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## **WORKING DOCUMENT**

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<b>From:</b>	General Secretariat of the Council
<b>To:</b>	Working Party on Competitiveness and Growth (Industry)
<b>Subject:</b>	Presentation by the European Commission, DG GROW: The needs of the chemical industry (agenda item 2.) Working Party on Competitiveness and Growth (Industry) meeting on 27 March 2025

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# The Chemicals Industry Package

*Working Party on Competitiveness and Growth (Industry)*  
27 March 2025

# The EU Chemical Industry

Innovation: **R&D Investments** reached **EUR 10.7 billion** and **EUR 10.2 billion** in 2021 and 2023.



Europe is the **2<sup>nd</sup> largest chemical producer** in the world with €655 billions of sales in 2023<sup>1</sup>

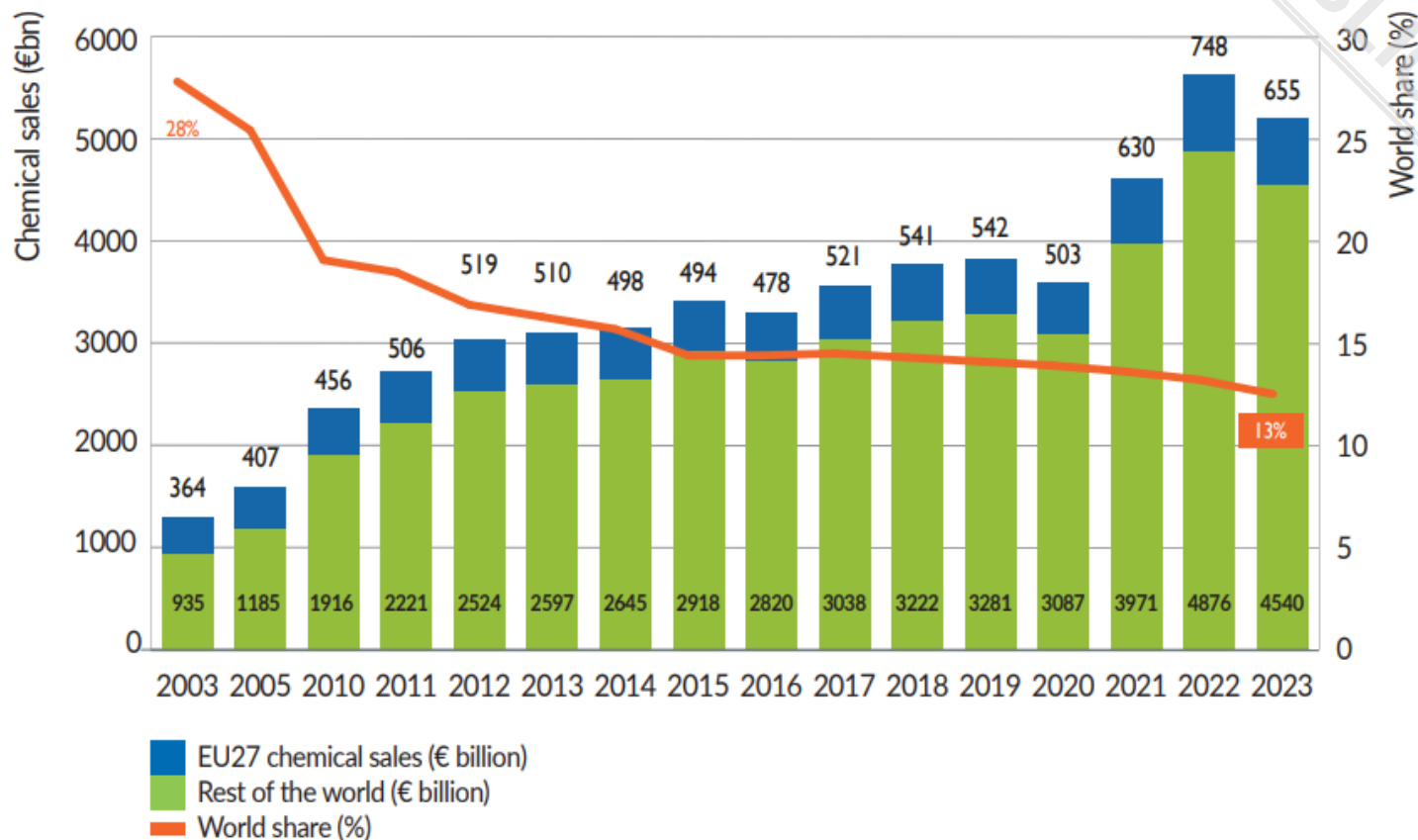
**4th largest manufacturing industry** with 7% of EU manufacturing turnover

