# CIAmatters

# Looking ahead in 2023

– Net Zero Solutions SEE PAGE 12
– Security of nitrogen supplies SEE PAGE 19
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ESSENTIAL INFORMATION FOR YOUR INDUSTRY

NO. 134
SPRING 2023
WWW.CIA.ORG.UK

CIA CHEMICAL INDUSTRIES ASSOCIATION

## Chemical Industry Awards 2023

### 15 June 2023 – Manchester

The Chemical Industry Awards are the premier accolades for the UK Chemical and Pharmaceutical Industry. They are designed to offer a unique opportunity to highlight and promote excellent performance at the company, site and individual level. The awards have been selected and designed in 12 categories deemed the most appropriate to reflect the pace of change in the industry towards enhancement of growth, global competitiveness, sustainability, health and safety.

Nominations close on 24 April, so please fill in our simplified online nomination form. Full details at www.ciaawards.co.uk Entry is open to the whole of the UK Chemical and Pharmaceutical Manufacturing Industry and companies that provide services to the chemical industry as appropriate for each particular award.

Being short listed or winning an award can give a great boost to your staff and business. The awards will be presented at a gala dinner at the Kimpton Clocktower hotel, Manchester on 15 June.

## Using CIA's Sustainable Health Metrics Indicator Tool

### 20 June 2023 – Leeds

The Chemical Industries Association (CIA) invites **Members** and **Non-Members** from all relevant disciplines to join us for our 2023 Conference. Whether you're a **specialist** or **non-specialist**; in **HR**, **Occupational Health** or **SHE** discipline, this conference is for all. There will be lots of opportunity for interacting with guest speakers, and networking.

Conference Aim – Raise awareness of the Tool's usefulness to businesses; provide guidance on how to use it; and identify and share amongst delegates new ways of working with current good practice examples.

Programme and details on how to book can be found on our website: https://www.cia.org.uk/Training-and-events/Training-courses

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CIA*MATTERS*, SPRING 2023





@see_chem_bus
Chemical Industries Association
Chemical Industries Association

# From the CEO's Desk

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## The Conservatives have had five leaders in six years. How might 2023 unfold for Rishi Sunak?

Welcome to the Spring Edition of *CIAMatters*. I hope that this year will, at the very least, be a more stable one than 2022 and hopefully successful too for you and for your businesses. Last year was tough on many fronts, there is an ongoing war in Europe which plunged the region into an energy crisis, the UK experienced double-digit inflation which has delivered the biggest hit to real household income in over 50 years, and China's zero-covid policy subdued global demands and slowed supply chains. Not to mention it was also a year of huge political instability. The Conservatives have had five leaders in six years. Last year alone we had three Prime Ministers, four Chancellors and three Business Secretaries around the Cabinet table. The fact is, 2023 does not promise to be easy, with many of the challenges faced in 2022 ongoing, as well as new ones emerging. Our latest business survey demonstrates not only the significant challenge of the business climate but also the adverse impact of Government policy. The chemical industry saw a sharp decline in sales in the last quarter of 2022. Action is needed from Government in 2023, especially in response to US' Inflation Reduction Act, to convince international investors that the UK is a place to do business.

In this edition you can read about the work we have done during Q1 of 2023 including CIA's focus over the coming months, new associate members and details of our upcoming Chemical Industry Awards event on 15th June 2023.

I would like to thank all our member companies for the work that you do for our sector and for the time and resource you commit to working with us on the collective industry-wide agenda. As ever we are always grateful for your feedback on any part of our work including *CIAMatters* itself. Please let Simon know your views on how we can make the magazine as useful as we can for you, particularly when gaining information about the work we do across the policy areas we are involved in. We look forward to working with you throughout 2023.

# Policy Director's overview

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## Speed and stability

Well, at least that is the CIA's call right across our policy work. Whilst we are starting to see shoots of recovery, delivering growth seems to be some way off and so our work on energy policy costs, net zero delivery, UK REACH and our future permitting conditions are key priorities over the next quarter, all informed by our wider sustainability progress continues.

As you read this, we will have, in theory, entered well into Spring and avoided the worst in terms of weather, wholesale energy costs and the risks in supply security. Although higher than previous norms, wholesale prices across the forward curve are largely continuing a downward trajectory. As a consequence, it is unlikely that the successor Energy Bill Discount Scheme (EBDS) will come into play for the next 6 months but remains key for next winter. On policy costs, we have finally seen Government confirm extending relief measures on power prices for some 300 'energy intensive' companies over the next two years. This follows the announcement by the British Energy Security Strategy in April last year – two Prime Ministers ago – of the Government's intention to extend and increase support under the EII Compensation Scheme, which provides compensation for the indirect cost of carbon pricing in our electricity bills. In our meeting with Minister Ghani, we made a plea that future costs are not disproportionately levied on industry as we diversify and bring on more renewable energy sources, recognising it as an important part of her responsibility. With energy security and costs remaining a key policy priority CIA's focusing over the next quarter includes:

- **Security** – preparation for winter 23/24 (including improvements to demand side response schemes).
- **Wholesale process** – deliver of EBDS guidance and application process.
- **Policy costs (power)** – accelerating recent policy cost commitments for power prices, including continued engagement on market reform (REMA).
- **Policy costs (gas)** – awareness and implications of raising gas prices without viable 'alternatives.'

On carbon and the wider net zero agenda, beyond the budget announcement to extend the Climate Change Agreement scheme, £20 billion CCS investment we are also expecting a raft of announcements on the so called 'Green Day.' It is not yet clear whether this could include Governments updated Net Zero Strategy, with the additional evidence required by the recent Court Judgement, plus the promised responses to the CCC's 2022 Progress Report and the Skidmore review report. On the latter, Chris has launched four 'Mission Zero' networks to develop the proposals from the review for a report to be published in Autumn 2023. CIA has been invited to join the industry network. CIA's focus over the coming months will include:

- **Net Zero transition pathway** – continue to push on policy enablers and barriers all needing to reflect sector transition pathway.
- **Carbon policy** – UK ETS future, free allocation review and other carbon mitigation measures.
- **Streamlining industrial decarbonisation reporting** – requirements to enable effective policy decisions.

Moving to the products agenda and ultimately our 'license to market,' 2023 is turning out to be a big year for chemicals management policy. Notwithstanding the developments under the EU's strategy for sustainable chemicals and REACH revision, the UK will also see (i) outcomes on the GB REACH alternative transitional registration model (Q3 2023), (ii) publication of the UK Chemicals Strategy (likely Q4 2023) and (iii) UK's re-commitment to international chemicals management targets (Q3 2023). Anything your organisation can do to help inform what will be a defining year for this area is certainly welcome and above all the need for our sector to be visible (in numbers!) to the debate. Our key priorities:

- Secure extended deadlines and accelerate work on GB REACH redesign.
- Test Defra 'thinking' on UK Chemicals strategy.
- Manage PFAS outcomes via dedicated Defra-led stakeholder group – both implications of any ban/restrictions plus wider policy implications (i.e. grouping, persistency and essential use).
- Continue work with Defra and ICCA on international chemicals policy (export ban and wider international targets).

On environmental permitting and industrial emissions, drafting of the new UK BAT (Best Available Techniques) Common Waste Gas Management and Treatment Systems in the Chemicals Sector (WGC) is finally underway. There are approximately 300 permitted installations in the UK that may be directly impacted by this particular UK BAT – a significant one for our sector in terms of site investments and wider permitting implications. The two key challenges CIA will be focussing efforts on

- Avoiding gold plating/extension of the EU WGC BAT conclusions and duplicative reporting requirements.
- Avoiding a simple 'copy and paste' approach of the EU conclusions with UK data needing to be considered.

Finally, all of this being underpinned by the great work delivered by our sustainability steering group, led by Helen Coy, Innospec. Not only do the group continue to share best practice at every meeting but developing guidance – most recently signposting the myriad of sustainable finance and ESG reporting schemes, and case studies to demonstrate our industry's capability.

# Energy

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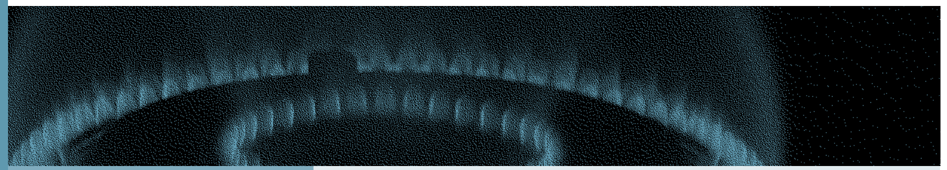
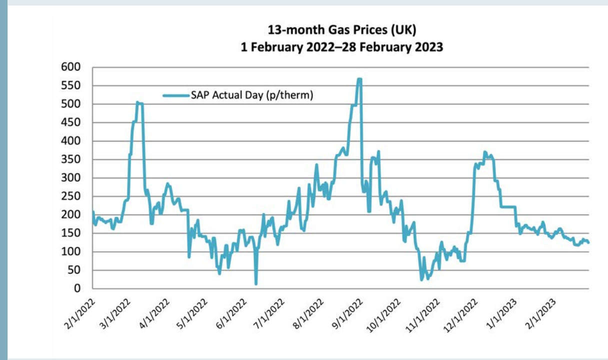
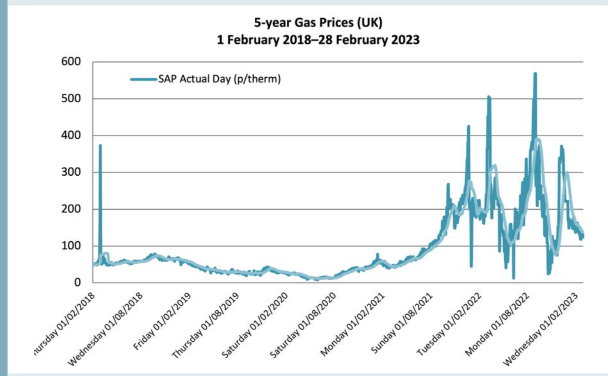


**13-month Gas Prices (UK):**

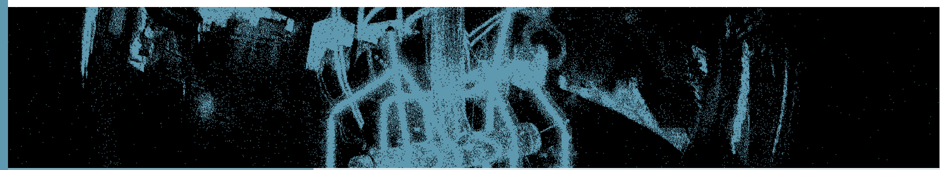
1 February 2022–
28 February 2023
SAP Actual Day:
13p/therm-568p/therm

Average SAP Actual Day:
205p/therm



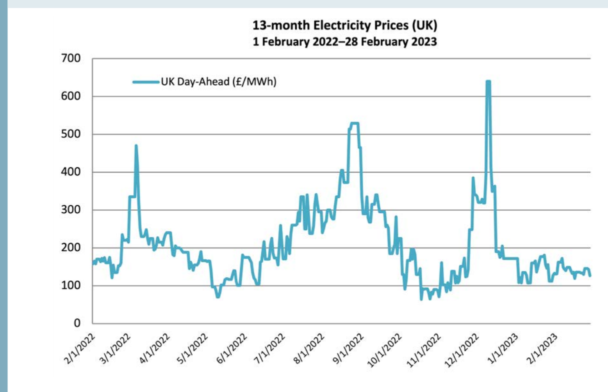

Source – Inspired Energy

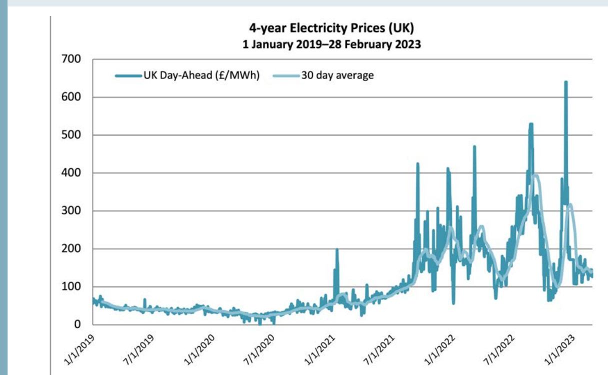


**13-month Electricity Prices (UK):**

1 February 2022–
28 February 2023
Day Ahead: £64-£640
MWh

Average Day Ahead: £207
MWh




Source – Inspired Energy





## Natural gas outlook

Having begun winter with European gas storage at more than 95% of capacity, milder seasonal temperatures mean 2023 has started with falling gas prices and relatively high storage levels. As well as the weather, more renewables, curtailments and fuel switching helped European demand (including the UK) to fall by a record 70 bcm according to the IEA. With ICIS analysis suggesting industry was disproportionally responsible for reductions, in response to market pricing. Also critical were successful efforts to replace 80 bcm of Russian pipeline imports with 65 bcm of extra LNG.

Even so, a cold year with still less Russian gas and a resurgent Chinese economy could put renewed strain on international gas markets next winter. And in the longer term, energy analysts caution that Europe's energy crisis could persist for two-three years if the region fails to reduce demand and secure new supplies. With this in mind, the European Commission is extending emergency legislation to reduce gas demand by 15% for another 12 months, whilst the UK's new Energy Efficiency Taskforce will look to reduce domestic demand.

Looking ahead, more supply is expected from the US, with the restart of the Freeport LNG export facility and a major expansion of the Sabine Pass LNG terminal, to increase its export capacity 74%. The US has become the world's largest supplier of LNG with just over two-thirds of its 71mn tonnes of exports going to Europe, according to Kpler, of which the UK has taken 8mn tonnes. The UK government's decision to grant new oil and gas exploration licences should also see more than 100 permits awarded this year. Yet new developments could take years to come on stream and the UK windfall tax on oil and gas explorers may deter UK investment.

Storage is now also back on the agenda in the UK. The injection of gas to the UK's largest storage facility, Rough, has been renewed following Centrica's decision to close the facility in 2017, when it was considered no longer viable to run without state subsidies. Last autumn it reopened the complex at the government's request and expects to run it at one-fifth of its previous capacity of 150bn cubic feet of gas for the next two winters. To reopen Rough fully, Centrica wants a cap and floor-pricing mechanism similar to that provided for interconnectors, to underpin the £2bn investment required.

## Electricity outlook

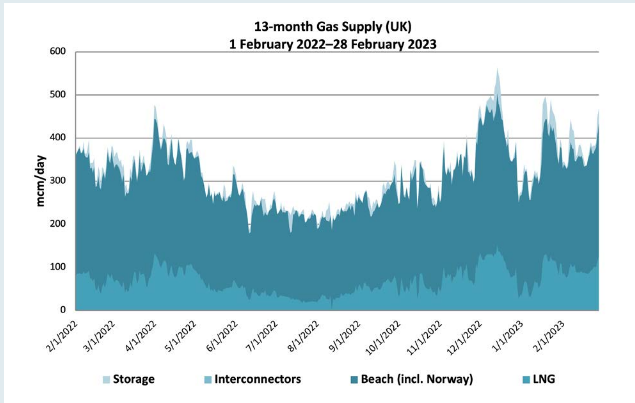
The stage was set for a challenging winter with high gas prices and French nuclear outages, but unseasonably warm weather, demand flexibility and diverse backup generation allowed us to avoid the worst outcomes. Even so, there were challenges along the way…

While temperatures were mild, wind speeds were at times concerning. In December, a 'dunkelflaute' (German for a 'dark lull') – a period with little direct sunlight or wind – left gas as a key power source. National Grid data shows that gas was responsible for 60% of electricity generation during the period, far higher than the seasonal average of about 40%, while wind was just 7%. The conditions pushed National Grid to consider using its demand flexibility service although it stopped short of doing so.

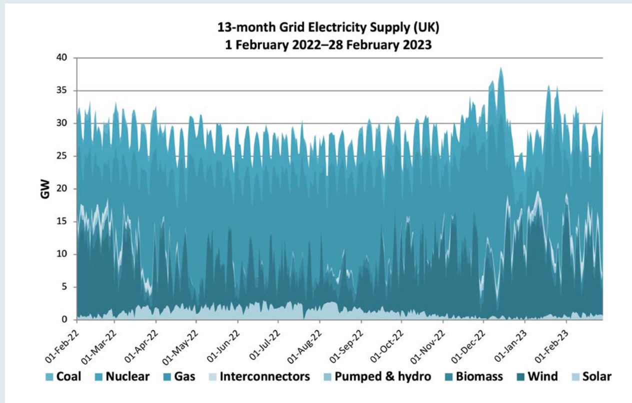
Then colder temperatures in early March brought the need for emergency coal-fired electricity, to stave off the threat of blackouts after a cold snap and strikes in France. National Grid ordered EDF to start running its West Burton A plant while two others were warmed up in case of need. In the same period, data from Elexon shows National Grid paid premium prices (£1,000-£2,000 /MWh vs a typical £200-£400 /MWh) for gas-fired power, as it worked to ensure an uninterrupted supply. It is estimated that the total cost of balancing the grid on that night alone could be £5-£10m.

