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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	AOB for the meeting of the Competitiveness Council of 24 September 2026: Advocating for a swift implementation of the key recommendations issued by the EU Critical Chemicals Alliance - *Information from the Czech Republic, France, Hungary, Italy, the Netherlands, Portugal, Slovakia and Slovenia*

Non paper of the Czech Republic, France, Hungary, Italy, the Netherlands, Portugal, Slovakia and Slovenia advocating for a swift implementation of the key recommendations issued by the EU Critical Chemicals Alliance

The chemical sector is of paramount importance to the EU's resilience and strategic autonomy, as it feeds the entire EU industry and most of the strategic value chains. Despite this pivotal role, Europe's chemical industry faces an unprecedented and systemic crisis. In an unstable and deteriorating geopolitical context, marked by steep import tariffs from the US market and unfair trade practices from Asian countries, the sector is confronted with structural challenges that threaten the long-term viability of many production sites across the European Union (EU)[1] and, by extension, the resilience of the EU's industrial ecosystem. This situation has been extensively documented and is now widely acknowledged by the European Commission itself.

[1] The European Chemical Closures & Investments Radar 2022-2025, commissioned by Cefic and prepared by Roland Berger, highlights the unprecedented rate of chemical plant closures in Europe: 37 Mt of capacity, or around 9% of European production capacity (link).

In March 2025 already, eight Member States[2] alerted the Commission on the rapidly deteriorating situation of the chemical industry and called for an ambitious, EU-level response. To address this urgency, the Commission adopted the Chemicals Industry Action Plan on July 8th 2025. The EU Critical Chemicals Alliance (thereafter called "the Alliance") was subsequently launched and held its first general assembly on January 13th 2026.

The Alliance was established to bring together Member States, regional authorities, industry representatives and relevant stakeholders to strengthen the resilience, competitiveness and sustainability of the European chemical industry. The work of the Alliance was structured around four Working Groups, each dedicated to addressing a key challenge for the sector. The Critical molecules and Critical Sites Working Group focused on developing robust methodologies for identifying the molecules and productions sites that are key for the functioning of Europe's economy and its strategic objectives, based on which a non-exhaustive list of critical molecules was derived. The Trade Working Group addressed global competitive pressures, trade distortions and supply chain vulnerabilities to develop trade-related policy recommendations focused on effective trade defence action. The Modernisation and Investments Working Group was tasked with designing measures to support the modernisation and the long-term competitiveness of chemical production in Europe. Finally, the Lead Markets Working Group aimed to elaborate market pull measures to accelerate demand for low-carbon and sustainable-carbon products in order to create long-term perspective for investments in a sustainable, resilient and competitive chemical industry in Europe.

[2] The Czech Republic, Spain, France, Italy, Hungary, the Netherlands, Romania and Slovakia

After months of intensive work, all four Working Groups reached a significant milestone with the completion of the technical deliverables. All documents have been circulated to the CCA members for endorsement at the 2nd General Assembly taking place on October 8, 2026. The chemical industry in Europe finds itself at a crossroads and needs urgent action, long term perspective and strong and swift policies. The last few months, representatives of both the private and public sector have cooperated to come up with policy proposals that can save the chemical industry in the short run, and strengthen the sustainable, resilient and competitive business case of the chemical industry in the long run. In the context of the upcoming CCA General Assembly, it is up to the Commission to take action on these recommendations. While the CCA's work deserve thorough consideration, we want to highlight some key measures that are urgent and crucial for the survival of critical chemicals productions in Europe and measures that are needed for the transformation of the chemical industry.

The signatories urge the Commission to take immediate actions for the survival of critical industry:

1. Recognise without delay a non-exhaustive list of critical molecules, before extending it swiftly

The Alliance's Working Group 1 has developed a robust and workable methodology for the identification of critical molecules, from which a non-exhaustive, indicative list of critical molecules was derived. The signatories therefore urge the Commission to recognise the molecules featured on this list as critical and to fully use this non-exhaustive list as a starting point for the implementation of the recommendations set out below. The signatories also call on the Commission to extend this partial list as soon as possible by applying Working Group 1's methodology to a wider number of molecules, while involving industry and Member States' experts as a sounding board to provide technical and analytical expertise throughout the process.

2. Optimize trade defence instruments to protect the critical chemical productions in Europe

With respect for international trade obligations, the molecules identified as critical should be placed under immediate monitoring. Complaints concerning critical molecules should be treated as a priority, while staying in boundaries of the existing legislation. Where appropriate, a comprehensive value chain approach could be integrated into trade defence investigations, particularly in the context of safeguard measures, to ensure that the protection extends effectively across the industry. Furthermore, procedures should be more swift, more efficient and better accessible for market entities. For example, among other recommendations, by standardizing templates and checklists for complaints and establish a dedicated platform for stakeholder dialogue, while ensuring full compliance with competition law.

