

Quo vadis European chemical industry?



Marco Mensink, Director General





This is a great industry



Congratulations are indeed in place!





- Largest EU trade federation
- Influential brand, well known
- In focus of the NGO community
- Appreciated by the Commission
- Challenged on political communication
- Operating in a challenged EU



Quo Vadis? No world without

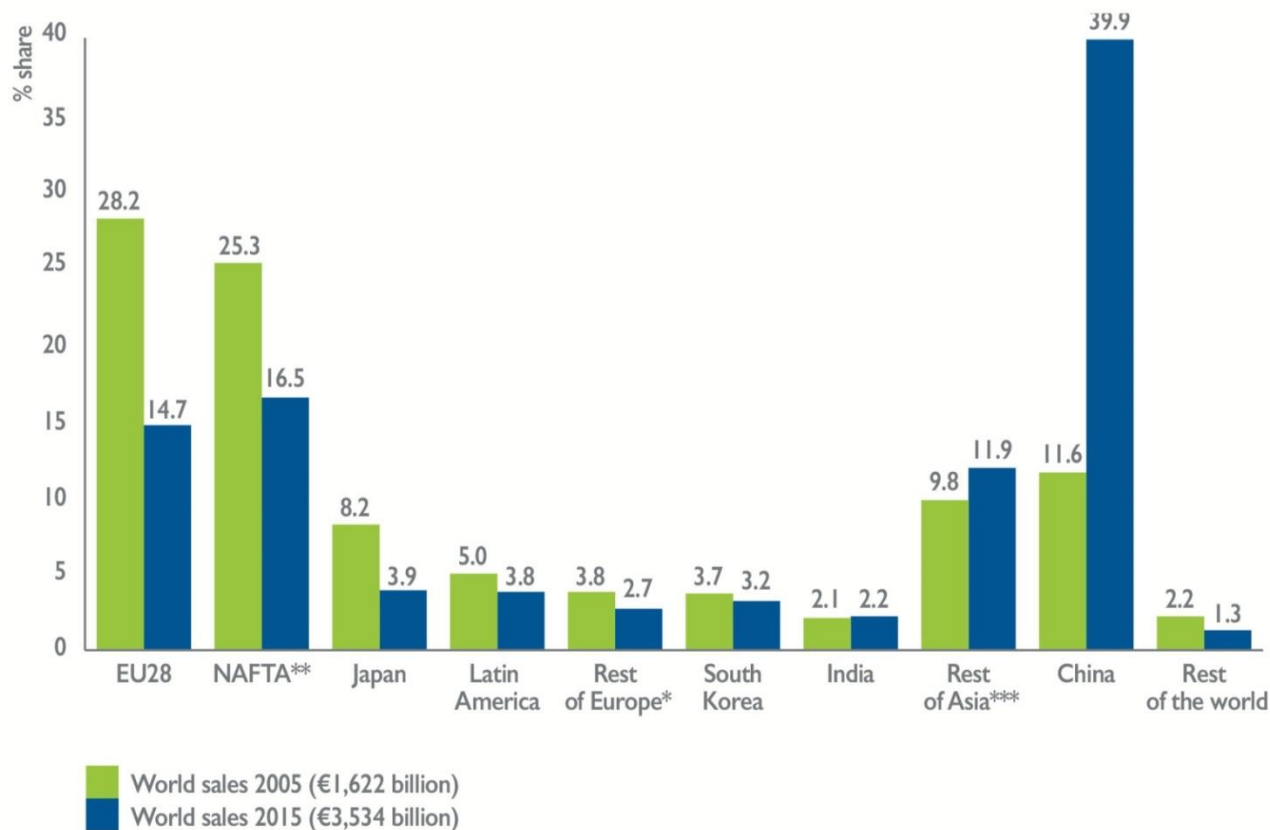
Chemistry will play a role in meeting almost all of the sustainable development goals.