In total, National Grid spent £4.2bn to keep the lights on during 2022, following a surge in power prices and a jump in intermittent wind and solar power. These 'balancing costs' are added to consumers' bills. More storage might help and SSE have announced a new pumped hydro project, Coire Glas, which could double the country's storage capacity. The scheme would be competing with Drax's new 600MW development, at their existing Cruachan facility, to be the first new pumped storage facility in 40 years. And domestic storage may become increasingly important… Norway recently denied an application for a new interconnector with Britain over fears that exports would raise Norwegian prices.

For now, a new gas-fired power station, Keadby 2, will help the effort to balance renewables and the Department for Energy Security and Net Zero is set to negotiate with coal operators to ensure coal-fired generation is available next winter, when gas could again be tight. Baseload production will also be supported by a two-year extension of nuclear plants Heysham 1 and Hartlepool, until March 2026.




Source – National Grid




Source – GridWatch

# Chemicals Management

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PRODUCTS AND CONSUMER HEALTH

CHEMICALS MANAGEMENT — UK

## Defra Commits to 2023 publication of the UK Chemicals Strategy

In Defra's Environmental Improvement Plan (EIP) 2023, which was published in January, a clear commitment is made to publish the UK Chemicals Strategy. According to Goal 4 'Managing exposure to chemicals and pesticides' of the EIP, the UK Chemicals Strategy will set out how the UK will:

- Set out [its] approach to managing priority & emerging chemicals of concern, such as Per- and Polyfluorinated Substances (PFAS), a large group of persistent chemicals which are used in a wide range of products, including stain repellents and fire-fighting foams; Endocrine Disrupting Chemicals (EDCs), substances that affect how hormones function; and the combination effects that different chemicals can have on the environment.
- Set out [its] approach to regulation that is risk-based, adhering to the environmental principles policy statement enshrined in the Environment Act.
- Continue to use UK REACH to evaluate and manage the risks of chemicals as well as consider improvements to UK REACH.
- Complete the transition to UK REACH through development of a new UK REACH Alternative Transitional Registration model; an innovative approach focusing on improving our understanding of the uses and exposures of chemicals across Great Britain.
- Improve understanding of chemicals in the environment, by continuing to develop monitoring methods to allow water bodies and other environments to be scanned for a broader range of chemicals beyond those already monitored.
- Use [the] Prioritisation and Early Warning System to inform decision-making and regulation.
- Promote innovation to support the circular economy, drive use of safer & sustainable chemicals and reduce the risks to human health & environment caused by hazardous chemicals in waste.
- Develop new testing methods based on scientific advances, which work towards increased efficiency of chemical hazard assessment and can also reduce the use of protected animals.

In advance of this Defra has initiated a closed stakeholder group called the 'Friends of the Strategy' under its UK Chemicals Stakeholder Forum (UKCSF). This group is to act as an advisory group and Defra will update the main UKCSF accordingly. For further information see the Environmental Improvement Plan 2023.

## UK Chemicals Stakeholder Forum discusses BRS Triple COP 2023

On 9 February, Defra held the first meeting for 2023 of its UK Chemicals Stakeholder Forum (UKCSF). The topic of the meeting was 'The BRS Triple COP 2023', focusing on the Basel, Rotterdam and Stockholm Conventions, and the effect that international chemicals regulation under these conventions would have on emerging UK chemicals policy. An update and overview of current policy was provided by Defra. Attendees were also updated on the progress of the UK Chemicals Strategy, the launch of a new UKCSF closed stakeholder working group 'Friends of the Strategy' (FOTS) to help advise on aspects of the developing Strategy. Further information on the UKCSF can be found on gov.uk.

## Proceedings from UK Risk and Essential Use workshop published

In June 2022 Defra, Royal Society of Chemistry, Fidra and the Chemical Industries Association (CIA) held an event that explored Risk and Essential Use in chemicals policy and chemicals safety decision-making. The even attended by 60 delegates, brought together natural scientists, social scientists and policymakers to discuss risk and precaution. A report from the workshop can now be downloaded from the RSC's website.






INTERNATIONAL

## UK moves a step closer to adopting the new global SAICM Framework

At the end of February to 3 March, Defra co-chaired international negotiations at the Intersessional Process meeting 4.2 to seek agreement on the final text of the UN's Strategic Approach to International Chemicals Management 'Beyond 2020 Framework'. SAICM is a United Nation's Environment Programme multi-stakeholder voluntary initiative that aims to achieve better global management of chemicals by working with developing nations. The agreed Framework is to be adopted at the Fifth International Conference on Chemicals Management (ICCM5) that is taking place in Bonn from 25-29 September 2023. Due to the complexity of the negotiations, the Framework was not fully agreed, so a further Intersessional Process meeting is being planned for the weekend before the start of ICCM5. Whilst SAICM is a voluntary mechanism for improving international chemicals management, the UK is likely to sign up to the new SAICM Framework and look to implement measures from this at the national level. This includes Target and indicators to determine progress. Further information on the work of SAICM and the recent Intersessional Process can be found on SAICM's website. CIA encourages the UK to take a pragmatic approach in taking this forward in the UK.

## Developing a new UN Science Policy Panel (SPP) on chemicals, waste and pollution

The United Nations is continuing its work in coordinating an Open Ended Working Group (OEWG) to establish options for the new SPP by end of 2024. Once the options are finalised, these will go forward to an intergovernmental meeting for adoption. The decision to create a new SPP for chemicals was taken in February 2022 at the fifth session of the United Nations Environment Assembly (UNEA 5.2) where a Resolution was adopted. To date, the UN has held a first meeting of the OEWG that was split into two parts: 1.1 in October 2022 and 1.2 took place 30 January to 3 February 2023 in Bangkok. Further OEWG meetings are being planned and the UN has called for further funding from UN signatory nations. Since March 2022 when the UNEA Resolution was adopted, according to the UNEA's website funding has been received from France, Germany, Norway, Switzerland, and the UK (in Defra's Environmental Improvement Plan 2023, Defra states that the UK has already contributed £250,000). A Bureau for the new UN SPP has now been created comprising eight UN member nations (two from each of the regions: Asia, Asia-Pacific, Latin-America & Caribbean, Western European & Other). In addition a Technical Advisory Group has been created to support the OEWG and this includes industry representation through the International Council of Chemical Associations. The remit and scope of the new UN SPP will become clearer over the course of 2023 in terms of how it identifies priorities of concern and information gaps. Further information can be found on UNEA's website.


## Global Plastics Treaty negotiations commence

The first Intergovernmental Negotiating Committee (INC) meeting to develop an international legally binding instrument on plastic pollution, including in the marine environment took place 28 Nov – 2 December 2022. This followed a Resolution adopted in February 2022 at the resumed fifth session of the United Nations Environment Assembly (UNEA 5.2) that seeks to develop an internationally legally binding Treaty on plastic pollution including the marine environment with the aim to complete the negotiations by end of 2024. According to the UN's website:

*"The instrument is to be based on a comprehensive approach that addresses the full life cycle of plastic. The INC will consider how to promote sustainable production and consumption of plastics from product design to environmentally sound waste management through resource efficiency and circular economy approaches."*

Six INC meetings are planned and the second INC is taking place 29 May to 4 June 2023. Prior to each INC meeting the UK holds a Stakeholder Dialogue meeting, which is led by the Ocean Plastics Leadership Network on behalf of Defra, to gather views that the Defra negotiations team will take to the INC meetings. More information is available on the UN's website.

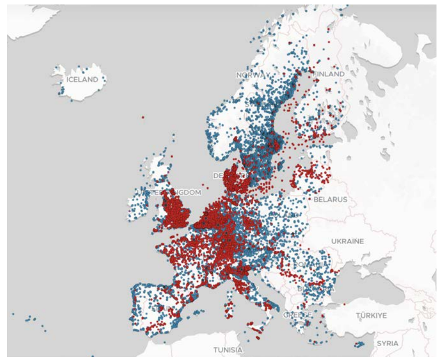
OTHER

## NGOs call on the European Commission to ban all PFAS

In March over a hundred NGOs submitted a Ban PFAS manifesto to the European Commission. This calls for a phase-out of all PFAS uses in consumer products (e.g. food packaging, cosmetics, clothing) by 2025, and a complete phase-out of PFAS production and use by 2030. Further information can be found on the campaign website.

## Le Monde and partners publish 'Forever Pollution Map'

The French news media Le Monde linked with seventeen partners to create a map of Europe showing PFAS contamination levels across Europe. This can be found on their website.



REACH

## UK REACH deadlines extension

With respect to the proposed extension of the REACH registration deadlines, DEFRA has confirmed support for a three-year extension to the compliance timelines for each tonnage band, the industry-preferred option during last year's public consultation. This is a good outcome, especially as DEFRA were originally in favour of tighter deadlines. In terms of next steps, CIA will continue to monitor the parliamentary process as the legislation that will extend the deadlines is expected to be finalised by the Parliament summer recess. The deadlines are being extended to give time to DEFRA to develop an alternative registration model for transitional registrations. Further information is available on the gov.uk website.

## ECHA publishes much-anticipated restriction proposal on PFAS; consultation now open

ECHA has published the Annex XV report for the restriction proposal on per- and polyfluoroalkyl substances (PFAS), and the six-month consultation period commenced on **22 March**. The proposal, one of the broadest in the history of the EU, covers around 10,000 PFAS and was submitted to the Agency in January by the authorities of five Member States: Denmark, Germany, the Netherlands, Norway and Sweden.

PFAS defined as '*any substance that contains at least one fully fluorinated methyl (CF3-) or methylene (-CF2-) carbon atom (without any H/Cl/Br/I attached to it)*' appears to be in scope (a few exceptions apply). The restriction proposal intends to tackle the manufacture, placing on the market, the use of PFASs as such and as constituents in other substances, in mixtures and in articles above a certain concentration. All uses of PFASs are covered by the proposal, regardless of whether they have been specifically assessed by the five leading authorities and/or are mentioned in the report or not, unless a specific derogation has been formulated.

An online information session is planned for **5 April**, to explain the restriction process and inform those interested in participating in the consultation. The related ECHA news article gives more information on timings and procedure.

This restriction proposal is truly a landmark moment for the chemicals industry, and not just in the EU – countries around the world are watching the proposal closely, scrutinising the progress as a potential benchmark for their own regulatory decisions surrounding the hotly debated group of chemicals, and taking it into account for wider use of grouping of chemical substances in the regulatory sphere going forward.

Whilst it is too soon to predict exactly what will happen, we know that the UK authorities are already making their own evaluations to determine the future of PFAS in the UK chemicals industry. As part of the UK REACH Work Programme for 2021-22, the HSE has been working with the Environment Agency to finalise a Risk Management Option Analysis (RMOA), after a call for evidence closed in January 2022. The outcome of the RMOA, which is expected to be published in spring 2023, will inform future PFAS policy in the UK.


*ECHA timetable for the much-anticipated restriction proposal on PFAS.*

## Nine substances added to SVHC Candidate List in EU

ECHA has added nine new substances to the Candidate List of substances of very high concern (SVHC) under EU REACH, taking the total number of entries to the EU Candidate List to 233.

Examples of given uses of the newly designated SVHC included uses in paints & coatings, in polymers & resins, adhesives & sealants, flame retardants, and plasticiser. One substance included was not registered under REACH (indicating low volumes of EU usage) but was identified as SVHC to prevent potential regrettable substitution in the future.

More information on the nine substances and their uses can be found in the related article on the ECHA website.

## EU-wide project on enforcement of SDS has launched

National enforcement authorities in the EU have started inspections of safety data sheets of chemicals sold on the EU market as part of this year's harmonised enforcement project (REF-11), as agreed by ECHA's Enforcement Forum.

The main objective of the Forum's enforcement project is to assess whether duty holders have updated and provided safety data sheets according to the new requirements of Annex II of REACH, as amended by Regulation (EU) 2020/878. The operational phase of the project continues throughout 2023, with results being reported in 2024.

For further information on the REF-11 project, please see the document 'Work Package A.1' as issued by ECHA's Forum Working Group in June 2022.

### CLASSIFICATION, LABELLING, PACKAGING

## GB Mandatory Classification and Labelling (GB MCL)

53 GB MCL Technical Reports reports were issued by the HSE in 2022, with 4 cases of divergence from the RAC opinion under the EU Harmonised Classification and Labelling (EU CLH) process. The hazard classes in disagreement were carcinogenicity, reproductive toxicity, aspiration toxicity and corrosivity to the respiratory tract.

The first GB MCL Technical Report arising from a GB-origin proposal and consultation was also issued in August 2022 (for cinmethylin, a substance under PPP).

Alongside the Technical Reports, 105 GB MCL Agency Opinions were also issued in 2022. These include Agency Opinions for substances where the Technical Report diverged from the EU opinion, and except for BPA (for aquatic toxicity), the Agency Opinions agree with the Technical Reports in their divergence.

Furthermore, 3 Agency Opinions do not fully agree with their technical report (including the opinion for BPA mentioned above), due to additional information received by HSE which requires further scrutiny. All of these will trigger the Article 37A process under GB CLP.



CIAmatters SPRING 2023

Provided all the deadlines (as listed in GB CLP) are met, we should expect to see the first additions to the GB MCL list this year. This is based on the first batch of AOs being issued in May 2022, plus 12 months for HSE to make their recommendation to the Secretary of State, 3 months for that decision to be made, and finally, the update to the GB MCL list being made no later than 1 month after decision.

## EU's Chemical Strategy for Sustainability (CSS) – CLP Revision

Unlike the revision for REACH under the EU CSS, the CLP Revision aspect has not been delayed until later in the year. CIA contributed to Cefic's submission to the consultation concerning the Delegated Act (DA) for the new hazard classes (EDs, PBT/vPvB, PMT/vPvM), which closed in October 2022, and in parallel also participated alongside Cefic and other ICCA members in drafting a joint industry statement to WTO TBT in response to the EU notification of the DA, highlighting the significant barriers to trade that it would cause. Draft proposals for the DA and the core text of the CLP Revision (being processed through OLP, or Ordinary Legislative Procedure) were published on 20 December 2022 and are currently undergoing a feedback period, open until 30 March. Cefic calls scheduled throughout February provided opportunity for CIA to contribute to Cefic's next response, with our input based on feedback from our CLP/GHS Issue Team and the wider chemicals management network.

## Decision on CLH of titanium dioxide annulled by European Court of Justice; annulment contested by French authorities

In 2020, following a prior proposal from the French competent authority, a harmonised classification and labelling (CLH) entry to Annex VI of CLP was introduced in the 14th ATP (Commission Delegated Regulation (EU) 2020/217) for titanium dioxide. The new CLH classified titanium dioxide as a category 2 carcinogen (Carc. 2) by inhalation where the titanium dioxide is in a powder form containing ≥1% of particles of a diameter ≤10µm. The decision proved controversial within industry, and in July 2020, a wide group of titanium dioxide manufacturers and producers submitted an action seeking annulment of the decision, citing concerns over the basis of the classification.

On 23 November 2022, the Court of Justice of the European Union (CJEU) annulled the decision of the European Commission that classified titanium dioxide as a carcinogenic substance by inhalation and issued a press release alongside the ruling. The CJEU decision was based on two main points; first, that the requirement to base the classification of a carcinogenic substance on reliable and acceptable studies was not fulfilled, and second, that the classification of a substance as a carcinogen can only apply to a substance which has the intrinsic property to cause cancer.

The Commission and Member States had the opportunity to appeal the decision before the Court of Justice within two months and ten days of the ruling date, and the French authorities did so on 8 February 2023, according to a press release issued by France's Ministry of Ecological Transition & Territorial Cohesion and Ministry of Energy Transition on 13 February 2023. The decision of the French authorities to challenge the CJEU ruling was based on the claim that the Court exceeded the limits of its jurisdictional review in performing its own evaluation and interpretation of the scientific data. The appeal has a suspensive effect on the annulment of the CLH for titanium dioxide, meaning the classification as a carcinogen remains in place in EU CLP until the appeal proceedings end.

At the point of the UK's exit from the EU, the 14th ATP had already entered into force under EU CLP, and as such was transposed into the GB CLP regulations as a Mandatory Classification and Labelling, or GB MCL. The decision of the CJEU has no bearing within UK law, and titanium dioxide is still currently classified as a carcinogen by inhalation within the UK. It remains to be seen how the decision of the European Court of Justice and appeal from the French authorities will influence the regulators' decision on the future of the titanium dioxide classification in the UK.

