



A Competitiveness Agenda for a Sustainable Chemical Industry in Europe

Implementing the HLG recommendations with the Chemical Regions in Europe

On February 19th 2009 the High Level Group on the Competitiveness of the Chemical Industry in Europe presented its final report containing a total of 39 recommendations. The document was unanimously agreed by all participants and provides a thorough analysis of the current situation and future challenges of the chemical industry in Europe, particularly in the following fields:

- Innovation, Research and skills development
- Energy and Climate
- Logistics and Feedstock and
- Trade matters.

It is now up to the European Union Institutions, the Member States and the chemical regions together with the chemical industry and other stakeholders to take up these recommendations and to transfer them into concrete actions.

The European Chemical Regions Network together with Usti region, have therefore taken the initiative of organising a first Follow-Up Conference to the High Level group; a proposal which has been supported by the Directorate General for Industry of the European Commission and by the Czech Presidency of the European Union.

On the basis of the recommendations of the High Level Group, the **European Chemical Regions Network** ...

General Positions

- urges all stakeholders involved in the High Level Group process to do their utmost to start with the immediate implementation of the 39 recommendations of the High Level Group,
- underlines the role of the HLG recommendations in providing important longer term orientations - which can also guide shorter term actions - taken as part of the European Economic Recovery Plan to address the current economic crisis,
- sees in the follow-up conference in Usti a good start for a multi-stakeholder and multi-level follow up process of the HLG recommendations and reiterates its interest in carrying out further follow-up events to the HLG,
- welcomes the support given by the European Commission and the Czech presidency to actively involve the chemical regions in the stakeholder dialogue at European level,
- supports the Czech Presidency of the EU in putting the recommendations of the HLG on the agenda of the Competitiveness Council in May this year,
- hopes that the incoming Spanish and Belgian EU Presidencies in 2010 will devote specific attention to the follow-up process,
- calls upon the European Commission to be open to any further suggestions to develop a follow-up mechanism with clear implementation targets,
- announces its ambition to actively engage the newly elected European Parliament in the follow-up process of the HLG implementation,
- underlines the specific role of chemical regions in delivering the HLG recommendations on the ground as outlined in certain concrete examples in the annex of this declaration,
- sees in the recommendation of the High Level Group a **Competitiveness Agenda for a sustainable chemical industry in Europe** for the years to come,

Innovation and Research

- welcomes the recommendations made by the HLG on extending the SusChem Technology platform towards innovation and underlines the role of the chemical regions in supporting innovation processes on the ground,
- sees in this extension of the SusChem Technology platform a possibility to widen the scope of the co-operation towards SME in the chemical sector,
- confirms the commitment of the ECRN to take an active part in the further development of SusChem and other initiatives to foster the co-operation of research providers and the chemical industry,
- supports the idea of “flagship projects” to signal the potential of certain innovations and to set up innovation networks to promote key strategic innovations,
- underlines the importance of strengthening innovation in chemical clusters and promoting open innovation processes and an innovation culture, particularly within and between chemical regions,
- underlines the importance of transforming chemical parks into “knowledge sites” for the combination of production location with knowledge generation in order to increase the innovation capacity and the rate of innovation,

- sees in the networking of chemical regions an important contribution to the exchange of best-practice solutions in the areas of open innovation, chemical park development as knowledge sites and skills foresight analysis, which can contribute to improving innovation capacity in European Chemical Clusters,
- calls upon the private sector to increase their efforts for a higher rate of innovation and to underline the role of chemical regions to support the innovation process by providing financial instruments such as support and risk cover for start-ups and other SMEs,
- suggests to investigate possibilities for an increase in tax credits for innovation and underlines the need to make more funding available to increase innovation collaboration between academia and industry.
- underlines the role of chemical regions in the stakeholder dialogue to build trust and improve communication at local and regional level,
- stresses the fact that encouragement is needed for companies to be able to refocus from short-term financial concerns to long term innovation. Less complex and less expensive means of protecting processes and products need to be developed, particularly for SMEs.