World chemicals output doubles



World chemicals sales by region



Source: Cefic Chemdata International 2016

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

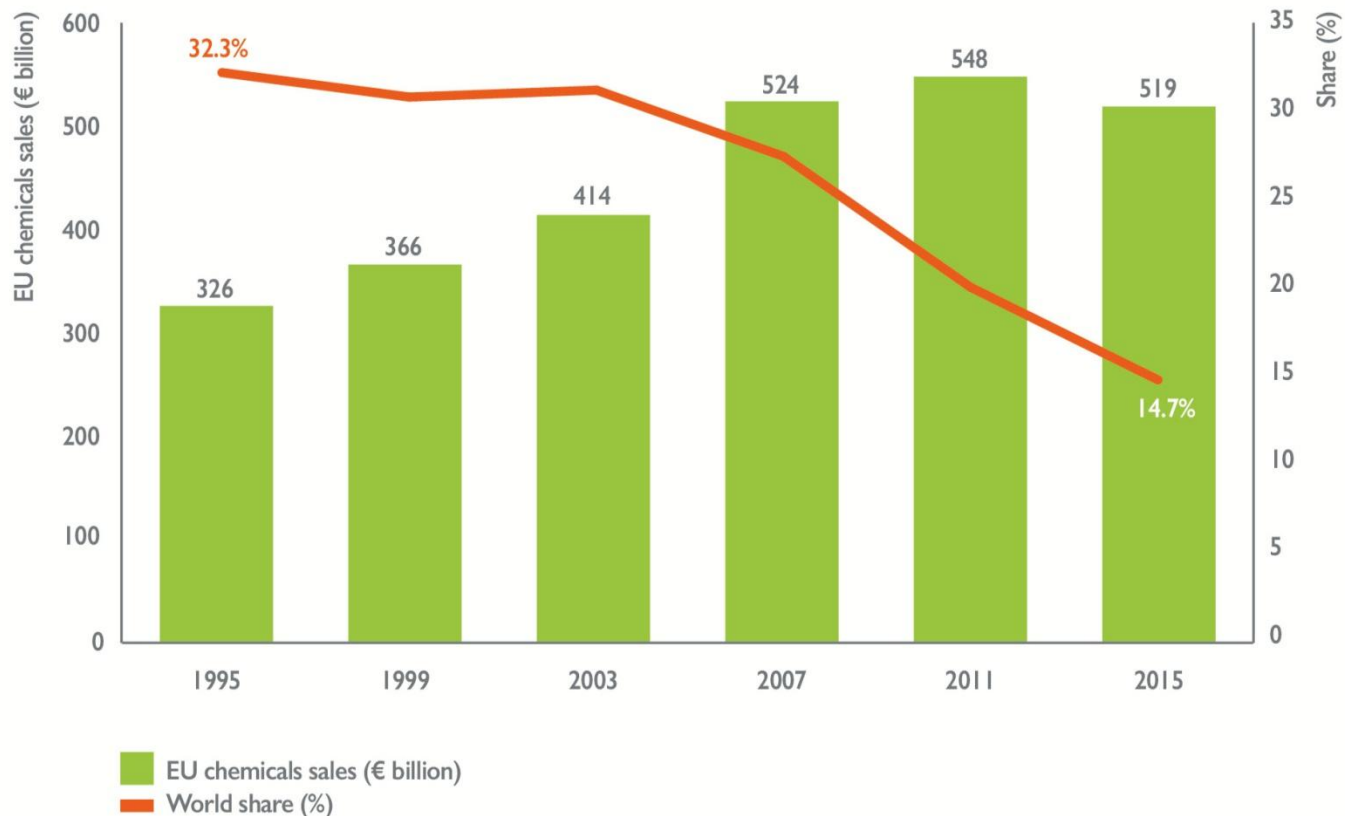
** North American Free Trade Agreement

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

And EU chemicals sales increased by nearly 60% in 20 years, but...