## New product categories available for notifying poison centres in EU

ECHA has updated the EuPCS (European Product Categorisation Systen) to include new and expanded categories and improved product descriptions, with the aim of helping notifiers to more accurately describe the intended uses of their hazardous mixtures.

New product categories include the likes of 'adhesive removers', 'field marking paint', 'metal surface treatment products' and others.

The updated EuPCS will be included in the next release of IUCLID (April 2023), and made available in the dossier preparation tools.

### BIOCIDAL PRODUCTS REGULATION (BPR)

## Latest developments in the UK

The transitional arrangements to allow businesses to remain on the GB list of active substance and product suppliers have now come to an end. In terms of setting up the GB review programme for the approval of existing active substances, CIA understands that HSE will soon gather views on how the programme should be structured and prioritised. The final decision on the shape of the programme will then need to be taken by ministers. Separately, the HSE has recently consulted on the plan to update Annexes II and III of the GB BPR on the data requirements for active substances and biocidal products to keep up with technical and scientific progress, adopt new testing methods and encourage in vitro studies. While the proposed changes are already part of the EU BPR (via Regulation 2021/525), they came into force in the EU after the end of the Brexit transition period and therefore not automatically adopted under the GB BPR. Whilst the intention is to bring in most of the changes to the Annexes that the EU has already made, the HSE intends to diverge from the EU neurotoxicity testing approach to minimise animal testing and from the EU's requirement for efficacy data for treated articles at the active substance evaluation stage as considered unnecessary. CIA has submitted a response with the support of the CIA Biocides Sector Network. Regular calls are taking place with the Network to discuss latest policy and implementations issues as well as inform and support ongoing CIA engagement with HSE on biocides. For more information, please contact the Chemicals Management team.

CIAmatters SPRING 2023

# On-Site Energy's Net Zero Solutions for Chemical Industry

As the nation's largest manufacturing exporter, the UK chemical industry is being urged to think long term for innovative carbon saving solutions to maintain its critical role, and competitive edge, towards the delivery of science-based target commitments and a successful decarbonised economy by 2050.

To achieve net zero carbon emissions, chemical firms need to rethink their energy sources and adopt technology breakthroughs, whilst keeping operating costs under control to remain competitive. It's a difficult balance – juggling investment with operating costs and carbon (and cost) savings to help reach that net zero target by 2050. What can be done to help the chemical industry transition?

Specialists On-Site Energy Ltd offer both innovation and innovative solutions as well as zero-capex (capital expenditure) agreements to support energy intensive manufacturers in achieving their sustainability goals whilst minimising energy costs. This business model bears the capital and some of the other risks of ownership which enables the investment to be made off-balance sheet, and so avoid some of the capital constraints that typically hinder investment in sustainable solutions.

David Kipling, CEO at On-Site Energy, says: *"It's essential for the economy that the chemical sector thrives and decarbonises. We expect technology breakthroughs that will enable less energy to be consumed in manufacture, less wasted energy and more efficient clean energy generation than is available today."*

He added: *"Technologies, such as on-site electricity generation, heat recovery and high temperature heat pump systems, will transform energy usage over the next 10 years. The focus should be on energy efficiency and on-site generation to provide the best carbon and cost solution rather than offsets or remote PPAs. For early adopters in the chemical industry, this could be a source of competitive advantage in the global market.*

*"Most businesses have competition for capital, and often these investments in energy transition have longer paybacks or involve adopting earlier stage technology solutions, which don't sit well in that competition. On-Site Energy's flexible zero-capex agreements allow firms to adopt changes without risk to their own capital. On-Site Energy will even install and manage the whole project so can be of assistance if a client wishes to invest their own capital."*

Using On-Site Energy's zero-capex model means projects that are viable but which have been delayed or cancelled due to capex constraints can be put into motion. Innovative thinking, new technology and capex criteria changes are the best way forward for chemical plants. Alternatives to relying on the grid, for example, can be electrification or even high temperature heat sources from other technologies.

Heat recovery systems and heat pumps are evolving quickly. The benefits of utilising this source of energy are both a reduction in original fuel costs as well as avoiding environmental emissions. Heat recovery applications can produce temperature flows down to -40C at the cold end and >200C at the hot end. Another solution is on-site electricity generation which is usually more efficient and cheaper than the grid.

On-Site Energy's holistic approach and data-led solutions can unlock opportunities that may have been missed in the competition for capital investment. Its capex model allows for a faster adoption of savings and sustainability gains to accelerate Environmental, Social and Governance (ESG) credentials.

**Background**

On-Site Energy ltd is an independent energy solutions provider, working exclusively with energy intensive manufacturers to cut costs and carbon emissions. This is achieved through adopting a data-driven approach to improving energy efficiency and developing on or near-site generation, which under the off-balance sheet accounting model, can be designed, built, and managed without requiring any capital outlay from the customer.

On-Site Energy's key skill sets are their 'can-do' attitude, innovative approach to developing solutions, its research and adoption of emerging technologies and the commercial edge arising from financial independence. Unlike many larger ESCO suppliers, On-Site Energy is willing to embrace engineering complexity and work with the client to develop the best-fit solution on more commercially flexible terms.

For more information visit https://on-site.energy/

ON-SITE ENERGY

# Environment and climate change

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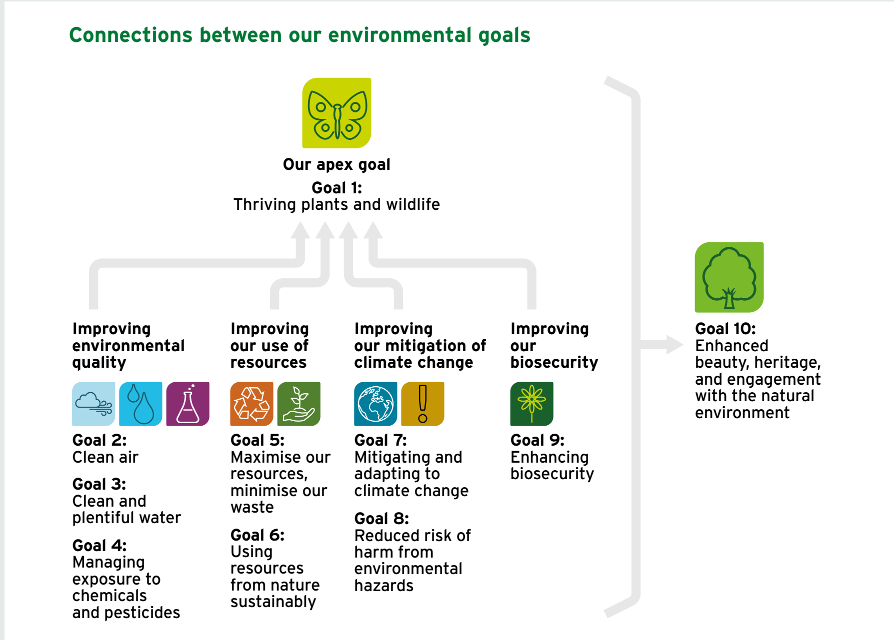
ENVIRONMENT

## UK Environment Bill & 25 Year Environment Plan

**In December 2022 DEFRA published** New legally binding environment targets set out – GOV.UK (www.gov.uk) – **to provide progress on the UK 2021 Environment Act.**




On January 31st Defra published its Environmental Improvement Plan, building on the 25 Year Environment Plan. Five years on from its first iteration, the plan provides a progress report from 2018 and key plans of the department in the coming years.


Of key relevance for our sector:

**Goal 2 – Clean air** and the recent start of the UK BAT process for industrial emissions and related permitting activities. CIA are heavily engaged as one of the first sectors to be impacted.

**Goal 4 – Managing exposure to chemicals and pesticides** with confirmation of the UK Chemicals Strategy for 2023, future of UK REACH and UK stepping up its involvement in international activities – 2023 is a big year for chemicals management policy!

**Goal 5 – maximise resource, minimise waste.** The government will:

- Work with business to implement packaging extended producer responsibility from 2024 so that polluters pay to recycle packaging.
- Introduce a deposit return scheme for plastic and metal drinks containers from October 2025 to drive higher recycling rates.
- Ban the supply of single-use plastics like plastic plates and cutlery from October 2023.

The CIA has held recent meetings with DEFRA to try to proactively engage in Resource and Waste Efficiency strategic plans in support of our Industry and CIA members.

Alongside the plan, Defra has also published a policy statement on key environmental principles. Applying to wider Government, policymakers will need to consider five internationally recognised environmental principles when developing policy. Our asks relating to proportionality, innovation and sustainability have been included into the final statement.

## UK BAT (Best Available Techniques)

The timetable for UK Tranche 1 BREF/BAT conclusion Technical Work Group (TWG) Meetings was communicated in late September for UK BAT. Tranche 1 includes:

- Ferrous Metals Processing (FMP)
- Galvanising
- Forming
- Textiles (TXT)
- **Waste gas treatment in the chemical sector (WGC).**

Delivery times for Tranche 2 will be confirmed later. Tranche 2 will include:

- Ceramics industry (CER)
- Surface treatment of metals and plastics (STM)
- Large volume inorganic chemicals (LVIC)
- Slaughterhouses and Animal By-products industries (SA)
- Smitheries and Foundries (SF)

There are approximately 460 permitted installations in the UK that may be directly impacted by UK BAT. The range of installation locations across the UK are shown in in Table 1 below.

Of these installations it is anticipated that approximately 300 will be impacted by the **Waste gas treatment in the chemical sector (WGC) BAT conclusions**.

| Country | Permitted installations | Likely number of impacted installations |
|---|---|---|
| England | 418 | Up to 300 |
| Wales | 19 | ~10 |
| Scotland | 19 | ~10 |
| Northern Ireland | 4 | 4 |

**Table 1 – Permitted installations and numbers likelyto be affectedby UK BATC and WGC**

The UK BAT WGC Technical Working Group was formed in January and includes members from the CIA's Industrial Emission Policy Issue Team as well as CIA, so we have good Industry representation. The first outline BAT conclusion draft (O1) was issued on January 16th. CIA completed a review against the final EU WGC BATc which were published on 12th December 2022 (with 4 years to comply). The O1 draft is virtually identical to the EU BAT conclusions and there are no differences in emission limit values. The UK O1 draft includes an extra 4 new management system BAT requirements (circular economy, climate change adaptation and mitigation, chemicals management system).

Proposed amendments to the EU BAT were submitted to DEFRA and UK regulators last summer to frontload the UK process. These comments were also mostly the same ones submitted by UK regulators to Europe prior to BREXIT. None of the proposed amendments (apart from 2 minor ones) feature in O1, which is disappointing. CIA therefore resubmitted these (to prompt a formal response) along with new comments from CIA and members regarding WGC BAT requirements. CIA supports the intention behind the new management system BATs but believes they should be removed as they are duplicating requirements already provided in other legislation and generally managed at a corporate level so further burdening site level permits will only hinder and slow the permitting processes, which adversely impacts businesses. This together with further concerns about the overall UK BAT process have been expressed in a letter to Defra and the UK BAT Standards Council (in preparation for the 3-day technical discussions).

A new D1 draft for WGC is due to be issued imminently by the UK BAT team, taking into account O1 comments. We will assess how many of the 30+ CIA and other TWG member comments have been accepted and incorporated into D1. CIA will share D1 with members as soon as it is issued and will prepare our next round of comments for review and comment (which will presumably form the basis for discussion at the April 3-day TWG meeting). Invites to the April TWG have been sent and almost all CIA Industry members of the TWG have already said they will attend, which is much appreciated by CIA. The TWG is not a closed shop so please contact the UK BAT team or Mike Squire at CIA if you wish to attend.

Draft WGC BAT conclusions will be issued for public consultation once finalised (~summer 2023). This will also include an RIA (Regulatory Impact Assessment) which will predict the approximate cost for compliance for UK Industry. The potential timeline for the WGC BAT conclusions to be published is predicted to be towards the end of 2023 (and after the statutory 3-month public consultation) at the earliest. Compliance to the finalised UK BAT conclusion will be within 4 years after its publication date (i.e., by late 2027).

### Resources and Waste Strategy

In DEFRA's 2018 Resource and Waste Strategy Resources and waste strategy for England – GOV.UK (www.gov.uk) the government pledged to leave the environment in a better condition for the next generation. They want to prolong the lives of the materials and goods that we use and move society away from the inefficient 'linear' economic model of 'take, make, use, throw'. They want to move to a more circular economy which will see us keeping resources in use as long as possible, so we extract maximum value from them.

Last summer DEFRA issued guidance on requirements for compliance to the new packaging Extended-Producer Responsibility (EPR) scheme. Under EPR proposals packaging producers will be made responsible for the full net cost of managing the packaging they place on the market. This will affect large and small organisations. The regulator will use 2023 data to calculate the amount of PRNs and PERNs businesses must buy to cover recycling obligations for the 2024 calendar year. From 2025, the scheme administrator will adjust waste management fees depending on the cost of recycling the materials used in the packaging businesses handle and supply.


Further guidance on Plastic Packaging Tax (PPT) has been provided by the Government (which was introduced on 1 April 2022). If you manufacture or import 10 or more tonnes of plastic packaging within a 12 month period you must register for PPT on GOV.UK, even if your packaging contains 30% or more recycled plastic. Reusable plastic crates fall within the definition of transport packaging and are therefore exempt from PPT when imported filled with goods into the UK. This exemption also applies to pallet wrap and straps when used to import goods. However, all packaging imported unfilled into the UK is still subject to PPT.





## EU IED and BREF developments

The EU Chemical Sector Waste Gas BREF (WGC) was published in the European Journal on December 12th, which started the 4-year clock to comply with new air emission limits for EU members (see chapter 4 BATc in the following link). EU WGC BREF Publication

**Large Volume Inorganic Chemicals (LVIC) BREF:** The EU LVIC BREF Kick-Off Meeting was held in late October (24 -28th). All updates have been communicated to the CIA Environment network. The next step (planned for this March) is the development and issue of the LVIC questionnaire to gather emission and performance data from EU LVIC sites. LVIC is planned to be in Tranche 2 of UK BAT (and due to start this year). The UK is likely to collect its own data for UK LVIC sites so divergence from the EU BAT conclusions and emission limits is a possibility.

**The European Commission is working on revising the EU Industrial Emissions Directive:** A full BREF review to is due to start in 2027 with a 'new' IED ready to go at the start of 2028. Ahead of this the EU plans a full review of the existing 9 chemical BREFs (workshop in 2023, follow up in 2024 and 2025 Implementation of any plans for them).

Initial proposals for 'the next EU version of IED' received about 1700 amendments. A vote in the ENVI Committee is expected on 25/26 April. Some of the ambitious proposals suggested by different political groups (S&D, Renew Europe, Greens, The Left) are (non-exhaustive list):

- The strictest possible Emissions Limit Values (ELVs) shall be set.
- Possible overlaps with other EU objectives and directives (e.g., ETS Directive, OSH Directive, REACH)
- Environmental management systems (EMS/CMS) and the transformation plans (TP) to become a binding permit requirement.
- Innovation: no sufficient time for testing allocated
- Damage claims/compensation: proposals to establish of a presumption of causality between the violation and the damage based on generic statistical data (reversing the burden of proof)
- Penalties: proposals to fix minimum amount of financial penalties under the IED, in turnover percentage or absolute figures
- CBI: proposals to generally qualify information that relates to environmental performance of an installation as non-confidential.

In response, Cefic issued an email to MEPs where they state that they appreciate the aim of the European Commission of making the IED more efficient, faster, stringent, and leaner when striving for a further reduction of emissions, but they are concerned that the Commission Proposal will likely not achieve this objective. Cefic also produced a 10-point action plan which it hopes will influence and support Industry during the IED revision process. 10-point action plan.

DEFRA has said that is 'digesting' EU IED plans and will form a view of what they want the UK to do. A copy across may not be the best option for UK. Defra are informally seeking views regarding EU plans.

### 10 POINT PLAN FOR AN EFFECTIVE REVISION OF THE INDUSTRIAL EMISSIONS DIRECTIVE

cefic

The European chemicals industry supports the European Green Deal and the EU's ambition to became climate neutral by 2050. For our industry, reducing industrial emissions is a key target. We have achieved significant improvements in the last decades; our industry's greenhouse gas emissions (GHG) declined by 53% since 1990, while nitrogen emissions decreased by 47% over the past 10 years. But we are determined to do much more. This 10-point plan outlines how the Industrial Emissions Directive (IED) could be revised to further protect the health of people and the environment and support the sustainable production of critical products for European society in Europe.

