



# Beyond the New Normal

Report from the  
54th EPCA Annual Meeting

5-7 October 2020



The 54th EPCA Annual Meeting went virtual. Speakers tuned in from Paris to Beijing, Michigan to Singapore and were joined by more than 1,000 viewers from over 230 companies from 40 countries around the globe. Pictured: Caroline Ciuciu broadcasts from the EPCA office in Brussels.

# Introduction

**T**here is a clear message from the 2020 EPCA Annual Meeting: petrochemical industry leaders came to terms with the pandemic, responded decisively and fast, and dared to dream, plan, regroup and re-emerge smarter, more resilient, sustainable and inclusive!

We heard stories of endurance, creativity and bravery in overcoming pandemic disruptions. We got strong sense of commitment to the EU green transformation agenda. We learned about the necessary ingredients – from low carbon technology to chemical recycling – to enable our sector to become the flagship industry for sustainability. We also sensed a sheer determination to do our part in making our societies fairer and inclusive.

With the new wave of the pandemic upon us in Europe and other regions of the world, EPCA core values of togetherness, collaboration and innovation are more relevant than ever! The record-breaking number of participants from all over the globe in our virtual business sessions last October illustrates that our community's appetite for inspiration, insight and ideas has never been bigger.

The motivation, adaptability, quality, and creativity demonstrated by our people in overcoming the crisis will only be more crucial in the post-pandemic recovery. The list of things we can't do, or will have to do differently for months to come, is endless. But we must stay positive!

Some companies rise above the rest in times of turmoil, regardless of the challenges. They win market share. They earn life-long customer commitment. They keep their productivity high, or higher. In other words, they adapt. Let's work together to help our industry adapt and – in our speaker's words – thrive, not just survive!

**Caroline Ciuciu**  
EPCA CEO

# Shaping a Smart, Sustainable and Resilient Postpandemic Future

EPCA Annual Meeting is Europe's largest event for the global petrochemical business community. A global conversation focused on opportunities, optimism and future - it is THE event of the year, for over 50 years!



# A Smart Recovery

Second only to public health concerns, the question of what happens next to our jobs, businesses, and the economy at large have become all-consuming for the planet on the edge.

**A**s the coronavirus forced economies into shutdown, a brutal economic contraction unfolded, breaking many records. Yet, the sustained impact was, so far, broadly overestimated. Prices stabilized, sovereign borrowing costs broadly fell across the world, despite expansive borrowing, and the banking systems has shown few signs of liquidity problems. While all the projections show an economic downfall six times the size of 2008, the global outlook for the recovery looks promising.

The optimistic tide comes from the east. China, home to 28 percent of global manufacturing (that's USA, Japan and Germany combined) is going strong again. Not only is China's economy one of the few that grew in 2020; its earlier resumption of industrial activity has allowed exporters to gain market share while most other countries are still in varying states of lockdown. In Japan, goods from China accounted for a record 30% of total imports in May 2020. In Europe, they made up 24% of imports in April 2020, also a record.

South Korea's exports returned to growth in November, led by tech manufacturing gains in major markets such as the US and the EU. Japan, Taiwan and Vietnam reported record bounce backs in manufacturing and trade, as well.

The economic impact of coronavirus continues to surprise in the US, too. In the spring, previously

unimaginable shutdowns pushed economic activity to unprecedented lows. After the initial shock, the biggest surprise has been how fears of systemic meltdown remain unfulfilled – the initial bounce back was far stronger and sooner than expected, and some sectors have seen almost complete recoveries to pre-crisis levels of activity.

But pandemic is far from over in Europe – and a host of other risks lingers. With another lockdown across the continent, there are renewed warnings of a W-shaped recession, which would imply another phase of negative growth, well into the first half of 2021. This puts the impatient vaccination efforts front and center.

Our sector's leaders are optimistic about the industry's ability to bridge the acute shortcoming and utilize the potential to grow during the downturn. This is not just due to demand boost in certain industry segments, because of the unique nature of this health crisis – it should be driven by our ability to see beyond the crisis mode and exploit the opportunities to drive differential growth in new areas: the shift to the circular economy, digital transformation and optimization of the supply chains, decoupling of the workplace and the workforce.

While monitoring the overall macro landscape remains important, measuring, interpreting and exploiting these dynamics will enable us to flourish during, and way past, the recovery.