- 1.2 million direct highly skilled jobs<sup>2</sup>
- 3.6 million indirect jobs
- 19 million jobs across all value supply chains

**The chemical industry is at the heart of many value chains: ≈ 56% of chemicals** are sold to other industries<sup>2</sup>

# Current challenges

## EU27 share of global chemical market

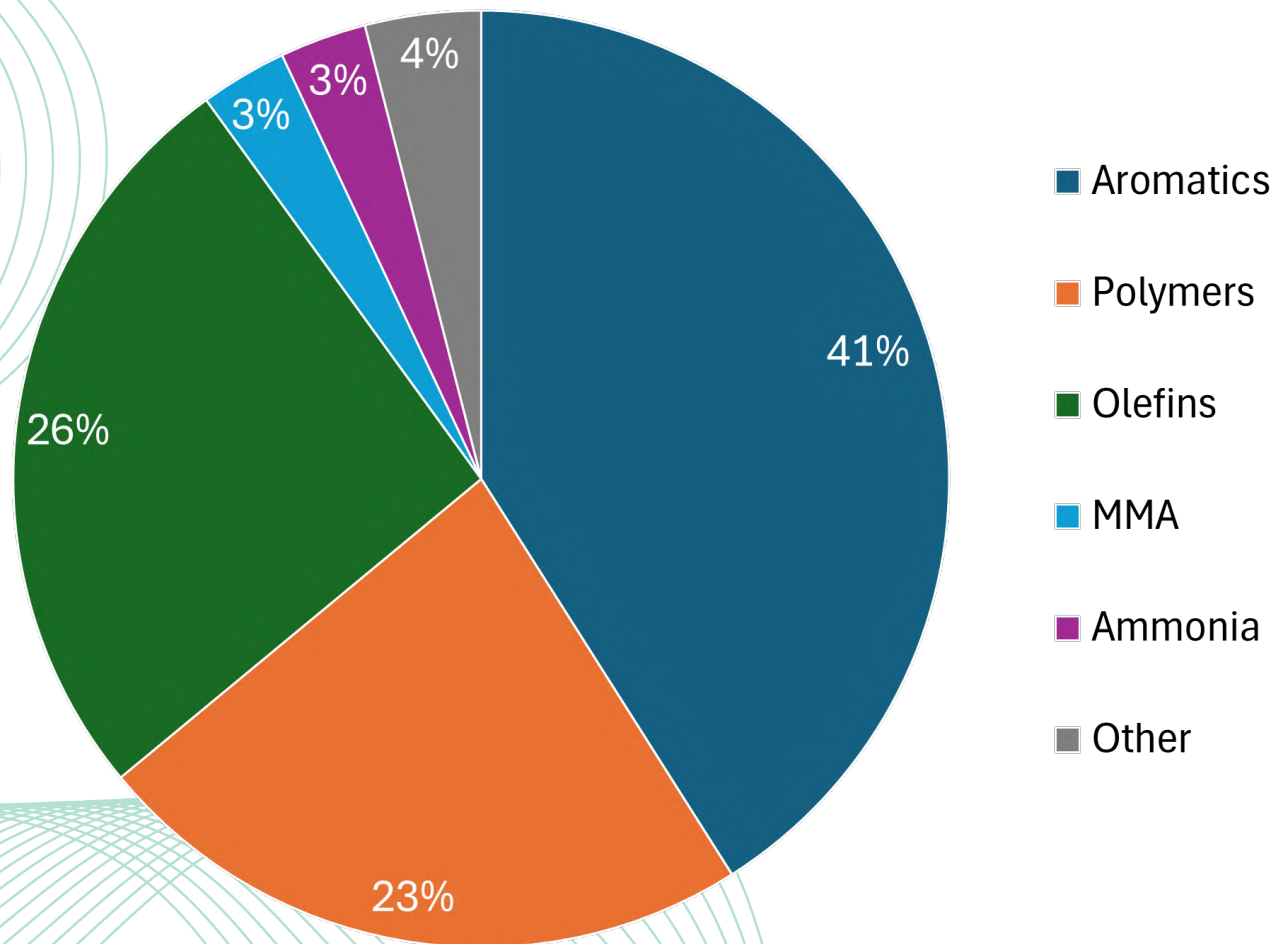


Source: Cefic Chemdata International

- **Natural gas prices** 4-5 times higher than the US.
- **Electricity prices** around 2 times higher than the US and China.
- **EU CO2 prices** (80-90 EUR/t) higher than US (up to 30 EUR/t) and China ( up to 8 EUR/t ).
- **Shrinking production capacity:** utilisation at less than 75% in Q3 2024, well below the long-term average of 81.5%.

# Recent wave of closures

## Closure announcements in 2023-24 (shares by product)



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- **The upstream segment** of the value chain, the most capital and energy intensive, is the **most affected by the recent downturn.**
- **The downstream sector**, which generates a trade surplus (around EUR 50 billion in 2023), **depends heavily on upstream outputs.**
- **Capacity closure announcements** for approximately **23–24 sites** (more than 11 Mt of production capacity)

# Clean Industrial Deal



## AFFORDABLE ENERGY

Affordable Energy Action Plan;  
European Grid Package (Q1 2026);  
Uptake of Power Purchase Agreements



## LEAD MARKETS

Industry Decarbonisation Accelerator Act  
“IDAA” (Q4 2025); revised Public  
Procurement framework (Q4 2026).



## ACCESS TO FINANCE

Industry Decarbonisation Bank (EUR 100  
Billion, Q2 2026)  
Competitiveness Fund



## MATERIALS AND CIRCULARITY

Critical Raw Materials Act: first list of  
strategic projects (Q1 2025);  
Circular Economy Act (Q4 2026);



## GLOBAL MARKETS

Clean Trade and Investments Partnership  
(Q4 2025); FDI screening regulation  
review; CBAM simplification (Q1 2025)



## SKILLS AND QUALITY JOBS

Union of skills (Q1 2025); EUR 90 million  
from Erasmus +; Quality jobs roadmap to  
support workers in transitions (Q4 2025).

*Note: the list of measures presented here is not exhaustive*

