



We create chemistry

# BASF priorities for a competitive Europe

Innovation, growth, and prosperity are prerequisites to build a climate-neutral, resilient, and social Europe. The chemical industry and BASF play a key role here. We are committed to doing our part and being a partner on this journey.

The Green Deal established ambitious objectives. With agreement on the end destination, attention now needs to shift to how Europe will achieve these objectives while remaining competitive and safeguarding European prosperity in a challenging geopolitical and economic environment.

At BASF, we have set ourselves ambitious sustainability objectives too. We are working on new technologies for climate-neutral

chemical production and want to remain a frontrunner in this space. At the same time, our innovative products and solutions - from chemical recycling and battery materials to the components of wind and solar power plants – can help our customers achieve their own sustainability objectives. However, the current EU framework conditions do not yet allow for business cases in Europe with respect to many of these innovations and new technologies.

**A future-oriented innovation and industrial strategy is needed to successfully manage Europe's transition and create the business case for investment in Europe.**

To this end, the policy objectives of the next EU term should be to:

- smartly link industrial and climate policy, putting competitiveness at the core of EU policy-making;
- implement the Green Deal in practice, using an enabling and coherent regulatory framework;
- empower innovation ecosystems and support technology openness in R&I.

# Some examples of our sites working on innovative solutions for a green and digital economy every day.

## **Germany** Ludwigshafen:

- CO<sub>2</sub> free hydrogen electrolyser expected to produce up to 8,000 metric tons of hydrogen per year thereby reducing CO<sub>2</sub> emissions of up to 72,000 metric tons annually.
- The world's first demonstration plant for large-scale electrically heated steam cracker furnaces which can potentially reduce CO<sub>2</sub> emissions by at least 90 percent compared to conventional technologies.

## **Germany** Schwarzheide:

- The first state-of-the-art, high-performance cathode active materials production plant in Germany started production in 2023; unveiling ceremony took place for a battery recycling plant for the production of black mass with an annual processing capacity of 15,000 tons of EV batteries and production scrap. BASF aims to close the loop from end-of-life batteries to CAM for new batteries, enabling a circular economy and reduced CO<sub>2</sub> footprint.
- Joint owner of solar farm capable of producing 25 Gigawatt hours (GWh) per year.

## **Belgium**

- Kairos@C project running with the aim to create the first and largest cross-border Carbon Capture and Storage (CCS) value chain in Antwerp to capture, liquefy, ship, and permanently store CO<sub>2</sub>.

## **Netherlands**

- 1.5 Gigawatts offshore wind farm Hollandse Kust Zuid (HKZ) - one of the largest worldwide partly owned by BASF and expected to be fully operational in 2024 to support chemical production at BASF sites across Europe.

## **Italy**

- Newly installed photovoltaic system covering 2,200 square meters and cogenerator in Pontecchio Marconi, saving 336 tons of CO<sub>2</sub> annually and achieving near complete autonomy from national grid.

## **Spain**

- Long-term power purchase agreement (PPA) for renewable energy signed (total volume up to 20.7 terawatt hours enabling low-emission chemical production).

## **Poland**

- New ORLEN Południe plant opened in 2023 to support the site's net zero objective, converting glycerol to renewable propylene glycol (BioPG), using BASF's state-of-the-art process turning waste from tires into renewable feedstock (pyrolysis).

## **Hungary**

- Commercial partnership project allowing BASF to obtain pyrolysis oil, which is used as feedstock into production processes, thereby replacing fossil resources.

## **Finland**

- Production plant in Hamina for polymer dispersions for paper industry customers, functioning on 100% green electricity and REDcert certified, and using biomass balance approach allowing fossil raw materials to be replaced by renewable raw materials.
- Combined capacities of precursor for cathode active materials plants in Harjavalta and Schwarzheide, enabling supply of around 400,000 full electric vehicles per year with BASF battery materials.

# What is needed?

## BASF priorities for a future-proof EU Innovation, Investment, and Industrial Strategy

### Competitiveness in a Global Economy

- Elevate competitiveness to a strategic priority of the EU and take decisive action to create the business case for investment in the net zero transformation in Europe.
- Reduce the administrative burden on industry and incoherences between regulations or broader EU objectives.
- Implement the “Transition Pathway for the European Chemicals Industry” with speed and agility to onboard new challenges and opportunities.
- Conclude FTAs with key trading partners especially considering the EU’s strategic interests e.g., regarding access to energy and critical raw materials.
- Increase the ambition of Trade & Technology Partnerships (e.g., with the US and India) with concrete objectives on trade facilitation, standardization, technological development, and value chain resilience.
- Complete the Single Market at home and redress remaining barriers.

