

Cefic The European Chemical Industry Council:



Role and Activities

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Cefic Public Affairs Director

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Contents

Introduction

Cefic vision, structure and role

EU Chemicals Industry: state of play

EU Green Deal and the double-twin transition

Advocacy priorities

Conclusions



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- Based in Brussels since 1972, Cefic has grown to become one of the largest trade organisations in Europe and in the world
- Representing large, medium and small chemical companies in Europe – **1 million jobs – 14,8%** of world chemicals production
- One of the most active networks of the business community: companies + national federations + industry (sector) associations
- We interact every day on behalf of our members with EU institutions, non-governmental organisations, media and other stakeholders



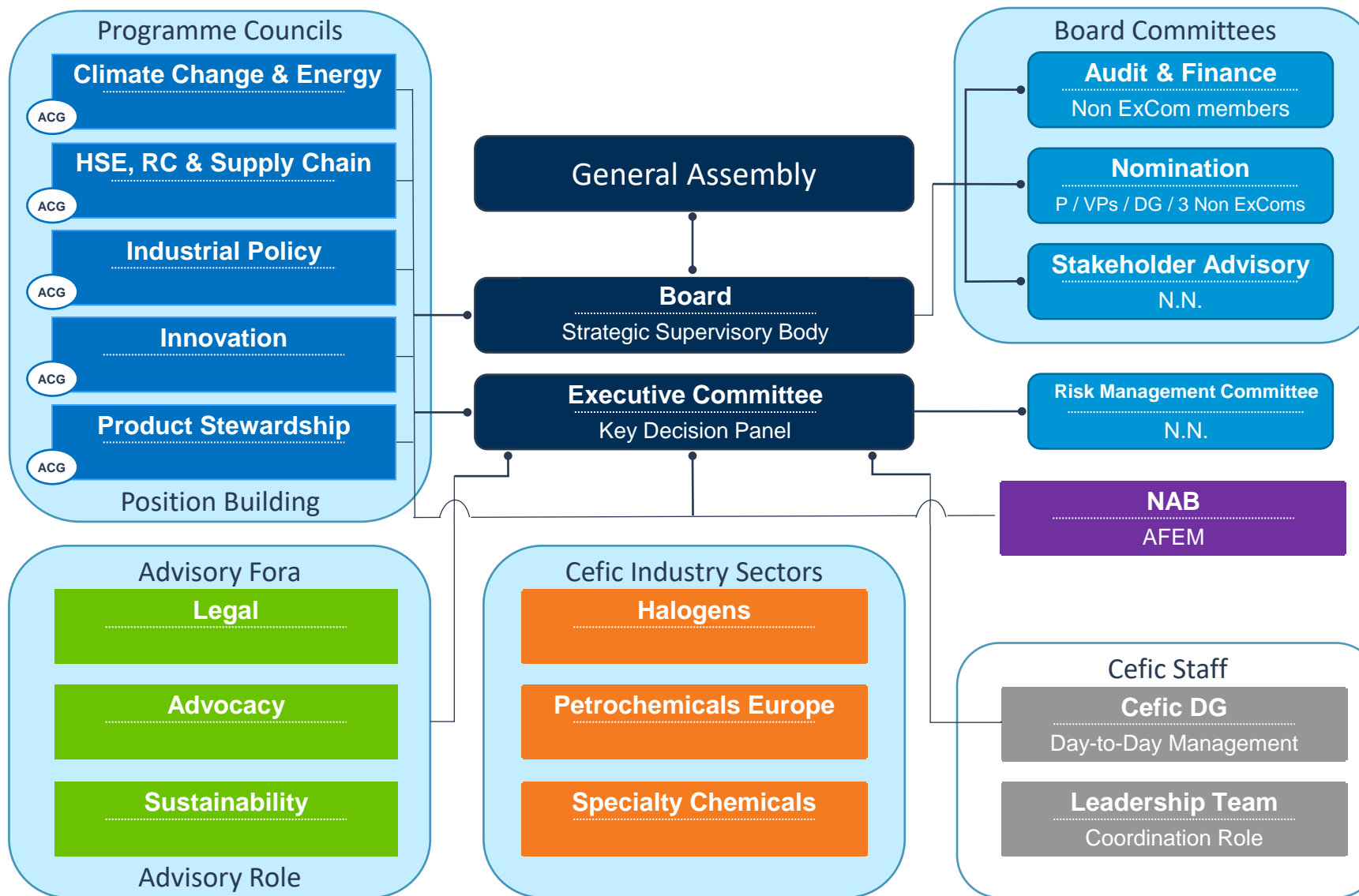
Cefic Vision

To be the most respected and trusted business association in Europe

Cefic is devoted to promoting a thriving chemical industry that is broadly recognized to:

- provide sustainable, safe and resource efficient solutions
- foster prosperity, growth and investments in Europe

Cefic Governance Structure





Cefic has Members and Partners (1)

A. Members

Open to companies with *chemical production* in at least one of the 30 *Countries* where Cefic has a national/associate federation(*) (chemicals = substances in Nace code 20 and 21.10)

1. **ACOM companies** (corporate members): chemical companies with at least one production unit in Europe having a global chemical turnover higher than 1 billion € **currently 82 companies**
2. **ABM companies** (business members): chemical companies with at least one production unit in Europe having a global chemical turnover under 1 billion € **currently 409 companies**
3. **(*) AFEM** (national associations): non-governmental federations representing the chemical industry in European countries **currently 22 associations**

(*) Associate Federations: national non-governmental federations representing the chemical industry in European countries where no AFEM is operating **currently 8 associations** → *To be accepted as an associate federation, the country should belong to the WTO and to the Council of Europe*

→ **30 AFEM federations** = EU27 (except Cyprus, Luxemburg and Malta) + UK, Norway, Switzerland, Ukraine, Turkey and Serbia



Cefic has Members and Partners (2)

B. Partners

1. **Partner companies**: European companies that do not produce chemicals but have activities closely linked to the chemical industry **currently 59**
 2. **Associated companies**: chemical producers based outside Europe, in which Cefic has neither a Member Federation, nor an Associate Federation; **currently 26**
 3. **Partner Associations**: European associations representing sectors linked to the European chemical industry e.g. fertilizers, paints, plastics **currently 20**
- **600+ companies and associations make up our European network of Members and Partners participating in sector groups (groups dealing with specific substances = VERTICAL level) or policy groups dealing with EU regulatory issues (= HORIZONTAL level)**
 - **Cefic is also present on the global platform as member of ICCA (International Council of Chemical Associations: US, Canada, Japan, S Africa, N Zealand, Australia....) and (through ICCA) connected with international organisations, e.g. UN Environment (more info: Cefic colleagues in charge of ICCA)**

Cefic: our people!



Contents

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EU Green Deal and the double-twin transition

