

MEDIA BRIEFING

Critical Chemicals Alliance: When “criticality” risks becoming a back door to deregulation

Europe faces a genuine industrial challenge.

High energy prices, global competition, underinvestment, an innovation gap and ageing infrastructure are putting pressure on the European chemicals industry. But the structural crisis is not new: European production sites are almost 50 years old on average, while some histories stretch back one or even two centuries. Their future cannot lie in preserving yesterday's production model: Europe needs to invest in transforming them into the competitive, climate-neutral and safer industrial capacity of tomorrow.

The Critical Chemicals Alliance (CCA) is right to address resilience and competitiveness. The problem is how it defines what Europe needs to protect, and what it proposes to do about it.

The CCA starts largely from existing production, industrial dependency and the vulnerability of European production. It then identifies “critical” chemicals and sites and proposes a broad toolbox to support them.

This risks creating a self-reinforcing cycle:

Existing production → dependency → vulnerability → criticality → protection → continued dependency.

The result could be public support for production that Europe simultaneously needs to decarbonise, detoxify, substitute or phase out.

The strategic question should instead be: What essential societal functions does Europe need to secure, and what is the safest, most sustainable and most competitive way of providing them?

Europe should protect essential societal functions, not automatically protect incumbent production.

1. WHAT IS THE CCA TRYING TO DO?

The CCA was established to identify chemicals and production sites considered critical to Europe's economy and vulnerable to supply disruption or closure, and to develop measures to strengthen their resilience and competitiveness.

The underlying problem is real.

Europe's chemical industry is facing:

- high energy costs;
- global competition;
- ageing production infrastructure;

- investment gaps;
- pressure on basic chemical production; and
- increasing dependence on imports for some chemicals.

Europe therefore needs an industrial strategy. But an industrial strategy needs to distinguish between:

what Europe currently produces,

what Europe currently depends on,

and

what Europe actually needs to secure for the future.

These are not interchangeable.

A dependency can be the result of historical investment, industrial lock-in, lack of substitution or the design of downstream products around an incumbent chemical.

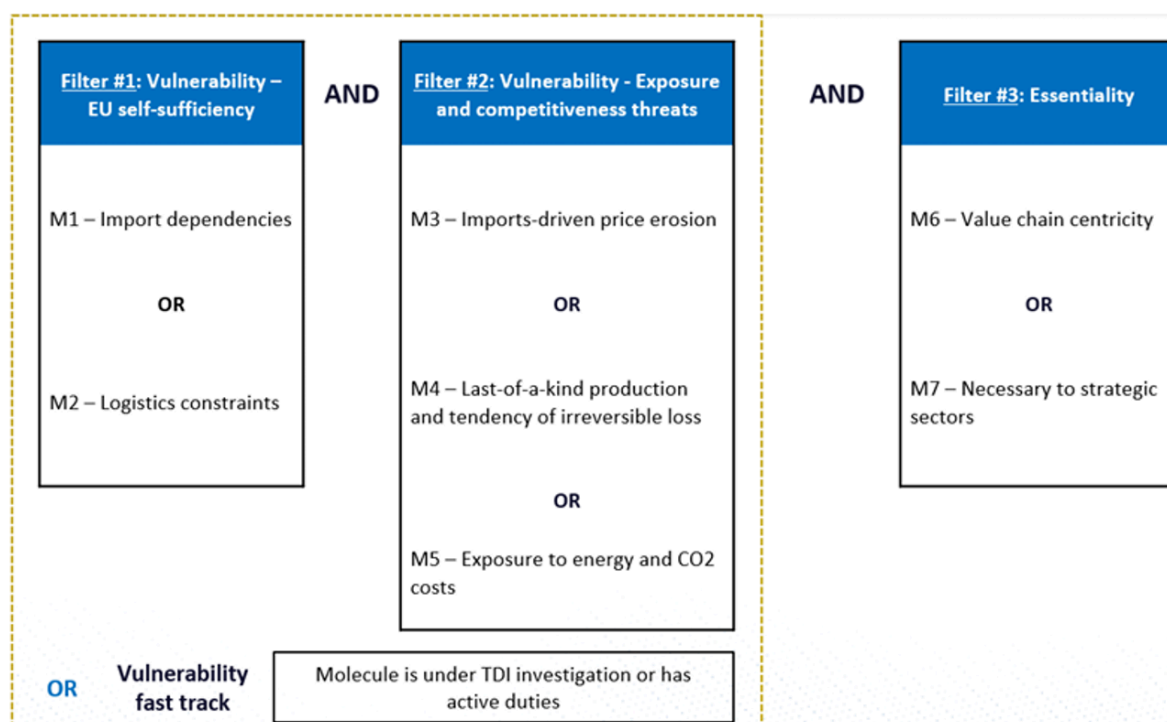
Dependency is not automatically criticality. And criticality is not automatically societal necessity.

