

# CIA matters

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INFORMATION FOR  
YOUR INDUSTRY

NO. 137  
WINTER 2024  
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## Britain's chemical industry fuelling UK growth —

a plan for the next Government

— SEE PAGE 12



**Also:**

CIA gets ready to celebrate the best of UK  
Chemical and Pharmaceutical Businesses

— SEE PAGE 16

ChemTalent to launch a survey for early careerists




— SEE PAGE 24

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## From the CEO's Desk

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# Every modern economy needs a chemical industry

Welcome to the latest edition of our quarterly magazine, *CIA Matters*. In these pages, we strive to provide updates, in-depth analyses and thought-provoking features that define the ever-evolving world of industry. This edition promises to be a compelling blend of innovation, industry trends and expert perspectives, providing a window into the dynamic landscapes that shape our business environment.

As we move further into 2024 – general election year in all probability – the Government and the Opposition are pretty much in the same positions as throughout 2023. The Government focus remains on vote winning and not the longer-term direction and decisions that business needs, whereas the Opposition is not saying too much, being content to sit back and let the Conservative Party fall out with itself. Apparently, there are likely to be around 70 general elections in the democratic countries of the world before the year end and, with that, the ability for more than 50% of the world's voting

population to have their say through the ballot box. Out of the 70 there will of course be a limited number that have the potential to impact seriously on the UK – in particular the June elections for the European Parliament (the EU still being our most important market place) and the November US Presidential election (still our number one export destination).

Our job is of course to make every effort to place the chemical industry at the heart of positive Government and Opposition thinking and action on manufacturing and science. We will be doing that through our everyday lobbying and advocacy with you, our member companies, and, more formally, through our manifesto, which was launched in Parliament last month. For more information see [page 12](#).

Apart from our own CIA manifesto, we also delivered the M5 Manifesto making the case for chemical industry inclusion as part of advanced manufacturing and one of this Government's designated growth sectors – a point recognised by the

Government and Opposition when we launched our M5 manifesto alongside colleagues from aerospace, automotive, food & drink and life-sciences. You can read it [here](#).

Turning to the March Budget, as the Chancellor continues to prepare to deliver his Budget Statement to Parliament the CIA has set out its main tax and financial support asks, which you can read [here](#).

Coming up, I am delighted to announce the launch of our 2024 [Chemical Industry Awards](#). These Awards provide the best opportunity to showcase your company and your workforce for their achievements. I know that even in these most challenging of times there are some incredible stories from our member companies. Please take a look – we look forward to receiving your entries. Thank all our member companies for the work that you do for our sector and for the time and resources you commit to working with us on the collective industry-wide agenda.

**Steve Elliott**  
 Chief Executive

Recycle

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# Looking back at 2023



## Policy Director's overview

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Looking back at 2023, we've seen some fundamental changes on the policy front, which we've long pushed for on behalf of the sector. On energy costs, not only did we see the extension on support for wholesale energy costs via the Energy Bill Discount Scheme (EBDS) scheme, our work in securing competitive energy prices came to some fruition – most notably on electricity prices for energy intensive businesses. A long-standing piece worked with the Department for Business and Trade (DBT), resulting in the 'British Supercharger' to deliver a package of measures on electricity prices in line with other key European economies. Alongside this, we now have amended UK schemes in place that better allow businesses, where appropriate, to reduce their gas and power demand at times when supply is tight.

On Net Zero, we've worked on a whole host of transition enablers with some progress. The most recent is the confirmation is our sectors Climate Change Agreement enabling some relief from the Climate Change Levy to be extended for six years from 2025. These first weeks of 2024 will see us working on the details of the scheme, but for now this does provide the much-needed certainty and helpfully the target setting process will better account for decarbonisation investment. On the carbon front, we have seen the UK ETS Authority publish its long-awaited main response outlining the future development of the UK Emissions Trading Scheme (ETS). Whilst the response provides short-term clarity with

existing carbon leakage protection via free allocations remaining, at the time of writing, policy beyond 2025 is yet to be developed. We did also see confirmation UK's intention to pursue a carbon border adjustment mechanism for listed sectors by 2027 – majority of chemicals outside of scope for now. Sadly, details and development on the design of a UK CBAM and ETS post 2025 all to emerge in 2024. Our work on all three areas will continue this year – with the key call being for a credible, long-term policy that reflects industry's transition pathway. Our advocacy efforts will also be focusing on hydrogen and carbon capture, use and storage deployment as well as support for the industrial electrification. Thinking of our feedstock related emissions, we will also continue to engage with several ongoing projects, with an attempt to gain consensus on key building blocks that must be scaled to meet demand, including biomass, CO<sub>2</sub> and chemical recycling considered as non-fossil resources. One key study we are closely engaging with is being led by Innovate UK but more to come in this area over the first half of 2024.

In terms of practical support, phase 3 of the Industrial Energy Transformation Fund is to commence from January 2024 and the IETF team will be joining our January Network call to ensure members have the most up-to-date information on the scheme as well as ask questions. Our guidance on sustainable reporting disclosures has been developed by our Sustainability Strategy Group (SSG) with the aim to help members navigate the complex policy landscape and provide a better understanding of how the different standards and disclosures

influence and interact with one another.

Turning to the chemicals management/products agenda, our work on securing a more workable and cost-effective alternative to the current UK REACH policy has continued, despite ongoing delays. In doing so our work has enabled:

1. Extension of registration deadlines being enacted with a 3-year extension across all tonnage bands. This will also allow to develop an alternative registration model (ATR) for transitional registrations implicated by Brexit.
2. A public statement from Defra, largely positive, outlining the policy direction for the alternative registration model. Whilst a consultation on the policy details is expected in early 2024, at a first glance the approach accepts the cost and intellectual property challenges of accessing hazard data that has been raised by industry. The statement also publicly announces the review of the existing fees structure for UK REACH to ensure a more sustainable funding model, including exploring reducing the current fee levels for UK REACH registrations as well as the intention to revise the UK REACH restriction processes.

With a significant amount of detail to be addressed for changes under UK REACH, we are proactively informing this with input from members in advance of the 2024 consultations.

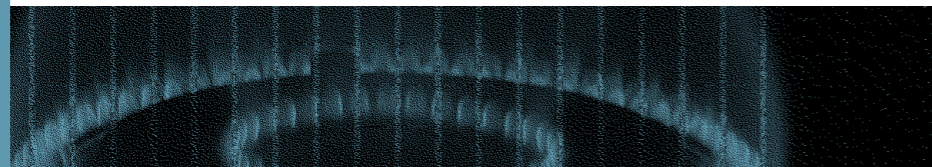
One major outstanding piece that didn't surface in this area is the publication of the UK Chemicals Strategy which we now expect to see early 2024.

The challenge here will be to preserve the good work made in encompassing key elements within the strategy and to improve where possible as Defra considers, amongst others, the outputs of recent Global Chemicals Framework into domestic policy.

Again, looking to practical support, two key guidance documents recently produced and now with members. The first is our PFAS policy brief to ensure businesses are aware on any product or process related implications, and the second is our guide on the GB Mandatory Classification and Labelling process (or GB MCL), the equivalent process to the EU's Harmonised Classification and Labelling (CLH). In 2024, we will be revisiting our longstanding guidelines and check-up tool on product stewardship, to support members but also as a non-regulatory tool for managing chemicals. April will also see us hold our popular 'Chemicals Management – Navigating Success' online event. With speakers from across Government, regulators, industry and beyond, this is the event to keep abreast of chemical regulatory policy developments and what this means for you.

Finally, the need for joined up policy making has never been more important and this year has rightly seen us push even harder on this with a number of consultations being held around this area in the last quarter. This includes the House of Commons Public Accounts Committee inquiry on Cross Government working with our response being framed around benefits for business investment, securing existing UK assets, optimum environmental outcomes and cost-effective use of public money. A government call for evidence has also been launched on Smarter Regulation relating specifically to UK Regulators which we will be making a submission on in early January. Our work with DeSNZ officials on streamlining energy and climate related reporting requirements will also continue into 2024.

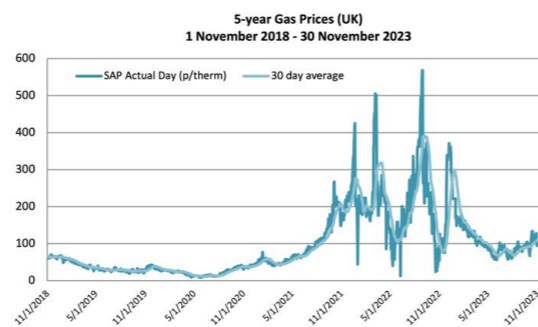
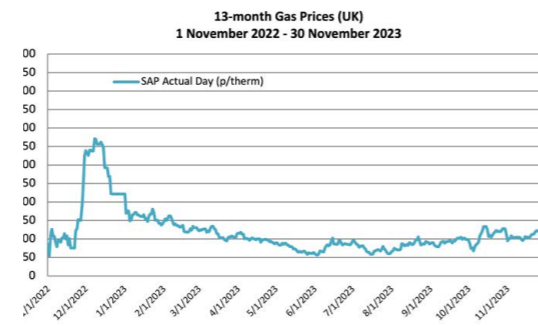
Overall, some positive outcomes and on others whilst there is a way to go in terms of reaching the final framework, this year has seen some tangible progress – the challenge now is to preserve the progress made so far, improve where possible and deliver in the midst of a year of elections!



**13-month Gas Prices (UK):**

1 November 2022–  
30 November 2023  
SAP Actual Day:  
55p/therm-371p/therm

Average SAP Actual Day:  
119p/therm



Source – Inspired Energy

# Energy

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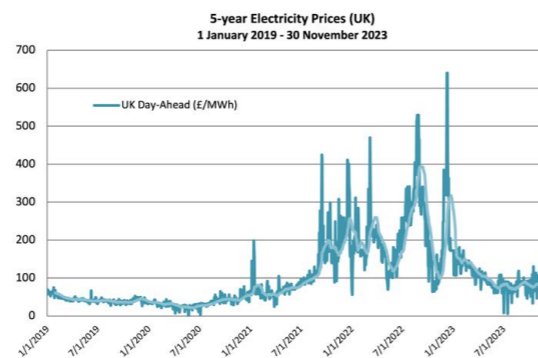
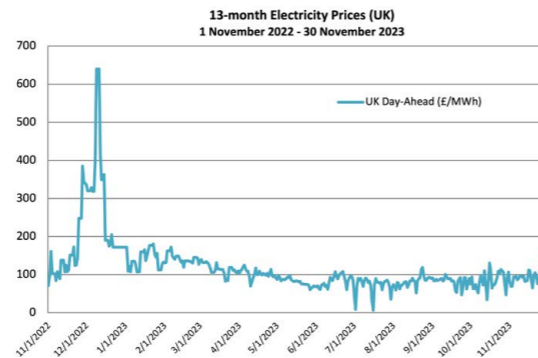
**Richard Woolley**  
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WoolleyR@cia.org.uk



**13-month Electricity Prices (UK):**

1 November 2022–  
30 November 2023  
Day Ahead: £6-£640  
MWh

Average Day Ahead: £117  
MWh



Source – Inspired Energy

## Energy outlook

At the time of writing, the UK has experienced the toughest week of winter temperatures for a very long time with a succession of hard overnight frosts, crisp blue skies and even snow falling both in the Highlands and as far south as Devon.

Incredibly, the markets and traded wholesale prices appear almost oblivious given the relatively high levels of heat demand, lack of wind, and a succession of days in which hundreds of thousands of homes have responded to the Electricity System Operator’s call to reduce demands in what would previously have been called ‘triad’ windows. £3 per kWh for each unit of deferred or negated demand is not a gamechanger to the average domestic or even industrial bill, but incredibly hundreds of thousands of households seem, at least in the early days of the scheme, to be playing their part and negating the need for marginal, highly polluting coal fired generation being deployed in what is almost certainly their final year of operation.

Recently we have also had one of the most far-reaching pieces of energy legislation enacted for a generation, the UK’s Energy Act. Trumpeted by government as something that will deliver cleaner, more affordable and secure energy for decades to come, it’s a far-reaching piece of legislation that could enable positive changes for our sector in a number of key areas.

