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From: General Secretariat of the Council  
To: Delegations  
Subject: Presentation by Polish Chamber of Chemical Industry (agenda item 2.)  
during the Working Party on Competitiveness and Growth (Industry) on 27  
March 2025

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Delegations will find attached a presentation by Polish Chamber of Chemical Industry, with a view to the discussion by the Working Party on Competitiveness and Growth (Industry) at its meeting on 27 March 2025.

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**PIPC**  
POLISH CHAMBER  
OF CHEMICAL INDUSTRY

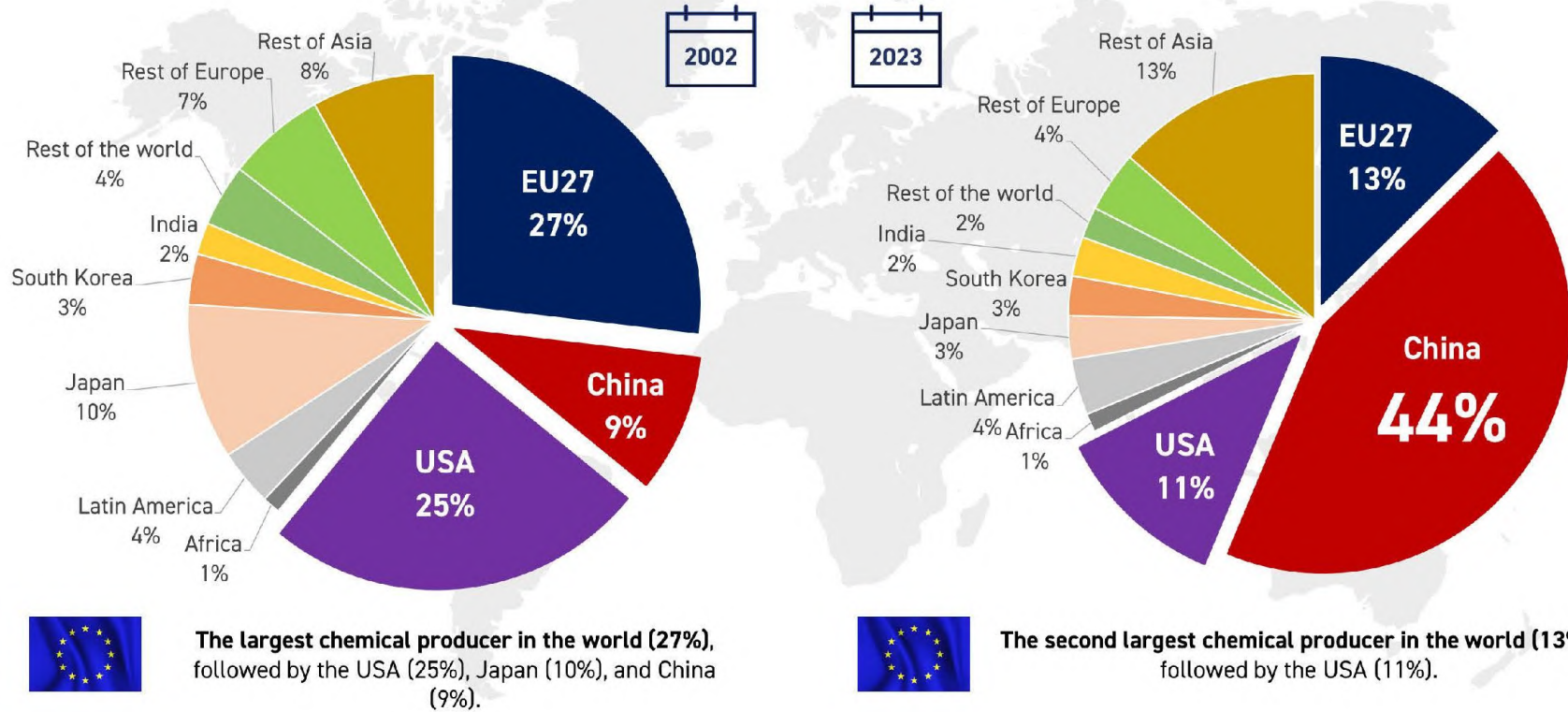
# The needs of the chemical industry

Working Party on Competitiveness and Growth (Industry), Council of the European Union  
27 March 2025

