



Director General

Ms Kerstin Jorna
 Director-General – Directorate-General
 for Internal Market, Industry,
 Entrepreneurship and SMEs (GROW)

6 January 2021

Re: Next Generation EU Economic Recovery Plan

Dear Ms Jorna,

The European Chemical Industry welcomes the agreement reached at the 10-11 December 2020 European Council meeting to implement the multiannual budget and the recovery fund.

In July 2020 we welcomed the ambitious “Next Generation EU Economic Recovery Plan” as a means of kick-starting the economy by “driving competitive sustainability” in line with the low carbon and digital transition ambitions of the EU Green Deal. We therefore applaud measures that support economic recovery by strengthening demand, investment and innovation through, for example, renovation of buildings and clean mobility, the development of clean hydrogen and support for crucial enabling technologies such as CCS and CCU, and the ‘Strategy on Offshore Renewable Energy’ which will hopefully strengthen demand for the advanced materials produced by the chemical industry which are essential for clean energy technologies. We equally welcome the new EU4Health programme to invest in prevention, crisis preparedness, procurement of vital medicines, medical devices and Personal Protective Equipment and the focus on supporting EU production of Active Pharmaceutical Ingredients.

Our industry is a significant source of industrial CO2 emissions in Europe but also has important CO2 abatement potential. Furthermore, our products (for example insulation, sealants and lightweight materials) provide major CO2 savings in use and will be an integral part of a low carbon economy. We have consequently informed our national associations and member companies of the funding possibilities afforded under the Recovery Plan to support their consideration of projects and technologies contributing to Green Deal objectives. In this process we have also been made aware by several companies and national associations of potential obstacles to securing funding for chemical industry related projects in the context of the national recovery plans.

We would ask that these obstacles are fully identified and addressed to ensure that the chemical industry can successfully tap into the funding made available under the Economic Recovery Plan on the scale required to significantly reduce CO2 emissions.

Issues that have been raised include but are not limited to the following ones:

1. Short decision timelines, meaning successful projects would need to be ready for Final Investment Decision (FID) during next year (2021) while the capital-intensive nature of our sector means this process typically requires more time;
2. Lack of a 'single-window' approach in Member States meaning companies must often apply to several different funding schemes simultaneously for the same project. Furthermore, the timelines of funds are often not realistic or synchronized. That could leave companies in the situation where (for example) they receive funds from the ETS Innovation Fund but cannot start the project because the national financing is not available until a following year or vice versa. It would be very helpful if the member states could coordinate new project tenders related to the Economic Recovery Plan and where appropriate link with existing initiatives. This would improve both the effectiveness and transparency of communication of the various options;
3. Requirement to be added very early to a government list of potential projects, which may become public and then attract public criticisms in the event the project does not go ahead (even if for very good reasons);
4. Integration of funding in national budgets in some member states, lack of understanding of the long-term cycle of the chemical industry, difficulty to match projects with funding, etc.;
5. Where governments decide to add recovery funding to existing funding packages, the effect may be to limit financing to previously selected and agreed upon measures. However, the scope of the Economic Recovery Plan should be much broader and also allow for and include the full range of technologies and investment proposals able to meet CO2 reduction objectives.

We are concerned that if these obstacles are not addressed the chemical industry will find it difficult to optimally access funding possibilities under the Economic Recovery Plan.

Yours sincerely,

