

Enabling Solutions

Chemical Regions – a Driver for Competitiveness and Innovation in Europe

Declaration of the 6th ECRN Congress

Brussels, 27th October 2008

Introduction

On the occasion of the 6th Congress of Chemical Regions, the Executive Board of the European Chemical Regions Network adopted the following declaration, which is addressed to members of the High Level Group on the competitiveness of the Chemical Industry in Europe and the European Institutions.

It attempts to outline the regional dimension of the competitiveness agenda of the Chemical Sector in Europe and serve as a contribution to the further considerations of the High Level Group.

Role of the Regions for the Chemical Industry

Regions in Europe vary greatly in their institutional competences and in their control over regulatory issues. Often this is primarily a national issue, but within federal systems where certain aspects of regulation are devolved, there is potential for regions to improve the conditions for their regional industry through regulatory means.

At regional level, the communication between all stakeholders is often much more intense than at national level. Regions can be seen almost as a seismographic detector that provides early warning for problems, helping decision-makers to react quickly and avoid last-ditch efforts and expensive measures.

A clear and realistic common understanding of socio-economic consequences exists at regional level (i.e. actual problems in automotive industries – impact for chemical industries). It has been estimated that each working place in the chemical industry is further connected to 1,7-2,5 working places in the supply and consumer industries.

Systematic consultation and cooperation are required in order to create a favourable future business environment for the chemical industry. This includes coordination of joint interests.

European Regulations are implemented at regional level with all their inherent practical pros and cons. The monitoring of legislation is also located at regional level, so problems are detected at an early stage in the regions.

Authorities in the regions are currently active in developing strategies for improving the competitiveness of its regional industry. Strategies are concentrated in fields such as: infrastructure policy, cluster development, the establishment of chemical and science parks, logistics and the attraction of investment in the regions. Furthermore regional actions are taken in the field of R&D and skills training, including vocational training and qualifications as well as specific activities at local level concerning sustainability i.e. energy-efficiency and climate change and the support of entrepreneurial activities such as policies for SMEs, support for foreign trade relations, location marketing and policies focusing on FDI and support for inward investment.

Finally, regions are active in the field of European legislation regarding involvement in the drafting process of new EU legislation and lobbying at national and EU level regarding proposed legislation.

EU climate change policy and its impact on chemical regions

EU climate change policy will have obviously impact on the chemical regions in the future.

While the ECRN is a strong supporter of reducing CO₂ emissions, it reiterates its demand for:

- a global approach on climate change policies based on benchmarks,
- clear and coherent measures to combat carbon leakage for the energy intensive industry by defining the affected sectors already in 2009,
- free allocation of emission rights for these industries as long as there is no credible international agreement on climate change policy
- free allocation of emission rights for industrial installations and combined heat & power sites on the basis of benchmarks over the full period,
- free allocation 80% flat rate for non exposed sectors

The ECRN urges the Member States and the European Parliament to arrive at a joint agreement on the basis of these principles at the next European Council in December, taking into account the further development of the chemical industry in Europe in light of the potential impact of the financial crisis on the real economy.

Cluster policy, establishment of chemical and science parks

In many chemical regions a dialogue between industry and regional governments is ongoing in order to develop clustering strategies and policies to increase knowledge absorption/transfer and diffusion capacities. In general, this process covers all major stakeholders. The dialogue between chemical companies and sites and the regional administration therefore contributes to the implementation of the principle of subsidiarity.

The chemical industry is a crucial part of the economy in regions where it is concentrated and its impact on the regional economy should not be underestimated. A close relationship between industry and chemical regions therefore helps to improve the overall competitiveness of chemical industry in Europe, by developing adequate support policies at this level.

Current development concepts for knowledge and territorial competitiveness underline the importance of interaction between global sources of knowledge (often represented as 'best practices') and localised knowledge arising from the concentration of sectoral-or cluster specific knowledge.

The European Chemical Regions Network therefore welcomes the recent communication of the European Commission on cluster development and innovation¹ and suggest to include the development and co-operation of chemical clusters and of knowledge sites as a key part of future European cluster support strategies. It furthermore suggests to actively take part in the cluster policy group to strengthen the regional dimension in the future development of cluster strategies at European level.

Logistics

Chemical sites, parks and clusters have a strong impact on the development and extension of infrastructure, especially in the areas of transportation, logistics and IT. Improved and modern infrastructure helps strengthen the attractiveness of the region. For chemical sites a modern infrastructure represents an important competitive advantage for all companies involved.

Acquisition of investments in the regions

Marketing for the location and a FDI friendly policy flank the acquisition of new investments in the regions. Chemical parks and clusters can support the development of SMEs, especially in the down and upstream industries (e.g. plant engineering) and services.

R&D Support and Innovation

Chemical sites provide important networks between science and industry. Increasingly, scientific profiles of regional universities and research institutions are influenced by the successful development of chemical locations.

Universities and high schools are supported to establish centres of excellence for innovation.

In parallel, chemical sites are increasingly developing their activities in direction as 'knowledge sites' to strengthen innovation capacity and improve regional competitiveness. New forms of cooperation between chemical companies, universities and research institutes and public authorities have emerged (e.g. PPP) that use the geographical proximity and networks of chemical parks as a melting pot for the settlement of innovative and highly productive business activities.

¹ Com (2008) 652, Communication "Towards world-class clusters in the European Union: Implementing the broad-based innovation strategy", 17.10.2008

Support of skills training, including vocational training, qualification

The Chemical industry also has a strong impact on regional employment. The research and development of innovative products and services drive the rising demand for qualification and training. The industry itself is highly technical and requires highly skilled workers. Regional knowledge helps to find new, innovative solutions. Regional knowledge can be achieved through the involvement of skilled workers in learning-by-doing, moving between firms, and learning through firm-to-firm interactions.

Specific activities concerning sustainability i.e. energy-efficiency and climate change

Furthermore, the issue of sustainable location development is becoming increasingly important, focussing on the role of chemical sites for the environment in the regional framework. In this respect chemical sites have an increased regional impact and can take over specific services for regional development (e.g. environmental protection, energy efficiency and climate change etc.).

Further activities - Chemical Regions in Europe

The Chemical industry in the EU is not equally distributed all over Europe. Each region in Europe faces different challenges, mainly with regards to the modernisation of framework conditions.

Although the Chemical Industry is mainly strong in Western Europe, the chemical industry in Central and Eastern Europe for instance (including the petrochemical sector) is still undergoing major changes, which are linked to consolidation and privatisation, market development connected with economic growth and deregulation and the introduction of EU regulations. Specific changes in the New Member States present a number of general challenges regarding restructuring, infrastructure development and modernisation of the chemical industry in general.

One key bottleneck for the further development of the chemical sector Europe will be the development in the logistics infrastructure and the development of new intermodal transport concepts for its regions.

During the work of the High Level Group the European Chemical Regions Network has developed as a first step the "ChemLog" initiative to draft a transnational strategy to improve the logistical situation for chemical industry specially in Central and Eastern Europe, which will be supported by the INTERREG IV B programme over the next three years.

Future Role of European Chemical Regions Network

Since many of the recommendations identified so far by the High Level Group directly address the regional level, the European Chemical Regions Network is therefore proposing to continue EU dialogue with chemical regions beyond the remit of the High Level Group through a yearly seminar on regional aspects of the chemical industry in Europe.

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