#### PERMITTING

**Action 1:** Provide guidance to Permit Authorities on how to manage unintended side effects while reducing pollution due to new binding environmental requirements.

**WHY?** The current IED sets non-binding environmental performance levels (EPLs) for energy, water, materials and waste. This considers untended side effects of pollution reduction actions, known as "cross-media effects" i.e. increased water reuse may lead to increased energy usage. As EPLs cannot all be optimised in parallel, the proposal to shift to their legal status to binding may lead to conflicting abatement targets. Permitting authorities need clear legal guidance from the Commission to avoid complex non-compliance issues across chemical operators.

**RESULT:**
- A complete paralysis of the process is avoided due to unachievable requirements.
- Continues successful track record of the IED reducing pollutant emissions.

**Action 2:** Maintain ranges of associated emission levels (AELs) for granting permits

**WHY?** AELs are the outcome of a long and comprehensive data collection and expert exchanges providing ranges of associated emission levels. Ranges take into account the technical reality of operating conditions and are the legal foundations for industrial permits within the Best Available Techniques Reference Documents (BREF). The new IED proposes to move away from this pragmatic approach based on ranges, and sets binding AELs at the strictest level. This dismisses the reality of fluctuating emissions and differences in techniques.

**RESULT:**
- Allows site operators to drive their investments into operations with the most impact for health and the environment.
- The technical reality of operating sites is reflected.

**Action 3:** Align the BREF scope for environment and health

**WHY?** The current IED has successfully reduced emissions to the environment by focusing on the most significant sources. While we support the extension of scope to health, we call to focus on emissions that significantly impact human health, in line with the current approach. All other health aspects, including the properties of substances, are covered by dedicated EU legislations, like REACH and Occupational Safety and Health.

**RESULT:**
- Avoid loading the permitting process with overlapping health requirements.

**Action 4:** Avoid overlapping with the existing Emissions Trading Scheme (ETS) Directive

**WHY?** GHG emissions are regulated under the ETS Directive. Also introducing it under IED would lead to overlaps, conflicting priorities and inconsistencies.

**RESULT:**
- Keep a clear $CO_2$ reduction price signal under ETS.

#### MANAGEMENT SYSTEMS

**Action 5:** Allow a company-wide environmental management approach for all installations in scope

**WHY?** The new IED requests environmental and chemical management systems for each installation. However, since decisions on management systems are are usually taken at headquarter level, ensuring a common (auditable) system for the whole company, focusing on individual installations is not needed. Sites usually implement the corporate management system requirements and permitting Authorities must be able to decide the most relevant approach locally.

**RESULT:**
- Optimised environmental benefit through an overarching system.
- Avoid multiplication of efforts by centralising management systems at corporate level.

#### CONFIDENTIAL BUSINESS INFORMATION

**Action 6:** Protect Business Confidentiality

**WHY?** Data collection is central to the IED process. While it is important to maintain transparency of IED-related processes, confidentiality or commercially sensitive information must be maintained. Granular data should only be accessible to civil servants bound with secrecy agreements. Other stakeholders could access aggregated and anonymised information.

**RESULT:**
- Companies are able to retain their internal know-how of industrial processes as stipulated under EU law (eg 1049/2001 Arhus Convention).

#### INNOVATION AND TRANSFORMATION PLANS

**Action 7:** A fit-for-purpose timeframe is needed for Emerging Technologies to meet compliance levels

**WHY?** Uncertainty is inherent in every innovation process which is typically aligned with industry investment cycle. It takes 6 - 10 years for a new technology to be developed and then implemented. And the success is never guaranteed. We therefore call for fit-for-purpose timeframes and clear consequences if the Emerging Technologies do not meet compliance levels.

**RESULT:**
- Allow flexibility to encourage front runners
- Foster innovation and emerging "breakthrough" techniques.

**Action 8:** "Emerging Techniques" should remain non-binding

**WHY?** New "Emerging Techniques" are essential for driving industry transformation, but they need sufficient testing under real life conditions to become a Best Available Technique (BAT). As they are not considered a BAT, the Emerging Techniques' associated emission levels must remain non-binding.

**RESULT:**
- The IED process incentivises innovation by being inclusive of new (i.e. proprietary) technologies.

**Action 9:** Transformation plans must be set at company level, not at the installation level

**WHY?** Transformation towards climate neutrality is a strategic matter at a company corporate level. To ensure the best use of energy, raw materials and natural resources, most companies aggregate individual installations, known as industrial symbiosis. Transformation plans should therefore not be required at the level of individual installations but rather at the corporate level.

**RESULT:**
- Achieves best overall emission reduction performance at corporate level.
- Optimisation of industrial site emission reduction programmes i.e. GHG emissions

#### PENALTIES AND LEGAL ACTIONS

**Action 10:** Avoid reversing the "burden of proof" in instances of private damage claims

**WHY?** If an operator has caused or contributed to environmental or health damage, the IED proposal puts the burden of proof in case of non-compliance on the operator. This is in conflict with national rules of evidence and civil procedure. Proving innocence in case of contribution to a damage is close to impossible, hence the "burden of proof" must remain with the claimant, as with all EU jurisdictions.

**RESULT:**
- Coherence with national rules of evidence and civil procedure is maintained

## UK Regulator Updates

**The Environment Agency** has been actively increasing its permitting resources. They had a baseline of approx. 70 staff last October and are now at >100 and hoping to get to 120 soon. The permitting backlog is reducing slowly but should increase as additional resources receive training and gain experience.

In November the EA issued guidance on trialling new operating models and technologies at waste operations and A1 installations. Waste operations and A1 installations: carrying out research or trials – GOV.UK (www.gov.uk)

CIA received recent (<1 year) examples of permitting delays and impacts to their business for discussion with the EA. CIA and the EA held a senior level strategic permitting meeting on 7 February. There were several actions agreed, which will include articles on permitting (specific for the chemical sector) with advice for operators.

The number of permits remains static in England (415 in total with 6 new, 8 surrenders and 10 transfers at the end of 2022). At a recent EA national meeting performance of permitted sites was reviewed. Additional regulatory attention is planned for poorer performers (lower band C and below). Other areas of planned focus include Non-Methane Volatile Organic Compounds (NMVOC's) emissions to air (EA said they may look to use OGI cameras to look for fugitive NMVOC emissions at some sites) and hazardous metals in water discharge streams.

**Natural Resources Wales (NRW)** has drafted a new Corporate Strategic Plan, which is planned for issue in Q2 2023 (June). This will focus on resilience to climate change and management of harmful pollutants as a priority. The SROC (Strategic Review of Charges) consultation which closed on January 7th is now due for implementation in Q2 (delayed from planned April start) 2023. SROC is a major review of permitting fees for Wales (first time since 2013) in order to facilitate cost recovery for NRW (currently £3million/year deficit). Most costs are expected to increase (especially in the water sector) but some will reduce. As a result, permit applications and variation fees in Wales are expected to Increase significantly overall. The OPRA system is planned to be retired and replaced by a charging system that will be based on 4 bands (with the highest band and cost being for the more complex and hazardous process applications). There will be some fixed charges to reflect resource effort (time and material fee) plus also fees for any specialist work needed (e.g. noise or air emission modelling). There is also a focus to try to Improve the quality of applications for efficiency purposes and linked to this will be additional fees for poorer quality applications. A review of annual subsistence fees will be starting soon (and anticipated to take approximately 12 months).

The Welsh regulators are also trialling a 'lighter touch' permitting approach for small scale hydrogen production.

**Scottish Environment Protection Agency (SEPA)** SEPA is hosting a Regulatory Hub meeting for sites in the Grangemouth hub on March 28th. CIA and several CIA members are attending. The meeting is being used to collect views and concerns of issues that the area may face to achieve net zero and all the projects associated with it. This includes potential changes in Infrastructure and Transport links that may be needed. The meeting is to highlight as many potential issues as possible and not to try to resolve them at this stage.

COMAH fees will be reviewed for Scotland (and consulted on if they change significantly) – changes to fees are expected in April 2024 at the earliest.

The SEPA Chief Executive, Nicole Paterson (who joined SEPA in October 2023), is working on a new 5-year Corporate Plan for Scotland (as well as reviewing their annual operating plan).

Environmental Standards Scotland (government compliance watch dog and investigator) is up and running with investigation planning in progress. ESS (Environmental Standards Scotland)

## PFOA in firefighting foams

PFOA (Perfluorooctanoic acid (PFOA), its salts and PFOA-related compounds) in firefighting foams require full cessation and disposal by 4 July 2025

PFOA FFF controls started in July 2020, with general cessation by 1 January 2023, and full cessation and disposal by 4 July 2025. Guidance and requirements for all Devolved Administrations has been shared with CIA members (NRW issued theirs in November and SEPA in January). The guidance from each DA needs to be separate as each operator needs to register any stockpiles with the correct competent authority as it proved too complex to give all the details (and agree all the details) in one UK document.

Recently issued SEPA guidance is here: SEPA PFOA Guidance

Additional costs involved with switching to non PFOA FFF foams could be significant in addition to procurement of new stocks (e.g. changes to delivery nozzles, storage arrangements, training of staff and cleaning of all the existing equipment and disposal of the wash waters). Regulators are interested to hear about issues and associated costs.

## Medium Combustion Plants (MCP) Directive

The **Environment Agency** is collecting data and information ready to regulate facilities who will need medium combustion plant permits. The EA project plan is:

- July 2022 – Sept 2022 (delayed) – agree and confirm process of application and timing of annex 1 data collection and permit delivery (phasing), communicate/ consult on this plan with customers – to increase awareness of the requirements.
- July 2023 – December 2023 – request Annex 1 (of MCPD) information via a schedule 61 notice for any remaining relevant installations and advise that we will review and, if necessary, vary (EA led) the permit at some point during 2024.

**NRW MCP Permit Timetable**

- Sept 2022-Nov 2022 – collect data on expected number of MCP units to plan resource requirement for permitting via surveys to regulated and unregulated sites. Identify early review/variation opportunities to incorporate MCP Phase II and potentially Phase III requirements (if operators request this).
- Sept 2022 – agree and confirm process of application and timing of annex 1 data collection and permit delivery (phasing).
- Sept 2022-March 2023 – communicate this plan with customers through the survey and webpage updates and increase awareness of the requirements.
- July 2023-December 2023 – request Annex 1 (of MCPD) information via a schedule 61 notice for any remaining relevant installations and advise that we will review and if necessary, vary (NRW led) the permit at some point during 2024.

**SEPA MCP guidance for Scotland**

- SEPA has provided a website link for MCP (details of Phase 2 yet to be added). For standalone plant SEPA is likely to be open to applications by the end of March, with applications required by 30 June 2023.
- For MCPs (probably DAA) on PPC permitted installations (which will be most applicable to CIA members) – SEPA is likely to send out an information gathering notice later this year, followed by variation of the permit to incorporate MCP ELVs and add the MCP(s) as listed activities. The operator must demonstrate compliance with Emission Limits (ELV's) by 1 January 2025. To factor in upgrading, if necessary, SEPA recommends operators assess plant and emissions asap if they have not already done so.
- There is likely to be an option for operators to include Phase 3 plant (1-5MW) at the same time (with compliance post-dated to 1 January 2030)
- Standby plant operating <500 hours need a permit but have no ELVs imposed but will still require CO monitoring (every 3 years).

CLIMATE CHANGE

## Commission for Carbon Competitiveness

February saw the launch of a cross-party and cross-industry commission to explore how the UK can reach net zero without undermining the competitiveness of British industry. The Commission for Carbon Competitiveness is chaired by John Penrose (Conservative MP for Weston-super-Mare) with other members including Jo Gideon (Conservative MP for Stoke-on-Trent Central), Stephen Kinnock (Labour MP for Aberavon) and Arjan Geveke (Director of the Energy Intensive Users Group). It's aim is to raise awareness of the issues faced by energy-intensive industries in the transition to net zero, and to further the argument that decarbonisation must not lead to deindustrialisation.

To this end, the commission is gathering evidence from a cross-section of industry and subject matter experts, and engaging with MPs across the House of Commons who share the same interest in achieving net zero while maintaining our strategic industries. After consultation, the Commission aims to publish a full report of recommendations this Spring.

Working with our Energy and Climate Change Policy network, CIA drafted and submitted a response to the Commission's call for evidence, which ran in February and March. Our response highlighted the contribution of the chemical sector to net zero technologies and the challenges we face in moving to a zero emission, circular economy. We outlined the technology pathway required and laid out the success factors for carbon pricing schemes in promoting their uptake, namely: effective and sustained carbon leakage protection, policy certainty, availability of net zero technologies, and meaningful support.







# Ultrasonic clamp-on flowmeters are ensuring the security of nitrogen supply


Using sound waves to measure the flow of liquid within the pipe, ultrasonic flowmeters work by transmitting and receiving pulses of ultrasound waves between two transducers alternately. This allows the flowmeter to accurately and reliably determine the flow rate. And because measurement is carried out safely from outside the pipe, there is absolutely no risk of contamination or leakage.

In the pharmaceutical industry, nitrogen is normally stored in liquid form and then vaporised, enabling the gas to be used for both the production of drugs and their development. During this process, sometimes evaporators can be too small and do not have enough time to defrost after icing up during the procedure, which can lead to increased energy consumption and even a system leak. This in turn can cause nitrogen to escape and interrupt supply.

**Resizing the evaporators**

Needing to identify consumption peaks and avoid this scenario, a leading pharmaceutical manufacturer in Austria called on the services of FLEXIM to install non-invasive flow measurement, as the nitrogen supply could only be interrupted within certain time frames due to the production environment. With downtime not an option, clamp-on ultrasonic measuring technology was the obvious solution. And because hygiene in pharmaceutical production is also of great concern, the non-invasive measuring technique was ideal, as it completely avoids any risk of contamination as there is no contact with the media in the pipe, and no intervention in the pipe system at all.

With accurate measurements at hand, resizing of the evaporator would be possible in order to ensure the security of nitrogen supply for the production of essential medicines.

**Highly accurate measurement data**

Using a non-invasive ultrasonic clamp-on gas flowmeter, FLEXIM delivered a simple stationary solution, easy to install at new measuring points without needing to open the pipe, and therefore not disrupting supply. Thanks to highly accurate, reproducible measurement data, the detection of consumption peaks is guaranteed, with even rapid changes in flow conditions output immediately and precisely with temperature and pressure compensation.

And because of the high turndown ratio, it's not only peaks that are detected, but small consumptions can be measured too, offering yet another valuable line of defence against leaks.

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

FLEXIM
when measuring matters

# Sustainability

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## Sustainability update

In October 2022, the Financial Conduct Authority (FCA) announced the introduction of **sustainability disclosure requirements (SDR)** and investment labels. In a bid to tackle greenwashing and allow consumers to make conscious decisions about the products they invest in, the FCA proposed three investment label categories: sustainable focus, sustainable improver and sustainable impact. In addition, restrictions were put in place on the use of sustainability-related terminology in product marketing. Disclosures for consumers, as well as institutional or retail investors, were imposed to provide greater detail into a product's sustainability credentials. The CIA responded to the FCA's consultation, highlighting the need to promote anti-greenwashing in parallel with pro-growth measures to encourage investment flows that support the green transition. We supported the FCA's intention to align with TCFD and ISSB standards as this promotes international interoperability, enabling meaningful comparisons of sustainable investment products to take place across the globe. It is not clear when the FCA intends to make a comment on responses to the consultation, but the expected publication of the SDR framework is June 2023.

At COP26, then-Chancellor, Rishi Sunak committed the UK to become the world's first Net Zero-Aligned Financial Centre. To this end, HM Treasury established the **Transition Plan Taskforce (TPT)** to develop the gold standard for private sector climate transition plans. In November 2022 the TPT published the Transition Plan Framework and Transition Plan Implementation Guide to inform the UK's regulatory requirements on transition plan disclosures. These outputs aim to support financial institutions and businesses in the development of robust and credible plans to transition to net zero and enable investors to make smarter capital allocation decisions. CIA participated in conversations with the TPT and contributed to the CBI's consultation response. We highlighted the significance of the manufacturing sector and the enabling role Government must play in providing infrastructure and policies that facilitate transitionary activities—this is especially true in the realms of energy and chemical recycling. The mandatory transition plans emphasise the necessity of transparency and accountability to prevent greenwashing. Nonetheless, it is believed organisations should—to a certain extent—be legally protected against climate ambitions that are made in earnest yet are prohibited from coming to fruition due to unforeseen circumstances. It is hoped that this will prevent instances of 'greenhushing'—whereby a business withholds from publicising environmental goals due to fears of public criticism. A sandboxing exercise remains open for companies to test the Framework and provide feedback. We have requested a further consultation but as it currently stands the first groups in scope (large listed companies and financial institutions) may have to comply with these regulations by the end of 2023.