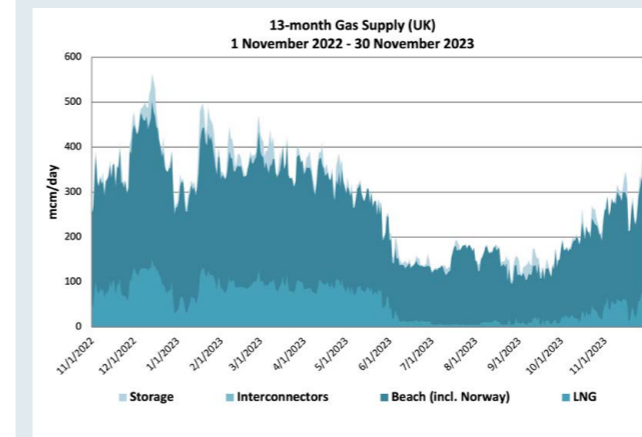
CIA has worked with the Department for Energy Security and Net Zero to help inform and develop one element of the Act, the ‘British Supercharger’ policy support package, such that it delivers a meaningful and permanent solution to the high electricity prices faced by domestic manufacturers. The Supercharger is a long overdue and very welcome package of measures, helping us to better compete internationally. Critically, the Act provides the legislative framework to compensate, exempt and deliver a more balanced outcome for electro-intensive businesses. There are inevitably winners and losers, and much work to be done over the coming year or so but this government, and Parliament at large, have finally delivered the first and most critical step.

The Act also enables the business models, funding frameworks, regulation and licensing regimes intended to unlock the development of new largescale fusion, carbon capture use and storage, and a hydrogen production supply chain. Unlocking these sectors effectively means removing the economic barriers that have previously prevented market-based deployment. This is inevitably a good thing for those industries and sites whose future critically depends on these alternative energies. Yet it comes with a greater overall energy cost to be redistributed to consumers, requiring further deployment of the ‘supercharger’ framework to keep energy intensive sectors competitive.

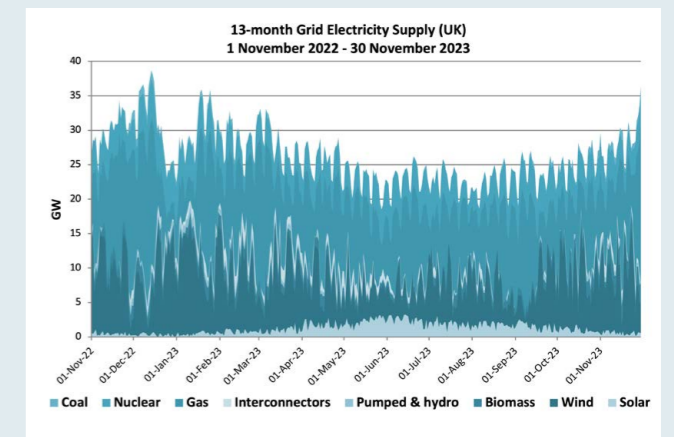
What is abundantly clear, is that the electrification of heat and transport remains at the heart of the UK’s decarbonisation

strategy necessitating not just a huge capital injection into renewable generation but critically, the rewiring of our onshore grids which are increasingly outdated. Removing bottlenecks, constraints and reinforcing capacity in both transmission and distribution comes at a huge cost and has a very long lead time under the current regulatory model.

Again, the Act is designed to overcome these barriers by moving the concept of the independent Electricity System Operator a step further. The strategy between now and 2050 is a whole energy and Future System Operator (FSO) who will, in time, absorb the gas system operator function and critically direct and award competitive contracts for network investments. Gone are the days of the incumbent system operator telling its incumbent transmission operator where to spend money, what to spend it on and then asking Ofgem for funding. Instead, the independent, cross-energy, FSO will look to work across the necessary decline of natural gas, take into account the role of hydrogen, and set a clear strategy for electrification. Then, using competitive forces, they will tender to market for solutions not just for network investment, but also the potential role of smart demand side response. Removing the geographic monopolies and opening up onshore competition is a major step forward, but throw in AI, smart appliances and demand side response, and the FSO has huge potential to deliver lower cost solutions while, hopefully, keeping the lights on.



Source – National Grid



Source – GridWatch

PRODUCTS AND CONSUMER HEALTH

CHEMICALS MANAGEMENT — UK

**UK Chemicals Strategy Delayed**

Due to the Ministerial changes in December the long-awaited UK Chemicals Strategy has been further delayed. The Strategy first announcement by Defra in their 25 Year Environment Plan in 2018 was initially delayed by COVID-19. Work then commenced on the Strategy with a commitment being made by Defra in January 2023 to finally publish this by the end of 2023 (announced in their Environmental Improvement Plan 2023). For this to be a UK-wide Chemicals Strategy there will need to be devolved government agreement.

Wales has also introduced a ban, which is being introduced in two phases. The first of these entered into effect on 30 October 2023 and the second phase will be introduced by Spring 2026. This first phase covers: single-use plastic plates, cutlery, drinks stirrers, polystyrene cups and containers, balloon sticks, cotton buds and drinking straws (with an exemption on medical grounds). The second phase will cover: carrier bags (with exemptions including carrier bags for raw fish, meat or poultry and unpackaged food), polystyrene lids for cups and takeaway food containers; oxo-degradable plastic products.

**Single Use Plastics**



On 1 October, a new ban came into effect in England that prevents the sale of single-use plastic cutlery, single use plastics items balloon sticks and polystyrene cups, as well as restricting the supply the sale of single-use plastic plates, trays and bowls. Defra's [press release](#) states that "the single-use plastics ban is part of the Government's wider world-leading action to tackle the scourge of plastic pollution and eliminate all avoidable plastic waste by 2042. The Government has already banned microbeads in rinse-off personal care products in 2018 and restricted the supply of plastic straws, stirrers and cotton buds in 2020. The Government also introduced the Plastic Packaging Tax in April 2022, a tax of more than £200 per tonne on plastic packaging manufactured in or imported to the UK that does not contain at least 30% recycled plastic."

**Fire Safety of upholstered furniture**

The Office for Product Safety and Standards (OPSS) is due to publish legislation in 2024 for its new approach to the fire safety of domestic upholstered furniture. A consultation was held in September and October 2023 where OPSS proposed that a duty is placed on manufacturers to apply a new Flame Retardant Technology Hierarchy to reduce the use of chemical flame retardants. This requires manufacturers to first use inherently flame-retardant materials and consider the design of the product before using chemical flame retardants. A technical evidence file would be required to demonstrate they have followed the process. OPSS's intention is for the legislation to come into effect on 1 October 2024 and an 18-month transitional period put in place (to 1 April 2026) that would allow manufacturers to still be able to place products on the market that are compliant with the 1988 Regulations. More information can be found on the now closed [consultation webpage](#).



INTERNATIONAL

**SAICM 'Morphs' into GFC**

In September the Fifth International Conference on Chemicals Management (ICCM-5) saw agreement reached by UN countries, industry (International Council of Chemicals Associations, ICCA, and others), NGOs and academic science bodies for a new Global Framework on Chemicals (GFC). This replaces the former Strategic Approach to International Chemicals Management (SAICM). UK government was prominent in the negotiations with Defra's Minister Rebecca Pow MP (at the time) attending the final two days. The Chemical Industries Association (CIA) also attended as part of ICCA's delegation. At the time of writing, advance copies of the agreed High-Level Declaration, adopted Resolutions and Framework text containing targets were available on the [UN SAICM's website](#). The next step will be the development of an agreed set of indicators that countries will be able to measure their progress against the targets agreed in the text of the GFC. At this stage it is too early to know if this will be burdensome for not only UK government but also industry.



**Developing the Global Plastics Treaty**

Over 13-19 November negotiations took place on development of the Global Plastics Treaty. This was the third session of the UN's International Negotiating Committee (referred to as INC-3). At the meeting, UN signatory countries debated the 'zero-draft' text that had been published prior to the meeting in early September. The UNEP's website reports that "more than 1,900 delegates participated in INC-3, representing 161 Members, including the European Union and over 318 observer organizations – UN entities, intergovernmental organizations, and non-governmental organizations". A revised zero-draft text is being prepared for the next round of negotiations taking place discussion at INC-4 on 21-30 April 2024 in Ottawa, Canada. The UK was represented by the government department Defra, who continue to work with the environmental NGO Ocean Plastics Leadership Network to ascertain stakeholder views. Further information on the Treaty's development can be found on the United Nations Environment Programme website.



Photo: everdrop GmbH/Unsplash

REACH



**EU restriction proposal for bisphenols withdrawn**

On 9 November, DEFRA published a ministerial [announcement](#), outlining the policy direction for the UK REACH alternative registration model (ATRM). The proposed model will continue to put responsibility on industry to provide information on chemicals, while limiting data access costs and ensuring high level of human health and environment protection. DEFRA's intention is to reduce to the essential minimum the 'hazard' information required for transitional registrations and intermediates as well as ensuring UK authorities will receive GB-level information on use and exposure to better target regulatory work in the long term and that regulators' actions will be on issues most concerning to GB. The statement also publicly announces the review of the existing fees structure for UK REACH to achieve a more sustainable funding model, including exploring reducing the current fee levels for UK REACH registrations as well as the intention to revise the UK REACH restriction processes. CIA has publicly welcomed the announcement, in particular the plans to consult on reducing to an essential minimum the hazard information requirements for transitional registrations and reviewing fees. CIA is taking a proactive approach towards preparing for the consultations on UK REACH expected in early 2024. A series of calls with

volunteers from the Chemicals Management Network have taken place to cover the following aspects of the ATRM announcement so far: scope, use and exposure, improve authorities' powers. At this stage, DEFRA's plan is for the legislation to be made and to come into effect during the second half of 2024.



**EU developments**

The much-anticipated publication of the REACH revision is now on hold. Initially expected to be published in 2022, then by the end of 2023, it will be taken forward by the Commission's next mandate after the European elections in 2024 (likely at beginning of 2025, considering the complexity of the file). The delay was announced by the European Commission's Executive Vice President Šefčovič in presenting the 2024 Commission Work Programme to the European Parliament.

The REACH revision is still expected to address a wide range of topics such as the review of information requirements, including for endocrine disruptors, a polymer notification / registration scheme, mixture assessment factors, improved use and exposure information, essential use and extension of the generic risk assessment in the context of restrictions.

Regarding the review of the information requirements, earlier this year the Commission set up a CARACAL sub-group to provide advice on how to amend the REACH Annexes (VI – XI). The Commission intends to request more information on low tonnage substances and to update information requirements to require New Approach Methodology (NAM)-based information derived from appropriate methods either as additional information or, where validated NAMs are available, instead of animal tests where possible. The Commission is also considering removing some existing information requirements for which the information can be derived through other means than testing in animals. In addition, the intention is to amend Annex XI to increase possibilities for the use of NAMs in adaptations (source: CARACAL CASG –IR mandate). On polymers, whilst the details of a future registration scheme still need to be agreed and fully worked out, it is our understanding that the process being considered may require a notification for all polymers, followed by a stepwise

Chemicals Management

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registration phase for specific polymers requiring registration, preferably in groups. Cefic is continuing to lead on the revision on behalf of the European chemical industry and providing input to the discussions with the Commission and competent authorities.

In parallel, other initiatives are planned by the Commission such as an ECHA Founding Regulation to make the Agency's financing more sustainable as well as a 'one substance, one assessment' approach to address inconsistencies across EU chemical regulation and the work of different EU Agencies.

On 7 December, the Commission published legislative proposals with respect to the **one substance, one assessment**. More specifically, the package sets: (i) provisions to consolidate data on chemicals in a central IT infrastructure and to ensure that that information is secure, of high quality, findable, accessible, interoperable and re-usable to the extent possible. Data considered publicly available under related EU laws and contained in the infrastructure will be accessible by the public. Member State competent authorities, EU agencies and the European Commission will have access to all data contained in the infrastructure. This availability of data will ensure the detection of early warning signals on emerging chemical risks and facilitate the generation of further scientific chemicals data when necessary. (ii) proposals regarding the re-attribution of scientific and technical tasks and improving cooperation among EU Agencies. The legal text will be tabled for negotiations by the Council and the European Parliament following the ordinary legislative procedure.

### European Commission adopts EU REACH microplastics restriction

On 25 September 2023 the European Commission adopted an EU-REACH restriction Regulation for intentionally added microplastics in substances, mixtures and articles (termed synthetic polymer



Photo: Naja Bertolt Jensen/Unsplash

microparticles). The Regulation was published in the EU Official Journal of Law two date afterwards and entered into force twenty days following its publication. The Commission's Press Release estimates this will prevent some half a million tonnes of microplastics entering the environment. In addition to the press release, the European Commission has made available a [Q and A webpage](#).

### EU-REACH PFAS consultation closes

With regards to the EU-REACH broad restriction proposal for PFAS, ECHA published a [press release](#) on the 26 September following closure the day before of their six month consultation (call for evidence). This reported that more than 5,600 comments had been received from individuals and organisations. Since then ECHA has given an overview of these comments received during the six-month consultation to their Risk Assessment Committee (RAC) and Socio-Economic Analysis Committee (SEAC) during their November meetings. A joint plan is being developed on how ECHA and the five national authorities who prepared the proposal will evaluate these; the plan will be made public once it is agreed. More information can be found on ECHA's [PFAS webpage](#).

