

Political briefing

Europe can achieve more!

The European unification process: to date, an as yet unrivalled success story worldwide. What began as an economic partnership of convenience between a handful of states has largely developed into a strong community underpinned by enduring values. Many people in the EU enjoy a good life rooted in a sense of security and prosperity. However, Europe's strong economic and political position in the world stands in jeopardy – be it through exposure to external developments, but increasingly due to its own shortcomings, such as national egoism and a pronounced tendency towards lethargy and micromanagement. If the EU does not wish to become sidelined, and perhaps even more – if it wishes to shine in a new array of splendour – it is essential to adopt the right countermeasures now. The European elections in June will entail some effective opportunities for just such a realignment.

After the European elections: defending achievements

Some of the EU's greatest achievements lie in its internal market and the fundamental freedoms it enjoys: the free movement of people, goods, services and capital. This unshakable foundation – supplemented by diversity and freedom of opinion – must be constantly defended. The German chemical and pharmaceutical industry – which supplies more than half of its exports to other EU countries – has always signalled a clear “yes” to Europe.

Isolation, nationalistic egotistical behaviour and narratives of yesterday that appeal to certain factions are not expedient in our increasingly interconnected world – neither for citizens and companies, nor for the EU's partners. Only a strong and open community with a competitive and future-centric spirit of industry can help shape solutions aimed at the preservation of our natural resources, sustainable value creation and prosperity, and fostering social change. The EU, as a focal point for innovative future technologies – we must realise this goal.

Setting the industrial policy agenda

But how should we arrive there? What will help the economy? And the answer is: pragmatism, speed and less bureaucracy. Unfortunately, the opposite seems to apply here. In many respects, the EU has become too small-minded, overbearing and despondent in its manner. For the coming legislative period, the German chemical and pharmaceutical industry is, therefore, campaigning in favour of a new political style: The EU must lend more support, create incentives and leave plenty of room for manoeuvre, as well as ensure, generally speaking, an environment in which our industry can develop appropriately.

Dr. Markus Steilemann
VCI President



Chemicals & Pharmaceuticals
For a strong Europe!

Making competitiveness and transformation top priorities

Europe has set sail on its journey of transformation. That is good and right, because the EU Commission's "Green Deal" can become the successful brand essence for the EU. However, this will require significant corrections in the coming EU legislative period – including a shift in the current political style. This is because the prevailing order jeopardises our Community as an industrial location, as well as the competitiveness of local industry.

Without recognisable industrial policy priorities, Europe is at risk of inflicting a double failure on itself: the EU is failing to achieve the transformation goals it has set itself, and is losing the economic strength that characterises its companies. This must be prevented. The following four building blocks must form a solid foundation for a legislative period from 2024 to 2029 that paves the way to a climate-neutral, circular and digital economy – with a strong industry as a guarantee of prosperity.

Master plan for industry

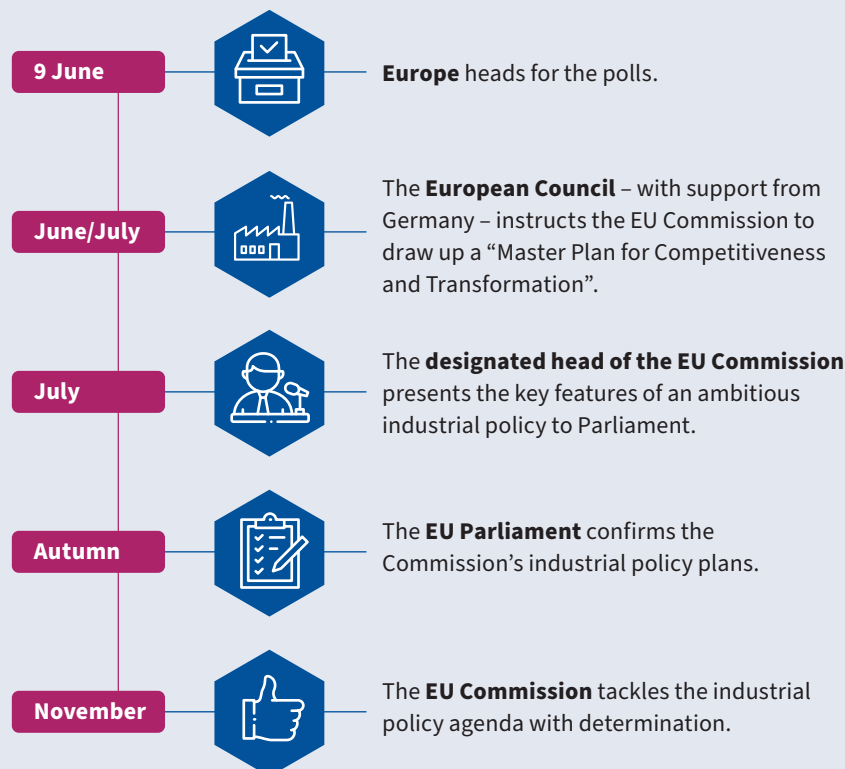
When compared to other regions, Europe is deemed too expensive, too immobile and too bureaucratic. Instead of adding further fuel to the fire that is de-industrialisation in the form of excessive regulation, high prices and a lack of energy supply security, the coming legislative period must become a five-year period of industrial revival. A "master plan for competitiveness and transformation" includes – above all – the major expansion of affordable energy from renewable sources and accelerated approval procedures.

Unrestricted trade

An offensive trade policy agenda must be prioritised, so that lucrative trade agreements and far-reaching partnerships can be concluded, in order to secure the diversified supply of raw materials. Stable relations with the USA and China are of paramount importance here – especially as effective climate protection can only be achieved through international solidarity,

2024: Start of a new industrial policy era

This is what the EU milestones could look like in 2024



for example, within the framework of the envisaged "Climate Club".

