

Cefic's view at Circular economy and Sustainable growth for Chemical industry

31 May 2024



Marco Mensink, Cefic Director General



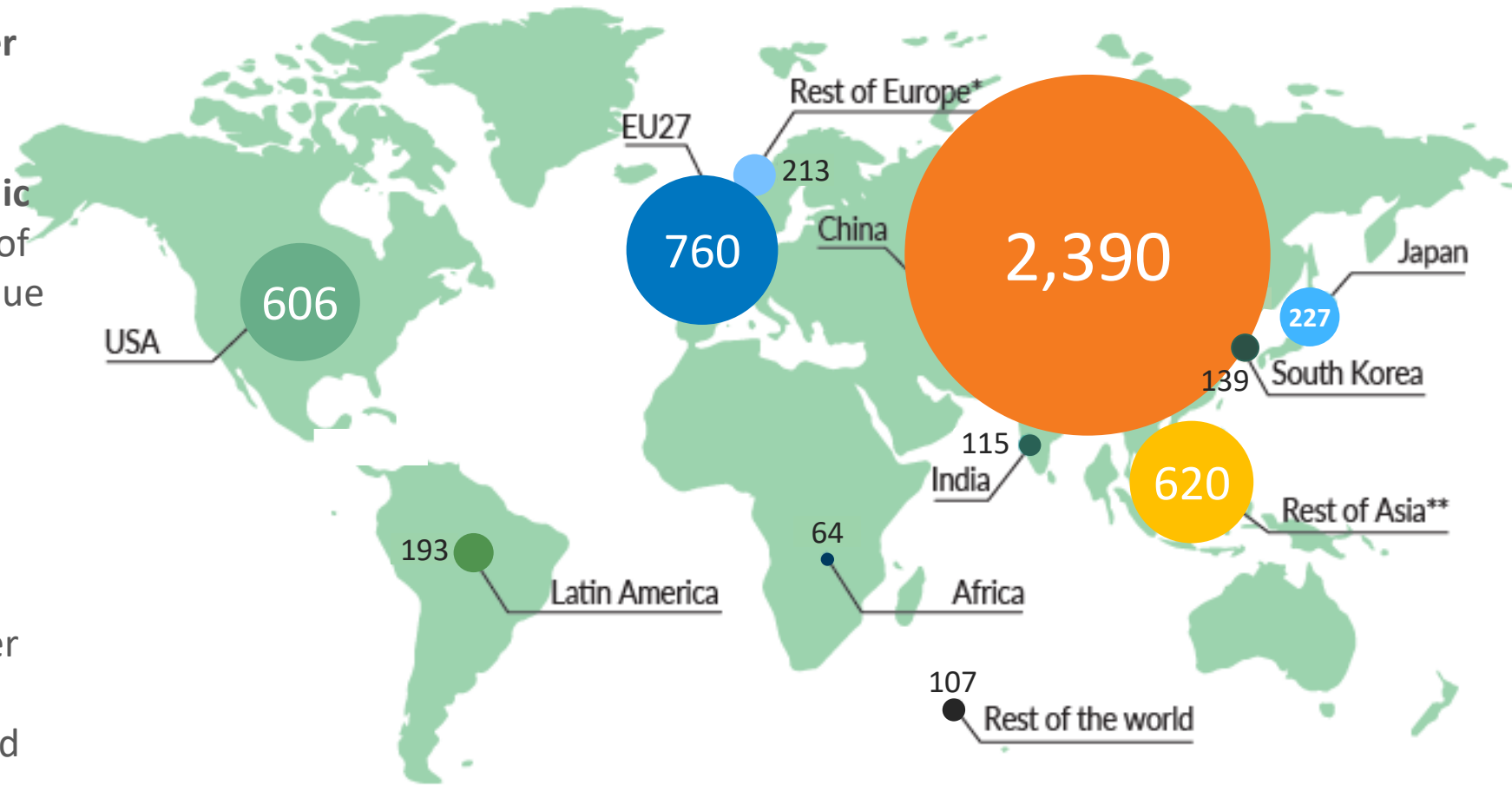
The current economic situation



EU Chemicals Industry - 2022

World chemicals sales (2022; €5,434 bn)

- 2nd largest chemicals producer in the world
- Major importance for economic development and wealth: 7% of EU27 manufacturing added value
- Employs 1.2 million people + around three times more indirect jobs
- The biggest industrial users of European chemicals are rubber and plastics, construction, consumer goods industries, and automotive.