### CLASSIFICATION, LABELLING, PACKAGING

#### UK

The UK continues to use the GB Mandatory Classification and Labelling (GB MCL) process to evaluate both GB-origin classification proposals and published RAC Opinions under the EU CLH process, publishing Technical Reports (equivalent to RAC Opinions) and Agency Opinions (equivalent to SEAC Opinions) before recommendations to the Secretary of State and final decisions are made.

There have been 34 Technical Reports issued to date in 2023, all following mirror proposals under EU CLH. Of those Technical Reports, two did not agree with the RAC Opinion: the August 2023 report for dibenzoyl peroxide, and the November 2023 report for NPNA (N-1-naphthylaniline).

In the same period, the HSE issued 45 Agency Opinions, and of these, three opinions were linked to Technical Reports that disagreed with the respective RAC Opinions: the February 2022 and November 2022 opinions for difenoconazole (ISO) and (3E)-dec-3-en-2-one under the GB PPR,

and the August 2022 opinion on 'three lithium substances' – lithium chloride, lithium carbonate and lithium hydroxide – under UK REACH. In addition, the Agency Opinion for the 'three lithium substances' also disagreed with the GB Technical Report, citing additional information on reprotoxicity not considered during the EU CLH proposal. As a result, no GB MCL for these lithium compounds has been proposed at this time, pending further consideration of this additional evidence.

Of note in recent months are two new GB-origin MCL proposals, i.e., proposals not originating from the EU process. These are for Pigment Red 83 and Solvent Violet 13; the second and third GB-origin proposals to use the Article 37A procedure under GB CLP.

2023 has also seen the first update to the GB MCL list since it was copied over from the EU CLP Annex VI entries at the point of Brexit. This was published on 20 October, with entry into force occurring on the same date. The mandatory compliance date is set at 18 months after entry into force, mirroring the same transitional period in EU CLP.

Regarding the new hazard classes introduced under EU CLP – EDs for HH and ENV, PBT/vPvB, PMT/vPvM – these are now in discussions at the UN Subcommittee of Experts on GHS (UNSCEGHS), where the UK is an active participant in the discussions shaping the inclusion of these 'Potential Hazard Issues', as they are known in GHS. At present, there is no intention to include the PHIs in GB CLP prior to the conclusion of the GHS process.

### Singapore ratifies UK entry to CPTPP

Singapore has formally ratified the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), becoming the second existing member to do so after Japan late last year.

The UK signed up to the Indo-Pacific trade group in July 2023, with UK accession bolstering the trade bloc's combined worth to £12 trillion, or 15 percent of global GDP. Under the deal, over 99% of UK goods exports to CPTPP countries will face zero tariffs.

Accession will also upgrade the UK-Singapore bilateral relationship, providing opportunities to deepen participation in each other's supply chains, diversify trade, grow investment into our economies, and collaborate on shared priorities, all while supporting greater access and opportunities for business. UK entry and benefits will flow after the UK ratifies the agreement, this is expected to be in the second half of 2024

### Retained EU Law

The REUL Bill received Royal Assent on 29 June 2023. Section 17 of the Act requires the Secretary of State to report to Parliament on REUL at 6-monthly intervals until June 23 2026. The purpose of the report is to set out the progress made in revoking and reforming REUL during the period since the Act was passed and to set out plans to revoke and reform REUL in subsequent reporting periods.

The reform of REUL is part of the government's wider ambitions for regulatory reform. The report begins by setting out the 3 pillars of the Smarter Regulation programme and explaining how REUL reform fits into this wider programme. The 3 pillars of Smarter Regulation are: minimising the regulatory burden and future proofing the UK's regulations; making regulation the last resort; and ensuring a well-functioning landscape of regulators. CIA will maintain links with all relevant regulators.

### UK critical imports and supply chains strategy

Global events in recent years have severely disrupted the global supply chains which businesses and society rely on for our critical imports. On 17 January the Government UK's announced the first critical imports and supply chain strategy which aims to build resilient supply chains and safeguard critical imports.

The critical import and supply chain strategy looks to help UK businesses build secure and reliable supply chains, which are vital to:

- the UK's economic prosperity
  - national security
  - the delivery of our essential services
- Government intends to work with business and international partners across 5 priorities:

1. Making the UK government a centre of excellence for supply chain analysis and risk assessment.
2. Removing critical import barriers to support the UK's business-friendly environment.
3. Building the UK's response to global supply chain shocks.
4. Ensuring the UK can adapt to long-term trends.
5. Expanding collaboration between government, business and academia.

## Trade

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### New laws to introduce digital labelling for businesses and reduce regulation costs

Businesses are set to benefit from reduced costs and burdens as import labels are made digital for the first time. Digital labelling will allow businesses to put important regulatory or manufacturing information online rather than requiring them to physically print it on their products – saving time and money which can be pushed towards scaling up and growing their company.

This follows the Product Safety Review consultation and extensive industry engagement – looking at ways to cut costs while benefitting consumers and ensuring our regulatory system is agile and a move towards digital labelling has been something the industry have consistently called for.

The CE or UKCA marking is used on products to demonstrate the manufacturer is compliant with legal requirements. Last summer, DBT announced the intention to

indefinitely recognise current EU requirements, including the CE marking, for 18 product regulations under the remit of the business department. Most chemical products must continue to comply with product specific regulations.





## Britain's chemical industry fuelling UK growth – a plan for the next Government

**Our asks**

- A UK industrial strategy with chemical businesses at its heart.
- A stable UK policy environment.
- Innovation incentivised to lead to UK manufacture.
- Secure and competitive energy for all.
- A net zero transition that creates UK business opportunities.
- Trade agreements that deliver for businesses in the UK.
- A UK education and visa system that provides talent for industry.

**The chemical industry in 2023**

Data from a recent CIA quarterly business survey, together with official statistical data, has identified the present time as the most challenging for the sector with several UK sites temporarily shutting down production to limit costs. Conditions remain tough as survey data shows five consecutive quarters of contracting sales, production levels and margins.

Forecasters remain pessimistic as UK chemical production is expected to contract by 8.5% in 2023 and grow by 0.2% in 2024 and by 3.5% in 2025. The main driver of the UK chemical contraction is weak demand from industries that use chemicals as inputs. Whilst energy costs will stabilise in 2024, they will be higher than the pre-energy crisis as LNG is more expensive than Russian pipeline gas.

With UK chemical businesses struggling and the EU market remaining subdued, it is essential that we work with the new government on how to turbo-charge the UK's industrial manufacturing base and help deliver the green economy transition.

**What our industry can achieve for our country**

- Help the UK become a global leader in the technology and supply of EV batteries.
- Help reduce our reliance on fossil fuels for power and heating through the development of efficient technology for green and blue hydrogen and associated carbon capture, storage and utilisation.
- Help alleviate the problem of plastic waste through development of chemical recycling processes.
- Produce new pharmaceutical products to help keep society healthy.
- Develop new lighter, stronger materials to boost other sectors including automotive, aerospace and healthcare.
- Help other sectors achieve net zero through the development and production of, for example, more efficient insulators, improved recyclable or biodegradable packaging, non-fossil based cleaning and personal care products.
- Significantly contribute to GDP and provide well paid jobs in key areas highlighted by the leading up agenda.

*"Our country needs a reimagining and a new renaissance. Chemical and pharmaceutical businesses are delivering this. The industry works to work with Government and all politicians to build a strong future."*  
Steve Frost, CIA's Executive Director of Chemicals and Plastics

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On Wednesday 7 February, the Chemical Industries Association launched its manifesto 'Britain's chemical industry fuelling UK growth – a plan for the next Government'. Partnership with business and, in our view, partnership with a vibrant advanced manufacturing sector, delivering innovative clean technology solutions and jobs, will be essential for a resilient, sustainable, and inclusive economic future.

As a key building block for the economy, we believe that the UK chemical industry should be at the heart of that economic, environmental, and societal ambition. Our industry already makes a significant contribution to UK growth – the sector is the country's largest manufacturing exporter; it has already reduced emissions by 80% over the past 30 years and thousands of highly skilled and well-rewarded jobs are located in parts of the country that really need them.

Chemical businesses have demonstrated their criticality to the country and society at times of national need – providing essential solutions such as hand sanitiser and COVID vaccine ingredients to help tackle the pandemic. **In short, every modern economy needs a chemical industry.**

To help inform and support the next government's agenda for growth and prosperity, we are proposing a number of recommendations.

- A UK industrial strategy with chemical businesses at its heart
- A stable UK policy environment
- Innovation incentivised to lead to UK manufacture
- Secure and competitive energy for all
- A net zero transition that creates UK business opportunities
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- A UK education and visa system that provides talent for industry



Alex Cunningham MP, Chair of the Chemical Industry All-Party Parliamentary Group



Sarah Jones MP, Shadow Minister for Industry and Decarbonisation; and Nusrat Ghani MP, Minister for Industry and Economic Security

The event saw the support of speakers such as **Alex Cunningham MP**, Chair of the Chemical Industry All-Party Parliamentary Group; **Sarah Jones MP**, Shadow Minister for Industry and Decarbonisation; and **Nusrat Ghani MP**, Minister for Industry and Economic Security, along with members from both Houses of Parliament. Their presence demonstrates the significance of our manifesto to the next Government's agenda.

As we said at the launch, *"Whoever forms the next Government... we believe that the seven asks in our manifesto will deliver growth and security for our country. And that next Government will find a willing partner in this industry and in this Association to deliver for the whole of the United Kingdom"*. We also stressed the theme of partnership and how our industry could be an economic powerhouse, attracting more investment if we get the policy agenda right. Our manifesto – apart from highlighting what needs to be fixed urgently – is about the future, emphasising the importance of creating a legacy that empowers future generations. Members of the CIA's ChemTalent Leadership Group, Amy Summerton from Sabic, Lucy Jones from Croda, Jonathan Vincent from INEOS, and Izzy Sloan from GSK, joined the event, demonstrating their commitment to shaping the industry's future alongside the wider ChemTalent Network.



Jonathan Vincent from INEOS, Amy Summerton from Sabic, Alex Cunningham MP, Izzy Sloan from GSK and Lucy Jones from Croda.

AUTUMN STATEMENT

The Autumn Statement was not short on energy and climate change announcements, although some key initiatives that might have been expected were not forthcoming.

Notably, there was nothing on free allocation in the UK Emissions Trading Scheme even though a consultation on free allocation has been promised, before the end of the year. There was welcome confirmation of the UK's intention to pursue a carbon border adjustment mechanism but no detailed policy proposals and no timeline for when those might emerge. There was also nothing in terms of support for the electrification of industry, despite a key consultation on that topic closing in October.

Adding to these disappointments, it was confirmed that the Carbon Price Support would remain frozen for 2025-26 at £18/tCO<sub>2</sub>, pending a future review and engagement with industry. The intention of this measure was to increase the UK carbon price paid by fossil-fired power generators when the carbon price was very low, to push coal off the grid. The UK now has carbon prices which are achieving this on their own and the additional uplift is simply passed through to consumers in our electricity bills.

However, there were some key positives. It was confirmed that Phase 3 of the Industrial Energy Transformation Fund will commence from January 2024 and details of the scheme were published alongside the Statement. It was announced that permanent full expensing would support green investment and, critically, it was also confirmed that the Climate Change Agreements scheme would be extended for six years from 2025. CIA was pleased to see that the eligibility for our sector will remain the same, there will be no gap in Climate Change Levy relief up to 2033 (as long as obligations are met), and the target setting process will better account for decarbonisation investment.

The Chancellor also said that we can expect new details on hydrogen and carbon capture, use and storage deployment to be announced soon. This could be related to the extension of Track 1/ Track 2 cluster projects but no further information was given. And a further £20mn was announced for Innovate UK, to support the decarbonisation of foundation industries. In addition to these, a number of plans and papers were published which relate to accelerating the roll-out of electricity infrastructure, incentivising renewables investment, and supporting new connections to the electricity network. For more information, please contact Rich Woolley ([WoolleyR@cia.org.uk](mailto:WoolleyR@cia.org.uk)).

there will be greater consideration of deep decarbonisation investment; there are efforts to streamline reporting; prior proposals to mandate Energy Management Systems have been removed; and the scheme will extend up to 31 December 2030, with CCL relief available up until 31 March 2033.

But there are some less good elements too: the base year will move again, from 2018 to 2022, requiring further data collection; the ability to 'bubble' facilities together under one target has been removed; and the reporting of energy efficiency and decarbonisation action will be required.

