

Cefic Statement on the Green Deal Industrial Policy and Net Zero Industry Act

Cefic acknowledges the Commission's Green Deal Industrial Policy initiative to address European competitiveness in times of global challenges - very much stimulated by the US Inflation Reduction Act (US IRA).

The US IRA includes smart, technology-open, result-driven, and pragmatic policy options that provide business cases across sectors with swift implementation. The US move directly improves the competitiveness of new investment. Moreover, the US IRA is going beyond the current, admin-heavy EU funding frameworks addressing not only one-off investment support, but also sustaining production output that will attract investment, export opportunities, growth and jobs – possibly diverting them away from the EU.

Chemicals are essential for all of EU's low-carbon technologies' value chains. The EU's chemical production capacities and energy use will need to grow to cover the emerging demand and to help reducing emissions in other sectors in Europe and the rest of the world.

While the Green Deal Industrial Plan seems narrowly focused on green and 'net zero' technologies, EU industry policy measures should have more of an integrated approach, as all value chains are interdependent and material flows are vital to make it work.

The Net Zero Industry Act should:

- Provide workable, timely, and accessible funding support for both operating costs (OPEX) and capital expenditures (CAPEX), for all sizes of enterprises (including SMEs), for retrofitting, upgrading and debottlenecking existing installations as for new ones (Push) – not limited to strategic or technology-specific projects only.
- Incentivize the swift uptake and demand of sustainable products, the green cost premium needs to be reduced ideally down to the end consumer level (Pull).
- Clarify that also the upstream value chain, including processes, chemicals and materials are included as strategic for the transition to a net-zero and circular economy.
- Avoid local content requirements disrupting trade and investment.

The Net Zero Industry Act initiative should provide access to low-carbon and economically viable energy and to raw materials at a globally competitive cost. Such priorities should be supported by dedicated

policy measures, through trade and strategic partnership agreements and by global raw materials outreach.

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About Cefic:

Cefic, the European Chemical Industry Council, founded in 1972, is the voice of large, medium and small chemical companies across Europe, which provide 1.2 million jobs and account for approximately about 15% of world chemicals production.