# Chemicals Industry Package

## Timing and main elements

- Chemicals Industry Package planned for **Q4 2025**.
- EVP Séjourné/GROW and Commissioner Roswall/ENV will work jointly on the Package.
- “It will recognise **the strategic role of the chemicals sector** as industry of industries and of critical molecules”.
- “**Simplify REACH** and provide **clarity on PFAS**, working with sustainability, competitiveness, security and safety considerations in mind”.
- Possible **additional elements still under discussion** (e.g. measures to support innovation and substitution).

# Chemicals Industry Package

## Simplification of REACH

- **Overall objective:** “simplify rules for the chemicals industry without compromising on safety and environmental protection” (CWP 2025)
- Three pillars of the revision:
  - **Modernise** information requirements on chemicals, where needed.
  - Simplify the **authorisation and restriction** processes and digitalise **supply chain communication**.
  - Strengthen **enforcement and level playing field** for companies.



# Chemicals Industry Package

## Clarity on PFAS

- Explain the further steps to address the risks of PFAS, in particular the “**Universal**” **PFAS restriction**
- Restrict the use of PFAS in **consumer uses**, like cosmetics, food contact materials and outdoor clothing.
- Ensure the continued use of PFAS in **industrial applications**, in particular critical ones, where adequate alternatives are not available.
- Such continued use should take place under **strict conditions** until acceptable substitutes are found.

# French proposal on Critical Chemicals

- It identifies **a list of critical chemicals** for the competitiveness and resilience of the European chemical industry.
- **Objective:** to enable appropriate support schemes dedicated to the production of critical chemicals in Europe.
- Discussed during under AOB during **COMPET on 12 March.**
  - **Endorsed by 7 Member States** (IT, ES, NL, RO, CZ, SK, HU)
  - **Consensus on the urgent need** to address the current challenges of the EU Chemical industry.
  - **Diverging views** on the proposed solutions.

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# THANK YOU!

