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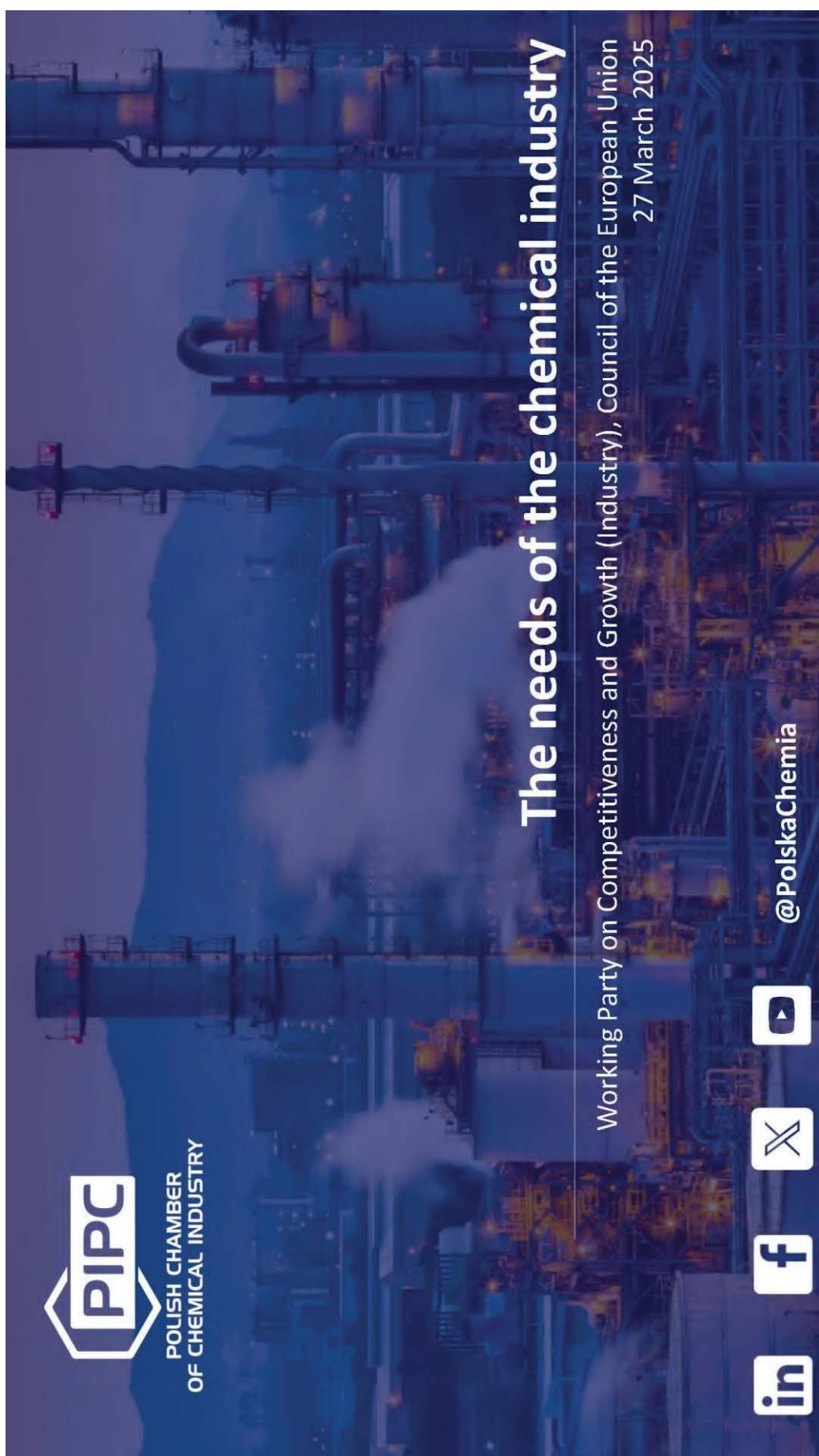
COMPET 194
IND 91
INTER-REP 37