The deadline for responding to the proposals for a new scheme is 14 February and we are in the process of engaging with our members through our Energy and Climate Change Policy Network, to develop our position. That Network has secured a meeting with the responsible government officials on 11 January 2024 and you are welcome to join, contact Rich Woolley ([WoolleyR@cia.org.uk](mailto:WoolleyR@cia.org.uk)) for details. Otherwise, we will submit our response in February and begin negotiations for our sector targets in the same month, with the aim to submit our evidenced target proposal in July.

**A new Climate Change Agreements scheme**

Alongside the Autumn Statement, the Department for Energy Security and Net Zero published a consultation on proposals for a new, six-year Climate Change Agreements (CCA) scheme, starting in 2025. The current scheme has been extended twice already, initially from 31 December 2020 to 31 December 2022 (Target Period 5) and then to 31 December 2024 (Target Period 6). As it stands, the current targets would end on 31 December 2024 with reduced Climate Change Levy (CCL) rates available until 31 March 2027, for those who meet their obligations under the scheme.

2021's Industrial Decarbonisation Strategy had committed the government to further assessment of the purpose and targeting of a long-term CCA scheme and this is what we are seeing come through in the latest consultation. Some of the proposals for the new scheme are good: they have not changed the eligibility requirements for our sector; there will be no gap in CCL relief; new entrants will be able to join at any time;

**The future of the Industrial Energy Transformation Fund**

In late June, the Department for Energy Security and Net Zero published a consultation on the future role of the Industrial Energy Transformation Fund (IETF) and the final design of Phase 3. The IETF was launched in 2020, to help industry to improve energy efficiency and reduce carbon emissions. It has run for two phases to date, with the final window of Phase 2 closing at the beginning of 2023. In the Spring Budget, the Chancellor announced a £185m extension to the fund, to be made available from 2024.

In collaboration with our Energy and Climate Change Policy Network, CIA submitted a response to the consultation supporting the need for this immediate extension but also outlining the need for a significant and long-term support package, to give industry the confidence to invest in the UK.

Last month, the government published its consultation response alongside the Autumn Statement, confirming: Changes to sectoral eligibility with chemicals unaffected; A lowered minimum grant threshold for SMEs; A new requirement that FEED studies are needed for grants over £5m; A lowered minimum Technology Readiness Level threshold of '7' for energy efficiency projects; An expanded scope for heat recovery projects; A new allowance for site relocation and for offsite infrastructure, and; The inclusion of options analysis.

Phase 3 will run until 2028 with the first IETF Phase 3 window to launch in January 2024 and close in April 2024. A further, final Phase 3 competition window will launch in summer 2024. Phase 3 applicant guidance will be published in January 2024 and officials from the Department for Energy and Net Zero will join a meeting of our Energy and Climate Change Policy Network on 11 January to discuss the new scheme. You are welcome to join us, contact Rich Woolley ([WoolleyR@cia.org.uk](mailto:WoolleyR@cia.org.uk)) for details.

**Sustainable carbon for UK chemicals**

In November, Innovate UK launched a study into sources of sustainable carbon for the UK chemical industry. The project is being jointly-led by FREY Consulting, NNFFC and Perspective Economics, who came to discuss the background and aims of the study with CIA's Energy and Climate Change Policy Network and Sustainability Strategy Group on the 9th of November.

The primary aim of the study is to develop a 'Sustainable Carbon for the Chemicals Industry Vision' – which sets out how the UK can position itself, in the context of a net zero future, to be internationally competitive and meet the growing demand for sustainable chemical products. In doing so, the Vision will seek to understand the UK position vis-à-vis other countries and to highlight strategic innovation activities in the UK. It will then determine future scenarios, based on different technological approaches between now and 2050, that provide the greatest opportunity to leverage current UK strengths in existing supply chains, R&D and innovation. This will include an attempt to gain consensus on which key new building block chemicals must be scaled to meet demand, with biomass, CO<sub>2</sub> and chemical recycling considered as non-fossil resources as feedstocks. Finally, the project team will look to understand the barriers to such a transition and determine the actions that are needed to overcome these barriers.

The November meeting gave CIA members a chance to ask questions direct to the project team and vice versa. The timing and process for the study was outlined, as well as the points at which members could engage. Members were directed to an online survey to provide initial input. There was also an open invitation for members to have one-on-one meetings with the project team and also to join one of three roundtable events focussed on biomass, carbon dioxide, and chemical recycling feedstocks respectively. These roundtables have now taken place with good member engagement. There will be other opportunities to engage with the project further down the line, so keep an eye out for more information via the Energy and Climate Change Policy Network and Sustainability Strategy Group.

**Enabling industrial electrification**

In the Climate Change Committee (CCC)'s June Progress Report to Parliament, they recommend that the government develop policies for industrial electrification that address general barriers such as investment constraints, as well as specific barriers for different industrial sub-sectors. Specifically, they urge the government to introduce funding for research and development in industrial electrification, and to provide greater levels of funding for industrial electrification – covering both capex and opex costs – consistent with the support available for hydrogen and carbon capture and storage (CCS).



This advice from the CCC builds on previous recommendations and the Government has been listening. In July, the Department for Energy Security and Net Zero (DESNZ) launched a call for evidence on industrial electrification. The consultation was split into two parts, the first sought information on general barriers and enablers, whilst the second sought site-specific information.

CIA worked with its Energy and Climate Change Policy Network to inform our response to the first part of the call. The DESNZ policy team behind the consultation joined our Network meeting in September, to present their thoughts and to take questions and feedback direct from members. Off the back of that meeting, CIA submitted a response to government highlighting the issues relating to electricity price and competitiveness, as well as the particular challenges faced by high heat processes, and recommending measures to help enable industrial electrification where it makes sense to do so. We also encouraged member sites to complete and submit their own return to this second part of the call, and hope you were able to do so. The consultation closed in October and we now await the government's response.

**Environment and climate change**

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# CHEMICAL INDUSTRY Awards

**Hilton Newcastle Gateshead, Bottle Bank**  
Thursday 20 June 2024

**The Chemical Industry Awards are the premier accolades for the UK chemical industry.**

They are designed to offer a unique opportunity to highlight and promote excellent performance at the company, site or individual level.

Winning one of the prestigious Awards gives a boost to the entire workforce, enhances public recognition of your achievement and increases your reputation with customers and stakeholders.

## The 2024 categories are:

- Manufacturing & Resource Efficiency Award
- Chemical Industry Service Provider of the Year Award
- CIA Company of the Year
- Diversity and Inclusivity Award, *sponsored by Dow*
- Skills Award, *sponsored by SIAS part of the Cogent Skills Group*
- GSK Innovation Award
- Health Leadership Award
- INEOS Responsible Care Award
- Sustainability Award
- Special Responsible Care Award for Process Safety Leadership, *sponsored by Axiom*
- Young Ambassador Award, *sponsored by Scientific Update*
- Nick Sturgeon Unsung Hero Award, *sponsored by CIA*

Enter for the Awards and be one of the success stories of 2024.  
Further details can be found at [www.ciaawards.co.uk](http://www.ciaawards.co.uk)

The closing date for entries is  
**12 April 2024**

### For further information contact:

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c/o Mint Events Ltd, Dingle House,  
7 Dingle Lane, Sandbach,  
Cheshire CW11 1FY

Tel: 01270 750 070

Email: [awards@cia.org.uk](mailto:awards@cia.org.uk)



## Award Criteria

Entry is open to the whole of the UK chemical industry and to companies that provide services to the chemical industry as appropriate for each particular Award.

Entries should be submitted electronically at [www.ciaawards.co.uk](http://www.ciaawards.co.uk) by Friday 12 April 2024.

### Chemical Industry Service Provider of the Year Award

The purpose of **this Award** is to recognise the contribution that Service Providers make to the success of the UK chemical industry. The award will recognise innovation and outstanding delivery of services for example, engineering, IT, legal, training to the chemical or pharmaceutical sectors.

### CIA Company of the Year Award

The winner of **this Award** will be, in the view of the judges, the most outstanding CIA member company – demonstrating growth of its business and a sustained contribution to the UK economy. This is the pinnacle Award and entering companies will have to demonstrate outstanding performance against the following criteria: Proven excellence in at least two areas of performance exemplified by being shortlisted in two other 2024 Award categories; demonstrable commitment to sustainable growth of the business in the UK.

### Diversity and Inclusivity Award, sponsored by Dow

**This Award** is for the company or operating unit that can best demonstrate that it embraces the principles of diversity and inclusivity in all aspects of its business.

### GSK Innovation Award

**This Award** is for the company or operating unit which can provide the most successful examples of innovation – turning ideas into money – in an area of its business that helps solve today's societal challenges. Examples of challenges that judges would expect to be addressed by applicants include climate change, water conservation, environmental improvement and an ageing population. The judges will be looking for a clever idea that has been implemented for commercial success and the benefit of the UK chemical industry.

### Health Leadership Award

**This Award** is for recognition of the company or site that has achieved excellence in health leadership demonstrated by improved or optimum sustained health programme performance and a healthy workforce and workplace. The key characteristics of effective health leadership include senior management commitment, employee engagement and evidence of a culture of proactive health risk management and wellbeing support initiatives that align with sustainable development goals and metrics.

### INEOS Responsible Care Award

**This Award** is for the company or site which has excelled at Responsible Care by demonstrating leadership and a creative approach.

### Manufacturing and Resource Efficiency Award

**This Award** is to recognise the company or individual operating unit that can demonstrate world-class manufacturing performance or the most successful improvement to its manufacturing performance involving demonstrable excellence and/or significant improvements to resource efficiency (raw materials, energy, water, utilities etc) within the manufacturing process.

### Nick Sturgeon Unsung Hero Award, sponsored by CIA

**This Award** is in remembrance of CIA's Nick Sturgeon and is designed to honour an Unsung Hero who works in or is closely connected to the chemical industry. The award will be given to an individual who has made a significant contribution to the industry over a number of years. The person may not necessarily be in a senior position but will be recognised for their dedication to the industry, contribution outside 'the day job' and held in esteem by peers.

## Skills Award

**This Award** is open to companies working in the science industry sector. Its purpose is to recognise the employer who has done the most to contribute to the acquisition of skills by the company's workforce through an active skills development work programme. A good example of this is the Cogent Gold Standard, but companies who follow similar aims by a different approach are encouraged to apply.

### Special Responsible Care Award for Process Safety Leadership

**This Award** will be given to the company or site that can demonstrate excellence in Process Safety Leadership performance. This category is designed to sustain the high profile of process safety; reinforce process safety as an integral element within Responsible Care; promote good practice in process safety leadership and encourage leadership and the sharing of best practice.

### Sustainability Award

**This Award** is for the company or operating unit that can demonstrate excellence in sustainability, through its policies, products, manufacturing processes, and supply chain.

### Young Ambassador Award

**This Award** is to recognise an outstanding young person demonstrating communication skills and leadership associated with the chemical industry and contributing to its success.

## Our Sponsors



# Sustainability

FOR FURTHER INFORMATION CONTACT:

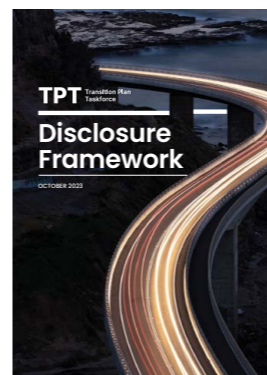


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## Sustainability update

As we prepared for the beginning of a new parliamentary year, CIA hosted its annual Sustainability Conference. We welcomed members back to Leeds to hear the latest on all things sustainability and provide an opportunity for networking across the association. The day kicked off with our quick-fire ‘achieving net zero’ presentations highlighting the role of technologies—such as thermal energy batteries and digital twins—in the green transition. These were followed by a policy update from the Department for Energy Security and Net Zero (DESNZ) regarding enablers for industrial decarbonisation and how the Government can help industry to realise these. The conference also reflected on previous COPs and looked ahead to COP28 (more on this below) where discussions are undoubtedly going to be influenced by the role of current economic and geopolitical conditions. A representative from the Taskforce for Nature Related Financial Disclosures (TNFD) introduced the TNFD’s new Framework which seeks to address the lack of awareness businesses have on their dependence on nature. The TNFD have also published their **draft sector guidance** with an independent document on chemicals. CIA will be reviewing this document and are encouraging Members to provide feedback to the TNFD. Moreover, the conference heard about social lifecycle assessments and the importance of measuring the progress of sustainability programmes using key performance indicators. A highlight of the day was our panel session whereby representatives from CIA’s Chem Talent programme amplified the need to support women throughout their careers, as well as to encourage and retain young talent in industry.