EU share of global chemicals market

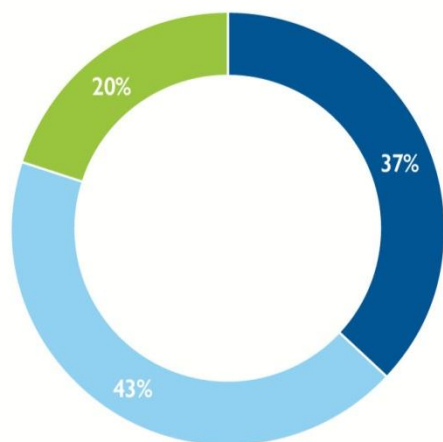


More than one quarter of EU chemicals are sold outside the European Union

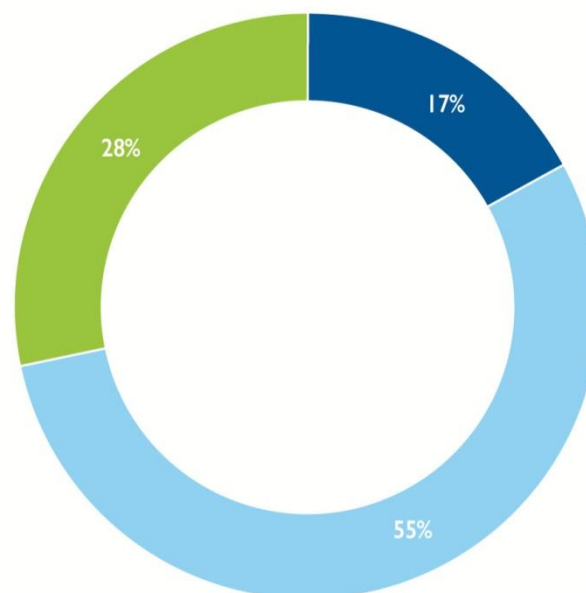


EU chemical industry by sales structure

Sales 2005 (€458 billion)



Sales 2015 (€519 billion)



EU chemicals trade surplus reaches a significant level in 2015



Extra-EU chemicals trade balance



Competitiveness

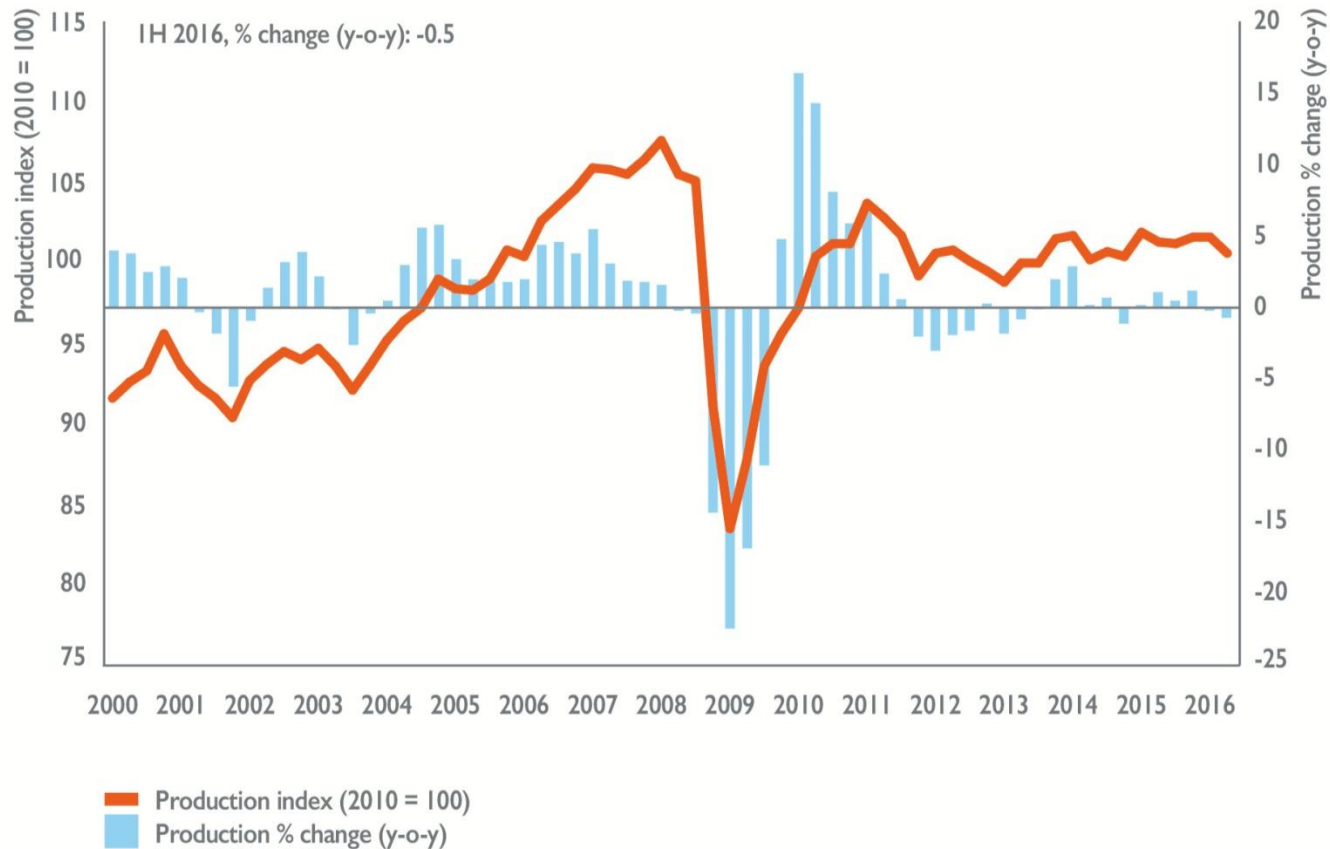
How to promote a
competitive European
industrial Policy