Agenda for innovation

Research and development represent the foundation of economic success. Given the acute legal uncertainty and a lack of openness towards potential technologies and processes – such as chemical recycling, gene editing or the capture, utilisation and storage of carbon – this means that Europe is at risk of slipping further down the global research rankings. Instead, the EU should focus fully on pursuing technological openness and pragmatism.

Lean and effective regulation

EU legislation should encourage (rather than hinder) businesses to achieve the objectives of the Green Deal. After a recent period in which bans and micromanagement reigned supreme, proven and new approaches for improved regulation and chemicals policy must be applied again from 2024. This includes the preliminary review of measures pertaining to possible conflicts of interest, the examination of existing laws for competitiveness and the "one-in-one-out principle".

SMEs – particularly affected by the deluge of EU regulations

With roughly 1,900 companies and 175,000 employees, SMEs form the backbone of the German chemical and pharmaceutical industry: A solid 90 per cent of the companies have fewer than 500 employees and/or are family-run. These companies, in particular, suffer from structural-location problems. In a recent VCI survey conducted in November 2023, the majority named bureaucracy, slow approval processes and new regulations as the most disruptive factors – many of which also stem from Brussels. High energy prices only followed in second place.

A robust EU is not an end in itself

Only if the European Union's success story can be continued with a strong industrial base will our union of states continue to benefit its population.

The people living here enjoy, in particular, numerous advantages from the core of the EU: the internal market. The range of goods and services on offer has improved due to Europe-wide competition and the elimination of national monopolies. The euro (EUR) has established itself as an important reserve currency alongside the dollar, and offers advantages when travelling and shopping within Europe. Consumer protection has also made progress thanks to the implementation of standardised rules.

Such achievements – aside from the merits of peace and reconciliation – must be preserved and constantly developed further through the paradigm of competitiveness and successful transformation.

A strong voice for a strong Europe!

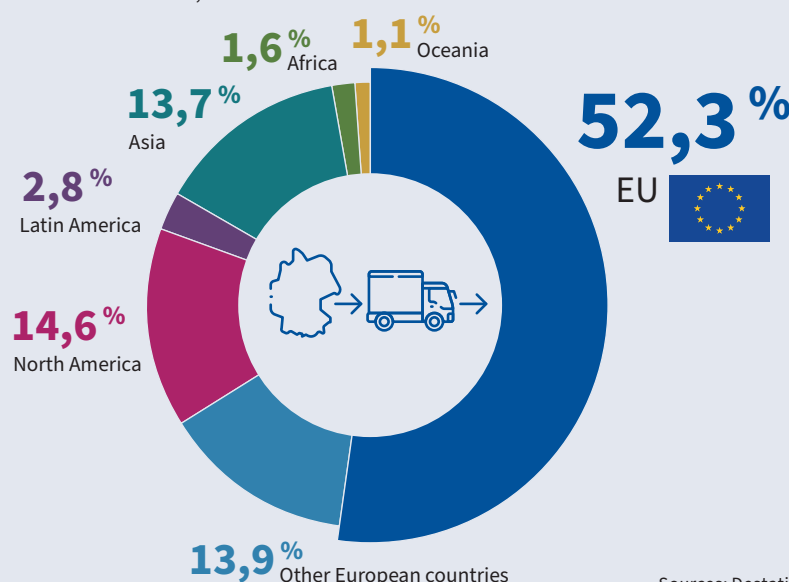
Despite the recent (and unnecessary) increase in regulatory pressure from Brussels, the German chemical and pharmaceutical industry is clearly saying “Yes!” to a strong Europe. In the run-up to the tenth direct elections to the European Parliament on 9 June 2024, the industry will not only be campaigning for an industrial policy revival at EU level, but also for as many people as possible to cast their “vote for Europe”.

The VCI is a member of “Europäische Bewegung Deutschland”, a non-partisan network committed to a clear pro-European mission and a policy dictated by common sense.



EU: DOMESTIC MARKET OF THE GERMAN CHEMICAL AND PHARMACEUTICAL INDUSTRY

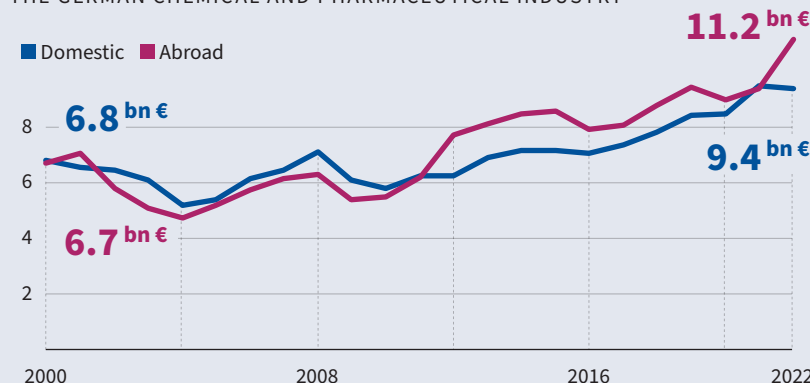
EXPORTS BY REGION; 2022



Sources: Destatis, VCI

NOTICEABLE RELUCTANCE TO INVEST IN GERMANY

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT BY THE GERMAN CHEMICAL AND PHARMACEUTICAL INDUSTRY



Sources: Destatis, VCI

The German chemical and pharmaceutical industry remains loyal to Europe, but the willingness to invest is waning noticeably here.

Our demands for the EU legislature until 2029

A strong EU is nothing short of an imperative of political common sense – not least in order to continue to be heard at an international level. A future-centric approach to industrial and economic policy will form the basis for this: **demands for the 2024 European elections | VCI** (in German)

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