## Insights from our Speakers

“Even without the pandemic, we would be looking at a set of challenges that we as an industry have not faced for a long time. We look at a global situation which is characterized by the conflict between the superpowers, the US and China. The resulting trade frictions are only the first outcome. This conflict will stay for a long time, forcing us into a new strategic view on where and how to be present in different regions. The global competition will be even fiercer post COVID-19. Europe is looking for its role in the world. The lack of cohesion between the nations is putting our high values of a united and strong Europe at stake.”

—**Martin Brudermüller**  
Chairman & Chief Technology Officer, BASF SE

“We can all see that a number of major paradigm shifts are currently underway in the global economy. And many of these shifts are changing demand patterns for our own industry. We have discussed areas such as the impact of ageing populations and moves towards the circular economy in previous meetings. Today, however, they are being joined by new shifts such as reshoring and the potential for energy abundance.”

—**Marc Schuller**  
Chief Operating Officer, Arkema; EPCA President (2017-20)



“The last few months have proven and made it even more apparent how important our industry is. And in those first frantic months, our industry was able to adapt and really provide the world with the products they needed so desperately. But it is also clear that COVID-19 presents big challenges to our industry.”

—**Thomas Casparie**  
Executive Vice-President, Shell Chemicals

“The entire industry is defaulting to its strongest and most competitive positions. And I expect that we’ll see the industry come out with much more focused strategies for every aspect of our businesses. We’ll be looking at every stakeholder with a new lens. And asking ourselves how we need to adapt going forward is forcing a very quick strategic pivot. Much of the current retrenchment will eventually help our business balances in the coming years. Ultimately, the industry will emerge, as it has with other crises, with a renewed sense of direction and there is substantial upside for the industry to capture.”

—**Jim Fitterling**  
Chairman & Chief Executive Officer, Dow



“If anti-globalization becomes a trend after Covid-19, energy consumption and energy structure will likely shift toward domestic energy resources. It will harm the global allocation of resources in cleaner energy and reduce the global cooperation efforts on addressing climate change issues.”

—**Lin Boqiang**  
Dean, China Institute for Studies in Energy Policy, Xiamen University

“What we’re also seeing unfortunately, is very nationalist agendas, where we’ve got trade and tariff barriers popping up all over the place, and they have the risk of backfiring in unforeseen ways.”

—**Gina Fyffe**  
Chief Executive Officer, Integra Petrochemicals

“When you live in a world of uncertainty, you should forget about trying to figure out what you don’t know, what the recovery curve will be or what the future will be, you just need to focus on one very simple thing, which is to be excellent at what you control. This is what I’ve learned in refining. And you know what to control: firstly, the safety, which is at the forefront of everything we do, the way you operate your assets to get the most out of them. Then of course, it is the cash, the way you allocate your capital, the way you execute your projects in time, on budget. You should be not just good at doing that, you need to be excellent, to steadily reduce your breakeven point. And that will be the best way to weather storms or crises.”

— **Bernard Pinatel**

President, Refining & Chemicals and Member of Executive Committee, Total SE



“Plastics and fibers demand has been boosted by the pandemic, but specialty and coatings seem so far to have been rather left behind. My view is therefore that we need to remain agile both corporately and as individuals, adapting to changes as they come along. There are real risks in trying to be definite about what the New Normal actually involves, and it is better to focus on scenario analysis, based on identifying key variables.”

— **Marc Schuller**

Chief Operating Officer, Arkema; EPCA President (2017-20)

“We know that we are fundamental to civilization. But we struggle to convey this to the wider public, even the financial markets. Society at large is not aware of the role that we play in making modern life possible. But we are not passively waiting for the storm to hit us. Neither will we be just complaining and do nothing. On the contrary, we are already at the work to take up this challenge. As the world around is changing, so are we. We as an industry are an enabler for the future. “

— **Martin**

**Brudermüller**  
Chairman & Chief Technology Officer, BASF SE



“How much time do you as leaders spend thinking about today, tomorrow and the day after tomorrow? The reality is 93%, 7% and zero. And if you look at it, look at the value. Today is important, tomorrow’s important, but the day after tomorrow is crucial if you want to reinvent yourself.”

— **Peter Hinssen**

Entrepreneur, Speaker and Author, Co-founder & Partner at nexxworks

“Globalization, for me, is clearly the basis for the prosperity and for the wellbeing of mankind. So we have to be smart and create stable networks of supply chains, which are the best insurance for the next unknown challenge – that for sure will come.”

— **Christian Kohlpaintner**

Chief Executive Officer, Brenntag Group



# The Green Road Ahead

The unanimous message from the 2020 EPCA Annual Meeting was that, beyond weathering storms and building resilience, we must learn to serve the needs of the world in a more sustainable way.