The Sustainability Strategy Group (SSG) met a few weeks after the conference and were joined by members of the Transition Plan Taskforce (TPT). The TPT were established by UK Government to develop a gold standard for private sector transition plans and, following a period of consultation, have published their **final outputs** which were presented to the SSG. Whilst the chemical sector has not been chosen as one of the TPT’s so-called ‘Deep Dive’ sectors, the TPT highlighted their Sector **Summary for Chemicals** which provides further guidance to industry in the preparation and use of transition plans. The TPT are currently consulting on their **Sector Specific**



Guidance which is due to be finalised in February. CIA have been active in influencing policy on sustainability topics by responding to several Government consultations. In the summer, the Department for Business and Trade launched a call for evidence to streamline non-financial reporting in the wake of Brexit. CIA recommended that the UK align with the EU Corporate Sustainability Reporting Directive by incorporating ISSB standards; addressing double materiality; and mandating transition plans. What’s more, we pushed for Government to fast-track the UK Green Taxonomy to enable UK enterprises to easily identify what counts as sustainable or not. While the Government withdrew draft regulations in response to companies’ concerns about imposing additional reporting requirements, we have not heard much else regarding the trajectory of non-financial reporting in the UK. A particular concern for CIA is the omission of any mention of the UK Green Taxonomy (promised to be consulted on in Q3 2023) in the Chancellor’s Autumn Statement, which also failed to adequately respond to the US Inflation Reduction Act and barely mentioned nature or the environment. Taking the prominence of energy and net zero in the Statement at face value, it could be argued that Sunak has shifted his rhetoric from September where he set out changes (and delays) to the government’s green commitments, to demonstrating a recognition of the opportunities of the green transition. However, this recognition is not reflected strongly enough in the Autumn Statement which should have instilled confidence in businesses to make long-term plans and investments—instead we’re left with an aura of confusion.

From mid-2023 the SSG’s focus shifted to circularity, specifically chemical recycling and mass balance which was being consulted on for the purpose of the Plastic Packaging Tax (PPT). In our response to the consultation, the CIA expressed their support for mass balance advocating that the UK adopt a third-party certified mass balance approach, using the fuel exempt allocation method, for calculating the recycled content in chemically recycled plastic. We recommended that this be extended to all plastic products and that mass balance should be technology neutral. There must be a level playing field for all recycling options, with chemical recycling regarded a complementary technology to mechanical recycling. Chemical recycling can increase rates of recyclability,

contributing to the advancement of a circular economy for plastics in the UK, driving inward investment and reducing greenhouse gas (GHG) emissions. Following the submission of our consultation response, we have updated our chemical recycling position and intend to publish it to our website in due course. A welcome notice in the Autumn Statement was the mention of the PPT, stating an increase in the tax from April 2024 and promising a response to the consultation by year end—CIA will update members as and when we see this published.

There were a few other policy decisions of note in recent months past, including a ban on single-use plastic coming into force in England. Single-use plastic cutlery, polystyrene cups and balloons sticks have been banned from sale and distribution, with plastic bowls, trays and plates made from polystyrene also included in the ban unless used for pre-packaged items. While CIA are supportive of this move in the tackling of the global plastic problem, without wider policies to address the entire plastic lifecycle, the impact of the ban could be limited. In a similar vein, when responding to Government’s Resource and Waste Reforms in England call for evidence, CIA echoed its approach to the PPT consultation highlighting the importance of recognising all recycling technologies across relevant UK policies and regulation, and the need to incentivise investment in all parts of the circular supply chain. This is corroborated by the **Public Accounts Committee** who have warned Government that continued policy delays are hampering crucial investment and risks missing recycling and waste management goals. Removing barriers to the circularity of plastics is particularly topical given the absence of agreement among nations during negotiations in the development of the Global Plastics Treaty. Plastic pollution is a global issue which requires collaboration if we are ever going to make any headway and it will be interesting to see how (following a cabinet reshuffle) new Environment Secretary, Steve Barclay decides to tackle it.

What’s more, we have received the long-awaited update from the FCA confirming and releasing substantial **measures** to improve trust in, and the transparency of, sustainable investment products and minimise greenwashing—CIA have shared a brief with SSG. Furthermore, DESNZ have been seeking views on scope 3 GHG emissions reporting. Following consultation with members of both the SSG and Energy and Climate Change Network, CIA have submitted a response recommending that the UK Government adopt the internationally accredited ISSB

standards as a framework for UK entities to report their GHG emissions.

Finally, we have been eagerly watching the unfolding of the latest climate summit, COP28 which took place in the UAE. This COP included the first global stocktake of the Paris Agreement which involved an exhaustive appraisal of how far the world has come in tackling climate change and how far it still must go. There was a lot of controversy about the host country and residing President Sultan Al Jaber, CEO of Abu Dhabi National Oil Company (Adnoc). So, the question that remains: was it a success? As ever, the answer is not quite as simple as a yes or a no. On Monday (11 December) it seemed all hope was lost with the draft deal omitting reference to phasing out fossil fuels, however following fury from a number of large countries, the summit stretched into eleventh hour negotiations to produce a **historic deal** on the transition away from fossil fuels. It should be noted that wording remains weak with countries being called upon to ‘contribute to the global efforts, in a nationally determined manner’ to transition from fossil fuels in relation to energy systems (UNFCC First Global Stocktake, 2023). As such, the flimsy language and lack of detail lends the document to loopholes. Nonetheless, while the outcome falls short of the phase out most countries wanted, no previous COP text has ever mentioned moving away from oil and gas. Other positive outcomes include the goals of tripling deployment of renewable power and doubling the rate of efficiency gains by 2023. In addition, Al Jaber forged a pact between more than 50 companies to reduce emissions from their own operations; although there was nothing said about oil and gas production, we saw a pledge to reduce pollution from methane (80X more dangerous than CO<sub>2</sub>) to near zero by 2030. Moreover, we have finally seen a dedicated loss and damage fund officially be set up with major nations including the UK, Germany and the UAE agreeing to pay into the fund. In sum, while we may feel disappointed by the lack of ambition in the final deal, there is a sense of optimism at play. The number of delegates from the business realm, especially from fossil fuel industries, was unprecedented; the hope being that those players with the power and resources to affect change may spearhead the push ‘for deep, rapid and sustained reductions in greenhouse gas emissions’ (UNFCC First Global Stocktake, 2023). Nevertheless, as proclaimed by Al Jaber ‘[a]n agreement is only as good as its implementation. We are what we do, not what we say.’ Only time can tell and we look forward to seeing how the world reacts this year 2024.

Making the UK the location  
of choice for chemical and  
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and support to our member  
companies

Climate  
change



Energy



Environment



Security



Economics



Health  
& Safety



Chemicals  
management



Trade



Employment



## Innovation

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### Autumn Statement gives a boost to Innovation

Among the Chancellor's announcements are:

- A £145 million investment through UKRI, particularly Innovate UK and the Engineering and Physical Sciences Research Council, to support the business innovation ecosystem and boost areas of strategic advantage throughout the UK.
- The creation of long-term world-class Faraday Discovery Fellowships for emerging top mid-career talent in science, technology, engineering, and mathematics, to be backed by a £250 million endowment to the Royal Society.
- A further £500 million investment in artificial intelligence (AI) compute over two years as part of an expansion of the AI Research Resource.
- Five long-term visionary Quantum Technologies missions that aim to equip the UK with world-leading capabilities and applications of quantum-based systems for the future. By 2035 the UK will have deployed the world's most advanced quantum network at scale, pioneering the future quantum internet.
- Reforms to the R&D tax reliefs to simplify and improve the system
- Making the full expensing of capital allowances scheme permanent.

### £300 million to launch new AI Research Resource

AI RR, a cluster of advanced computers for AI research, has received a £300 million investment, to include a new Cambridge-based supercomputer.

The investment was announced by the UK Science, Innovation and Technology Secretary, Michelle Donelan, on the first day of the government's AI Safety Summit. The AI Safety Summit considers the risks of artificial intelligence (AI) and discuss their mitigation through internationally coordinated action.

This triples the £100 million investment outlined in the government's 2023 Spring Budget to deliver a dedicated AI Research Resource (AI RR). This follows the recommendation by the Future of Compute Review, which was also announced alongside plans for a new national exascale facility.

It will also support a Bristol based computing facility in a bid to further cement the UK's place as a world leader in AI and to open doors to a wave of new UK-based AI discoveries and innovations.

### Innovation Network

The November meeting of the Innovation Network had an excellent presentation from Croda on their innovation strategy as well as presentation from Stepan on their recent patent on Aqueous suspension of solids. A round up of current funding opportunities was also discussed. If you would like to join this small informal Network please contact [Mike](#).

### Royal Society Look at Green Carbon for the Chemical Industry

The Royal Society are looking to produce a report in Spring 2024 on 'Green carbon for the chemical industry'. As part of this they ran an invited workshop in late November to seek views of industry and stakeholders. A number of CIA members including Johnson Matthey, Croda and Sabic took part as well as Rich Woolley (Head of Energy and Climate Change) and Mike Lancaster (Head of Innovation) from CIA. Following a review of current fossil based processes and why we need to replace them the report will focus on sources of green carbon that could be used to produce chemical products, including determining/quantifying whether these are environmentally sustainable and opportunities for novel processes to produce chemical products from sustainable carbon (new catalytic science, engineering technologies, biological routes), including determining/quantifying whether these are environmentally sustainable. The report will conclude by looking at areas where the UK could be a global leader.

Further more open for a will be used to gather information. In line with other Royal Society reports it will not offer recommendations, but provides the groundwork to do so should Government ask for them.

WORKPLACE HEALTH

**Regulator publishes latest health and safety statistics**

In November the Health and Safety Executive (HSE) published their statistics for 2022-2023 in Great Britain. Focussing on ill-health, HSE reports on the Labour Force Survey findings:

- 1.8 million working people suffered from work-related ill health;
- 49 % of these were from stress, depression or anxiety;
- 27 % of these were from work-related musculoskeletal disorders; and
- 24 % other illnesses.

The statistics also report that 12,000 lung disease deaths each year are estimated to be linked to past exposures at work. Separate reports are available for each. On work-related stress, depression or anxiety, it is estimated 875,000 workers were suffering (new and long-standing) resulting in “17.1 million working days lost”. For musculoskeletal disorders, there were 473,000 workers suffering (new and long-standing) resulting in “6.6 million working days lost”. Statistics for work related ill health and occupational disease can be found at: <https://www.hse.gov.uk/statistics/causdis/index.htm>.

**Enter HSE’s and CIEHF’s MSD Risk reduction through design award 2024**

The Health and Safety Executive (HSE) and Chartered Institute of Ergonomics and Human Factors (CIEHF) annual award for reducing the risk of musculoskeletal disorders through changes in workplace design is open for entries. There are two categories for the awards: Best overall MSD risk-reduction through design award; and SME Recognition award. Details on how to enter can be found on HSE’s website at: [https://www.hse.gov.uk/news/msd-awards.htm?utm\\_source=govdelivery&utm\\_medium=email&utm\\_campaign=msd-awards&utm\\_term=awards&utm\\_content=msd-11-dec-23](https://www.hse.gov.uk/news/msd-awards.htm?utm_source=govdelivery&utm_medium=email&utm_campaign=msd-awards&utm_term=awards&utm_content=msd-11-dec-23).

**HSE’s Health & Work Conference recordings available online**

On 8 November the Health and Safety Executive (HSE) held its third annual virtual Health and Work Conference. This focussed on “prevention methods, risk management, and how employers can control exposures to some of the most common causes of work-related ill health across Great

Britain’s workplaces”. Topics covered were work-related stress and mental ill health, musculoskeletal disorders, respiratory health and asbestos. Recordings are available at: <https://workright.campaign.gov.uk/health-work-conference-2023/>.

**HSE Publishes new research reports**

The following reports have been published by the Health and Safety Executive (HSE):

- *RR1192: Industrial Cleaning: Exposure to Dust Hazardous to Health* – available on [HSE’s website](#).
- *RR1193: Static concrete mixer cleaning establishing alternative methods for control of harmful noise and hand-arm vibration exposures* – available on [HSE’s website](#).
- *RR1194: Fit testing of CE marked ear loop respirators* – available on [HSE’s website](#).
- *RR1195: Exposure to Metal Powders in Additive Manufacturing* – available on [HSE’s website](#).

**Journal publications involving HSE**

The following journal articles have been published as open-access by the Health and Safety Executive and external authors.

- *Irritant asthma and work: cases from the UK SWORD reporting scheme from 1999 to 2018* in Authors Occupational & Environmental Medicine, Vol 80, Issue 10. <https://oem.bmj.com/content/80/10/>.
- *Determination of number of measurements required for 95% confidence in an upper quartile value of hand-arm vibration measurement using the Monte-Carlo method* in Proceedings of The 15th International Conference on Hand-Arm Vibration). <https://www.mdpi.com/2504-3900/86/1>.
- *Total Reactive Isocyanate Group (TRIG) measurement: a commentary* in Annals of Work Exposure and Health, Vol 67, Issue 5. <https://academic.oup.com/annweh/issue/67/5>.
- *Quantitative assessment of mesothelioma and lung cancer risk based on Phase Contrast Microscopy (PCM) estimates of fibre exposure: an update of 2000 asbestos cohort data* in Environmental Research, Vol 230. <https://www.sciencedirect.com/journal/environmental-research/vol/230/suppl/C>.

