SUMMARY

On the Road to Climate Neutrality 2050

European Chemical Social Partners' Workshop

25-26 January 2022

ECEG European Chemical Employers Group

industriAll EUROPEAN TRADE UNION

Project background

Project from the European social partners:

- The Green Deal (2019) increased a common understanding that our sectors will be required to immediately start a transition, implement new technologies, etc.

Main objective: analyse what decarbonisation means for the sectors and what social partners can do in this context, to make the green transition as smooth as possible.

- Two parts:

1) a theoretical phase with research by wmp consult & Syndex and 2) a practical phase starting with the first workshop.

Workshop 1: discussion on the technologies already implemented and to be implemented, the processes and the framework conditions for the transition.

Workshops 2 & 3: focus on the role of social partners: management of the changes, tools and recommendations for their actions.

A final **conference** to sum up the results and to discuss them with other stakeholders.

Roundtable & presentations by participants, discussion

Participants presented the most important technologies and production methods to reduce GHG emissions and to reach climate neutrality, as well as additional measures and company level actions (Figure 1).

Yellow cards

Technologies to reduce GHG emissions in the chemical sector: new alternative raw materials; newly developed technologies; energy saving; supportive company-level actions; biotechnologies;

White cards

Ensuring a just and smooth transition at sectoral level: to improve the image of the industry ("part of the solution"); to keep the production in Europe; to achieve "social neutrality" and not only "climate neutrality", i.e. a green transition without negative social impacts; need for good social dialogue and collective bargaining to anticipate the impact on jobs; education and training and up-/re- skilling activities; to invest more at all levels of education.