Advocacy priorities

Conclusions



Europe is the second largest chemicals producer

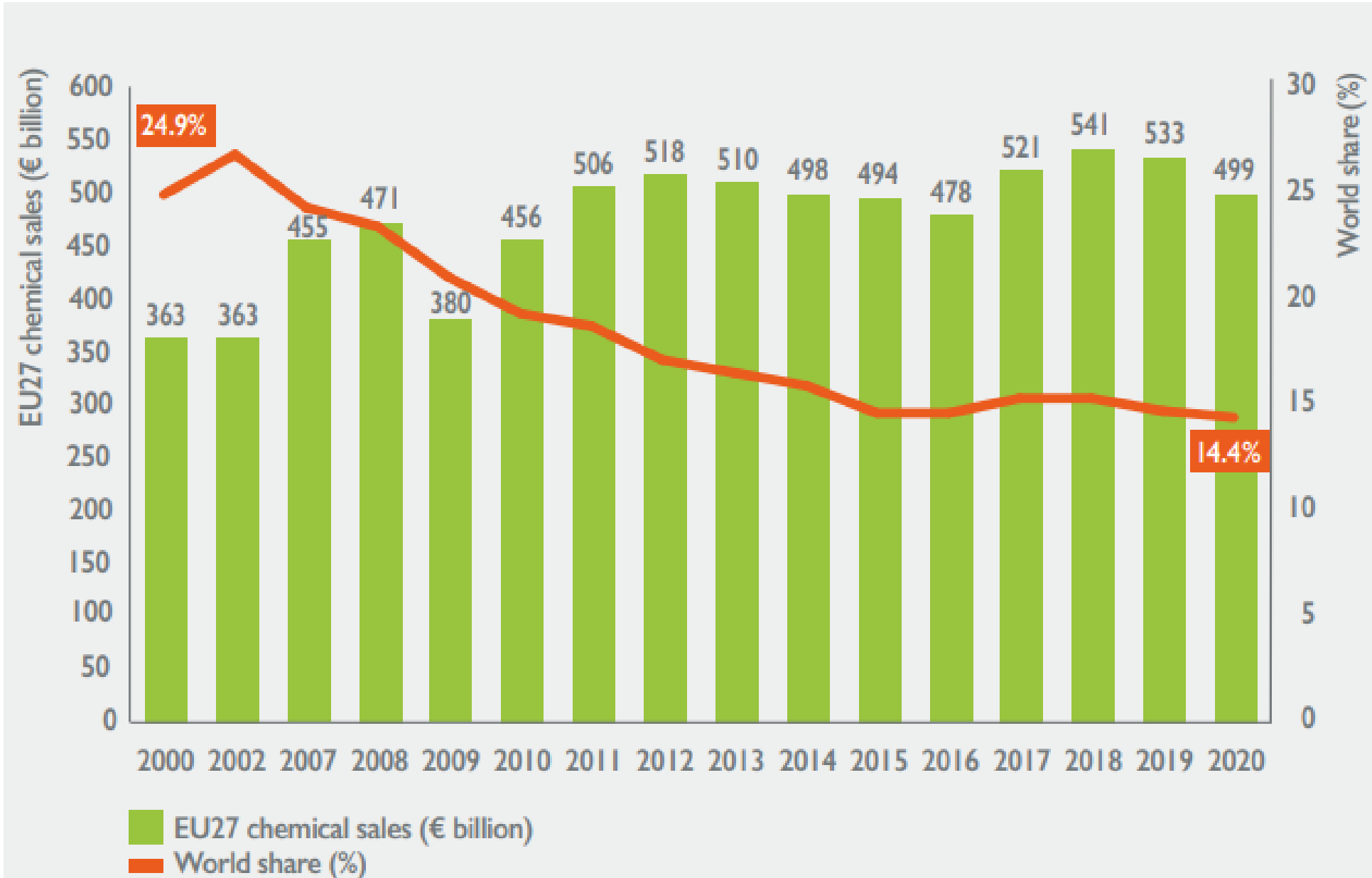


Source: Cefic Chemdata International

* Rest of Europe covers UK, Switzerland, Norway, Turkey, Russia and Ukraine

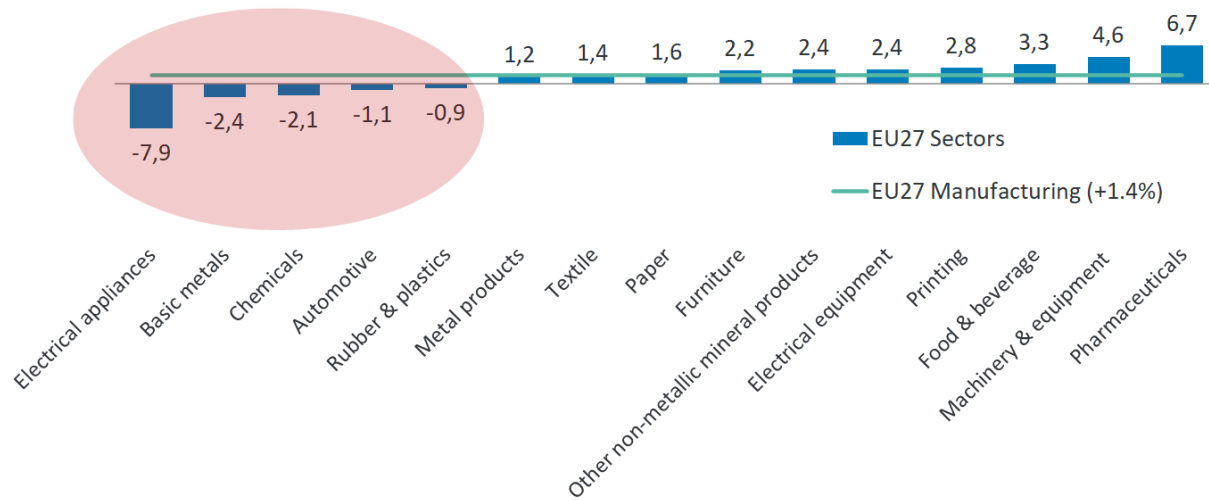
** Asia excluding China, India, Japan and South Korea

World market share of EU27 chemical sales drops substantially

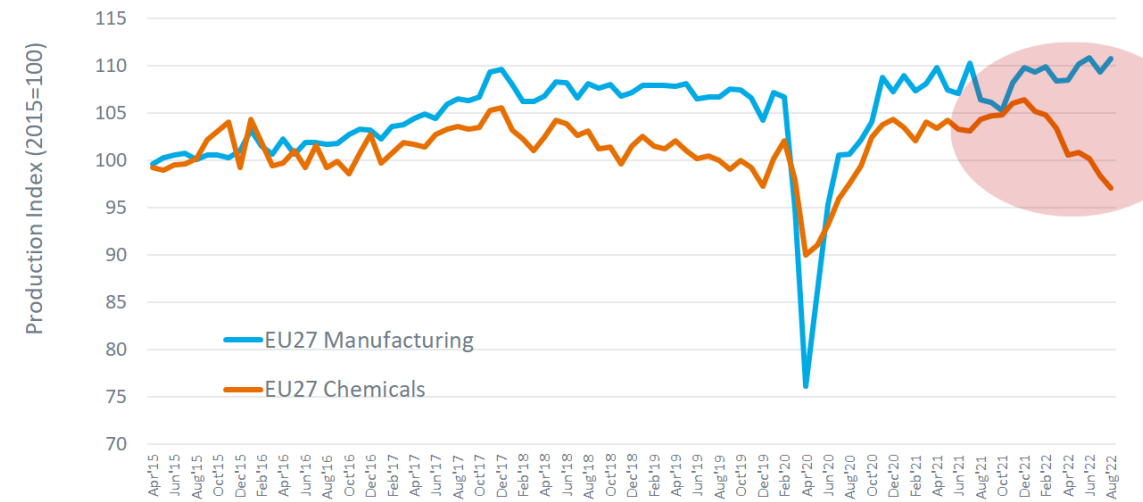


Business environment is weighing on chemical production

Production growth for most EU27 Manufacturing sectors (Jan-Aug 2022, y-o-y)

