

## Electing the Future

Politics and government are in crisis mode. The corona pandemic has changed our daily routine, our working life and the political discourse. TV talk shows are largely dominated by the crisis, as are discussions on social networks. The usual public events cannot take place in this super election year 2021.

The chemical and pharmaceutical industry is facing particular challenges: The industry has not only given acute emergency support with the disinfectant platform and enabled testing and vaccination; it also sees to secure production throughout the crisis. Thus, the industry continues to provide employment and prosperity - even in extremely difficult conditions. As a highly industrialised nation with competitive production sites, Germany is well placed to deal with the consequences of the crisis. This position must be expanded and strengthened. Therefore, it is now important to highlight the advantages, prerequisites and concrete proposals for optimal production conditions. Also in the chemical industry, we want to state clearly what we need – and what benefits Germany. The election campaign offers us the chance to rediscuss priorities, so that we can help shape a good future for this country.

### Switching from crisis to growth mode

The new federal government should work with the business community to get a grip on the pandemic. We owe this to all those who have come through the crisis less well and, above all, to younger generations. The basis should be sustainability in its closest sense: giving equal consideration to economic, ecological and social aspects. To achieve this, we need investment and innovation, for example, in climate protection, the health sector and the digitalisation of our schools. The sustainable development goals of the United Nations make an ideal reference point for all of the above. But none of this comes for free.

### Combining climate protection and growth

Advancing climate protection, in particular, is a herculean task. We have seen a multitude of different aims and regulations over the past 20 years. One of them is the German renewable energy sources act or EEG, for short. Initially designed as a well-intentioned starting aid for renewables, it has turned into a bureaucratic money-eater. Therefore, the EEG should be abolished. To bring about greenhouse gas neutrality, instead a great deal of electricity must be produced from renewable energy sources at the lowest possible prices – while safeguarding the competitiveness of industry in this country. We are working out how to achieve this for our industry together with other key sectors and further stakeholders in the Chemistry4Climate platform. One thing is already clear: Innovative technologies for new energy techniques and production methods are important drivers. Let us use the forthcoming elections to pave the way for this and much more. Let's make the future possible together.



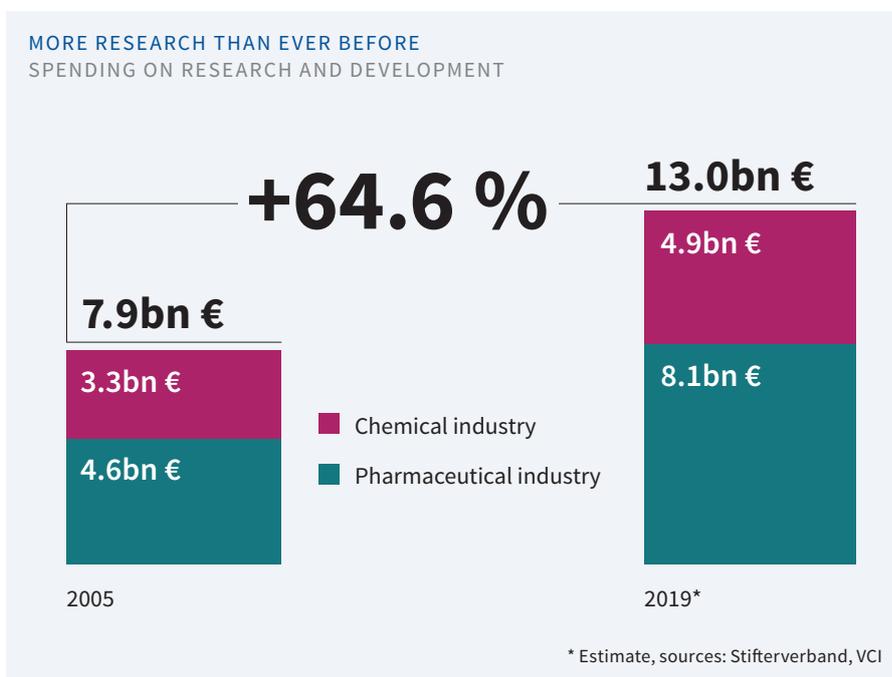
**Christian Kullmann**

President of Verband der Chemischen Industrie e. V.



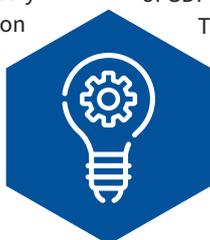
# What we need now – our top 10 issues

The German chemical and pharmaceutical industry assumes responsibility in and for Germany as a business location – and more so than ever in times of pandemic. With its commitment to greenhouse gas neutrality by 2050 and the tireless search for solutions to current and coming challenges, the industry is demonstrating its viability for the future. All the same, companies depend on political framework conditions that promote their high level of research and performance wherever possible instead of hampering it. In the next legislative period, the right course can and must be set in key policy areas.