2. THE METHODOLOGY: HOW DOES THE CCA DEFINE “CRITICAL”?

The CCA methodology broadly combines two dimensions:

- **Vulnerability of European production:** This considers factors affecting the vulnerability of European production, through exposure to competitiveness ‘threats’. (M1 - M5).
- **Essentiality:** This considers the importance of a chemical to downstream industries and the potential consequences of disruption (M6-Value chain centricity) and the need for strategic sectors (M7).

Fig. 5 – Methodological framework for critical molecules



The problem is that these dimensions can reinforce one another.

A chemical can appear critical because many industries depend on it, while those dependencies themselves are partly the result of decades of industrial lock-in.

At the same time, according to the CCA's methodology, **the more energy-intensive, carbon-intensive or exposed to environmental and chemicals regulation a European production process is, the more likely it is to be classified as critical** because of its vulnerability.

This creates a fundamental methodological concern.

2.1 When vulnerability becomes part of the case for criticality

One of the most important features to understand in the methodology is the M5 vulnerability assessment.

M5 looks at the vulnerability of European production. The factors considered are exposure to:

- high energy costs / energy intensity;
- CO₂ costs and emissions; and
- regulatory costs or “constraints”.

These factors can make European production appear more vulnerable. But when vulnerability contributes to the case for a chemical being critical, a problematic feedback loop can emerge:

High energy intensity → higher vulnerability

High CO₂ emissions → higher vulnerability

Higher regulatory exposure → higher vulnerability

Higher vulnerability → stronger case for criticality

Criticality → stronger case for policy and economic support

Why is this problematic?

Because these characteristics do not demonstrate that a chemical is societally necessary, rather the opposite:

If a production route is highly energy-intensive, the strategic response should be to improve efficiency, electrify, use renewable energy, change the production technology or reduce demand.

If a production route is highly carbon-intensive, the response should be decarbonisation.

If production faces costs because EU regulation requires pollution or hazardous exposures to be reduced, the response should be innovation, substitution and cleaner production, not automatically weaker regulation.

The central concern

The methodology risks turning the cost of transforming an unsustainable production model into an argument for protecting that production model.

Vulnerability should therefore be a signal of where transformation may be needed, not a proxy for societal criticality.

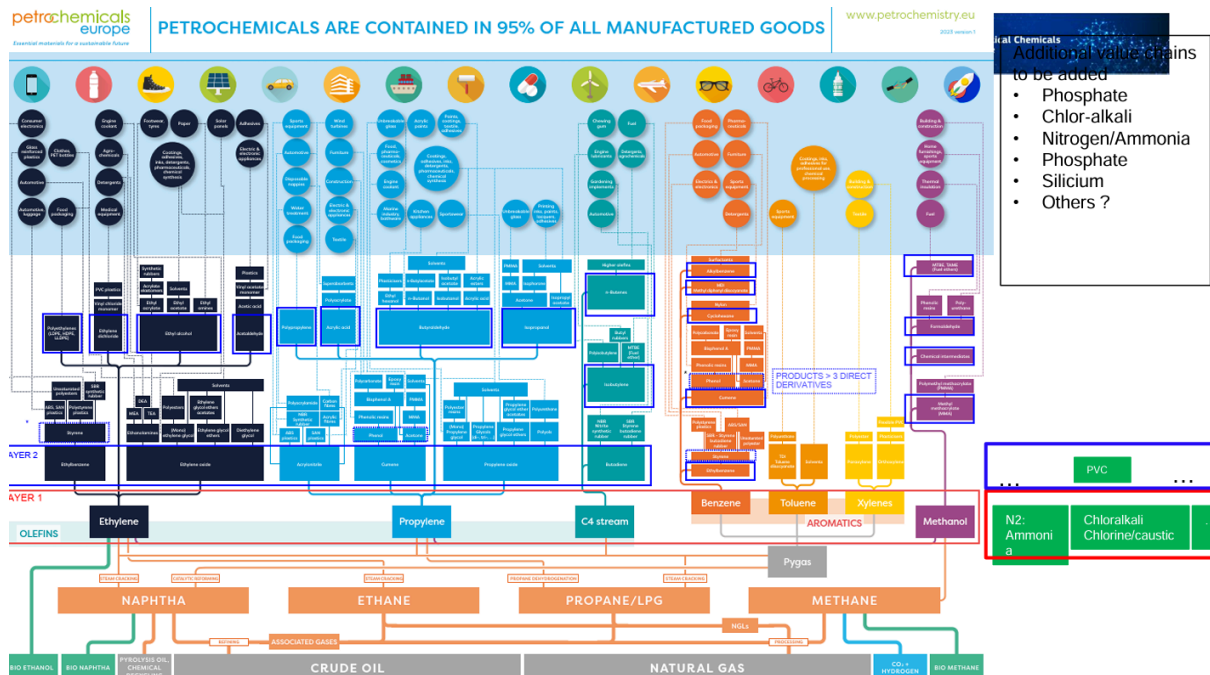
2.2 Dependency is not criticality

The methodology also places significant weight on supply dependency and value-chain relevance.

