to experiences made in regional development in chemical regions between all relevant actors and will create synergies between “best practises” in dealing with the ongoing restructuring of chemical regions and the improvement of Structural Funds mainstream Programmes. ECRN is a cooperation of 13 chemical regions, in which the chemical industry plays a leading determining role for economic performance, growth and employment:

## European Chemical Regions Network – Map of Partners

- 1 Saxony-Anhalt (D),
- 2 North Rhine-Westphalia (D),
- 3 North East (UK),
- 4 Catalonia (ES),
- 5 Masowia (PL),
- 6 Limburg (NL),
- 7 Lower Saxony (D),
- 8 Piedmont (I),
- 9 Huelva (ES),
- 10 Lombardy (I),
- 11 Asturias (ES),
- 12 North West (UK),
- 13 Ida Viru (EE)

- North East England, North West England **(The United Kingdom)**,
- Catalonia, Asturias and Huelva **(Spain)**,
- Province of Limburg **(The Netherlands)**,
- Piedmont and Lombardy **(Italy)**,
- Masowia **(Poland)**,
- Ida Viru **(Estonia)**,
- Saxony-Anhalt, North Rhine-Westphalia and Lower Saxony **(Germany)**.

Furthermore the following regions have participated in actions of the ECRN so far:

- Veneto **(Italy)**
- Saxony and Rhineland-Palatinate **(Germany)**
- Flanderen **(Belgium)**

The network of chemical sites in Bavaria and chemical regions in the Czech Republic are currently considering their involvement in the network.



*“Our Network will be the second side of the coin Federation of the European Chemical Industry CEFIC. Because not only businesses but regions have now gathered which are working in Europe’s most modern industry and provide top jobs. Our tenet: We want the brightest heads as our staff – this is why it is our task to create an appropriate climate.”*

Magne Haugseng, *Chairman DICIDA*

The need for such a network is shown by the great success of 1st and 2nd ECRN Congress on May 21st 2003 in Brussels and February 5th and 6th 2004 in Halle (Saale), when more than 250 representatives from more than 20 European Chemical regions took part. The meeting earlier this year was the starting signal for the INTERREG III C project “European Chemical Regions Network”. In addition, the general assembly elected Dr. Horst Rehberger, Minister of Economy and Labour of Saxony-Anhalt, as ECRN president. Further members of the Presidium are:

- Councillor Tony Richmond, Darlington Borough Council (UK)
- Councillor Dr. John Fraser, Vice Chairman of the Cheshire County Council (UK)
- Vice-Marshall Boguslaw Kowalski, Mazowieckie Voivodeship (PL)
- Martin Eurlings, Minister of Economy, Province of Limburg (NL)
- Karl-Uwe Bütof, Department Head, Ministry of Economy and Labour, North Rhine-Westphalia (D)
- Giampaolo Amadori, Director General for Research, SME Sector and Innovation, Lombardy (I)
- Dr. Eduardo Figuerola, Head of Service for Inward Investment, Catalonia (ES)

A permanent working party of the Network, made up of one representative of each partner region, has convened in the meantime four times in the different partner regions and also had top-level meetings with representatives of the European Commission (e.g. the Head of the new REACH Department in the General Directorate Industry of the EU Commission) and European umbrella organisations (e.g. CEFIC). Within the scope of the INTERREG project, regional partnership meetings constitute the main activities of the Network and are targeted at establishing regional partnerships between public institutions and chemical companies in the respective regions.

#### ECRN – Foundation and Outlook

- 21 May 2003 1st ECRN Congress in Brussels
- 20 January 2004 Steering Committee of the INTERREG III C East Zone approves Project “European Chemical Regions Network”
- 5/6 February 2004 2nd ECRN Congress in Halle (Saale)
- 13 May 2004 Constituent Meeting of the ECRN Presidium
- 1 December 2004 2nd Meeting of the ECRN Presidium in Brussels
- May 2005 3rd Meeting of the ECRN Presidium
- October 2005 3rd Congress of Chemical Regions in Milan

#### ECRN – Objectives

The central issue is to gain recognition as “European Stakeholder” for regional concerns of the chemical industry and chemical policy in Europe. ECRN work is focusing on:

- Exchange of experiences in compliance with and implementation of EU legislation
- Exchange of information about new EU initiatives
- Know-how transfer between regional administrations, notably also in the CEE countries
- Development of joint statements relating to major topics relevant for chemical policies (e.g. REACH, SCALE, emission right trading)
- Networking initiatives of chemical companies
- Development of joint cooperation projects, e.g. in the fields of R&D, innovation, etc.
- Cooperation of chemical parks at the European level

The Network has available a total of EUR 1.64 million until 31 December 2006 to attain the abovementioned objectives

*“We view this Network also in the context of Europe that is increasingly growing together: It is a forum to get better known to each other and exchange ‘best practices’. Our motto has to be: ‘cooperate to compete’ or ‘Coopetition’! We are prepared to introduce all our experiences into the discussion, e.g. from cooperation project with EU research centres.”*

Giampaolo Amadori, *Manager CROSS Division Project, Handicraft, New Economy, Research, Region Lombardy*



## EU Chemicals Policy: REACH



The REACH system (= Registration, Evaluation and Authorisation of Chemicals) provides for registration and compatibility testing of chemical substances in order to exclude environmental risks and health risks for consumers. REACH shall replace more than 40 existing directives and regulations. All substances beyond one metric ton of production or import volume, with some exceptions, have to be registered with the European Chemicals Agency to be seated in Helsinki with information such as specific properties, uses, environmental risks as well as summaries of existing studies and safety reports.

*“On the road towards a new chemicals policy we will have to listen closely to very many voices – notably also in the regions. We will always respond to new, constructive ideas.”*

Margot Wallström,  
EU-Commissioner for Institutional Relations and Communication Strategy,  
former commissioner for the Environment

The Commission already adopted central demands by the chemical regions, e.g. polymers will be exempted from registration and evaluation and loosening regulations for intermediate products when such are transported under stringent controls. In addition, the protection of trade secrets was enhanced and requirements to chemicals safety reports markedly reduced.

Still: In the view of the chemical regions these improvements must be retained also during the further legislative process. And before the debate in the EU Parliament the gap between supporters and critics of the proposals has widened further. Numerous experimental games and polls have shown that the system as presently proposed would be too expensive, notably for SMEs, and not practicable. Experts fear that the development of new substances will be further hampered – with Europe lagging behind the USA or Japan anyway. The ECRN advocates a coherent and effective system for the registration of chemicals in Europe and has involved itself several times into the decision-making processes:

- ECRN participates as an observer in the experimental game “SPORT” of CEFIC and the EU Commission. The practicability of REACH shall be tested by means of 10 cases and chemicals from September 2004 to July 2005.
- One ECRN representative works as a National Expert in the REACH department in the General Directorate Industry. Thus, the Network has a direct contact person for all regional chemicals policy concerns.
- A cooperation project in European research promotion is currently developed under the direction of the region of Lombardy and under the working title “GO-REACH” in order to design appropriate IT applications for REACH, particularly for SMEs.

With a view to the future the ECRN regions are prepared to continue their proactive involvement in the debate about the organisation of chemical laws and simultaneously champion in their regions towards enterprises, institutions and citizens efficient chemical laws that are oriented on their shared objectives.

*Basics*

## Spending of structural funds

The economic and social transformation process is supported in many chemical regions by European structural funds. Many efforts towards modernisation and improvement of ecological and social working conditions would not have been possible at the chemical locations without these resources. After the Enlargement of the European Union also many chemical regions in the new member states have benefited from European structural aids.

The ECRN has resolved, in order to safeguard to targeted and efficient spending of such resources and the pertaining smooth administration, to step up the inter-regional networking and jointly develop regional development models for restructuring chemical regions before the next funding period. This will be one of the focuses of ECRN's work in 2005.