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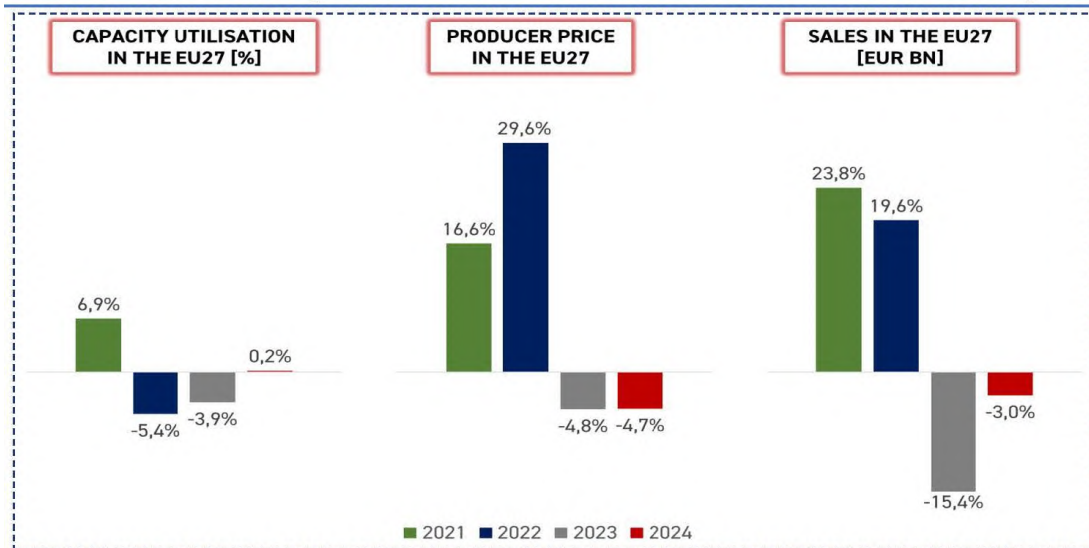
# Chemical industry worldwide

## GLOBAL CHEMICALS MARKET

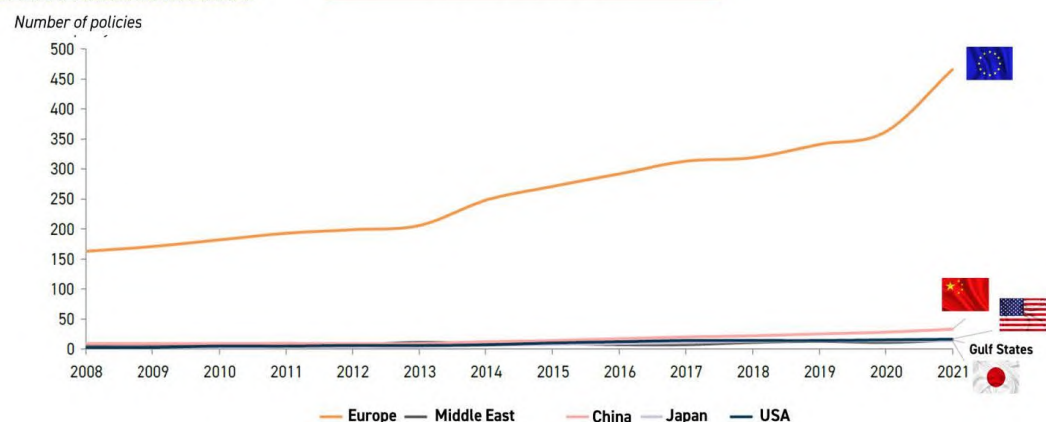


Source: Cefic, developed by PIPC

# Chemicals production in the EU27 and competitiveness



**REGULATORY BURDEN IN EU**  
Cumulative number of policies in responsible investment by region



Source: Eurostat, Cefic, developed by PIPC



## ENERGY TRANSITION

# Selected proposals of Polish chemical Industry

- It is crucial that the **principle of technological neutrality is consistently upheld** to enable the full potential of both zero-emission and low-emission technologies to be utilized in the most cost-effective way.
- Introduction of **short-term support mechanisms for energy-intensive industries** – e.g., through dedicated tariffs or contracts for difference (CfD).
- Clarification of **support principles for nuclear energy and natural gas** within the decarbonization policy.
- **Realistic RED III targets** – adjusting RFNBO targets to the actual availability of renewable energy and investment costs, and abandoning the RFNBO target for sectors where the technological transition would be disproportionately costly, such as the fertilizer industry.
- **Defining clear funding distribution rules**, for example within the Industrial Decarbonisation Bank, to address the needs of countries with more challenging energy structures.