These are legitimate considerations for resilience. But they do not answer the prior question: **What does Europe actually need to secure?**

A chemical can be economically important because it is widely used. But widespread use can reflect historical industrial lock-in rather than intrinsic societal necessity.

Petrochemicals illustrate this problem. As shown in the petrochemical industry graph, their widespread use in consumer goods (95% of petrochemicals) is used to establish their centrality and, ultimately, their criticality.



Highly toxic petrochemicals such as benzene, toluene and xylene are deeply integrated into European value chains. But being widely used is not the same as being indispensable.

The relevant questions should also be:

- Which essential societal functions genuinely require them?
- Can demand be reduced?
- Can safer alternatives be used?
- Can different technologies deliver the same function?
- How can remaining production be transformed away from fossil dependence?

Otherwise, dependency risks becoming self-justifying:

We depend on it → therefore it is critical → therefore we protect it → therefore we continue depending on it.

That is not resilience. It is dependency preservation.

2.3 Missing health, environmental and policy-coherence safeguards

A further problem is that **criticality is not constrained by any health, environmental and policy-coherence test.**

A chemical can therefore be 'economically important' and vulnerable while also being:

- hazardous to human health;
- highly persistent;
- a major source of pollution;
- fossil-dependent;
- energy-intensive;
- carbon-intensive; or

- already targeted by EU policy for restriction, substitution or phase-out.

The CCA needs a clear Policy Coherence Test: Is EU policy already seeking to restrict, substitute, reduce or phase out this chemical, technology or production pathway?

If yes, criticality must not undermine that objective.

A chemical cannot simultaneously be a priority for phase-out and a priority for continued production support.

Where a genuine societal need remains, criticality should enable a managed transition towards safer alternatives, not prolong the incumbent production model.

2.4 What does the list of “critical” chemicals look like?

The list of critical molecules raises further questions about what the CCA actually means by “critical” and reinforces our concerns about the methodology.

Non-exhaustive list of critical molecules for the European chemical industry			
Sulfur (all kinds)	2503 00 90	Red phosphorus	2804 70 10
Chlorine	2801 10 00	Phosphorus	2804 70 90
Hydrofluoric acid	2811 11 00	Potassium Hydroxide	2815 20 00
Ammonia (anhydrous)	2814 10 00	Sodium Chlorate	2829 11 00
Caustic soda (solid)	2815 11 00	o-Xylene	2902 41 00
Caustic soda (liquid)	2815 12 00	m-Xylene	2902 42 00
Sodium carbonate	2836 20 00	p-Xylene	2902 43 00
Ethylene	2901 21 00	Ethylene glycol (MEG)	2905 31 00
Propylene	2901 22 00	1,4-Butanediol (BDO) and bio-BDO	2905 39 28, 2905 39 26
Butadiene	2901 24 00	Ethylene oxide	2910 10 00
Benzene	2902 20 00	Propylene oxide	2910 20 00
Toluene	2902 30 00	Epichlorohydrin (ECH)	2910 30 00
Xylene (mixed)	2902 44 00	Acrylic acid	2916 11 00
Styrene	2902 50 00	Acrylate esters	2916 12 00
Methanol	2905 11 00	Hexamethylenediamine (HMD)	2921 22 00
Phenol	2907 11 00	Isophorone diamine	2921 30 99
Lysin	2922 41 00	Aniline	2921 41 00
Methionine (INN)	2930 40 10	Functional Silane	2931 90 00
Methionine (excl. INN)	2930 40 90	Vitamin B1	2936 22 00
Rubber Silane	3812 10 00	Vitamin B6	2936 25 00
S-PVC ³	3904 10 00	Vitamin B9	2936 29 00
PTFE	3904 61 00	Vitamin D	2936 29 00
PET (>= 78 ml/g)	3907 61 00	Potassium Chloride	3104 20 50
Polylactic acid (PLA)	3907 70 00	Titanium dioxide	3206 11 00
		Silicones	3910 00 00

Of the 49 molecules identified as critical, **more than half are petrochemicals or organic intermediates. More than three-quarters are classified as hazardous under EU chemicals legislation.** While the list includes a small segment of vital nutritional inputs like vitamins and amino acids, **the vast majority (nearly 90%) consists of industrial chemicals bound to stringent EU environmental frameworks, carbon quotas under the ETS, and hazardous substance controls.**

The list includes substances whose hazards or environmental impacts are precisely why EU policy is seeking to reduce exposure, restrict uses or drive substitution. **Benzene, for example, is a well-established human carcinogen** and is subject to strict EU occupational exposure and chemicals controls. **PVC and its additives have been subject of an ECHA investigation following a Commission request to examine a possible REACH restriction**, reflecting longstanding concerns about hazardous additives, emissions and waste management associated with PVC. **Hydrofluoric acid is used in fluorochemical production, this is, PFAS manufacture, while PTFE (polytetrafluoroethylene, commonly known as Teflon) is itself a fluoropolymer within the PFAS family**, a class of extremely persistent chemicals for which the EU is pursuing broad regulatory action. **Titanium dioxide is classified as a suspected carcinogen by inhalation**, and its use as the food additive E171 was withdrawn in the EU in 2022.