Stagnant growth for EU chemicals sector



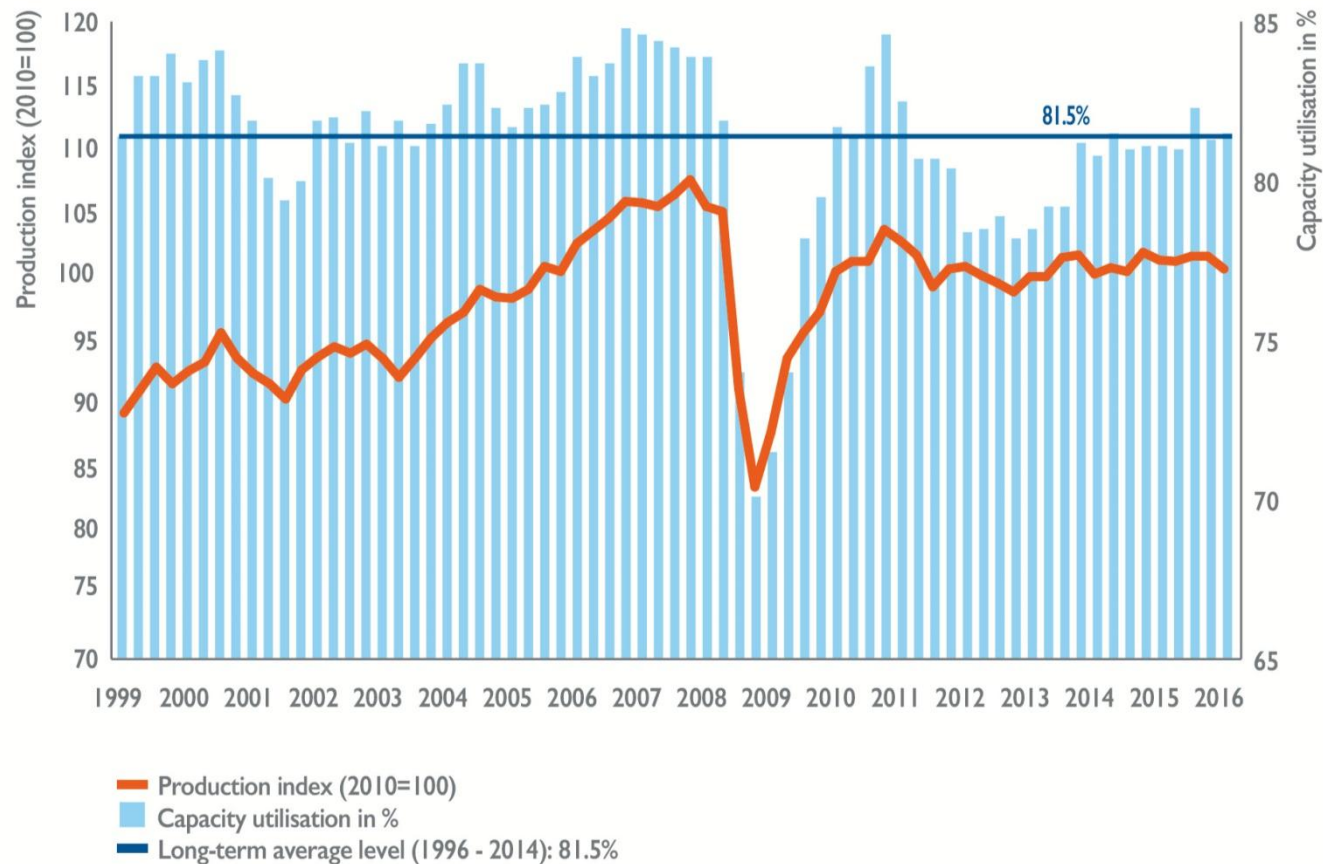
EU chemicals production growth



Capacity utilisation has reached its long-term average