Health and Wellbeing

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**HSFree interactive tool from HSE Working Minds**



A new online learning Tool is available to help employers with understanding what the law requires and what they need to do to be compliant. This is based on HSE’s five steps: Reach out > Recognise > Respond > Reflect > Make it Routine. According to HSE’s website, “the new bitesize online learning is made up of six short modules that guide you step by step, with helpful tools and practical resources”. Registration is free. For more information, see: <https://workright.campaign.gov.uk/campaigns/working-minds/>.

**November was lung cancer month**

In November, the Health and Safety Executive (HSE) ran a campaign to raise awareness of the risk from exposure to silica and wood dust – can cause lung cancer and other serious respiratory diseases that may lead to early death. As part of the campaign, HSE posted short video bites of HSE’s Chief Medical Adviser, Prof. David Fishwick, explaining the potential health issues on You Tube [https://www.youtube.com/watch?v=6u10uFKRo\\_4](https://www.youtube.com/watch?v=6u10uFKRo_4) (silica) and <https://www.youtube.com/watch?v=xXajmBYO1Q> (wood dust). Further materials are available on HSE’s website at: <https://workright.campaign.gov.uk/campaigns/>.

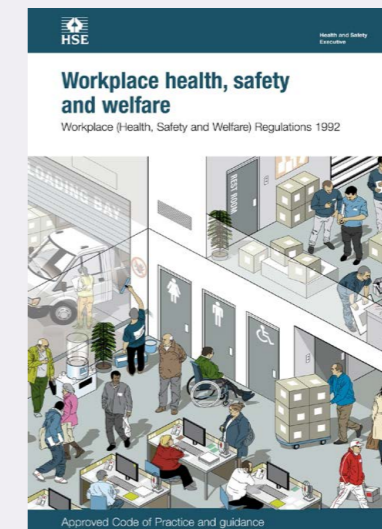


**Refreshed asbestos guidance by HSE**

The Health and Safety Executive (HSE) has refreshed its online guidance for employers on managing the risk from exposure to asbestos. HSE states that “asbestos is the greatest cause of work-related deaths in Great Britain” and “around 5,000 people die every year from asbestos-related diseases which typically take decades to develop and cannot be cured”. There are six sections: Introduction to asbestos safety, Asbestos essentials task sheets, Duty to manage asbestos in buildings, Locations of asbestos and taking the right action, A worker’s guide to asbestos safety, and Licensable work with asbestos. This is available at: <https://www.hse.gov.uk/asbestos/>.

**Working in cold weather**

The Health and Safety Executive (HSE) is reminding employers of their duties and responsibilities to their employees for working during cold weather conditions. HSE’s press release at the end of November pointed out that “temperatures in indoor workplaces are covered by the Workplace (Health, Safety and Welfare) Regulations 1992, which place a legal obligation on employers to provide a “reasonable” temperature in the workplace”. It also reminded employers that they are “expected to ensure indoor workplaces are kept at a reasonable temperature”. Further information can be found in HSE’s Approved Code of Practice at: [https://www.hse.gov.uk/pubns/books/I24.htm?utm\\_source=press.hse.gov.uk&utm\\_medium=referral&utm\\_campaign=temp-winter-2223](https://www.hse.gov.uk/pubns/books/I24.htm?utm_source=press.hse.gov.uk&utm_medium=referral&utm_campaign=temp-winter-2223) (available as free download and to purchase); and further guidance on HSE webpages at: <https://www.hse.gov.uk/temperature/employer/>.



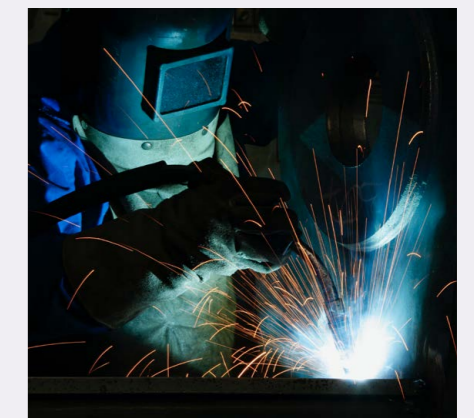
**HSE Inspects users of metalworking fluids**

The Health and Safety Executive (HSE) has and continues to target inspections of manufacturing sites that use metalworking fluids or coolants in their machining

processes. The campaign website states the focus is “on how employers ensure workers are protected from exposure to fluid or mist generated by computer numerical control (CNC) machines and that regular health checks are in place”. Three areas have been specifically highlighted as areas where compliance can be lacking: local exhaust ventilation, regular fluid quality checks and health surveillance. HSE’s inspection campaign is running until March 2024 – see <https://workright.campaign.gov.uk/campaigns/>.

**WHEC gives opinion on welding fumes**

The Health and Safety Executive’s (HSE) Workplace Health Expert Committee (WHEC) has reviewed the International Agency for Research on Cancer’s (IARC) report on the carcinogenicity of welding fume. This follows a request by HSE for an opinion “on the strength of the evidence, particularly on whether a distinction should be made between fumes from different types of metal or different processes”. The conclusion by WHEC was “all welding fumes cause lung cancer and possibly kidney cancer, and that it is not possible to identify specific welding processes or base metals that give rise to this risk”. The Opinion can be found here. More information on the work of the WHEC can be found on the HSE’s website at: <https://www.hse.gov.uk/research/workplace-health-expert-committee.htm>.





ChemTalent actively participated in the Education and Employment Strategy Group (EESG) meeting towards the end of last year, during which the collective consensus was 'to attract and retain the right talent for our industry'. This issue has consistently remained at the forefront of ChemTalent's agenda as a recurring priority during discussions. Other challenges such as the imbalance in the age groups, shortage of essential skills, and problems retaining talent have also dominated discussions, which will be the primary focal points for the network this year.



Amy Summerton

The ChemTalent network, led by the ChemTalent Leadership Group made up of the Young Ambassador Award winner, Amy

Summerton, alongside 17 members from different CIA member companies, held the first meeting of the year to discuss how the group could support the efforts of the EESG by gathering insights from young professionals within the industry. Members are a key part of this group as they are the main contact into existing early career groups within their respective member companies.

Some of the conversations members had within their early career groups echoed views that while member companies are actively engaged in outreach efforts with schools to demonstrate the relevance and significance of chemistry, there exists a need to enhance support or better understanding for those who are in the early stages of their career to help retain that talent. Other points also mentioned the idea that the general workforce attitudes have changed and that considerable efforts must be directed towards reshaping perceptions surrounding the chemical industry.

ChemTalent is interested in hearing from the wider network to get the views of those who have recently joined the industry to help companies understand questions like first impressions of the industry and any issues early careerists see that could potentially help companies understand what may need to change or be implemented. ChemTalent will be a key part of this work as an important resource for early careerists to gather their perspectives.

Currently, ChemTalent is in the process of developing a comprehensive survey to capture a snapshot of the industry's skill shortage challenge from the vantage point of young professionals. The insights gathered will be key in guiding future initiatives.

This month, the CIA joined in National Apprenticeship week celebrations. Last October, Rishi Sunak announced plans to develop a new qualification framework called the Advanced British Standard for 16 to 18-year-olds which seeks to bring together the best of A levels and T levels into a single qualification framework. In his speech, Sunak argued that reforming education was "one of the biggest levers, we have to change the direction of our country".

ChemTalent was interested in hearing from young professionals with both technical and academic education, particularly when the group understands that some member companies were sceptical of T Levels. ChemTalent conducted a small survey to understand what young professionals in our industry think of this possible change. Results show that 83% of respondents think putting technical/academic education on an equal footing is an important goal, and only 14% felt confident this new qualification will successfully achieve its goal of equalizing technical/ academic education. When asked if A-Levels adequately prepare students for higher education or the workforce, 38% of respondents agreed and 27% disagreed. We are still to find out more about this qualification and the impact it could have. For now opinions are divided but what is clear is that the future of our industry still thinks about the importance of treating both academic routes and technical education as equally important to the development our industry.

## Clamp-on ultrasonic flowmeters take on polyamide 12 flow measurement challenge

**Polyamide 12 is a high-performance plastic used in a variety of industries, from oil and gas production, to automotive, medical technology, and 3D printing. The production process involves several stages, beginning with the hydrocarbon compound butadiene and ending with the monomer laurolactam. When many of the components are connected, they form a chain – the base polymer polyamide 12.**

Clamp-on ultrasonic flowmeters are offering a long-term measurement solution to the challenge of polyamide 12 flow measurement at incredibly high temperatures of around 280 °C. A revolutionary technology in the field of flow measurement, clamp-on flowmeters work by emitting ultrasonic waves that travel through the fluid inside a pipe. The time it takes for these waves to travel upstream and downstream is measured, and the difference is used to calculate the flow rate. This non-invasive technology offers numerous benefits, especially when dealing with challenging mediums and process conditions such as those involved in the production of polyamide 12.

### Replacement of Coriolis flowmeters

At the production plant of the world's leading supplier of polyamide 12, the product stream of the base polymer behind the polymerisation reactor is divided into two sub-streams. Initially, Coriolis flowmeters were installed in both for quantity measurement. However, due to the process conditions, this wetted measuring technology was found to have serious shortcomings. The melting temperature of the polymer is around 180 °C, so the product stream needs to be heated continuously. This proved to be a constructive challenge for integrating the Coriolis flowmeter into the insulation. The minimum flow velocity required for vibration measurement necessitated a tapering of the pipe cross-section from DN50 to DN25, thereby causing a considerable pressure loss. Depending on operating conditions, the polymer may occasionally solidify causing



irreparable damage to the Coriolis flowmeter.

This is where FLEXIM's clamp-on ultrasonic flowmeters proved to be a highly flexible solution. They are quick to install and do not require any alterations to existing pipelines or necessitate process shutdowns. Due to the extreme process temperatures of around 280 °C, ultrasonic transducers were installed on a patented mounting fixture at both measuring points. This high temperature device is designed to separate the transducers thermally from the hot pipe and ensures optimal acoustic contact.

### Practical advantages

The measurement was initially intended as a temporary bridging, but proved so convincing that it was decided to permanently measure the two polymer partial flows using clamp-on ultrasonic technology. An additional advantage is the high sensitivity of acoustic measurement technology to low flow velocities. Therefore, tapering of the pipe cross-section can be dispensed with, which consequently means less pressure loss and allows a reduction in pump power consumption.



For more detailed information on the benefits of non-invasive ultrasonic flow measurement in the measurement of steam, contact Simon Millington – [www.flexim.co.uk](http://www.flexim.co.uk) | [sales@flexim.co.uk](mailto:sales@flexim.co.uk) +44 (0)1606 781 420

ChemTalent

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**Welcome to our new Associate Members**

Associate Members play a key role in the Chemical Industries Association membership. As service and equipment providers to the sector, they enrich our membership by providing invaluable insights into the latest technologies, equipment, and services. Their contributions enable us to stay at the forefront of innovation and best practices, drawing from diverse experiences across various manufacturing sectors.

**Water Plus**

Based in Stoke on Trent they provide bespoke and cost effective solutions that work for environmental targets, your industry sector, maintaining effluent compliance and specific customer needs. Find our more [here](#).



**Stork Technical Services**

Based in Aberdeen, Stork Technical Services is an engineering firm offering construction, maintenance, asset management and improvement services. Find out more [here](#).



**Hydrasun**

Hydrasun is a fluid transfer, power and control solution suppliers and offer services including asset integrity management, installation & integration, design, engineering and project management. They also have extensive track record in the fast developing Hydrogen marketplace and to support the worldwide drive to decarbonise economies and industry and achieve net-zero emissions. Find out more [here](#).



**Member company news**

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**Hydrasun, the recognised market leader in fluid transfer, power & control solutions to the global energy industries.**

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GOVERNMENT AND POLITICS

Prime Minister Rishi Sunak has said that there will be a general election in the second half of 2024. That confirms – if it does happen – that the UK will be part of global voting population which sees seventy national and wider elections taking place with more than 50% of the world’s eligible voters able to take part. Apart from what happens in the UK, key impacts for the UK will be the outcomes of elections in the European Union and the United States.