Regulation

- supports the recommendation of the High Level Group that a proper consultation of stakeholders and an improved communication by authorities as well as more harmonised and correct application of rules are key elements of a good regulatory framework,
- in view of the current economic climate suggests that the Commission ensure that all relevant considerations are addressed in terms of impact assessment before any new legislative proposals are put forward,
- underlines the finding of the High Level Group that regional authorities can play a crucial in the process of communicating full and accurate information following the adoption of new legislation,
- reiterates the request of the High Level Group that regulation should form a consistent framework and provide a reasonably stable long term perspective,

Human resources

- underlines the key role of the chemical regions in implementing the findings of the High Level Group to step up the promotion of chemical and science education and more acceptance of innovations, starting with primary schools in order to forge links between schools and colleges and the industry,
- supports the need of the chemistry or/and chemical engineering faculties to define the profiles of new professions in cooperation with industry,
- identifies the need for closer co-operation between industry, education, employment agencies and regional actors to intensify efforts to assess human resource requirements in the short and long term and to identify probable changes in skill profiles,
- stresses the need to apply transition measures such as temporary workers allowances for employees in the chemical industry, which are facing unemployment in the face of the current global financial and economic crisis and to use these measures for further

education and training and to keep qualified employees in the regions and the enterprises,

- calls for measures to provide funding to retain highly skilled workers during temporary shutdowns and to upskill the current workforce

Energy and feedstock

- underlines the fact that energy and feedstock are decisive elements of competitiveness of the chemical industry,
- suggests that some EU Member States provide additional gas storage facilities, to improve the capacity to buy and store when prices are cheaper,
- underlines the fact that greater reductions of waste and increased recycling need to be reached in generation and use. These could be achieved by facilitating the exchange of best practice and through increased innovation,
- points out that further investigation is needed into industrial biotechnology as a source of platform chemicals,
- sees in the high integration of chemical clusters and infrastructure a central competitive advantage of the European Chemical industry,
- supports the findings of the HLG to improve the chemical infrastructure based on an improved performance of an effectively liberalised gas market, at least in the Community, and securing reliable imports of gas at competitive non-distorted prices,
- states that due to the long term nature of the high investments required and the need to achieve high capacity utilisation, stable long term electricity supply is a key element of competitiveness for important parts of the chemicals industry.
- highlights that at present, it is too early to make a robust assessment of the economic viability of renewable feedstock in the chemicals industry as a replacement for fossil feedstock, but the expected significant potential available in the longer term provides sufficient justification to continue research and industrial development activities as a priority,
- sees the importance of updating the energy tax regulation, which should not lead to increasing costs for energy intensive industry such as the chemical industry,

Climate change policy

- emphasises that action on climate change provides significant business opportunities for the European chemicals industry,
- reiterates the finding of the HLG that in a globalised chemicals industry, global action including an adequate engagement of emerging economies is essential to combat climate change,
- supports the finding that Europe's chemicals industry has made much progress in reducing energy intensity and emissions, but further efforts are necessary,
- underlines that further promotion and support is needed to assist companies to implement energy efficiency projects and to investigate and, where appropriate, develop on-site renewable energy production,

- suggests the realisation and further development of heat distribution networks especially outside the borders of the chemical sites in order to reuse heat most efficiently,
- stresses the importance of avoiding carbon leakage to ensure the competitiveness of the European chemical industry in the global market. The competitiveness of energy intensive production is mainly determined by the form of the benchmarking process, the free allocation of emission certificates or the compensation of increasing electricity prices caused by full auctioning and low electricity prices offered by fully functioning electricity markets.
- supports the demand that robust and verifiable information on emissions and the emission reduction potential of the chemicals industry is crucial for decisions on measures to mitigate climate change and to set benchmarks for the future implementation of the European Emissions Trading Scheme. Closure of the current information gap is of the utmost priority,
- points out that careful consideration should be given to regulatory changes, including carbon management, to ensure that EU competitiveness is not lessened compared to other global producers,