Capacity utilisation in the EU chemical industry



Energy costs are still the European industry's Achilles' heel



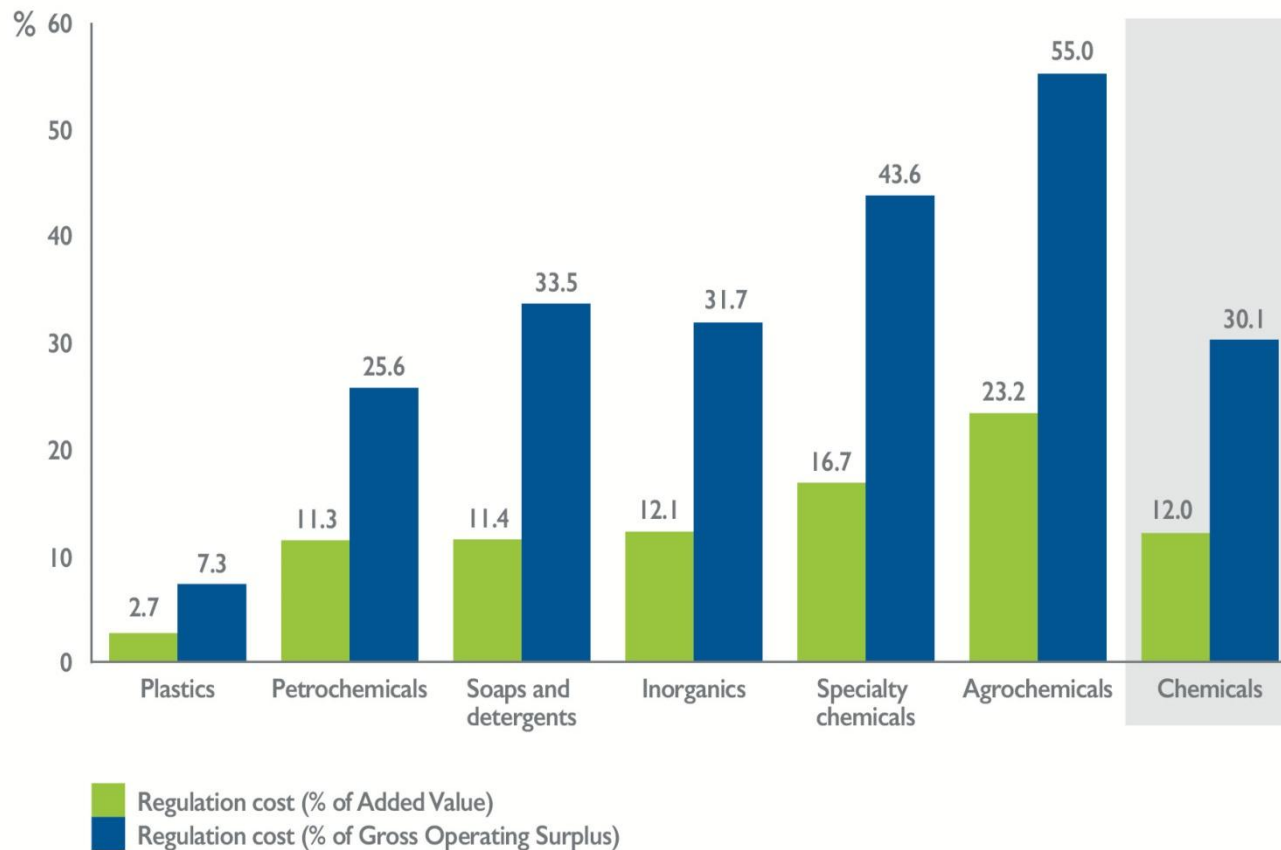
Average ethylene cash costs in the EU vs North America



