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Making Use of the Crisis

by Christian Kullmann

The consequences of the coronavirus pandemic have made it necessary to reorient European economic policy. In order to cope with the crisis, we don't need any Green Deals. Instead, we need a comprehensive Sustainable Future Deal

Our old certainties are suddenly no longer certain. Yesterday's everyday activities have suddenly been forbidden. The lightness of being has given way to insecurity, fear of infection, and fear of unemployment, economic decline, and bankruptcy. Our health and our prosperity are under threat from a novel virus that has already caused several hundred thousand deaths all over the world within a few weeks. And the virus is still far from being defeated.

The "coronavirus spring" of 2020 has opened our eyes in many respects. It's showing us what achievements people and companies are capable of when an emergency inspires them to transcend their own limits in order to help others. It's showing how quickly governments can make decisions and act when they are called on to prevent the worst from happening. And it's unsparingly revealing how robust—or how fragile—our companies and national economies really are.

In Asia, Europe, and the Americas, national economies are plunging into a recession, countless companies will go bank-

rupt, and many millions of people will lose their jobs. The problems are global, but the struggle against them is initially being waged by each country for itself alone, at the national level.

International institutions that seemed so important to us when times were good are now being exposed as powerless in the current situation. In some cases their situation is due to structural deficits; in others, the institutions are still being purposely weakened by central players. In both cases, the result is the same: The World Health Organization (WHO) probably won't be able to ensure a fair worldwide distribution of a Covid-19 vaccine in the future. And the World Trade Organization (WTO) is unable to fulfill its function as the arbitrator of international trade conflicts. Unfortunately, the conventional mechanisms of cooperative global conflict resolution are often only useless templates.

As a result, international competition will not ease up after the coronavirus has been defeated. On the contrary, it will become even fiercer. Every industrialized country and every major economic region will try to bolster its own economy in every way possible. In the USA, this could lead to even more protectionism. Countries in Asia will engage in a merciless competition with Europe and the Americas in order to secure future investments for themselves and dominate strategically important markets and value chains.

The responsibility to act now lies with national states—or strong regional alliances. For the European Union, which was already in a deep crisis before the coronavirus pandemic, it's now a question of all or nothing. The virus is forcing us to finally take a binding position: Do we want an EU that is strong and capable of acting in severe crises? Or when the going gets rough do we want to continue relying on a scenario in which German problems are solved in Berlin, Italian ones in Rome, and Swedish ones in Stockholm?

The principle that has paid off in the urgent response to the wave of infections is even more relevant to the economic restart:

“What we now need is a growth program that takes into account not only environmental goals but also social and economic aspects”

We Europeans can summon up the strength to withstand this severe crisis only if we act together. Let's hold fast to the European spirit and the original idea of a unified Europe in which wars will never again be waged and raw materials will never again be selfishly hoarded—a Europe in which people live in peace, freedom, and prosperity.

What would we gain if individual countries in northern Europe took advantage of their relative strength in order to get their economies through the crisis but the countries in the south and the east couldn't get back on their feet? Nothing would be gained. On the contrary, Europe would effectively be a thing of the past. And Germany would be harder hit than any other country.

Let's make use of this crisis to improve Europe's ability to act! Let's make use of the crisis to become more successful together. The rebuilding process offers opportunities to do just that. Whenever a government invests huge amounts of money, one result is the power to shape developments. What should our economy and our industry look like in the future? What models and technologies should be systematically promoted?

NO MORE BURDENS!

But nothing will be possible without growth. Of course climate protection is still a guiding principle of targeted development. Here the Green Deal of the European Commission is setting the trend. However, according to everything that is known so far, it falls far short of what is needed. And that's especially true with regard to the coronavirus pandemic. What we now need is a genuine and sustainable growth program that takes into account not only the justified environmental goals but also social and economic aspects and assigns equal importance to all of them. We need a program that makes growth possible and systematically avoids putting additional burdens on companies at this time.

What Europe now needs is entrepreneurship and momentum for growth, rather than interventionism, prohibitions, and additional regulations. Let's continue developing the Green Deal—into a Sustainable Future Deal. Energy plays a central role in this development. The decarbonization of power generation is the key to climate protection. At the same time, industrial companies need huge amounts of energy, and this will continue to be the case in the future, in spite of all increases in efficiency. This industrial power must be available and remain affordable in Europe. Otherwise, the key sectors that play an important role in the economic revival cannot survive.

In order to address environmental, economic, and social requirements adequately, we need incentives and goals on a European scale. The promotion of climate-friendly types of generation must be linked with target prices that offer investment security to companies. With regard to issues that are much more easily tackled by a cross-border alliance, such as the creation of a hydrogen economy, the infrastructure must be planned on a European scale from the very start. That reduces startup costs and increases the impact.

The chemical industry is already making crucial contributions to the decarbonization of our energy supply today. There's no wind turbine that spins without lightweight rotors and no solar panel that can exist without chemical products. The mechanical engineering sector is also making valuable contributions. If we combine these skills and this expertise and give free rein to the creativity of our engineers, we will arrive at solutions that are fully conducive to our sustainability goals—for the environment as well as the economy and society in general.

This kind of restructuring of the European economy requires clear schedules. In terms of the environment, the framework is provided by the benchmarks of the Paris agreement on climate change. At Evonik we explicitly commit ourselves to this frame-

work. We will have cut our absolute CO₂ emissions in half between 2008 and 2025. Especially in recent months, the chemical and pharmaceutical industries have demonstrated their ability to react quickly to new challenges—as producers and suppliers of disinfectants, as manufacturers of fast tests and pharmaceutical active ingredients, and, last but not least, as developers of a vaccine that we hope will soon be available. Together, we will beat Covid-19. And the chemical industry will help us do it.

CLIMATE PROTECTION IS PROFITABLE

But a really sustainable reorientation will be successful only if companies are not overstretched. The upheaval caused by the coronavirus is unprecedented. And the full extent of the crisis will only be revealed to us in the months and years ahead. A truly sustainable new beginning can therefore only succeed if neither the public nor companies are overstretched by the speed of the change or by new burdens.

One thing is clear: Sustainability has been an important principle of corporate management for the chemical industry for a long time. We have a triad of goals: making social prosperity and economic growth possible, ensuring social equilibrium, and preserving the natural foundations of life for future generations. We are doing this because we are convinced that in our pursuit of economic utility the factors of environmental protection, sustainability, growth, and profitability are all interdependent. Ecology and economy are after all not mutually exclusive! Climate protection can be extremely profitable in every sense of the word. We know that. If this realization also informs the spirit of the new beginning in Europe with which we want to leave the period of insecurity behind us, we will not only overcome the crisis but also emerge from it strengthened as the European Union. —