The right way forward looks circular – the new business models of reduction, reuse and recycling will ensure that the industry can future-proof our growth agendas, amidst the growing political and social appetites for change.

The European Green Deal, adopted in January 2020, aims for Europe to become the first climate-neutral continent by 2050. It will mobilise at least one trillion euros of investments over the course of next 10 years. The new financial instruments include the Just Transition Mechanism, offering targeted support to regions and sectors most affected by the transition to green economy, and InvestEU, stimulating green investments with support from the European Investment Bank. In addition to this, in July, the EU leaders agreed on a set of financial measures to bolster the post-pandemic recovery, including, 750 billion euros raised, for the first time jointly, on the financial markets. This instrument, called NextGenerationEU, will channel more money into the Green Deal, with third of the funds dedicated to energy transition.

But beyond the figures, the Green Deal means a big wave of new regulation. The EU legislative plan for 2021 mentions new strategies for agriculture, hydrogen, building renovation, offshore wind energy, methane pollution, sustainable investment. And at the heart of it all is the Commission's Circular Economy Action Plan for a Cleaner and More Competitive Europe. It's a push for sustainable consumption and keeping resources "in the EU economy for as long as possible."

In September, president Xi Jinping announced that China aims to reach net zero emissions by 2060. Japan

and South Korea followed a month later with 2050 carbon neutrality targets. Korea is fueling in 8 trillion won (six billion euros) green stimulus for the post pandemic recovery. The incoming Biden administration aims to make US electricity production carbon-free by 2035 and to have the country achieve net zero emissions by 2050. In December more than 75 countries announced increased climate targets, in what the UN called "a surge in climate ambitions".

The trick is to perform this green shift profitably and at scale. It is already happening.

Our conversations showed that the sector has a strong will to change both public perceptions and our own attitudes and act proactively in both the European economic recovery and green transformation efforts. Industry leaders want to engage in a dialogue with the political leaders to design a policy framework that can enable an efficient and fair transition to new business models.

There is a growing set of ingredients to help the industry survive and thrive from the inevitable change in the way we operate. Companies are developing innovative partnerships and know-how: low-carbon technologies for further carbon reduction, carbon management strategies for the remaining carbon intensity (including capture and offshore storage), transparency of CO2 emissions data and chemical recycling.

The effective industry-wide change will require industry-wide action. Industry actors need to learn to showcase better their successes and right pathways, and they'll have to boost their overall ESG strategies to ensure the future is, indeed – smart, sustainable and inclusive.

## Insights from our Speakers

“A lot has changed during the pandemic. The demand for more sustainability was not one of the changes. Every stakeholder that we touch continues to press for more sustainable products, for more sustainable projects, and greater transparency as we tackle environmental issues like plastics waste and climate change. I suspect the need to push forward on sustainability issues will unleash an unprecedented amount of collaboration with customers and with one another, and our other stakeholders as we implement new solutions. That’s one reason why in the middle of the pandemic, we announced new sustainability targets. The world not only needs our products, but they also need our voices and our collaboration to get this right. The European petrochemical industry, which is already highly attuned to sustainability issues, is poised to recover nicely if it can balance these priorities.”

— **Jim Fitterling**  
Chairman & Chief  
Executive Officer, Dow



“There is money on the market that wants to do good. If the green transformation earns money, it’s a no-brainer. Everyone in the world will follow.”

— **Martin Brudermüller**  
Chairman & Chief  
Technology Officer,  
BASF SE

“In my opinion, it is a bit like producing cars. If you would produce one single car then it would be far too expensive. But as soon as you add scale and standardization, then it starts to pay off by itself. And the same goes for sustainability.”

— **Jan Arnet**  
Chief Executive  
Officer, Bertschi

“I think our industry seems to be good at telling regulators what we don’t want. But can we articulate what we really need? Today, just 15% of EU-collected plastic waste in the EU finds its way back into the plastic market. I believe, therefore, regulators should recognise and incentivise converting plastic waste to chemicals feedstock via chemical recycling in the same way as traditional recycling and that accurate mass balancing should be an accepted methodology to calculate recycled content of products. We support policies that promote reuse, recycling and energy recovery of plastics and that take into account impacts over the lifecycle, including CO2. These will support unlocking of the economic value of plastic waste and the creation of a circular economy for plastics.”

— **Thomas Casparie**  
Executive Vice-President, Shell Chemicals



“We have both the commitment and energy to help our economies and societies recover and play our active part in delivering on the European green targets and our customers expectations for a more sustainable and inclusive future.”

