

BUSINESS PLAN

CEN/TC 139

PAINTS AND VARNISHES

EXECUTIVE SUMMARY

Standardization in the field of paints, varnishes and related products — Establishment of test methods and requirements for coating materials and coatings and definition of terms

Business environment

- Europe represents about 25% of the value and 21% of the volumes of the global paints and varnishes market (status 2013). The European share is expected to further go down against the gain of Asia; China and India in particular.

Due to the economic crisis in 2009 volumes in Europe have been experiencing a substantial drop since the peak of 2007 and saw after 2011 modest growth figures mostly in line with GDP development (1 till 3 % max.). Other parts of the world with higher GDP growth show also higher paint consumptions.

- Paints contribute to many aspects in our societies. They are chosen for their color or taste or for the protection against corrosion and also evermore for new functions (e.g. heat reflection; electrical conductivity; catalytic activity to breakdown air-pollution etc.).

Paints are applied:

- on site for constructions and buildings (Decorative and Protective coatings)
- on a production line (e.g. industrial wood-finishes, automotive finishes and metal containers, etc.); the so-called OEM applications.
- in a body shop (car repair) on a wharf (marine coatings)

- Parties involved in the creation of standards are:
 - Industry of paints and varnishes;
 - Manufacturers of raw materials for paints and varnishes;
 - Testing and research institutions;
 - Applicators;
 - Building owners and other consumers;
 - Public authorities.

Benefits

Industry standards form a key element in the relation between the supplier, the applicator and the ultimate user or owner of a painted construction or article. They may also form unbiased criteria between the industry and authorities in the compliance procedures of relevant regulations.

Broadly accepted standards drive product development, make the industry to deliver consistent product quality and foster fair competition.

Definition of necessary standards to be used to meet the increasing needs of the market.

- Confidence of consumers with respect to quality and environmental aspects;
- Changing processing and quality require permanent improvement of the technical equipment in the paints and varnishes industry and of their products;

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- Reduction of emission of pollutants (inter alia VOC) and saving energy.

Priorities:

To make European Standards available to:

- Harmonized classification, test methods and application of coating materials and coating systems (surface preparation, protective paint systems);
- Harmonized terminology;
- Implementation of International Standards as far as possible;
- Specifications for particular groups of coating materials for which a specific European need exists

1 BUSINESS ENVIRONMENT OF THE CEN/TC 139

1.1 Global Business Environment

The following political, economic, technical, regulatory, legal, societal and/or international dynamics describe the business environment of the industry sector, products, materials, disciplines or practices related to the scope of this CEN/TC, and they may significantly influence how the relevant standards development processes are conducted and the content of the resulting standards.

Global coatings market

In 2013 about 37 Billion litres of paints and related products were sold world-wide, totalling ca. 130 billion USD. Over 85 % of this market is shared, by the three largest economic regions, Europe, North America and Asia.

Concentration of market players

Although most paint producers are established in one region and supply their products there, some have acquired companies in many regions and are truly global players. The number of paint manufacturers is continually decreasing - especially in the industrialised nations - while the market share of leading suppliers is expanding.

The "Top Ten" multi-nationals make up some 45 % of the world market. These are: AkzoNobel, Axalta Coating Systems, BASF Coatings, Hempel, Jotun, Kansai Paint, Nippon Paint, PPG, Sherwin Williams (who acquired Valspar), RPM International.

These ten have a strong market position in the industrialised countries but are also gaining ground in the developing nations of Latin America, Eastern Europe and Asia. The prognosis for the future is that the market leaders will further gain market shares.

Growth projections for the coming years

Between 2016 and 2018 the average value-growth of the world-wide paints and coatings industry is projected with about 4 % annually. An increased need for paints and related products is ongoing in the developing regions Latin America and East Asia (China and India) where higher than average growth figures (6 % to 7 %) are expected. Lower growth-rates for this period are found for the mature markets in North America and Western Europe (approximately 2 %).

1.2 The European Business Environment

The following quantitative indicators describe the business environment in order to provide adequate information to support actions of the CEN /TC:

The European market

The total European Market (including eastern EU and Russia) represent approximately 20 billion Euro. Of which the W-EU makes up 75 %. The large Western European states Germany, Italy, Great Britain, France and Spain account for about 55 % of the whole of Europe.

EU market split by sector

Sector	Market share Value in %
Decorative	49
Protective Coatings	4
Industrial Wood coatings	6

General Industry	13
Marine Coatings	2
Automotive OEM	6
Powder coatings	7
Coil Coating	3
Metal packaging (Can)	2
Car refinish	8

The markets for auto (OEM), marine, car repair, coil and can are considered specialities and are dominated by a small number of multi-national companies. The other markets have a large variety of players Small and Medium Enterprises (SME's) as well as multinationals.

Growth expectations

In the coming years the EU market is expected to grow only marginally in volume.

Eastern Europe (Poland) is expected to do better than Western Europe.

The drivers for paint consumption depend on:

- ★ Spendable income at private + governmental level
- ★ EU's competitiveness in manufacturing.

1.3 Main challenges for the paint industry in Europe

Compliance with a variety of legislations.

The European Union is one of the most regulated regions of the world. Many of the regulations deal with the restrictions of the ingredients for paint (e.g. REACH and the Biocides Regulation) or the labeling of finished product. The efforts for the companies big or small to comply with these legislations are massive and may lead to a reduced innovation portfolio.

Sustainability will get evermore attention in Europe and the paint industry has to demonstrate that it is a contributor of sustainable development.