## TRADE AGREEMENTS AND MARKET PROTECTION

- **Delay in the phasing out of free EU ETS allowances** – the phase-out of free allowances should not be dependent on the inclusion of sectors in CBAM. Any discussion regarding the removal of free allowances for energy-intensive sectors should be preceded by a thorough assessment of CBAM's effectiveness.
- **Introduction of protection for EU exporters** – it is essential to provide additional free allowances for companies that export their products to global markets.
- **Strengthening CBAM control mechanisms** – it is necessary to effectively eliminate the possibility of circumventing the mechanism through the re-export of semi-finished products to third countries.
- **Acceleration and simplification of market protection instruments** – anti-dumping mechanisms should operate more quickly to prevent EU producers from suffering losses due to prolonged investigation procedures.

## Selected proposals of Polish chemical Industry



### PACKAGE FOR THE CHEMICAL INDUSTRY

- **REACH revision** – simplifying regulations, eliminating blanket substance bans, and ensuring regulatory predictability.
- **Simplification and streamlining of the authorization process** – accelerating permit procedures for key substances by simplifying processes and introducing a fast-track mechanism for substances strategic to European industry.
- **Pragmatic approach to polymer registration** – only polymers that pose a genuine risk to health and the environment should be subject to registration, avoiding unnecessary costs for chemical companies.
- **Financing the modernization of chemical plants** – introducing support mechanisms for strategic industrial locations in the EU.
- **Dedicated R&I fund for the chemical sector** – supporting pilot installations and the implementation of low-emission technologies.
- **Restrictions on PFAS** – should consider permitting the use of PFAS in industrial applications where emission and exposure risks are well controlled and no realistic alternatives exist.
- **The EU Critical Chemicals Act** - should introduce dedicated support mechanisms and adopt separate, more realistic emission targets for facilities producing substances of strategic importance.

## Key areas of chemical industry needs



Technological  
neutrality and  
access to  
affordable energy



Protecting EU  
market from  
unfair competition



Strengthening the  
sector package  
for the chemical  
industry



Reform of the  
CBAM mechanism



Streamlining  
regulations for  
renewable  
hydrogen  
production



Recognition of  
chemical recycling



Equal  
opportunities in  
financing the  
transition



Access to critical  
raw materials



POLISH CHAMBER  
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# The needs of the chemical Industry – in practice


**QEMETICA** case study



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## Main reasons for lost competitiveness of EU soda producers