— **Hartwig Michels**  
President Petrochemicals,  
BASF SE; EPCA President

“Brussels will divide the industrial base into friends and enablers versus enemies of the Green Deal. With a constructive role, we will be enablers and can be an important part of the process to shape proper framework conditions that allow us to succeed. Circular economy makes a lot of sense, and it is an opportunity. Those who will defend the status quo will be out of business over time, without the social licence to operate. Taking an active stance in the coming transformation process is the only viable option to be part of the solution. The current set of challenges is most probably the biggest we ever had in front of us. But it is also a huge chance for us as an industry to install the competitiveness of tomorrow for the European petrochemical industry. That is worth it and that is why BASF will be action and thought leader in this transformation process.”

—**Martin Brudermüller**  
Chairman & Chief  
Technology Officer,  
BASF SE



“The European petrochemical industry has a role to play, to be at the forefront of a climate change challenges. This is an opportunity where innovation and technology in low carbon solutions will play a key role. Europe will have a role to play as well through the Green Deal. And of course, through its ambition to be carbon neutral by 2050.”

— **Bernard Pinatel**  
President, Refining  
& Chemicals and  
Member of Executive  
Committee, Total SE

“I was left with two overall thoughts. One is that the petrochemical industry across the value chain (both upstream and downstream) is willing and capable of revisiting its business model and operating patterns towards greater circularity and lower-carbon intensity. The second is that we have a huge chance to develop the competitiveness of tomorrow, striking the right balance between short to long-term priorities.”

— **Marc Schuller**  
Chief Operating Officer,  
Arkema; EPCA President  
(2017-20)

“The world is demanding more sustainability. And that means less CO<sub>2</sub>, and more circular products. Our industry needs to change. I strongly believe that our industry has all the ingredients to do so. And that it will not simply survive, but actually thrive. And not because we have to, but because it’s the right thing to do. And then we have all what is needed to actually be the flagship industry in terms of sustainability, not just in the eyes of other industries, but in the eyes of a far tougher crowd – my daughter and her friends.”

— **Thomas Casparie**  
Executive Vice-President, Shell Chemicals



“We need to ensure that business strategies and sustainability goals are aligned. And, being a manufacturer or being a distributor, we are all sitting in the same boat, and we can only conquer the challenges that lie ahead of us together.”

— **Christian Kohlpaintner**  
Chief Executive Officer,  
Brenntag Group



# Resilient in Crisis and Beyond

It took a pandemic for the world to see the fundamental role of the petrochemical industry – and its global supply chain, in particular – in our modern life. It took enormous amounts of energy and endurance for the sector to act decisively in fighting the pandemic and – save lives.

The action was swift. Within days companies repurposed production lines to start producing sanitisers to donate to health care facilities and essential services. Workers, across the whole value chain, volunteered in marathon efforts to ramp up production of crucial materials for PPE.

Logistic service providers did their utmost to reorganize and keep the supply chain up and running. Promptly recognised as essential service providers, they had to deal with restriction of movement, discontinued availability of products, changing customer behaviours and the imminent threat to the health of their workers in the field and on the shore. The resilience and responsiveness of the petrochemical supply chain ensured the continued flow of products necessary to fight the pandemic and essential to maintain the functioning of our societies.

One of the hard things about the Covid-19 crisis is that there is no liberation day when it's gone and done with. And the aftermath could be longer and harder than turmoil of the first response. The lockdown phase was in fact just the acute part of the crisis. Our industry leaders agreed that we need to engage with more profound and adaptive challenges in our businesses and the way we lead.

The pressure of the new regulatory frameworks and the social attitudes that demand low-carbon, circular products and services will mean more transparency towards both

consumers and financial markets. Strained relations in global trade and reinforced protectionism will ask for further optimization and innovation to shock-proof the supply chains.

Finally, the uncertain shape and pace of the economic recovery and the very fact that pandemic is still out there in many regions of the world, mean that the enormous burden of uncertainty still remains on our most valuable assets – our people.

At the onset of the crisis, talent literally left the building, and we're now beginning to realize that in many places, it is unlikely to come back. In what will surely count as one of the strongest demonstrations for the extraordinary human capacity for adaptability, workers of the world have been able to remain productive even in lockdown, thanks to the quick and massive embrace of the digital tools. But, let's not forget that the safe and efficient movement of goods over the crisis would not have been possible without truck drivers, maritime workers, operators at rail terminals and ports who remained in the field, on the road and on their vessels.