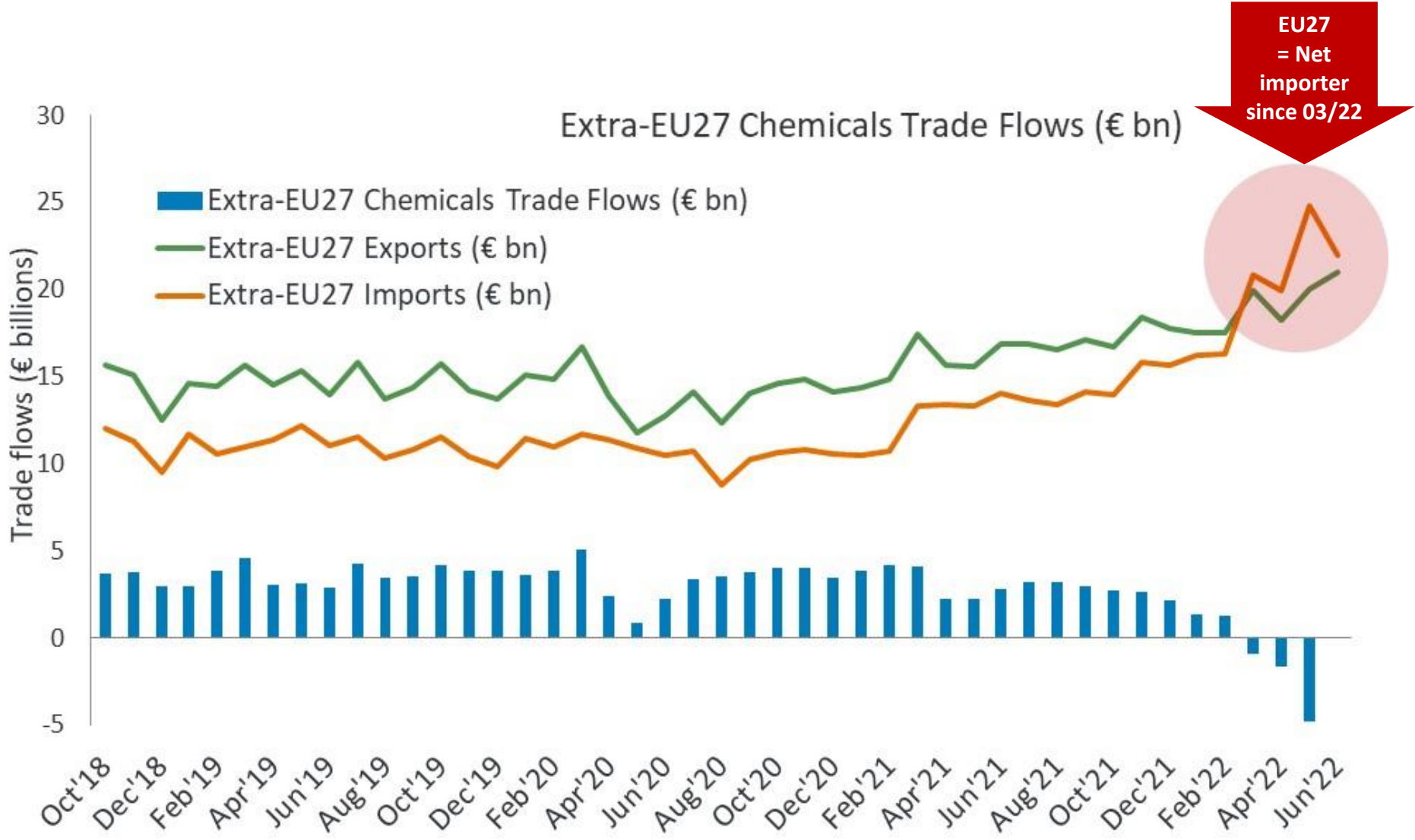


EU27 Production Trend: Chemicals Versus Manufacturing



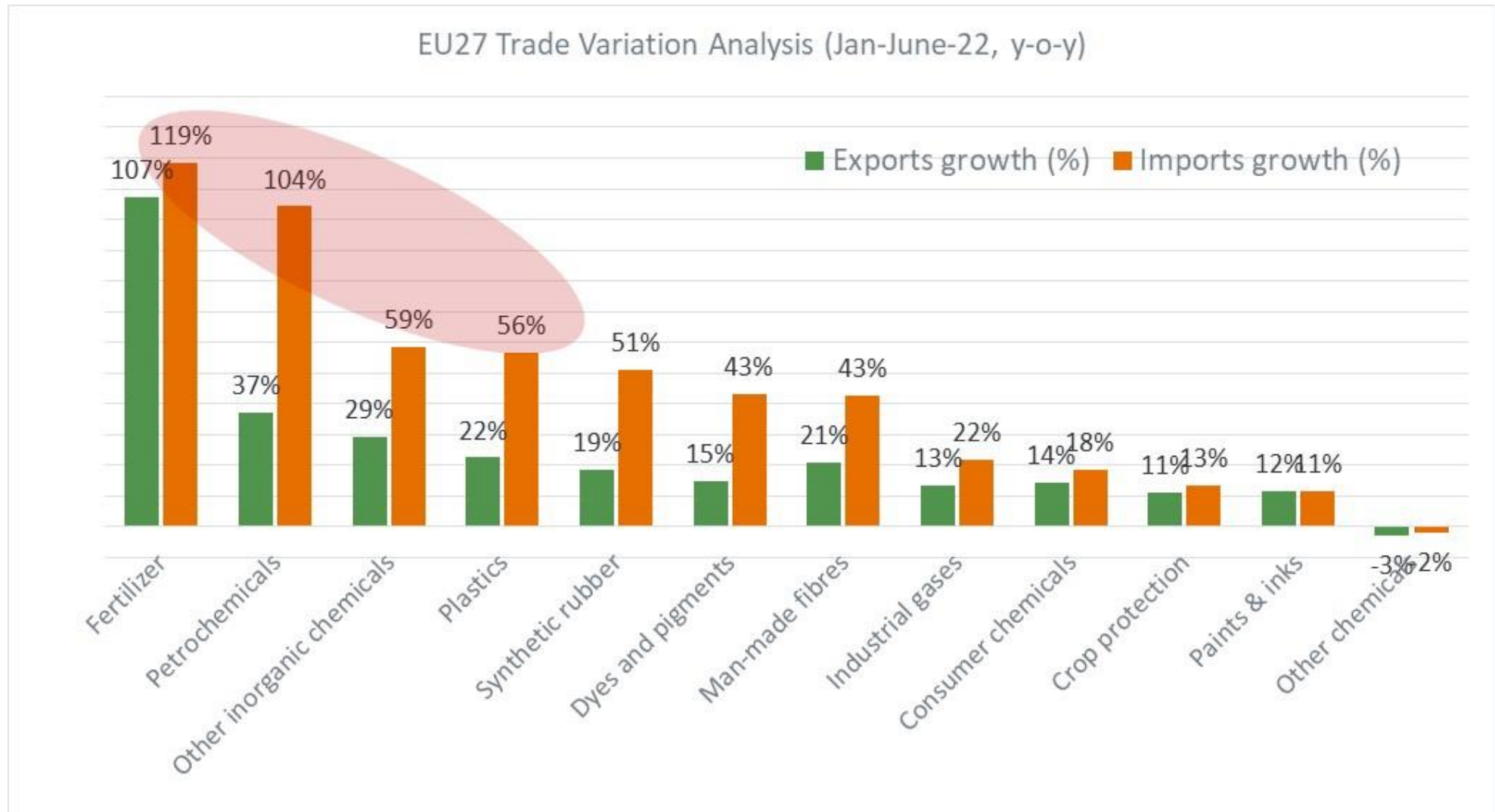
Source: Eurostat and Cefic Analysis 2022

From EU27 trade surplus to strong deficit since March 2022



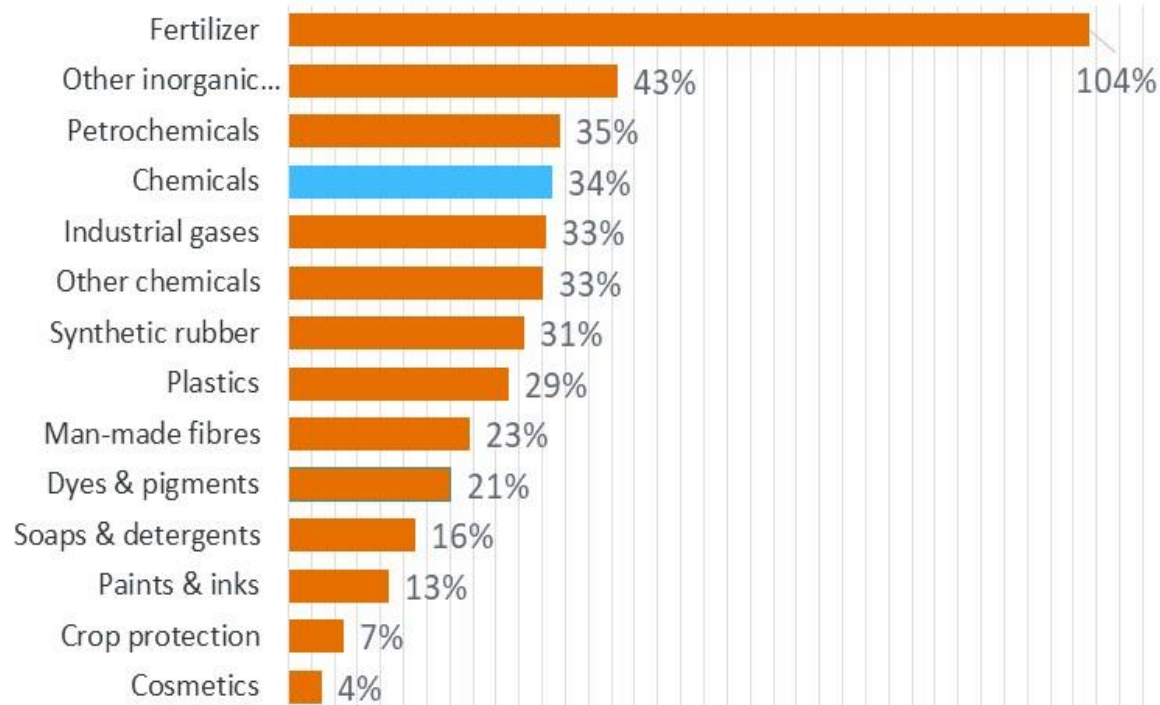
Source: Eurostat and Cefic Analysis Oct 2022

