

EU firms face bureaucracy

By Bruce Meyer

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In the European Union, bureaucracy is a big problem unlikely to improve, according to Arnd Picker, a senior vice president with Henkel Group's Henkel Technologies unit.

He illustrated his point with an anecdote on word usage. Picker noted the Ten Commandments included just 147 words and the Declaration of Independence only 245. But a current EU regulation for imports of caramel candy comes in at a whopping 25,431 words, he said during the Adhesive and Sealant Council meeting.

Much of the bureaucracy comes from the setup of the European Union and how each member nation still wants to maintain its own culture. Because of that, there are 13 different languages in use at the EU governmental seat in Brussels, Belgium.

"There is talk about the unification of Europe," Picker said, "but I don't believe any of the countries will ever vote to abandon their own language and accept the language of another country."

Things only will get worse, as 13 more nations have applications pending to join the EU beginning in November 2004. The addition of those countries would add 12 more languages to the mix. "So in Brussels, they have more than 2,000 job openings for translators," he said.

Differences, however, aren't limited to language barriers. Such things as corporate tax levels and labor costs differ

widely.

For example, Henkel Loctite Corp. located an operation in Ireland because of its corporate tax rate of about 10.5 percent instead of Germany, where the rate was nearly 35 percent, said Picker, who also is president of the Association of European Adhesives Manufacturers. Likewise, chemical industry labor rates range from about \$14.20 an hour in Portugal to more than \$36 an hour in Germany.

And the countries looking to join the EU have gross domestic product rates of anywhere from 25 to 90 percent of the average of the current 15 member countries. "This will create a big challenge," Picker said. "For the time being, we still have a strong Europe." But he added there is a fear that when the new countries are consolidated into the EU, it may weaken the euro against other currencies, including the dollar.

The adhesives and sealants industry within Europe also is diverse, with nearly 500 manufacturers selling \$5.46 billion worth of products. However, 12 percent of the European companies own 57 percent of the adhesives and sealants market, and consolidation is ongoing, with one-third of the companies changing hands in the past several years, he said.



Picker



Above, from left, Hugo Ochoa, Patricia Perez Romo and Alejandro de la Garza staff the Dynasol Elastomers S.A. de C.V. booth during the exposition portion of the Adhesive and Sealant Council spring meeting. Left, Paul Fox of Ultra Additives Inc. looks over conference materials during a break.