NOTE

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

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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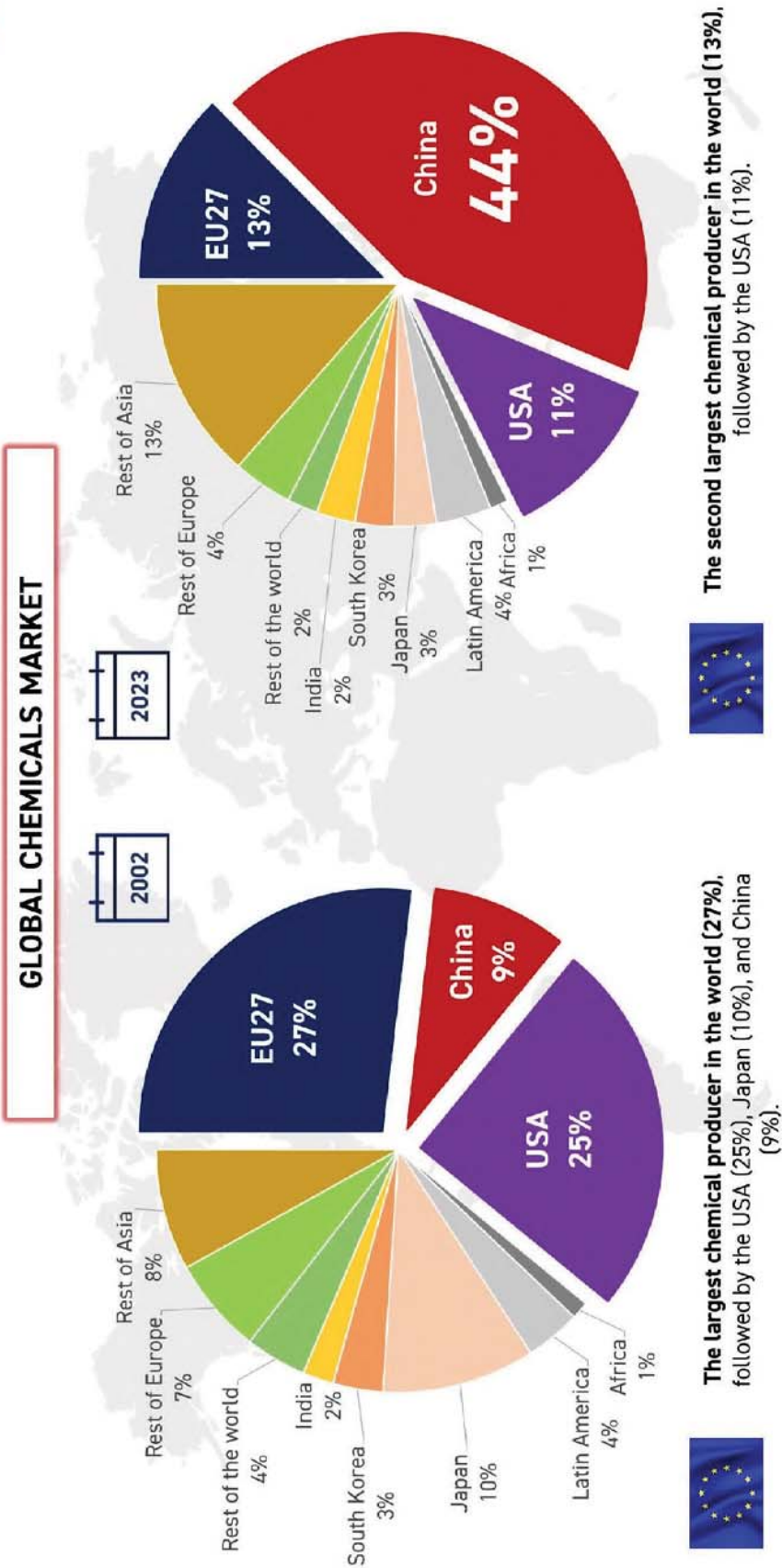
PIPC
POLISH CHAMBER
OF CHEMICAL INDUSTRY

