

Cefic at COP21 - Paris on December 8, 2015

Under the heading "Innovate and Pioneer towards a low carbon future: expect more from Chemistry", Cefic convened a high-level debate in the very heart of the COP21 premises.



Being still the world's top chemicals manufacturing power, the European chemical industry is providing innovative solutions addressing all societal challenges, including food, housing, health, transport, energy supply and use, energy efficiency, greenhouse gases mitigation and adaptation.

Jean-Pierre Clamadieu, Cefic President and CEO of Solvay, started the discussion by explaining how his own company was investing in high-technical specialty chemicals to enable low carbon mobility, citing the well-known Solar Impulse plane as a model. He told the audience that since 1990, the EU chemical industry had cut its own emissions by 50% while increasing its production by 70%. Our industry is capital-intensive with long payback; therefore it requires long-term political visibility. Uncertainty and extended timelines for policy decisions have negative consequences for the confidence of private investments in new cleaner technologies. The regulatory framework is an essential element to ensure European leadership in innovation towards a low carbon economy.

Kamel Ben Naceur, Director for Sustainable Policies and Technologies at the International Energy Agency, emphasised two aspects: innovation and collaboration. He claimed that technology breakthroughs were necessary to ground ambitious GHG emissions reductions along three directional policies: energy efficiency, renewables and subsidies to fossil fuels. Fossil-based energy should be reduced to a minimum

across all OECD countries. As he saw it, in the fight against Climate Change, the chemical industry could deliver even more solutions, especially by promoting Carbon Capture and Storage (CCS), without which, the world would not achieve the IEA 2° C scenario.

Representing the Ministry of Economic Affairs and Energy of Germany, Antonio Pflüger referred to his experience in the field of research and innovation. Sharing the burden between public and private investors was paramount, as the innovation aspect had become more and more important in the energy sector. He stressed that R&D should be left predominantly with business, with less policy intervention and the public being a quiet shareholder. However, the demand itself of the public also plays a major role where business invests in R&D. Technologies to fight Climate Change are the best example here, because public demand directs R&D there too.

Laurent Michel, Director at the French Ministry of Energy-Climate-Environment, explained that in the national "Energy Transition Act" framing innovation in France, direct emitters (energy production), indirect emitters (e.g. energy efficiency) and breakthrough technologies (e.g. energy storage, renewables sources and biofuels) were the three pillars. Although linkage between public and private funding is less advanced than in Germany, innovation in France is supported by industry roadmaps, focusing on 10 year commitments. He explicitly mentioned the "Green Chemistry Roadmap" in France.



Picture legend: Ian Duncan expressing his views on the ETS

Ian Duncan, Conservative MEP for Scotland, started his intervention by warning the chemical industry that "the challenge on ETS is still ahead of you". He went on to say that a cost of 10 euros/ton of CO₂ would not drive innovation towards a low carbon economy.

He acknowledged the chemical industry's good record of accomplishment in terms of energy efficiency, but pointed to the fact that there were limiting factors to efficiency. The question of limiting emissions while growing would soon be a tricky point to address. He asserted that our industry was at the cutting edge of innovation and delivering on Climate Change.

Jean-Marc Ollagnier, CEO of ACCENTURE, explained that prior to COP21, ACCENTURE had surveyed CEOs to capture their views on Climate Change and main drivers to invest on low carbon technologies. The survey showed that chemical industry CEOs ranked second while recognising the potential of Climate Change as driving investments. The same CEOs acknowledge that investing in low carbon and energy efficient technologies would give their companies a competitive advantage.

For **Peter Bakker**, CEO of WBCSD, business as usual was dead, and competing on innovation was the way forward. He stressed the need for greater collaboration across value chains. He cited steel-chemicals and cement as potential candidates for cross borders collaborative breakthrough projects to get to a real step change in energy usage, waste management, heating and cooling.

According to **Erik Jonnaert**, Secretary General of ACEA, the European Automobile Manufacturers' Association, innovation in the car sector meant alternative power trains for hybrid or plug-in electric vehicles. In this context, the main barrier to innovation remained market uptake. In the near future, battery technologies would represent around 30% of the whole R&D efforts. New business models based on cross sectoral collaborative developments would be required. For instance, the chemical industry needs to work closely with the car industry to develop chemicals fully recyclable in compliance with REACH.

Peter Scherrer, Deputy Secretary General of the European Trade Union Confederation, mentioned the social impact and social dimension of Climate Change. He said that with so many changes happening in the industry, workers were not afraid of change, and we all needed to transition to a low carbon future. However, changes should not be imposed – they should be part of a social dialogue. In fact, the chemical industry is the sector with one of the biggest commitments to social dialogue.

Petr Zahradnik, from the European Economic and Social Council, added that the social issues had to be complemented with a correct assessment of the market needs and supported with right conditions for financing. This could be achieved through a right signal coming from an Emissions Trading System or Carbon Tax. Energy consumption should not be related to GDP growth.

In his closing remarks, Jean-Pierre Clamadieu reiterated that significant progress had been made in the business community, but more was needed to keep the global temperature rise below 2° C. The two key areas of work are (1) assessing and reporting on our own carbon footprint while applying a life cycle approach and (2) innovation. COP21 should give a clear signal from Governments that would support the business community's long-term engagement into the low carbon transition.

In the EU ambitions were higher, and the pace of decarbonisation faster than in the rest of the world. This uneven playing field needed to be addressed to keep this industry competitive in Europe. Innovation remained the critical success factor in the transition to a low carbon future, as well as working with and across the supply chains.

Thanking all participants for their lively contribution, the Cefic President concluded that the debate had shown the need for a coherent social and economic approach in the transition to a low carbon economy and that the integration of all aspects of sustainability (environment, economy, social) and integration of lifecycle concept were essential to evaluate the impact of innovative technologies.

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About Cefic

Cefic, the European Chemical Industry Council, founded in 1972, is the voice of 29,000 large, medium and small chemical companies in Europe, which provide 1.2 million jobs and account for 17% of world chemicals production.