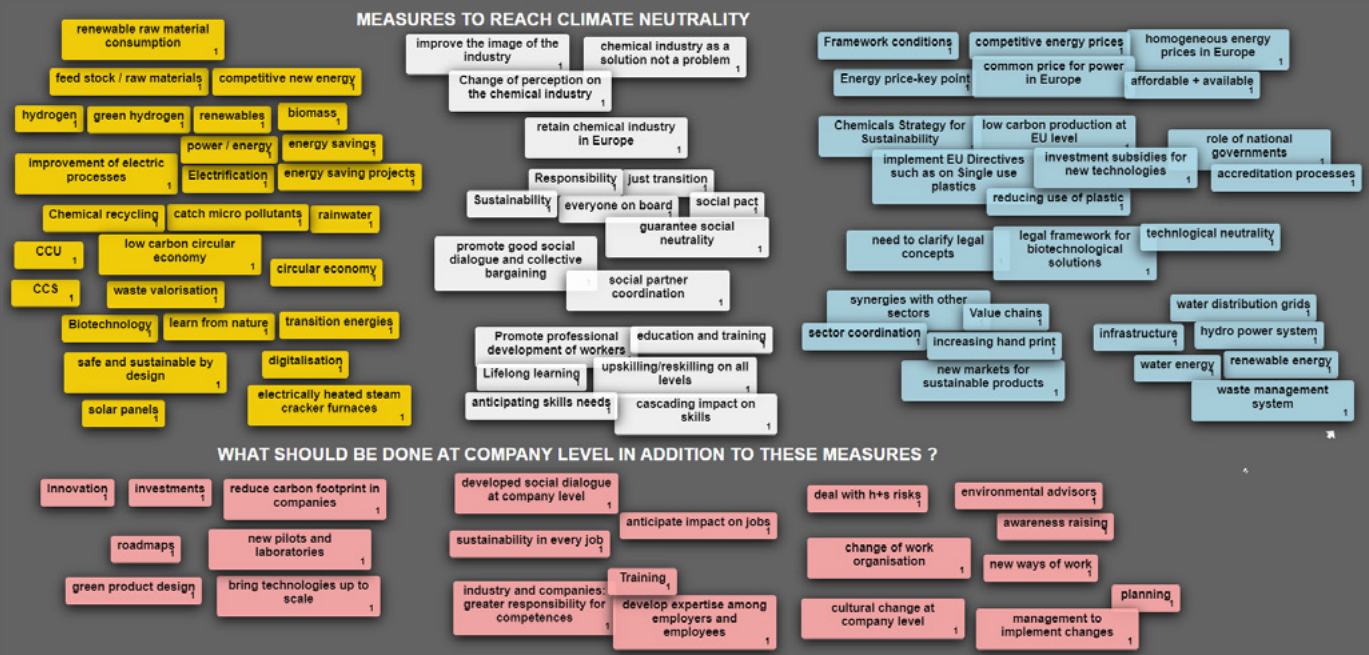
Blue cards

Framework conditions: access to power and energy, energy costs, common price for power or guaranteed electricity prices; policies and strategies at EU and national level, clear framework conditions must be established, companies need more planning security, investment subsidies for new technologies should be considered; legal obstacles: guaranteeing technology neutrality, reducing legal constraints; infrastructure; sector coordination and consideration of the whole value chain.

Pink cards

Additional measures at company level: innovation, pilot projects and research; investments and investigation of new market opportunities; social dialogue at company level; organisational measures, good leadership, cultural change; focus on new forms of work and the change of work organisation.

Figure 1.