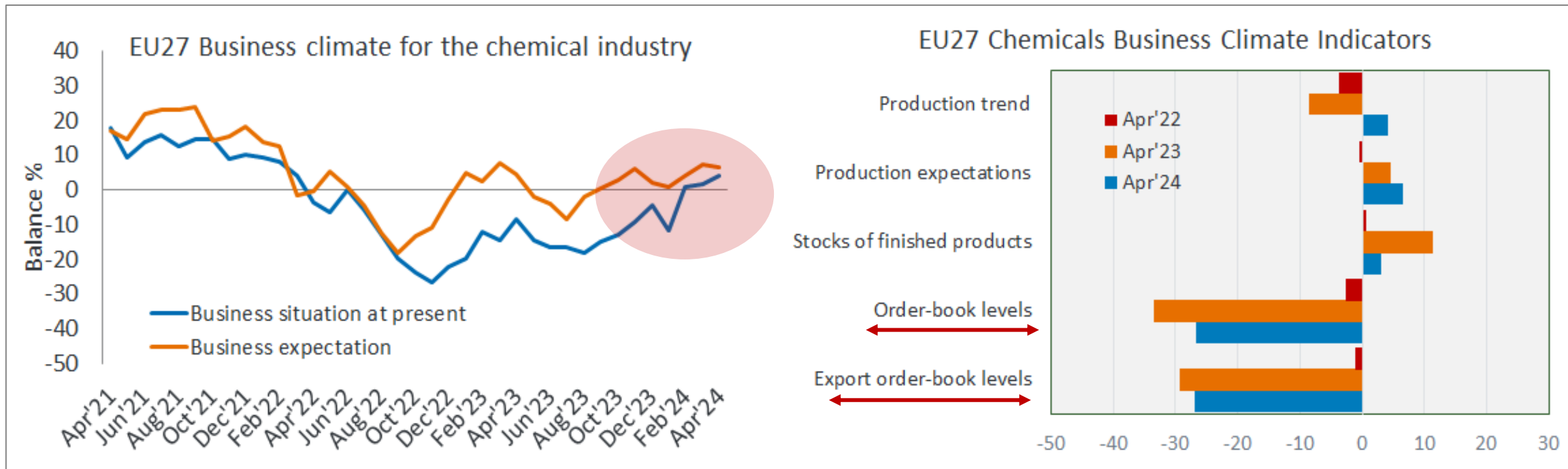
Source: Cefic Chemdata International 2023