3. Provide targeted financial support to the transformation and modernisation investments of chemical sites

The chemical sector faces a major challenge in financing the investments required for industrial transformation and modernisation. Reduced investment capacity is delaying the necessary modernisation of production sites, putting critical industrial capabilities in the EU at risk. Targeted support schemes therefore need to be swiftly implemented to strengthen the competitiveness and resilience of chemical sites by supporting their continued operation, modernisation and transformation.

In line with the Charter developed by the Alliance's Working Group 3, we call for (i) the European Competitiveness Fund (ECF) and the next Multiannual Financial Framework (MFF) to fully reflect the strategic role and specific needs of the chemicals sector, by ensuring that CAPEX support and de-risking instruments are fully accessible to the chemical industry, without prejudice to the ongoing MFF negotiations. These instruments should be designed to support innovative, capital-intensive, asset-level and infrastructure projects, including major retrofit investments; (ii), in the meantime, to ensure that the relevant instruments are swiftly adapted to enable the European Union, Member States and regions to provide support prior to the implementation of the ECF and MFF.

In this respect, the upcoming Chemicals project under the Competitiveness Coordination Tool (CCT) should ensure that critical chemical plants in Europe can take investment rather than closure decisions by coordinating the necessary reforms and funding mechanisms.

4. Strengthen critical sites through targeted interventions

Around the EU, major chemical clusters or platforms housing critical chemicals are slowly perishing. In the short run, the chemical industry urgently requires targeted energy cost relief measures to address the structural energy cost competitiveness gap with non-EU competitors across all energy sources. The indirect cost compensation mechanism is a key instrument to mitigate the risk of carbon leakage for energy-intensive sectors exposed to international competition, it must be maintained beyond 2030 in order to provide the visibility needed for industrial investment decisions in Europe, including long-term decarbonisation and electrification projects.

To also strengthen the long-term transformation and perspective for the chemical industry, we call upon the Commission to develop plans based on the following recommendations:

1. Strengthen instruments to generate market pull for both sustainable and low carbon products across end-markets

To ensure long-term competitiveness and a sustainable future for the chemical industry, the business case for sustainable and high-standard chemical production in Europe, including low-carbon production and the use of sustainable carbon sources, needs to be strengthened. Horizontal and vertical market-pull measures across end-markets can help create the market conditions necessary to support and scale this business case. Therefore, the signatories urge the commission to identify a clear pathway to the design of these instruments following the broad recommendations of the CCA to achieve this in, at least, the IAA and also the Circular Economy Act and the Biotech Act II. The design of these instruments should also take into account the recommendations and value-chain stakeholder considerations highlighted by the Alliance's Working Group 4, the sensitivity of demand to price increases, and finally their impact in terms of administrative and implementation costs. It should strengthen the competitiveness of European chemical production across the Single Market and avoid creating new competitive asymmetries between Member States resulting from structural differences in national energy systems and enabling infrastructure

1. Support the development of innovative molecules derived from sustainable chemistry, from research and development through to industrial deployment

The signatories call on the European Commission to further support the emergence and scaling-up of a competitive sustainable chemistry sector in Europe. Such support should include the continuation of ambitious investments in research and innovation, while placing a particular emphasis on bridging the gap between innovation and industrial deployment (the so-called "Death Valley" of industrial start-ups), along with private investments to support the construction of biorefineries and first-of-a-kind industrial facilities. Support should remain technology- and feedstock-neutral and should enable different sustainable production pathways and feedstocks to compete on their merits, taking into account their industrial feasibility, resource efficiency, environmental performance and contribution to European competitiveness and resilience.

2. Restore the cost-competitiveness of critical sites through energy cost relief and pragmatic sector-specific Emissions Trading System (ETS) adjustments

Clear signals should be sent to the industry ensuring that the EU will provide longer term visibility and stability of energy prices, notably by ensuring that the current revision of the ETS takes into account the specifics of the chemical sector and the other energy-intensive industries. The ETS revision should further strengthen carbon leakage protection while enhancing investment incentives, thereby supporting the competitiveness and decarbonization of European industry. The chemical industry is particularly affected by the reduction of fallback benchmarks, given the significant increase in carbon costs this entails for the many chemical manufacturing sites concerned. Furthermore, the fallback benchmarks from 2031 onwards should better reflect capacities and access to decarbonisation solutions of individual installations.