

October 2021



**CHEMISTRY INDUSTRY
ASSOCIATION OF CANADA**

A CALL FOR ACTION

Renewal and Transformation of Ontario's Chemistry Sector

Ontario's important chemistry sector stands at the crossroad between decline and renewal. Renewal and transformation are needed as a collaborative effort between the Government of Ontario, the chemistry industry, supply chain partners, local governments, and industry stakeholders.

Ontario's chemistry sector by the numbers

- Third largest manufacturing sector in Canada
- \$25.5B in annual commercial output
- Employs approximately 42,000 highly skilled workers earning an average salary of nearly \$100,000 (almost twice the manufacturing sector average)
- Every job in the chemistry industry generates 5 jobs elsewhere in Canada's economy for a total of approximately 210,000 jobs

Chemistry is the heart of Ontario manufacturing

Ontario's chemistry sector provides critical inputs to the Canada's other key economic sectors, including transportation, agri-food, aerospace, mining, steel, and forestry sectors.

Despite the sector's importance to the province, and its history as a major North American chemistry producer, the sector has not attracted its fair share of investments in recent decades.



A study completed by IHS Markit concluded that Ontario provides the least competitive investment conditions across the five major and competing chemistry regions in North America.

The report warns if immediate action is not taken, the sector would fall even further behind, and likely lead to eventual plant closures.



Importance of Ontario's Chemistry Sector

Globally, the chemistry sector continues to be one of the fastest growing sectors, with annual shipments increasing at nearly two times global GDP over the past 70 years with no sign of slowing. Across North America, over \$300 billion of new chemistry facility investments have been undertaken in the last decade, accounting for half of all manufacturing investment in the United States. Other competing clusters, including the U.S. Gulf Coast, Alberta, and Great Lakes States, have all seen significant expansion and renewal.

Renewing and transforming the sector will ensure its continued contribution to Ontario's economic, social and environmental objectives.



The global chemistry sector is on the cusp of two major transformations – the transformation to net-zero carbon emissions, and the transformation to a circular economy for plastics.

This will significantly accelerate and deepen the already strong pace of new chemistry investments in the coming years. In Alberta, NOVA Chemicals collaborations to recover the value of plastics and Dow Chemicals's recent announcement to build the world's first carbon neutral chemistry facility, clearly demonstrate that transformation is underway.

Investing in Ontario's chemistry sector will:

- Renew and transform chemistry to a circular and net-zero industry
- Sustain and grow its economic contributions to the province and local governments
- Continue to support and maintain the vibrancy of Ontario's other key economic sectors as they undergo their own major transformations, including the electrification and light weighting.



CALL TO ACTION

Deliver a world-leading Chemistry Innovation Hub

Ontario deserves credit for bold action to eliminate red tape and improve the regulatory culture in the province. Regulatory action alone, however, will be insufficient to attract the necessary investment to renew and transform the sector to stave off its decline. Equally bold action is needed to improve the investment conditions and draw attention of active investors:

- Placing priority on renewal and transformation of this important sector
- Working with industry, local governments, and stakeholders to develop a comprehensive plan to improve the investment and regulatory environment

The renewal and transformation of Ontario's chemistry sector will enable the province to be a world-leading Chemistry Innovation Hub, at the forefront of the net-zero and circular economy transformations, while continuing to serve as an engine of economic growth and opportunity for Ontario.



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About CIAC

The Chemistry Industry Association of Canada (CIAC) proudly represents Canada's chemistry and plastics sector leaders: innovators, solution providers, and world-class stewardship pioneers. Canada's chemistry and plastic sectors add \$54 billion and \$28 billion respectively to the Canadian economy and over 200,000 jobs. Our over 100 members create solutions to the world's toughest problems, including the transition to net-zero carbon emissions and a circular economy. Responsible Care® – our association's internationally-recognized chemistry ESG -- is a condition of membership.

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