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

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

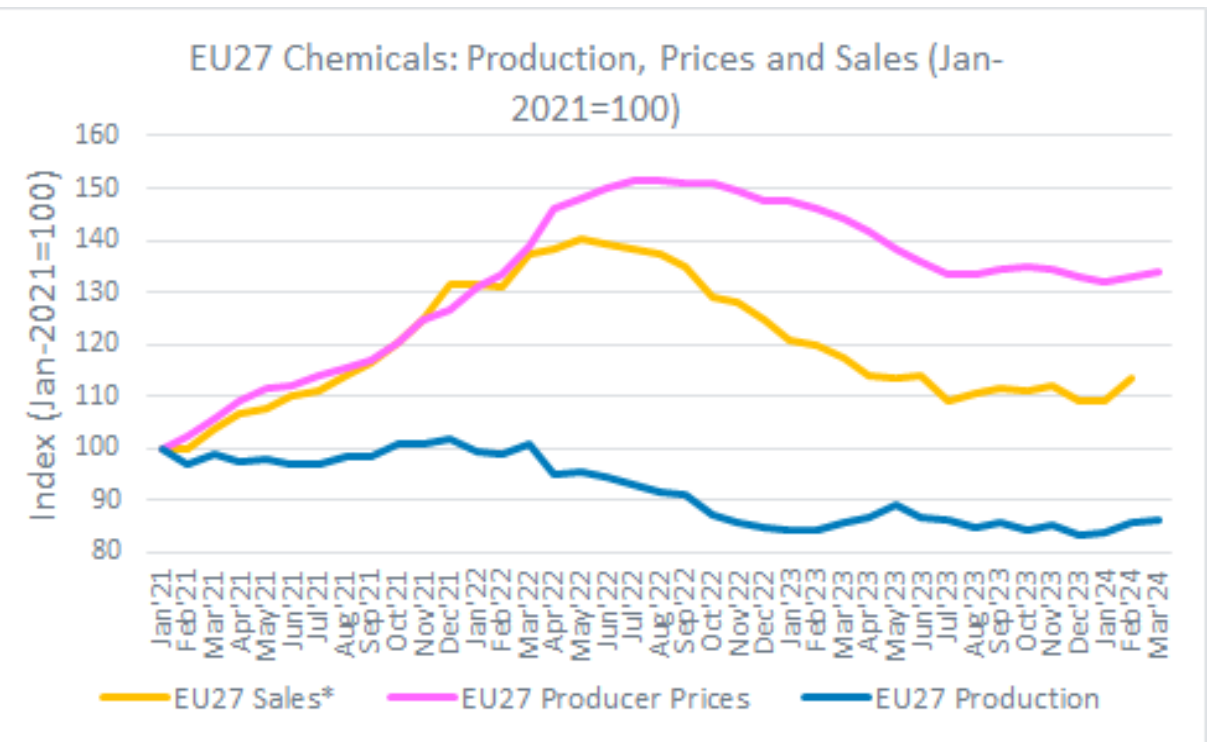
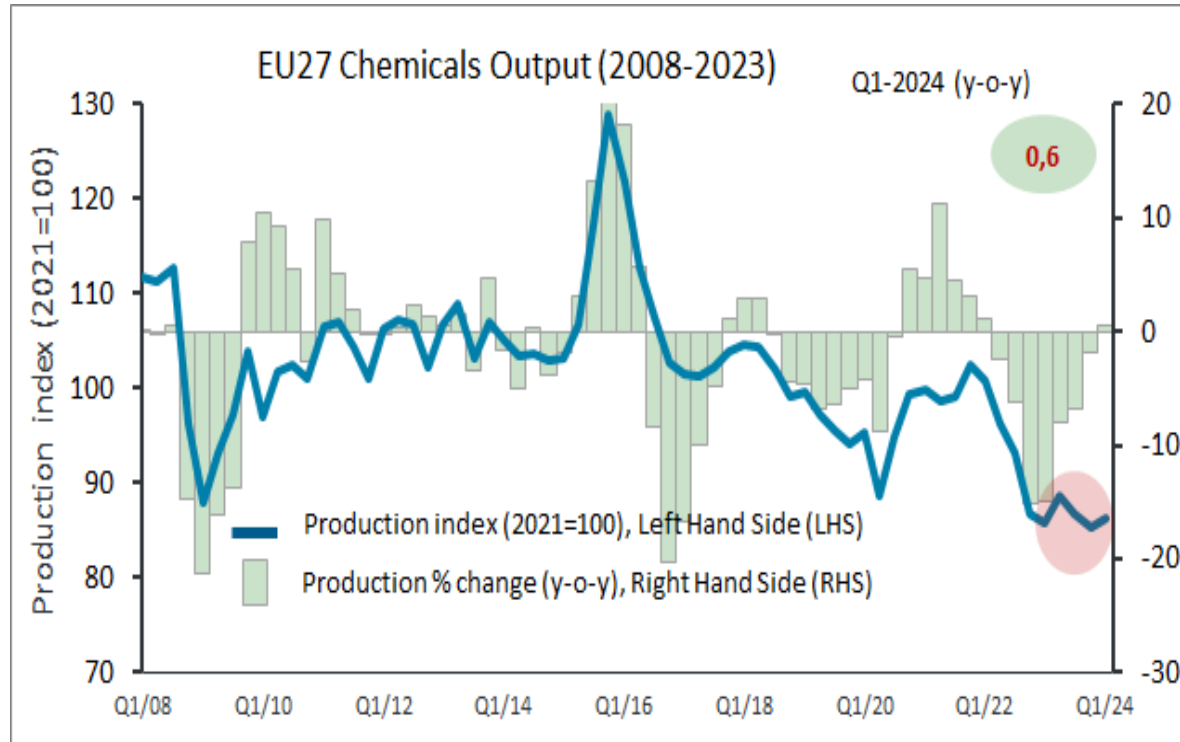


