**ICCA Energy and Climate Policies**

**ICCA Key Policy Messages**

- ICCA promotes the improved GHG and energy efficiency of the chemicals industries processes, operations and product use
- ICCA demonstrates, at both local and international level, that the chemical industry is a key solution provider across all sectors to address climate change mitigation or adaptation and explain that in spite of the rising GHG emissions associated with products manufacture the global chemical industry delivers effective contributions for net GHG emission reductions in product's life cycle;
- ICCA is a key partner to engage with political and other stakeholders in the shaping of global and other political frameworks of how to best and sustainably address climate change mitigation or adaptation.

**ICCA Vision and Mission Statement**

- It is the ICCA's vision that the global chemical industry should be widely valued and supported for its economic, social and environmental contributions to society,
- It is the ICCA's mission to help the global chemical industry improve performance and reputation by tackling global issues and by helping the industry to continuously improve its performance;

Recognizing that

- the global chemical industry is growing due to the increasing global societal demand for chemical products
- the global chemical industry energy demand and GHG emissions associated with products manufacture will likely continue to rise in absolute terms for some more years;

ICCA supports global and regional efforts to address climate change mitigation or adaptation. ICCA is engaged in developing both technological and political solutions and offers respective contributions.

- ICCA calls for a global climate framework and price signals to address the risks posed by rising GHG emissions. Controlling GHG emissions is a global challenge and needs global efforts to be effective, efficient, and real:
  - Effective: to ensure a global approach to GHG reductions such that reductions achieved in some parts of the world do not create GHG increases elsewhere;
  - Efficient: to ensure focus and action on the lowest cost abatement opportunities
  - Real: monitored, reported and verified – to provide confidence in the process.

- Low carbon economies require multiple solutions from the chemical industry. Our contribution and commitment is twofold: through high GHG efficiencies during chemical manufacturing by a continuous process of learning from best practice and through development and production of products which enable cross-sector emission reductions. We aim at improving both.

- In order to have an inclusive metric, we advocate for a life cycle approach (LCA) to be taken into account which includes GHG emissions from both production and consumption such as feedstock, manufacture, consumer use through to disposal/ energy recovery/ recycling of the products and applications as this enables a broader society view of emissions and mitigation options.

- These goals will require close cooperation between policy makers, industry and consumers. The chemical industry sees itself as a key partner for governments aiming at higher resource efficiencies for both industrialized countries, and, in particular, for emerging and developing economies.
- In particular
  - To be sustainable and acceptable by a broad public, GHG reduction targets need to be well balanced between political vision and technological and economic realism.
  - Investment decisions, product designs, and consumer choices that are based on GHG emission reductions require transparent carbon price signals / mechanisms that ideally cover the life cycle and include both explicit and implicit costs.
  - As long as a global homogenous approach is unlikely, ICCA accepts the need for pragmatic regionally differentiated approaches based on realistic targets.
  - These approaches need to support the chemical industry to innovate and to increase regional and global technology development and cooperation.

- After delivering the LCA work in 2009, ICCA is now engaging with IEA and other partners to work on three roadmaps that identify possible contributions from chemical technologies for lower GHG emissions across all sectors: catalysis, construction materials, and bio materials. ICCA addresses policy makers and the interested public and pursues the following objectives:
  - Common understanding of potential chemical industry and technology contributions to GHG abatement
  - Position ICCA and partners as providers for technological – often hidden – solutions and responsible advice for policy makers for solid and unique information for realistic agenda setting
  - Identify possible technology breakthroughs, hurdles and paths to overcome them, and identify respective policy support, including stimulating appropriate public and private research efforts.

  The growing societal demand for high performance products enabled by the chemical industry poses specific policy challenges. Three specific global policy areas to address this are attached.

**ICCA principles for low carbon economy policies**

- **Develop a global carbon framework in order to deal with direct and indirect emissions, avoid market distortions and minimize carbon leakage**
  - ICCA believes that global policies that do not distort global markets and which minimize carbon leakage are an essential element of any effective climate program . As long as a global homogenous approach is unlikely and considering that regions are at different development levels, ICCA accepts the need for regionally differentiated approaches to achieve lower carbon intensity economies. For regions that decide to go ahead, ICCA supports alignment with the global process (UNFCCC) to set realistic rather than visionary targets and to allow for provisions for the trade-exposed chemical industry (such as free carbon allowances) to avoid market distortions and minimize carbon leakage, whilst protecting the WTO free trade principles and agreements.

  - The global and regional frameworks will need to consider both direct and indirect GHG emissions from 'consumption' of products and services that create emissions in other geographies. Therefore, policies should address GHG emissions from the whole life cycle of products and services.
- **Encourage demand for energy efficiency and energy conservation including focus on the largest, most effective and lowest cost abatement opportunities. Transparent carbon costs / price signals / mechanisms would be best to provide all necessary incentives without market distortions however, as long as this is absent, policies should pursue:**
  - **Do not penalize early movers** that proactively have reduced or will reduce their GHG footprint. Policies should evolve towards the use of performance-based measures provided they are the most cost effective approach.
  - **Push for energy efficiency.** Policy should focus on scale, cost, and implementation speed. Economically viable energy efficiency measures are the key for effective climate protection: Government policies should give more support and reduce barriers towards processes, products and applications that offer greater energy and resource efficiency (e.g. through awareness, faster permits for new investment and access to finance).
  - **Support efficient and sustainable use of feedstock and energy. Recognizing that in the medium term at least, fossil fuels are likely to be the dominant feedstock and energy supply for the chemical industry,** Government policies should promote a level playing field for a diverse energy and feedstock supply. This will need to include conventional hydrocarbons, clean unconventional fossil supplies, renewable and biological sources, and nuclear technology, in alignment with national policies on energy security.
  - **Support efficient and sustainable disposal, recovery and recycling options.** Support the development and implementation of respective new technologies and practices.
- **Support the development and implementation of new technologies.** Innovation and climate technologies are also essential to global climate mitigation and adaptation. A long-term, stable and reliable framework for R&D and deployment is important. An appropriate funding and support for research and development has to be provided. The important role of the chemical industry and its products must be reflected in these programs. Intellectual Property rights need to be strengthened in all policies.
  - **Technology cooperation to support abatement in developing countries.** A technology cooperation mechanism between companies in the developed, emerging and developing world could create positive business opportunities for both technology owners and receivers. Ensuring adequate financial incentives, for instance, through non-market mechanism under UNFCCC, to compensate for risks, effective IP protection, and continued focus on innovation can promote this.