

KEMIANTEOLLISUUS



KEY MESSAGES FOR THE EU TERM 2024–2029

**Sustainable Chemical Industry
Securing EU's Strategic
Competitiveness**



The prerequisites for the Chemical Industry in Finland to ensure competitiveness are excellent. Finland can offer natural resources and technological expertise. We have a good energy system that produces emissions-free electricity required for the digital green transition at a very competitive price. In European decision-making, we should focus on how Finland benefits from these competitive advantages. It is important that European industrial policy supports these prerequisites.



1 Strategic Competitiveness as a Strength

Harnessing the EU Industrial Policy to Support Strategic Competitiveness

- Finland has a large supply of critical and strategic raw materials. **EU regulations should be aligned with self-sufficiency goals and support the emergence of innovations and investments aimed at carbon neutrality in Finland.** This applies, for example, to EU regulations that affect national permitting processes.
- The European chemical industry needs functional **trade partnerships** with third countries. Through circular economy, **we can reduce the dependence on imported raw materials. With free trade agreements and other similar pacts, we can secure the availability of key raw materials,** enable access to new markets for the chemical industry, and boost exports. Therefore, EU should prioritize free trade negotiations and agreement ratifications with key partners (Mercosur, India, ASEAN) and initiate new negotiations with the United States.
- **The EU must ensure** that the European chemical industry has access to **various energy sources, their transmission possibilities, and energy storages** as the industry moves towards carbon neutrality.
- **The EU should focus more on business-driven innovation and knowledge policy** to secure its competitiveness. The EU funding applications and reporting for innovations should be streamlined. With the current reporting requirements, the funding is not competitive enough to ensure EU's technological and commercial development globally. Also, EU should invest in the creation of innovation hubs across the EU.





More Efficient Single Market

- **EU's single market should boost strategic competitiveness and the transition towards carbon neutrality and circular economy.** One key factor is unified EU legislation. This will help achieve strategic goals related to carbon neutrality and scaling up circular economy and essential investments.
- **The current state aid competition must come to an end.** The European member states have started to compete for strategic investments. The EU institutions **should develop a plan** that prevents **state aid competition**, establishes **common rules**, and **secures funding** for green transition investments.

Less Regulation and More Focus in Employment and Talent Acquisition

- The EU must revive **the principle of better regulation. It should refrain from new legislative initiatives** that do not genuinely promote employment within the EU. Respecting the national labor market systems should be the basis of all EU action.
- **The green transition requires expertise**, and competition in Europe is fierce. The recognition and validation of skills and qualifications (including vocational skills) within the EU, and efficient mobility, both within the EU and from other countries, are essential. The EU needs to be able to compete with USA and China in attracting talent and skilled workforce.

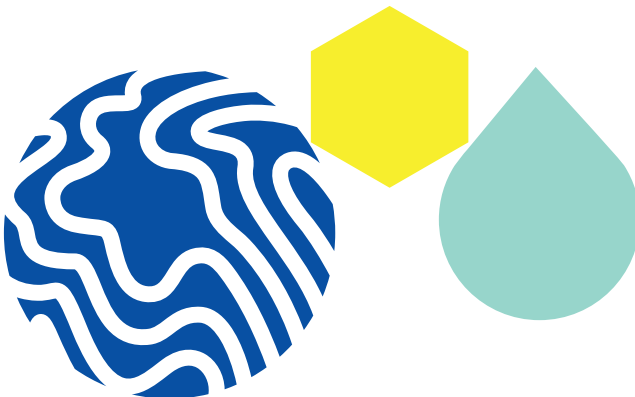
Securing the Future of the Pharmaceutical Industry in the European Union

- Environmental requirements for pharmaceutical production are tightening to the extent that they no longer support drug development in the EU. Additionally, the EU is extensively reforming its pharmaceutical legislation, which could weaken the protection of sales authorization documentation for pharmaceutical companies, jeopardizing the profitability of drug development. The operating conditions and competitiveness of the pharmaceutical industry in the EU need to be safeguarded.