Fertilizers and Petrochemicals most impacted by the crisis

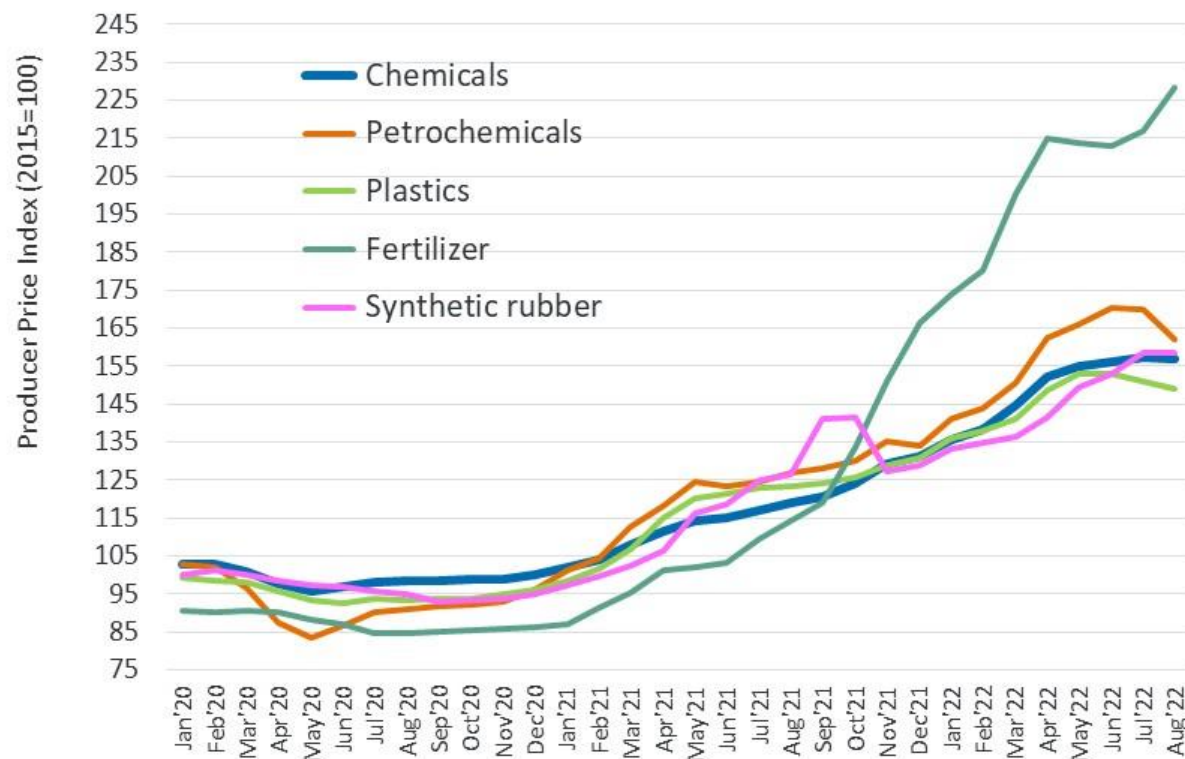


Chemical producer prices far above the historical levels

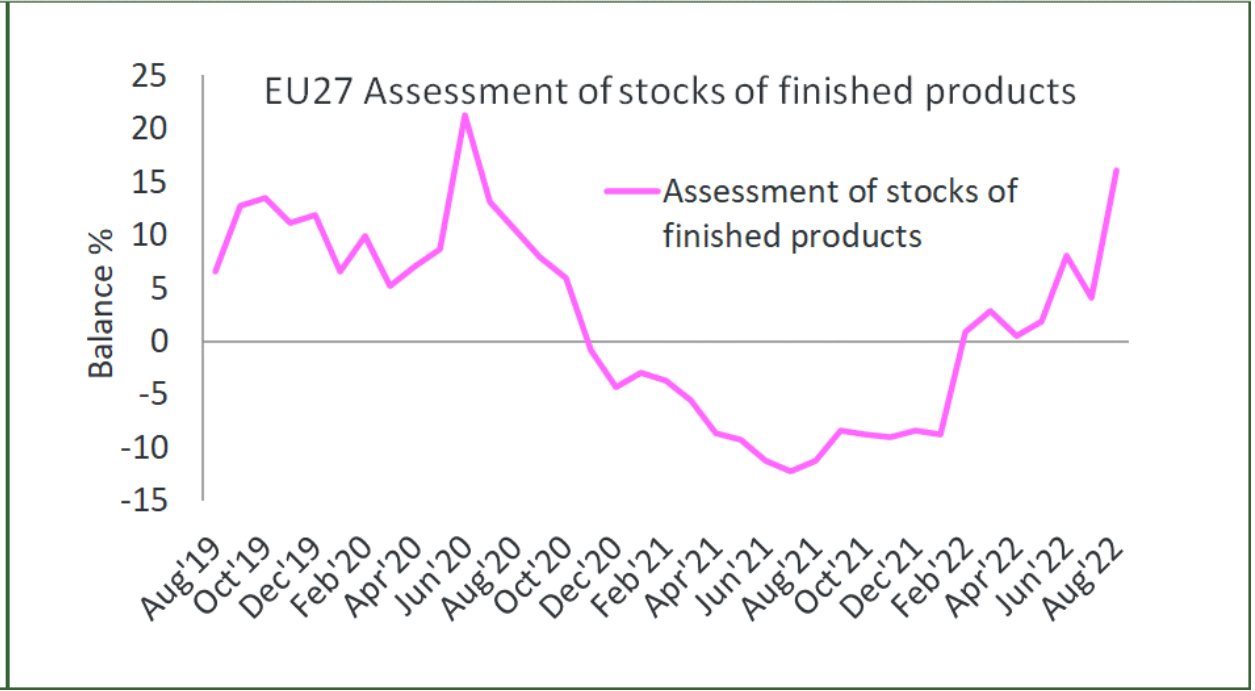
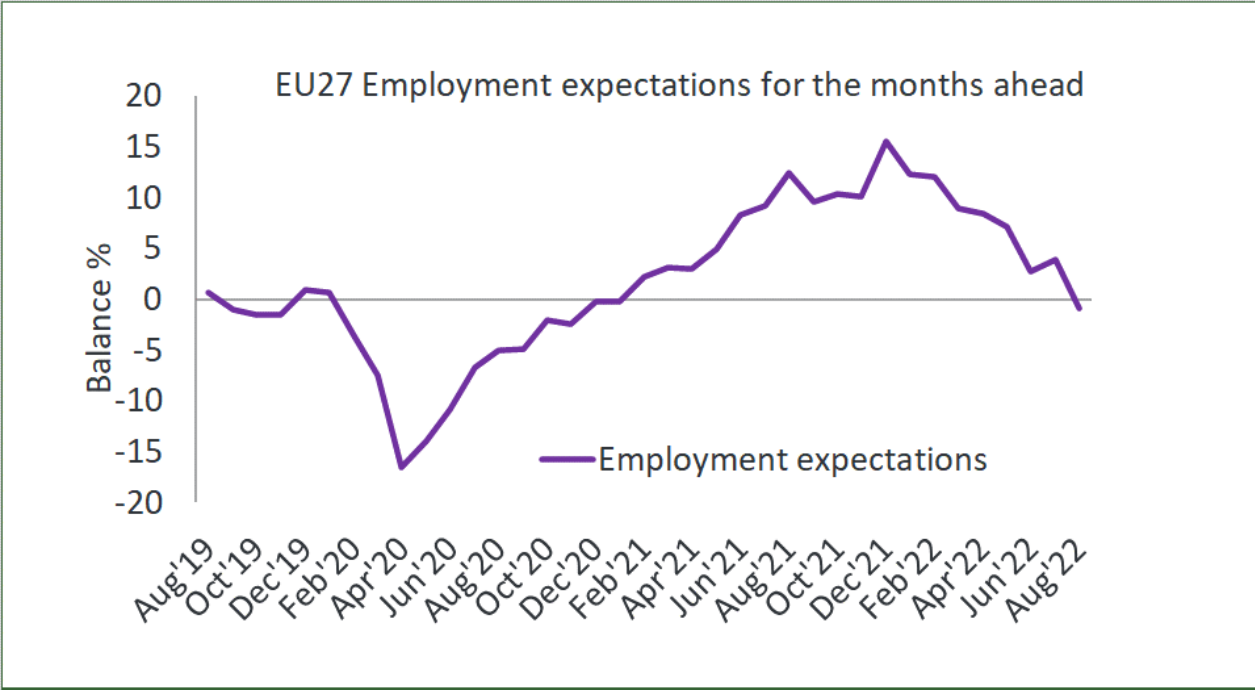
EU27 Producer prices: Jan-Aug 2022 (y-o-y)



EU27 Producer prices in the chemicals industry



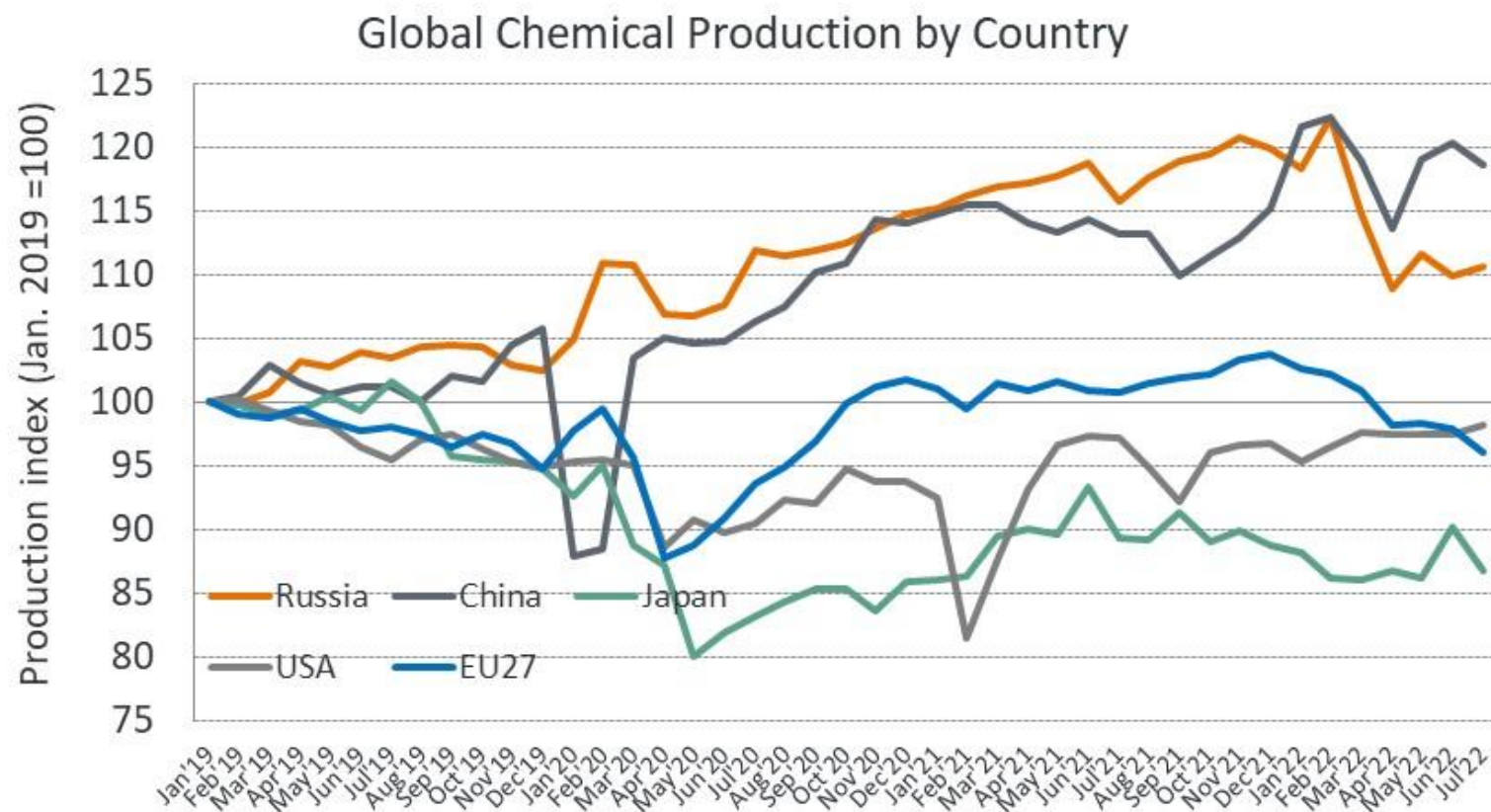
Employment expectations worsened in chemicals



Source: Eurostat and Cefic Analysis Oct 2022

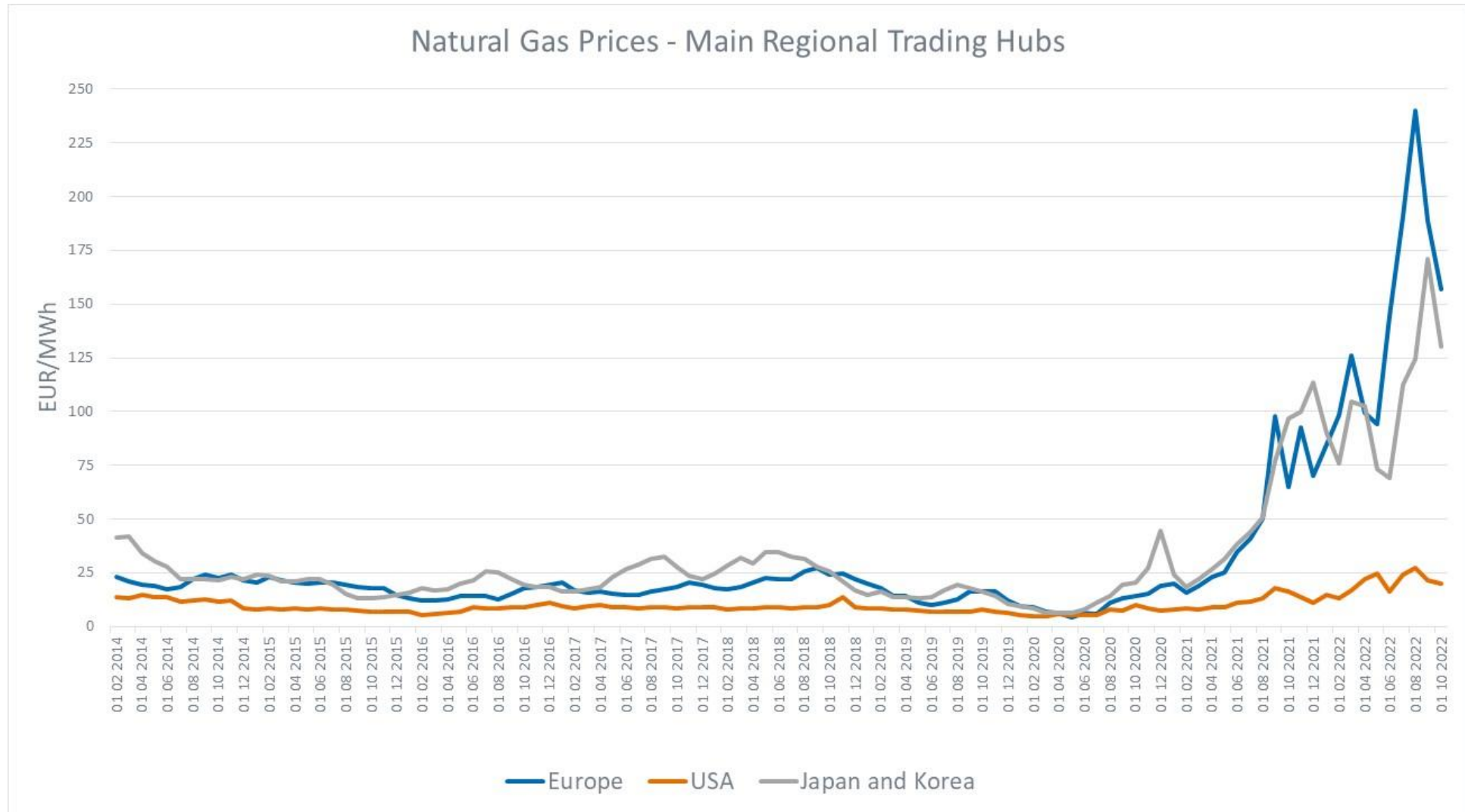
Chemical production development by country

