

Political briefing

Time for an immediate action programme in the industrial policy

In the election year 2021, an important insight has matured and become a majority opinion: The transformation toward a circular and greenhouse gas-neutral lifestyle and economy can only succeed with a strong industry – and not by bypassing industry and certainly not against it. In the debate on the best concept for the future of Germany, the political parties that are now assuming responsibility have repeatedly emphasised that they will rely on the know-how and performance of companies.

The common goal is clear: We want to drive forward climate protection while remaining an internationally competitive and successful industrial country. The German chemical-pharmaceutical industry is committed to this. After the Bundestag elections, we trust that politicians will walk the talk.

The future has no time to lose

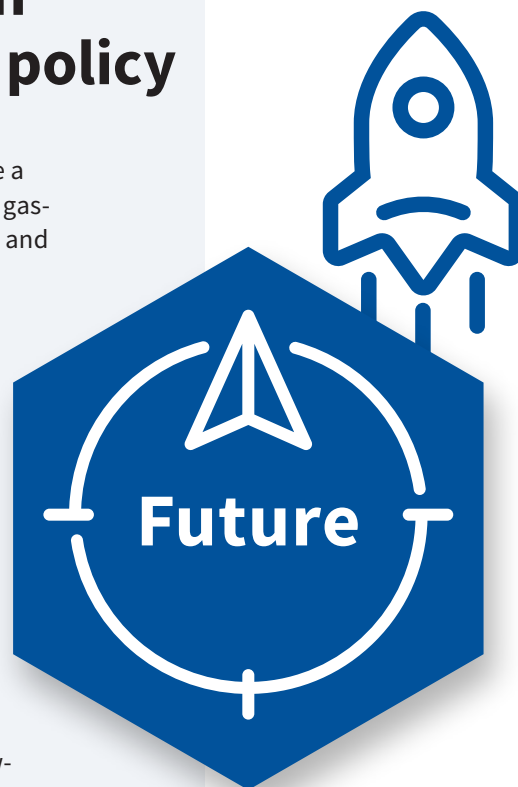
Germany as a land of industry is facing an enormous effort. This realisation is prevailing at long last: To achieve greenhouse gas neutrality by 2045, we need immense amounts of electricity from renewable sources very soon. The chemical-pharmaceutical industry alone will require as much as the whole of Germany is consuming already today. In order to bring this about, we should give full speed to a policy that makes energy affordable, reduces unnecessary bureaucracy, optimises digitalisation and infrastructure, and supports innovation wherever possible instead of impairing it.

Enablers instead of micromanagement

Overambitious reduction targets and ever more new regulation at national and European levels are simply not enough to significantly cut greenhouse gas emissions as quickly as possible. Therefore, policymakers should take a change in direction now – away from leading stakeholders by the proverbial strings toward shaping and designing. In the new legislative period, the German chemical-pharmaceutical industry fully bets on falling electricity costs and maximum openness to a wide range of different technologies, so that we can make innovative production processes work without delay. This is the only way for us to permanently combine the building blocks of climate protection, prosperity and growth into one solid formula for success.

Christian Kullmann

President of Verband der Chemischen Industrie



Getting started: this is how the transformation succeeds

For a greenhouse gas-neutral and circular economy that attunes social, ecological and economic goals with each other, Germany – and Europe – need a fresh start in the industrial policy.

The incoming federal government should trigger the transformation right away with an immediate action programme so that this fresh start can become fully effective from the very beginning of the new legislative period.



Reduce state-induced energy costs

For greenhouse gas neutrality to become a reality, Germany needs

immense amounts of favourably priced electricity from renewable sources and a competitive electricity price. The current system of levies and charges additionally creates unnecessary financial burdens that hit small and medium-sized enterprises particularly hard. Burdens must be made up for reliably, and levies should be lowered.

Make an end to the EEG charge!
EEG = German renewable energies act

Drive forward innovation

Only if innovative technologies such as chemical recycling, hydrogen production and biotechnology are recognised and promoted will the breakthrough to a low-carbon circular economy come about. In the medium to long term, business and government should invest 3.5 percent of GDP in research and development. Fiscal incentives for research must be substantially increased.



Ease the strain on SMEs

Especially smaller businesses depend on a legal framework that is understandable and as straightforward as possible.

The lasting trend of new political projects increasing the density of regulation and causing unnecessary cost and effort should be reversed by consistently cutting red tape. The provisions of EU directives should be strictly followed when transposing them into national legislation (“1:1”).



Modernise approval procedures

Efficient and legally sound approval procedures are the basis for successful business management and good infrastructure. However, German approval law is complicated and does not come up to the requirements of modern



citizens’ participation. The protection of sensitive data is not sufficiently ensured. A planning modernisation act should speed up the procedures which meanwhile have become far too long and also safeguard data protection.