Logistics

- sees in strong chemical clusters a key asset of the European chemical industry,
- stresses that with the ChemLog Project the ECRN can contribute to improving chemical logistics, particularly in Central and Eastern Europe,
- underlines the role of chemical regions in the development of local cluster platforms to improve logistical efficiency and overall management. A multi-stakeholder approach to cluster leadership can enable the development of long term perspectives and guarantee consistency,
- supports the findings of the HLG that numerous bottlenecks in transport must be a priority for a further integration of European chemical production sites into clusters with better infrastructure along the value chain,
- highlights the fact that massive congestion of the road network is a major problem for chemical logistics and the Commission's work in investigating solutions to the problem is strongly supported,
- highlights the essential need for increased rail links and connectivity between chemical companies and ports as well as increased expenditure to relieve road congestion around chemical parks\clusters ,
- underlines the interest of the chemical regions to close gaps in the olefin pipeline network and reiterates its commitment to cooperate with other stakeholders with regard to the Commission's 2nd Strategic Energy Review, which should provide clarification on the way ahead,

Globalisation, international competitiveness and trade

- supports the findings of the HLG that notwithstanding the difficulties in reaching agreement in the framework of the WTO trade negotiations, the multilateral approach

towards trade liberalisation, currently being pursued through the DDA negotiations, remains the preferred option and

- underlines the need for fair market conditions ensuring that trade distorting practices, such as double pricing policies for energy and feedstock by acceding countries are effectively addressed.
- calls for the provision of affordable credit insurance to facilitate ongoing trade particularly during the current economic crisis.
- stresses the need to rigidly enforce intellectual property rights to ensure innovation is allowed to flourish in all parts of the world;
- urges the EU to continue to support developing countries in the uptake of measures to protect human and environmental health.

The **European Chemical Regions Network** will continue its efforts as an active stakeholder at the European level aiming at a **Competitiveness Agenda for a sustainable chemical industry in Europe**.

Usti nad Labem, 16th of April 2009

Annex: Current Actions of Chemical Regions following the HLG-recommendations

Innovation & Research

- Knowledge Transfer Networks. Chemistry Innovation is a publicly funded Knowledge Transfer Network (KTN) set up in 2006 to drive innovation performance across the UK chemistry-using industries. They facilitate innovation and knowledge transfer by providing networking opportunities that help to connect companies, universities, funding bodies, national, regional and devolved administrations and enable them to focus on a common agenda. http://innovation.globalwatchonline.com/epicentric_portal/site/Innovation/?mode=0
- Innovation Vouchers scheme in North West England to enable companies to fund R & D from universities, colleges or private sector establishments. <http://www.nwda.co.uk/news--events/press-releases/200801/4m-innovation-vouchers-scheme.aspx>
- R & D Tax credits – a UK government scheme. <http://www.hmrc.gov.uk/randd/>
- R & D grants for SMEs – via Business Link North West http://www.businesslink.gov.uk/bdotg/action/home?site=102&furlname=northwest&furlparam=northwest&ref=http%3A//www.google.co.uk/search%3Fsourceid%3Dnavclient%26ie%3DUTF-8%26rlz%3D1T4RNWN_enBE267BE267%26q%3Dbusiness%2Clink%2Cnorth%2Cwest&domain=www.businesslink.gov.uk
- Knowledge 2 Innovate (K2i) – North West Development Agency funded initiative to provide free specialist advice and practical support to SMEs to implement innovation. <http://www.k2i.org.uk/home/>
- Knowledge Transfer Partnerships – funding to help place a graduate in industry to help deliver a new product, process or service. <http://www.ktponline.org.uk/>
- Technology Strategy Board and Research Councils – provide grants for UK R & D. <http://www.innovateuk.org/>
- The province of Limburg strives to increase the innovation capacity and the rate of innovation. To increase this innovation capacity we have developed several innovation instruments with several regional and national partners. These instruments are focused upon our three so called Powerclusters. One of these powerclusters is called Energy & Chematerials.

The main topic within Chematerials is our open innovation campus Chemelot. The ambition of Chemelot (with main partner DSM): A globally recognized Chematerials valley offering accelerated business growth for all parties involved.

