

Political Briefing

May 2020

Restart after corona



When I am asked how the German chemical and pharmaceutical industry is doing at the moment, my answer is: other industries have been hit worse, we are coping. And that we are proud of our products contributing to [acute crisis management](#). Chemistry and pharma help! Our industry is system-relevant – for emergency aid and for the overall solution to the crisis. But I am also wondering: how long can we continue to play our role as problem solvers so well?

Chemistry: driver of innovation and problem solver

Our industry is engaged in competition. Therefore, the way it gets off the ground after the corona pandemic is

crucial. Important future projects, such as vaccine development or the sustainable transformation of the economy, must not be made more difficult or even counteracted. There must be no additional regulation. In this serious crisis, we should not be saddled with even more burdens and no new unrealistic goals should be announced.

What makes us different from many others in the current situation: we are not simply making demands. With this Policy Letter, we are issuing concrete recommendations on how we can quickly get fresh tailwind for our entire economy. Chemistry can make a sustainable contribution to this as a driver of innovation and problem solver.

Unfold strengths – advance climate protection and sustainability

Regardless of corona, we keep our word: our industry will continue to pursue the goal of greenhouse gas neutrality by 2050. But one thing must be clear: for this, we need large amounts of renewable energy at favourable prices. A Herculean task, which we are constructively supporting with the project Chemistry4Climate.

Alongside reasonable legislation, this requires considerable investment by our industry in new technologies. Post-corona economic stimulus and investment programmes geared to climate protection and designed for the longer term would also be helpful for the chemical industry. Such programmes must be intelligently combined with measures for a short-term economic recovery. What we need are genuine sustainability strategies - and not projects that are purely oriented to the ecological component. Genuine sustainability, as we have been promoting for years in our Chemie³ initiative, should be the basis both for a restart in Germany and a Europe-wide "Sustainable Future Deal". Let's talk about it!

Christian Kullmann

President of Verband der Chemischen Industrie

A successful way out of the crisis

Restart now!

The corona pandemic has led to a dramatic slump in the global economy. Germany and the EU are also in a deep recession. After initially focusing on acute crisis management and healthcare for the population, now a way out of the crisis mode must be found. Time is pressing, because despite extensive support – such as short-time work benefits and simplified access to credit – many companies cannot hold out much longer.

With five recommendations, the German chemical and pharmaceutical industry shows how to make the restart after corona a success and how Germany and Europe can emerge from this crisis even stronger.



Restore normal operation

The state-imposed lockdown must be ended quickly, but with a sense of proportion. The public administration should provide for more corona testing and treatment capacities – this is the basic prerequisite for the resumption of “normal operation” in society and economy.

Public services – be it day-care centres for children and schools, municipal authorities or local public transport – must rapidly go back to regular operation while maintaining the highest hygiene standards, so that employees and companies can resume their daily work as quickly and smoothly as possible.

This is particularly important right now: regulation and bureaucracy with a sense of proportion, for example when extending official deadlines, as well as flexibility and pragmatism in the implementation of rules decreed by Germany and the EU. Faster planning and approval procedures are the order of the day.



Support the free movement of goods

Logistics and supply chains were massively impaired by corona. The elimination of trade barriers and the simplification of customs procedures strongly help restore the movement of goods. Germany, the EU and their trading partners should implement both quickly.

The functioning of the internal market, which was temporarily restricted under the corona measures, and free border crossing within the EU for goods and commuters must be quickly and fully restored.

The G20 countries need to get exports, imports and global supply chains back in a shape that allows them to function smoothly.



Strengthen liquidity and demand

The public administration must continue to limit the economic damage caused by the lockdown. The liquidity of many companies will remain critical. Among other things, postponing deadlines for payments of wage tax, back taxes and social security contributions and also for the repayment of bridging loans is necessary.

Especially for medium-sized enterprises (“Mittelstand”), a deferral of credit debts or even a partial remission could be advisable. In addition, planned reductions in the EEG surcharge and grid fees should be implemented earlier than intended. The crisis has caused considerable losses in demand and investment, and there is no end in sight. Tax relief, for example through the complete abolition of the solidarity surcharge, can send a signal for a fresh start to consumers and companies.

More than ever, Germany needs a competitive tax system for businesses. Tax increases and property taxes are like sheer poison, and it is vital to prevent them.



RESET



Unleash the forces of growth

Growth requires an efficient infrastructure – whether in the energy, transport, digital or health care sectors.

To achieve this, public-sector investment should increase by 50 billion euros per year for a decade. In addition, rapid planning and approval procedures and the necessary build-up of competencies and a skilled workforce are required.

Furthermore, there must be incentives for private investment. This includes the reduction of bureaucracy and burdens under German and EU regulations, tax incentives for investment and the expansion of innovation promotion programmes such as fiscal incentives for research.