Regulatory costs are impacting profitability of the EU chemicals sector



EU regulatory cost* for the chemicals sector



Source: EU Commission Report, "Cumulative Cost Assessment, (CCA) for the EU Chemical Industry" (11 July 2016)

* Average cost per year (2004-2014)

We get Better regulation

- Commission Better Regulation Package
- REFIT Platform
- 80% less

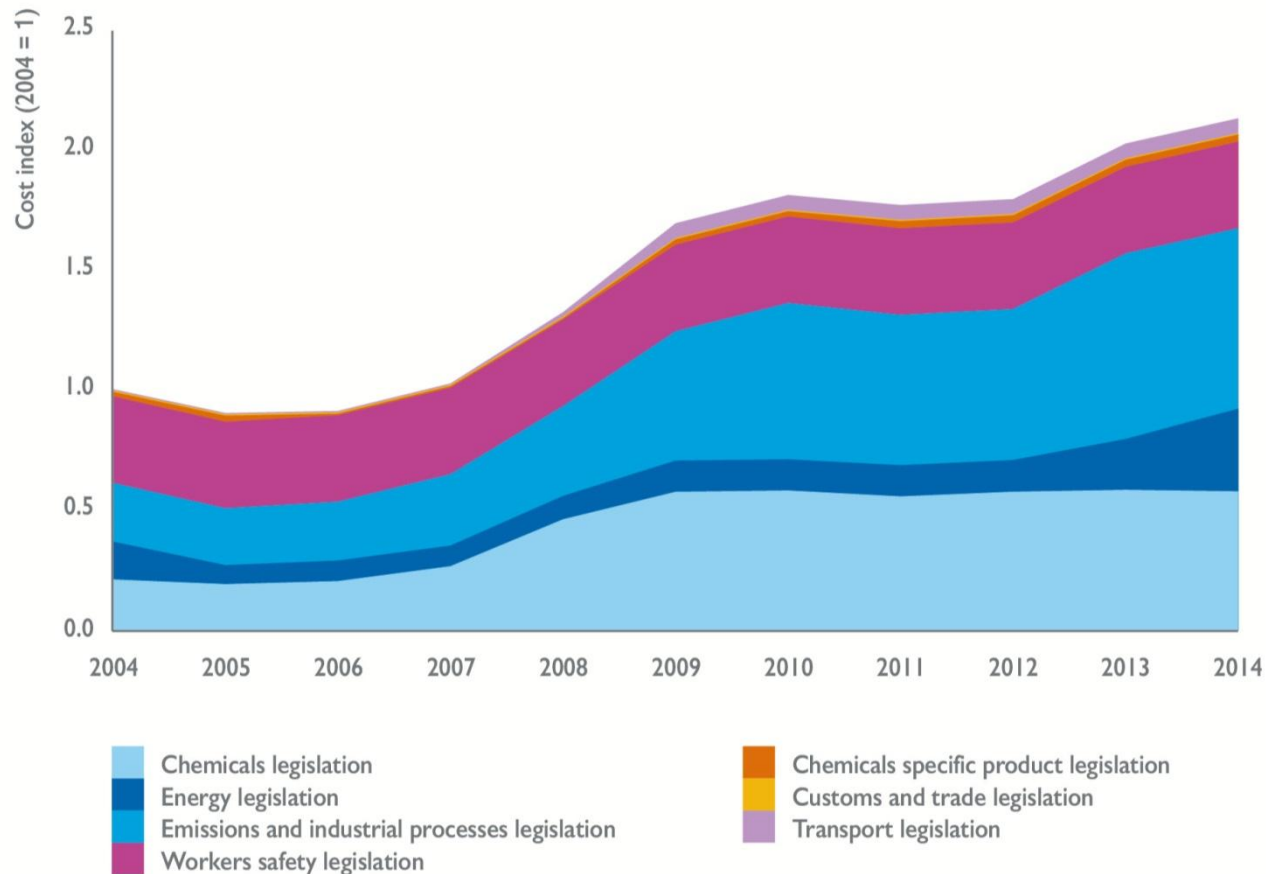


**Brussels English for
- think before you regulate -**

But EU regulatory cost has doubled in the last ten years



Legislation cost during the period 2004-2014



A Good Start

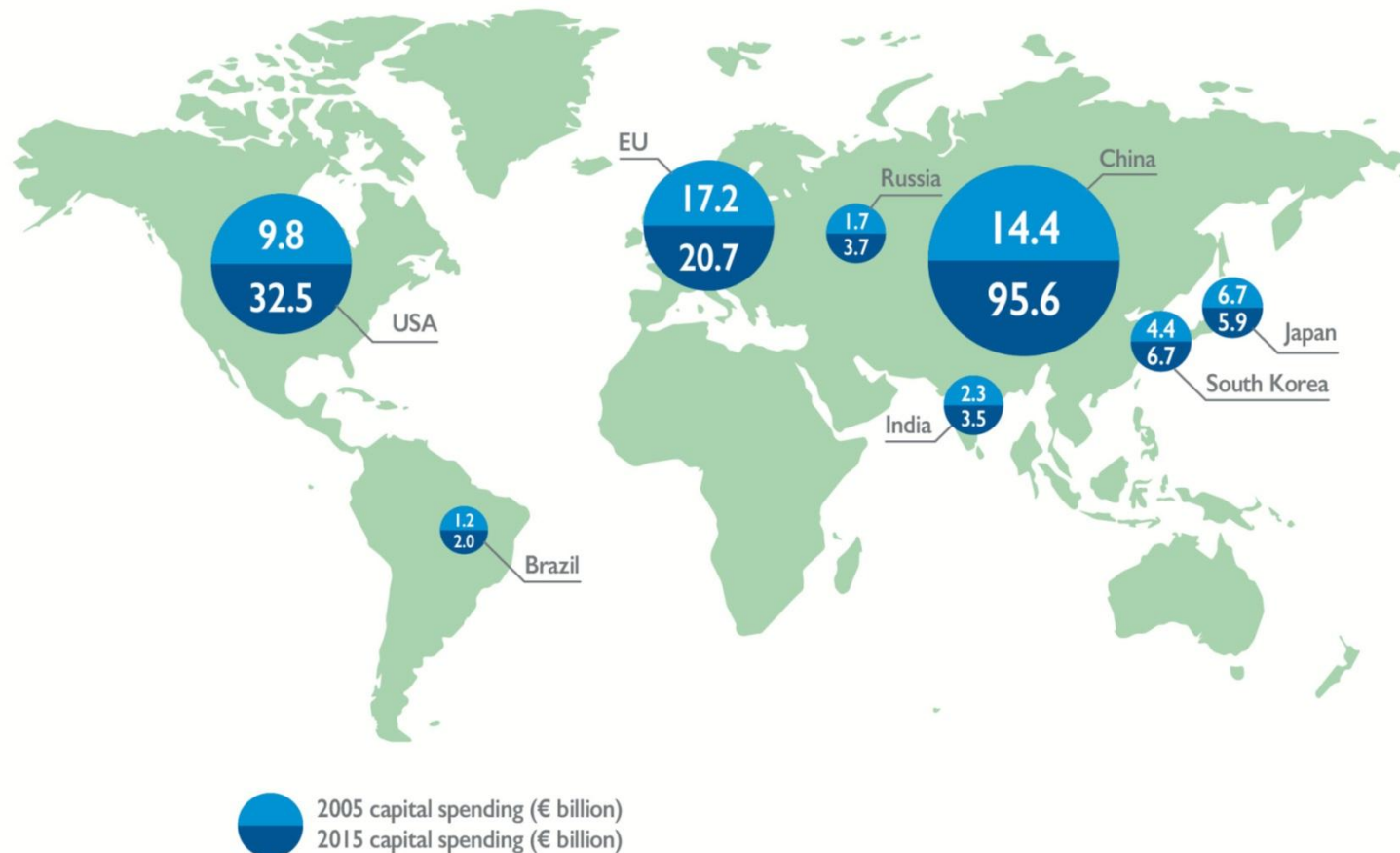
The Commission and the Council have (more and more) started to use the

