

CEFIC President meeting with KI, 22th January 2021

Participants: [REDACTED] (BASF, CEO), [REDACTED] (CEPIC), [REDACTED] (BASF, [REDACTED]) and [REDACTED] (CEPIC, [REDACTED])

GROW: Kerstin Jorna (KR), [REDACTED], [REDACTED], [REDACTED], [REDACTED]

GROW: In the scope of the update of the Industry Strategy and the Fit for 55 Package, KI shared her vision for a clustered approach to match the available policy toolbox with industry needs and capacities. The mapping concept behind the industrial policy update should help to better streamline efforts and needs in the 14 ecosystems when it comes to challenges (decarbonisation impacts, finance, regulatory, trade, etc.) for the recovery and green and digital transition. **CEPIC:** [REDACTED] introduced himself as the newly elected CEPIC President (Oct 2020) for a period of 2 years and highlighted the multiple benefits of the chemical industry. His main request focused on ensuring a constructive dialogue while highlighting the challenges ahead. CEPIC supports the ambitions of decarbonisation in the European Green Deal (climate neutrality by 2050) but also highlights the complexity of the approach and the challenges related to the milestones (e.g. 2030) with the actual pace of action and its complexity (e.g. administrative burden on investment decisions/cycle). Europe has to be aware of the global developments (mentions a manufacturing pilot plant from BASF in Guangdong, China, with 10B budget), and the energy policy from US (e.g. export of renewables to EU).

Requests/points made by CEPIC

On the CSS -> In order to match investment cycles with climate ambitions, the High Level Roundtable has to be set up as quickly as possible

Alliances->

- Electrification->** Hydrogen is a good development for decarbonisation but from [REDACTED]'s point of view hydrogen is not the only solution. For chemical crackers, direct electrification is preferable from an ICA perspective and electricity can more easily be used in the various levers needed in chemicals production such as steam and heat pumps). The Battery Alliance is highlighted as good practice as it has allowed to build a model. CEPIC hopes that Hydrogen and other alliances will allow speeding up deployment.
- Investment->** in light of problematic investment cycles, the discussion touches upon taxonomy and RRF funding. CEPIC is not against the taxonomy but indicates that a small but relevant number of decisions have not been done in a transparent way (e.g. formaldehyde case). Very positive on IPCEI experience.
- Products->** Cefic supports the concept of safety and sustainability by design (SSbD) and to include already in the beginning of innovation life cycle analyses (ICA). The chemicals sector is an enabler for downstream innovation. CEPIC is in favour of chemical recycling (CEPIC will send a paper). CEPIC calls for clear definitions, as some of the materials for chemical recycling are considered products in some MS while they are considered "Sondermuell" in others. On Carbon Border Adjustment Mechanism (CBAM), [REDACTED] is of the opinion that it will NOT serve its purpose. It will create retaliatory reactions from trading partners and China will find ways to circumvent. On ecodesign, they inform about an ongoing ombudsman case with the Commission on banning chemicals in the context of eco-design (electrical kettles and TVs).