

Résumé

European Resin Manufacturers
Association Newsletter- 4th Quarter
2018

**EUROPEAN
RESIN
MANUFACTURERS
ASSOCIATION**

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Season's Greetings Message from ERMA Chairman David Graham

"Happy New Year 2019"

It is my great pleasure as association chairman and on behalf of executive committee to wish you and your family a joyous holidays season and a new year filled with peace and happiness.



During 2018, we have seen the benefits of ERMA Association activities for members and partners:

- *We increased our relation and partnership with EU and National Authorities "Commissions & Working groups" and Professional Associations in order to create the best collaborations as ERMA team during coming years.*
- *We have communicated the market and regulatory news via our Website and News papers "Résumés".*
- *The annual conference with a series of master classes speakers and talks was a very successful event which addressed a variety of critical issues for our industry and members.*
- *Our ERMA 2020 vision and objective have been successfully applied during the last 2 years and will be the key drivers for 2019 as reported during the General Assembly.*

ERMA 2018 Annual Conference

The ERMA 2018 Annual conference was held on October 5th 2018 in the amazing and full of contrasts city of Warsaw – the capital of Poland.

The gala dinner was a good opportunity for participants to enjoy the local foods and have the excitant discussions.

Annual Conference provided a successful platform for members and partners to discuss, raise questions and initiate the new partnership for supporting joint interest between ERMA and other organisations.

European Resin Manufacturers Association (ERMA)

"The Voice of Resins in Europe"

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Brexit: How could Brexit affect European and UK Coatings industries?

Speaker from BCF: Mr. Tom Bowtell - BCF CEO

Here are some selected points that came out of the Tom presentation and discussions:

BCF (British Coatings Federation), participates the meetings and working groups created by the UK authorities and industries for Brexit process evaluation and strategy development.



Several studies and surveys have been conducted to identify "how Brexit affects (risk and opportunity) the UK & European chemical industries and businesses?".

The market studies and surveys reports have found:

- *50% of BCF members are UK owned, with the others owned by EU, USA and Japanese companies*
- *The vast majority of paints and inks trade happens locally – 8 out of 10 top export destinations for UK paint exports are in the EU, and 80% of UK paint imports come from the EU.*
- *The UK is a net exporter of paints and coatings; 3 out of 4 cans of paint sold in the UK are made in UK.*
- *UK growth stalls in wake of Brexit (2018 GDP forecasts is +1.6% in the UK instead of +2.4% in G7).*
- *The economic impact of Brexit is higher for UK & four other countries which suffer the most (Ireland, Germany, Netherlands and Belgium).*
- *Over 20% of chemicals companies would move their businesses out of UK if there is no access to the single market or no access to REACH.*
- *Brexit has been identified as a risky strategy than opportunity by Chemical industries (74% & 24%).*
- *Brexit risks outweigh opportunities for UK Chemicals businesses:*
 - *Loss of UK manufacturing,*
 - *More complex or duplicated regulations,*
 - *Higher costs of doing business,*
 - *Less competitive UK economy,*
 - *Lower GDP growth,*
 - *UK less competitive for foreign direct investment,*
 - *Lack of skilled labour*
- *Brexit position from the UK chemicals/coatings/printing inks wall coverings:*
 - *Push for tariff free access to markets, continued access to skilled labour, and more competitive energy prices,*
 - *Lobby to keep the UK in the EU chemical regulatory framework,*
 - *Where possible look for wins / removal of burdens where it doesn't affect trade.*

Speaker References:

- UK Alliance of Chemical Associations Brexit Survey, March 2017
 - Chemical Watch survey, March 2018
 - The continental divide? Economic exposure to Brexit in, 2018 by Wen Cen &..
- Link to source: <https://onlinelibrary.wiley.com/doi/full/10.1111/pirs.12334>,

Biocides "Profile and challenges for coatings"

Speaker from CEPE: Mr. Didier Leroy - Technical director

Here are some selected points that came out of the Didier presentation and discussions:



CEPE is the European Council of the Paint, Printing ink and Artists colours industry.

