EEB
European Environmental Bureau

Brussels,
27 November 2024

Open Letter - The Cost of Inaction: Why Environmental Standards Are Key to EU Competitiveness

Dear Ministers,

As you prepare to gather and agree on conclusions about the future of EU competitiveness, we urge you not to overlook the immense costs of inaction in addressing the climate, pollution, and biodiversity crises—costs that our economy and society cannot bear much longer. These challenges must be at the heart of any discussion on the EU's future competitiveness.

The Cost of Inaction

Climate:
The World Economic Forum estimates that for every $1 invested in climate adaptation today, we can avoid $2–$10 in future costs.

Biodiversity, Water, Air, and Soil:
The European Environment Agency (EEA) reports that the loss of ecosystem services could cost the EU hundreds of billions of euros annually. Soil degradation alone costs Europe at least €97 billion per year, with the costs of inaction outweighing action by a factor of six. These costs primarily burden farmers and society at large.

The remediation of contaminated soil with PFAS is even more costly, potentially exceeding €2 trillion across Europe. Water purification alone is estimated at €238 billion within the EU. Overall, removing PFAS from the environment at current emission rates could surpass 10% of global GDP—excluding damages to animals or property values.

Air Pollution:
Between 2012 and 2021, industrial air pollution from the EU's largest industries cost an estimated €2.7–4.3 trillion. Researchers highlight that the only viable mitigation measures include stringent pollution controls, phasing out carbon-intensive fuels, and electrification.

Health:
The Nordic Council of Ministers estimates that direct healthcare costs from PFAS exposure in Europe are €52–84 billion annually. The societal costs of PFAS have been estimated at $17.5 trillion annually, while manufacturers make only $4 billion in profits. In other words, while the average market price of PFAS is about €19 for each kilogram, the price spikes to about €18,734 for each kilogram when societal costs are factored in. The European Commission has estimated that the health benefits of banning the most harmful chemicals in everyday products outweigh industry costs by a factor of ten.

These figures reveal an unsustainable and unaffordable industrial model. While the EU chemical industry remains strong—with production growing from €537 billion in 2011 to €785 billion in 2023, and a trade surplus of €198 billion—the far greater costs of pollution are externalized to society. If producers were held accountable for their pollution, many would face bankruptcy.

Acting now is the only wise investment for the future.

Shortcomings of Draghi's Report

Your conclusions will draw heavily on Mario Draghi's report on the future of European competitiveness. We must highlight several concerns:

- **Lack of Diverse Input:**
  - The report is based on biased consultation processes that excluded organisations like ours.

- **Inaccuracies and Omissions:**
  - The report's failure to address societal and environmental costs—particularly in the chemicals sector, the most energy-intensive industry—undermines its credibility. While acknowledging this sector's economic importance, the report inaccurately portrays EU regulations, like REACH, as barriers to industry rather than essential safeguards that prevent market failures, ensure safe manufacturing, and drive innovation.

- **Misrepresentation of PFAS Regulation:**
  - The report frames PFAS regulation as a burden, overlooking market-driven trends to phase out PFAS due to health, environmental, and litigation costs. The ongoing PFAS restriction proposal balances innovation with exemptions for essential uses, encouraging innovation and providing market certainty. Companies across industries have already invested in safer PFAS-free alternatives, aligning economic and environmental goals.

A truly competitive chemicals sector must embrace comprehensive accounting for its environmental and societal impacts.

A Predictable Path to Sustainable Prosperity
A strong regulatory framework is not a constraint; it is the foundation of long-term competitiveness. The European Green Deal provides industry with a predictable path to sustainable prosperity. Backtracking would penalise industry frontrunners and force innovation out of the EU. As highlighted by a recent joint industry-CSO letter, "EU standards on nature, biodiversity, and climate are not the problem but a vital part of the solution."[1]

As our joint industry-CSO demand for a 'Clean' Industrial Deal, that works for the planet and its people, states: we must harness climate positive sustainable frontrunner solutions and raise the regulatory bar for industry. Our joint demands emphasise that the EU can lead globally in detoxification, de-pollution, decarbonisation, and restoration while maintaining a thriving industrial base. Competitiveness must serve as a tool to protect both the planet and its people—not come at the expense of health or the environment.

We urge you to consider the voices of progressive businesses and civil society when agreeing on your conclusions. Rewarding laggards at the expense of frontrunners would harm both our economy and our planet.

Finally, let us not forget: **there is no economy, and no competitiveness, on a dead planet.**

Yours sincerely,
Patrick ten Brink on behalf of the European Environmnetal Bureau

[1] A business perspective: Strong Environmental Standards forster longterm competitiveness
[2] Joint CSO and business demand A "Clean" Industrial Deal that works for the planet and its people
[3] European Pact for the Future + Action Plan + Industrial Blueprint
[4] Briefing note on smart implementation
[5] Joint CSOs (+180) statement urging the incoming European Commission to prioritise effective implementation of climate and environmental laws