## Make energy greener and less costly

To achieve the ambitious climate goals by 2050 while safeguarding competitiveness, we need much more renewable electricity at favorable prices – also by reducing surcharges and levies. Both the current surcharge and levy system in Germany and the existing EU state aid framework are unsuitable to accompany the transformation. Yet more or heavier burdens must be compensated reliably. Only on this basis will industry be able to advance climate protection with low-emission products and technologies.



## Drive progress through innovation

Germany needs more innovative strength – whether for a breakthrough in the low-carbon circular economy, for climate protection and biodiversity, or for highly efficient and resource-preserving agriculture. With this in mind, technologies such as chemical recycling, hydrogen production and biotechnology should be recognised and promoted. Furthermore, sufficient resources must be available: In the medium to long term, business and government should invest 3.5 percent of GDP in research and development.

This can be achieved, inter alia, by expanding fiscal incentives for research, additional real laboratories, and innovation-friendly framework conditions that can be relied upon in the long run.

## Strengthen the pharmaceutical industry location

High-quality and reliable healthcare is only possible with a strong pharmaceutical industry. To make sure that companies invest heavily in innovative therapies, medicines and vaccines, remunerations for drugs need to be adequate, investment-friendly incentive structures should be maintained and expanded, and the price moratorium must be ended. Also, health and healthcare data should be made available to all research facilities – both public and private – in anonymised or pseudonymised form.



### Modernise approval procedures and make them legally secure

Efficient approval procedures are the basis for a successful industry. They must be workable and unbureaucratic. Therefore, a planning modernisation act is urgently needed where all processes are rethought and newly designed from scratch together with industry. The digitalisation of approval procedures can support this but must not be an end in itself. It must not come with an increased transparency of data – for example, through an unprotected publication of all documents on the internet. That would put at risk the security of confidential information. Procedures must provide legal certainty, in order to promote investment in Germany.



### Strengthen SMEs by reducing bureaucracy



Small and medium-sized enterprises (SMEs), in particular, depend on a legal framework that is understandable and as straightforward as possible. Therefore, the tendency, which has persisted for years, to increase the density of regulation through new political projects must be reversed. Furthermore, EU directives should be transposed 1:1 into national law to avoid distortions of competition and unnecessary additional bureaucracy.

### Use the Green Deal and the Chemicals Strategy for competitiveness

The Green Deal must be developed into a growth strategy and supported by a powerful industrial policy. To this end, the elements of the Green Deal - such as the EU Chemicals Strategy for Sustainability – should strengthen industry’s competitiveness and innovative capacity. The current focus on targets must be replaced by clear roadmaps on how to reach these goals – and what framework conditions are required to achieve them.



### Improve digitalisation and infrastructure

In the digital sector, broadband expansion in Germany should be accelerated significantly. Data economy and sufficient capacities for high-performance computing are key to innovation. We need a network that is fast, nationwide and stable by 2025. It is time for a truly sustainable transport transition at the business location Germany. To this end, the expansion of transport modes must be driven forward and prioritised according to economic importance. More consideration should be given to integrated transport concepts. Rail and inland waterways must be linked by means of transport hubs.



#### WESTERN INDUSTRIALISED COUNTRIES ARE LOSING SHARES

SHARES IN ALL CHEMICAL AND PHARMACEUTICAL PATENT APPLICATIONS OF THE WORLD’S EIGHT LEADING NATIONS

#### Western countries

(USA, Germany, France, UK)



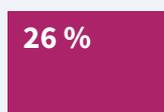
2005



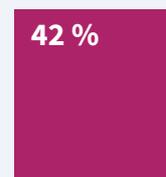
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#### Asian countries

(Japan, China, South Korea, India)