CEPE members mainly positioned as User of preservatives

- *Paints and printing inks need in-can preservatives for the 'wet stage' (PT 6)*
- *Some paints also need dry-film preservation (PT 7)*
Anti-fouling paints are biocide products (PT 21); CEPE group also involved in product authorization

The EU Biocidal Product Directive (BPD) was replaced by the Biocidal products Regulation (BPR) which has been applicable since September 1st 2013, however, its impact for companies using biocides in their products was originally underestimated. The regulation imposes obligations on these companies, and many are still getting to grips with what it means for them.

Our concerns:

I- Two main issues linked to the BPR:

- *Will there be enough remaining efficient preservatives? Current trend is of concern*
- *Will there be a ban for consumer products containing potent skin sensitizing substances above the classification threshold limit? Cases of CMIT/MIT*

II- What triggers these concerns :

- *CLP is one after the other adversely classifying active substances*
- *BPR has exclusion and substitution criteria embedded in the legal text*
- *BPR review process is evaluating substances one after the other without any holistic approach to the issue of preservation*

We may end-up in a crisis when at a certain point in time we will not have enough tools available.

III- The Biocide Review Programme

The Review Programme is the name commonly used for the work programme for the examination of existing biocidal active substances contained in biocidal products. The programme was set up in 1998 by the European Commission under the Biocidal Products Directive (BPD) and continues under the Biocidal Products Regulation (BPR). The Review Programme is foreseen to be completed by 2024.

The Biocide review programme progress slowly and process could be impacted by other subjects such as: Product authorization, Renewal of substances, Renewal of products, Endocrine disruption, Nano, In-situ actives.. etc. The slow progress consequences is that by 2025 the Commission will have to report to Parliament on the implementation of the BPR (= high pressure to finish); In the meantime, Industry will have less opportunity to answer new requests on their active substance dossiers Much could be postponed to product authorization (= more uncertainty).

IV- Status of key actives, Other issues & next steps

Status of key actives, Exclusion and substitution ,Next Steps >> See presentation in ERMA website "members area"

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Circular Economy "Concept, Objective, Strategy, trends & opportunities"

Speaker from European Commission, DGE:

Mrs. Paola Migliorini "Team Leader Circular Economy"

The European Commission is convinced that the Circular Economy is a megatrend "global, sustained and macroeconomic forces of development that impacts business, economy, society, cultures and personal lives thereby defining our future world and its increasing pace of change".



Here are some selected points that came out of the Paola presentation and discussions:

The Circular Economy is part of the Global Goals for Sustainable Development. The concept is characterised, more than defined, as an economy that is restorative and regenerative by design and aims to keep products, components, and materials at their highest utility and value at all times. The concept distinguishes between technical and biological cycles. The EU objective for Circular Economy Project has been the management of the different identified (existing and potential) issues and challenges in order to determine the EU strategy and action plan.

This art-pic presented by Paola is created via a web-tool, represents the legal text COMM "Closing the loop - An EU action plan for the Circular Economy". The text published in 2015 to observe any interesting patterns that might arise have been inserted. The more times a word is repeated in the text, the bigger in the tree.



This is a creative way to understand what the Circular Economy Action Plan (CEAP) is about, and what are the EC priorities. The most repeated words in the legal text are "circular [economy]", of course, with "recycling", "materials", "waste", "products", "plastics" following in the counting. This is a clear indication of our approach, which aimed to closing the loop by covering the whole life-cycle of products, while also focusing on strategic key-sectors.