EU27 chemicals business climate continued to improve

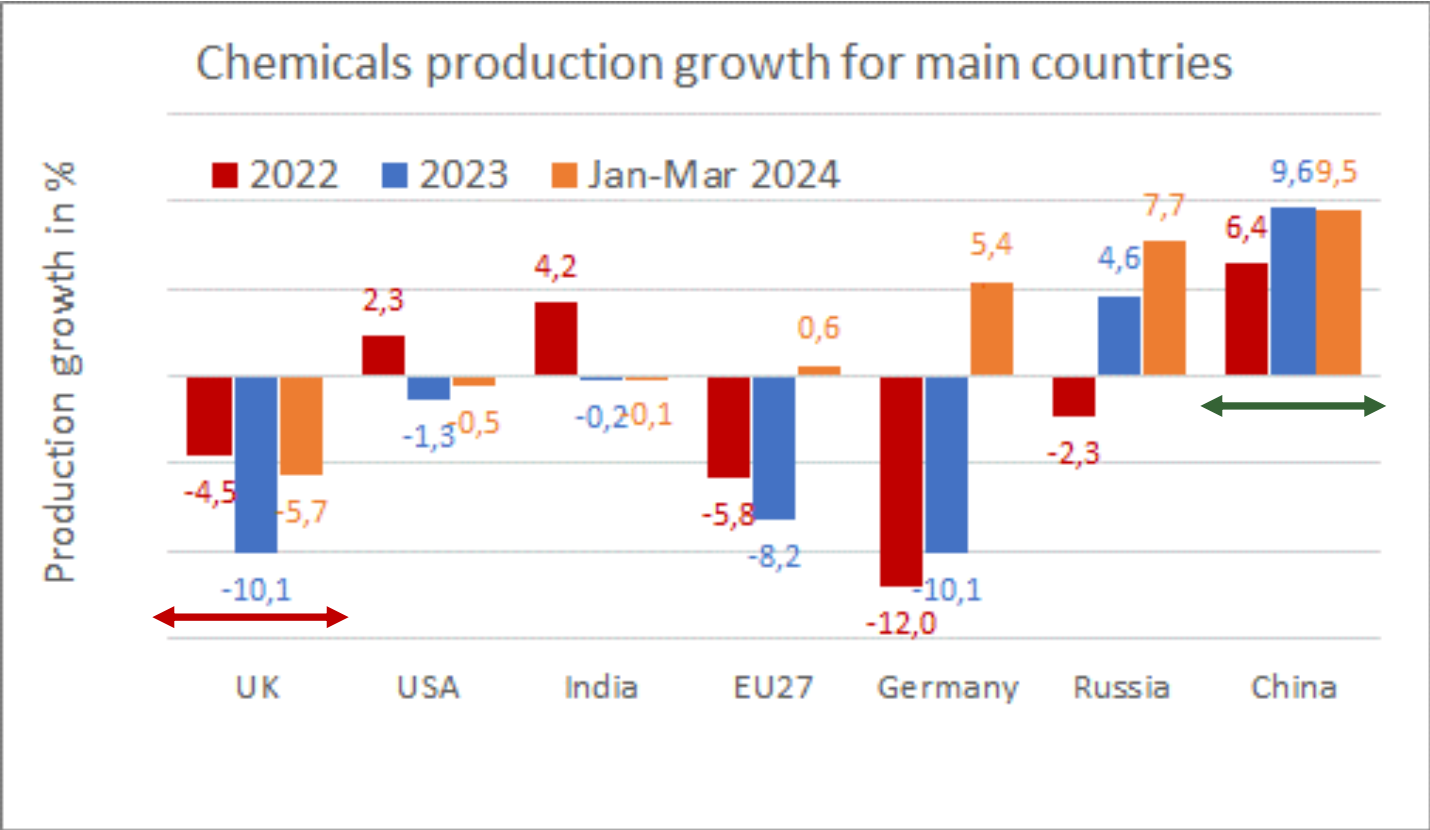


Source: EU Commission business and consumer survey results: Answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

EU27 chemicals output in Q1-2024: 0.6% above Q1-2023



Global chemicals production, up by 5.8% in Q1-2024



Output	2021	2022	2023	Jan-Mar 2024
UK	-10,9	-4,5	-10,1	-5,7
South Korea	8,5	-9,9	-9,6	-3,1
Japan	5,1	-3,8	-6,4	-2,7
Brazil	3,6	1,1	-5,8	-0,8
USA	4,2	2,3	-1,3	-0,5
India	8,0	4,2	-0,2	-0,1
EU27	5,7	-5,8	-8,2	0,6
Germany	5,6	-12,0	-10,1	5,4
Russia	7,1	-2,3	4,6	7,7
China	8,4	6,4	9,6	9,5
World	7,2	1,6	2,9	5,8



Source: Eurostat and Cefic Analysis 2024, US data are available until March 2024,

European Outlook

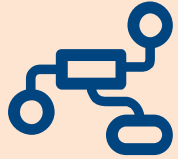
- **Destocking is coming to an end.** Most companies believe destocking is (mostly) complete, although 1H demand is still fairly muted, and some companies have a more cautious approach. However, **it is still too early to talk about a cyclical recovery.**
- **Europe's reliance on Chinese chemicals :** Chinese chemical exports to high-cost Europe continued to increase over 2023/4 (primarily due to overcapacity in China with a favourable cost position). Europe is still reliant on imports of chemicals from China for several products
- **Outlook for 2024:** The weakness in the EU27 chemicals industry is expected to continue this year. Growth also remains weak in the USA and momentum is slowing in China. Therefore, the demand for EU27 chemical products will remain soft globally. The European industrial sectors are out of recession but still a long way from any dynamic growth



Sustainability and Circular Economy

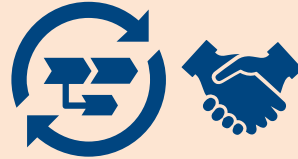


Different areas of focus to enhance further upscaling of circularity



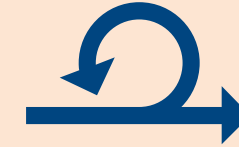
Innovation & Digitalization

- Product, technology and business model innovation
- Design for recycling
- Relevant data exchange via digital product passport



Industrial Symbiosis & Beyond

- Further explore industrial symbiosis in the circular transition
- Collaboration across value chain, explore new circular business models



Circular Feedstock

- Availability, competition for and higher prices of circular feedstock
- Variability and quality of waste-based feedstock
- Incorporation of chemical recycling & calculating rules