Prolonged periods of operation in uncertain and rapidly changing environment will certainly take a toll on the industry already facing chronic workforce shortages in supply chain management. How can we source and nurture the talent and creativity needed to help our businesses grasp the opportunities to build a shock-proof, thriving supply chain for the post pandemic future?

## Insights from our Speakers

“Having our supply chain smarter will give us focus. We can scale our strengths, be proactive, work on exceptions, rather than on routine work. Having a great level of visualization, predictive planning and focus on the essentials will make our supply chains more robust, even more flexible, able to manage volatility better, without adding complexity. The chemical industry has the tools to make our world a better place. Think in generations, not in quarters, and, with trust, curiosity and entrepreneurship, our teams will make a difference!”

— **Jan Arnet**  
Chief Executive Officer, Bertschi

“The chemical industry is always worried about raw materials, but data is the new fuel for our industry. Customers expect speed, convenience and access to information. And employees need new solutions that streamline and automate our processes, allowing them to focus on more meaningful activities. Our ability to provide that path with smart digital strategies will be a tremendous competitive advantage for some companies and a liability for others.”

— **Jim Fitterling**  
Chairman & Chief Executive Officer, Dow



“I have no idea if the future challenges will have as high amplitude, or as high impact, as the one we are facing today. Or in which frequency they will come. But it makes me very optimistic to see that our industry embraces its crucial role in supplying our markets in critical times, and that it acts in accordance with that role in a responsible and future orientated manner.”

— **Christian Kohlpaintner**  
Chief Executive Officer, Brenntag Group

“There’s been a lot of talk about systems. What we found over the last several months, is that the systems have only been as good as the people available to operate them. With all of our systems and digitalization – it is still about people.”

— **Gina Fyffe**  
Chief Executive Officer,  
Integra Petrochemicals



“This crisis has been a test of leadership for our organizations, and what I’ve learned during this crisis, is that communication is key. What is the first message you convey to your team? You first care for your people and make sure the protective measures are taken. And you communicate rapidly on an action plan. It has to be simple, straight to the point, it has to be the same internally and externally. Act quickly and a clear plan are keys to get the alignment of your team.”

— **Bernard Pinatel**  
President, Refining &  
Chemicals and Member  
of Executive Committee,  
Total SE



“I think it’s fair enough to state that the waves and the changes in our industry are coming quicker and quicker. COVID-19 certainly triggers a different understanding for pace, and for what could be a new normal. Fortunately, our industry has mastered lots of major challenges in the past, together with our service providers, as it will also do in the future. Our supply chains are agile and more innovative than ever before, and so are our service providers. Let’s build together the supply chain for the day after tomorrow.”

— **Dirk Verstraeten**  
 Director, Global Logistics Procurement, Covestro Deutschland AG; Chairperson, Supply Chain Program Committee, EPCA

“We hear a lot of debate about globalization. Is it good or not? We shouldn’t forget that globalization got one billion people out of poverty. And large companies, like the ones who are today on stage, have been winners of globalization. Saying that we should just relocalize and forget about globalization, is a quick fix. The situation is not that simple. I think more than reshoring, what needs to be done is to diversify, on a geographical basis, our supply chain and to make sure that we don’t rely on one single country.”

— **Bernard Pinatel**  
 President, Refining & Chemicals and Member of Executive Committee, Total SE



“Usually a supply chain is something that is quite behind the scenes. Now this has shown that the supply chain is actually a lifeline. We live in an extremely volatile world. And this type of never normal might be the backdrop of how we have to think about strategy going forward. This is not the age of digital, this is the age of networks, the rise of platforms and ecosystems and partnerships. And if you don’t have the trust in the network the visibility and the transparency, you’re not going to be able to leverage that.”

— **Peter Hinssen**  
 Entrepreneur, Speaker and Author, Co-founder & Partner at nexxworks

“The industry has a tendency to recruit engineers and chemists, and there’s nothing wrong with mathematicians engineers and chemists, but if we really want to be diverse, we have to be diverse in the disciplines of the people that we hire as well.”

— **Gina Fyffe**  
 Chief Executive Officer, Integra Petrochemicals



You can watch all keynotes and conversations on [my.epca.eu](http://my.epca.eu) and EPCA mobile app. The highlights from the 2020 Annual Meeting are available on EPCA YouTube channel and social media.

# Trends to Watch

Looking forward to 2021, we'll continue to analyse critical trends – in green transformation, global trade confrontation, tech innovation and pandemic disruption – and support the sector in weathering storms and building resilience.

# Bond. Green Bond

Sustainable investing is emerging as a major force across global financial markets.

