

## **FECC CONTRIBUTION TO THE AD HOC GROUP ON INNOVATION AND HUMAN RESOURCES**

### **Introduction**

The European Association of Chemical Distributors (FECC) welcomes the initiative of the European Commission to give special attention to Innovation and Human Resources in the context of High Level group (HLG) on competitiveness of the Chemical Industry. We also welcome the current Report of the Ad Hoc Group. An efficient and reliable chemical distribution sector has a key role in enhancing the innovation of the whole chemicals supply chain and the competitiveness of the European chemical industry.

The Chemical Distributors in Europe represent around 1,200 companies with 30 billion€ annual turnover and more than 40,000 employees. Most of these companies are SMEs who distribute, formulate and import substances and preparations vital for innovation, competitiveness and sustainability of chemical industry.

### **The role of chemical distribution in innovation**

The chemical distribution sector is of strategic importance in the innovation process:

- Chemical distributors identify customers' demands and develop new and diverse uses for existing chemicals. In this respect the chemical distributors bring innovation to a large number of technical applications of crucial importance for European economy.
- Many chemical distributors have high R&D intensity in developing new preparations, testing them internally and externally and bringing them on the market.
- New chemicals have to be brought in the market, their functions to be explained and their first uses to be accompanied by our companies in particular in very specific niche markets.
- The chemical distributors also identify and continuously innovate on services including e-services, training on safety, support for regulatory compliance, etc. improving the performance of the whole supply chain.
- Chemical distributors bring upstream crucial information that allows researchers to acknowledge and anticipate potential uses of chemicals. This facilitates both basic and applied research.



In view of the above, FECC would like to highlight that the Ad hoc Group on Innovation and Human Resources should have a broad definition of innovation and should include new services and new uses.

### **Education and Human Resources**

The chemical distribution acknowledges the importance of having sufficient highly qualified human resources in the chemical industry. FECC regrets the current shortage of chemistry/chemical engineering students, as well as qualified personnel such as drivers, etc. Therefore, FECC requests that the outcome of the Ad Hoc Group on Innovation should be directed towards finding adequate means to overcome this shortage and increase interest and confidence in chemistry among youngsters. Measures towards facilitating the SMEs recruitment process and the importance of location should also be considered.

### **Innovation and regulation**

The chemical distributors carry out diverse activities such as formulations, technical applications, labelling, packaging, etc. This variety of activities needs consistent legislation. In this respect, FECC considers that the Ad hoc Group should carefully consider the need for further legislation and rather primarily focus on promoting incentives without hindering the competitiveness of chemical industry. Further regulation should first take into account potential environmental, health and safety, but also economical impacts.

FECC also believes that protection via patents for new formulations is not always the best choice and may lead to disproportionate costs and inefficiency. Instead, we welcome the current Report of the Ad Hoc Group which states that Confidential Business Information should be fully recognized and protected.

### **Communication**

Communication in the supply chain is necessary for innovation in the chemical industry. The chemical distribution sector has a unique role in communicating the changes to the actors up and down the supply chain. Through their communication channel the chemical distributors close the information gap among producers, customers and downstream users.

FECC supports future measures which will facilitate this communication and increase trust along the chain. FECC will also support measures towards enhancing the reputation of chemical industry and its benefits to our life. One such measure should be the promotion of ongoing initiatives such as Responsible Care and Product Stewardship which are currently adopted by an increasingly number of companies.

### **SMEs and innovation**

The SMEs play an important role in the innovation process because of their flexibility to quickly adapt to new market needs. FECC considers that the outcome of the Ad hoc Group should take into consideration the important role of SMEs in the innovation implementation. Other issues such as timing, access to resources and regulatory burdens, should be considered, as well. These issues become crucial in critical industrial uses.

### **Conclusions: Future policy options**

FECC considers that future policy initiatives developed in the Ad hoc Group on Innovation and Human Resources should:

- Consider the whole Chemicals supply chain, recognise the important role of the Chemical Distribution and have a broad understanding of innovation
- A Sustainable Chemical Distribution is an essential part of the Sustainable Chemical Industry sector and therefore, should be taken into consideration in the EU's Sustainable Industrial Policy.
- Measures to facilitate R&D programmes throughout the supply chain should be encouraged
- Take into account the role of the SMEs in the innovation implementation and their specific needs
- Enhance the cooperation among stakeholders (industry, academia, society, etc). The identification of synergies, and exchange of information may boost innovation
- Focus on the promotion of incentives and consistent regulation
- Promote interest in the chemical industry among students and youth

For further information on these issues please contact:

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*The European Association of Chemical Distributors (FECC) represents around 1,200 European chemical distributors to the EU Institutions. FECC Members – most of them SMEs - create value in the supply chain meeting the demands of over one million downstream users with a large range of products. FECC Members distribute and regularly import substances and preparations vital for the success of the European economy. Thousands of industrial plants are supplied with the specific chemicals that are required to continue their production.*