

Position on Research & Innovation Policy

Key Messages

- The chemical industry plays a pivotal role in driving the transition of economies towards climate neutrality and circular economy, as chemical innovations serve as the foundation of every industrial value chain.
- BASF is committed to sustainability and is investing significant amounts in Research and Innovation (R&I) to provide sustainable and future-oriented solutions to our customers, enabling them to achieve their sustainability goals.
- Political support and continuity, including the creation of regulatory frameworks that enable competitive business models for innovation, as well as a strongly financed public R&I system, global collaboration and an adequate IP protection are crucial for the chemical industry to drive sustainable innovations and address the challenges of the future.

About the topic

BASF – and the entire chemical industry - is facing a unique double twin challenge. In other words, the industry needs to make their processes and products carbon-neutral, establish circular economic models, implement digital solutions, and enhance the sustainability of its products. At the same time, it must adapt to new realities influenced by geopolitical tensions, a changing security landscape, and declining competitiveness particularly in Germany and in Europe. Innovation plays a pivotal role in addressing these challenges and the regulatory and political frameworks are decisive.

What does BASF offer?

BASF is an active innovation player. In 2024, the company again invests over 2 billion euros annually in R&I to cater to the diverse requirements of society across various industries. With our three research hubs around the globe (Research Triangle Park (North Carolina, USA), Shanghai, Ludwigshafen) and an R&I workforce of around 10,000 skilled and expert employees, the company constantly strives to create new technologies and innovations that address emerging challenges and meet evolving demands. As a result, in 2023 BASF filed 1.046 new patents, out of which 42.2% in the area of sustainability. Recent innovation examples include an electric furnace for a steam cracker in Ludwigshafen, a circular solution for nylon apparel made entirely from textile waste and battery cathode materials that will be produced on a commercial scale in the coming years.

Our Position

In light of the current challenges faced by the chemical industry in Europe and in the World, policymakers should adopt the following measures to promote innovation in the chemical industry and support the transformation towards a climate-neutral, sustainable, and competitive economy:

- **Pursue a mission-oriented** and coherent R&I policy.
- Provide **sufficient funding** for R&I, in Germany to 3.5% and in the European Union (EU) overall to 3.0% of GDP.
- **Digitize and speed-up** the application and implementation processes for public R&I projects.
- **Ensure public financing for all innovation phases**, from basic research to pilot plants and industrial deployment.
- **Promote important key technologies** for the chemical industry, such as advanced materials, biotechnology, chemical recycling, New Breeding Techniques (NBTs), quantum computing and AI.
- **Foster public and/or private growth funds** for startups and businesses.
- **Ensure innovation-friendly regulatory frameworks** to allow business models and overcome regulatory barriers, for example, through Regulatory Sandboxes.
- **Secure adequate protection for Intellectual Property (IP).**