	2021 (Jan-July)	2022 (Jan-July)	Changes
South Korea	100,9	97,9	-2,9%
Russia	116,8	113,8	-2,6%
Japan	89,2	87,2	-2,2%
EU27	100,9	99,4	-1,4%
Latin America	103,5	104,8	1,3%
World	106,1	108,6	2,4%
China	114,4	119,2	4,2%
India	104,7	110,0	5,0%
USA	92,3	97,2	5,3%



Source: Eurostat and Cefic Analysis Oct 2022

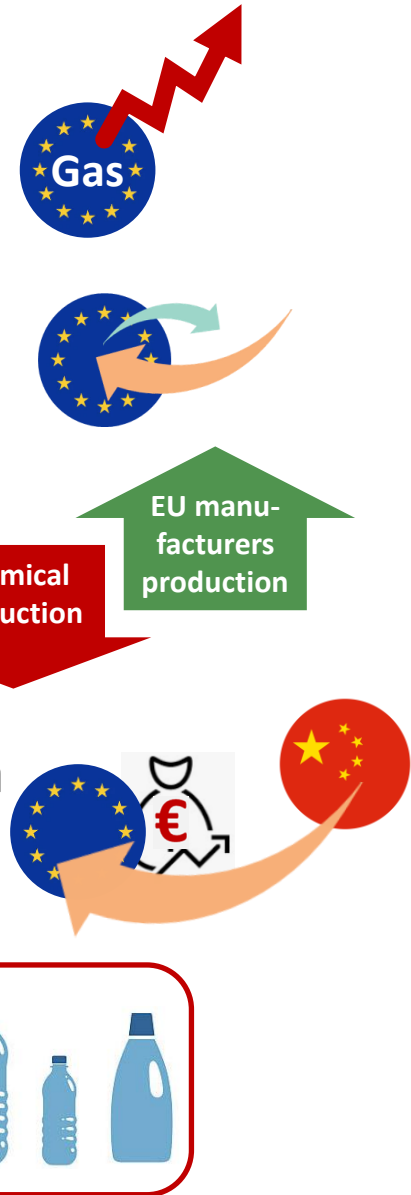
Natural gas prices in Europe far above the others



Source: <https://www.investing.com/commodities/ice-dutch-ttf-gas-c1-futures-historical-data>
<https://www.investing.com/commodities/natural-gas-historical-data>
<https://www.investing.com/commodities/lng-japan-korea-marker-platts-futures-historical-data>

Observations

- Electricity and gas prices in the EU much higher from that of rest of world
- While EU exports increase slightly, the imports increase much significantly and EU chemicals industry becomes a net importer, since March 2022!
- EU Chemicals production goes down, while that of EU manufacturers goes up
- Increase in EU consumption absorbed with importing more volumes (from China) against much higher price levels while exports remained stable: Petrochemicals (lactam)
- Also worrying trend (volume wise) for Plastics and Fertilizers



Contents

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EU Green Deal and the chemical industry double-twin transition

War in Ukraine:
energy & raw
material supply
disruptions



Cefic supports the Green Deal and Europe's ambition to become climate neutral by 2050 (March 2020)

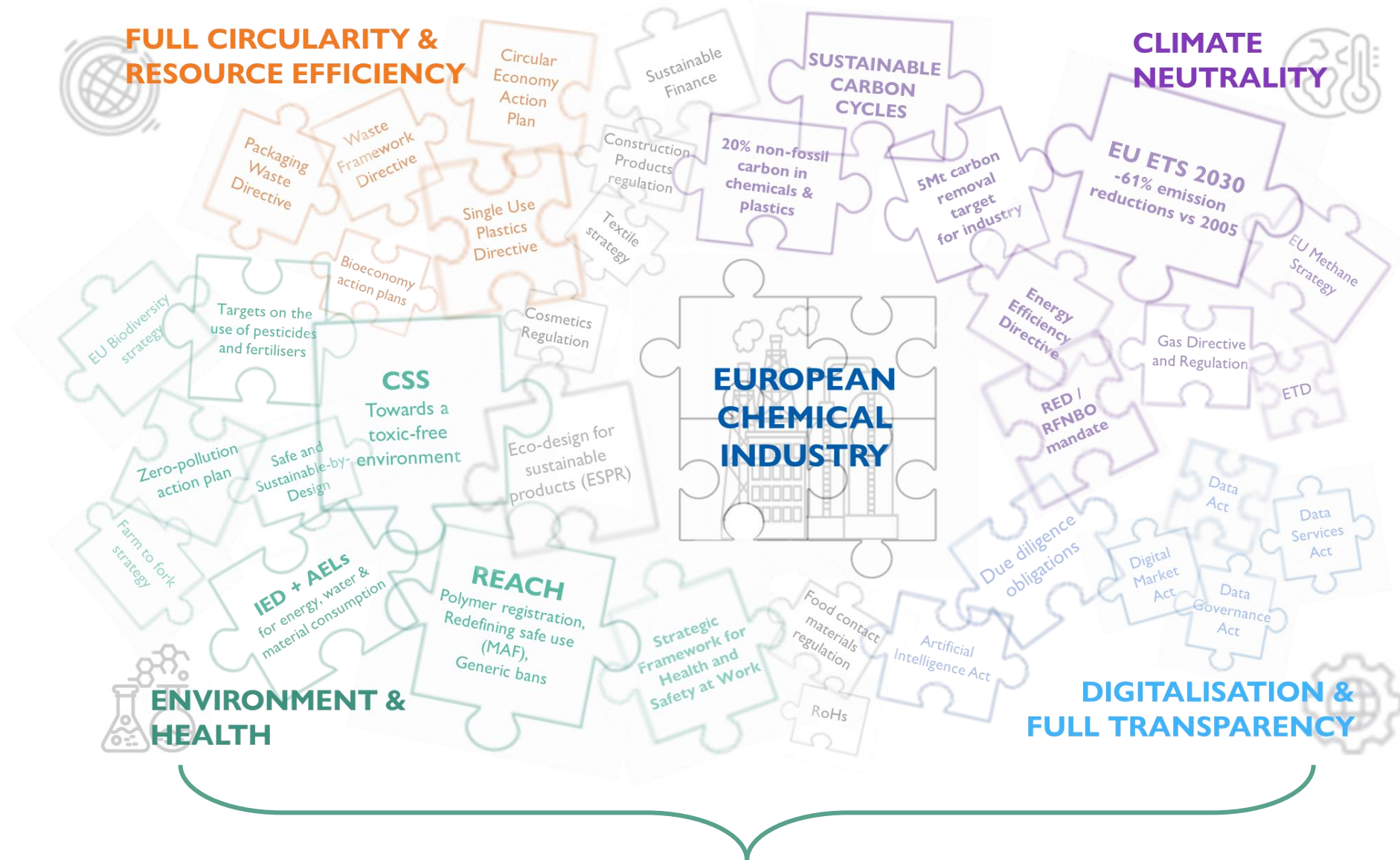
The Green Deal recognizes that energy-intensive industries, such as chemicals, are indispensable for Europe's transition, as solution providers to multiple value chains. Climate neutrality by 2050 means going through a deep transformation within just one or two investment cycles. The EU chemical industry intends to grasp the opportunities arising from the transition to a **climate neutral** and **circular economy**.

Climate neutrality needs to be clearly defined in the upcoming Climate Law. An entirely **new industrial policy** focus must be deployed to unlock the huge scale of investments required. Cefic calls for the recommendations of the **Industrial Transformation Master Plan**, towards creating an enabling framework for the chemical industry to kick-start its transformation as soon as possible:

1. **Managing the different global speeds**
2. **Abundant access to climate-friendly energy and feedstock at an affordable price**
3. **Infrastructure and integration**
4. **Innovation towards climate-friendly technologies**
5. **Supportive financial and market frameworks for large and small companies**
6. **Leverage inter-sectoral symbiosis potential**



