



UK

EU

Trade Relationship Chemical Industry Update

11 November 2020

NEPIC Conference

- 51 days to go!
- Negotiations intensifying (but outcome still unclear)
- Industry Priorities unchanged
 - Zero tariffs (WTO outcome very damaging!)
 - Minimal customs and border delays
 - Regulatory continuity (REACH)
 - Access to skilled/contract labour
 - Continued access to collaborative EU R&D programmes/funding

- 31 January
- 25 February
- 27 February
- 2 March
- w/c 16 March
- w/c 23 March
- 30 June
- 26 November
- 31 December
- UK exit from EU
- EU negotiating mandate
- UK negotiating mandate
- Start of formal negotiations
- “Postponement” of negotiations
- Draft legal texts shared
- Deadline for transition extension request
- Deadline for presentation of trade deal to EP
- End of transition to new relationship

- Industry priorities communicated to key influencers
 - Negotiating teams (exchanges with David Frost and Michel Barnier)
 - UK Parliament (House of Commons Future EU/UK Relationship Committee; Environmental Audit Committee; and House of Lords EU Select Committee)
 - UK Prime Minister and Commission President (CIA/CEFIC Presidency letter)
 - BEIS ministers (October meeting with Secretary of State and November Chemicals EU Exit Group meeting)
 - Other FTAs - creation of Chemicals Trade Advisory Group (TAG)
- Regular engagements with media and Parliamentarians

- Brexit preparation increasing on the basis of “deal or no deal” but continue to have concerns (SMEs; tariff application etc)
- Industry working with Government (BEIS, Defra and HSE) on Brexit readiness agenda
 - 2nd Nov BEIS preparedness webinar
 - w/c 9nd Nov CIA readiness guidance
 - w/c 9th Nov HSE webinar on Chemical Regulations
 - HSE podcasts on future of Chemical Regulations
 - CIA “risk register” (our key “unknowns”)

- UK/EU Free Trade Agreement critical for UK chemical industry and customer base
- Avoid tariffs (with successful outcome on Rules of Origin)
- Secure EU REACH data access with cost effective UKREACH essential
- UK and EU27 industry very much aligned
- Don't underestimate Q1 2021 challenges (even with a deal)
- Good UK/US FTA progress being made

Thank You

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- The single largest ever piece of environmental legislation
- Compliance requirements on both chemical suppliers and users (from auto to aero; construction to cosmetics)
- A decade's worth of investment in EU REACH to secure market access
- Industry "Plan A" is formal connectivity with European Chemicals Agency (ECHA). "Plan B" (assuming establishment of a UK REACH regime) requires access to data already submitted for EU REACH

- Failure to secure data runs risk of a minimum £1bn cost to industry (chemical companies and their customers) with no environmental benefit and risk of increased animal testing
- Industry therefore needs:
 - Data access
 - Competitive UK REACH registration fees
 - Realistic time frames to register

UK Chemical and Pharmaceutical manufacturing

- Annual Gross value added of £15bn (\$20bn) on Turnover of £50bn (\$60bn)
- UK's largest manufactured goods export sector with annual exports of around £50bn/\$60bn with a trade surplus of around £5bn/\$6bn – exchange rates & tariffs very important!
- 11th largest in world, 4th largest in European Union by sales
- Capital and Intellectual Property Investment of over £4bn/\$5bn per year
- R&D spending of nearly £5bn/\$6bn (private + government)
- 140,000 Direct employees and supports around ½ million direct and indirect jobs – pay 30% higher than manufacturing average