Meeting with CEFIC CEO delegation
Brussels, 13 January 2021

Steering brief

Scene setter
You will meet (virtually) with a CEO delegation from CEFIC, the European Chemical Industry Council, on 13 January. The meeting will be attended by members of CEFIC’s executive committee and other chief executive officers (CEO’s – see all participants in the CVs section). CEFIC represents medium and small sized chemical companies across Europe, which provide 1.2 million jobs and account for about 17% of world chemicals production. Virtually all large global and local chemical companies with production facilities in Europe are CEFIC members (including companies headquartered abroad – United States companies).

CEFIC will also meet Executive Vice-President Dombrovskis earlier on the same day to discuss elements falling within his portfolio (carbon border adjustment, trade measures, WTO aspects of the chemicals strategy for sustainability, relationship with China, sustainable finance). They may also discuss the possibility of a future sectoral deal for chemicals (implementation and innovation).

CEFIC previously met on 11 June and 5 November 2020 with Executive Vice-President Timmermans to discuss the proposed carbon border adjustment mechanism. Another meeting took place on 22 October with DG TRADE Deputy Director-General Denis Redonnet. […]

Choreography
CEFIC has proposed that after the introductions by CEFIC President […], you will give an introductory statement. Specific CEOs would then have the possibility to raise a question (see below) before a general Q&A session.

1. CEFIC will ask your views on the European green Deal and Competition Policy – the need for a “rebooted” competition framework within which the industry can work on the massive investments needed for the implementation of and innovation for the Chemical Strategy and Green Deal, including the climate neutrality target, innovation and circular economy. They would like your direction as to what extent the Green Deal will impact competition policy and vice versa how competition policy can help drive innovation as industry will need to cooperate in many new ways to meet these goals in this timeframe. This includes State aid, antitrust rules and to a lesser extend merger rules. They would like, in practice, a safe competition framework (sectoral approach, alliances) within which the industry can work on the implementation of and innovation for the chemicals Strategy and climate neutrality target. CEFIC mentions that EVP Timmermans was open to this idea during their November meeting.

2. On the chemicals strategy, CEFIC asserts that the Strategy aims to establish a completely new chemical industry in Europe, in which the use of hazardous chemicals in minimised. Given that the EU is far ahead of the rest of the world in legislation, how can we together ensure that European industry will lead the chemical industry worldwide yet remain competitive on the global market? CEFIC believes that setting global standards - even jointly with China - could be a pathway and would like to know if you agree. Specifically, CEFIC has suggested broadening the chemical Strategy (CSS) and decarbonisation strategies into a Sectoral green deal for the chemical industry, covering the full transformation that the sector and customers will need to go through in the next decades. That means, next to further strengthening and simplifying the legal frameworks a holistic and thorough impact assessment of all affected value chains for the chemicals Strategy for sustainability. The challenge is that the Green deal momentum may require companies / sectors to obtain a collective understanding on strategic directions and gather relevant data which is not possible or very difficult under current competition rules. The same question applies to data for CSS impact assessments. How could this be facilitated? Will there be an overall impact assessment on the sector?
3. **Round Table:** The chemicals Strategy for sustainability presents opportunities but also far-reaching challenges. This is recognised by the provision in the Strategy for a *High-Level Round Table to advise the Commission*. CEFIC warmly welcomes this idea and would aim to be an active participant at CEO level. The target start date is February 2021. In view of the urgency and importance, can you advise how this round table will be set up by the targeted date and how CEFIC can help? Will EVP Vestager take a role as well as the industry very much depends on a safe competition environment?

4. **Cooperation on innovation:** the Commission is encouraging the creation of **Alliances** prompting new ways to collectively develop and innovate. The chemicals Strategy applies to many other sectors (e.g. customers are impacted). Key consumer goods and automotive companies will be key for example. How best can chemical companies work safely together with customers? Via innovation platforms with value chains? CEFIC supports the European Hydrogen Alliance Industry roundtable and new Hydrogen IPCEI, and Batteries, where they are a member of the European Battery Alliance, engaged in projects and consortia to develop batteries, hydrogen pyrolysis, E-crackers and several projects on chemical recycling). They are interested in your expectations on their lead in Hydrogen, Batteries and Low Carbon Industry alliances and would like you to share some views how they can cooperate within the framework of competition policy?

5. **Race towards renewables:** CEFIC believes there will be a race towards renewables and would like to know how to ensure that industry that is hard to decarbonise gets to the renewable electricity and hydrogen it needs? Is the Commission developing ideas on this? There are **regulatory hurdles** where the Commission can help to kickstart industrial electrification and greening chemistry (Energy and Environmental State Aid Guidelines (EEAG) – see below, and ETS Indirect Compensation code for Hydrogen vs non-compensation Basic Organic). If companies don’t use Hydrogen or electrify, they can’t decarbonise – and when they use hydrogen or electrify, they need massive amounts of renewable electricity. They would like to ask your advice on how to start a structured dialogue with the services.

6. **EEAG.** CEOs will ask your views on the review of the Energy and Environmental State Aid Guidelines (EEAG), as today regulatory and renewable energy sources (RES) surcharge systems or limited exemption schemes in Europe remain a direct **impediment to industrial electrification.** They will raise the need to support electrification of and the use of hydrogen in the industry in line with Green Deal objectives and ask your views how to modernise the Energy and Environment State Aid Guidelines and their implementation (how to address reduction/removal renewable surcharges in EU Member States (German and Belgian situation).

7. **Digital:** they will ask how industry can be better seen as a starting point for digital solutions. The chemical industry has significant purchase power to help steer developments. They think there is big potential here to explore for the revised Industrial Policy. They have a number of digital projects running – self driving trucks, logistic pilots, predictive maintenance, use of big data for chemical trials/ testing. Two of the **largest supercomputers in private hands are in the chemicals sector**, which is likely one of the largest industrial purchasers of digital technologies in Europe. Can they help policy by using this purchasing power? How will the Commission involve industry in its digital strategy?