The chemical regions have agreed on the following with a view to the next program period and the future organisation of structural policy:

- European structural policy has to make a substantial contribution also in the future to supporting economic and social change in regions with development backlogs and with specific structural problems within the European Union.
- An abrupt ending of financial assistance without transition solutions would jeopardise the successes of the previous policy in many region.
- The issues of competitiveness, preparedness and innovative capacity have to be better and broader considered during the future organisation of structural policy.
- The regions have to be comprehensively integrated into the organisation and implementation of structural funds programs.
- Inter-regional exchanges of experiences and best practices as well as networking of regions with common interests and regional policy concerns have to be enhanced in the future.

**REACH – Facts and figures**

- Some 100,000 chemical products are currently known in Europe
- 30,000 substances will have to be registered according to the REACH draft
- In the past 15 years three to four times as many substances were licensed in Japan than in the EU. In the USA their number was twice as high.
- The leading 50 chemicals manufacturers notify on average three times more substances in the USA than in the EU
- The EU estimates the direct costs of REACH (testing and registration) at EUR 2.3 billion, the indirect costs up to EUR 5.2 billion
- Other estimates assume in excess of EUR 4 billion direct costs and up to EUR 60 billion indirect costs and a loss of more than one million jobs

**ECRN – Links**

- European Chemical Regions Network  
[www.ecrn.net](http://www.ecrn.net)
- Saxony-Anhalt (Germany) – Lead Partner  
[www.sachsen-anhalt.de](http://www.sachsen-anhalt.de)
- North Rhine-Westphalia (Germany)  
[www.nrw.de](http://www.nrw.de)
- Tees Valley Joint Strategy Unit (UK)  
[www.teesvalley-jsu.gov.uk](http://www.teesvalley-jsu.gov.uk)
- Government of Catalonia (Spain)  
[www.gencat.net](http://www.gencat.net)
- Voivodeship of Masowia (Poland)  
[www.mazovia.pl](http://www.mazovia.pl)
- Province of Limburg (The Netherlands)  
[www.limburg.nl](http://www.limburg.nl)
- Lower Saxony (Germany)  
[www.niedersachsen.de](http://www.niedersachsen.de)
- Piedmont Region (Italy)  
[www.regione.piemonte.it](http://www.regione.piemonte.it)
- County Council of Huelva (Spain)  
[www.diphuelva.es](http://www.diphuelva.es)
- Lombardy Region Government (Italy)  
[www.artigianato.regione.lombardia.it](http://www.artigianato.regione.lombardia.it)
- Ida-Viru County Government (Estonia)  
[www.ivmv.ee](http://www.ivmv.ee)
- Principality of Asturias (Spain)  
[www.idepa.es](http://www.idepa.es)
- Cheshire County Council (UK)  
[www.cheshire.gov.uk](http://www.cheshire.gov.uk)

**Imprint**

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*“As the largest European association of environmental organisations we expressly welcome this Network because it is a platform for regions that intend to involve themselves into the process of making chemistry safer. Which is also part of the regions’ responsibility towards their populations. And because it will also mean new jobs in newly emerging fields of work.”*

John Hontelez, General Secretary of the European Environmental Bureau (EEB)

## Climate protection requires a global approach

Climate protection means above all that energy is used more efficiently. The chemical industry is of special significance in this context in several respects – to begin with, since many of its innovations are geared to saving energy: Insulation materials for buildings or electric appliances, washing agents that are already effective at half the previous temperatures or synthetic materials that make vehicles lighter and thus more economical. At the same time the chemical industry is one of the most energy-intensive sector and has a vested interest to reduce this cost factor. In many cases the chemical industry is a pioneer in the field of saving energy: It has obliged itself to reducing carbon dioxide emissions; resource-saving cogeneration plants are widely used. Still every further increase of energy prices makes a special impact on this industry because the transformation of chemical substances into new products always requires a certain minimum quantity of power or heat that can only marginally be reduced and with big efforts and costs.