The issue is not that these chemicals have no legitimate essential uses or that all production should immediately cease. It is that their inclusion as “critical” risks turning the existence of important value chains into an argument for protecting incumbent production, rather than asking where safer alternatives exist, which uses are genuinely essential and how European production can be transformed. This raises a fundamental question: is “criticality” being used to identify essential societal functions and genuine resilience risks, or to protect incumbent production from the costs of the transition?

2.5. The eight-year lock-in risk: when criticality can block innovation

The CCA's recommendations envisage a long period of criticality: **“once a molecule or production site is labelled critical, it would remain critical for at least eight years”**, even if subsequent annual updates no longer identify it as critical.

This creates a risk of policy lock-in. Industrial conditions can change significantly over eight years: safer alternatives may emerge, new production technologies may become commercially viable, supply chains may diversify, demand may decline, or an incumbent production route may become obsolete. Yet an eight-year status could continue to justify preferential treatment for existing production even after the underlying vulnerability has changed.

More importantly, protecting an existing production route for eight years can weaken the very incentives needed to develop alternatives to it. If criticality provides access to public support, regulatory flexibility or other forms of preferential treatment, companies may have less incentive to invest in substitution, safer technologies, new production routes or diversified supply. New entrants and alternative technologies could also face a structural disadvantage against protected incumbent capacity.

This creates a potential innovation paradox: a mechanism intended to strengthen Europe's resilience could make the industrial system less adaptable by protecting today's solutions from tomorrow's alternatives.

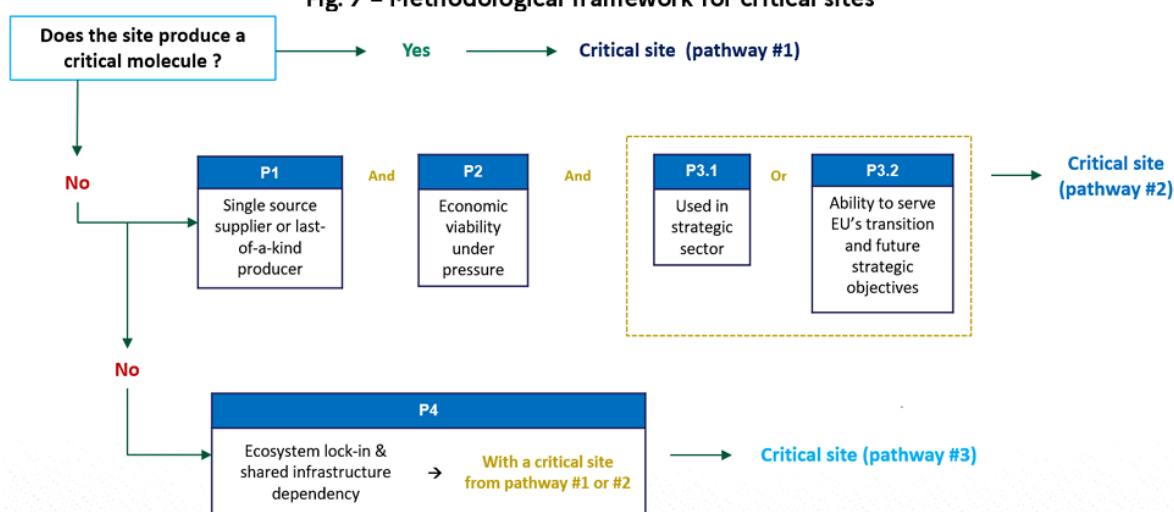
Criticality should therefore be dynamic, conditional and reversible. It should come with clear review points and an exit strategy, with support progressively withdrawn when vulnerability is reduced or viable alternatives emerge.

The objective should be to solve vulnerability, not to institutionalise it, and to make criticality a catalyst for innovation rather than a barrier to it.

2.6 Critical molecule does not automatically mean critical site

The CCA's methodology **automatically gives any European production site manufacturing a “critical” chemical a criticality status, irrespective of how clean, efficient or sustainable that site's production process is.** In other words, once a molecule is deemed critical, the methodology does not distinguish between different production sites making it, including between modern, efficient facilities that are investing in decarbonisation and ageing, highly energy-intensive or polluting facilities that may be poorly positioned for the transition.