**G**reen bonds, which channel funds raised towards environmentally friendly projects, raised \$271bn in 2019, up from less than \$500m in 2008. That is only about four percent of total bond issuance worldwide, but it easily makes green bonds the most popular form of sustainable financing. Some 500 environmental, social and governance (ESG) funds were launched in 2020.

Globally, sustainable investing assets in the five major markets stood at \$30.7 trillion at the start of 2018, a 34 percent increase in two years, according to *GSI Review*. In Europe, total assets committed to sustainable and responsible investment strategies grew by 11 percent to reach €12.3 trillion. Responsible investment now commands a sizable share of professionally managed assets: 18% in Japan, 26% in the US, 49% in Europe and 63% in Australia and New Zealand.

The trend was only accelerated by the pandemic. In May, BASF issued a €1bn bond, chemical industry's first, and in September Germany raised €6.5bn from its first 10-year bond, after investors queued up for over €33bn. At the same time Ursula von der Leyen announced a target of 30 percent of the amount of NextGenerationEU, that's €225bn, to be raised through the issuance of green bonds.

Powerful as it may seem, financial services potential to deliver change is limited. Calculations by *The Economist* suggest that less than a quarter of industrial emissions come from companies that can be influenced by investors in stockmarkets. And when you get away from the key sectors of energy and natural resources, the amount that can be tackled by green investment makes only 14 percent of the world's total emissions.

Then there's the issue of emission data. The number of companies making such disclosures has been rising steadily: 67% of S&P 500, 79% of Euro Stoxx 600 and 46% on the Nikkei 225. Those disclosures differentiate between the emissions that companies make directly (which the Greenhouse Gas Protocol, widely used for such reporting, calls "scope-one" emissions) and "scope-two" emissions which are produced by the companies which provide them with energy. But only 40% of the firms in the S&P 500 and half of those in the Euro Stoxx 600 disclose a figure for their "scope-three" emissions, which cover the entire value chain of a business from the extraction of its raw materials through its suppliers and on to its end users.

Large scope-three emissions point to business models that depend on either suppliers or customers emitting greenhouse gases in bulk. This makes them hard to change. A company can reduce its scope-one emissions by changing its internal processes, and its scope-two emissions by changing its electricity supplier. But to change its scope-three emissions, it needs to change either the practices of its suppliers or what it sells.

There is a long way ahead. But the crucial first step is to improve the transparency, accountability and actionability of climate and energy data to drive new ideas and investments for a successful green transformation. Governments will need to clarify the regulatory framework for companies to develop their strategies for investment. The regulatory architecture for technologies like carbon capture, use and storage and hydrogen still needs to be further designed.



# Global Trade-offs

With 30% drop in international trade and 40% decrease in investment flows, pandemic reinforced existing trends, like the slowdown in global trade, and exposed the fallouts of strained international trade relations. Is the future one of deglobalization, decoupling and reshoring?

The de-globalisation of modern supply chains is not a new concept. World trade growth rates peaked in 2011 and have been decelerating since. Along this “slowbalisation”, protectionist currents have been growing in strength in recent years. The US–China trade war is the best example, although the signing of a phase one trade deal in January 2020 and the outcome of the US presidential election in November brought new impetus for global trade cooperation. Yet the coronavirus pandemic has accelerated the idea that manufacturing and trade can, and perhaps should, operate at a more regional level. As the fragility of relying on global trade moves centre stage, governments and manufacturers have to find ways to make regional supply chains more secure and sustainable.

Corporate leaders will have to re-engineer supply chains to make them more reliable in the post-COVID-19 world. Reliability will replace cost efficiency as the main goal of supply chain management. Companies will have to undertake complex and expensive tasks of strengthening supplier relations, understanding of new consumer habits and acceleration of digital transformation to improve processes and reduce risks.

The use of blockchain, artificial intelligence, automation, machine learning and the internet of things is vital for addressing vulnerabilities. All this is taking place alongside permanent corporate changes, including remote working.

Companies also need to enhance transparency regarding suppliers to reassure consumers. If governments wish to achieve a full decoupling from China (or any external supplier), they will have to provide domestic manufacturers with significant financial incentives. They might be tempted to induce localisation of strategic industries by combining some incentives with tariff increases. In any scenario, consumers will likely end up paying a much higher price.

The China-EU Comprehensive Agreement on Investment, agreed in December 2020 is an interesting trade policy attempt by the EU to ensure that European investors achieve better access to a fast growing 1.4 billion consumer market and that they compete on a better level playing field in China. It also shows that China is ready to make concessions in order to preserve its status in global trade.