Our Concerns:

- Dependency on imported raw materials,
- Lost value of materials and products,
- Volatile resource prices and Depletion of scarce resources,
- Security and stability of raw materials supply,
- Environmental degradation & climate change,
- Waste generation

Commission's priorities:

- ✓ Jobs, growth and investment (including circular economy),
- ✓ Digital single market,
- ✓ Energy union and climate
- ✓ A balanced and progressive trade policy to harness globalisation
- ✓ A stronger global actor
- ✓ Etc.

Circular Economy Action Plan

54 actions covering the whole cycle with 4 key areas of action: Production, Consumption, Waste management and Recycling. Eco-Design working plan is a good example of action on Production, requiring product Durability, Reparability & Recyclability. The objective is to integrate the circularity in the design of new products and the materials they are made of; And deal with current and future materials which are not circular

Protecting consumers (New Deal for Consumers)

Even if not part of the CEAP, the 'New Deal for Consumers' will benefit the environment, given that stronger enforcement and better opportunities for individual redress against unfair practices can deter false environmental claims or planned obsolescence practices, complementing the actions of the EU Circular Economy Action Plan.

Improving Economics/Quality of Recycling (Plastics Example)

The aim is that by 2030 all plastics packaging will be reusable or recyclable. This will be achieved by stimulating design for circularity, boosting recycled content, stimulating better separate waste collection. Our aim will be to make it easier to trace process or remove possible chemical chemicals of concern from the recycling streams, thus ensuring a high level of health and environmental protection for EU citizens.

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"The Voice of Resins in Europe"

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Global market trends of MMA, AA & EA monomers

Speaker from Petrochemicals Europe: Mr. Philippe Salemis - PE Sector group manager

Here are some selected points that came out of the Philippe presentation and discussions:

Capital investment is a key factor in securing the future development of the chemical industry. And, in many cases, major equipment or plant renewals require long-term planning. Such investments are not only related to the improvement of productivity or introduction of new products but are also due to the need to comply with regulations or reduce operating costs. Data shows that chemical companies in the world invested a global value of €212.8 billion in 2016, up from €83.8 billion in 2006. On a global basis, the level of chemicals investment was 2.5 times higher in 2016 compared to ten years ago.



Key points & data (Sales, R&D and Investment)

- ❖ Global sales posted a very impressive increase from €1029 billion in 1996 to €3360 billion in 2016.
- ❖ EU sales increase by more than 50% in 20 years, while EU world **market share** halves.
- ❖ With 15.1%, the EU chemical industry ranks second, along with the USA (14.2%), in total sales. When including both the European Union & non-EU countries in Europe, total sales reached €597 billion in 2016 (17.8% of world chemical sales).
- ❖ Worldwide competition has ratcheted up in the last ten years, however, as China holds the top ranking in sales – a position once firmly held by Europe.
- ❖ The EU R&D market share has lost more than 25% of its original global market share in 20 years. The key question is to know what can Europe do?
- ❖ In 2016, China invested €99.2 bn in the chemical business, **accounting for 46% of World chemical investment.** This is far above the 25% reported ten years ago.
- ❖ Europe must act urgently to contribute to a real industrial renaissance by deploying the recently adopted EU industrial policy.
- ❖ Resins & Coating producers constitute @40% of monomers (MMA, AA & Esters) demand in EU.

Monomers Global Demand Growth and Drivers:

- ✓ MMA Demand growth >3% p.a. for the next 5 years (Above GDP)
- ✓ CAA demand growth +4,5% increase p.a.