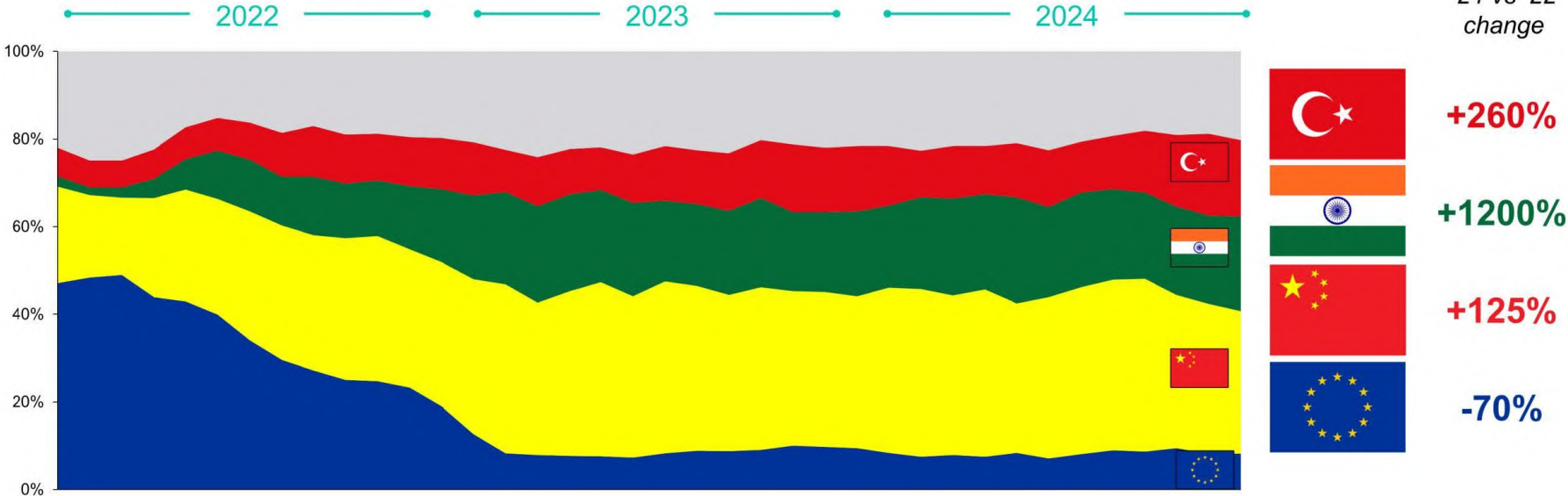
 <p><b>High cost of industrial heat</b></p>	<p><b>1</b> Cheap Russian fossil fuels for competitors</p>	<p><b>up to 50-90%</b> discount available for Russian coal vs EU cost level</p>
	<p><b>2</b> ETS cost</p>	<p><b>1.6-2.7x higher cost</b> of heat vs stand alone cost of fuel</p>
<p><b>?</b></p> <p><b>Irrational regulations</b></p>	<p><b>3</b> Pushing for impossible</p>	<p>Some EIs <b>lack viable alternatives (cannot electrify their processes)</b> or have insufficient resources for decarbonization</p>
	<p><b>4</b> Unemitted CO<sub>2</sub> charged</p>	<p><b>All process CO<sub>2</sub> reported irrespective of factual emission</b></p>
	<p><b>5</b> ETS impact on export</p>	<p><b>Lack of competitiveness in non-EU countries</b> often despite lower PCF</p>

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# Competitors backed by Russian energy resources maintain low production cost

