

Position on the EU Industrial Policy

Key messages

- BASF provides innovative solutions enabling the twin transition towards the EU's climate-neutrality and digital leadership.
- BASF fully supports the industrial policy as the crucial basis to achieve the ambitious 2050 targets.
- The Industrial Strategy should foster cooperation with industry and be embedded into sectoral Green Deal measures to ensure a coordinated and consistent approach.

About the topic

The **EU Industrial Strategy** was published by the European Commission in March 2020 to help Europe's industry leading the twin transition towards climate neutrality and digital leadership. The strategy aims to drive competitiveness and EU strategic autonomy at a time of moving geopolitical plates and increasing global competition. As the economy faces unprecedented challenges (the COVID pandemic, ensuing economic crisis and deteriorating multilateral order) the Commission launched an update of the strategy in May 2021, focusing on Europe's open strategic autonomy, strengthening the Single Market and its resilience.

What does BASF offer?

BASF is an EU-based multinational company with a strong link to the European market. BASF provides many solutions needed for the European Union to lead the twin transition towards climate-neutrality and digital leadership. We not only provide numerous innovations in terms of its materials and products, but we are also working on several strategic projects to contribute to the EU's climate neutrality target (e.g. **Carbon Management**, **Product Carbon Footprint**). In addition, digitalization reveals tremendous opportunities for BASF. Using digital technologies and processing data, we are creating additional value for our customers and increasing the efficiency and effectiveness of our processes (e.g. Supercomputer **Curiosity**, Digital Farming **xarvio™**).

Our position

BASF fully supports the industrial policy efforts and welcomes the Commission's consideration of the chemical sector as one of the priority sectors in the industrial ecosystems. A strong industry is fundamental to a robust economy, which is the basis for Europe's geopolitical strength and the global competitiveness of its markets. BASF believes that a successful strategy firmly integrates policy on industry, innovation, and climate-goals. The Commission must more actively position industry as a key requirement to achieve the objectives of the European Green Deal. It must now follow up by more specific actions and must dare shape policy along a bold vision for Europe's industry. Therefore, an enabling EU regulatory framework should:

1. Now take action on the strategy and ensure a consistent and coordinated sectoral approach. The chemical industry is in fact facing a double twin transition – it needs to become climate-neutral, circular, toxic-free and digital. For this to succeed without losing speed, we need well aligned and non-contradictory regulation. This requires a wide set of KPIs to monitor crucial factors enabling or limiting industrial transformation.
2. Embed an innovation-friendly regulatory environment. The Commission and the member states must enable private sector investment and allocate ambitious public funding to innovation. This can be done by applying the innovation principle and by adopting an EU framework for regulatory sandboxing to help test potential breakthrough technologies.
3. Foster cooperation with industry, adopting more specific pathways for the identified ecosystems and strategic value chains.
4. Be Single Market proof and avoid Single Market fragmentation. The EU industry needs a consistent regulatory framework to enable the emergence of new technologies.
5. Review EU competition and state aid policy. European companies need a fair and competitive playing field that is responsive to changing global market conditions while continuing to incentivize competition within the Single Market. Industry needs faster and less bureaucratic application of rules.
6. Promote trade openness and avoid protectionism, while becoming more strategic in checking unfair behavior on behalf of non-EU countries, e.g. distorted competition, and unfair trading practices.