

2016 / 2017

MANUFACTURING & SERVICES

The Parliamentary Review

A YEAR IN PERSPECTIVE

■ FOREWORDS

The Rt Hon Theresa May MP

Stephen Elliot

Philip Law

■ CHEMICALS, PLASTICS & COSMETICS REPRESENTATIVES

DS Smith Plastics

Applied Coating Technologies

Farrel

RJG Technologies

Amaray

Scientific Management International

Abril Industrial Waxes

Chamcotec

Union Colours

Essential Earth

Stort Chemicals

Scent Perfique

SI Protech

Trent Oil Lubricants

Radici Group Performance Plastics

■ FEATURES

Review of the Year

Review of Parliament



The Rt Hon Theresa May MP

Prime Minister

This year's *Parliamentary Review* follows a significant year in British politics. It was a year in which our economy continued to grow, as the Government followed its balanced plan to keep the public finances under control while investing to build a stronger economy. It was a year in which we began to deliver on the result of the EU referendum by triggering Article 50 and publishing the Repeal Bill, which will allow for a smooth and orderly transition as the UK leaves the EU, maximising certainty for individuals and businesses.

And, of course, it was a year in which the General Election showed that parts of our country remain divided and laid a fresh challenge to all of us involved in politics to resolve our differences, deal with injustices and take, not shirk, the big decisions.

That is why our programme for government for the coming year is about recognising and grasping the opportunities that lie ahead for the United Kingdom as we leave the EU. The referendum vote last year was not just a vote to leave the EU – it was a profound and justified expression that our country often does not work the way it should for millions of ordinary working families. So we need to deliver a Brexit deal that works for all parts of the UK, while continuing to build a stronger, fairer country by strengthening our economy, tackling injustice and promoting opportunity and aspiration.

In the year ahead we will continue to bring down the deficit so that young people do not spend most of their working lives paying for our failure to live within our means. We will take action to build a stronger economy so that we can improve people's living standards and fund the public services on which we all depend. We will continue with our modern Industrial Strategy,

deliver the next phase of high-speed rail, improve our energy infrastructure and support the development of automated vehicles and satellite technology, building a modern economy which creates the high-skill jobs of the future.

At the same time, work needs to be done to build a fairer society – where people can go as far as their talents will take them and no one is held back because of their background. So we will continue to work to ensure every child has the opportunity to attend a good school. We will continue to invest in the NHS and reform mental health legislation, making this a priority. And we will work to address the challenges of social care for our ageing population, bringing forward proposals for consultation to build widespread support.

So this is a Government determined to deliver the best Brexit deal, intent on building a stronger economy and a fairer society, committed to keeping our country safe, enhancing our standing in the wider world, and bringing our United Kingdom closer together. We will continue to put ourselves at the service of millions of ordinary working people for whom we will work every day in the national interest.

“This year's *Parliamentary Review* follows a significant year in British politics”

Stephen Elliot

Chief Executive of the Chemical Industries Association



In chemical and pharmaceutical businesses there is a continued feeling of optimism about the UK as chief executives look to the year ahead. While of course we are all monitoring and seeking to influence Brexit negotiations and the challenges it poses, right now our businesses feel positive about the outlook. And that view is from an industry where companies, in survey after survey, said they did not want our country to leave the European Union. What matters is to get the best outcome for the UK but also for the EU – our biggest customer market.

At the time of the last *Review* the Department for Business, Energy and Industrial Strategy had just been established. We had the name. Now we have a better idea of government thinking with the green paper published earlier this year. In our response we set out how, in partnership with government, we could decarbonise the economy, continue to provide jobs for thousands of skilled workers and set the innovative future the like of which the world has not seen.

An important part of our work is our reputation and ensuring that we listen to the public and to opinion leaders. In the latest survey across 12 European countries, the UK came a close second to Finland with both audiences and, in 16 'Reputation Drivers' we are first or equal first in eight, second or equal second in seven and third in the other. We want our reputation to be as high as it can be, and we are not complacent. The UK general public's view of the net benefits of chemicals versus the risk are 47% (survey average is 24) and with opinion leaders it is 48% (average is 38%).

There is more we would like to do to improve our reputation, which involves listening to feedback and comments about the industry. There is an argument that in certain circumstances the best thing to do, reputation-wise, is to simply listen. Not every point, every issue or every view demands an immediate comment. It can be better to not only give the appearance of listening or to listen just in order to reply; but to really listen to understand.