The needs of the chemical industry

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

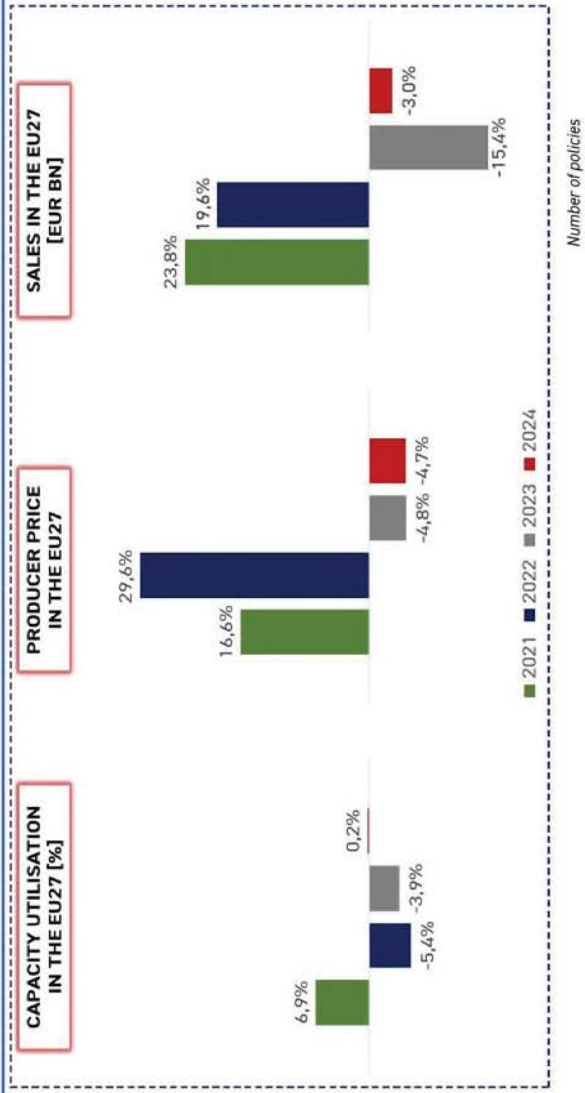
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Chemical industry worldwide

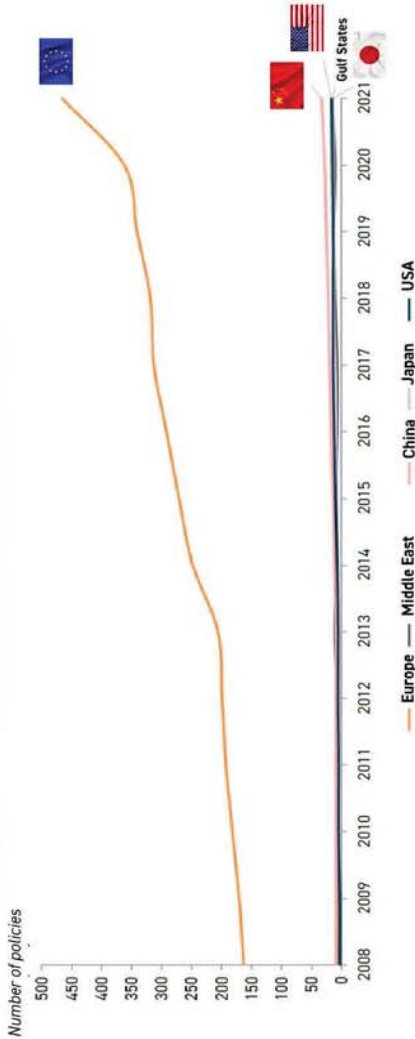


Source: Cefic, developed by PIPC

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

Selected proposals of Polish chemical Industry



ENERGY TRANSITION

- 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.

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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.

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Key areas of chemical industry needs





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The needs of the chemical Industry – in practice

