

Commissioner Breton meeting the Executive Committee of Cefic

11 May 2020 16:00-17:00

Key messages from the Executive Committee of Cefic

Participants Cefic

(Versalis / Cefic)
Dow)
BASF SE)
Shell International E&P)
Covestro Board of Management)
SABIC Europe)
Evonik)
Proviron)
Minafin Group)
ExxonMobil Europe)
Cefic)

Versalis (chemicals, petrochemicals and plastics)

- For the recovery, the most important is to stimulate demand for products. Investors' trust and confidence will be key for re-opening and recovery in Europe.
- Important for future: a holistic policy for the sector, low carbon alliance and a clean energy package.

Dow (chemicals):

- The current chemicals strategy (by ENV) is too narrow, focusing mainly on product regulation and not enough on innovation and a sustainable growth on digital basis.
- Important to re-shore back to Europe production but only where required.

BASF (chemicals):

- Regarding CE and low-carbon objectives, these are a multi-billion challenges. Industry is ready to invest and support achieving these objectives but need infrastructure for that and a deeper dialogue.
- It is important to embed sustainability into companies' strategies to strengthen and boost the competitiveness.

Covestro (high-tech polymer materials):

- Policy alignment is important to avoid carbon leakage and support electrification and greening of the sector (e.g. ETS related Guidelines on state aid).

Minafin Group (fine chemicals, active pharmaceutical ingredients):

- Fine chemicals (APIs are 50% of the EU production of fine chemicals) can drive innovation and competitiveness.

- European companies are challenged by the strong competitiveness of Asian and American companies
- EU wide approach is important to avoid overcapacity or insufficient capacity
- Companies that are family business may prefer loans to capital investment because do not want to lose that characteristic while expanding their business e.g. by opening up and selling shares to potential investors.

Proviron (fine chemicals, active pharmaceutical ingredients, plasticisers):

- When supporting the API production in Europe, need to look at the whole value chain.

Shell (petrochemicals):

- Chemicals innovation will be important to achieve the EGD ambition.
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Q&A

Economic impacts on the Q2, Q3 and Q4 2020:

- The impact varies depending on the demand in the user sectors; variation and differences between sectors are important.

Investments:

- Companies not allowed to discuss their investment status because of competition rules. But investments planned for September will most likely not happen because of low cash flow. Possible delays until beginning on next year.

Supply chain problems:

- Very integrated and global value chain. Suffers a lot from problems with transport from non-EU countries. Disruption of normal functioning creates problems e.g. closure of tanneries – lack of gelatine for vitamins; more ethanol used in disinfectants – unavailability for printing inks.
- Need to ensure that passengers traveling will not create additional pressure on green lanes and border crossing points.
- Resilience for chemicals for medicines is the most obvious. Problems did not occur but need to monitor the situation with chemicals for water treatment (waste water and drinking water).
- Resilience on critical chemicals for renewable energies and IT also needs to be looked at. Cefic will provide examples.