Presentation of wmp/Syndex research report "On the Road to Climate Neutrality 2050 - the Role of Social Partners in the Decarbonisation of the Chemical, Pharmaceutical, Rubber and Plastics Industries"

Discussion:

- Disagreement about the role and importance of CCS[1] need to consider infrastructure and return on investment.
- Chemical recycling must be further developed.
- Importance of the evolution of consumption & a common energy price.

[1] Carbon Capture and Storage

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Framework conditions and company choices

Where can companies make their choices independently and where do they depend on framework conditions? (Figure 2)

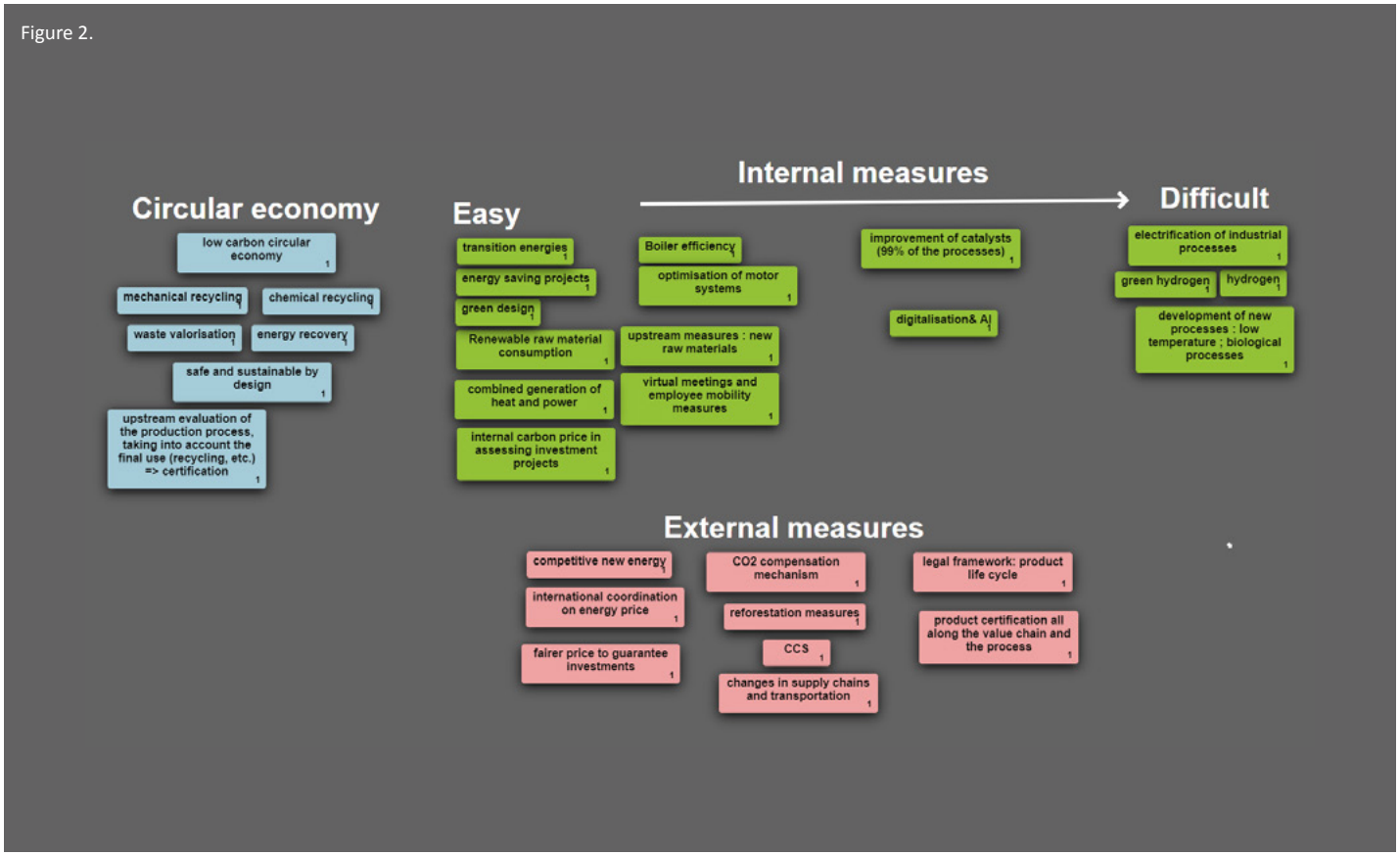
1. **External measures:** not directly influenced by companies, like CCS, energy costs. External CO2 reduction measures, compensation measures, changes in supply chains, reduction of emissions by transportation. Legislation must consider the whole life cycle of products and their certification.