QEMETICA case study

@PolskaChemia

in f X YouTube

Main reasons for lost competitiveness of EU soda producers

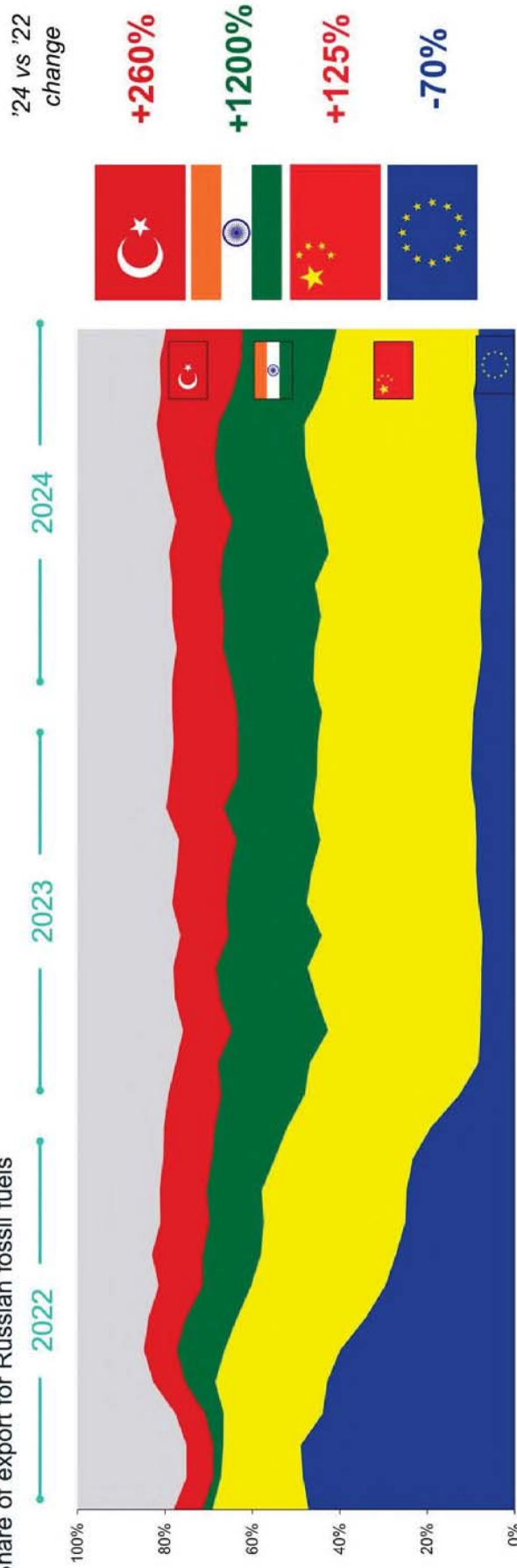
 High cost of industrial heat	1 Cheap Russian fossil fuels for competitors	up to 50-90% discount available for Russian coal vs EU cost level
	2 ETS cost	1.6-2.7x higher cost of heat vs stand alone cost of fuel
 Irrational regulations	3 Pushing for impossible	Some EIs lack viable alternatives (cannot electrify their processes) or have insufficient resources for decarbonization
	4 Unemitted CO ₂ charged	All process CO₂ reported irrespective of factual emission
	5 ETS impact on export	Lack of competitiveness in non-EU countries often despite lower PCF

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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