With the year well underway, the Government and the Opposition have continued in much the same way as the last year and indeed many years before that. For the both parties the focus is of course on vote-winning. The problem with any Government doing that is that those long-term, essential decisions that need to be made – especially for the business community – are left. The Opposition meanwhile does not need to rush to set out its plans should it win.

The exception for the Opposition has been the announcement by the Labour Party that their previously pledged £28 billion per year investment into environmental projects will now not happen. The announcement came after months of gentle hints that it may not take place in the form announced by the Shadow Chancellor Rachel Reeves in September 2021. A casualty of this announcement may be Shadow Secretary of State for Climate Change and Net Zero, Ed Miliband and what he decides to do, with him having previously said that there will be no danger of the policy being changed. This is the one, real, public, business-impacting newsworthy announcement that the Party has made. The reasons given are the uncertainty over the availability of funding, should the Conservatives lose the election. It is worth noting that, although the £28 billion has been removed, there is still £4.7 billion pledged (25%) of the original commitment, with a firmer commitment that the £4.7 billion number will not be reduced further, and it remains their ambition to reach clean power by 2030. It’s highly likely that this policy shift will continue to play out until the election and possibly after, given internal Labour Party concerns and the political mileage the Conservative Party will no doubt feel there is in this issue, with the Conservatives already highlighting more than 60 similar switches of policy position under Sir Kier Starmer. The announcement is likely to make Sir Keir want to say even less on the policy front until the general election is announced.

Other Opposition parties are essentially

jockeying for positions of influence after the votes have been counted, although the smaller parties have a painful experience of coalition with any of the big two. However, it has not been all good for the Prime Minister with already this year one former Cabinet Minister – Sir Simon Clark – calling for his resignation with the reason that he will lead the party to defeat at the general election. Other MPs are insisting the Budget will be ‘make or break’ time.

Prior to the £28 billion change announcement Labour had been enjoying a 20-point lead over the Conservatives, as new polls come out it will be interesting to see what, if any, impact this may have had. Even if the lead is maintained, all parties will enter the race knowing that one slip could change everything – Teresa May led by 17 points at the start of the 2017 election. One feature of the last polling was that the Reform party (drawn from right wing conservatives and from UKIP) had broken through into third place, climbing above the Liberal Democrats.

In Scotland polling and the question ‘should there be another independence referendum?’ – yes has overtaken no in December having been behind for a year. It is till very close though and that poll does not indicate how people would vote in any referendum.

We have submitted our vies to the Treasury on what should be in the Chancellor’s 6 March Budget with our main tax and financial asks being in the areas of:

- Net zero growth
- Investment in people
- Vital UK chemical regulation
- General Business taxation

We will publish this later this month and invite companies to use it in any way they see appropriate.

This year so far we have met with the Minister for Industry and Economic Security Nusrat Ghani, the shadow Minister for industry and decarbonization Sarah Jones and the chair of our All-Party Parliamentary Group, Alex Cunningham – all of whom spoke at our manifesto launch. In the Nusrat Ghani meeting we focused on shipping delays and costs and we are grateful to all members who fed in their experiences to us. We have also had meetings with the Chairs of the House of Commons Business and Trade and Science, Innovation and Technology Select Committees – Liam Byrne and Greg Clark. On 4 March we will meet with the Secretary of State for Business and Trade Kemi Badenoch to discuss the opportunities for, and challenges faced by, the sector.

It is clear that the next government of

the United Kingdom faces a huge challenge in delivering prosperity for all parts of the country. As a key building block, we believe that the UK chemical industry should be at the heart of that economic, environmental and societal ambition. As a result, we recently launched our manifesto ‘Britain’s chemical industry fuelling UK growth’, outlining seven asks that we thinking will help deliver growth and security for our country. Please see [page 12](#) for more.



MEDIA COVERAGE

The chemical industry has long been one of Europe’s most important sectors and the CIA has continued to stress its importance in the Media. Sir Jim Ratcliffe, Chairman and Founder of INEOS, wrote to Ursula von der Leyen, President of the European Commission, warning that Europe is “sleepwalking towards offshoring its industry, jobs, investments, and emissions.” Sir Jim’s letter follows his attendance at The European Industry Summit in Antwerp, where 73 industry leaders representing almost 20 industrial sectors presented ‘The Antwerp Declaration for a European Industrial Deal’ to Ms Von der Leyen.

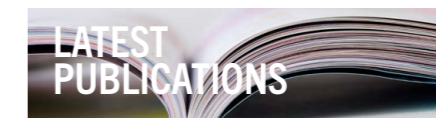
In a stark letter, Sir Jim said that carbon taxes were “driving away investment” from Europe and he warned that the sector had “long been left behind” by the United States, China and the Middle East. His comments were reported by *The Times*. In the same article Steve Elliott, Chief Executive of the Chemical Industries Association was reported as saying “Sir Jim’s points hit the nail on the head. The whole of our continent, not just the EU member states, need to shift policy. In the UK we have a unique opportunity to set a

transition pathway that encourages business to invest in a future for our country. Let’s get that incentivised transition sorted now and then investment will follow.”

As mentioned in our recently launched manifesto, long-term partnership and predictability of policy will help boost investor confidence, as will a focus on our other priorities, including the need for us to bridge the gap between innovation and manufacture and to finally address the long-standing lack of competitiveness of UK industrial energy costs.



- [Chemical Industries Association launches Manifesto in Parliament](#)
- [Fourth Quarter: CIA Economic Report](#)
- [Britain’s chemical industry continues to fight economic challenges.](#)
- [The chemical route to UK growth.](#)
- [The UK must harness the power of advanced manufacturing](#)
- [The crucial role of chemistry in achieving net-zero: transforming industries and reducing emissions](#)



- [Fourth Quarter 2024 Economic Report](#)
- [M5: Harnessing Advanced Manufacturing](#)
- [Chemical Recycling and Mass Balance](#)

Communications

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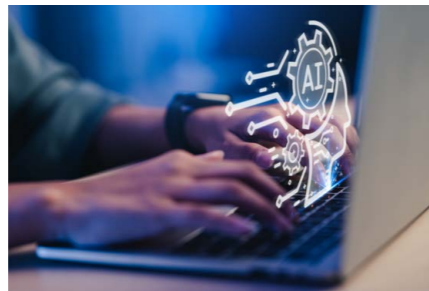
EDUCATION AND EMPLOYMENT

**Children challenging industry**

Many companies have started this at an even earlier age including some excellent work supported by the Centre of Industry Education Collaboration. The Children Challenging Industry programme combines tailored training for industry partners and primary school staff with fully resourced problem-solving classroom activities and interactive site visits to industry and is delivered by a team of advisory teachers. More detail is here.

**AI in education**

More than half of undergraduates say they consult artificial intelligence programmes to help with their essays, while schools are trialling its use in the classroom. A survey of more than 1,000 UK undergraduates, conducted by the Higher Education Policy Institute (Hepi), found 53% were using AI to generate material for work they would be marked on. One in four are using applications such as Google Bard or ChatGPT to suggest topics and one in eight are using them to create content. Just 5% admitted to copying and pasting unedited AI-generated text into their assessments.



Teachers are also seeking to use AI to streamline their work, with the Education Endowment Foundation (EEF) signing up secondary schools for a new research project into the use of AI to generate lesson plans and teaching materials as well as exams and model answers.

**New ACAS code for flexible working**

Acas has published an updated draft Code of Practice on requests for flexible working ready for the 'day one right' due to come in to force on 6 April 2024. Apart from not having to wait before making requests the employer now has to respond within two months, rather than three. The employee is also now allowed to make two requests in a twelve-month period.

**New rights for parents**



Also scheduled to come into force in April are new rights for parents. Eligible fathers and partners will be able to take parental leave at any time in the first year after birth or placement for adoption, rather than in the first eight weeks (as is currently the case). They will also be allowed to take the leave in two separate one-week blocks, rather than having to decide between taking one week only or taking two weeks of leave in one block (as is currently the case).

**Meeting with the TUC**

At the end of last year we met with the TUC. Steve Elliott and TUC General Secretary had a wide ranging discussion cover the need for joint work on transition to net zero and the employment approach of a potential Labour government.



Education and employment

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An Economic Update

Since the previous issue of *CIA Matters* the Office for National Statistics (ONS) released data overlooking the state of the economy in 2023, with notable publications on GDP, industry performance, inflation, and the labour market. The Bank of England met in November and February to reassess their monetary policy and decided to hold interest rates at 5.25%.

ONS data on GDP and industrial production is represented in the below graph. GDP – the black line – fell in 2020 due to COVID-19 lockdowns and after September 2021 grew above 2019's levels. Over the past two years GDP essentially stagnated and in Q4 2023 the UK entered a technical recession as GDP contracted for two consecutive quarters. Nevertheless, with unemployment rate 0.2pp below pre-pandemic and within the optimal range, and pay growing quicker than inflation, policymakers believe that this recession will be mild and short-lived. Estimated from our independent forecaster suggest that GDP should grow by 0.3% in Q1 2024 and by 0.4% through the year, leading to a 1.8% growth in 2025.

Manufacturing, shown by the solid white

line, expanded by 1.3% in 2023 and in December 2023 it was 0.3% above pre-pandemic levels. The sectors that mostly impacted overall manufacturing growth were food and drink manufacturing, which makes up 16% of overall manufacturing output and automotive output which expanded by 18.9%. Current global trends suggest that through 2024 manufacturing will continue to grow driven by high value consumer goods, whilst intermediate goods manufacturing will continue to struggle for the first half of the year.

Focusing on Chemical output, the mustard line, in 2023 chemical production fell by 9.1% and is currently 21.5% below pre-pandemic levels. The graph shows that the worst performing year for the sector was 2022 as output contracted by 22.8% from January to December 2022, the highest 12 months contraction on record. Chemical production in 2023 started from a lower base than in 2022 and, whilst the year was marked by contraction, output remained mainly flat and from January to December 2023 chemical output contracted by 4.3%. Forecasts and industry feel gathered in our quarterly business survey expect 2024 to be a transition year with stagnation/flat growth in the first half of the year and more sustained improvements in the second half. Our independent forecaster projects 2024 growth's at 0.4% and 2025's at 4.3%. Nevertheless, the UK chemical sector continues to struggle through low international investment, lack of support from government, and internationally uncompetitive energy prices.

Pharmaceutical output is shown by the white dotted line expanded by 9.8% in 2023 with June being the best performing month of

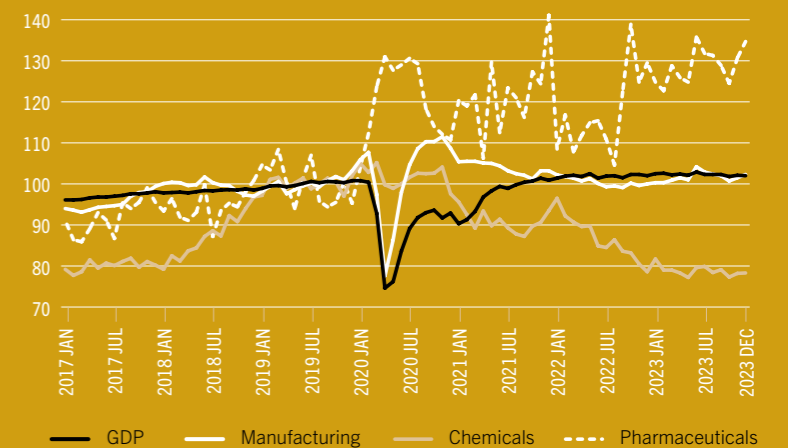
Economic summary

FOR FURTHER INFORMATION CONTACT:



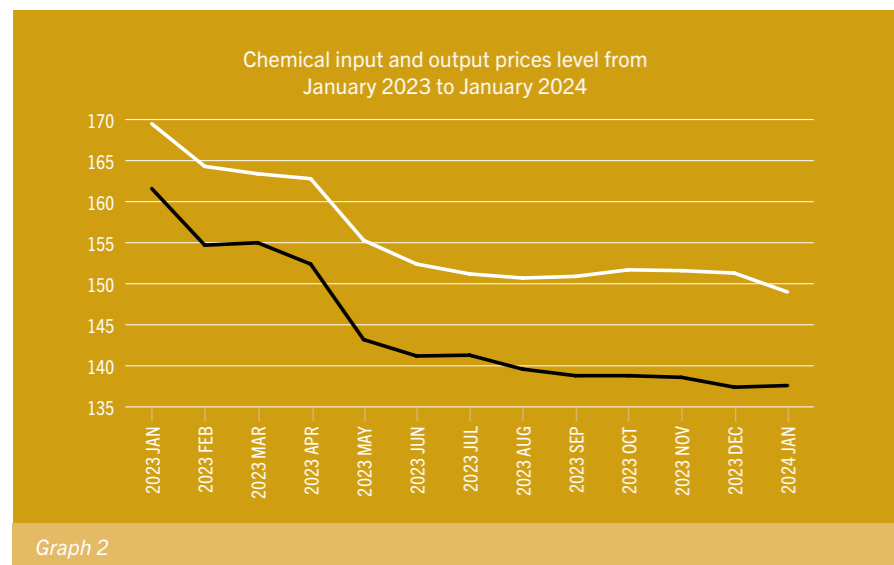
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Monthly GDP, Manufacturing, Chemical, and Pharmaceutical Output from January 2017 to December 2023, 2019=100