3 Green Digital Transition

A Green and Digital Transition Requires Better Implementation of the Green Deal

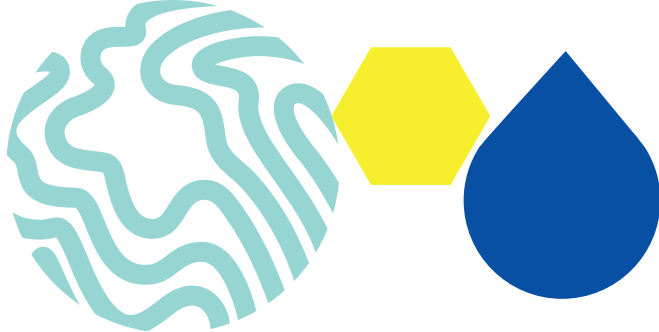
- The EU doesn't need a new Green Deal, but a comprehensive evaluation and implementation of regulation already in place from the perspective of the EU's **competitiveness**. It is necessary to examine the overall impact of the extensive regulatory package. It should channel actions in the right direction and safeguard the use of necessary raw materials in the EU.
- For example, the anticipated changes to the REACH regulation are estimated to **reduce the revenue of the chemical industry by 12 % in the long term and 20 % in the short term**. Many raw materials which are essential to other industries would be banned.
- The free movement of recycled materials in the EU's internal market should be enabled to improve the operating conditions of the circular economy.



Climate and Energy Goals to Be Focused On 2030-2040

- The Commission should focus on setting targets for 2040 and addressing existing shortcomings, instead of revising the 2030 goals. **Ensuring the competitiveness of the industry and the transition towards carbon neutrality is essential.** Various measures aimed at preventing carbon leakage and promoting investments into Europe are vital.
- The chemical industry does not believe that a new emissions trading scheme for fuel distributors will have the desired impact on the transportation sector. The chemical industry supports an **explicit and long-term emission reduction pathway for transportation**, which is best achieved through distribution obligations within the effort sharing regulation. Meanwhile it is important to ensure the competitiveness of the industry and related transportation by eliminating overlapping taxes and fees on transportation.
- **The acceptance of nuclear power** is crucial for carbon neutrality goals.

- The green transition involves electrification, hydrogen economy and new sources of raw materials. All this requires energy and, in particular, clean electricity. It is important in the implementation of the Energy Efficiency Directive to **ensure the availability and efficient use of clean energy.**



4

The Chemical Industry Requires Alternative Sources of Raw Materials

A Regulatory Framework for Renewable and Circular Economy-Based Raw Materials

- In the future, the chemical industry will need alternative sources to replace virgin fossil raw materials and fossil-based energy. **All alternative sustainable carbon sources should be favored, and any legislative barriers related to them should be removed.** Such sources include captured carbon dioxide, recycled/reused carbon, and sustainable bio-based carbon sources. The EU should ensure that a comprehensive Circular Carbon Strategy is developed for recycled and renewable carbon, including chemical recycling, making CCU (Carbon Capture and Utilization) technologies attractive.
- The current calculation method for carbon dioxide emissions in the emissions trading sector, the effort-sharing regulation and land use is inadequate. **The calculation method should be fixed** to promote the adoption of different carbon capture technologies, enabling negative emissions and new raw material alternatives for the chemical industry.
- The legislative framework should also support the **development of the hydrogen economy** and take into account green hydrogen and other clean hydrogen production methods. The correlation for the production and consumption of renewable electricity in green hydrogen production should be proven based on monthly averages. Flexible rules are needed.
- Biodiversity legislation obligations should be designed to **globally improve the environmental impacts** rather than shifting activities outside the EU or to smaller operators unaffected by certain obligations.



**We All
Need
Chemistry**

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