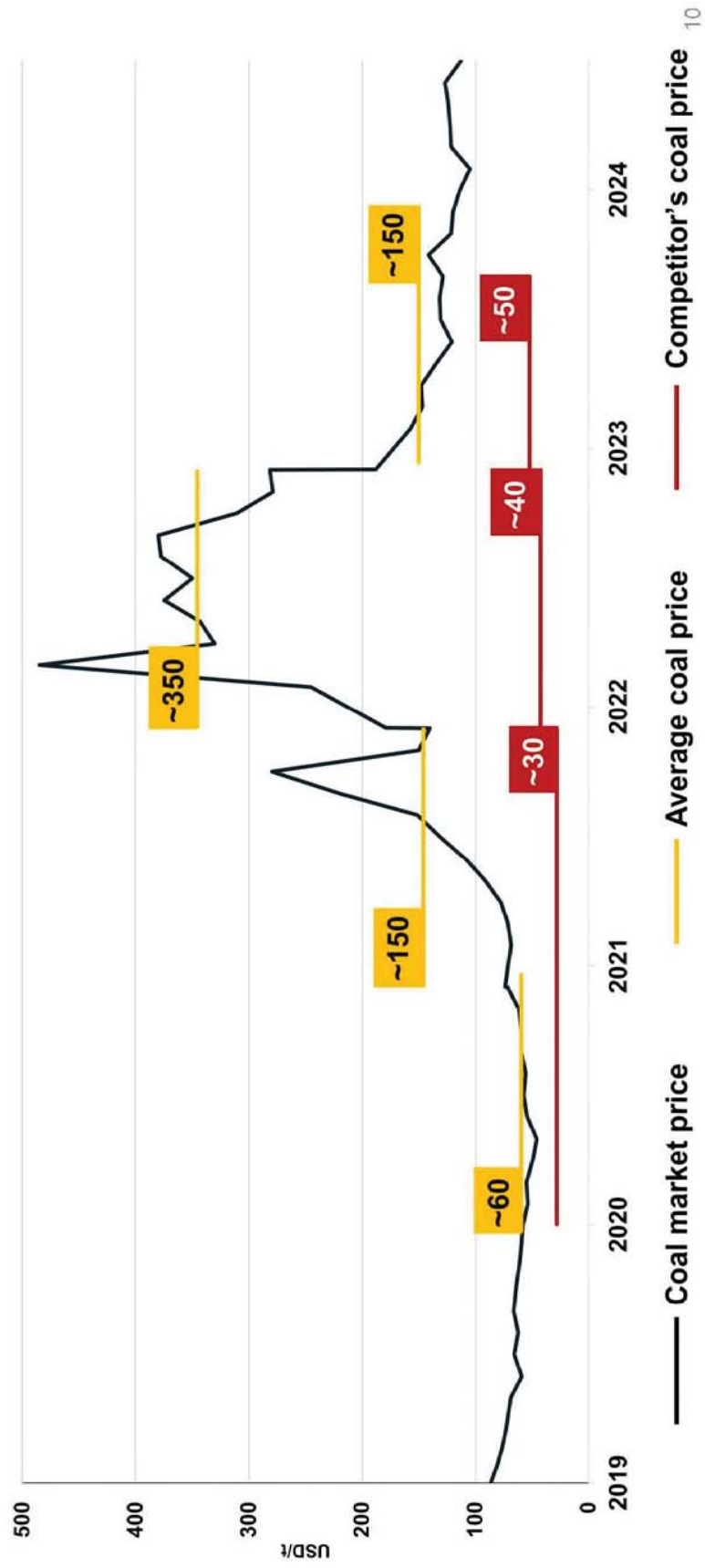


Russian energy resources at high discount find their way towards non-EU Energy Intensive Industries and return to EU as Fertilizers, Cement, Glass, Crop Protection, PUR foams, Steel, Glass ,...

Source: CREA

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

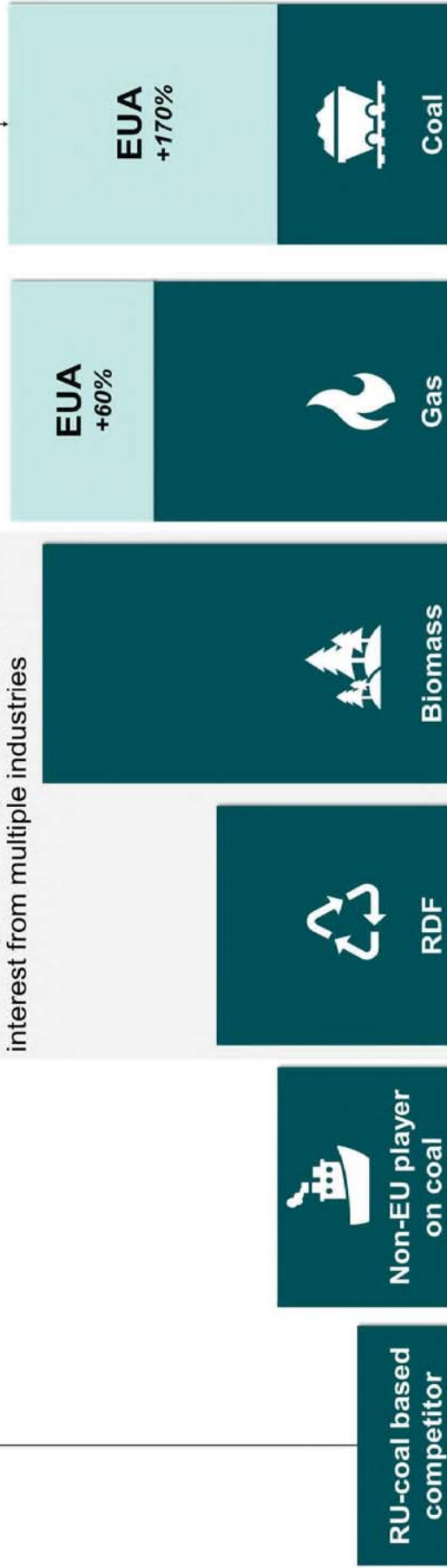


ETS system doubles or triples cost of energy resulting in 5-10x higher energy cost

