

A competitive chemicals industry needs a competitive value chain

Joint statement on the Critical Chemicals Alliance recommendations on market-pull measures

We, representatives of Europe's downstream and mid-stream industries, retailers and wholesalers, support the objective of strengthening the resilience and decarbonisation of Europe's chemical industry.

But Europe cannot strengthen its chemicals industry by weakening the businesses that buy, formulate, transform, distribute and sell its products. Nor can the green transition be financed by quietly passing its costs on to European consumers.

Several market-pull measures discussed by the Critical Chemicals Alliance Working Group 4, including mandatory content requirements, levies, tradable certificates, carbon-related extended producer responsibility schemes and carbon-footprint obligations, could impose substantial costs and administrative burdens on downstream sectors. Far from creating a strong lead market, poorly designed measures risk reducing downstream competitiveness, investment capacity and ultimately weaken demand for European chemicals.

An industry cannot build a sustainable business case by making its customers less competitive. Downstream and mid-stream companies manage complex product portfolios across global supply chains, while often lacking access to, control over or the ability to verify environmental information generated several tiers upstream. Making these companies carry the burden for data and production choices they do not control would create a fundamental imbalance.

A transition that consumers cannot afford will not command lasting public or market support. Sustainable feedstocks and low-carbon materials carry a green premium, while compliance would add costs for data collection, IT systems, certification, auditing and verification. These costs cannot simply disappear into the value chain. They may either weaken the competitiveness of European companies or be reflected in higher consumer prices, with disproportionate effects on SMEs and lower-income households.

These concerns are compounded by the absence of a sufficiently robust assessment of the impacts of the proposed measures across the entire value chain. Fundamental questions remain regarding economic impacts on downstream users and SMEs, consumer affordability, sustainable feedstock availability, technical feasibility, product performance and safety, administrative burden, reliable

methodologies, traceability and effective enforcement on imports. Making far-reaching policy recommendations before these impacts and implementation challenges are properly understood would be premature and risk policy choices with unintended economic and environmental consequences. These assessments must be undertaken with much stronger participation of midstream and downstream **sectors**, which would ultimately be required to support many of the measures under discussion.

The interaction with existing EU legislation and wider sustainability objectives also requires greater scrutiny. New horizontal requirements could overlap or conflict with existing and forthcoming legislation, creating duplicative or even contradictory obligations. More fundamentally, the environmental impact and sustainability of the feedstocks being promoted must itself be assessed.

We therefore call for an approach that first enables and incentivises the transition rather than mandates demand. Investment support, measures addressing the green premium, R&D, greater availability of sustainable feedstocks, targeted public procurement, Contracts for Difference and voluntary value-chain partnerships should be fully explored before creating mandatory downstream obligations. This direction is also reflected in the downstream positions submitted to the CCA process.

We call on the European Commission to:

- assess the combined economic, administrative and consumer impacts across the entire value chain before proposing new measures;
- ensure that responsibility lies with the actors that generate and control the relevant information and production decisions;
- guarantee equivalent treatment and effective enforcement for imported products; and
- prioritise measures that reduce investment risks and the green premium, including investment support, Contracts for Difference, research and innovation, greater availability of sustainable feedstocks and voluntary value-chain partnerships.

Europe needs a strong chemicals industry. But European chemicals will have no successful market if the companies expected to buy them are priced out, overburdened or placed at a competitive disadvantage. A credible transition must strengthen the entire value chain and remain affordable for the people it ultimately serves.

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Signatories:



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CEPE - The European Council of the paint, printing ink and artists' colours industry



Cosmetics Europe



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DUCC - The Downstream Users of Chemicals Co-ordination group

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