Over the past year Limburg has invested € 5 mln in our Chematerialscluster/campus and this is only the beginning. The main targets for these investments are open innovation, performance materials, life sciences (biomaterials) and white biotech. This shows that the Province of Limburg and their main partners like DSM, Sabic and the University of Maastricht are willing to invest in the future of the Chemical sector. The aim is to have 1000 more knowledge workers (50 more companies) within 2018.

Therefore the province supports the Interreg IV C project ChemClust (Improving innovation capacity in European chemical Clusters) as an active partner.

- The region North Rhine-Westphalia has started with a new cluster strategy in different fields related to chemistry, these are polymers, new material, nanomaterial and

automotive. Clusters take over bridge functions: They strengthen science activities as well as qualifications, they provide transparency and activate the transfer into the economy. Professional press and dissemination activities are supporting a positive perception outside and inside the expert communities

- A partnership of 10 chemical regions from Saxony-Anhalt, North-Rhine Westphalia, Schleswig-Holstein, Asturias, Masovia, Estonia, Cheshire, Tees Valley and Limburg have developed the ChemClust project “Improving Innovation Capacity of European Chemical Clusters” in the framework of the Interreg IVC programme. The project wants to exchange best practice solutions and implement three pilot projects on “Open Innovation in chemical Clusters”; “Chemical Parks as Knowledge Sites” and “Skills Foresight for the Chemical Industry”. After a successful evaluation the project could start in October 2009.
- The Network of Chemical Parks in Central Germany CeChemNet has started an initiative to develop an innovation location network. Each chemical site has identified its innovation potential in view of the further development of the park and attraction of new investors. This process is supported by the settlement of research and development institutions on the sites to improve cooperation between the enterprises (with special focus on SME) and the science.
- The Fraunhofer Institute for Mechanics of Material Halle, Polykum e.V.; Clustermanagement Chemistry / Plastics Central Germany and the Ministry for Economy and Labour Saxony-Anhalt have started a technology roadmap process to identify future innovation needs of chemical enterprises. The road map should be used to develop conclusions for the regional technology and innovation policy in order to improve innovation orientation of especially SME.

Regulation

- Responsible Care Cells network – European wide, but run by Chemical Industry Association in the UK and hosted by Chemicals North West
<http://www.chemicalsnorthwest.org.uk/main/homepage.asp?sectionid=1>
The networks are a forum for Health and Safety Executive Managers from the chemical sector to meet on a regional basis to share best practice, learn from experience, be informed about forthcoming legislation and its implications, and to discuss issues and problems.
- REACH networks and assistance is available in various regions. The North West of England secured North West Development Agency funding for a support programme for companies in all affected sectors and plan to start up an ongoing REACH network group once the programme finishes at the end of March.
- REACH webinars and REACH-NET provided by North-Rhine Westphalia

Human Resources

- Schools programmes – Chemicals Northwest primary programme (Children Challenging Industry), Chemicals Northwest secondary programme (Collaboration of schools and Industry), Catalyst Science and Discovery Centre and other national programmes via the learned societies (e.g. RSC, IChemE).
<http://www.chemicalsnorthwest.org.uk/main/homepage.asp?sectionid=1>
- National Department for Innovation, Universities and Skills led Science and Society Consultation exercise – lots of recommendations resulted from the consultation for enhancing the reputation of science and science education.
http://74.125.77.132/search?q=cache:bDRFDMmlm98J:www.dius.gov.uk/consultations/documents/A_Vision

Logistics

- In the ChemLog Project “Chemical Logistics Cooperation in Central and Eastern Europe”, 10 partners from Germany, Poland, Czech Republic, Slovakia, Austria, Italy and Hungary are cooperating to improve framework conditions for chemical logistics in Central and Eastern Europe. The idea of the project has been developed and discussed in the HLG and has received the clear support of the members of the HLG. The ChemLog project is a practical example for the implementation of HLG recommendations in the European chemical regions. The project should actively contribute to the strengthening of competitiveness of the Central and Eastern European chemical industry. The partners have the objective to intensively cooperate with the European Institutions and relevant interest organisations for the development of a sustainable Central and Eastern European Feedstock Network.