



Progress to date and growth for the future  
October 2016

GROWTH  
PROMISED

GROWTH  
DELIVERED



# A CHALLENGE FOR GOVERNMENT, INDUSTRY AND STAKEHOLDERS

The chemicals sector is at the foundation of the UK's manufacturing industries, providing a wide variety of products, ranging from lightweight polymers, through to medicines, clean drinking water and even the food we eat. It is a multi-billion pound industry that has significant exports and employs people in high-value and highly skilled jobs.

By 2030, the world population will have increased from 7.4 billion to 8.3 billion, 60% of the world's population will live in urban areas, there will be 2 billion cars on the road and 50% more primary energy needed (heat, fuel and transportation). These huge challenges cannot be met without embracing the chemical and chemistry-using industries. And the success of all the UK's major established growth sectors – including aerospace, automotive and life sciences – are all dependent on chemistry, often delivered through competitive supply chains with SMEs at the heart of essential manufacturing, service and design capabilities.

The Chemistry Growth Partnership (CGP) was formed to enable senior figures in the industry to work with each other and the UK government to provide the framework within which the industry can prosper. This group of industrialists has consulted and collaborated with many key stakeholders, leading to a collective vision:

**“BY 2030, THE UK CHEMICAL INDUSTRY WILL HAVE FURTHER REINFORCED ITS POSITION AS THE COUNTRY'S LEADING MANUFACTURING EXPORTER AND ENABLED THE CHEMISTRY-USING INDUSTRIES TO INCREASE THEIR GROSS VALUE ADDED CONTRIBUTION TO THE UK ECONOMY BY 50%, FROM £195 BILLION TO £300 BILLION.”**

There are four themes to this strategy:

## **1 Securing competitive energy and feedstock supplies**

- working with Government and stakeholders on policies to ensure that these are available, affordable and environmentally optimal

## **2 Accelerating innovation**

- initially through the establishment of a National Formulation Centre and collaboration with established UK Centres of Excellence

## **3 Rebuilding UK Chemistry supply chains**

- working with Government and industry to refill the UK's hollowed-out chemical supply chains, focusing particularly on SMEs

## **4 Decarbonisation**

- producing an action plan to deliver against the decarbonisation roadmap for the chemical industry

To achieve all this we must have the right people with the relevant skills to create a competent, diverse and sustainable workforce.

The UK Government has confirmed the availability and mechanism to release £28 million to support the establishment of a National Formulation Centre. This is based at the Centre for Process Innovation at Sedgefield. It is part of the UK's Catapult network, a number of world-leading centres designed to transform the UK's capability for innovation and help drive future economic growth.

The UK has a strong industrial base in formulated products. These are things that we use every day such as personal care and cleaning products, paints, pharmaceuticals, lubricants and many others. They combine several ingredients, to delivering desired effects and functions.

Opportunities for innovation are plentiful but the Formulation Centre will provide the capability and facility to assist industry in designing, evaluating and developing formulations, quickly and effectively. While the application knowhow differs from sector to sector, the underlying science and technologies are commonly applicable across the sectors and so any sector should benefit from the knowledge and experience of others.

The Formulation Centre is embarking on a series of industry-led projects which will provide the foundation to enable companies in various sectors to develop and grow their products to satisfy a varied global market. The Centre will be critical for the high value personal care and home care markets.

## ENERGY & FEEDSTOCK

The CGP lobbied hard for affordable energy costs for energy intensive industries (EII) and our input helped to secure a £7bn EII package at Budget 2013 and the exemption announcement at Autumn Statement 2015.

## LOOK AHEAD

We are now establishing a group focusing on enhancing the chemical sector's contribution to climate change solutions for growth sectors and emissions of the chemical sector itself.

## INNOVATION

The CGP identified that enhancing UK expertise in formulated products is key to delivering the innovation growth identified in the strategy "Chemistry at Work". The CGP led the work to deliver a business case for a National Formulation Centre.

## LOOK AHEAD

Commitment and/or investment from industry for the National Biologics Centre and other key Development & Innovation Centres. This is a clear signal to the wider global chemical and chemical-using industry that the UK is world-class in R&D.