You don't build a reputation by continually banging on about your own issues and not listening to the views of others. It is by regularly and proactively listening – something our companies do week in week out through town hall meetings on issues such as shale gas – that we can really drive a sustained change in the perception of our industry and, more broadly, business.

“In chemical and pharmaceutical businesses there is a continued feeling of optimism about the UK”



Philip Law

Director General of the
British Plastics Federation

The UK Plastics industry is crucial to the UK's economic success. Its products support many other sectors, including car production, healthcare, construction and packaging – to name but a few. Our annual sales turnover is £23.5 billion and we are one of the UK's biggest industrial employers, with a workforce of 166,000.

Plastics will be the material of the 21st century. Their light weight brings energy savings and reduces pollution in transport applications. Their excellent insulation properties provide energy efficiencies in buildings. As the global population rises, plastics packaging will prevent food wastage through its durability, effective barriers and tight seals.

The British Plastics Federation (BPF), which represents the entire sweep of the industry including raw material supply, machinery and equipment suppliers, plastic processors and recyclers, is the oldest plastics trade federation in the world and the only one to represent all aspects of the industry under one umbrella — a true one-stop-shop for plastics. This provides the UK plastics industry with a great competitive advantage. We have an extensive global reach and our website is one of the most authoritative platforms for plastics in the English language (visit: www.bpf.co.uk). We can source market intelligence from all corners of the globe and create real economies of scale.

The good news is that the UK is a global leader in all these areas – and we plan to consolidate this position. The British Plastics Federation has launched a strategy, which maps out the critical requirements to keep the UK a key global player. We have set ourselves a progressive environmental agenda, building on recycling achievements, embarked on an education and skills initiative and pointed to the

future importance of shale gas as a competitive source of raw materials. We will also focus on innovation in energy-efficient products and develop our manufacturing efficiency by exploring the possibilities of Industry 4.0.

In the light of Brexit it is imperative that the Government recognises the importance of the UK plastics industry to the entire manufacturing and distributive sectors and is correspondingly supportive.

We are players in an international industry. We import over 50% of our raw materials and most of our processing equipment. A significant degree of UK industry is foreign owned – as are our customers. Full access to the European single market is therefore crucial for our competitiveness.

We are the third largest manufacturing sector in terms of employment. Over 18,000 of our employees are from other EU Member States. We need assurance that their working rights will be undiminished and that we will have full access to the manpower we require to develop the industry.

There will inevitably be a focus on overseas business development. We need the full support of the UK Government export programmes, particularly aimed at small and medium-sized enterprises.

The UK plastics industry should certainly be on MPs' radar screens as they are likely to have one or more plastics companies in their constituencies. These local companies may contact MPs to discuss these points – so please be mindful of all that the plastics industry brings to the UK and help us remain a key player on the international stage.

Union Colours



Pigment powder concentrate as produced by Union Colours



Phillip Myles, General Manager, pictured second right in the pigment development laboratory

FACTS ABOUT UNION COLOURS

- » A Global Technical Producer of Organic Colour Pigments
- » Sales to 46 Countries Worldwide
- » Holding 3.5% Market Share in Europe, and 10%+ in Chosen Markets
- » International Technical Centre in Stockport, UK
- » Supporting Technical Centres in India, China and South Africa
- » Strategic Supplier to the World's Largest Pigment Using Multi-national Companies
- » Special Capabilities in Regulatory Controlled Applications
- » Financed by the Largest Pigment Producer in China

Union Colours is the international technical marketing arm of Longyu Pigments & Chemicals Corporation, the largest producer of organic pigments in China. The tie up was a proposal to take advantage of the UK team's international technical marketing capabilities, along with the financial and manufacturing strength of a big Chinese corporation.

Following their launch in 2004 they targeted the largest pigment users in inks, plastics and paints across Europe, with a special focus on serving regulatory demanding applications. Their market positioning combined technical service capabilities more typical of the very large European Pigment manufacturers, with a flexibility more typical of medium sized enterprises.

Globalisation

With their products and services receiving strong technical acceptance by the European market, in 2010 the company decided to expand globally. Strengthened by their established brand and the brand of their international clients, globalisation started rapidly. In 2017 Union colours reached a planned milestone, 50% of their sales are now outside of Europe.

Union Colours can deliver to any sea port in the world. They have pan-Europe distribution from their warehouse in Denmark, they hold a bonded warehouse in Brazil serving Latin America; they have stocking facilities in South Africa for Africa; they have an office in Mumbai for India and for more difficult to reach markets they engage a technical distributor sales network.