Soda production cost

5x - 10x¹

Shrinking availability due to increased interest from multiple industries



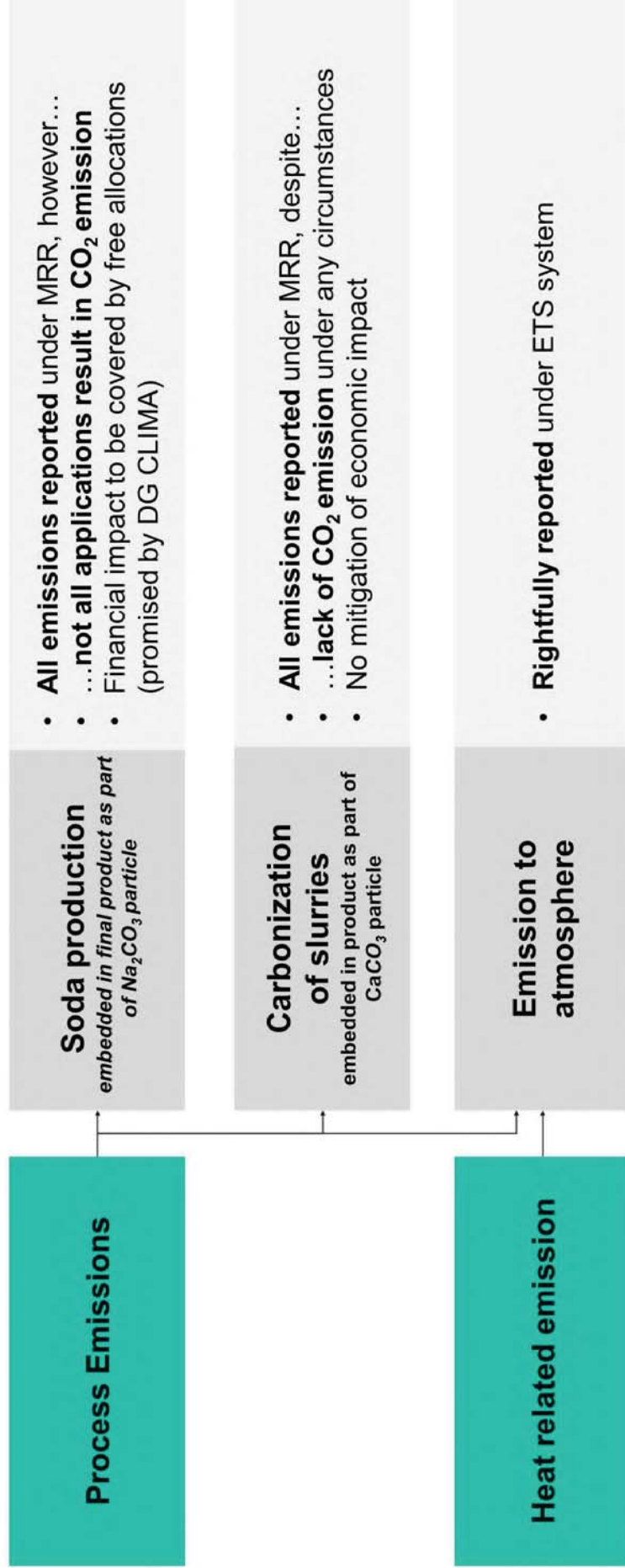
Assumes: 50-90% discount for Russian resources, 5eur/GJ of Coal, 25 eur/mwh of gas, 75 eur/t of EUA,

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

	Current technologies				Story of tomorrow		Not available	
	Coal	Gas	Biomass	RDF	H ₂	Nuclear	Electricity	Biogas
								
Source of high pressure industrial steam					Future technology (2030+)	Future technology (2030+)	Supportive	Supportive
Emission-free for ETS								
Allows competitiveness for Industrial Heat Ells							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 CO₂ emissions that do not happen