A full decoupling from China seems unrealistic, from geopolitical, economic and practical reasons. But there will be opportunities for rising stars in Southeast Asia, including Thailand and Vietnam, to take a bigger role in a more diversified environment. Signed in November, the Regional Comprehensive Economic Partnership (RCEP), a free trade agreement bringing together China, Japan, South Korea and 12 other Asia-Pacific nations, is a step in that direction.



# The New World of Work

Digital has the potential to be a great enabler, providing us with the tools to remain connected even while in physical isolation, and the crisis has been the critical catalyst for change. Will ‘hybrid’ be the word of 2021?

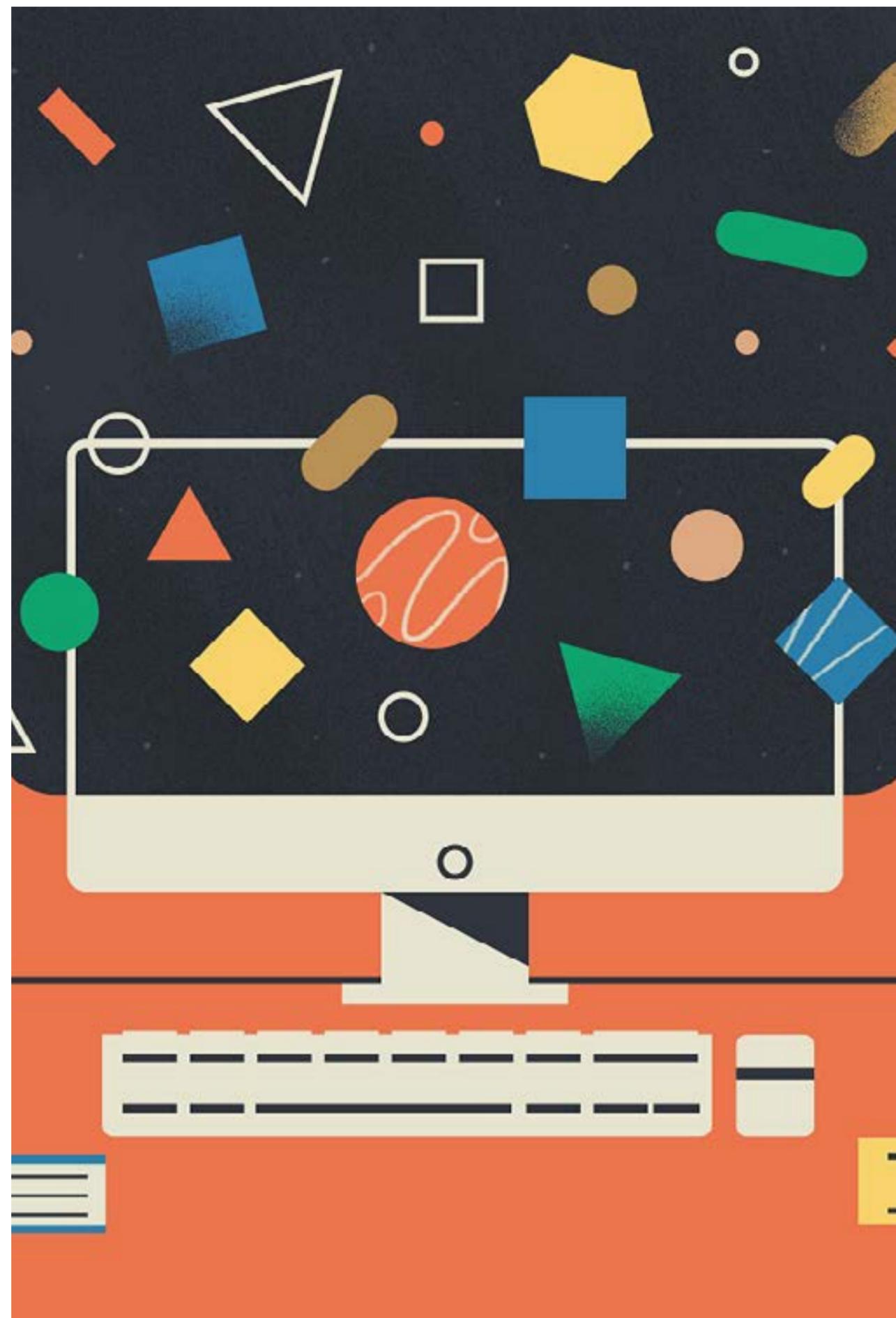
**H**.G. Wells famously wrote: “Adapt or perish, now as ever, is nature’s inexorable imperative.” Digital solutions can fill many strategic holes. They can optimize and secure supply chains, help diversify across geographies, acquire a specific capability or simply bolster revenues or cut costs when the outlook for profits is rather bleak. Technology was already disrupting production processes, especially through the rapid scale-up of digital platforms.x

Tech has also been challenging the traditional boundaries of companies, changing global value chains and the geography of jobs. And yet, it took a pandemic to truly accelerate this trend and transform the way most people work day to day, leveraging these foundational aspects of technology to dramatically change how we approach jobs and careers, perhaps forever.