Fig. 7 – Methodological framework for critical sites



Important to note	There is no hierarchy between these three pathways, as they hopefully capture most of the reasons why a chemical production site could and should be labeled as critical.
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This matters because the criticality of a chemical does not automatically make every facility producing it critical to Europe's future. A site may be important for current supply while still being technologically obsolete, highly carbon- or energy-intensive, dependent on fossil feedstocks, or associated with significant pollution. Protecting such production without requiring transformation risks locking in precisely the production structures that are contributing to Europe's vulnerability.

Criticality should therefore not be a blanket protection for every incumbent site producing a critical molecule. Site-level assessment should consider the sustainability and efficiency of the production process, its transition pathway, technological alternatives, environmental footprint and potential for transformation. Public support should go to securing the essential function while accelerating the transformation of the production base, not simply preserving every existing facility.

2.7 PVC: when the rules change to make a chemical critical

PVC is an important case study because it raises questions about the integrity of the methodology itself. PVC initially did not qualify as critical under the agreed methodology.

Following concerns from the PVC industry, the methodology was adapted to introduce a fast-track route, through which PVC subsequently qualified.

This raises a fundamental question: If a product fails an agreed criticality test and the methodology is subsequently adapted so that it can qualify, is the methodology identifying what is critical, or accommodating incumbent products?

This is particularly important because PVC is not a new strategic technology.

Concerns about PVC and its additives have been recognised in EU policy for decades.

The CCA should therefore not turn unresolved environmental and health problems associated with an incumbent material into a justification for protecting its continued production.

Where particular PVC applications genuinely fulfil essential societal functions, those functions should be identified, safer alternatives assessed and the transition managed.

3. THE POLICY RECOMMENDATIONS: WHAT HAPPENS AFTER A CHEMICAL IS “CRITICAL”?

The methodology matters because the criticality designation is not simply descriptive. It can become the basis for policy intervention.

The CCA proposes measures covering areas such as:

- energy costs;
- CO₂ and ETS costs;
- Trade protection;
- investment;
- public funding;
- procurement;
- permitting; and
- regulatory costs.

The problem is the lack of sufficiently strong transformation conditions attached to them.

The central question should be: If Europe provides preferential treatment to a critical chemical or site, what transformation does Europe receive in return? Without a clear answer, criticality risks becoming a mechanism for protecting the status quo.

3.1 Energy support

The CCA identifies high energy costs as a major competitiveness problem for European chemicals. That is real.

But Europe can respond in two fundamentally different ways: protect existing production or transform production. The first preserves the underlying vulnerability. The second addresses it.

Europe should not make structurally energy-intensive production artificially competitive indefinitely.

Where energy support is provided, it should be conditional on measurable improvements in energy efficiency, electrification and decarbonisation.

3.2 Carbon and ETS support

The same principle applies to carbon costs. There is a major difference between helping industry decarbonise and helping industry avoid the cost of decarbonisation.

Prolonged carbon-cost relief without transformation conditions risks weakening incentives to:

- electrify;
- improve energy efficiency;
- change production technologies;
- reduce fossil feedstocks; and
- invest in low-carbon chemistry.

The relevant question is therefore: Does the measure accelerate decarbonisation, or simply make carbon-intensive production cheaper?

3.3 Trade protection

The CCA proposes stronger measures to protect European production from international competition, including trade-defence measures.

Trade defence can be legitimate where unfair trade practices are involved. But trade protection cannot substitute for industrial transformation.

If a production process is structurally disadvantaged because it is energy-intensive, fossil-dependent or technologically outdated, shielding it from competition does not resolve the underlying vulnerability.

It may simply delay the need to transform.

Trade policy should support competitive transformed European production, not permanently shield incumbent production from change.

3.4 Public funding

The CCA proposes strong mobilisation of public and EU funding for critical chemicals and sites. This is particularly important because a critical designation could make it easier to justify preferential access to public money.

The question is simple: Why should taxpayers finance the continuation of an existing production model without requiring it to become fundamentally more sustainable?

Any public support should therefore come with measurable conditions covering, as relevant:

- decarbonisation;
- energy efficiency;
- electrification;
- reduced fossil-feedstock dependence;
- safer chemistry;
- substitution;
- pollution prevention;
- circularity, including resource efficiency.

The principle: No deep transformation, no preferential treatment.

3.5 “Buy European”

Supporting European supply chains can be legitimate. But “Buy European” should not mean locking public demand into incumbent chemicals.

If EU policy is seeking to move away from a hazardous, carbon-intensive or fossil-dependent material, preferential procurement of European production of that material could directly undermine the transition.

Public procurement should instead create demand for:

- safer products;
- low-carbon production;
- circular materials;
- resource-efficient solutions; and
- innovative substitutes.

“Made in Europe” is not, by itself, a sufficient definition of strategic or sustainable.