In December representatives from 196 governments and delegates from a wide range of stakeholder groups came together at COP15 which has since been hailed a pivotal moment for global biodiversity. The publication of the **Kunming-Montreal Global Biodiversity Framework** outlines 23 action-oriented targets to be delivered by 2030, centred around the protection and conservation of nature, biodiversity and animals. For the chemical sector, target 7 on pollution is of particular significance: it aims to reduce 'the overall risk from pesticides and highly hazardous chemicals by at least half…and also preventing, reducing and working towards eliminating plastic pollution'. In spite of the final version lacking some of the ambition many hoped for—for example, disclosures on the nature-related risks impacted by, and in turn impacting, companies were not

made mandatory—governments are sending strong signals to business and financial institutions that the way the economy currently functions will have to change. There have been further environmental advances in the wake of COP15, most notably the **UN High Seas Treaty** published in March 2023. Following over a decade of negotiations, the Treaty pledges to place 30% of seas into protected areas by 2030 to safeguard and recuperate marine nature. In the UK, the Government's **2023 Environment Improvement Plan** shows promise in this realm because of its focus on biodiversity and nature protection. Waste was again a popular theme with the introduction of new interim targets for 2028 to reduce different types of waste, including plastics. As a result, CIA will continue working with members to help achieve a deeper understanding of the sector's influence on biodiversity and what actions are required to facilitate circular solutions.

# Innovation

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The Prime Minister and Technology Secretary have launched the government's plan to cement the UK's place as a science and technology superpower by 2030, alongside new measures backed by over £370 million to boost investment in innovation, bring the world's best talent to the UK, and seize the potential of ground-breaking new technologies like AI.

The new Science and Technology Framework is the first major piece of work from the newly created Department for Science, Innovation and Technology and will challenge every part of government to better put the UK at the forefront of global science and technology this decade through 10 key actions – creating a coordinated cross-government approach.


In doing so, the government will foster the right conditions for industry innovation and world leading scientific research to deliver high-paid jobs of the future, grow the economy in cutting-edge industries, and improve people's lives from better healthcare to security.

The 10 points of the new Science and Technology Framework centre on:

- identifying, pursuing and achieving strategic advantage in the technologies that are most critical to achieving UK objectives
- showcasing the UK's S&T strengths and ambitions at home and abroad to attract talent, investment and boost our global influence
- boosting private and public investment in research and development for economic growth and better productivity
- building on the UK's already enviable talent and skills base
- financing innovative science and technology start-ups and companies
- capitalising on the UK government's buying power to boost innovation and growth through public sector procurement
- shaping the global science and tech landscape through strategic international engagement, diplomacy and partnerships
- ensuring researchers have access to the best physical and digital infrastructure for R&D that attracts talent, investment and discoveries
- leveraging post-Brexit freedoms to create world-leading pro-innovation regulation and influence global technical standards
- creating a pro-innovation culture throughout the UK's public sector to improve the way our public services run.

## New National Institute of Technical Skills Launched

A new £5.5 million national institute is to be launched to ensure that the UK has the technical capability and capacity across academia, research, education, and innovation to enable the UK to be a global superpower in science, engineering, and the creative industries.

The UK Institute of Technical Skills and Strategy (ITSS) is funded by Research England, which is part of UK Research and Innovation. It is being hosted by the University of Nottingham in partnership with a network of organisations and institutions across UK higher education and research.

The new institute will focus on technical skills, roles and careers, and their contributions to the economy and how the technical talent and know-how required to fulfil the government's ambitions for the UK to become an innovation nation can be delivered.

The next meeting of CIA's Innovation Network will be on 24 April, contact Mike for more information or if you would like to join the network.

## Innovate UK's launch of the 'Circular Critical Materials Supply Chains Programme

The £15 million funding will launch the CLIMATES programme, delivered by Innovate UK, to develop work on rare earths by researchers and businesses across the country. This will support innovations in the recycling of rare earth elements, as well as research and development, engagement with international partners and activities to identify and support future skills needs. The programme will also look to unlock further private investment in projects to develop resilient supply chains for these important resources. More information.

# Member company news

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## CIA would like to welcome new Associate Members

### OLLECO

Olleco is the UK's leading supplier of premium cooking oils and collector of used cooking oil and food waste. The oil Olleco collects is converted into high-grade biofuels and the food waste collected is transformed into renewable energy and fertiliser. This helps our customers play their part in creating a circular economy.

### RICARDO

Ricardo is a global strategic, environmental and engineering consulting company which includes our specialised chemical risk team, NCEC. Our vision is to help achieve a safe and sustainable world. Our teams of experts support customers with environmental challenges helping to reduce risks and maximise opportunities.

We have 50 years of chemical sector experience providing organisation and product level solutions including ESG strategies, energy and carbon management, circular economy strategies, life cycle assessment, sustainable procurement, chemical emergency response, regulatory support, ecotoxicity, water management and other environmental services.

We offer tailored support to help you achieve an effective, forward-thinking, safe and sustainable way to do business. Our clients value our deep understanding of energy and environmental drivers in the chemical sector, our insights from our work on policy development, our technical excellence and the ability to turn challenges into business opportunities.

Find out more at https://www.ricardo.com/CIA

### WSP

Chemical companies face wide-ranging challenges including changes in demand, regulatory compliance, digitisation and cheaper production methods. Our expertise helps chemical industry clients tackle their challenges head on – throughout the lifecycle of an asset.

WSP has engineered solutions for some of the most hazardous substances, at some of the world's busiest and most tightly constrained operating sites. Our experience includes fine chemicals, petrochemicals, polymers and coatings, solvents, highly toxic chemicals, fibres and resins.

We have the understanding of industrial processes and the multidisciplinary design expertise needed to support every stage of an asset life cycle. From manufacturing plants to power generation projects, we can provide a full engineering, procurement and construction management (EPCM) service.

WSP has the global capability to deliver fast-track projects with an outstanding health and safety record, winning the Royal Society for the Prevention of Accidents (RoSPA) Gold Award 17 times and achieving the RoSPA Order of Distinction.

### THE SALTERS COMPANY

The Salters' Company, is one of the medieval Livery Companies in the City of London, established to set and regulate the prices, of salt. When salt's importance as a commodity diminished at the turn of the 20th century, the Salters' Company recognised its importance to manufacturing and forged links with the chemical industry.

In 1918, the Company founded the Salters' Institute for Industrial Chemistry to support the training and university education of soldiers to be chemists and chemical engineers.

Today, the Salters' Institute still works to help create a sustainable pipeline of future chemists, scientists and engineers for industry and reflect the diversity of our society. It promotes excellence in the teaching and learning of chemistry and is recognised for its innovative outreach programmes which inspire and engage young people in chemistry so they might want to aspire to, and succeed in, a fulfilling career through chemistry.

# Regional affairs

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## NORTH EAST

EDF Renewables UK and Hynamics, a 100 per cent subsidiary of EDF Group specialising in hydrogen, have been shortlisted for the government's Net Zero Hydrogen Fund (NZHF) for their Teesworks-based Tees Green Hydrogen project.

Tees Green Hydrogen, will use green electricity from nearby Teesside Offshore Wind Farm and a planned new solar farm, which EDF Renewables UK has proposed near Redcar, to produce electrolytic renewable hydrogen. The project will supply local industry with hydrogen to support decarbonisation efforts and a significant reduction in industrial pollution.

In its initial phase, the electrolyser will have a 7.5MW capacity, but is designed to be able to scale to over 100MW, in line with emerging demand. Subject to the NZHF and planning considerations, it is hoped that work could begin on site in 2024, with the facility operational by 2025.

The Net Zero Hydrogen Fund is a £240m programme overseen by the Department for Energy Security and Net Zero, aiming to support the commercial deployment of hydrogen production projects across the UK as part of the UK Government's wider net zero strategy. A successful bid will enable partners to further support the decarbonisation of Teesside industry, securing its long-term sustainability.

*A Single Blokart and the Wind Turbines at Redcar © Andy Clark, Redcar, North Yorkshire, England (Flikr)*

### Recharge Industries shares 'bold' Britishvolt vision

North East businesses and organisations met with Australian firm Recharge Industries to hear about their 'bold' vision for Britishvolt and to discuss the business opportunities the project will bring.

Organised by the Chamber of Commerce, discussions at the 24/3 meeting centred around research and development, partnership opportunities, recruitment and skills, regional regeneration and business culture.

Britishvolt entered into administration in January 2023 after failing to secure sufficient funding to build a £3.8bn electric car battery plant in Cambois, Northumberland. After a competitive and fast-moving administration process, Recharge Industries, a portfolio company of US based Scale Facilitation, completed acquisition earlier this month.

Scale Facilitation's David A. Collard spoke about his belief that the gigafactory has the potential to become a major player in the international battery market.

### Teesside hailed 'UK's green energy powerhouse' as £3bn of projects greenlit

Energy Security and Net Zero Secretary Grant Shapps has announced £3bn of Net Zero projects have been given the green light by Government just days after the Chancellor committed £20bn to the sector in the Budget.

Net Zero Teesside will become the world's first gas-fired power plant with carbon capture and storage facilities, producing up to 860 megawatts of electricity, enough to power around 1.3 million homes per year. Up to two million tonnes of CO2 emissions from the power station will be captured per year and transported offshore for storage.

The scheme, driven by a consortium of energy companies led by BP, will represent ground zero for clean industry in the UK. This £1.5bn investment will create up to 5,500 jobs during its construction and will add up to £300m to the economy each year.





NORTH EAST

NORTH WEST

## NORTH WEST

On 30 March, coinciding with 'Energy Security Day' the UK Government announced that five Hynet partners were to progress to the next stage of negotiations to enable the decarbonisation of the industrial cluster in the North West of England and North Wales from the mid 2020's. These partners are Hanson Cement, Viridor, Encyclis, Buxton Lime and Vertex Hydrogen.

The five projects will, together, remove about 3 million tonnes of carbon dioxide each year – supporting the UK's net zero target. The announcement will strengthen the UK's world-leading position in industrial decarbonisation while growing the economy and creating and safeguarding jobs.

HyNet's CCS infrastructure will capture carbon dioxide emissions from hard-to-decarbonise industrial sectors across the North-West of England and North Wales, and Eni will gather, transport and store these emissions in its depleted gas reservoirs in Liverpool Bay. In addition, HyNet is poised to unlock over 1GW of low carbon, locally-produced hydrogen that will allow industry to move away from high-carbon fuels.

HyNet's leading industrial partners are committed to switching to regionally produced low carbon hydrogen. These include companies such as Heinz, Kellogg's, Encirc, ESB, Essar, Novelis, Tata Chemicals and Pilkington Glass, all of which have outlined investment plans to deliver low-carbon plants, which will, together, create the world's first low carbon industrial cluster.

Chemicals Northwest Awards gala dinner held in Manchester on 23 March. A record number of entrants, categories and over 300 dinner guests celebrated an in incredible year of achievement for the NW chemical industry. Despite the obvious challenges faced by the sector in 2022 the examples of innovation, sustainability, leadership, manufacturing and engineering excellence, trade, partnership and incredible young talent working in the industry were truly inspiring and all recognised by their peers. The CIA National Chemical Awards will be held on 15 June.


## TRADE

### UK Border Policy

The UK Government published its plan to strengthen UK borders against biosecurity threats and illegal imports on 5 April. The draft Border Target Operating Model (TOM) sets out a plan to realise the ambition of the 2025 Border Strategy to create the most effective border in the world. The draft has been devised following extensive engagement with the Border Industry and businesses across the UK, CIA has contributed views via the Joint Customs Consultative Committee, a HMRC sponsored forum that we are a member of. A six-week engagement period will now take place, with the final Target Operating Model to be published later this year. The model is backed by over a £1 billion investment in border transformation to improve how government systems and technology support goods and people to move across the border. Of particular interest to Members are plans to introduce the Single Trade Window, a digital gateway at the UK border for traders to complete their import, export and transit obligations. Contact Ian if you would like more information or to share views.

### CPTPP

The Prime Minister, Rishi Sunak, announced 31 March that the UK had successfully concluded negotiations to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a free trade area of 11 countries spanning the Indo-Pacific. Following two years negotiations the UK becomes the first European member and first new member since CPTPP was created. The bloc is home to more than 500 million people and will be worth 15% of global GDP once the UK joins. It is estimated that joining will boost the UK economy by £1.8 billion in the long run, with wages also forecast to rise by £800 million compared to 2019 levels.

CIA provided evidence to the House of Lords International Trade Agreements committee and commented that while the immediate value of CPTPP membership was limited the future potential of inclusion in a trading bloc contain fast growing economies was encouraging. Access to Malaysia and Chile where ethe UK does not enjoy FTAs was a particular advantage. UK accession has encouraged interest from a number of other markets including South Korea, China and Taiwan.

# Health and Wellbeing

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WORKPLACE HEALTH


## Using CIA's Sustainable Health Metrics Indicator Tool

### 20 June 2023, Leeds

The Chemical Industries Association (CIA) invites **Members** and **Non-Members** from all relevant disciplines to join us for our 2023 Conference. Whether you're a **specialist** or **non-specialist**; in **HR**, **Occupational Health** or **SHE** discipline, this conference is for all. There will be lots of opportunity for interacting with guest speakers, and networking.

Conference Aim – Raise awareness of the Tool's usefulness to businesses; provide guidance on how to use it; and identify and share amongst delegates new ways of working with current good practice examples.

Programme and details on how to book can be found on our website: https://www.cia.org.uk/Training-and-events/Training-courses

The CIA Sustainable Metrics Indicator Tool focuses on Health Leadership and Wellbeing systems across the following key Areas (Systems): Health Leadership Culture; Health Organisation; Health Hazards and Exposure Control; Health Exposure Monitoring and Health Performance and Wellbeing.

CIA's Indicator Tool has been well received over the last 10 years, widely used by members, and was reissued in 2018, with our new PDCA format containing relevant good practice examples. The Conference aims to raise awareness of the Tool's usefulness to businesses, provide a guide on how to use it, and take the opportunity from engagement sessions to identify new ways of working and find further good practice examples. From this we would like to refresh and enhance the Tool.

This year's programme builds upon CIA's previous conferences and our successful series of Signpost Guides that have been developed by members for members (topics: drug and alcohol policy, mental health policy and menopause policy – all freely available to CIA members).

Come and hear from our sector's regulator and our sector leaders about their real journeys to implement relevant good practice. HSE statistics continue to reinforce the importance of healthy workplaces. In the period 2021/2 there were 1.8 million work-related ill health cases (30.8m working days lost) of which work-related stress, depression, or anxiety accounted for 0.9m (17m workdays lost); and musculoskeletal disorders 0.5 million (7.3 m workdays lost). By sharing relevant good practice, and being proactive in workplace health, we can benefit the health of our best resource – our people!

Working together businesses can successfully move forwards to achieving sustainable healthy workplaces.






## Health and Safety Executive (HSE) updates

- **Workplace Exposure Limits (WELs):** In December 2022 the Health and Safety Executive announced how they will address both 'legacy occupational exposure limits' for inhalation risks arising from the UK's exit from the EU, and development of new Workplace Exposure Limits (WELs). On setting new GB WELs, HSE is to use a *"blended approach to controlling exposures, such as communicating what proportionate control measures we expect rather than solely introducing a WEL, as directed by evidence"*. When a new/revised WEL is to be introduced, HSE states on its website that it will follow its own approach for GB workplaces, this being:
  - *"The substance will be assessed and analysed by relevant specialists, including an economic assessment;*
  - *The Workplace Expert Health Committee (WHEC) will act as independent experts to review the scientific basis for any WEL proposed;*
  - *There will be a public consultation on the updates; and*
  - *They will be approved by the HSE Board."*

  For 'legacy occupational exposure limits', HSE's website (same link) states that *"HSE has considered the evidence on all outstanding EU limits and will introduce a revised limit for 3 of them. These are specific to underground mining and tunnelling and already published in EH40/2005."*
- **HSE 'Asbestos and You' Campaign:** In March the HSE launched a new campaign to remind people working in construction trades to manage the risks associated with asbestos. The campaign aims to reach those who started their careers from the year 2000, after the use of asbestos was banned, so they know the risk still remains. More information can be found on the campaign website.