The company found that although technology trends differ across regions, on the whole clients have the same requirements from a pigment producer, a broad portfolio of products that perform well, with consistent quality at an affordable price.

Technologies

Organic colours are made by synthesising various oil derived chemicals. Modern versions are coated during synthesis with speciality chemicals that enhance the product’s performance in application.

Union Colours employ some of the finest pigment chemists in the world: as a result their clients benefit from advanced technical possibilities. It is Union Colours experience in product design and regulatory affairs that gives their clients the confidence to work with them.

Working closely, such as sharing laboratories, is what stimulates innovation and benefits the partners, the chemists’ study how the pigments perform in the client’s application then re-engineer them with improvements.

The pigment formulations and processing know-hows represent the intellectual property held by Union Colours: alongside people, their technologies are the company’s key assets.

Non-commodity product focus

Commodity applications for pigments include publication inks, a market sector that has declined greatly by the paradigm of magazine and newspaper readers migrating online.

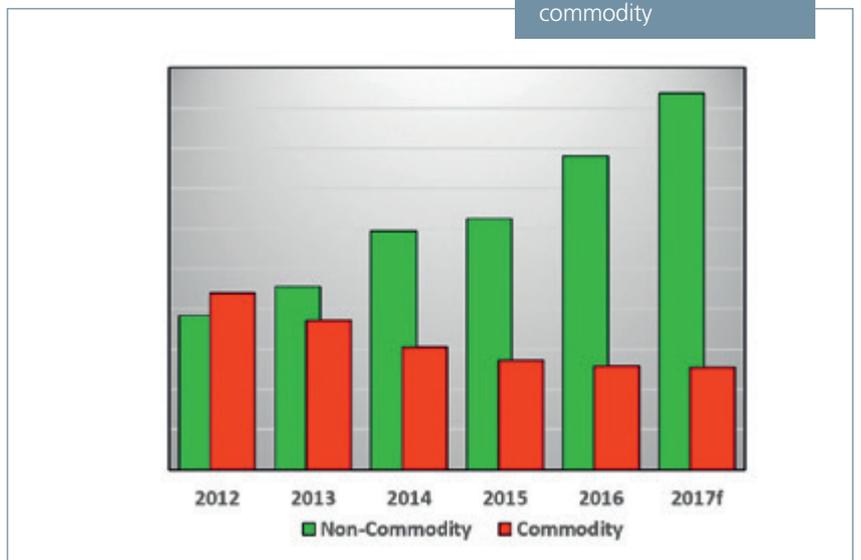
Meanwhile some non-commodity sectors are offering good growth prospects, such as highly technical sectors like the colouration of plastics and inks for food packaging and inks for printing on personal care products and textiles with possible skin contact.



Pigment powder after synthesis

These segments are tightly controlled by regulations limiting the negative elements found in organic chemistries that are considered detrimental to human health or the environment.

Sales volumes change non-commodity and commodity



Union Colours Product in Application

One of the iconic visions of 2014 was the sea of poppies spreading out of the Tower of London. Commemorating the centenary of the outbreak of WWI the 888246 ceramic poppies had been coated in a red pigment developed by Union Colours UK, manufactured by Union Colours South Africa.

Photo by © The Land / Wikipedia



Union Colours has had a number of products directly approved for use by large FMCG producers based on their product's cleanliness.

Few companies can service these sectors successfully, and Union Colours is determined to be at the forefront by continuing to engineer cleanliness into their products to meet the future ever tightening specifications.

Manufacturing in South Africa

In addition to their Chinese made product range, in 2015 the company acquired the pigment manufacturing assets of the only pigment producer in Africa. Since its acquisition the focus of their Johannesburg location has been to manufacture pigments for these highly technical sectors, a strategy that has been met with considerable success.

As part of a continued expansion plan, a second much larger pigment making facility will be built in Durban South Africa in 2017. This new facility will be the first pigment plant built outside of Asia in decades, and the first to have a special focus towards producing cleaner pigments.

A future sector leader

Union Colours has shown exceptional growth in regulatory demanding applications; they are already

recognised by their sizable market share and rate of expansion into these sectors.

Together Union Colours and their clients are building technically leading products in areas normally out of reach for most Asian commodity producers.

The company could not grow so fast without the commitment and capabilities of their employees. Their engagement is high, as the company fosters a warm, team-orientated, client-focussed culture, along with an underlying aggression to build market share.

“Our new African plant is the first volume making facility built outside of Asia in over 3 decades”

Purpose built laboratories for pigment development.



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