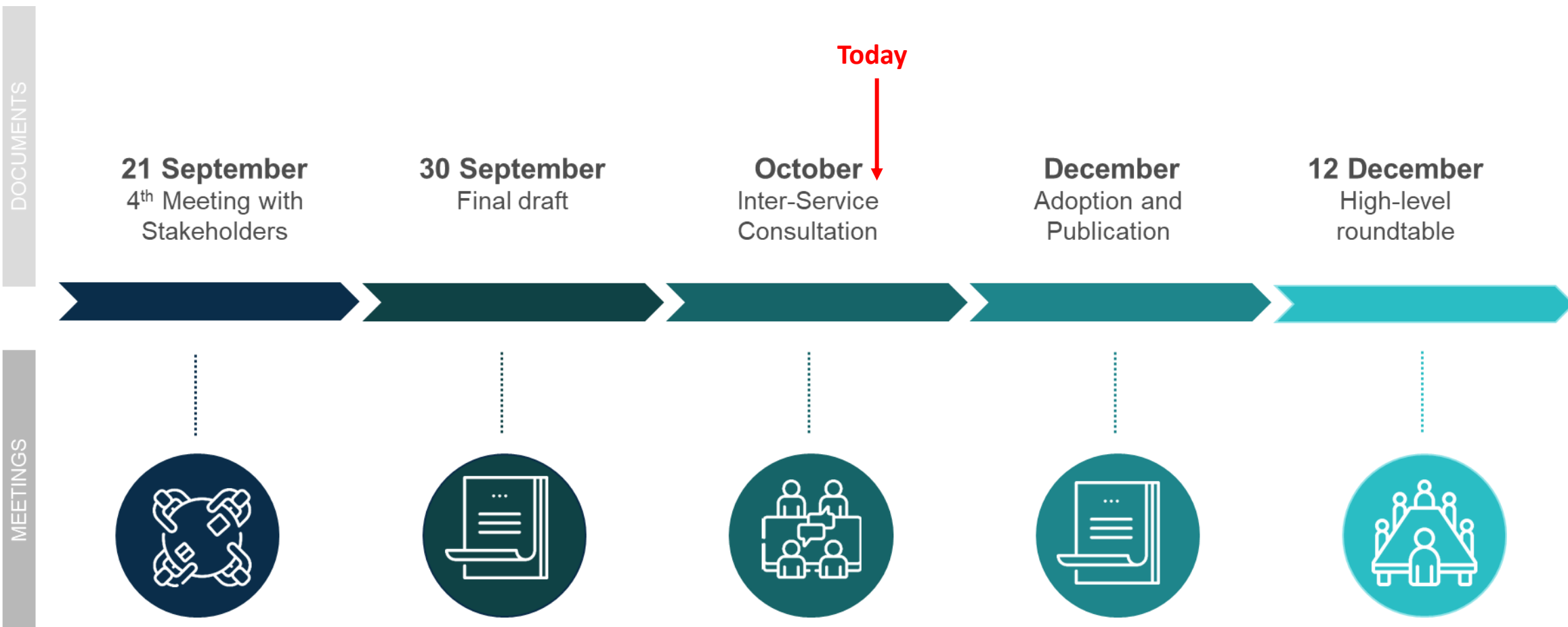
The context: a double twin transition combined with an extremely dense policy & regulatory framework...



We need a clear Pathway to guide our industry's transformation.



Timeline of the Transition Pathway for the Chemical Industry



Cefic priorities for the Transition Pathway

- Establish a credible timeline for investments
- Regulatory predictability
- Monitoring sustainable competitiveness (KPIs)
- Financial support to de-risk investments
- Resource availability and infrastructure requirements
- Remove hurdles to cooperation
- Enforcement
- Solid REACH registration dossiers / Promotion of NAMs
- Chemical recycling of plastic waste to be acknowledged in regulation





A new Cefic advocacy toolkit

1. New overarching Cefic Green Deal advocacy narrative
2. New Parliament strategy
3. New Council strategy
4. More political Commission engagement
5. New Political Communications strategy



Contents

Introduction

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Advocacy priorities (Energy, Hydrogen, Waste etc)

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Cefic responses ahead of recent EU Council meetings



STATEMENT BY ENERGY INTENSIVE INDUSTRIES AHEAD OF THE EXTRAORDINARY
ENERGY COUNCIL OF 30 SEPTEMBER 2022
(28 September 2022)

The energy intensive industries welcome the efforts undertaken by the Member States to solve the energy crisis in the European Union. Nevertheless, ahead of the next Extraordinary Energy Council, we would like to underline the need for **more immediate and efficient measures** to be put in place, as we observe the crisis circumstances worsening day by day in our industries.

With the current gas price reaching about 200 EUR/MWh, the situation remains unbearable for the energy intensive producers. The impact of the volatility and extremely high levels of gas and electricity prices cannot be sustained. The consequences are already felt among the industry, with shut-downs of plants and reduction of production in many sectors with the consequence of job losses. The competitiveness of the European companies is threatened.

We reiterate our call on the European leaders to urgently introduce **EU-wide measures aimed at addressing the impact of natural gas prices on industrial competitiveness and measures designed to disconnect electricity prices from gas prices.**

Moreover, the **Temporary Crisis Framework needs to be prolonged and reviewed** to adapt to the current circumstances. It must be more flexible and allow for fast approval of the state aid. For example, such requirement as negative EBITDA must be removed, as it means the aid would arrive too late.



POSITION PAPER

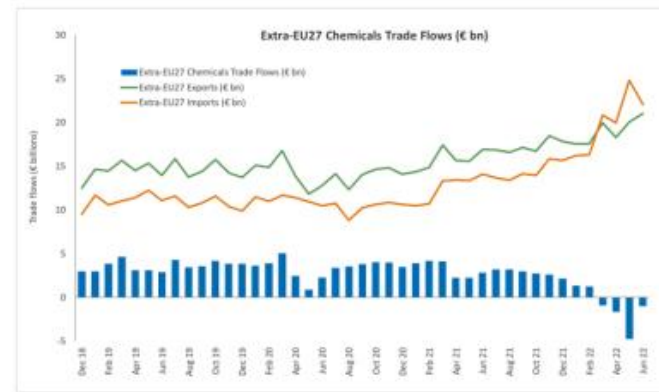
OCTOBER 2022

Energy crisis: the EU chemical industry is reaching breaking point

The current energy crisis has reached an unsustainable level for the European chemical industry. For the first time ever, the EU imports more chemicals than it exports, both in volume and value, resulting in a trade deficit of € 5.6 bn for the first half of 2022.

This same energy crisis is making a dent in the competitiveness of the chemical industry, which is one of the most energy intensive in Europe², having to compete on the global market with players from regions with more favourable energy prices. The EU chemical sector supplies virtually all other value chains, including food, healthcare, construction and transport, and any disruptions it undergoes endanger the EU's aim to be strategically autonomous.

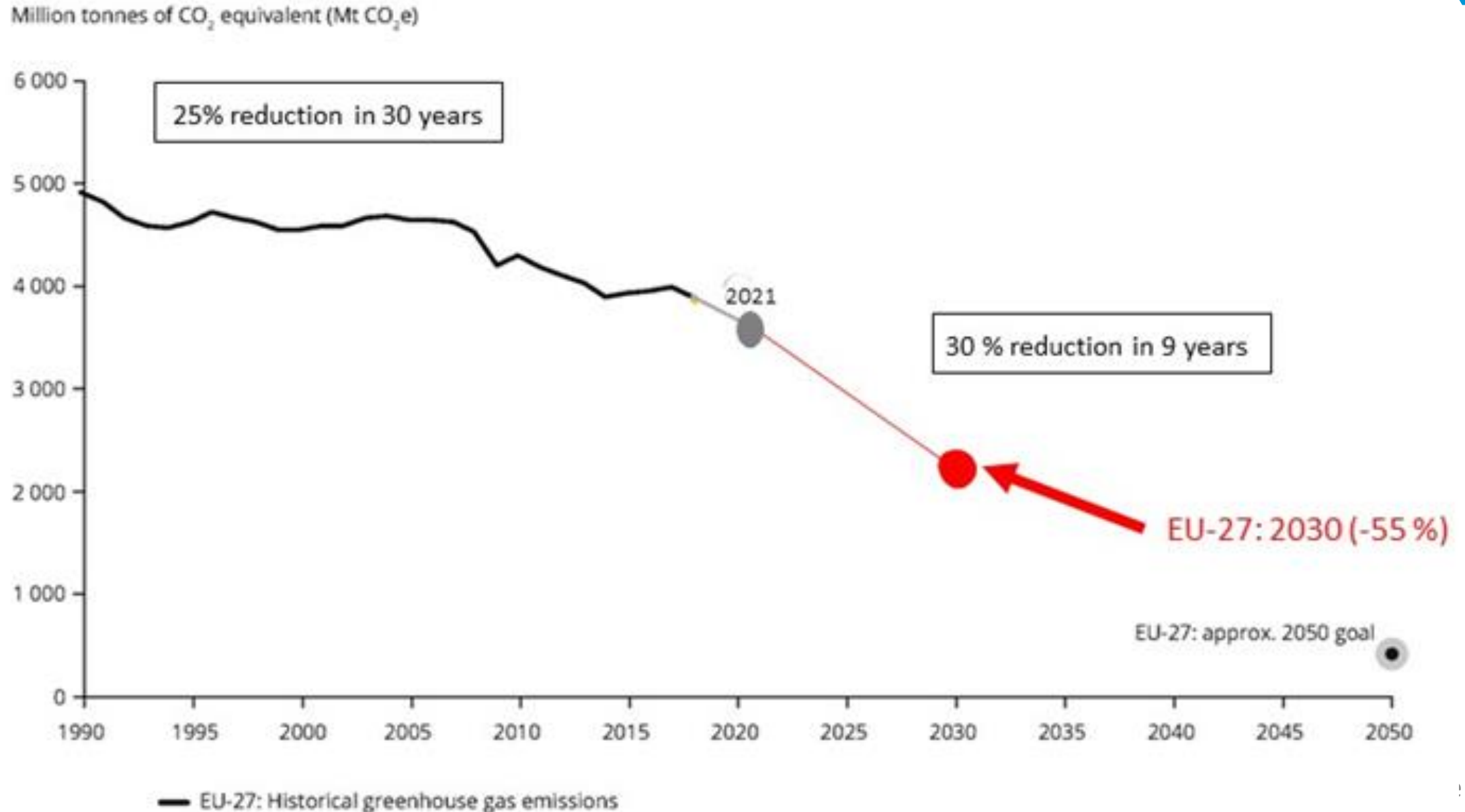
"We are approaching the point of no-return: if no emergency solution to the energy prices is provided to our sector, we are not far off the breaking point. Hundreds of businesses in the chemical sector are already in survival mode and we have started seeing the first closures. We need action now." says Marco Mensink, Cefic Director General.