Success will strongly depend on:

creating the market conditions for circular products through targets and market pull measures

and

creating the circular mindset & culture along the full value chain



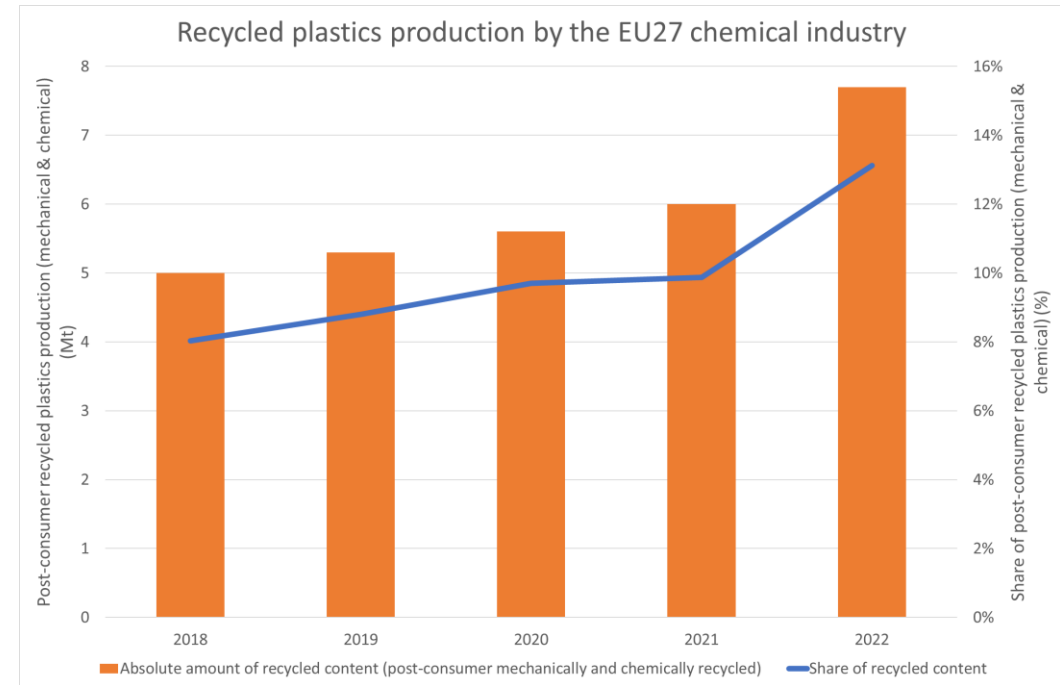
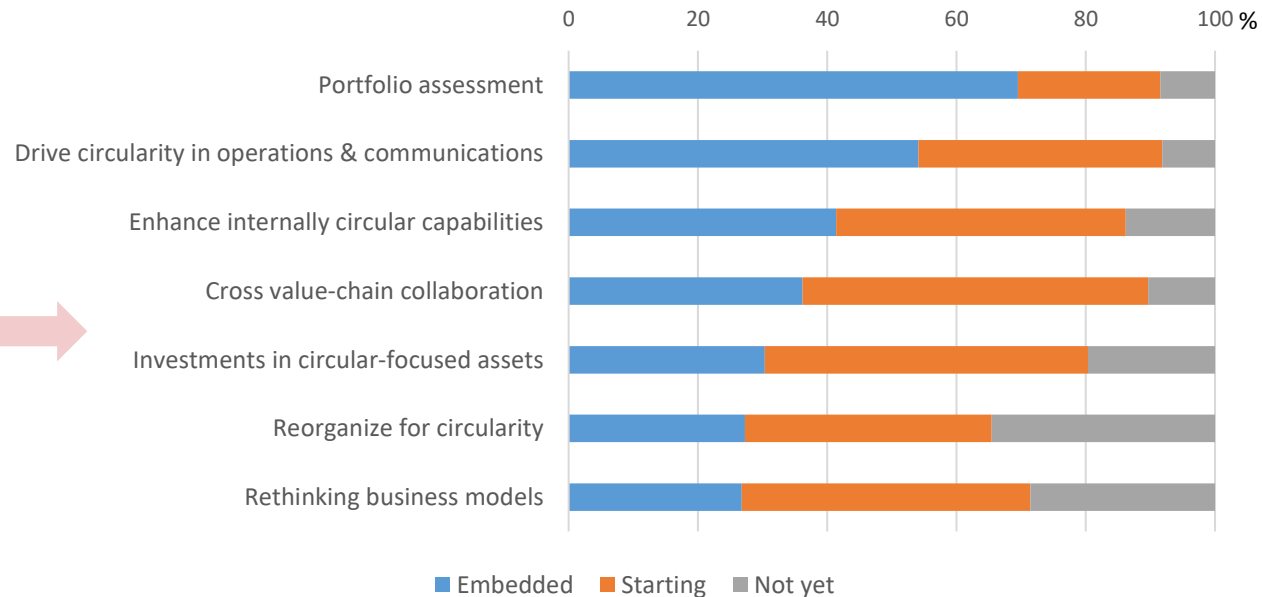
Circularity is building momentum