CAA Drivers:

- 50% crude AA for Glacial AA and 50% for esters
- 80% of Glacial AA goes to Superabsorbant polymers
- Acrylates esters:
 - ☆ Surface coatings 40%,
 - ☆ Adhesives & Sealants: 38%
 - ☆ Textiles / Plastics / Others: 22%

MMA Drivers:

- Construction and Automotive: (PMMA),
- Coatings: Architectural and Automotive coatings,
- Construction: Solid surfaces and Adhesives application,
- LED lighting
- Others: Niche applications
- Note: EU MMA demand satisfied with imports from Asia and US

Trends:

- ❖ Developments in world trade were dominated by the current conflict over tariffs.
 - ❖ Investments in new production capacity increasingly flow to other parts of the world which leads to “investment leakage” in the chemicals industry.
 - ❖ While European chemical sales have continued to grow over the past 20 years, Europe’s share of global sales over the same period has declined dramatically. EU chemical sales increase by more than 50% in 20 years, while its world market share halves from 32% in 1996 to 15% in 2016. The loss of EU chemicals market share decrease is primarily due to declining competitiveness, as opposed to slow-growing destination markets. This is a so-called “dilution effect”, a trend expected to continue in the future.
 - ❖ Overall growth of chemicals demand and production as well as faster growth in emerging regions is a trend that its continuation is expected.
 - ❖ EU Regulatory Cost (regulatory cost has doubled in the last ten years (Source: EC-Cumulative Cost Assessment-July 2016).
- Recent investments, Forecast "EU legislations", Monomer supply >> See presentation in ERMA website "members area"

Key 2018 European Chemicals Regulations updates & news

1- ECHA offers help for Brexit:

- *The United Kingdom is withdrawing from the European Union at the end of March 2019. This decision has consequences for those working in the chemical industry, but also for companies in the remaining EU Member States and EEA countries doing business with the UK.*
- *The EU and the UK have announced a draft Withdrawal Agreement. If the agreement is ratified, it may contain a transition arrangement, which would give companies a longer period to adapt to the consequences of Brexit.*
- *Based on the information currently available, ECHA providing advice to help companies prepare for the UK's withdrawal taking full effect on 30 March 2019. How the withdrawal affects you depends on the role your business plays in the supply chain. If your UK-based business is connected to one of the remaining 27 EU Member States (the EU-27) or one of the three EEA countries, you will face some changes.*

The European Chemicals Agency ECHA offers help for companies to stay on the British market.

In a short and comprehensive overview, ECHA explains how UK-companies can stay on the market legally by appointing a representative to manage their registrations or by moving the part of their business that is related to the registration to a EU-27 member state.

Source ECHA: For more information : <https://newsletter.echa.europa.eu>

2- REACH:

- **Registration numbers granted to 32 515 REACH 2018 registrations:** *Source: ECHA (Sep.2018) Registration numbers have been granted to 32 515 dossiers out of the 33 363 dossiers that were submitted by the final REACH registration deadline on 31 May. These registrations cover 10 708 chemicals. The other dossiers still lack information and ECHA is waiting for companies to update them before granting registration numbers.*
- **Keep your registration data up to date**
ECHA reminds companies of their legal responsibilities to ensure the safe use of their chemicals, and to keep their registrations up to date to reflect, for example, the correct production volume, new uses, and the most recent safe use advice.

Link for more information: <https://echa.europa.eu>

➤ **Authorities to focus on identifying substances of potential concern:**

The focus of ECHA and Member States is on substances for which concerns have not yet been clarified. Currently, new data is being generated or assessed on 750 substances. Substances are increasingly addressed in groups based on structural similarity.

Key points:

- *Coherence of regulatory action of similar substances,*
- *Avoid regrettable substitution of substances of SVHCs,*
- *Generate further information on substances and mainly focus on the most crucial hazard properties for protecting human health and the environment.*

2018 targets (regulation & events)

Brexit:

By March 2019, the UK will be withdrawing from the European Union. Yet the future of the country and its chemicals industry is even more uncertain now than it was when a majority of UK voters decided, in June 2016 to back Brexit.

The UK government's plan will be critical for EU & UK Chemical industries.

ERMA support the BCF position.

EVENTS:

European Coatings Show 2019

Date: 19 - 21 March 2019

Place: Nürnberg, Germany

The ECS is the major gathering of the European coatings industries event in 2019.

ERMA will be present during the three days and you can contact us in order to organise future discussion

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