### Energy & Climate

- Set up an “EU Energy Strategy” to make Europe the lowest cost provider in electricity globally.
- Roll out a full blown “Net Zero Infrastructure” programme to build and integrate an EU grid of power lines and hydrogen/CO<sub>2</sub> pipelines and support the swift finalization of the EU Energy Single Market.
- Strengthen the supply-side of renewable energy and low-carbon and emission-free hydrogen of all colors at competitive costs.
- Eliminate cost-driving regulatory elements and prohibitive standards that are hindering the ramp-up of renewables/hydrogen in Europe.
- Accelerate the demand for net-zero products via innovative solutions (e.g. VAT relief for net-zero certified products).
- Base product policy on complete life-cycle thinking and take existing portfolio sustainability assessment schemes into account.

### Plastics, Circular Economy & Feedstocks

- Exploit CCU once renewable energies are available at competitive cost and remove regulatory hurdles on CCU such as the non-acceptance under the ETS system.
- Develop a holistic approach for the waste management of plastics, one that promotes the complementarity of mechanical, chemical and organic recycling in a technology-neutral way.
- Implement a “cascading use” of biomass approach that prioritizes material over energy use, encourages the use of sustainably sourced biomass in products and increases the availability of sustainably sourced feedstock.
- Include mass balance allocated content in the recycled plastics target.
- Encourage the ramp-up of sustainable value-chains by supporting a mass balance credit method in the legislation on recycled and biobased feedstocks. Attribution rules such as ‘Fuel-Use Excluded’ are needed for plastics recycling.

### Environment & Chemicals

- Ensure policy consistency and the sound management of chemicals by avoiding duplication of legislation and consider impacts of legislation on non-EU countries.
- Revise REACH in a targeted way, based on scientific principles, with clear definitions and an ambitious but clearly defined scope which prioritizes substances for regulatory action.
- Incentivize the development of “safe and sustainable by design” chemicals while maintaining a science-, evidence-, and risk-based approach.
- Recognize the crucial role of chemicals to meet the EU Green Deal objectives and consider impacts of chemicals legislation on the entire value chain of our customer industries.
- Ensure balanced regulatory measures for PFAS, in particular for industrial uses.
- Implement the Industrial Emissions Directive in a responsible way to render it a pragmatic and implementable environmental policy which protects air, water, and soil.

## Research & Innovation and Digitalization



- Enhance the financial capabilities of European funding instruments, streamline application and execution procedures, and secure funding across all stages, from fundamental research to demonstration projects, to facilitate the transfer into innovation.
- Encourage the development of technology-neutral innovations that align with the objectives of the Green Deal such as carbon capture, utilization and storage (CCUS), chemical recycling, new genomic techniques and digital farming.
- Implement new policy instruments such as 'regulatory sandboxes' in different sectors to speed up the transformation.
- Ensure the effective implementation of the EU Digital Strategy to foster digitalization, drive innovation in the chemical industry and encourage the development of data standards and data spaces.
- Further support the development of High-Performance Computing and Quantum Computing ecosystems in Europe to drive transformation.

## Batteries & Critical Raw Materials



- Make sure that EU standards are respected equally by EU producers and importers in the battery materials value chains.
- Foster trade flows with strategic global partners, whilst preventing the leakage of critical raw materials contained in black mass outside of the EU.
- Secure investments and financing opportunities for large industrial critical raw materials and battery materials processing, production and recycling projects.
- Enforce transparency in the battery value chain and provide incentives for public authorities/private consumers to choose batteries adhering to European environmental, social and governance standards.
- Ensure a streamlined and targeted approach/implementation on corporate due diligence obligations (esp. CS3D) which provides legal certainty for companies and minimizes the administrative burden.

## Buildings & Construction



- Ensure the Renovation Wave initiative delivers on its ambition to get a fully decarbonized building stock by 2050 while remaining technology and material-neutral, following the 'energy efficiency first principle'.
- Maintain and strengthen an efficient single market for construction products, including efficient market surveillance.
- Adopt a performance-based, material-neutral and life-cycle approach to the environmental performance of buildings.

## Sustainable Agriculture & Food Security



- Promote greater collaboration between all stakeholders in the agrifood value chain to drive sustainable strategies forward.
- Focus on policy implementation, based on scientific evidence, and quantitative comprehensive impact assessments.
- Incentivize environmentally friendly innovations which can support the achievement of Farm to Fork objectives, including seed breeding, new genomic techniques, chemical and biological crop protection, integrated pest management, and digital farming.
- Ensure continued food security and availability through maintaining EU agricultural productivity and compliance with WTO rules.