ASBESTOS & You

## UK-REACH Di-isocyanates Restriction (first for Workers Health)

It is less than a year away until the final part of the restriction requirements need to be complied with. By 24 August 2023 mandatory training is required for UK workers handling di-isocyanates. This date is the same as for EU-REACH since the EU restriction was adopted prior to the UK leaving the EU. The REACH restriction text is:

1. *Shall not be used as substances on their own, as a constituent in other substances or in mixtures for industrial and professional use(s) after 24 August 2023, unless: (a) the concentration of diisocyanates individually and in combination is less than 0,1 % by weight, or (b) the employer or self-employed ensures that industrial or professional user(s) have successfully completed training on the safe use of diisocyanates prior to the use of the substance(s) or mixture(s).*
2. *Shall not be placed on the market as substances on their own, as a constituent in other substances or in mixtures for industrial and professional use(s) after 24 February 2022, unless: (a) the concentration of diisocyanates individually and in combination is less than 0,1 % by weight, or (b) the supplier ensures that the recipient of the substance(s) or mixture(s) is provided with information on the requirements referred to in point (b) of paragraph 1 and the following statement is placed on the packaging, in a manner that is visibly distinct from the rest of the label information: "As from 24 August 2023 adequate training is required before industrial or professional use".*

The training requirements are set out in paragraphs 4 and 5 of Annex XVII of the restriction. Under this REACH Restriction, the supplier must ensure training relevant to particular products they supply is available to their customer company. CIA has been advised by the Health and Safety Executive that for the purpose of compliance, the company (customer) needs to maintain a record that the user has successfully completed training before using the substance. Training should also be reviewed at least every five years, as well as being reviewed when there is any change in the work process. An EU-wide training platform is provided by the European sector groups ISOPA and ALIPA.

*Safe Use and Handling of Diisocyanates Training with ISOPA and ALIPA*

# Navigating the ESG Reporting Landscape

Whilst the concept of annual reporting is nothing new for companies, such assessments are traditionally backward-looking. Lately, however, it's been recognised that what might be termed 'smarter reporting' can inform future success by helping companies better chart a course through what are increasingly turbulent waters, not least in terms of the impact that climate change is bringing to business-as-usual. Against this backdrop, there has recently been rapid growth in the development of reporting frameworks and standards used to assess company progress against environment, social and governance (ESG) indicators. Whilst these may review past performance against targets, they also seek to understand if a company has in place effective strategies to anticipate ESG risks (and also seize opportunities for more sustainable growth).

**Drivers for change**

This shift is occurring at pace as regulation – whether national or regional – is becoming a necessary catalyst for action on ESG, and in doing so helps encourage the application of more standardised metrics. Investors are also promoting the adoption of ESG reporting frameworks so that the performance of companies can be compared (and lenders' green asset ratios are made more transparent). Credible ESG reporting is therefore seen as increasingly vital to any companies needing access to capital markets.

Such trends can also be found at a sector level, and CIA's own REACHReady initiative and Responsible Care Programme (and Global Responsible Care Charter) is evidence of how principles-based good practice in health, safety, security and environment (HSSE) can drive greater professionalism across an industry.

**It's not just about the 'E'**

Whilst the emphasis of much ESG reporting is on the environment (in the UK, listed and large private companies must now report climate risks and opportunities under the framework of the Taskforce for Climate-Related Financial Disclosures), reporting on social themes is expected to grow (in the UK, companies that employ more than 250 employees must now report on gender pay-gap). Moreover, even if such mandatory reporting requirements may be national or regional in origin, they can have far wider (global) reach. An example of this is the new EU Corporate Sustainability Reporting Directive. Not only is compliance demanded for EU-based companies (if they meet the criteria) but non-EU companies with operations in the EU may also be impacted. This serves to highlight that being ESG-savvy should not just be the duty of large companies. SMEs will increasingly be asked to collect and share relevant data with the businesses they supply, in order to satisfy their partners' disclosure needs.

**Be holistic**

As a result, a holistic approach to monitoring, managing, aligning and reporting (whether voluntary or mandatory) is essential and companies of all sizes should track existing and emerging frameworks – and the relevant data requirements – to help identify gaps in policies, controls and data, and also map commonalities which might help streamline reporting. This is not a time for maintaining silos of issue-ownership. The team responsible for finance, environment/CSR team, energy, risk and compliance, HR and, of course, senior leadership need to be facing in the same direction. What's more, although most of these reporting frameworks and standards are voluntary, a rising number are mandatory. Companies therefore need to understand which might fall under the category of 'nice to action' and which are 'need to action', often as a means of maintaining a licence to operate in some markets.

Scrutiny from stakeholders and regulators will only grow but for organisations that are prepared and willing to be proactive, ESG reporting can help companies better manage risk, and identify new opportunities to increase positive impact within their owned operations and across their value chains.

**Seek advice**

The world of ESG reporting can initially seem a bewildering one. It is a landscape crowded with multiple frameworks and standards that come in an 'alphabet soup' of acronyms. In spite of current efforts towards greater convergence, there also remains a frustrating lack of consistency in terms of disclosures (such that what a company is required to report on under one framework or standard may be differently defined under another). It may sometimes seem that the goal posts are ever-moving, but if businesses follow best practice (seeking advice where necessary) and focus on the issues that are most material to them and their stakeholders, then ESG reporting can help improve resilience in an operating environment of relentless change.

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SLR





# ChemTalent

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CHEMICAL INDUSTRIES ASSOCIATION

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## STEM Women Graduate Careers Events


In February, ChemTalent exhibited at the STEM Women Careers event in London, networking with students and recent graduates looking to start their careers in the STEM industry. With over 700 attendees present there was much interest in the diverse types of roles that our industry has on offer. Attendees were also interested in joining the wider ChemTalent Network as they thought it was a very useful and informative platform especially for those transitioning from university to industry. Many were keen to take part in polls and surveys to help us understand what they think of the chemical industry, their future in it and what its needed to help recent graduates or early careerists succeed in their role. We also promoted our upcoming Industry Skills Workshop designed to help graduates and early careerists better understand our sector and the necessary skills for an industrial environment. The event proved a great way to promote the sector and encourage people to join the network.

## Skills industry workshop

ChemTalent continues work very hard promoting STEM education and inspiring the next generation of young people in science. ChemTalent understand most graduates come into the workplace with only academic knowledge unaware of the skills necessary for most job roles in industry. The network's aim is to help students and early careerists better understand our sector and upskill graduates to ensure a smoother transition from university to work. We hope to confirm workshop dates soon.

We plan to host a series of interactive workshops focusing on:

- Risk Assessment
- COSHH Assessments
- Project Engineering
- Technical Report Writing (different to university report writing)
- Various roles within a company
- Chemistry – 12 Green Principles

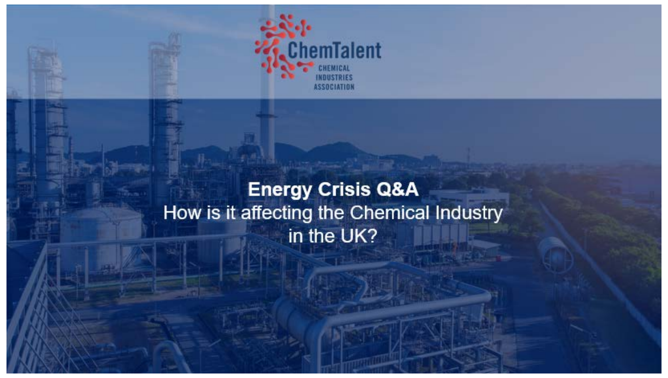
These are just a few of the topics we would like to cover but of course these could change. ChemTalent will soon start promoting this workshop via Twitter and LinkedIn platforms with key dates and confirmed topics. A poll has been sent to the wider ChemTalent Network (made up of university/college students, recent graduates, early careerists in member companies as well as other chemical companies) to understand what topics our audience is interested to know more about and how many are likely to attend this workshop. For further information please contact: chemtalent@cia.org.uk.

### Energy Crisis Q&A

ChemTalent influencers hosted a Q&A session joined by the CIA Policy Director, Nishma Patel, to understand more about the current energy crisis and how it is affecting our industry. The session discussed issues around why this energy crisis is occurring, whether it is a short term or long term crisis as well as the importance of economic backing vs policy makers mindset in terms of sustainability. You can find the full Q&A session on YouTube and LinkedIn. Please like and share.

Thank you to the influencers who took part, to Nishma Patel for this informative session and to Sameen Barabhuiya for hosting!

| Panellists | |
|---|---|
| Nishma Patel | Policy Director at CIA |
| Izzy Sloan | Young Ambassador and Chemical Engineering Degree Apprentice at GSK |
| Sameen Barabhuiya | Process Engineer at Nufarm |
| Mady Elrayah | Graduate Engineer at Croda |
| Daniel Hicks | Assistant Engineer at WSP |
| Sarah Davidson | Technology Development Lead at Croda |
| Imogen Foy | Senior Product and Applications Technologist at Venator |
| Jo Douglas Harris | Ink Products and Applications Manager at Venator |




### ED&I Panel Discussion

One of our pillars we feel strongly about is Diversity and Inclusion within the Chemical Industry. Last year, we held an ED&I Panel Discussion with ED&I representatives from across the industry to speak about this important topic. Watch to learn about the different ED&I aspects, where you should start with ED&I and the steps companies could take to ensure they are employing and retaining a diverse workforce. Watch discussion here.

| Chair | |
|---|---|
| Hallam Wheatley | |
| **Panellists** | |
| Viv Dennis | HR Manager at Stepan |
| Izzy Sloan | Chemical Engineering Degree Apprentice and Young Ambassador at GSK |
| Christopher Bannister Bailey | Diversity & Inclusion Manager at Croda International Plc |
| Emrys Travis | Disability and Accessibility Specialists at the Royal Society of Chemistry |




# Communications

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GOVERNMENT AND POLITICS

### How might 2023 unfold for Rishi Sunak?

This is the first *CIAMatters* of the year, and since our last edition in late 2022, many changes have happened in Government in just a little over three months. British politics was defined by the cost of energy in 2022. Prices soared as demand rebounded after the pandemic, then spiked in the wake of Russia's invasion of Ukraine. The Prime Minister could argue he has restored some calm and helped to return something close to normal day-to-day politics to Westminster. In February, Mr Sunak completed 100 days in office and he seems to be more trusted on the economy than Sir Keir Starmer. When Mr Sunak took over in October 2022, Labour enjoyed a 30-point lead. Now, the Conservatives are only five points behind in some polls, even after a painful round of tax rises and spending cuts imposed by the Chancellor, Jeremy Hunt.

Looking back at what Mr Sunak has achieved, he said he is 'proud' that his leadership and Government had calmed the markets down. At the start of the year, the Prime Minister made five pledges to the British public that would bring 'peace of mind' about where the country is heading. Mr Sunak pledged to halve inflation this year; to grow the economy and create better-paid jobs across the country; to see national debt fall; to shorten NHS waiting lists; and to pass new laws to stop small migrant boats crossing the Channel. Will he achieve this?

Although the UK political environment has been incredibly volatile and uncertain in recent years, the creation of three new Government departments represents the biggest change to the landscape of Whitehall since 2007. The Department for Business, Energy and Industrial Strategy has been merged with the Department for Internal Trade and then broken up into three new Departments:

**Department for Energy Security and Net Zero (DESNZ)**

Rt Hon Grant Shapps MP as Secretary of State for Energy Security and Net Zero

Rt Hon Graham Stuart MP as a Minister of State in the Department for Energy Security and Net Zero

Andrew Bowie MP as a Parliamentary Under Secretary of State in the Department for Energy Security and Net Zero

**Department for Science, Innovation and Technology (DSIT)**

Rt Hon Michelle Donelan MP as Secretary of State for Science, Innovation and Technology

George Freeman MP as a Minister of State in the Department for Science, Innovation and Technology

Paul Scully MP as a Parliamentary Under Secretary of State in the Department for Science, Innovation and Technology

**Department for Business and Trade (DBT)**

Rt Hon Kemi Badenoch MP as Secretary of State for Business and Trade. She remains as President of the Board of Trade, and Minister for Women and Equalities

Nigel Huddleston MP as a Minister of State in the Department for Business and Trade

Nusrat Ghani MP as a Minister of State jointly in the Department for Business and Trade and the Cabinet Office

Kevin Hollinrake MP as a Parliamentary Under Secretary of State in the Department for Business and Trade

Rt Hon Stuart Andrew MP as a Parliamentary Under Secretary of State in the Department for Culture, Media and Sport, and as a Parliamentary Under Secretary of State (Minister for Equalities) in the Department for Business and Trade

Maria Caulfield MP as a Parliamentary Under Secretary of State (Minister for Women) in the Department for Business and Trade, in addition to her current role as a Parliamentary Under Secretary of State in the Department of Health and Social Care

Perhaps Sunak's restructuring shows exactly where his priorities lie. He has long felt that energy and business were not working well together, a dysfunction that must have felt more urgent after a year of soaring energy bills.

At times we saw Government and media attention diverted away from the real issues, focusing instead on the Government and the Opposition's internal matters, such as the

Conservative Party's condemnation of the appointment of former senior civil servant Sue Gray as Chief of Staff to Sir Keir Starmer; the leak of text messages exchanged during Covid belonging to former Health Secretary Matt Hancock; Boris Johnson's earnings in addition to his MP role and his nomination of his father for a knighthood. Despite this distraction, Rishi Sunak put all that behind him and met the President of France, Emanuel Macron, in Paris for the first Anglo-French summit in five years. Subjects under discussion were joint support for Ukraine, further defence cooperation between the UK and France, and migration and small boats crossing the Channel. The UK announced it would help fund a migrant detention centre in France and contribute £479 million to France over three years to help curb small boats crossing the Channel. On energy, Rishi Sunak also announced a new Energy Partnership to help both nations move towards greater energy security by moving away from fossil fuels and towards renewables and nuclear power.

On 15 March, Chancellor Jeremy Hunt presented his first Budget. This set out the Government's plans for tax and spending policy. The Office for Budget Responsibility (OBR) also published updated economic and fiscal forecasts for the next five years – running up to and beyond the next election. The Chancellor's Budget Statement spoke about the ambition of delivering growth for the UK economy by focusing on four 'Es' – Enterprise, Employment, Education and Everywhere. There was a clear message through the Budget that to deliver growth the Government needed to improve labour market conditions and incentivise business investment. The Chancellor presented numerous policy changes, such as:

- Following the culmination at the end of this month of the two-year Super Deduction for qualifying capital investment, there will be a new capital allowance scheme to be in place for at least three years.
- There are 12 Investment Zones, eight of which will be in England with the remaining four across Wales, Scotland, and Northern Ireland.
- The Climate Change Agreement (CCA) scheme has been extended by two years, out to 2026-27.
- For lossmaking SMEs investing heavily in research and development (R&D) the Chancellor announced an enhanced R&D relief where eligible companies will receive £27 from HMRC for every £100 of R&D investment.
- A package of measures in the Budget aimed at streamlining and simplifying customs processes for traders.
- The improvements to child care – it will be another two and a half years before they are fully implemented.

Whilst we welcomed the commitments announced in the Budget, there remain *"massive and urgent challenges if it is to truly compete on a global stage"*, said CIA Chief Executive Steve Elliott. The MP for Stockton North, Alex Cunningham and Chair of the Chemical Industry All-Party Parliamentary Group, made sure to stress our concerns at the Budget Resolutions and Economic Situation debate.

Turning to Scotland, the major news this quarter was the resignation of First Minister (FM) Nicola Sturgeon. Three candidates stood in the SNP Leadership contest – Humza Yousaf, Kate Forbes and Ash Regan – with former Westminster leader, Angus Robertson, deputy first minister John Swinney, and deputy leader, Keith Brown all ruling themselves out of the running. After Ms Sturgeon announced her intention to step down, Mr Yousaf, Ms Forbes and Ms Regan, who were ministers in the outgoing first minister's cabinet, entered the race for the top job. We now know that Humza Yousaf has won the leadership contest and has been named Scotland's new first minister, replacing Nicola Sturgeon. The SNP's national secretary said the total turnout in the leadership election was 70%, with 50,490 of the SNP's 72,169 members casting a ballot. Mr Yousaf took 24,336 (48%), Kate Forbes took 20,559 (40%), and Ash Regan took 5,599 (11%) of the vote.

In May, we will see the Local elections – more than 8,000 seats will be contested at 230 councils across England. Four mayoral elections will also be held: in Bedford, Leicester, Mansfield and Middlesbrough. In Northern Ireland, elections for 11 councils are being held on 18 May. The chairman of the Conservative Party, Greg Hands, predicted a difficult set of local elections for the governing party but said it was building its campaign for a subsequent national election. Local elections are often seen as a rough gauge of how parties will fare at national elections, so we will look into this closely.