- Landfill max 10% in 2035
- Recycled content targets and collection targets in
 - Single Use Plastics Directive
 - Packaging and Packaging Waste Regulation
 - End-of-Life Vehicle Regulation

- Chemical companies implementing Circular Economy in the strategy



Level of implementation of 7 steps integrating circular economy in a company's strategy



Source: Plastics Europe

Sustainable products – to realise a climate neutral and circular economy

European Commission

Making sustainable products the norm in Europe

Our current 'take-make-replace' economic model depletes our resources, pollutes our environment, damages biodiversity and drives climate change. It also makes Europe dependent on resources from elsewhere. This is why the EU is moving to a circular economy model, based on more sustainable products.

30 March 2022
#EUGreenDeal

Key actions for circular and sustainable products:



Make products greener, circular and energy efficient through **ecodesign requirements**



Improve products **environmental sustainability information** for consumers and supply chain actors by introducing **Digital Product Passports**



Prevent destruction of unsold consumer products



Promote **sustainable business models**



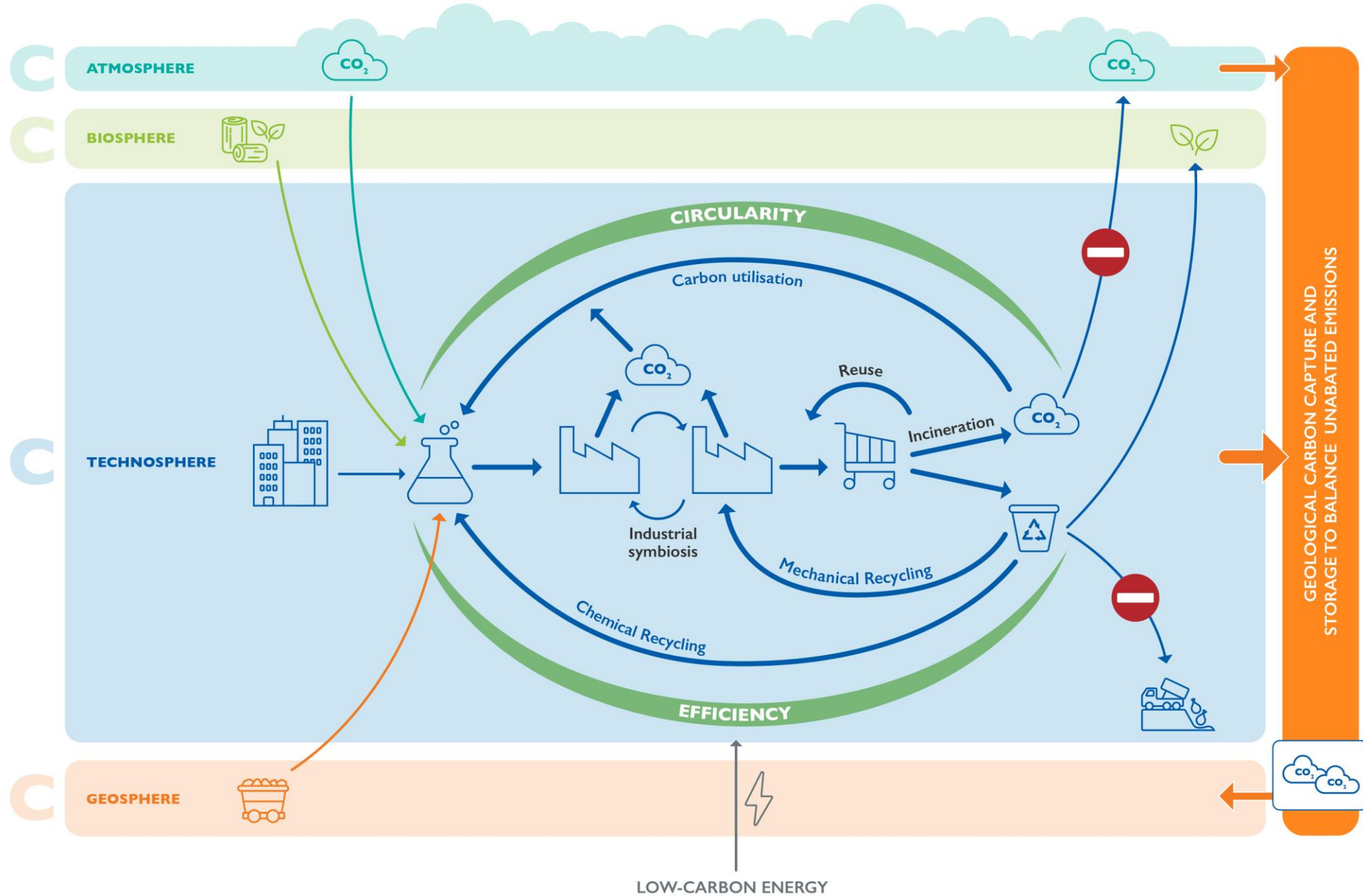
Set mandatory requirements for **green public procurement**



