

Helsinki Chemicals Forum Key Note

Hariolf Kottmann

CEO Clariant, President Cefic and ICCA

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Sound chemical management and sustainability as a competitive advantage in the global chemical industry

Distinguished guests, Ladies and Gentlemen, dear colleagues,

- It is a great honour to address you here tonight. This is the Forum's tenth year and it is amazing how quickly it has become THE place to go for everyone dealing with chemical substances.
- I will share my thoughts on a couple of topics that have an impact on all of us: I will touch upon the state of play of the chemical industry, Brexit, REACH and the importance of sustainability for the chemical industry.

- Let me start with the general state of our industry.
- 2017 was a good year for the European chemical industry with production volumes in Europe increasing by 3%, surpassing its pre-crisis level for the first time. The first quarter of this year still shows continuing good results, which are only slightly below 2017.
- For the longer term, the situation looks less positive, as we increasingly face competition from other regions like the US, China and the Middle East. Not only in market share, but even more on investment.
- For the short term Europe and its chemical industry face another serious challenge nearer to our homes: the Brexit.
- The continued uncertainty about the future trade relationships between the UK and the EU clearly puts our economic recovery and industrial competitiveness at risk.
- The European chemical industry aspires to be a global leader. We deliver the every-day practical solutions to accelerate Europe's industrial renaissance.

- We, as many others, rely on an integrated single market, one that operates across borders. Thanks to the growth of the single market, sales of chemicals within the European Union grew by almost 30% between 2006 and 2016.
- This year we celebrate the 25 years anniversary of the EU Single Market. The Single Market has helped grow a strong industry that is now the third largest producer of chemicals in the world.
- It has created a sector that supplies all other manufacturing industries in all 28 countries of the European Union with a smooth flow of products through hundreds of thousands of supply chains.
- Now we are concerned that Brexit might affect this solid and efficient mechanism.

- To illustrate the massive challenge that we face: Chemicals trade between the EU27 and the UK amounts to about 42 billion euro. That is almost as much as the total EU-26 chemical trade with the US, our largest international trading partner.

- Disruptions of trade flows between the EU and the UK not only affect our industry but are likely to have an impact on the entire industrial value chain. As a consequence, they might severely damage the competitiveness of the EU industry as a whole.
- Unfortunately, there is no simple solution for that. The exit of a member state from the EU is an uncharted territory and no one has a crystal ball to see how exactly it will unfold.
- One thing is very clear: in the field of chemical and environmental legislation, maintaining a high degree of regulatory consistency between the EU and the UK after Brexit is paramount to preserving a strong industry.
- Specifically, the UK should seek some sort of membership or cooperation with EU agencies – in particular ECHA – and they should stay within the REACH framework.
- Continued involvement of the UK in ECHA is not only in the interest of the chemical industry and downstream user industries on both sides of the Channel, but also in the interest of the public at large.

- The implementation of REACH and associated legislation has benefitted from the UK involvement and their expertise. It would be in our mutual interest for this to continue.
- We understand that negotiations with focus on higher level topics and key principles, like abiding with the European Court of Justice, will have an impact. However, consistency in chemical legislation between UK and EU27 is of key importance.
- I am deeply convinced that a continued partnership between the UK and ECHA is a win-win situation for all involved parties.
- This brings me to the next important topic that I would like to address. This year we mark the last REACH registrations and more than 10 years of the functioning of the REACH framework, the most comprehensive legal framework to manage the safe use of chemicals.
- I am sure that you all agree with me that these years have proven that REACH is working and is achieving its goals. This, I believe, is a strong statement on behalf of the chemical industry.

- While the industry has done a great effort to collect and supply all the data, the success of REACH would not be possible without ECHA.
- ECHA is one of the youngest EU agencies, yet the expertise that it has accumulated over the past 11 years is invaluable. By design of REACH, industry and ECHA have to work closely together to evaluate and update the data on chemicals used in the EU.
- The spirit of REACH is to encourage cooperation between all actors of the supply chain, facilitate exchange of information and bring more transparency to the use of chemicals.
- Not all companies always agree in every discussion between industry and ECHA. That is only natural, but as long as we act reasonably and pragmatic, using all the tools in a structured manner, we will find ways to live with the outcome and move forward.
- In that same spirit, I am delighted to announce a Memorandum of Understanding between ECHA and Cefic that expresses the ambition of both the chemical industry and ECHA to work together in

the best way possible to further improve the working of REACH.

