

Press Release

1. Oktober 2021

LAUNCHING A NEW INDUSTRIAL POLICY

Tackling an immediate programme

The German Chemical Industry Association (VCI) proposes an immediate programme of industrial policy measures, the implementation of which should be tackled by the new federal government as soon as possible. A swift formation of a government would create the basis for this. In the view of the VCI, seven policy areas need to be addressed immediately at the beginning of the legislative period to ensure that Germany remains an internationally competitive and innovative location for the chemical and pharmaceutical industries. "There is an urgent need for action on many location factors. High electricity prices, time-consuming bureaucracy and slow approval procedures are just a few examples that cause major problems for companies," explained VCI President Christian Kullmann.

The following industrial policy course must be set for a successful future of Germany with the beginning of government responsibility, the VCI demands:

1. measure: abolish the EEG levy - relieve the electricity price.

In order to achieve the ambitious climate protection targets by 2045 and at the same time maintain competitiveness, a concept is needed for the massive expansion of renewable energies at favourable prices and a competitive industrial electricity price. The current system of surcharges and levies in Germany as well as the current EU state aid framework are unsuitable to accompany the transformation. Additional or higher burdens must be reliably compensated. Electricity currently costs companies three times as much as in the previous year. This hits small and medium-sized businesses particularly hard. The coming federal government must reduce all state-induced levies on electricity prices as far as possible. The goal must be to reduce the price of electricity to 4 cents per kilowatt hour. The abolition of the EEG levy is a first important step towards this goal.

Action: Present a legislative initiative to abolish the EEG levy.

2. measure: expand research funding - increase research allowance

Germany needs more innovative strength - be it for a breakthrough in the low-CO2 circular economy, for climate protection and biodiversity or for highly efficient and resource-conserving agriculture. For this, technologies such as

chemical recycling, hydrogen production and biotechnology must be recognised and promoted. In addition, sufficient resources must be available: In terms of GDP, the economy and the state should invest 3.5 percent in research and development in the medium to long term. This can be achieved, for example, by expanding the tax research subsidy, and additional real laboratories.

Action: substantially increase the tax allowance for research

3. measure: push for real bureaucracy reduction in small and medium-sized businesses

SMEs in particular depend on a legal framework that is comprehensible and as simple as possible. The continuing tendency for new political projects to increase the density of regulation must be reversed. EU directives should be transposed strictly 1:1 into national law. In this way, additional bureaucracy can be avoided.

Action: Develop SME programme for a real reduction of bureaucracy

4. measure: set the course for a Planning Modernisation Act.

Efficient, digital and legally secure approval procedures are the basis for successful industry and good infrastructure. A Planning Modernisation Act is urgently needed that leads to significantly faster approval procedures and at the same time provides protection for sensitive data. Approval and planning procedures must be rethought.

Action: Present key points for a comprehensive modernisation and acceleration of planning and approval procedures.

5. measure: strengthen the economy through corporate tax reform

Taxes and duties are the most important source for the fulfilment of state tasks. Companies make a significant and long-term contribution to this and thus finance large parts of the community. Germany is at the bottom of the league in international tax policy competition. That is why it needs a corporate tax reform in order not to lose touch altogether. In addition, the substance must continue not to be taxed. Social security contributions must not be allowed to rise any further.

Action: Present key points for a comprehensive corporate tax reform to strengthen growth and investment.

6. measure: ensure competitive production under Green Deal

The Green Deal must be developed into a growth strategy and supported by a powerful industrial policy. The elements of the Green Deal must strengthen the

competitiveness and innovative capacity of industry. This can only succeed if the previous focus on targets is replaced by a description of the framework conditions. In particular, the EU chemicals strategy as an important element of the ambitious Green Deal must not make the international competitiveness of the chemical industry even more difficult.

Action: With the involvement of industry, develop a position on the Green Deal in a timely manner that reconciles its goals and the competitiveness of German industry.

7. measure: invest in growth with a transformation fund.

Our appeals for growth and investment must be financed - with state and private funds. In order to realise a future programme for the country despite the debt brake that advances the transformation of industry and an eco-social market economy, the VCI proposes a transformation fund for the federal government's investment offensive with a total financial volume of 300-500 billion euros by 2030. This fund is to be used to finance strictly earmarked projects and measures for three areas:

- Expansion of renewable energies, necessary grid infrastructure and energy storage;
- Supporting the ecological transformation of the economy towards climate neutrality;
- Ensuring an efficient transport and digital infrastructure.

The VCI represents the politico-economic interests of over 1,700 German chemical and pharmaceutical companies and German subsidiaries of foreign businesses. For this purpose, the VCI is in contact with politicians, public authorities, other industries, science and media. In 2020, the industry realised sales of nearly 190 billion euros and employed around 464,400 staff.

Contact:

VCI Press Dept., Phone: +49 69 2556-1496, E-Mail: Presse@vci.de
<http://twitter.com/chemieverband>