Workplace and workforce have now been separated, while work, home, and school have been brought together. Employers now realize they can source best and brightest from anywhere in the world as long as they have internet connectivity. The idea that workers have to physically move to get a job is gone, along with the costs of relocation. It’s actually quite simple: talented workers want to be free — free from geographic borders, free from physical location expectations and free from government restrictions. *The Economist* estimates that opening borders to free up talent would result in a \$78 trillion increase in global GDP.

But there are limits and downsides to this new age utopia. Pandemic thought us that lower skilled workers are often performing the crucial roles and that essential work needs to be performed on the ground. Jobs that are conducive to remote work are more prevalent in rich countries, among workers with higher levels of education, and in salaried full-time jobs. Women and young workers are significantly less likely to work remotely. Digital infrastructure is scarce or of low quality in many developing countries.

As we look to the future, is there a model to seize the new way of working for the long-term, with a focus on well-being, equality and productivity that can work for both employers and employees? For the petrochemical sector, not famous for its diversity or attractiveness to young talent, this is a unique opportunity to embrace the truly global talent pool. It can equip us with a diverse range of talents, skills, backgrounds and perspectives, necessary to ensure a smart, resilient and sustainable future of the petrochemical industry.



# 2020 Annual Meeting Agenda

Day 1 | October 5

## Navigating Towards Future

C-Suite Leadership Forum

OPENING

**Caroline Ciuciu**, CEO, EPCA

INTRODUCTION

**Marc Schuller**, Chief Operating Officer, Arkema; President, EPCA

KEYNOTES

**Martin Brudermüller**, Chairman of the Board of Executive Directors & Chief Technology Officer, BASF SE

**Jim Fitterling**, Chairman & Chief Executive Officer, Dow

**Thomas Casparie**, Executive Vice President, Shell Chemicals

**Bernard Pinatel**, President, Refining & Chemicals; Executive Committee Member, Total SE

PANEL DISCUSSION, Q&A

CONCLUSIONS

**Marc Schuller**, Chief Operating Officer, Arkema; President, EPCA

Day 2 | October 6

## Standing Strong, Moving Fast

Logistics & Supply Chain Panel

OPENING

**Caroline Ciuciu**, CEO, EPCA

INTRODUCTION

**Dirk Verstraeten**, Director Global Logistics Procurement, Covestro Deutschland AG; Chairperson, Supply Chain Program Committee, EPCA

KEYNOTE

**Peter Hinssen**, Entrepreneur, Speaker and Author, Co-founder & Partner, nexxworks

INDUSTRY INSIGHTS

**Gina Fyffe**, Chief Executive Officer, Integra Petrochemicals

**Jan Arnet**, Chief Executive Officer, Bertschi

**Christian Kohlpaintner**, Chief Executive Officer, Brenntag Group

PANEL DISCUSSION, Q&A

CONCLUSIONS

**Dirk Verstraeten**, Director Global Logistics Procurement, Covestro Deutschland AG; Chairperson, Supply Chain Program Committee, EPCA

Day 3 | October 7

## Sharing New Perspectives

Keynote Address & Conversation

OPENING

**Marc Schuller**, Chief Operating Officer, Arkema; President, EPCA

KEYNOTE

**Lin Boqiang**, Dean, China Institute for Studies in Energy Policy, Xiamen University

Q&A

CONCLUSIONS

**Marc Schuller**, Chief Operating Officer, Arkema; President, EPCA

**Hartwig Michels**, President Petrochemicals, BASF SE; EPCA President-elect

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ANNUAL MEETING MODERATOR

**Karin Helmstaedt**, Journalist & Broadcaster



For full overview of program and speakers, download the event brochure.

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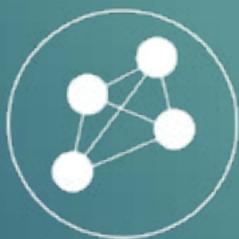
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