## BIGGEST IMPORTERS OF RUSSIAN ENERGY RAW MATERIALS

Share of export for Russian fossil fuels

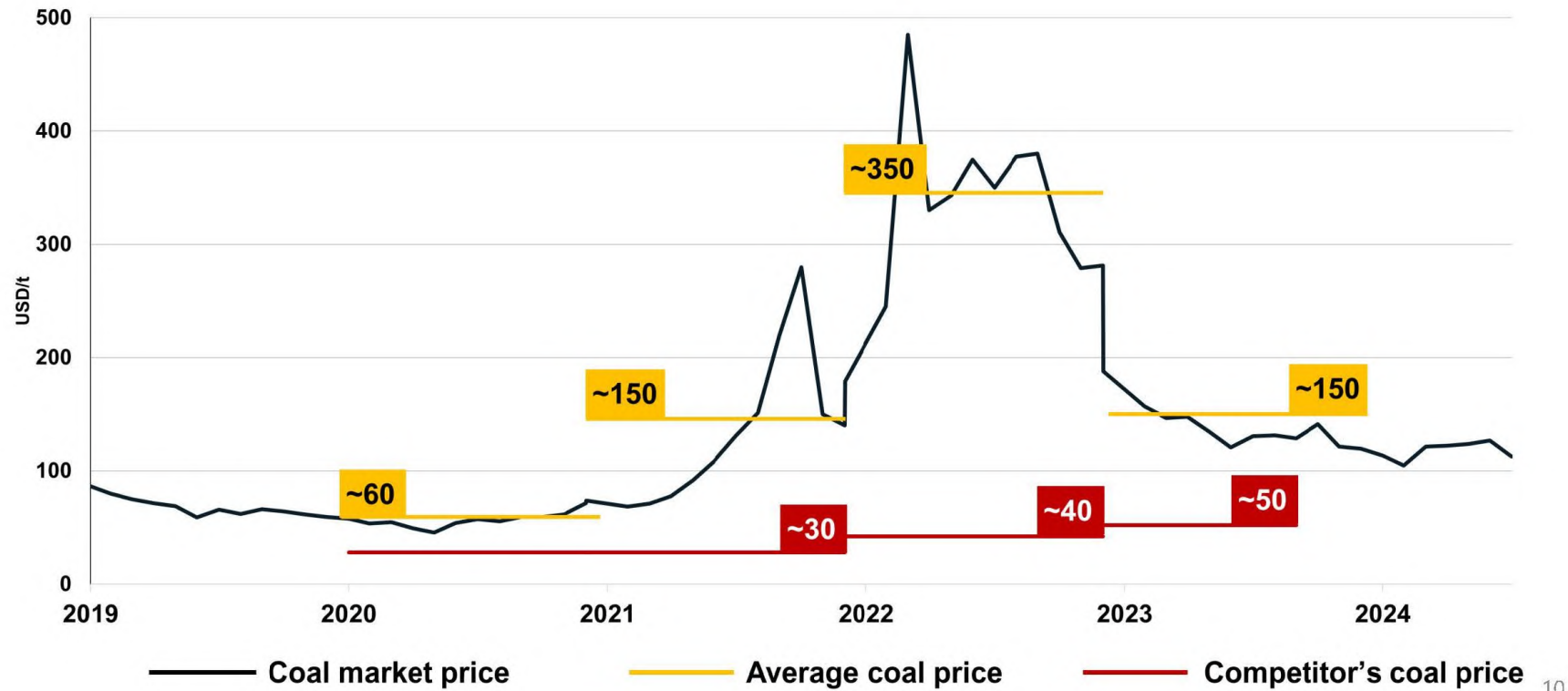


**Russian energy resources at high discount find their way towards non-EU Energy Intensive Industries and return to EU as Fertilizers, Cement, Glass, Crop Protection, PUR foams, Steel, Glass ,...**

Source: CREA

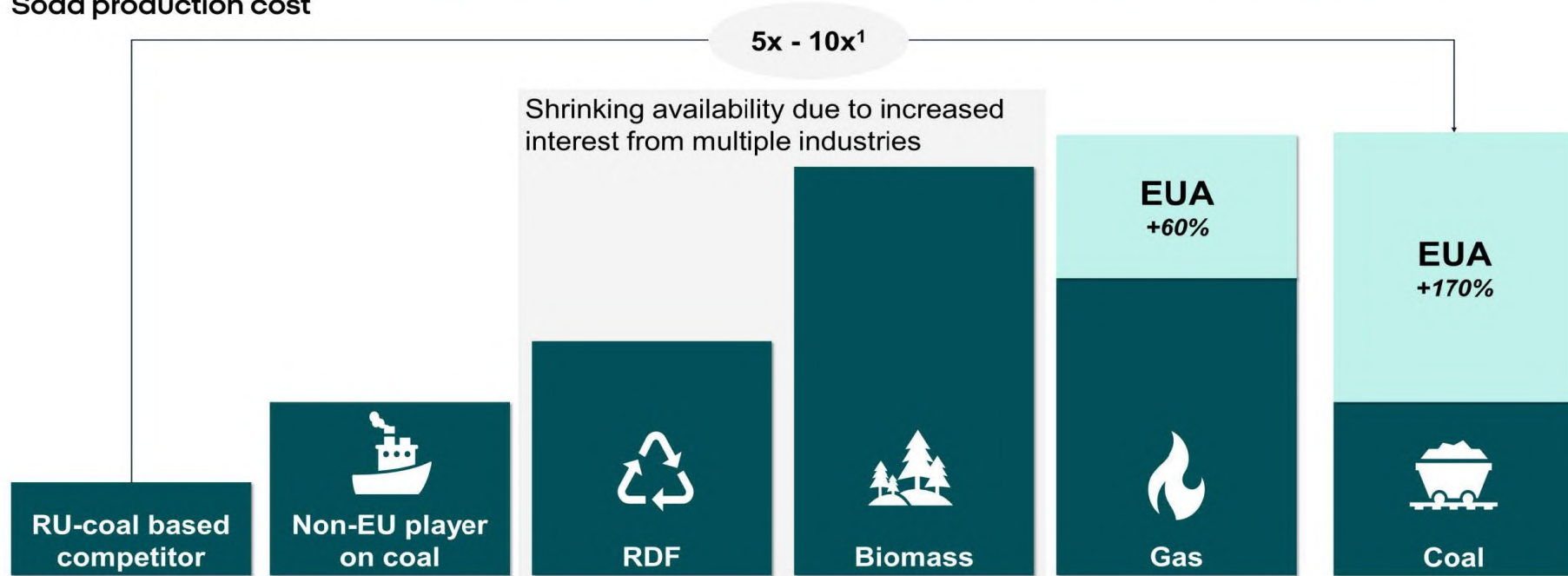
Example of our direct competitor shows 50-90% discount on Russian resources