## COMMUNICATIONS

### Media Coverage

The CIA's work has gathered national media attention as businesses continue to combat soaring energy costs and the energy crisis. At the start of 2023, business groups feared energy support could be halved after the current scheme ends, given that the Government delayed setting out details originally due before the new year. In response to this, Steve Elliott joined the BBC Radio 4's Today programme to discuss the chemical industry's concern over a significant reduction in the level of energy support. Following this interview, the *Independent*, in an article titled 'Chancellor to meet business groups as fears grow over cut to energy support' was quick to capture Steve's reaction to this delay: *"I think more can be done for a targeted intervention for energy-intensive sectors such as chemicals"* as well as *"The chief executive of the Chemical Industries Association said there would be 'widespread concern'"* over a significant reduction in the level of support for energy-intensive industries. Asked on BBC Radio 4's Today programme how concerned the association's members are that energy support will fall, Stephen Elliott said: *"Only last week we actually got confirmation that some businesses were actually included within the scope of that relief, so it's taken time for some clarity."* He added: *"We're very interested to learn about what will happen from the end of March. Throughout 2021, and pre the Russian invasion, we've been looking for more targeted support with Government,"* he said, adding: *"I think more can be done for a targeted intervention for energy-intensive sectors such as chemicals."*

The media has also been interested in Brexit, as January marked three years since the UK left the EU. Adrian Hanrahan from Robinson Brothers appeared on BBC Newsnight and in the *Financial Times* discussing how the UK has fared since the departure and how it has influenced operations in the chemical industry as well as showing real on-the-ground examples of what is happening post-Brexit.

After Jeremy Hunt opposed Tory MPs' demanding tax cuts in the March Budget and the IMF predicted a UK recession, the CIA quarterly business survey featured in the Financial Times. The piece titled 'Hunt faces down Tory tax critics as IMF predicts UK recession' quoted the following: *"A survey by the Chemical Industries Association, representing one of the country's biggest exporting sectors, reported a sharp decline in sales in the last quarter of 2022. Some 53 per cent of respondents to a CIA survey reported a fall in exports to the EU in the final quarter of last year, while 50 per cent experienced falling demand from the domestic and non-EU market. 'We knew we were heading for challenging times, but the extent of the contraction is worse than feared,' said Steve Elliott, the association's chief executive. He said the UK policy framework'kills off any incentive for manufacturing investment in our country', citing a complexity of climate change regulations and 'a far more attractive' investment climate in the US."*

Ahead of the Chancellor's 2023 Spring Budget, Andrew Griffith, the City Minister, expressed concerns that London is falling behind other international financial centres as a place for companies to list. *The Times* mentioned the work the CIA is doing and what it recommends quoting: *"The Chemical Industries Association is among the groups that are lobbying the chancellor, with the organisation revealing yesterday that it had urged the Treasury to boost the flow of inward foreign direct investment into the UK."*

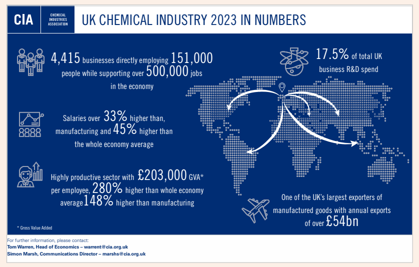
Another issue that has sparked media attention is the Chemical Industry's net zero goal. Rich Woolley, Head of Energy and Climate Change at the CIA, told Business Green that without urgent action from the UK government to curb energy costs and deliver new hydrogen and carbon capture projects much of the sector would start to consider whether its decarbonisation plans and long term competitiveness would be better served by migrating to the US or EU. The chemical industry has warned that without urgent action to tackle the sector's carbon footprint and drive green investment. In an article titled 'Why the government has to tackle 'hidden' chemicals emissions', Rich Woolley commented that there is *"an economic imperative for the Government to come forward with a more ambitious net zero strategy for the sector"*. Highlighting the competitive threat presented by the US administration's new green industrial subsidy package and the response from the EU, he acknowledged multinational chemicals firms would be attracted by the subsidies and tax breaks on offer to support CCS and hydrogen projects on the other side of the Atlantic. As such, he called on the UK government to urgently deliver long-awaited business models to drive the development of new hydrogen and CCS capacity and take steps to curb power prices so as to help enable the switch to electric heating technologies. The chemicals industry and the need to decarbonise it has been overlooked for too long. Without urgent action, the Government risks the sector disappearing altogether over the coming decades.

The Chancellor's Budget Statement to the House of Commons sent a clear message that to deliver growth, the Government needed to improve labour market conditions and incentivise investment by businesses. The CIA welcomed the commitments announced but stressed *"there remain massive and urgent challenges if it is to truly compete on a global stage"*, which was also captured in *The Chemical Engineer* alongside reactions from other business groups.

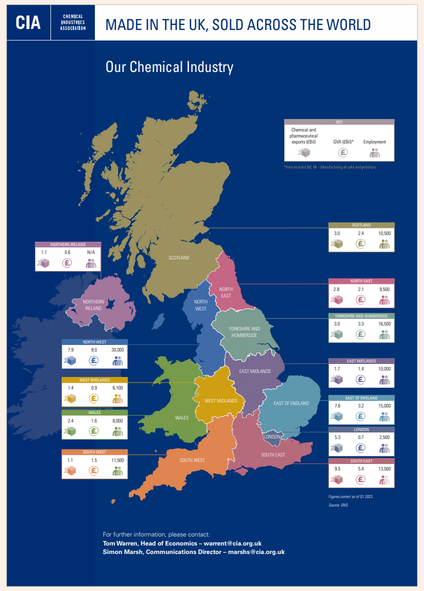

CIA Budget Representation 2023 – Ahead of the Budget, the Chemical Industries Association submitted a Budget Representation to the Treasury on behalf of the UK chemical and pharmaceutical industry. The content of the CIA's Budget Representation was guided by CIA member companies who replied to the CIA Q4 Business Survey, which was live between 9-20 January 2023.


CIA Economic Report

Industry in numbers – updated chemical industry figures for 2023.




Made in the UK, sold across the world – a regional breakdown.





- Announcement of the Energy Bill Discount Scheme avoids a cliff edge for businesses beyond 31 March 2023
- Major UK manufacturing industry struggles as business climate and Government policy bites
- Chemical Industry gives cautious welcome to Government's business support package
- Key manufacturing exporter says good start, but more needed and quickly

# Education and employment

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EDUCATION AND EMPLOYMENT

In the first quarter of 2023 we have continued to update members and share information. Our fortnightly calls and full Local Employment meetings have proved a valuable source of exchange. Recent discussions on our calls included the growing number of people in companies saying their workloads were becoming excessive and a concern about taking any additional work, sickness absence rates and workforce feelings and reactions to reward issues. The work volume issue has been building for some time and more members report they are looking at this. One of the challenges seems to be the length of time taken to fill vacancies and parts of the vacant role having to be undertaken by other job holders while any recruitment continues. Members are also scrutinising continuing work activities that may be undertaken because they always have been rather than what is actually still needed. On the pay situation we have written to all companies to take part in a survey so we can anonymously report back on recent and future trends in the sector. Our fortnightly calls are usually held on Thursdays from 0930 to 1030. Key topics discussed were real examples drugs and alcohol testing, menopause, apprentices, union reps, HR digitalisation, view of the UK by foreign HQ companies and the whole issue of equality, diversity and inclusion. These meetings are held quarterly at a member company site in the region.

As a result of a new partnership with Cogent Skills, the strategic skills lead for the science and technology sector, CIA members will now benefit from closer employer collaboration around the critical skills issues in our industry as well as access to a broad range of employer-friendly services, including skills policy support, guidance on apprenticeship provision and careers outreach training. A joint CIA and Cogent Skills report produced last year, Future Skills for the Chemical Industries highlighted the importance of skills in addressing the sector-wide challenges bought about by the adoption of new technologies and the move towards Net-Zero. And although these trends present a significant challenge, they also represent an opportunity to reinvent the sector and engage with the next generation of highly skilled workers. .

Gender Pay Gap reporting across the economy has not had the desired effect of narrowing the pay gap between men and women. Lates numbers show that the wage difference is 9.4%. it is reported that this difference is the same as in 2017/18 – the first time that companies, charities and local authorities of 250 or more employees had to report.

There is still time to enter the 2023 Chemical Industry Awards. Our awards have been selected and designed in 12 categories deemed most appropriate to reflect the pace of change in the industry towards enhancement of growth, global competitiveness, sustainability, health and safety. The Skills plus the Diversity and Inclusivity Awards are excellent examples of where you can showcase what we know to be significant achievements. Please take a look and enter. Nominations close on 24th April, so please fill in our simplified online nomination form. Full details at www.ciaawards.co.uk . Entry is open to the whole of the UK Chemical and Pharmaceutical Manufacturing Industry and companies that provide services to the chemical industry as appropriate for each particular award. Being shortlisted or winning an award can give a great boost to your staff and business. The awards will be presented at a gala dinner at the Kimpton Clocktower hotel, Manchester on 15 June.

The NHS issued 10.4 million fit notes in 2022, a record high and an increase of 11% on the previous year. Researchers suggested this was due to the after effects of Covid and the state of the economy.

The spread of industrial actions seemed to be slowing a little but school teachers in England have rejected a pay offer from the Government that would have seen salaries rise by 4.5% on average next year, alongside a one-off payment of £1,000 for this year. Members of the National Education Union (NEU) and the Association of School and College Leaders (ASCL) have voted to turn down the offer. Instead, the NEU will hold two more strike days in the summer term – 27 April and 2 May.

Although the number of vacancies is decreasing, latest Government figures highlight the recruitment challenges being faced by CIA members and other sectors. Across the economy the number of vacancies in December 2022 to February 2023 was 1,124,000, a decrease of 51,000 from September to November 2022. Vacancy numbers fell on the quarter for the eighth consecutive period in December 2022 to February 2023, down by 4.3% since September to November 2022, with vacancies falling in 12 of the 18 industry sectors. In manufacturing there has been a reduction of over 10% in the number of vacancies based on the last quarter, although that follows an increase of almost 50% over the course of 2023.





# Economic summary

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## An Economic Update

**Since our November issue of *CIAMatters* there have been some significant developments on the political and economic situation as the Bank of England (BoE) and the Office of Budget Responsibility (OBR) published their bi-annual forecasts on which the Monetary Policy and Spring Budget are based. The Office for National Statistics (ONS) issued annual data overlooking the state of the economy in 2022 and has released monthly reports on production, inflation, and labour market. All the data will be put into perspective through some key points that emerged in the CIA's Quarterly Business Survey that covered the last quarter of 2022.**

On the 2nd of February 2023 The BoE published its forecast within the Monetary Policy Report. Inflation is expected to fall throughout the year but it will remain above the 2% target. To aid the decrease of inflation, on the 23rd of March, the BoE raised interest rates to 4.25%. A similar approach was taken by the European Central Bank, which has recently increased interested rates by half a percent to 3.5%.

The OBR published its forecasts on the 15th of March. **Graph 1** shows the forecasts over GDP and Inflation: the black line is the forecast from the BoE, the mustard one represents the November forecast from the OBR, and the white one is the updated OBR forecast.


*Graph 1 – Real GDP – Forecasts (top) and CPI Inflation – Forecasts (bottom)*

The BoE and November OBR both predict that the UK will be entering a recession in the second quarter of 2023 because GDP would be contracting for two quarters in a row. The updated March OBR forecast has a more positive tone as it projects that the economy will grow in the second quarter of the year, thus avoiding a recession. This graph also shows that the BoE is not confident that the UK economy will grow above pre-pandemic levels until 2026; the OBR, on the other hand, suggests that the economy will surpass pre-pandemic levels by the end of the year (March forecast) and by the second half of 2024 (November forecast).

The **bottom** graph shows the forecasts for inflation through the Consumer Price Index (CPI), which calculates how prices of a set of goods change over time. The BoE has the most pessimistic forecast as it projects a slower decrease and a higher general level. The OBR's November forecast predicts inflation to reach 3.8% by January 2024, whilst their updated forecast has a more positive outlook as inflation is expected to fall below 2.9%. The November forecast also accounts for a period of deflation, which is no longer accounted for in the March forecast.

It will be interesting to see if the BoE's next forecast in May aligns with the OBR optimism or if the two institutions will still have different attitudes towards the future of the economy.

Moving on from forecasts, in February the ONS released their annual datasets on GDP and later the figures for January 2023.

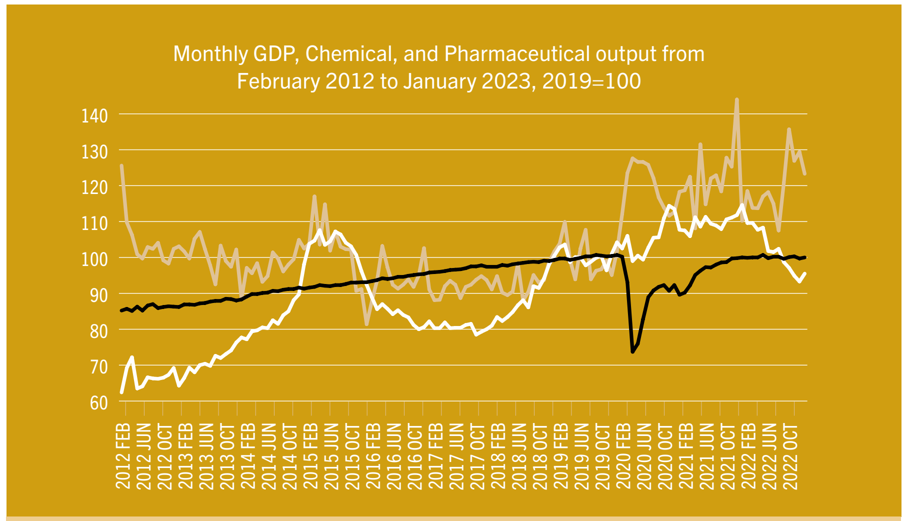
**Graph 2** shows how GDP, chemical, and pharmaceutical output have evolved since 2012. Whilst chemical output has been steadily growing since 2017, in 2022 it contracted 5.5% with the majority of this decline occurring in the latter part of the year. Chemical output in December 2022 was 93.3% of 2019's average. Looking at the far right of the graph, the data for 2023 is more reassuring with chemical output increasing 2.4% in January from the December value, but remaining 8.3% below pre-pandemic levels.

Pharmaceutical output on the other hand, experienced a decline from 2012 to 2019, while 2021 and the last quarter of 2020 were periods characterised by growth, with peaks in May 2021 and December 2021. One of the main drivers of this growth is COVID-19 and the development of its vaccine and boosted demand for other medical products. In January 2022 output fell drastically and at the end of the year, despite months of significant growth, there was a 3.3% decrease from 2021's closing value, although October 2022 is the second highest level of production ever recorded. In January 2023 pharmaceutical output saw a further 4.7% contraction, but, thanks to the exponential increase throughout 2020, output levels remain 21.2% higher than pre-pandemic.

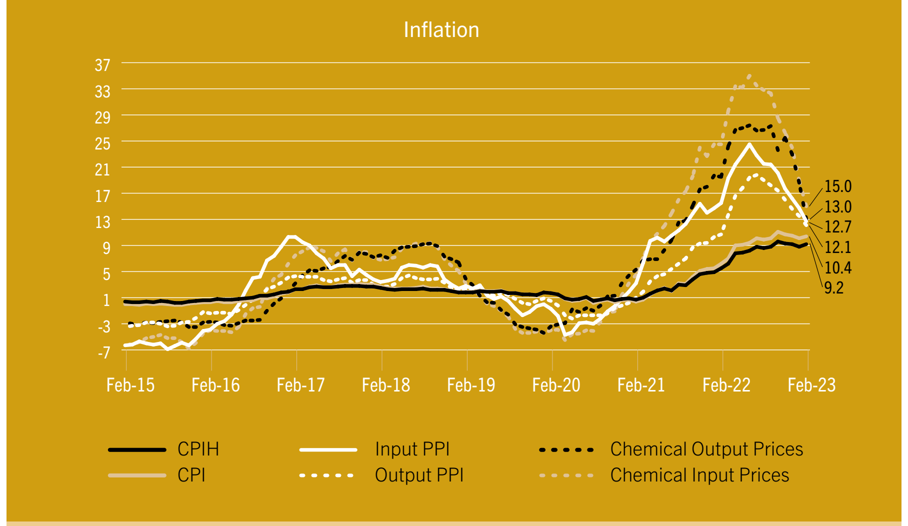
The GDP line shows a severe contraction in 2020, followed by an expansion in 2021 and 2022, which brought the GDP almost back to pre-pandemic levels. The increase between 2022 and 2021 is not as sharp as the one between 2021 and 2020, suggesting that growth has been slower. This can be linked to political and economic factors. 2021 saw the re-opening of local and global economy, which coupled with substantial governmental aid led to an increase in demand; by contrast 2022 was less positive. The Russian invasion of Ukraine led to steep increases in gas prices, that coupled with high inflation caused by the economic reopening led to an increase in living prices which damaged companies on the supply side – more expensive raw materials and higher wages, and on the demand side – high costs of living left consumers less money to spend on non-essential goods.