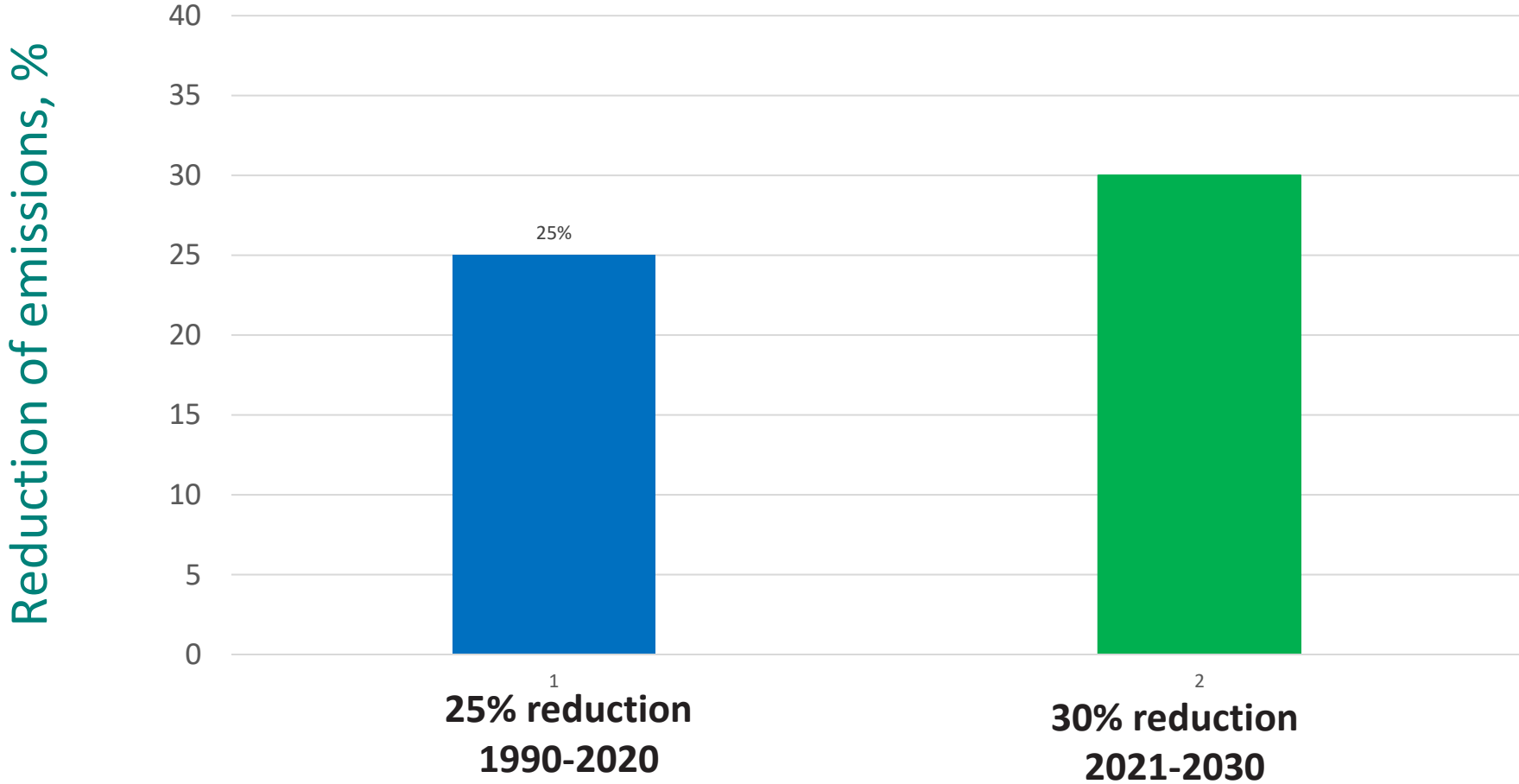
Source: Eurostat and Cefic Analysis, data correct at the date of publication (20 October 2022)

² In 2019, the fuel and power consumption of the EU27 chemical industry, including pharmaceuticals, amounted to 50.8 million tonnes of oil equivalent (about 591 TWh). EU27 gas and electricity account for nearly two thirds of total energy consumption (respectively 211 TWh and 166 TWh). Gas consumption in the chemical industry accounts for about 10% of total EU gas consumption (Source: Cefic elaboration of Eurostat figures).

Greenhouse gas emission reduction targets









EU to reduce in the next 9 years more GHG emissions than in the last 30 years

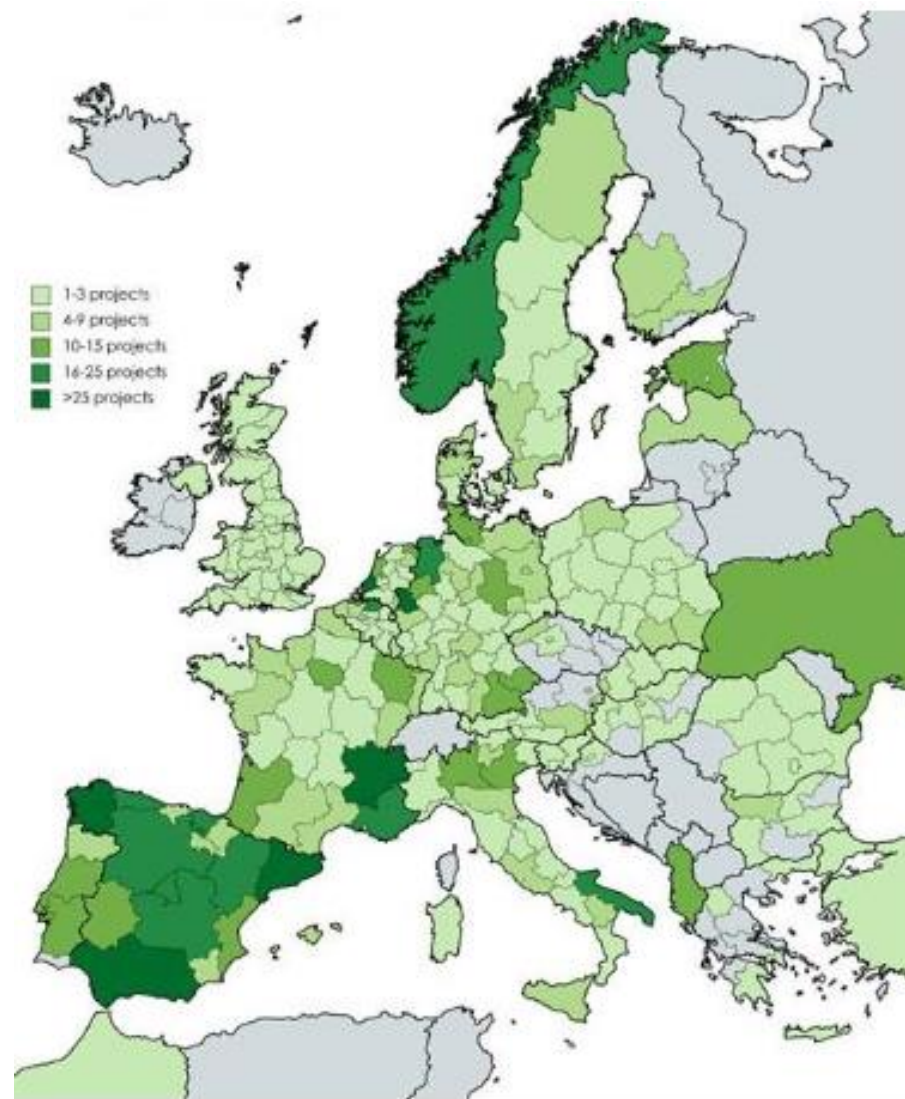
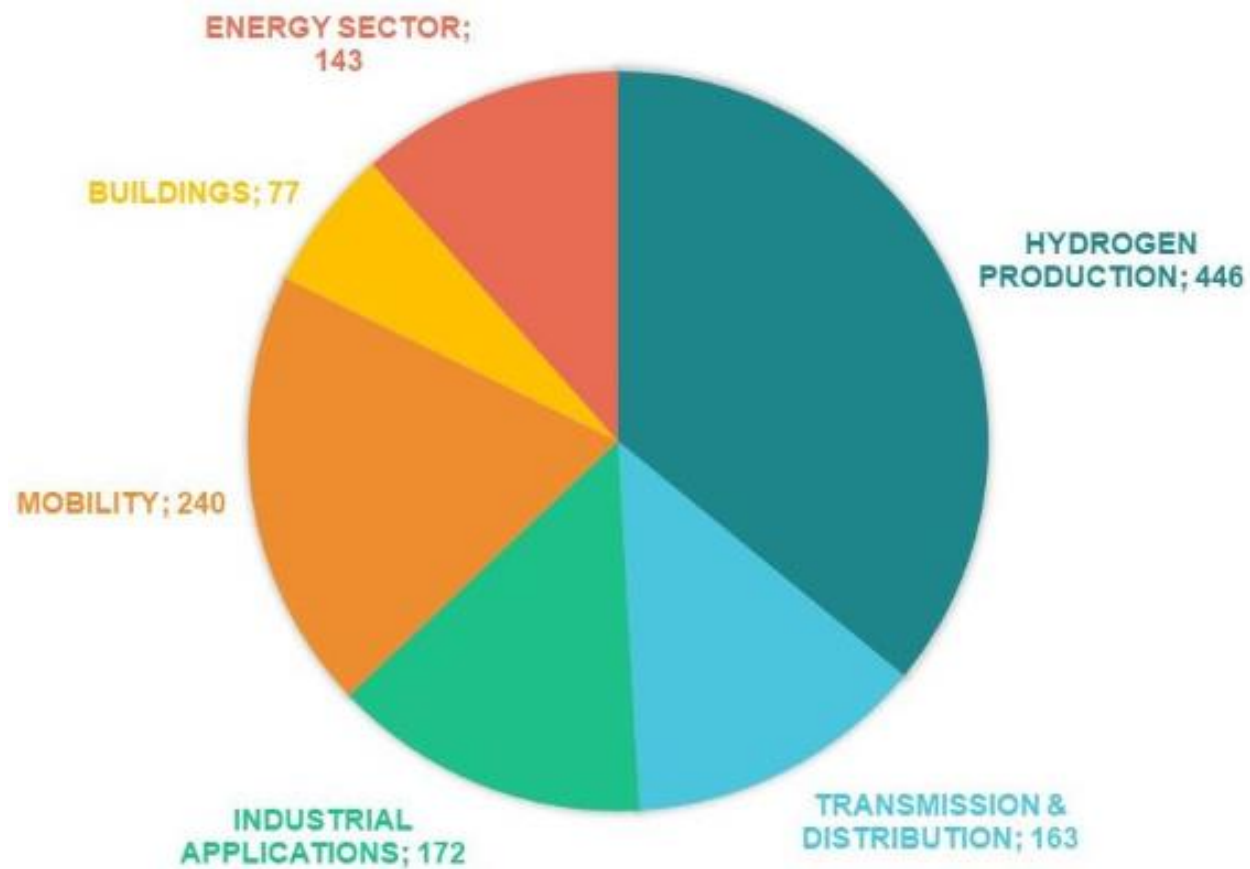