QEMETICA



ETS system doubles or triples cost of energy resulting in 5-10x higher energy cost

Soda production cost



Assumes: 50-90% discount for Russian resources, 5eur/GJ of Coal, 25 eur/mwh of gas, 75 eur/t of EUA,

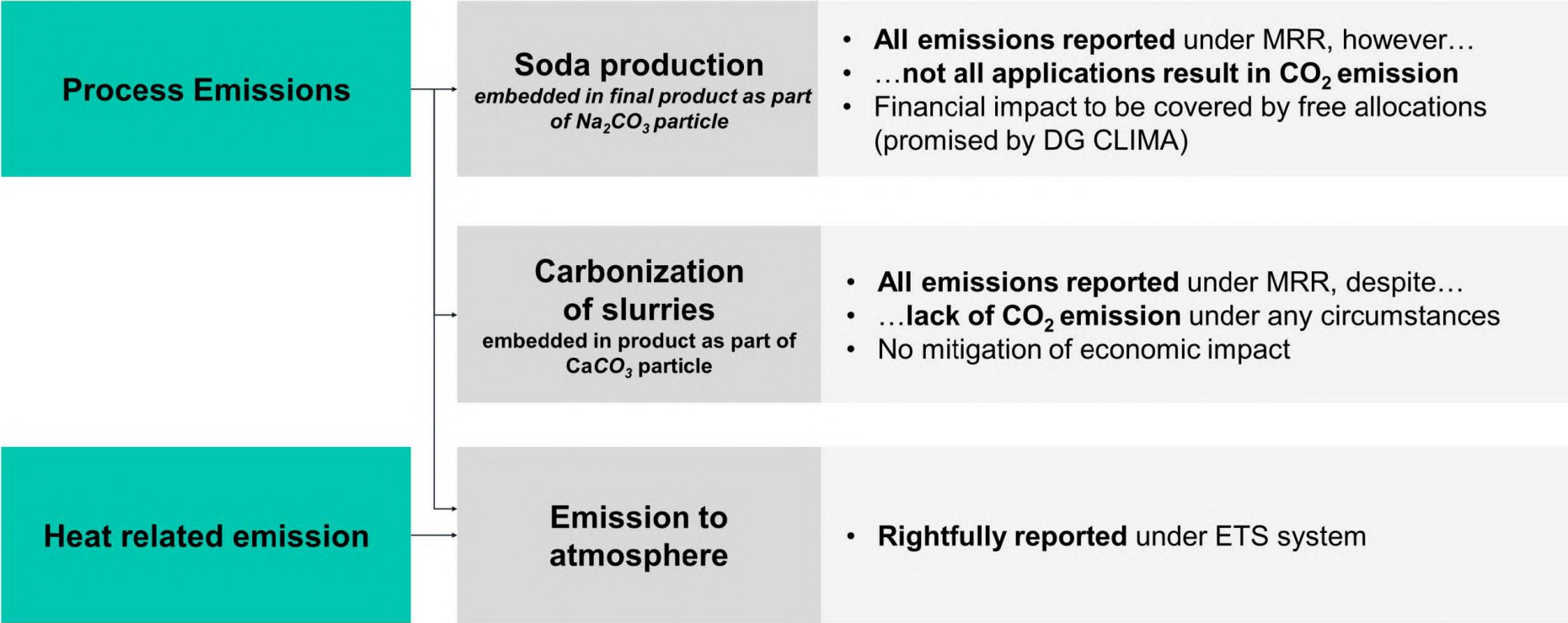
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Limited options of ready-to-implement, emission-free technology for industrial steam

