

The future of the UK Chemicals Industry



Department for
International Trade

After the devastating impact of a global pandemic, businesses are working hard to recover and are looking for opportunities in the UK and abroad. The crisis highlights just how important it is to keep trade flowing and supply chains open.

Free trade and resilient supply chains through open markets will be crucial to the global economic recovery and the Department for International Trade (DIT) is at the heart of the UK government's agenda to deliver this. One of DIT's main objectives is to secure UK and global prosperity by promoting and financing international trade and investment, whilst also helping UK business take full advantage of trade opportunities.

Read below our interview with Richard Carter, former Managing Director BASF UK, former Chair NWBLT and currently independent industry consultant, about the future of the UK chemicals industry and opportunities for UK business.

1. What are the advantages for companies to be located in the North West Chemicals cluster in the UK?

The North West is one of four chemical clusters we have in the UK and it is by far the largest in accordance to Gross Value Add, making it strategically the most important by size and structure. Clusters have the advantage that they are built around an eco-system, which provides a skilled workforce, innovation and R&D establishments of which there are a significant number in the North West including e.g. the Region's Universities, GEIC, Sci-Tech Daresbury, Offshore Wind Innovation Hub and Alderley Park. The NW has the largest concentration of advanced manufacturing in the UK of which the chemical industry, ranging from petrochemicals, pharmaceuticals, and fine chemicals is a key contributor. This gives the area a strong footprint, making it a magnet for inward investment and investment in this future oriented sector.

2. Do you agree that the focus on sustainability and the decarbonisation of industry is the right way forward and is part of the future for the chemicals sector?

Sustainability and decarbonisation is absolutely the right way forward because there is no viable alternative. The global goal of achieving net zero by 2050 is a necessity to protect our living environment. Some of the most recent natural disasters across the globe underscore the need to reduce global warming. A recent International Energy Agency (IEA) Report highlights scenarios and a roadmap to net zero by 2050. However, areas of the NW have more ambitious CO₂ reduction



goals e.g. Greater Manchester has set the target of 2038. This shows that there is also a strong political commitment in the region to support the necessary investments, technologies and skills associated with the challenge. This highlights the ambition of the region, thus attracting cutting edge investment and commensurate skills and putting the region in an advantageous position. The establishment of the Energy Innovation Agency in Manchester to support the 2038 plan is an excellent example. The required reduction in CO₂ emissions will not happen without significant changes in behaviour from all of us, both personally and professionally. This can however only take place in a clear policy framework which e.g. incentivizes recycling and domestic retrofit measures for housing to name but two. A major challenge is to prevent "carbon pricing", which in one form or another is inevitable, from exacerbating divisions in society and between nations. Government, together with business need to recognise this potential risk of disproportionately impacting the less well-off and work on policy solutions.