Cefic participation in the European Clean Hydrogen Alliance



Roundtables	Facilitating Organization
Hydrogen production	
Clean hydrogen transmission and distribution	
Clean hydrogen in industrial applications	
Clean hydrogen for mobility	
Clean hydrogen in the energy sector	
Clean hydrogen for residential applications	

Hydrogen Projects and EU distribution



Creating a Circular Economy for Plastics

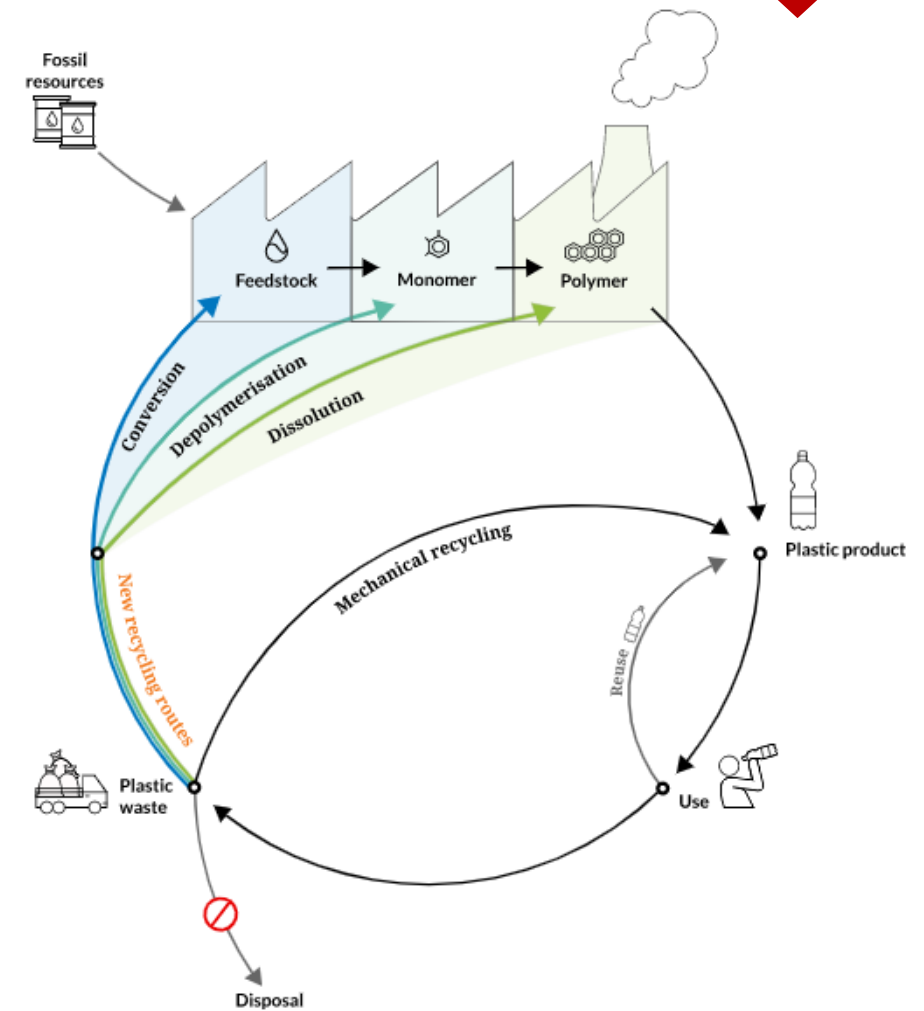
“Every year, Europeans generate 25 million tonnes of plastic waste, but less than 30% is collected for recycling” states the 2018 European Plastics Strategy

Plastic recycling today:

15% of the plastic waste today finds its way back to the market into products*

- Mechanical Recycling (commonly)
- 85%** currently incinerated, landfilled or exported
- Mixed & Contaminated Plastics Waste
- Complementing opportunity for Mechanical Recycling, Dissolution Recycling & Chemical Recycling

*Metric defined in [EU Plastics Strategy](#) and adopted by the [European Circular Plastics Alliance](#)



Chemical Recycling: What is the chemical industry doing?

Over 20 case studies and growing...



Certified circular products: a TRUCIRCLE™ solution

Conversion: turning it into raw materials - SABIC



Developing chemical recycling with value chain partners

Conversion: turning it into raw materials - Neste



Hoop®-chemical recycling towards infinitely recyclable plastic

Conversion: turning it into raw materials - Versalis



Enhancing the quality of pyrolysis oil

Conversion: turning it into raw materials - Clariant



Design for Recycling – Textile Flooring

Dissolution: extracting plastic - Clariant



Chemical recycling process for used mattresses

Conversion: turning it into raw materials - BASF



Fostering chemical recycling to become Fully Circular

Conversion: turning it into raw materials - Covestro



Working towards a circular economy for plastics

Conversion: turning it into raw materials - Borcalle



New innovative process for recycling end-of-life PMMA wastes

Depolymerisation: breaking it down to basic building blocks - ARKEMA



Start-up of LyondellBasell's MoReTec plant underlines ambitious plastic waste targets

Conversion: turning it into raw materials - LyondellBasell



Styrolution ECO: Taking the “single” out of single use

Depolymerisation: breaking it down to basic building blocks - INEOS



RENUVA™ Mattress Recycling Program

Conversion: turning it into raw materials - DOW

[READ MORE +](#)



A partnership to produce 100% circular plastic

Conversion: turning it into raw materials - DOW



Total and PureCycle Technologies Form a Strategic Partnership

Dissolution: extracting plastic - TOTAL



Plastic Waste to Feedstock

Conversion: turning it into raw materials - Shell

[READ MORE +](#)



Repsol Reciclex® – Circular Resins

Conversion: turning it into raw materials - Repsol



ChemCycling

Conversion: turning it into raw materials - BASF

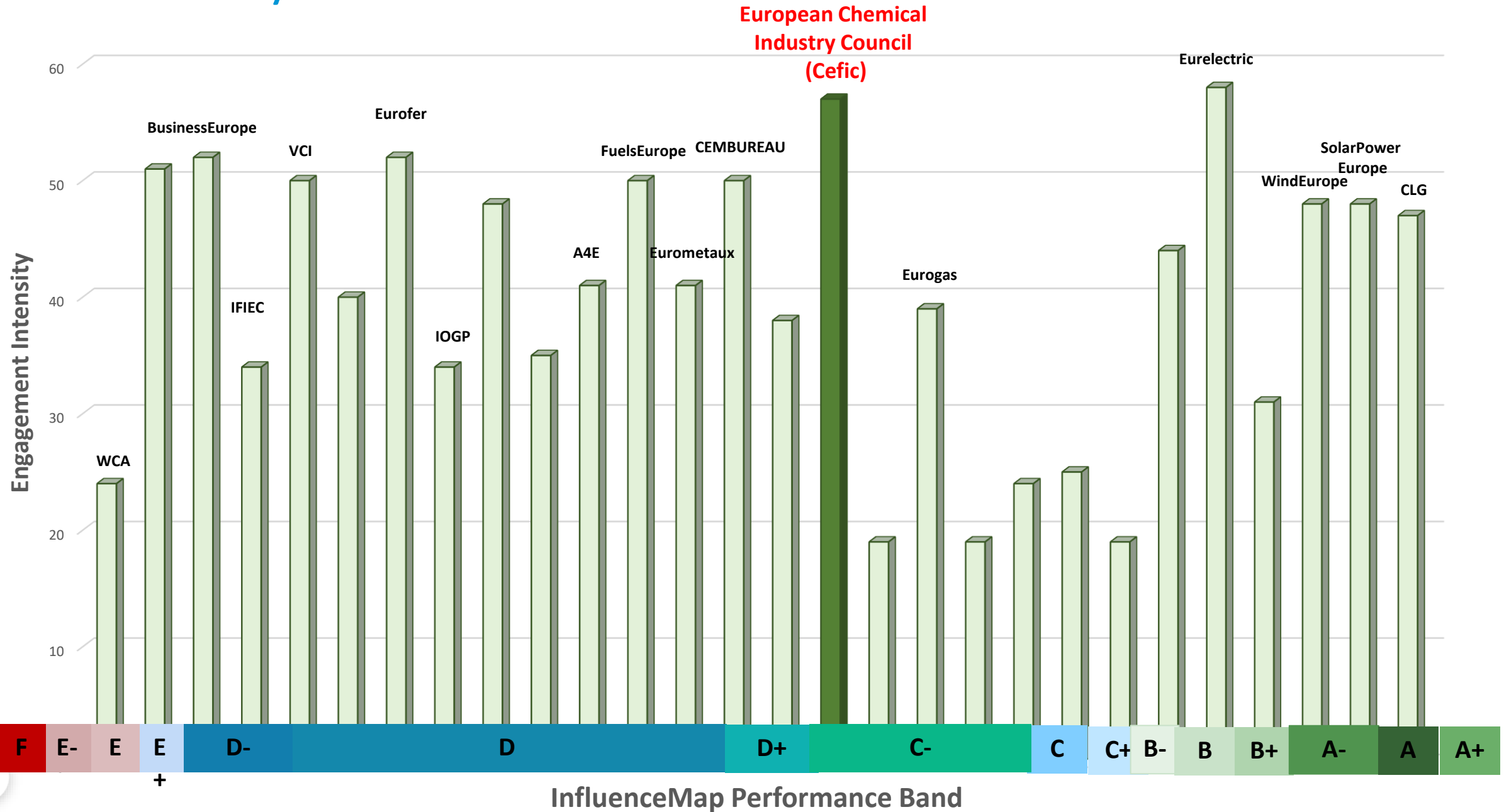
Visit Cefic virtual exhibition on Chemical Recycling to learn more:

www.cefic.org



[READ MORE +](#)

Cefic advocacy on climate issues



Thank you!

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