Finally, the far right of the graph shows that GDP has grown 0.3% in January 2023 compared to December 2022 but it still remains below November 2022 value. The manufacturing industry, on the other hand, had a rocky start to 2023 as output fell 0.4% from December 2022 levels and is at its lowest since July 2020.

Towards the end of March, data on inflation was released by the ONS. After peaks of 9.6% and 11.1% respectively, Consumer Price Inflation including owner occupier's housing costs (CPIH) and Consumer Price Inflation (CPI) decreased through the end of 2022 and January 2023. In February 2023 inflation jumped back up to December 2022's values with CPIH at 9.2% and CPI at 10.4%. Between January and February price rose 1.0%, in the same period last year the increase was of 0.7%. The sectors where prices raised the most are restaurants and hotels, food and non-alcoholic beverages, and clothing; whilst a downward effect was visible in recreation, culture and motor fuels. On a positive note, there has been a slight decrease in the cost of housing and household services since January driven by a decline in the price of electricity, gas and other fuels. A similar trend is visible for the Retail Price Index (RPI) which peaked in October 2022 at 14.2% and after a steady decrease through the last quarter of 2022 and January, it increased to 13.8% in February 2023 from the January value of 13.4%.




*Graph 2*




*Graph 3*

The situation is more positive for the Producer Price Index (PPI) which calculates inflation from the producer side. Input and Output PPI spiked in June 2022 at 24.5% and 19.4% and have been following a downward trend since then. Since our November *CIAMatters* Input PPI has decreased to 12.7% and Output PPI to 12.1%.

For what concerns the chemical industry, chemical input prices have increased by 15.0% in February, a deceleration from January 2023's growth rate of 18.9%, and chemical output prices' growth rate has also slowed, down to 13.0%. Whilst a decline in growth rate of input prices is positive for business, input prices are still rising quicker than output prices, and they have been for the last 2 years, which have resulted in tighter margin for manufacturers. In January 2023 the difference in growth rates was of 0.3%, in February it rose to 2.0% meaning that February took a harder toll on profits than the previous month.

February inflation data came out after the OBR and BoE forecasts and whilst it only accounts for the first 2 months of the year it appears to challenge the projections from both institutions.

To conclude on the official ONS data, the overview of the labour market has been published in the third week of March. The report suggests that whilst the labour market remains tight, there are signs of easing, especially as vacancies have decreased from 1,187,000 in September-November to 1,124,000 in December-February. Hopefully the initiatives launched within the Spring Budget will boost employment and continue the downward trend of vacancies.

Whilst the fall in vacancies is reassuring, shortages of workers, coupled with early retirements and the living cost crisis have pushed up wages. In February, total pay rose 5.7% on average in the UK and 8.5% in the chemical industry. Due to the inflation levels, this has resulted in a real terms pay cut of 3.2% and 0.4% respectively.

The results from the latest CIA Quarterly Business Survey support the trends highlighted by the ONS. As expected in the last quarter of 2022 our membership experienced a fall in sales, exports, and production levels. The increased cost of living and energy prices led to companies having to face higher input costs, which in turn has led to a decrease in the profit margins. Contrary to the general consensus from Q3 survey, employee numbers, R&D spend and Business Investment remained resilient throughout the last quarter of the year.

Continuing the theme witnessed in recent surveys, cost pressures continued to rise in the fourth quarter of the year. Energy costs remain the largest challenge for chemical manufactures, labour costs, and raw material costs and shortages, are the second, third and fourth biggest challenges facing the industry. The situation surrounding labour costs was felt to be worsening by 97.6% of respondents.

### 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.

# Events calendar

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

See 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

BOOK

### Chemical Industry Awards 2023 –

**15 June 2023 – Manchester**

The Chemical Industry Awards are the premier accolades for the UK Chemical and Pharmaceutical Industry. They are designed to offer a unique opportunity to highlight and promote excellent performance at the company, site and individual level. The awards have been selected and designed in 12 categories deemed the most appropriate to reflect the pace of change in the industry towards enhancement of growth, global competitiveness, sustainability, health and safety.

Nominations close on 24 April, so please fill in our simplified online nomination form. Full details at www.ciaawards.co.uk Entry is open to the whole of the UK Chemical and Pharmaceutical Manufacturing Industry and companies that provide services to the chemical industry as appropriate for each particular award.

Being short listed or winning an award can give a great boost to your staff and business. The awards will be presented at a gala dinner at the Kimpton Clocktower hotel, Manchester on 15 June.


BOOK

**Maintenance Management – Delivering Reliability in the Process Industries**

**20 April**

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.

BOOK

**Energy Savings Opportunity Scheme (ESOS) – Free Webinar**

**25 April**

The Energy Saving Opportunities Scheme (ESOS) is mandatory for large entities and requires energy efficiency assessments to be performed every 4 years. This does not have to be a simple compliance exercise but can be shaped to address wider Net Zero and Decarbonisation targets as well as giving cost effective energy efficiency measures.





BOOK

**Streamlined Energy and Carbon Reporting (SECR) – Free Webinar**

**12 May**

The webinar will cover: Streamlined Energy and Carbon Reporting and what your company will need to do.

BOOK

**Root Cause Analysis – Stopping problems from happening again**

**18 May, Manchester**

How to undertake Root Cause Analysis to identify root causes and develop countermeasures to prevent re-occurrence.

BOOK

**Competence Management – A Practical Approach**

**25 May, Manchester Airport Marriott Hotel**

This seminar will discuss the HSE's expectations and inspection programme whilst delivering practical best practice advice in managing competence for high hazard industries.

BOOK

**Problem Solving in Production – Applying Structured Problem Solving Tools to Daily Issues**

**8 June, Manchester**

The ability to solve problems is one of the most important business skills to possess, if not the most important. This course is for those looking to broaden their knowledge and increase their capability and confidence in using a range of problem solving tools and techniques that will deliver results. Manufacturing & Distribution companies only. £40 discount for 2nd and subsequent bookings made at the same time.

BOOK

**DE & I (Diversity, Equity and Inclusion) – Why? – Free Webinar**

**20 June, 11.30am – Free Webinar**

This session will look at the business case behind Diversity, Equity and Inclusion (DE&I) for organisations. During the webinar we will explore:

- research and evidence;
- demonstrating how good DE&I practices can support organisational goals; and
- practical advice on what organisations can do to advance in DE&I.

BOOK

**Health Conference**

**20 June**

Whether you're a specialist or non-specialist; in HR, Occ. Health or SHE discipline, this conference is for all. There will be lots of opportunity for interacting with guest speakers and networking

BOOK

**UK – Emissions Trading Scheme (UK ETS) – Free Webinar**

**12 May**

This webinar will provide an overview of the UK Emission Trading Scheme (UK ETS): how a site qualifies, what the obligations are if you do qualify, how to meet compliance, the potential financial impacts of participation, and what the UK Government has said in relation to the future of the scheme.

## REACHReady Events

BOOK

**REACH: Current landscape and emerging issues annual conference**

**27 April**

REACHReady's popular conference, held jointly with the Chemical Industries Association. The 'must attend' virtual event for anyone within regulatory affairs and/or product stewardship working in the chemical and downstream sectors.

BOOK

**REACH Inquiry – half day clinic**

**18 May (morning only)**

Under EU REACH, businesses need to first submit an inquiry to ECHA in order to begin data-sharing negotiations for registration purposes. Similarly, under UK REACH new market entrants and existing importers will have to do likewise. Join our half day clinic to understand the who, why and what's involved in submitting an Article 26 Inquiry.

BOOK

**Navigating UK REACH**

**14 June (morning only)**

Do you want to know more about your compliance obligations following the UK's exit from the European Union? This half day online training workshop is ideal for those who need to understand their REACH obligations and to ensure that they can maintain both UK and EU market access. Delivered in conjunction with REACHReady Approved Service Provider, Dr Knoell Consult.

BOOK

**CLP – The Basics (Formulators)**

**28 & 29 June (mornings only)**

This workshop is ideal for anyone who needs to understand more about their obligations under the CLP regulations in both the EU and UK.

# Make our team part of your team!

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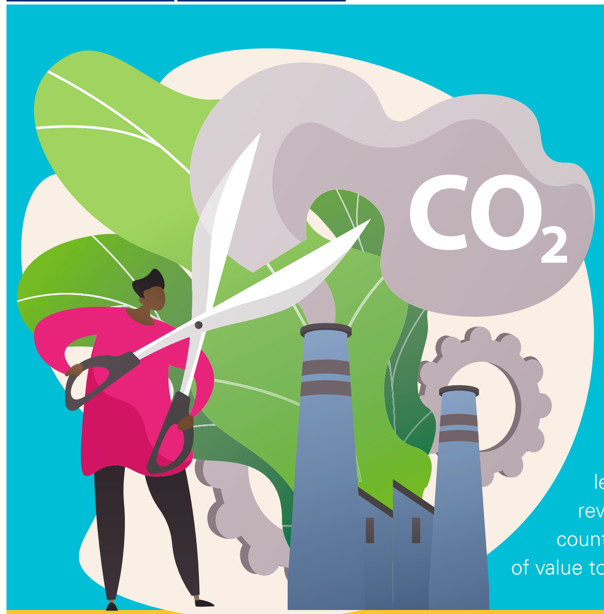
CIA CHEMICAL INDUSTRIES ASSOCIATION

# TACKLING CLIMATE CHANGE THROUGH CHEMISTRY




## The chemical industry is at the forefront of the net zero revolution

### Formula for Success

**The Industry of Industries** Chemical products make up over 95% of all manufactured goods – vital for food and medicines or materials for mobile phones and electric vehicle batteries to name a few.

**The problem solver** Chemical sciences are key to solving the world's current challenges.

**The critical enabler** We are a staunch promoter of innovative solutions and ambitious targets to ensure net zero for all sectors.

**The economic contributor** Critical to the Government's levelling-up agenda, we have a highly skilled and well-rewarded workforce, in many pivotal locations across the country. We provide over 500k jobs, adding more than £18bn of value to the UK economy.


THE UK CHEMICAL INDUSTRY IS EN ROUTE TO **HALVE** EMISSIONS BY **2034** IN ITS JOURNEY TO NET ZERO BY **2050**


Source: The Climate Change Committee's 6th Carbon budget

"The fight against climate change cannot be won without our industry's products and solutions. We can do even more and do it quicker for the country if Government were to further increase its level of support and deliver a more business-friendly policy environment. This should start now with a green light for all UK regional carbon capture projects and taking a fresh look at the nation's energy policy which continues to disadvantage the very industries that are essential in delivering on both levelling up and net zero."

**Steve Elliott** Chief Executive, Chemical Industries Association

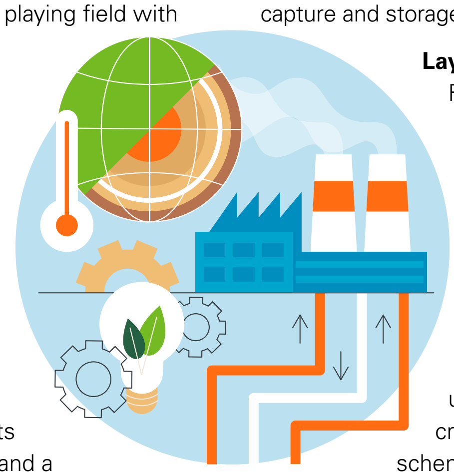
## Delivering the Solutions

What we need from government

**Design a long-term, joined-up net zero policy framework**
Carbon pricing is effective when it creates certainty for investors that new technologies will yield a return. This requires clear, consistent, long-term policies, a predictable price signal, support for innovative clean technologies and most importantly, a level playing field with competitors internationally.

**Empower energy and resource efficiency**
Continuously improving the efficient use of energy and materials is a critical driver in the creation of a net zero and circular economy, with investments helping support the transition.

**Protect industry through its transition**
Effective, long-term and predictable carbon leakage protection will be fundamental, as UK businesses adopt manufacturing methods that come with a 'green premium'. Essential elements include minimising non-wholesale energy costs and a level-playing field on carbon pricing.



**Build a world-leading net zero energy system**
Access to secure, reliable and competitively priced sources of zero carbon energy will allow UK manufacturers to switch to clean fuels. The roll-out of clean electricity coupled with investible hydrogen and carbon capture and storage business will be key.

**Lay foundations for new circular economy**
Reliable access to sustainable raw materials that will form the basis of a new circular economy, are essential to enable the sector to develop the advanced materials needed for a climate friendly world.

**Simplify the policy mix**
There has been a proliferation of industrial energy and climate change policy over time. Multiple overlapping policies complicate and undermine investment decision-making and can create perverse incentives. Streamlining these schemes will support the UK's decarbonisation, making it simpler for businesses to invest inthe UK.


Johnson Matthey
Inspiring science, enhancing life

## The Hydrogen Climate Solution

**How are we achieving net-zero?**
The HyNet project is paving the way for a net zero economy by developing the UK's first low carbon hydrogen plant. The facility will produce 80kt of hydrogen per year, and capture 600,000 tonnes of $CO_2$ – the equivalent of taking over 250,000 petrol or diesel powered cars off the road.

**How are we improving everyday lives?**
HyNet will meet the major challenge of reducing carbon dioxide emissions, providing low carbon power for industry, transport and low carbon heating for our homes and businesses.

Dow

## Bringing sustainable fashion to life

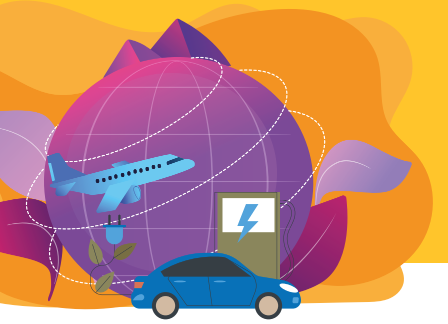
**How are we achieving net-zero?**
Dow is helping bring sustainable fashion to life without sacrificing colour or quality. Dow's treatment process uses 90% fewer process chemicals and therefore a 60% lower carbon footprint. Plus, it's helping the planet, using 50% less water and up to 40% less energy.

**How are we improving everyday lives?**
Dow's sustainability mission has a focus to lessen the strain on our precious water resources.

victrex

## Enabling $CO_2$ savings for cars and aircraft

**How are we achieving net-zero?**
Annual $CO_2$ savings of over 80,000 tonnes in European cars and nearly 100,000 tonnes in global aerospace are being saved thanks to light-weight, long-lasting and sustainable polymers. Weight-saving helps to reduce fuel use and consequently improves $CO_2$ emissions across major fleets of aircraft.



**How are we improving everyday lives?**
Looking to make more sustainable aircraft over the long-term, making travel faster, lighter and cheaper.

## UK's largest Carbon Capture and Utilisation Plant

TATA

**How are we achieving net-zero?**
Tata Chemicals Europe has invested £20m in building of the UK's largest Carbon Capture and Utilisation Plant in Northwich, reducing its emissions by 11% and enabling net zero manufacturing of one of its key products, sodium bicarbonate.

**How are we improving everyday lives?**
Exported to over 60 countries globally, sodium bicarbonate is used in many everyday products from pharmaceuticals, in cooking, to fire extinguishers, personal care and many others.

- The chemical industry is committed to delivering more **sustainable solutions for a cleaner, greener society.**
- We are an **essential enabler** and **driver of net zero for all sectors**, especially automotive, transportation and pharmaceuticals.
- Not only are chemicals essential components to energy-saving products but cutting emissions and transforming chemical production have a **huge impact globally** and can **transform the world around us.**
- We have an **important role to play in moving to low-carbon economies** – providing coatings for solar panels, lightweight plastics to reduce vehicles' energy consumption and insulating materials for buildings.
- It is through our **industry's innovation and technology** that will allow other companies and sectors to **decarbonise**, deliver the UK's net zero ambitions and ultimately, combat climate change.


For further information please visit:
**www.cia.org.uk/Media-centre/Our-route-to-net-zero**
Or contact:
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**Simon Marsh, Communications Director – marshs@cia.org.uk**

**WWW.CIA.ORG.UK** **@SEE_CHEM_BUS** **RESPONSIBLE CARE**

# CHEMICAL INDUSTRY Awards

## Kimpton Clocktower Hotel, Manchester

Thursday 15 June 2023

**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 2023 categories are:**

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

Enter for the Awards and be one of the success stories of 2023.
**Further details can be found at www.ciaawards.co.uk**

The closing date for entries is
**24 April 2023**

**For further information contact:**

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*Responsible Care: continuously improving health, safety and environmental performance*

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