3.6 Faster permitting

Faster permitting as framed by the CCA recommendations mean weaker environmental assessment, pollution controls, Best Available Techniques requirements, Seveso safeguards or chemicals and substitution requirements.

The objective should not be lower standards.

3.7 Regulatory “burden”

The CCA also identifies regulatory costs and constraints as factors affecting competitiveness. This is where the wider **deregulation risk** becomes particularly important.

Environmental, climate and chemicals regulation is not simply a cost imposed on industry.

Regulation can:

- drive innovation;
- prevent pollution;
- create markets for safer technologies;
- accelerate substitution;

- reduce health costs; and
- give European companies a competitive advantage in emerging clean technologies.

If regulation creates a cost for an incumbent because it must reduce pollution or hazardous exposure, the answer should not automatically be regulatory relief.

The answer should be to help industry innovate and transform.

This matters for concrete EU policies already shaping the chemicals transition, including REACH restrictions on hazardous chemicals, the forthcoming universal PFAS restriction, EU climate and ETS rules, and environmental permitting requirements.

The concern is that the CCA is that giving “critical” chemicals and sites preferential treatment — particularly through regulatory relief, exemptions, funding or other forms of support — creates pressure to delay, weaken or carve out exceptions from policies designed to drive their transformation.

4. FROM “CRITICALITY” TO DEREGULATION: WHAT IS AT STAKE?

The concern becomes particularly clear when looking at chemicals and production pathways that are already subject to EU environmental or climate objectives.

4.1 PFAS: could “criticality” become an argument for prolonged exceptions?

PFAS provides the clearest test case. The EU is working towards a universal restriction of PFAS under REACH because of their extreme persistence and widespread environmental contamination. At the same time, PFAS-related production and uses (hydrofluoric acid and PTFE/Teflon) are presented as critical to European industry.

ECHA’s scientific committees have supported EU-wide action on PFAS, with targeted derogations. The universal PFAS restriction proposal covers the manufacture, placing on the market and use of PFAS, and is soon moving towards the Commission’s decision-making stage.

If PFAS-related production is instead labelled “critical” and supported on resilience or competitiveness grounds, **criticality could become a tool for maintaining production and extending derogations and/or exemptions rather than accelerating the transition to safer alternatives**. This would put industrial resilience in tension with the EU’s objective of reducing PFAS pollution.

4.2 PVC: when dependency is mistaken for necessity

PVC is a particularly revealing test of the CCA methodology. PVC and its additives have been associated with health and environmental concerns for decades, and the material is already subject to extensive EU regulatory scrutiny. The Commission has asked ECHA to investigate PVC and PVC additives under REACH, including the potential need for EU-wide regulatory measures. At the same time, PVC is on the CCA’s list of chemicals considered critical.

This creates a fundamental policy-coherence problem. The EU is seeking to reduce the risks associated with PVC and its additives and to promote safer, more sustainable alternatives,

while the CCA risks treating the widespread use of PVC across European value chains as evidence that its continued production is “critical”. But widespread use can demonstrate dependency, it does not, by itself, demonstrate societal necessity.

Indeed, the more deeply a hazardous material is embedded in existing value chains, the greater the need for a credible transition strategy. Labelling PVC “critical” without systematically assessing safer alternatives, essential uses and transition pathways risks turning past industrial choices into an argument for preserving those choices in the future.

PVC therefore exposes a broader contradiction in the CCA approach: a chemical can be considered critical because Europe depends on it, while EU chemicals policy simultaneously seeks to reduce that dependency. Criticality should not override that policy direction or become a justification for delaying restrictions, maintaining hazardous production or protecting incumbent producers from substitution.

If a chemical is considered critical precisely because Europe is dependent on it, the policy response should be to reduce that vulnerability, not to institutionalise the dependency.

4.3 EU ETS: protecting carbon-intensive production weakens the decarbonisation signal

The CCA’s industry recommendations call for the EU ETS framework to be made “**more flexible**” and “**industry-supportive**” **before 2030**, arguing that the current system does not sufficiently reflect industrial realities or protect competitiveness. In particular, they call for a review of ETS benchmarks for the chemical sector, including **no further reduction in free allocation during the second allocation period of Phase IV (2026–2030)**, and for **free allowances for chemical sites to be maintained beyond 2038**.

These proposals **weaken the core incentive that the ETS is designed to create, the economic signal to reduce greenhouse-gas emissions and invest in cleaner production**.

Free allowances are intended as a carbon-leakage safeguard, not as a permanent exemption from the cost of emitting. Maintaining them indefinitely for chemical sites would reduce the exposure of carbon-intensive production to the rising cost of emissions precisely when Europe needs investment to shift away from those production models. Similarly, preventing further tightening of benchmarks can reduce the pressure on installations to improve their emissions performance.