Initiate a tax reform

Taxes and levies are the most important sources of funding for the overall tasks of society. Companies make significant and long-term contributions to this. It is deplorable that Germany is currently “at the bottom of the league” in international tax policy competition, so that businesses urgently need a comprehensive tax reform that is conducive to growth and investment. The very substance of companies must remain untaxed. Social security contributions should not rise any further.

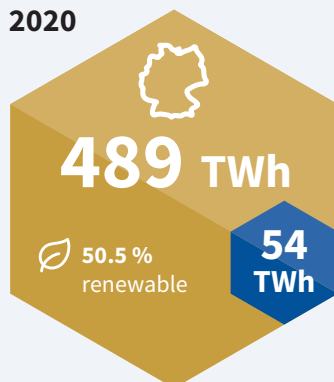


MASSIVE RISE IN ELECTRICITY DEMAND BY 2050

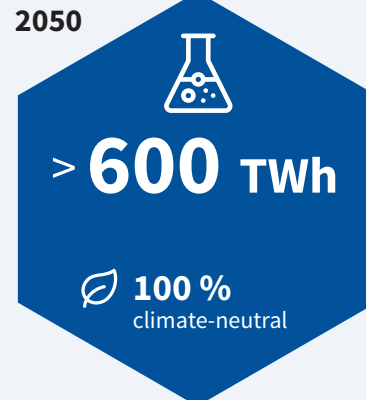
■ Total electricity demand in Germany

■ Electricity demand of the German chemical industry

2020



2050



Sources: Fraunhofer ISE, VCI



It is a fact: To achieve greenhouse gas neutrality, the chemical-pharmaceutical industry alone will consume as much electricity in 2050 as the whole of Germany does today. This is the result of the Roadmap Chemie 2050.




Transformation Fund for growth and investment

In order to implement measures that advance the transformation of industry irrespective of the “debt brake” (Schuldenbremse), a fund of 300 to 500 billion euros should be set up by 2030. The Transformation Fund should be used to finance strictly earmarked measures for the expansion of renewable energies, grid infrastructure and energy storage, to support the economy on its way toward climate neutrality, and to ensure an efficient transport and digital infrastructure.

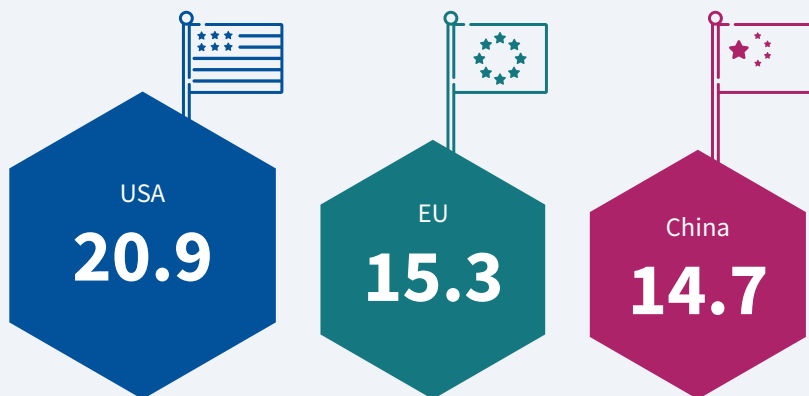
Further development of the Green Deal

The Green Deal of the EU is an opportunity to create an advantage in global competition. With this in mind, the individual elements of the Green Deal – such as the Chemicals Strategy for Sustainability – should strengthen the competitiveness of industry and its ability to innovate. The existing focus on targets should be replaced by clear roadmaps on how these targets are to be achieved and what framework conditions are needed for this. The use of chemicals must not be restricted in a sweeping and undifferentiated approach.

Committed to sustainability
The sustainable development goals of the United Nations are a challenge – for nations and businesses. The German chemical-pharmaceutical industry is committed to these goals and is working consistently on improvements with the Initiative Chemie³.

European Union: Only as one whole on par with others



GDP in trillion USD, 2020

Source: Feri

So far, the European Union looks back on a historically and globally unique success story. However, conflicts and protectionist tendencies are increasing in view of growing challenges. Yet the key for the solution lies in EU-wide approaches and not in national go-it-alone actions. In particular, this holds true for the transformation of industry.

The German chemical-pharmaceutical industry is counting on this country to come up to its role as a driver of a strong European Union and a reliable partner. In this setting, the new federal government should also develop a strong industrial policy position on the Green Deal that safeguards production in the EU.

The challenges in Europe are growing: The European Chemicals Strategy must be designed to protect the environment and people as well as the competitiveness of industry, so that we can meet these challenges.

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