This is why the ECRN regions are involving themselves in ongoing processes also in this sphere. The ECRN has successfully participated in the stakeholder consultation of the EU Commission “Measures for the post-2012 climate change” and filed a statement in which the chemical regions demand a leading role of the EU in the search for global solutions which, however, must not result in a single-handed effort of the European states. The EU should enter into a close dialog both with the industrial and development and threshold countries in order to achieve an equitable distribution of the burdens and ensure the attractiveness of locational conditions in Europe. The ECRN voiced its grave concerns that the moderate emission reduction successes of the Kyoto process are rendered ineffective by the increasing energy demands of the development and threshold countries. The European chemical regions are also afraid of disadvantages in emission rights trading

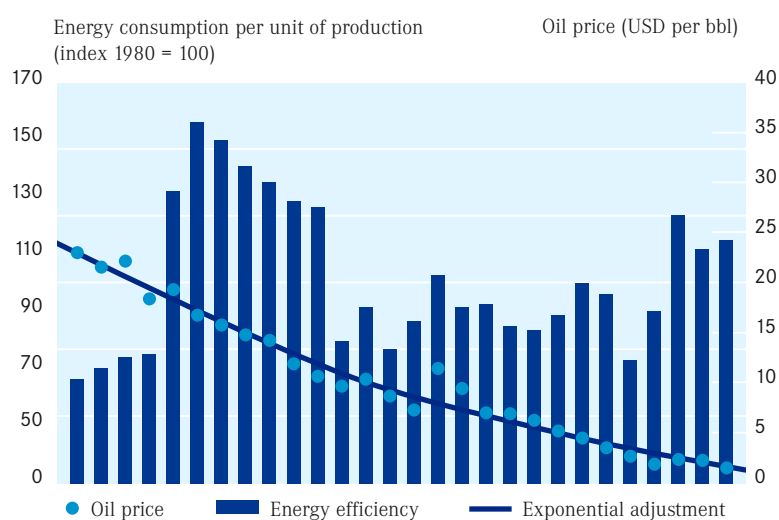
if, like in Germany, certificates were reduced. Upon a request of the ECRN presidium, data and information relating to potential impacts of the European emission rights trade on the chemical regions are currently reviewed.

*“The organisation of future climate policies must not result in the European chemical regions becoming losers in international competition and the prevention or gross restriction of the future growth in the chemical industry”, demands ECRN President Dr. Horst Rehberger. Also when it comes to expectations to renewable energies, the experiences from the past and present should be better considered. Rehberger: “Renewable energies will take a relative low share in problem solutions in the coming 20 years. We have to keep roads open for all technologies, further pursue marketable technologies and increase our search for new solutions. Conventional alternative such as solar or wind energies will not be sufficient.”* At the same time the Network comes out in favour of a further liberalisation of the European electricity and gas markets.

### Facts and figures

- The chemical industry is the third largest processing sector in Europe
- It directly employs more than 1.7 million people
- It has up to 3 million dependent jobs
- Turnover: More than EUR 500 billion p.a.
- The majority of chemical firms (96 per cent) are SMEs (some 36,000)
- The EU chemical industry has made strenuous efforts to improve energy efficiency: In 2002, energy consumption per unit of production was 54% lower than in 1975

### Energy efficiency in the EU chemical industry | 1975-2002



Sources: Cefic & IEA, UN | Notes: Energy efficiency is measured by energy input per unit of chemicals production Oil price Energy efficiency Exponential adjustment

# The North East Region



The North East of England Region includes Northumberland, Durham, Tyne and Wear and the Tees Valley. Boundaries extend from just south of Scotland in the north to Cumbria and Lancashire in the west and to the North Yorkshire moors in the south. The Region is an area of geographic contrast with vast areas of outstanding beauty and a strong industrial heritage. There are good transport infrastructures and offshore resources of oil and natural gas. The port of Tees is the second largest in the UK in terms of tonnage, has extensive experience in providing services to the chemical industry and operates a wide range of European and worldwide routes. Keilder Reservoir provides an ample water supply for the whole region and there is a good supply of brownfield and greenfield sites available for development.

Traditionally here has been a centre for chemicals, steel, heavy engineering, coal mining and shipbuilding. Restructuring and decline of traditional industries led to a period of high levels of unemployment, large areas of derelict and contaminated land, and problems of attracting and retaining highly skilled staff. Predominance of large industrial employers also resulted in a dependence culture that fostered low levels of entrepreneurship.