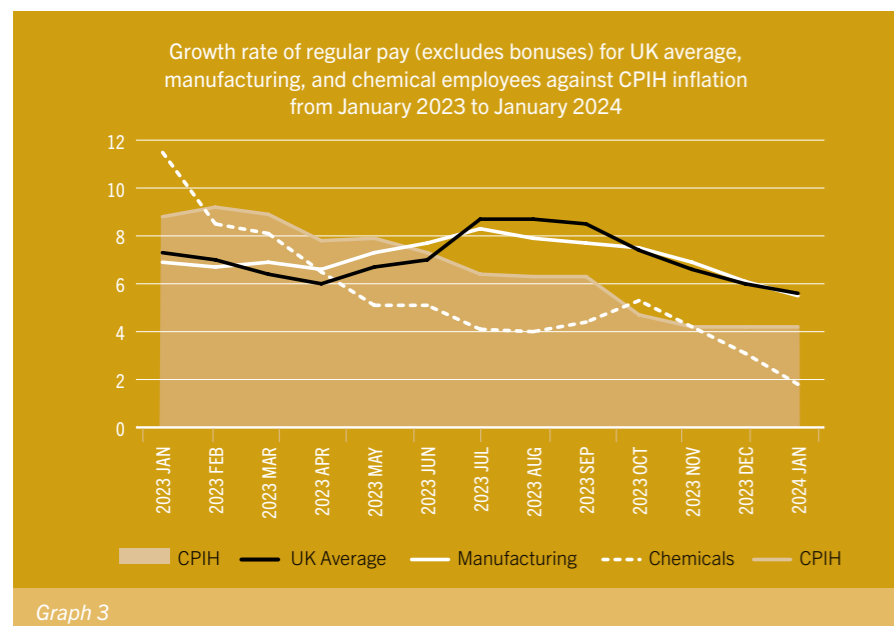


Graph 1





Graph 2



Graph 3

the year. After a not so strong 2022, 2023 was the best performing year for sector on record, despite the highest monthly output was reached in 2021. Currently, pharmaceutical output is 38.9% above pre-pandemic levels and with government support and ever-growing demand the forecast for the sector is extremely positive with forecasted 2024 growth of 2.1%.

In October 2022 inflation reached the highest level in 41 years originating a cost-of-living crisis. Due to a baseline effect and tight monetary policy, inflation decelerated from 10.1% in January 2023 to 4.0% in December 2023. Q4 2023 inflation was 4.2% below the estimated 4.6% from the Bank of England and the 4.8% from the Office for Budget Responsibility. In January 2024 headline inflation rose by 4.0%, the same as December 2023 due to upward contributions from housing costs. In January core inflation, which excludes energy, food, alcohol and

tobacco and is a good proxy for domestically produced inflation was 5.1%. Core inflation above headline inflation shows that energy prices now are significantly cheaper than in 2023 and that living costs are being pushed up by high services prices, mortgage costs, and general housing expenses.

Retail Price Index (RPI) inflation, which accounts for the change in price of retail goods and services, was 4.9% in January 2024, down from 5.2% in the year to December 2023.

With baseline effects highly impacting deceleration of inflation, high core inflation, and pay growing quicker than inflation, the Bank of England remains sceptical over the achievement of the 2.0% target in 2024. Due to these factors coupled with the Red Sea Crisis bumping up energy and oil prices, it is likely that the Monetary Policy Committee will withhold cuts to the rate until their June meeting. Yet, the MPC will have to carefully

consider the implications of holding interest rates at 5.25% considering that the country is in a technical recession and that economic activity is not showing real signs of recovery.

Input and output prices deflation is visible for general producers as well as chemical producers. Input Producer Price Index (PPI) in January 2024 fell by 3.3%, indicating that inputs were cheaper in January 2024 than in January 2023, output PPI also deflated but by 0.6%. One of the drivers for January's input deflation is the cheaper price for energy and the subdued demand for intermediate goods.

In the chemical sector, both input and output prices have been falling for nine consecutive months, with output prices falling quicker than input prices on average. In January 2024 input and output prices fell by 14.9% and 12.1%.

In graph 2, the white line shows the level of chemical input prices, whilst the black one of chemical output prices. Since December 2020 chemical inputs have been more expensive than chemical outputs putting a toll on margins. In January 2023 chemical input prices were 4.9% higher than chemical output prices, through the year the gap widened and in January 2024 they are 8.8% higher. Deflationary trends are linked to lower energy costs and subdued production compared to a year ago.

The last relevant publication covers the labour market. ONS data suggest that despite signs of easing, the labour market remains tight by historic standards due to Brexit, soaring inflation, growing inactivity rates, and economic uncertainty. In the three months to August vacancies decreased by 24,000 to 932,000 and are currently 131,000 higher than pre-pandemic. Unemployment rate in December 2023 was 3.8%, 0.2pp lower than pre-pandemic and within the optimal target.

Tight labour market conditions and the cost-of-living crisis are pushing up pay. Graph 3 shows regular pay growth rates for the average UK worker, manufacturing, and chemical workers against CPIH inflation. CPIH inflation includes mortgages and owner occupying housing costs so it is considered by government a better estimate for employee's cost of living. In the graph, the lines above the shaded mustard area represent real term pay growth as pay increased above inflation, whilst anything within the shaded mustard area shows real terms pay cuts as pay increased less than inflation.

In the three months to December 2023 regular pay (excluding bonuses) in the chemical sector – dotted white – increased by 1.8%, while total pay (including bonuses) decreased by 0.7% but, with CPIH inflation

at 4.2%, these resulted in real terms pay cuts of 2.4% and 4.9% respectively. Regular pay increasing more than total pay suggests that, compared to the beginning of the year – where total pay was growing quicker than regular pay – there are less one-off payments, this is likely linked to lower headline inflation.

The results from Q4 2023 CIA Business Survey were more or less in line with the trends highlighted by the ONS. Numerous members experienced falling sales and production levels for the sixth consecutive quarter due to tough operating conditions and weakening demand. Almost a year of diminishing margins led to reductions in employee numbers, R&D spendings, and Business Investment. Expectations for Q1 2024 and 2024 in general were better as members expect to see improvements in capacity utilisation, sales, and production levels.

Since last year supply chains have started to ease: inflation slowing down and lower production levels reduced demand for inputs lowering their price and delivery time. In Q4 energy and raw material costs are lower than in Q4 2022 but remain two times higher than pre-pandemic. The biggest challenge last quarter was weakening demand with over 66% of members expecting it to worsen as the year progresses, the other issues that are expected to worsen are labour force related -labour cost prices, labour shortages, and skills shortages- and freight related issues, likely linked to the Red Sea Crisis.

### CIA Quarterly Economic Reports

At the CIA, we undertake a quarterly business survey of our membership. The data collected, and official data provided by the Office for National Statistics, are then presented back to members for further analysis. A comprehensive economic report is then published, looking in detail at the topics discussed by members, in addition to the economic performance of the prior quarter and forecasts for the future. Read past reports [here](#).



## Make the most of your membership

As a CIA member you receive all the benefits on offer and can be sure that you will remain legal, competitive and truly sustainable.

### Discover your benefits...

#### Advice and guidance



- Providing business support
- Technical application of legal requirements
- Sharing good practice

#### Influencing and advocacy



- Shaping the latest policy developments
- Represented at the highest level across Government and devolved administrations
- Engagement with regulatory authorities

#### News and views



- Keep informed through our magazine, e-Bulletins and press releases
- Exclusive access to publications, latest resources and tools
- Regular surveys to get your voice heard

#### Visibility



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- Showcasing and awarding achievements
- Member directory listing

#### Events and networking



- Discounted fees for professional development and learning events
- Access to member-led peer networks and strategy groups, informing the CIA policy agenda
- Celebrating achievements and network at our flagship Annual Dinner and industry Awards

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# Events calendar

**CIA events**  
events@cia.org.uk  
020 7834 3399

See [www.cia.org.uk/Training-and-events/Training-courses](http://www.cia.org.uk/Training-and-events/Training-courses) for full list of events

**REACHReady events**  
events@reachready.co.uk  
020 7901 1443

## CIA Events

### LEAN for Chemicals

13 March

A specially designed introduction to LEAN manufacturing for those in the process industries by experienced LEAN practitioners from the process industries.

### Women in Chemicals

14 March

Join Womble Bond Dickinson on Thursday 14 March at the Wilton Centre in Teesside, for an afternoon of inspirational insights and discussion.

The event will be exploring key issues around gender diversity and the challenges faced by women in the chemicals and process sector.

A panel of leading individuals in the Northeast chemical's community will be sharing their personal career journeys and their views on how to influence gender diversity and effect change.

You will have the opportunity to pose questions and take part in an interactive discussion which we hope will be the start of a much broader conversation and action within the sector to continue to improve gender diversity.

### Process Safety Awareness – What is process safety and the key principles of process safety management

19 March

This course will provide an introduction to the interdisciplinary and wide-reaching subject of process safety.

The course will define process safety and explain the regulatory and legal requirements as set out by the competent authorities.

The course will cover the key process safety principles from leadership, hazards identification and risk assessment, risk management through to review and improvement.

### DSEAR – Practical Application

20 March

This course will provide an overview of the applicable legislation and guidance and the management processes involved, to provide a strategic overview of DSEAR..

### Maintenance Management – Delivering Reliability in the Process Industries – Virtual Course

21 March

This course is an introduction to maintenance approaches and theories which will equip the delegate to take a fresh look at the performance of the maintenance engineering department.

### Catalysing the transformation to net-zero webinar

21 March

As the world faces the urgent challenge of climate change, it has become increasingly important for businesses of all types to take significant steps towards achieving net zero emissions. But this transition also presents an opportunity for businesses to reduce operational costs and enhance their competitive edge, with the right strategy in place.

### CDOIF Environmental Tolerability

10 April

A specially designed introduction to LEAN manufacturing for those in the process industries by experienced LEAN practitioners from the process industries.

### Permit to Work Training Course

17 April

This course has been specifically designed for anyone requiring to increase their underpinning knowledge of permit to work systems, including those who issue permits or those supervising or monitoring the work.

### Value Stream Mapping – Application in the Process Industries

18 April

Value Stream Mapping is a key tool in understanding how your operations function, and so is an enabler in developing a plan to improve.

### Incident Investigation Good Practices – Virtual Course

30 April

The incident investigation good practices training will be in the form of a one-day course consisting of presentations, workshop exercises and will provide learners with an understanding of good practices.

## REACHReady Events

### REACH – The Basics – Virtual

20 & 21 March 2024 (mornings only)

For companies importing or exporting chemicals within the EU, obligations under the REACH Regulation still exist post-Brexit. Our most popular workshop is an excellent place to start for anyone who needs to understand more about both UK and EU REACH. Also of interest to non-EU suppliers of substances and mixtures who are looking to support their EU customers on REACH.

### Chemicals Management – Navigating Success – Virtual

25 April 2024

The 'must attend' virtual event for anyone within regulatory affairs and/or product stewardship working in the chemical and downstream sectors. Particularly relevant to anyone complying with REACH (UK and/or EU), horizon-scanning for potential regulatory threats, opportunities and future developments.

Whilst still retaining a focus on UK REACH and the future of UK chemicals policy, with the EU chemicals strategy moving at pace, the former CIA/ REACHReady 'REACH – Current Landscape and Emerging Issues' event has been expanded and rebranded to also consider influence from EU regulatory and some international developments and product stewardship, drawing on the 'Responsible Care' of chemical products.

### UK REACH Registration: Data Essentials – Virtual

26 & 27 June 2024 (mornings only)

This workshop will explain key data endpoints required for UK REACH registrations, discuss data quality, validity and handling conflicting results, and highlight potential cost saving means. Designed to be an introduction to regulatory toxicology and environmental effects, the day will concentrate on the concepts of standard studies and the use of alternatives, with some time spent describing how data is used for hazard classification and risk assessment.

Of interest to anyone who needs to gain a better understanding of the implications of the information requirements of REACH. Particularly relevant to those working on forthcoming UK REACH registration deadlines. The day will also benefit regulatory specialists, safety data sheet authors and product managers involved in chemical safety, as well as R&D scientists who need to screen novel chemistries.

# Make our team part of your team!

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