Innovation Principle

China dominates world chemicals investment, US capital spending surges ahead



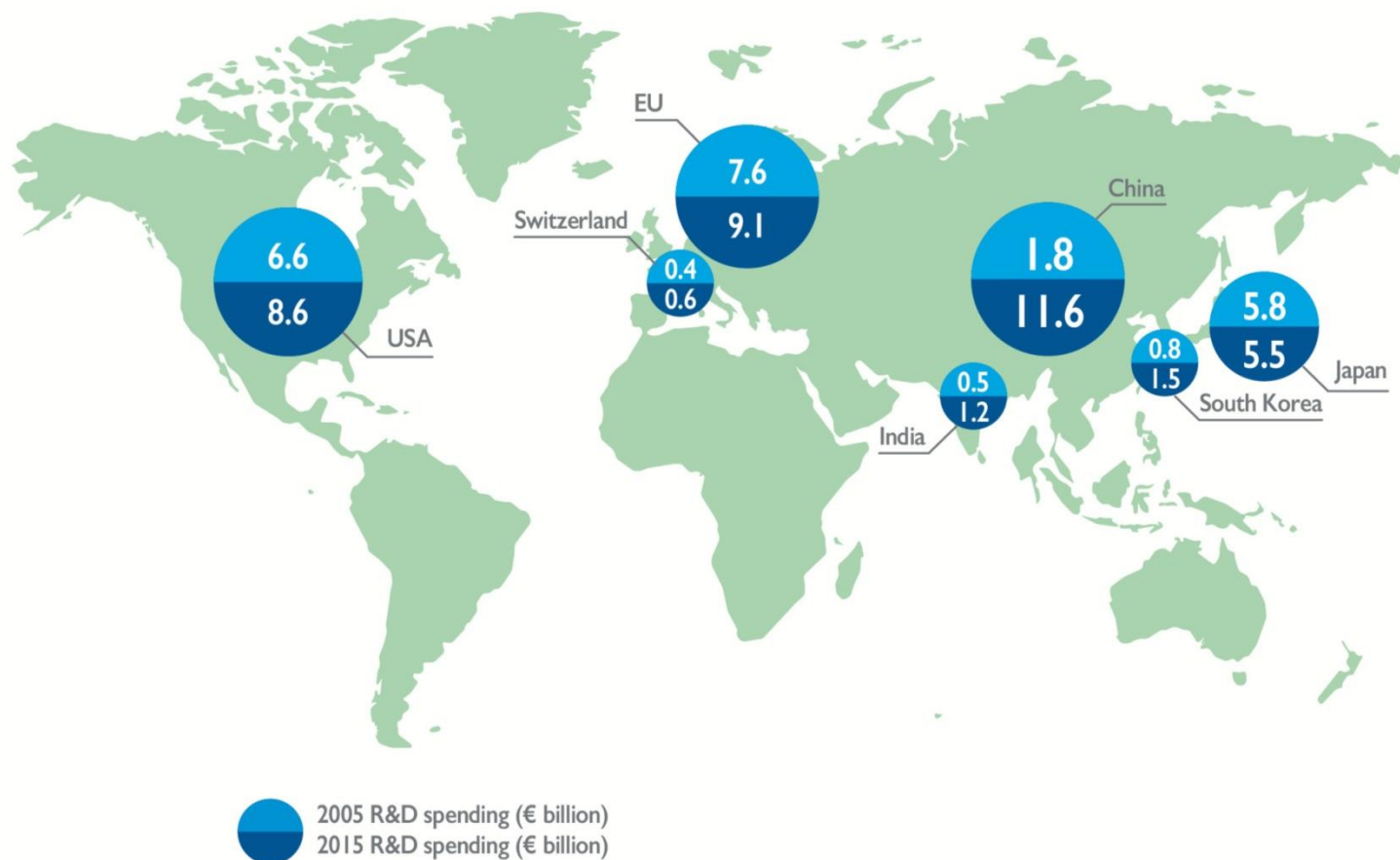
Capital spending by region



China outspends industrial and emerging countries in chemicals R&D



R&D spending by region



12 crucial months

ETS finalization

ED new proposal

Non Toxic environment

REACH review

Waste Directives

Digital agenda



Climate Change

In a new setting



Challenged on Trade

- TTIP
- CETA
- WTO
- Green Goods
- Bio Ethanol



12 crucial months



Brexit impact

National elections

(Germany, France, NL, etc.)

Shifts to the right and to the left

And a year of Commission mandate left for big policy



Quo Vadis? No world without

Chemistry will play a role in meeting almost all of the sustainable development goals.



But we will have to work very hard to keep our industry prospering in Europe



THE EUROPEAN CHEMICAL INDUSTRY

Facts & Figures 2016