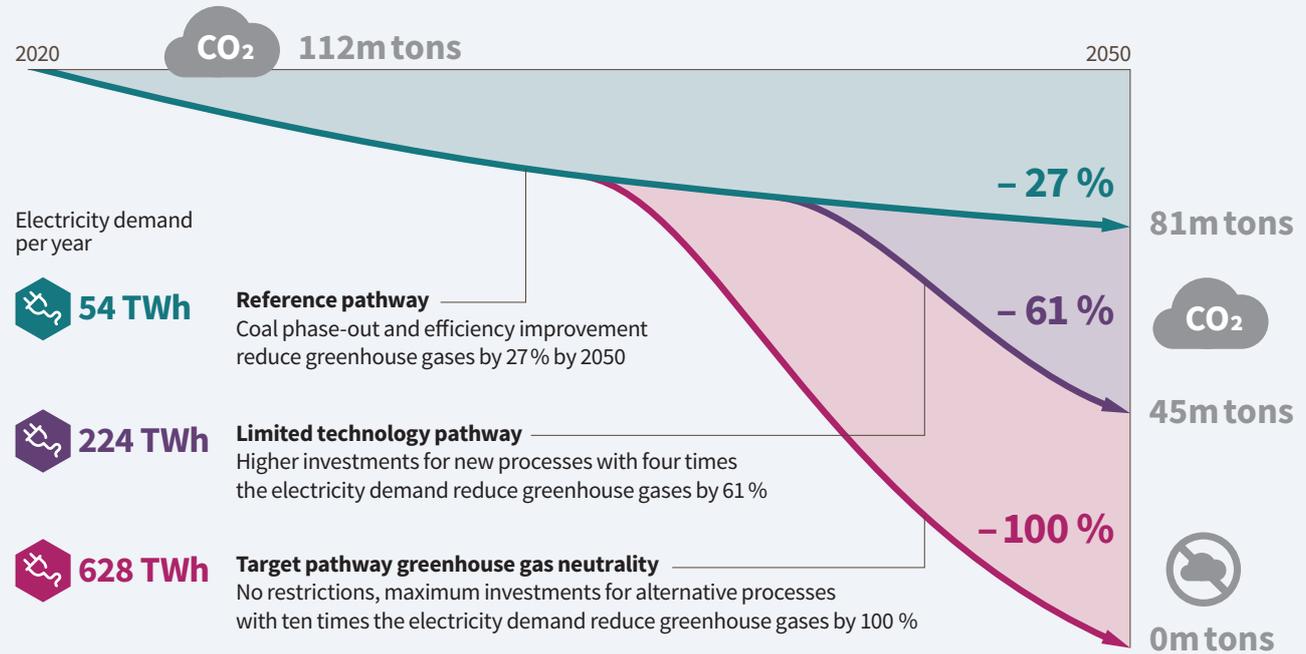
2005



2018

Sources: WPI-calculations by Fraunhofer-ISI and NIW, VCI

GOAL 2050: GREENHOUSE GAS NEUTRALITY



Greenhouse gas emissions from processes, energy demand and products as well as additional investments; assumption electricity costs: 4 cents/kWh incl. taxes and levies.

Sources: DECHEMA and FutureCamp, 2019

The German chemical and pharmaceutical industry is able to almost completely reduce its greenhouse gas emissions by 2050 – if the industry can use large volumes of emission-free electricity at the most favourable prices possible. For this, the industry expects electricity demand from the 2030s onward which is roughly equivalent to today’s electricity production in Germany. The potential development was examined on the basis of three scenarios („pathways“).

**Secure high-quality food with modern agriculture**



Agriculture is system-relevant for secure food supplies – and with it the entire value chain. So that Germany can continue to build on an efficient agricultural sector that strikes the right balance between productivity and biodiversity, farms need access to optimised seeds, modern crop protectants, mineral fertilizers and bio-stimulants. Sound scientific findings must be the decisive yardstick in approval.

**Speak up for free trade**



Germany lives from exports and imports and urgently depends on free markets and unhindered access to growth regions and raw materials. Rules for fair competition and progress in global trade liberalisation give important impetus for growth. Intellectual property protection should be strengthened on the markets. Inside the European Union, the home market of German industry, the internal market must not be fragmented by new national borders.

**Succeed in tax competition**

Taxes and levies are the most important source for fulfilling public administration tasks. Companies make a significant and long-term contribution to this and thus finance large parts of the public sector. In terms of policy, Germany is at the bottom of the league in international tax competition. Against this backdrop, a company tax reform is needed to ensure that Germany is not completely left behind. Moreover, asset values must remain untaxed, social security contributions should be kept stable, and binding dispute settlement mechanisms at international level are needed in all double taxation agreements.



These and more recommendations for a strong industry location are available at [www.vci.de](http://www.vci.de)

# Committed to the Global Sustainability Goals

**Sustainability is not a vision for the German chemical and pharmaceutical industry but has long been a concrete guidance for action at the industry's national and international sites.**

The industry sees the "Sustainable Development Goals" of the United Nations as a clear mandate for continuous improvement: After all, alongside many positive activities, such as the research and development of new medicines, it also causes potentially negative effects – for example, through emissions of greenhouse gases which should be reduced or even prevented.

The transformation to a sustainable business style has many facets for the German chemical and pharmaceutical industry: The industry invests in environmental protection, increases its energy efficiency and is committed to the goal of greenhouse gas neutrality by 2050. With its products and processes, it contributes to conserving resources and promoting a circular economy. Furthermore, the industry is driving initiatives for the funding of sustainable management, such as green bonds and sustainable finance, as well as improvements in supply chain management.

In the corona crisis in particular, companies have demonstrated their commitment to the social dimension of sustainability by using creative ideas to keep on most of their staff and to retain service providers. This has also contributed to social stability during lockdown periods.

WE CAN ACHIEVE KEY SUSTAINABILITY GOALS WITH INNOVATIVE SOLUTIONS FROM THE CHEMICAL INDUSTRY



Source: World Business Council for Sustainable Development

## Imprint

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