## SUPPLY CHAIN

The CGP has led two trade missions with support from Business Energy and Industrial Strategy (BEIS), UKTI and CIA targeting key agro-chemical companies.

The first trade mission was held in Europe (2014); it was formed in 21 agro-chemicals companies (mainly SMEs). The 2015 trade mission was held in USA which facilitated links with five of the most important agro-chemical companies in the world.

We have produced an online directory which highlights companies capabilities. It can be found at [www.ukchemicaldirectory.com](http://www.ukchemicaldirectory.com)

Major work is being undertaken to highlight supply chain gaps and identifying opportunities for rebuilding these based on the arrival of shale Ethane and our ability to crack it to Ethylene. The emphasis of this work is to secure the advantage of more cost competitive feedstocks for the UK.

## LOOK AHEAD

The CGP will build on the success of both these trade missions working with UKTI to deliver further trade missions to showcase UK capability and expertise. The

CGP is working in partnership with Government and industry to identify strategically important markets for these further missions.

The CGP is targeting strategically important sectors across the advanced manufacturing industries, including the Automotive and Pharmaceutical sectors to develop specific plans to rebuild UK supply chain opportunities. The CGP is also engaging with regional bodies including Chemicals Northwest, Chemical Sciences Scotland and NEPIC to develop cluster opportunities and focus on key areas of chemical industry concentration. We are planning supply chain workshops with the representative bodies for the Automotive and Pharmaceutical industries (Automotive Council and MMIP).

The CGP is mapping supply chains that are aligned with the UK chemical industry, and is identifying future market opportunities for UK businesses.

## DECARBONISATION

The CGP was actively involved in the development of the 2050 Decarbonisation Roadmap for the chemicals sector, published in March 2015. We have established a fourth working group under CGP focusing on enhancing the chemical sector's contribution to climate change solutions for growth sectors and emissions of the chemical sector itself. As its first role, this group is now working collaboratively with BEIS to develop an action plan to deliver the decarbonisation roadmap. Engagement with industry is an integral part of the roadmap process, both to develop the actions and to ensure value is realised through their delivery.

## LOOK AHEAD

CGP and BEIS expect to finalise the action plan to deliver against the chemicals Decarbonisation Roadmap by the end of 2016. While the Roadmap identified 13 sites in particular in the UK as having the highest emissions, the action plan is being developed to have impact and value to the sector as a whole. As one of the UK's most energy intensive industries, there are significant environmental and economic gains from delivering decarbonisation and energy efficiency measures within the sector.

The action plan will focus on areas such as access to finance, increasing the sector's use of bioenergy and bio-resources, industrial heat recovery, clustering, and industrial carbon capture and use. BEIS and the CGP have commissioned work to identify which are the priority technologies and innovations that will support both the decarbonisation and the growth and competitiveness of the sector.

## MEMBERS OF THE CHEMISTRY GROWTH PARTNERSHIP

NICK HURD MP, Minister of State for Climate Change and Industry – Ministerial co-Chair

STEVE FOOTS – Chief Executive of Croda International plc, Industry co-Chair

TONY BASTOCK OBE – Chairman of Contract Chemicals Limited

PAUL BOOTH OBE – Chair of Tees Valley Unlimited Local Enterprise Partnership

CHARLES BRAGG – R&D Director of P&G UK and Ireland

STEFANO CECI – Chemical Engineer at Johnson Matthey plc and Leader of the Chemical Industry's Future Forum

TOM CROTTY – Director of INEOS Group

TORBEN JENSEN – Managing Director of BASF Business Centre Europe North

CALUM MACLEAN – Chief Executive of Synthomer plc

ROBERT MACLEOD – Chief Executive of Johnson Matthey plc

IAN SHOTT CBE – Managing Partner of Shott Trinova

HARRY SWAN – Managing Director of Thomas Swan & Co. Ltd

DAVE TUDOR – VP Primary Pharma Operations of GlaxoSmithKline

IAN WADDELL – National Officer of Unite

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