- ECHA and the chemical industry have the same goal and the same ambition – to ensure the highest level of unbiased evidence-based decision making in evaluating chemicals. There may be a tendency to bow to political pressure and there is certainly pressure on some EU regulators to do so on some occasions.
- But we all know this is not in spirit of REACH. And the only way to preserve trust in EU institutions and trust in industry is to continue using best available research to make informed decisions.
- We need to raise our concerns there. We all have to stand by the science based policy decision making, enabled by ECHA.
- Recently, European governments decided to put ECHA decisions aside and to ban substances regardless the ECHA and EFSA assessments.
- *This is worrying.* If we do not stick to the science based processes of EU agencies, what else will we base our decisions on?

- What is worrying as well is to see member states going alone, causing the European Single Market to fragment, which is to no one's benefit.
- We call upon all to invest in the processes in ECHA, work on the science, challenge the system, use all the tools and steps available, but live with the outcome and respect the decisions made by ECHA.
- The style of communication by ECHA on the quality of dossiers is important here as well. Yes, dossiers can be updated, yes improvements can be made. But let's make clear that an enormous task has been done and the largest data inventory on chemical substances is available. And let's make clear that the glass is more than half-full.

- Ladies and gentlemen, let me also say a few words about the key milestone of this year – the last REACH registration.
- I would like to thank all ECHA staff and the members of the Directors Contact Group for working hard and finally successful over the past months, hitting the deadline in a “firefighting mode”, if I may say so.
- Many believe that the REACH registration deadline is the end of the journey. However, we do realise the work isn’t over. The work will continue with the update and improvement of dossiers, value chain outreach and continued review and enforcement.
- Enforcement is now a key word. We, and especially the European member states, need to ensure that from now on no substance can enter Europe without being REACH compliant. This is a “conditio sine qua non” for the European industry. We will comply with REACH – we need to make sure and be ensured that our competition works with the same rule.

- As the chemical industry, we are determined to act on key recommendations identified in the REACH review, published by the European Commission. We will work to update registration dossiers as and when we have new information available.
- We also improve communication about chemicals in products along the supply chain so that everyone in supply dealing with chemicals has full and up-to-date information about the substances used in articles.
- In this way, REACH will be fully aligned with the *Circular Economy Action Plan*. Being able to track chemicals all the way down the supply chain will be crucial for *what* to recycle, *how* to recycle and *where* recycled materials containing chemicals can be used.
- No doubt, REACH is a burden for SMEs. So, it is encouraging to see that the Commission aims at simplifying the authorization process to make it more workable, especially for SMEs.
- We look to the European Commission to act on this recommendation because this can really make a difference for smaller manufacturers.

- Finally, we fully support the Commission's recommendation to better screen imported articles containing substances that need authorisation for use in the EU. It is crucial as it improves the safety of end products and also creates a level playing field for both EU and foreign manufacturers.
- As you see, there is still a lot we can do to make REACH work even better, for the benefit of producers and public at large. As industry, we look forward to continue the dialogue with the European Commission and ECHA on this. And we would like to call upon the ambition of all of you.
- We have come a long way: there was quite some resistance against REACH in the early days, and there was an impressive development from implementing REACH, to embracing REACH and striving to make REACH work. Now, we need to enter the next phase – to make sure not only we have a level playing field, but to ensure REACH actually tilts the playing field towards the European Industry, that it becomes a competitive advantage for those who are REACH compliant.

- Before I conclude, I think it is important to remind you of the long-term vision of the EU chemical industry.
- The industry plays a crucial role in creating solutions for a low-carbon, resource efficient circular economy. We all know well that many sustainable products and solutions have been made possible thanks to the chemical industry: From more durable and resistant wind turbines to recycling old textiles into new raw materials and light-weight cars, the list is endless.
- I dare to say that almost none of the UN Sustainable Development Goals can be met without chemistry and the chemical industry being involved and engaged.
- Sustainability makes sense for us and this is why we are determined to contribute to the discussions on shaping EU policy to encourage innovation and market uptake of breakthrough technologies, and to help us realise our innovation potential.
- That is why Cefic is developing a Mid Century Strategy that will help both the EU institutions and us to develop the necessary policy and legislation.

- We have many promising technologies that can potentially become game changers: chemical recycling, using CO₂ as feedstock, hydrogen and electrification, bio based chemistry, waste to chemicals – they are making their way from research labs to pilot project.
- In order to scale them up to make them mainstream, cooperation is needed between industry, EU institutions and governments to realise the transition. The EU new Research & Innovation programme, Horizon Europe, focussing on global challenges and competitiveness, will have a decisive role to play in that.
- Ladies and gentlemen, thank you very much for your attention. I wish you a pleasant evening and enjoy your dinner.