- ★ Sell 'solutions' fitting in the life cycle thinking.
- ★ Undisputed environmental impact data
- ★ Post-consumer waste (left-over paint)
- ★ Bio-renewables; as alternatives to Raw Materials from scarce resources.

Innovation will be its most important vector to improve profitability. This will be achieved through:

- ★ More functionality into the coatings like durability, improved application and energy saving.
- ★ Incorporating Nano-materials

2 BENEFITS EXPECTED FROM THE WORK OF THE CEN/TC 139

Definition of necessary standards to be used to meet the increasing needs of the market.

- Confidence of consumers with respect to quality and environmental aspects; claims supported by unbiased data and methods.
- Changing processing and quality require permanent improvement of the technical equipment in the paints and varnishes industry and of their products;
- Reduction of emission of pollutants (inter alia VOC) and saving energy.

Economical Factors:

The costs for energy, the installation of equipment to mitigate the emission of pollutants to air or soil and the costs for staff influence the profitability of the European paints and coatings industry.

Social Factors:

Due to the extent of the market, the sector is of big importance in the EU. Both for direct employed staff (in the paint industry) as well as for industries that depend every day on paint as a vital ingredient in their offering of services or finishing of articles.

Technical Factors:

Increasing needs of the market concerning processing and quality require permanent improvement of the technical equipment in the paints and varnishes industry and their products. These technical influences will also influence standardization particularly with the respect to the revision of European Standards in order to mirror the state of the art.

Legal Factors:

EU directive for the volatile organic compounds (VOC) content in paints and related products has been implemented in national legislation. Although up till now only valid in some national legislations the emission of dangerous substances from construction products into indoor spaces (indoor air quality) may well see an EU mandate upcoming on classifying such emissions. Respective test methods are ready to support this. Also sustainability characteristics will be an issue in the near future.

International trade and standardisation aspects:

Standards on general test methods for paints, varnishes and raw materials for paints and varnishes as well as coatings are prepared by ISO/TC 35 „Paints and varnishes“ and its Sub-Committees. Most of these standards are already implemented or will be implemented as European Standards and so become mandatory for all European countries. In addition to the ISO standardization work, CEN/TC 139 is preparing classification systems and requirements for e.g. coating materials and coating systems for exterior wood, exterior masonry and concrete, interior walls and ceilings or wood furniture. These standards will assist to lower trade barriers in Europe.

3 PARTICIPATION IN THE CEN/TC

All the CEN national members are entitled to nominate delegates to CEN Technical Committees and experts to Working Groups, ensuring a balance of all interested parties. Participation as observers of recognized European or international organizations is also possible under certain conditions. To participate in the activities of this CEN/TC, please contact the national standards organization in your country.

4 OBJECTIVES OF THE CEN/TC 139 AND STRATEGIES FOR THEIR ACHIEVEMENT**4.1 Defined objectives of the CEN/TC**

The objective of CEN/TC 139 is to establish European Standards in the field of paints, varnishes and related products (i.e. coating materials) which reflect the needs of the interested parties and the actual practice in industry. This standardisation work includes:

- 1 Preparation of European Standards dealing with classification, test methods and for specifications for particular groups of coating materials for which a specific European need exists.
- 2 Implementation of International Standards as European Standards relating to

- a) test methods for coating materials and coatings;
 - b) test methods for raw materials for a), with the exception of colouring materials (pigments, dyestuffs, extenders);
 - c) application of coating materials and coating systems (surface preparation, protective paint systems);
 - d) terminology (permanent systematic revision of EN ISO 4618, *Paints and varnishes - Terms and definitions*, in collaboration with ISO /TC 35 with ISO lead);
- 3 Implementation as European Standards of test methods for coil coated metals established by ECCA (European Coil Coating Association);
 - 4 Preparation of European Standards relating to application of coating materials for which a specific European need exists, especially for coatings for buildings.

4.2 Identified strategies to achieve the CEN/TC's defined objectives

The part of the work of CEN/TC 139 which leads to European Standards in their own is carried out in Working Groups. Implementation of International Standards is processed by the TC Secretariat. Both the TC and the Working Groups meet regularly. All meetings are performed in English only. The structure of the TC has been chosen in view of the widely differing subjects to be dealt with. Liaisons with a large number of other CEN/TC's as well as other organisations have been established. Especially, a close cooperation with CEPE (the European paint and ink council) guarantees the involvement of the respective stakeholders. As far as implementation of ISO standards is concerned, the progress of work depends on the progress of work in the respective ISO/TC 35 subcommittees.

4.3 Environmental aspects

All CEN/TC 139 working units are taking the care for environmental aspects into consideration when creating new or revising existing standards or other CEN deliverables. For new work items the relevant environmental aspects already have to be reflected from the start of work. Currently, standardization work is done with regard to assessment of release of dangerous substances from construction products relating paints and varnishes (including organic renders and plasters) into indoor air and ground water and soil.

5 FACTORS AFFECTING COMPLETION AND IMPLEMENTATION OF THE CEN/TC 139 WORK PROGRAMME

The completion of the work programme is strongly influenced by effective financing of the TC secretariat. It also depends upon the people who are involved in the working groups being able to find time to do the necessary work. Most experts are employed by companies who have their own priorities and in more difficult economic times the amount of time available to do standards work decreases with the subsequent slowing down of this standards work.

The implementation of International Standards as European Standards is almost completed. Hence, the amount of standards work in CEN/TC 139 decreases. Only revisions of published standards and elaboration of completely new standards will be carried out.

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