A long history of science, technology and innovation exists within the region. The petrochemical industry started in the North East in the 1700s with the production of Alkali and the first large scale chemicals works was founded in the Tees Valley in 1833 for the production of sulphuric acid and fertilisers. ICI was formed in 1926 with activities mainly based on oil and petroleum frac-

tions from creosote and coal and subsequently the manufacture of plastics and the discovery of polyethylene in 1934.



Despite diversification and the restructuring of the industry, the concentrations of chemical sites at Wilton, Billingham and Teesmouth still exist, and the Tees Valley remains one of the UK's main bulk chemical areas for manufacture and research. High levels of integration in pipelines, services and waste treatment exist for petrochemicals, fertilisers, bulk and semi-bulk chemicals, plastics and pigments. Apart from the wide range of hydrocarbon fractions arising from North Sea oil and gas, a number of the chemicals manufactured pro-



Source: freefoto.com

vide an important resource for downstream manufacture of more complex materials. Remaining challenges for the industry in the North East are similar to those in other European Areas. These include issues such as increased competition from outside the EU, e.g. from America, Japan and the Asian economies. Few headquarters of multinational companies located in the Region leading to important decisions for the area being made in other countries.

The Tees Valley Joint Strategy Unit (JSU) represents the North East of England on the European Chemical Regions Network. It is a Local Government Organisation that represents the five Unitary Authorities in the Tees Valley. As part of the economic strategy work the unit undertakes, a UK network of Chemical Regions was formed: The Development Initiative for Chemical Industry Dependent Areas (DICIDA).

## Facts and figures

- Area 9000 km<sup>2</sup>
- Population density of only 296 Persons per km<sup>2</sup>
- Two ports, two international airports
- 35,000 Jobs in chemical sector (direct)
- 270,000 indirect jobs
- Chemical sector: 25% the regional GDP.





Source: DSM

## Region Limburg

### Facts and figures

- 1,141,889 inhabitants (517 inhabitants per km<sup>2</sup>)
- Gross Domestic Product 26,240 million EUR
- Main economic sectors chemical industry (14.3 %), manufacture of basic metals (14.2%), manufacture of machinery and equipment (13.2%), and manufacture of electrical and optical equipment (10.9%).
- Chemical industry: 195 companies 14,616 employees (2002) export of 3,631 million EUR

### Chemical Cluster in Province Limburg

Limburg is both a Dutch province and a European region with a highly distinct character. It's an excellent location for many foreign businesses and companies targeting international markets are of increasing significance to Limburg's economy and employment. In the field of education, Limburg has again succeeded in benefiting from its strategic European location. Within a 25 kilometre radius of Maastricht there are five universities. Different parts of Limburg belong to one of three Euroregions: the Meuse-Rhine Euroregion, the Rhine-North Meuse Euroregion and the Rhine-Waal Euroregion. Within these forums, cross-border cooperation is developing in various fields of policymaking, public administration and social policy.

The Limburg region was long characterised by the mining industry which formed the basis for the chemical industry. The chemical cluster in Limburg has existed for approximately 30 years and is a significant driver of innovation. Though the chemical industry is concentrated in Geleen, Sittard and Heerlen, the geographical reference area includes also other regions. The cluster area embraces the cities of Rotterdam, Antwerpen and Marl (Ruhr Region). Besides the "lead companies" DSM and Sabic, a great number of smaller companies are numbered among the cluster actors. These include Ciba, INEOS Silicas, Vanimul Polymers and Trespä. The region has a good international reputation as a research location. Important universities for the chemical sector are situated in Maastricht, Aachen and Liege. The success of the chemical cluster is based primarily on DSM Research. Its research activities will be extended in the future so that there is an excellent research base in the region. The Chemelot Industrial Park provides a good infrastructure. At the same time, high costs for industrial sites and the dependence on raw materials are disadvantages.

The companies in the cluster produce mainly new materials and plastics. Services focus on the research sector (DSM Research). A new programme has been set-up to develop the Limburg chemical cluster. DSM, SABIC, the investment bank LIOF, the city of Sittard-Geleen and the Province of Limburg are members of the steering group. Programme aims are based on the development of Petrochemicals, performance materials, biomaterials, biotechnology and life sciences.

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