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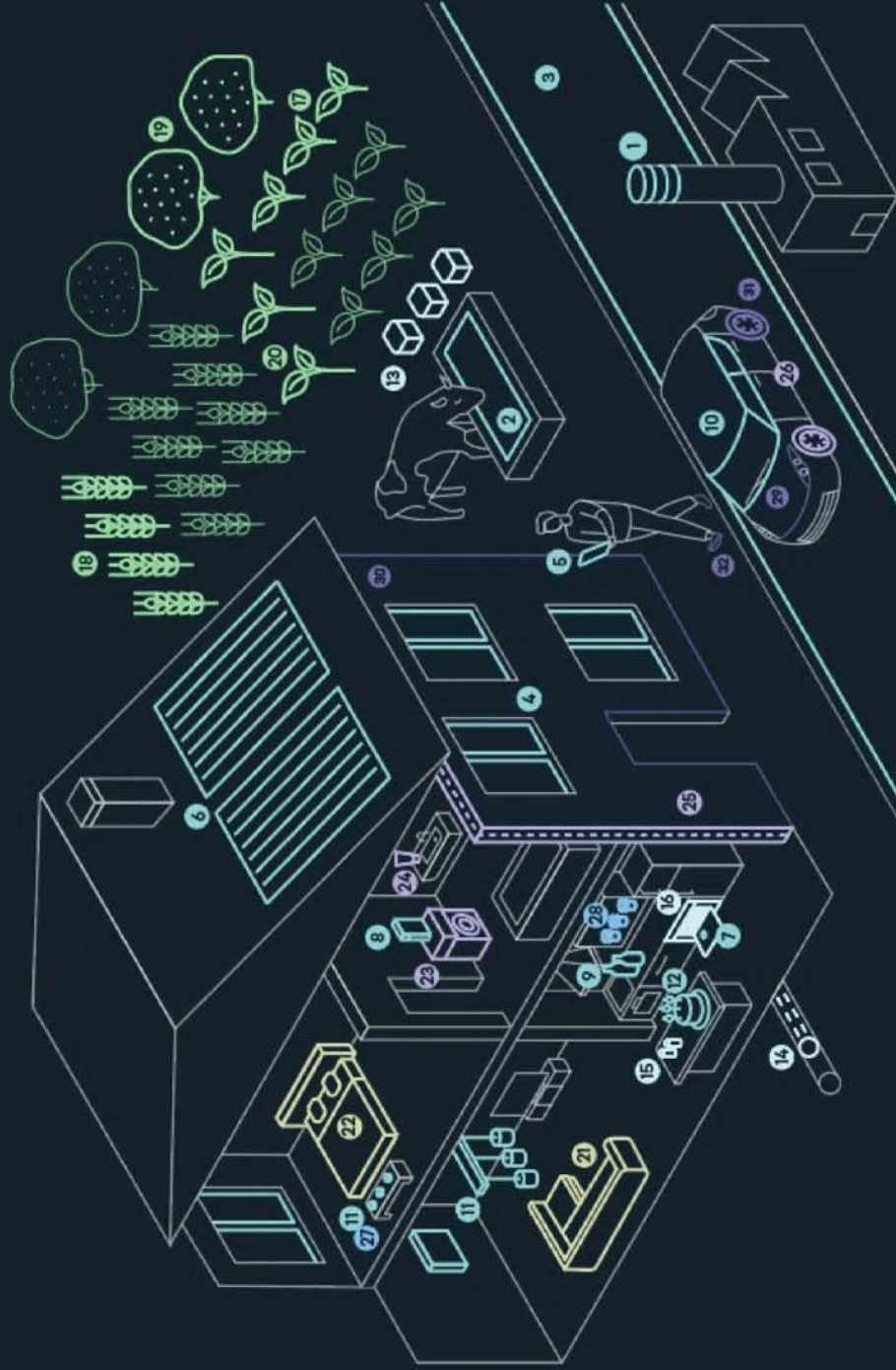
Our proposals for solutions to the problem:

MARKET PROTECTION MEASURES	SUPPORT FROM MARKET STABILITY RESERVE (MSR)	CBAM REFORM	FINANCING
• „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.	• 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)	• 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	• 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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Our products are used by millions of people around the world...

- 1 Flue gas cleaning system (Sorbecca)
- 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)



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