Ecodesign requirements



SUSTAINABLE CARBON LIFE CYCLE



A circular economy is an essential part of a climate neutral society



The Antwerp Declaration for a European Industrial Deal

The call for a business case for investments in Europe is supported by:

1101
organisations

25
sectors

763
Companies

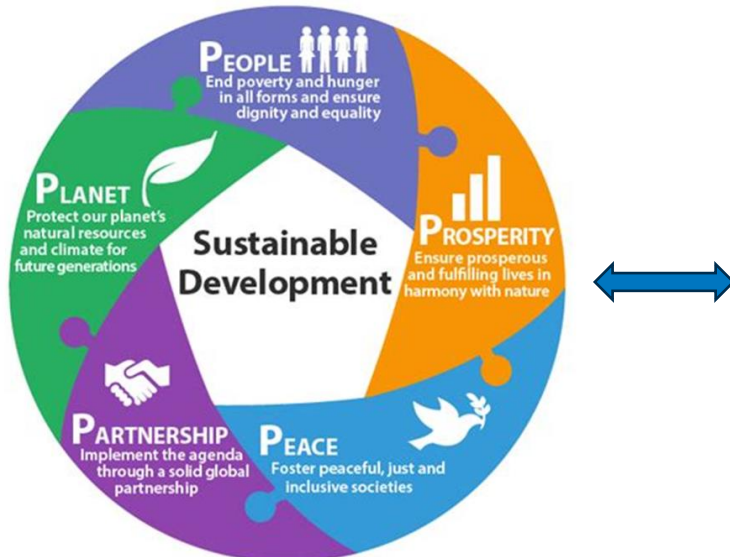
294
Associations and Unions

44
Other



The Antwerp Declaration for a European Industrial Deal

Our Declaration calls to Member State Governments, the next European Commission and Parliament to:



01

Put the Industrial Deal at the core of the new European Strategic Agenda for 2024-2029.

02

Include a strong public funding chapter with a Clean Tech Deployment Fund

03

Make Europe a globally competitive provider of energy.

04

Focus on the infrastructure Europe needs.

05

Increase the EU's raw materials security

06

Boost demand for net zero, low carbon and circular products.

07

Leverage, enforce, revive and improve the Single Market

08

Make the innovation framework smarter

09

A new spirit of law-making.

10

Ensure the structure allows to achieve result

**Thank you
for your attention**