This is particularly problematic when combined with the CCA’s criticality methodology. **The more carbon-intensive and vulnerable a production process is, the stronger the case for classifying it as critical; critical status can then be used to argue for continued protection from carbon costs**. This risks creating a circular logic in which high emissions become a reason for protection rather than a reason to accelerate transformation.

The alternative is not to abandon European industry to carbon costs. **ETS-related support should be designed to accelerate decarbonisation**, for example by supporting electrification, renewable energy, energy efficiency, low-carbon feedstocks and breakthrough technologies, and should be conditional on measurable emissions reductions and credible transition plans.

The ETS should help Europe decarbonise its chemical industry, not make carbon-intensive production permanently cheaper to maintain.

4.4. Industrial emissions and permitting: faster should not mean weaker

The CCA's industry recommendations call for **fast-track permitting and prioritisation of projects involving "critical" chemical sites**, including at EU and regional level. They propose that projects aimed at modernising or transforming critical sites could be treated as being in the **"overriding public interest"**, and call for critical chemical sites and projects to receive priority within relevant legislative frameworks.

The recommendations also call for broader **simplification of regulatory requirements affecting the chemical industry, explicitly including the Industrial Emissions Directive (IED) and the Water Framework Directive.**

Giving "critical" chemical sites priority and treating their projects as being in the "overriding public interest" creates pressure to give these projects preferential treatment over environmental safeguards or competing public interests. More broadly, using "criticality" as a basis for regulatory prioritisation risks turning a supply-chain designation into a reason to weaken or bypass the rules that govern industrial pollution.

This is particularly problematic where the site being modernised is itself highly energy-intensive, polluting or dependent on hazardous substances. Modernisation does not automatically mean transformation. A new investment can extend the lifetime of an incumbent production route without fundamentally changing its environmental footprint. A faster permit for an old production model is not necessarily a faster transition to a new one.

Priority treatment should be linked to measurable improvements in emissions, pollution prevention, resource efficiency, circularity, safer chemistry and decarbonisation. Where a project merely maintains existing production without delivering substantial transformation, critical status should not provide a shortcut around environmental requirements.

Permitting should accelerate Europe's industrial transformation, not accelerate the approval of yesterday's production model.

4.5 Petrochemicals and fossil dependence: protecting capacity locks in yesterday's model.

A significant share of the chemicals identified as critical consists of petrochemical feedstocks and intermediates. Supporting these production chains without binding requirements to reduce fossil feedstock use, increase circularity and develop alternative production routes risks preserving demand for the existing fossil-based system. European competitiveness should not be measured by how successfully Europe maintains fossil-dependent capacity, but by how successfully it transforms that capacity into competitive, low-carbon and safer production.

5. THE CUMULATIVE EFFECT: A PROTECTION PACKAGE FOR INCUMBENT PRODUCTION

The individual recommendations become more significant when combined.

A chemical could be: designated critical because European production is vulnerable;

partly because of energy, carbon and regulatory costs and then receive energy support + carbon-cost relief + trade protection + public funding + procurement support + faster permitting

without equivalent binding requirements for:

detoification + decarbonisation + substitution + circularity + reduced fossil dependence.

That risks becoming a protection package for incumbent production.

The concern is not any single instrument. It is the cumulative effect.

This is why the debate is about more than competitiveness.

The question is whether competitiveness policy will accelerate industrial transformation or shield existing production from the costs and regulatory pressures driving that transformation.

The CCA risks using public policy to de-risk the production model that created Europe's vulnerability, rather than de-risking the transformation needed to remove that vulnerability.

6. WHAT IS AT STAKE FOR EU POLICY?

The risk is therefore not simply that individual chemicals receive support. It is that **“criticality” could become a horizontal justification for weakening the coherence of EU environmental, climate and chemicals policy.**

The following principles should remain clear:

REACH restrictions should not be undermined by criticality.

The PFAS transition should not be delayed because existing PFAS capacity is economically important.

The ETS should not be weakened in order to preserve carbon-intensive production without equivalent transformation.

Environmental permitting should not lower environmental standards from Water or Industrial Emissions rules.

EU policy to reduce hazardous chemicals and promote safer alternatives should not be overridden by industrial dependency.

The objective should be policy coherence: industrial policy should help companies adapt to the direction of EU climate, chemicals and environmental policy, not create parallel mechanisms to shield them from it.

7. GOVERNANCE: WHO DEFINES WHAT IS “CRITICAL”?

The governance question is fundamental because the CCA is not simply a technical exercise. It is deciding which chemicals and production sites should potentially receive preferential treatment, public support and policy attention.

Those decisions affect:

- public spending;
- health;
- environmental protection;
- chemicals regulation;
- climate policy;
- workers;
- consumers; and
- Europe's long-term industrial transition.

Yet incumbent chemical producers' interests are structurally prominent in the Alliance, while civil-society organisations, downstream users and frontrunning companies have been excluded over the key decision-making structures.