	Current technologies				Story of tomorrow		Not available	
	Coal	Gas	Biomass	RDF	H <sub>2</sub>	Nuclear	Electricity	Biogas
Source of high pressure industrial steam	✓	✓	✓ <i>Supply chain concerns</i>	✓ <i>Supply chain concerns</i>	Future technology (2030+)	Future technology (2030+)	Supportive	Supportive
Emission-free for ETS	✗	✗	✓	! (Yellow)	✓	✓	! (Yellow)	! (Yellow)
Allows competitiveness for Industrial Heat EIs	✗	✗	✗	✓	! (Yellow)	✓	n/a	n/a

Due to lack of suitable solution Soda industry aims towards diversification of energy mix between Gas, Biomass and RDF

Soda industry needs to surrender allowance for CO<sub>2</sub> emissions that do not happen



## Our proposals for solutions to the problem:

### MARKET PROTECTION MEASURES

- „**Level playing field fee**” for non-EU producers benefitting from lower energy costs („own resources” for MFF 2028-34)
- **Special tariffs** imposed on **Russian-fuel based products** from countries facilitating sanction circumvention
- Reform of **anti-dumping framework** – reflection of current market realities (price dumping in supply chain), faster procedures.

### SUPPORT FROM MARKET STABILITY RESERVE

- (MSR)
- Allocation of **EUAs from MSR directly to Energy Intensive Industries**
  - Allocation from MSR treated as **temporary solution** until concrete measures are in place
  - **Special requirement** could be made to ensure support of decarbonization process (e.g. only for emission settlement or decarbonisation investment financing)

### CBAM REFORM

- **Free allocations withdrawal to be postponed** until CBAM efficiency is verified.
- **Mechanism should be robust and cover e.g.:**
  - transport emissions
  - emissions in supply chain
  - low transparency standards of some non-EU countries
- Solution to ensure EU exporters are not undermined - **“reverse CBAM”** - is an absolute must
- ETS exemption for small export

### FINANCING

- **New dedicated envelope** should be allocated to investments in industrial decarbonization.
- Not only "clean tech" or clean energy sources – **the goal should be to decarbonize**, not to pick winners.
- Industrial Decarbonisation Bank should be based on actual, fresh funds, not only reallocation of existing funds or „mobilisation” of private lending.

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# QEMETICA

Our products are used by millions of people around the world...

- 1 Flue gas cleaning system (*Sorbeco*)
- 2 Feed soda (*sodium bicarbonate*)
- 3 Road maintenance (*calcium chloride*)
- 4 Window panels (*soda ash*)
- 5 Smartphone screen (*soda ash*)
- 6 PV panels and solar collectors (*soda ash*)
- 7 Dishwasher tablets (*soda ash*)
- 8 Detergents (*soda ash*)
- 9 Bottles (*soda ash*)
- 10 Car window (*soda ash*)
- 11 Glass elements (*soda ash*)
- 12 Cooking and Baking (*sodium bicarbonate*)
- 13 Salt lick for animals (*evaporated salt*)
- 14 Softening water (*salt tablets*)
- 15 Cooking salt (*evaporated salt*)
- 16 Dishwasher salt (*salt granulated*)
- 17 Plant protection (*herbicides*)
- 18 Plant protection (*fungicides*)
- 19 Plant protection (*insecticides*)
- 20 Growth regulators
- 21 Furniture (*foams*)
- 22 Mattresses (*foams*)
- 23 Laundry washing powders (*silicates*)
- 24 Toothpaste (*silicates*)
- 25 Building facades, plasters (*silicates*)
- 26 Tyres (*silicates*)
- 27 Decorative lanterns (*glass packaging*)
- 28 Jars (*glass packaging*)
- 29 Batteries (*silica*)
- 30 Paints and coatings (*silica*)
- 31 Tyres (*silica*)
- 32 Footwear (*silica*)





## Contact

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