

EEB's DISSENTING VIEWS: WG1 - Critical Chemicals and Sites

NGO assessment: protecting incumbent production is not a competitiveness strategy

The Working Group 1 of the CCA is mandated to identify chemical molecules and production sites that are key for the functioning of Europe's economy and its strategic objectives. However, the report and its recommendations **risk translating industrial vulnerability into a case for protecting incumbent chemical production, rather than asking how Europe can best secure strategic functions through transformation**. Europe's current industrial structural difficulties should be an opportunity to accelerate the shift towards a more resilient and competitive chemical sector, built on innovation, specialisation and the safer and more sustainable chemicals and materials that markets increasingly demand.

Many leaders in the chemicals sector are already planning their future transition strategies, and the recommendations risk holding them back. The report and recommendations also run counter to and are likely to slow other European priorities around climate neutrality, pollution, circularity, and those related to advancing cleaner, safer and more sustainable chemicals and sites.

1. The economic strategy of the report and recommendations is backwards.

Europe is unlikely to regain competitiveness by trying to preserve low-cost, energy- and resource-intensive basic chemical production that other regions can produce more cheaply. Its stronger opportunity lies in **innovation, green chemistry, circularity, resource efficiency and higher-value production**. The CCA should protect Europe's future competitive advantage, not yesterday's production model based on abundant and cheap petrochemicals and fossil fuels. Without such an investment today, Europe's industry will be increasingly at risk.

2. The recommendations risk locking in toxic, carbon- energy- and resource-intensive production.

Energy-cost relief continued free ETS allowances after 2038, trade protection, "Buy European", public funding and fast-track permitting could collectively make existing production cheaper and more secure without making it cleaner, safer or more sustainable. In particular, treating energy and CO₂ costs and regulatory 'constraints' as sources of vulnerability risks turning the costs of transition into an argument for incumbent protection. The eight-year designation for critical chemicals and sites has significant potential to discourage investment in alternatives given the low cost, capitalised nature of incumbents. Numerous analyses show that this is a critical barrier to innovation in safer and more sustainable chemistry. **This preserves the problem rather than accelerating transformation.**

3. Public support must support transformation, not continued production of incumbent molecules.

Incumbent chemicals and sites have already benefited from decades of public support, versus new safer and sustainable chemicals and processes. Every euro of public support should come with clear conditionalities and robust accountability, requiring measurable progress on decarbonisation, pollution prevention, hazardous-substance substitution, circularity, reduced fossil-feedstock dependence and alignment with EU climate, health, environmental and chemicals objectives. Critical-site status should not automatically follow from critical-molecule status irrespective of how clean or sustainable this

production is, and fast-track permitting should mean administrative efficiency, **not weaker regulatory safeguards.**

4. Health and environmental safeguards are missing.

Chemical hazards, pollution, climate and sustainability are not established in the methodology or recommendations of effective filters to criticality. This creates a serious risk that chemicals (and the sites that produce them) targeted for regulatory or market restrictions or substitution could nevertheless receive preferential treatment and public support. **The CCA must not protect chemicals and processes for which Europe is actively investing in alternatives and transition through other policy mechanisms. This not only creates market instability, it puts forward-looking companies at a competitive disadvantage.**

5. Criticality is not the same as societal necessity.

The methodology defines criticality primarily through supply vulnerability, competitiveness and strategic-sector relevance. It takes the current molecules and sites as a given. It does not adequately ask whether a basic chemical or its downstream derivatives serve genuinely essential societal functions (as outlined in the European Essential Use Criteria), whether safer and more sustainable alternatives exist or could be developed, or whether Europe should maintain its production of these chemistries at all in the medium to long term. **A chemical should not become "critical" simply because Europe has become dependent on it.**

6. Excluding NGOs from CCA decision-making undermines legitimacy and enables decision-making on the future of Europe's chemical industry based on the interests of incumbent companies and their associations rather than society.

NGOs and many front-runner companies and along value chains (such as brands and retailers that depend on chemicals but have very different market drivers for safer and sustainable chemistry) were excluded from the CCA's decision-making bodies from the outset, despite the CCA making recommendations with major implications for supply chains and economy, health, environment, public spending and regulation. This creates a fundamental imbalance of interests and expertise and raises serious concerns about the legitimacy and independence of the process and whether it serves the best interests of Europe's economy or sustainability. Many companies in the Critical Chemicals and Sites working group were understandably focused on protecting their company's and sector's short term economic interests rather than the long-term economic viability of the industry in Europe. A body assessing the future of Europe's chemicals industry cannot credibly operate with large mainly entrenched industry interests structurally represented while public-interest voices and those of front runners and the value chain are excluded

What the CCA should do instead

1. Apply a Transition & Policy Coherence Test

Before designating a molecule or site as critical (and before providing public support) check whether EU policy is already seeking to restrict, substitute, phase out or reduce the chemical or production pathway. The EU should not simultaneously phase out a chemical and subsidise its continued production. Criticality must not create incentives that undermine agreed chemicals, climate, pollution or circular-economy objectives.

2. Define the transformation pathway

Where European production is genuinely necessary, define how it will become safe, climate-neutral, circular and resource-efficient, with clear milestones.

3. Make public support conditional on transformation

Trade measures, state aid, energy support, ETS revenues, procurement and other benefits should reward measurable transformation, not simply preserve existing production capacity

4. Apply health and environmental safeguards across the value chain

Assess hazards and impacts from feedstock and production through use, recycling and end-of-life. Critical status must not override EU health, chemicals, climate, pollution, biodiversity or circularity objectives.

5. Start with the societal function

Outline the types of basic chemicals and more specialty ones are needed to achieve essential societal functions (EU's Essential Use Concept), not simply which existing chemical or site is economically important.

6. Apply an alternatives test

Ask first whether the function can be delivered through a safer, less resource-intensive or more sustainable alternative, including non-chemical solutions.

7. Assess genuine resilience risks

Only after these tests should the CCA assess supply vulnerability and whether European capacity is genuinely needed to secure the societal function.

8. Ensure balanced and independent governance

The CCA should rebalance its governance and decision-making structures by ensuring meaningful participation of NGOs and other public-interest stakeholders, alongside value chain and front runner industry as well as chemical industry and Member State representatives. Their participation should be substantive, transparent and independent, not merely consultation after key decisions have already been made. The CCA should also publish clear rules on conflicts of interest, evidence weighting and how divergent stakeholder views are reflected in its conclusions.

The principle

Protect essential societal functions, not incumbent production.

Do not use public money to lock in production that EU policy is trying to phase out.

Use criticality as a gateway to transformation, not a shield against regulation.