2. **Internal measures (easier to implement by companies):** energy savings, energy efficiency, eco-design, improvement of products, new raw material sources and remote work.

3. **Internal measures (more difficult to implement by companies):** investment in technologies that are still in pilot phases (high risk), development of entirely different processes; switching to hydrogen; digitisation of processes (lack of qualified IT personnel).

4. **Circular economy:** affecting the whole value chain, mechanical recycling, chemical recycling (no harmonious European regulation and classification yet; depends on sufficient availability of recyclables → collection of secondary raw materials), energy recovery, sustainability-by-design (pending definition).

Figure 2.



What can hinder or support company choices?

Electricity and energy: "carbon-free" energy. Large companies → electrification. SMEs → energy efficiency improvement. Non-European competition hinders European renewable energy production.

Research, Development & Innovation: stronger link between universities and companies is needed; product life cycle concept and sustainable product design; batteries and windmills should be produced in Europe.

Investment and financial support: short-term thinking → to invest in easier solutions & avoid difficult measures.

Demand and public opinion: increasing social pressure promotes innovative solutions. Limited willingness to pay hinders companies' investment. Raising awareness and improving the image of the industry is needed. Development of relevant skills is decisive.

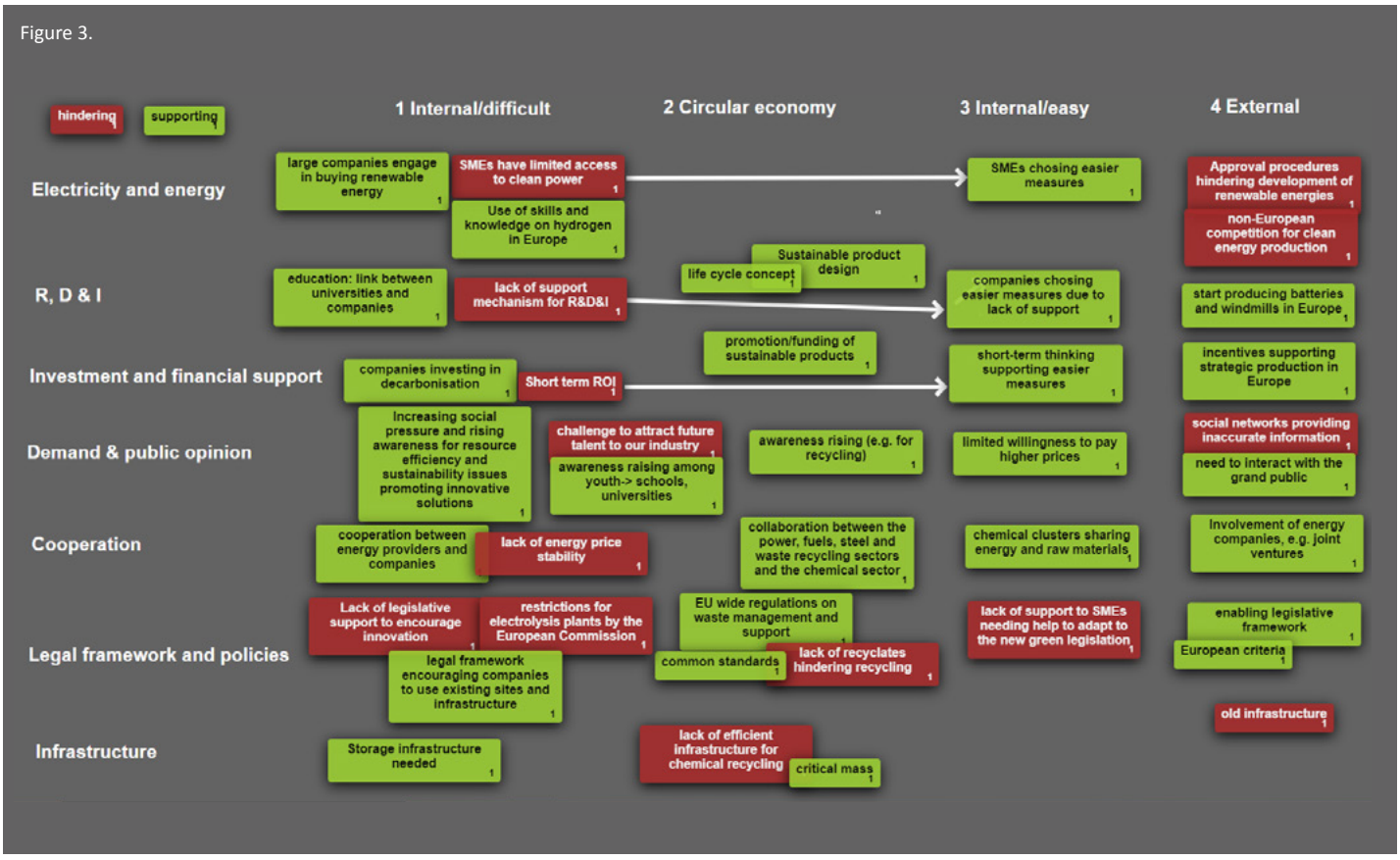
Cooperation needed between energy providers and companies for stable prices; sector coupling to integrate hydrogen across industries; between the power, fuels, steel and waste recycling for circularity; chemical clusters, power purchase agreements, energy storage solutions.

Legal framework and policies: framework conditions for renewable energy and electrolysis are needed, restrictions hinder investments. EU-wide regulations needed to support the circular economy.

Infrastructure to be developed for chemical recycling. It requires a critical mass, short distances (transport costs), etc. A centralised recycling infrastructure must be supported by industrial policy.

The transition must be shaped at company, sectoral, national and European levels, with the involvement of social partners to ensure the retention and creation of well-paid jobs, quality apprenticeships, and highest standards of health and safety.

Figure 3.



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Working groups, from theory to practice - Presentation of results in plenary, discussion

Working group 1 - Strategy changes:
Need for more concrete solutions and support for SMEs. Country-by-country approach to green strategies and production costs hinders cooperation. Different subsectors are not well known (plastics) or are not perceived in a positive way by public opinion (pharmaceuticals).

Working group 2 - Technological changes:
Massive changes in ways of working because of digitalisation and technologies; threat to collectivism, degradation of working conditions; generational gap; need for up-skilling; further development of flexible work and telework contributing to the reduction of transport emissions; companies must pay more attention to cybersecurity issue, data availability and usage will be key.

Working group 3 - Structural changes:
There is the risk that many companies will be driven out of business → need for an EU framework to implement the transition. Risk of relocation of companies outside the EU → need for incentives to stay. Recurring subjects on energy prices and social dialogue.

Summary, Outlook and Feedback

Satisfaction of participants with the content of the workshop:
Yes 86% - Neutral 10% - No 6%

Satisfaction with the methods used:
Yes 86% - Neutral 14% - No 0%

The **next workshop** will take place in Zagreb on 14 and 15 June 2022. The **third workshop** is scheduled for 26 and 27 October 2022 and the **final conference** will take place on 07 and 08 March 2023.