Good industrial policy relies on entrepreneurship and incentives rather than dirigisme and bans. It is important to use the innovation dynamics of competition for new growth thrusts – also to advance important fields of the future such as greenhouse gas neutrality and circular economy.



Utilise the EU's potential

National bankruptcy might be a threat for some EU Member States.

In order to prevent this, available instruments – for example, the European Stability Mechanism – should be used and further developed. Europe also needs a growth programme.

Therefore, the existing ecological focus of the “Green Deal” should turn into a “Sustainable Future Deal”, which integrates the promotion of innovation and digitisation and provides further funding for research and climate protection. Only then will a growth programme and a genuine “sustainability deal” for Europe come about.

Particularly in the transformation of industry and the economy, a pan-European approach is more promising than national go-it-alone action – irrespective of whether it is about renewable energies, the hydrogen economy, circular economy, new forms of mobility or the creation of a broad basis for health-relevant production. The

European internal market can thus demonstrate its strength as a large sales and investment market. The German chemical industry is committed to Europe with a clear “Yes”.

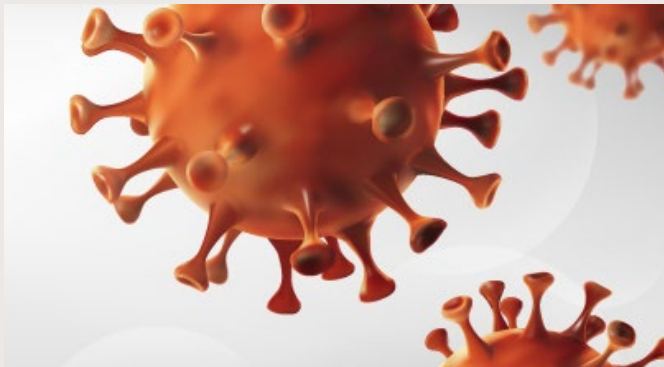
#JaZuEuropa

Coping with the corona pandemic

This is how the chemical industry helps

Acute crisis management

The spread of the coronavirus brings unprecedented challenges for politics, society and the economy. Many companies in the chemical and pharmaceutical industry are making important contributions with their products, in order to get the situation under control. The VCI provides information about its nationwide activities in Germany on its [Twitter channel](#).



The European Chemical Industry Council (CEFIC) informs about its Europe-wide activities on its [website](#).

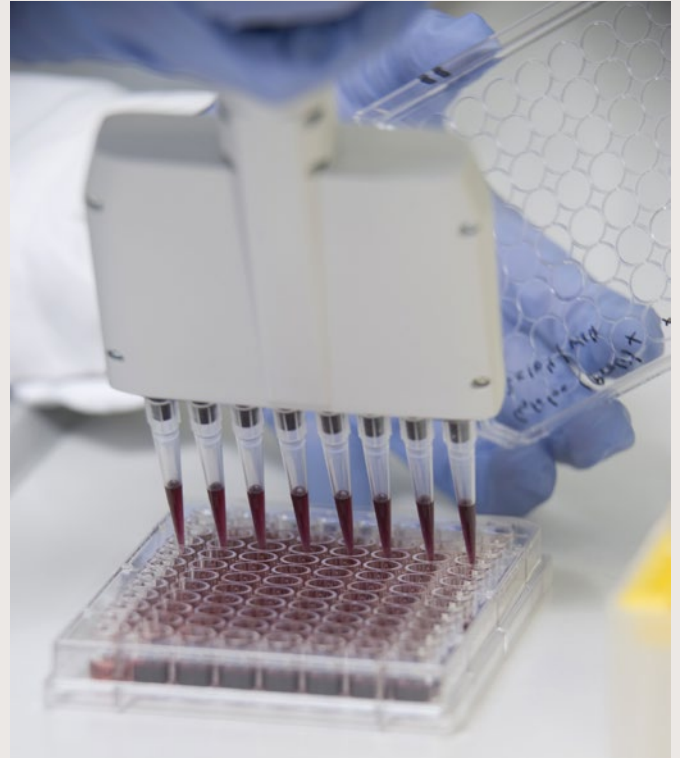
Emergency disinfectants

In a joint effort by the chemical industry and public authorities, it was possible to set up an emergency supply of disinfectants within a very short time. With a mandate from the crisis management team of the federal government, the VCI and its committed partners ensured deliveries of disinfectants to hospitals, nursing facilities and doctors' practices through a specially created [online platform](#).



Healthcare

Faster than ever before, the pharmaceutical industry and science are responding to the new coronavirus: they are developing vaccines, testing existing drugs for their suitability, developing new medicines and supporting the health systems of severely affected countries. The VCI sector association vfa, together with BIO Deutschland and PHARMIG (Austria), gives an overview on its [website](#).



Social responsibility

Especially in times of crisis, the strong solidarity between staff and management representatives in the chemical industry proves its worth. Together with the trade union IG BCE, the VCI is committed to its social responsibility and to health protection in companies. More details are available on the [VCI website](#).

IMPRINT

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