

Next Level Chemical Distribution

Contributing to Innovation and Sustainability besides Adding Value in the Supply Chain

After the FECC Annual Congress, we discussed key topics and outcomes regarding the current situation of the European chemical distribution industry with Dorothee Arns, Director General of FECC — the voice of the chemical distribution industry in Europe.

CHEManager: What do you see as the main challenges but also advantages of the role that chemical distributors play in the chemical value chain?

Dorothee Arns: Well, also most distributors find it challenging to navigate the current so-called VUCA times, which are marked by ‘volatility, uncertainty, complexity and ambiguity’ and require a lot of scenario planning for ever-changing conditions. In comparison to chemical manufacturers, distributors are fortunately less asset-heavy and, hence, suffer less from the high energy prices here in Europe. However, if the entire domestic chemical value chain is under continuous structural pressure, this is also impacting the distribution sector in the sense that the European suppliers and customers might become fewer.

On the other hand the current competitive disadvantages that Europe’s chemical manufacturers are faced with since a while are also offering certain business opportunities for distributors.

Many producers are currently looking to diversify and to simplify their business models to save costs by outsourcing various supply chain functions—for example warehousing—, certain applications or customer segments. In all cases, chemical distributors stand ready to help, in close partnership with the producers, because supply chain excellence, huge networks and a profound know-how about customers, markets and value chains are the business essence of any distributor. This way, both parties can thrive to mutual benefit.

Another challenge for the entire chemical value chain is the quantity and complexity of European regulation over the past years, which coincided to additionally create a lot of additional bureaucracy, whenever it entailed substantial reporting obligations. In the vast majority of the cases, small and medium-sized enterprises—or SMEs—have to comply with the same regulation as big companies, but there is a big inherent difference: where big

multinationals can usually rely on their own in-house product stewardship or regulatory affairs departments, SMEs have only limited or no resources at hand to fall back on. In practice this means in most cases that SMEs need to make heavy investments in employing consultants to ensure compliance—money that is afterwards missing for other areas, for example when it comes developing new products.

This cannot be the purpose of regulation, and the key question is how to reach the same targets in terms of

“The topic of sustainability in all its facets will remain high on Europe’s political agenda.”

health, safety and environment with a more pragmatic, cost-efficient regulation to safeguard Europe’s competitiveness in the fierce global competition. Definitely, hopes are very high for the new European Commission to change their approach towards enabling Europe’s business rather than impeding it.

Those distributors who are navigating the regulatory challenges successfully, have possibly a good chance to develop business opportunities out of it, because many SMEs on the customers’ side are also looking for practical advice and guidance.

Europe is still a leader in many sustainability initiatives. For example, European chemical companies are driving the development of more sustainable products and processes, but the regulatory environment is also strongly geared towards sustainability. How are chemical distributors adapting to these trends?

D. Arns: Chemical distributors have started working actively on this topic

already at a very early stage. Background is that they are placed in a kind of ‘sandwich position’ in the chemical value chain, connecting producers on one hand and the downstream customers on the other hand. It goes without saying that they can only support their business partners in the long term, if they anticipate the trends way in advance, spearhead developments—for example, chemical waste as a resource—to gather experience to advise their clients on both sides very well and, in general, to help their business partners to be successful. As many of today’s consumers pay specific attention to sustainable products, this also creates business opportunities.

Looking to 2025 and beyond: Do you see the supply chains for Europe remaining vulnerable in the future—or are there strengths that the sector can leverage here?

D. Arns: In an era of ever-increasing geopolitical tensions, it is very likely that Europe’s supply chains remain vulnerable. Unfortunately. Additionally, it is evident that the more Europe’s industrial backbone is getting weaker due to the said competitive disadvantages, the more Europe is giving away its economic autonomy, which formerly made it strong, also politically.

If more goods need to be imported from elsewhere, the more exposed we are to any disruptions or other developments worldwide.

Import/export is another characteristic of the distribution sector, so distributors will most likely always be capable to help bringing the desired good into Europe, thanks to their extensive worldwide networks, track records of supply chain excellence and profound know-how on almost all value chains. These are certainly strengths that the sector can leverage on.

The motto of this year’s FECC Annual Congress, which took place in September in Sitges, Spain, was “Quo Vadis Europe?”. What were the key topics this year—and which main insights did you take away from this event?

D. Arns: Indeed, the FECC Congress has meanwhile established itself as one of



Dorothee Arns, Director General of FECC, at this year’s FECC Annual Congress

the leading industry events in the chemical world, also thanks to its unique set-up.

The event itself always brings together all parts of the chemical value chain, including the brand owners, to practically discuss all issues with relevance for the entire sector in a very interactive, engaging format. The congress motto this year was “Quo vadis, Europe?” to explore and evaluate all relevant trends of the future from all sides. It is clear that the current issues are so big that one part of the chemical value chain alone cannot solve them. Instead, we all need to work together to make things happen.

Various industry leaders from the entire value chain—from small businesses to multinationals—shared their experiences and observations, offering a lot of food for thought. And on the second congress day we took a deep dive into consumer trends 2030, how innovation could eventually be accelerated and new chemicals commercialized more quickly, before brand owner champions provided their input on what they are expecting from their chemical suppliers.

The discussion is set to continue in our next Annual Congress for the entire chemical value chain, which will take place in Hamburg, Germany, from September 10 to 12, 2025.

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