This creates a legitimacy problem.

8.1 Governance: a blank cheque for industry?

DG GROW has effectively given the chemical industry a blank cheque to shape the CCA's agenda, methodology and recommendations, without putting in place adequate public-interest checks and balances. From the outset, NGOs raised concerns about the governance of the Alliance and the disproportionate influence of industry. These concerns were repeatedly brought to DG GROW through letters, written submissions and direct meetings. Yet, despite being given multiple opportunities to address these concerns, DG GROW has failed to reply to them or establish meaningful safeguards to ensure that the process is balanced, transparent and accountable.

The problem is who gets to shape the process and with what checks on that influence. The CCA is intended to identify which chemicals and production sites should be considered “critical” and to develop recommendations that could influence EU investment, trade and regulatory policy. Yet the governance arrangements are far from equivalent representation or decision-making safeguards for public-health and environmental interests.

This is particularly concerning because the CCA is not merely a forum for exchanging views. Its General Assembly can adopt opinions and recommendations (by majority), while the Steering Board coordinates the work and defines its main deliverables. When an Alliance can help define what is “critical” and then develop policy recommendations on how those activities should be supported, governance is not a procedural detail, it determines whose interests are built into the outcome.

DG GROW has therefore had repeated warnings that the process was structurally unbalanced, but has not corrected the underlying governance problem. Instead of putting robust public-interest scrutiny around a process with potentially significant regulatory and

funding implications, it has allowed industry to play a dominant role in defining the problem, shaping the methodology and developing the solutions.

A process designed to determine Europe's future industrial priorities cannot be credible if those most invested in preserving existing production are given such a central role in defining what must be protected.

8.2 Why governance matters

The companies and industry associations involved in the CCA have obvious vested interest in ensuring that their sectors and production assets remain economically viable.

The question is whether public-interest actors have a meaningful and balanced role in defining the criteria, assessing the evidence and shaping the recommendations.

8.3 Consultation is not the same as decision-making

Being allowed to provide comments or participate in consultations is not equivalent to having a meaningful role in determining:

- the methodology;
- the criticality criteria;
- the weighting of factors;
- the identification of critical chemicals;
- the recommendations; and
- the conditions attached to public support.

This distinction is particularly important where the resulting policies may directly benefit the companies represented in the process.

8.4 Regulatory and industrial capture

There is therefore a broader governance concern: If incumbent industry has a strong role in defining which production is "critical", while public-interest actors have a much weaker influence, there is a structural risk that the definition of strategic interest becomes aligned with the preservation of existing production.

The PVC example makes this concern particularly relevant. If an incumbent sector challenges its exclusion from the critical list and the methodology subsequently develops a route through which it qualifies, who has the power to define criticality, and whose interests does the methodology ultimately serve?

This means that strong safeguards against conflicts of interest, transparent evidence, independent assessment and meaningful public-interest participation are essential.

9. WHAT WOULD A CREDIBLE CRITICALITY FRAMEWORK LOOK LIKE?

The CCA should reverse the sequence. The framework should ask:

1. What essential societal function needs to be secured? Start with the function, not the incumbent molecule.
2. Can that function be provided differently? Assess safer chemicals, alternative materials, different technologies, non-chemical solutions and demand reduction.

3. Is the solution compatible with EU objectives? Assess health, pollution, climate, biodiversity, resource use, circularity, fossil dependence and end-of-life impacts.
4. Is there a genuine resilience risk? Only then assess import dependency, supply concentration, geopolitical risk, substitutability and the minimum European capacity genuinely required.
5. What needs to transform? If European capacity is genuinely necessary, establish measurable transformation requirements.
6. What does public support buy? Support should be conditional on verified progress towards: decarbonisation + detoxification + circularity + resource efficiency + reduced fossil dependence + resilience.
7. When does criticality end? There should be a clear exit strategy as alternatives emerge, supply diversifies or production transforms.

10. THREE CORE MESSAGES

1. PROTECT ESSENTIAL SOCIETAL FUNCTIONS, NOT INCUMBENT PRODUCTION.

Industrial dependency does not automatically mean societal necessity. Europe should identify what functions it genuinely needs to secure and then determine the safest, cleanest and most resilient way to provide them.

2. DO NOT USE PUBLIC MONEY TO LOCK IN PRODUCTION THAT EU POLICY IS TRYING TO TRANSFORM.

Public support should come with binding conditions that deliver measurable transformation.

No deep transformation, no preferential treatment.

3. CRITICALITY SHOULD BE A GATEWAY TO TRANSFORMATION, NOT A SHIELD AGAINST REGULATION.

A chemical does not become more societally necessary because its production is energy-intensive, carbon-intensive or exposed to environmental regulation.

The more vulnerable an unsustainable production model is to the transition, the stronger the case for transforming it, not for protecting it from that transition.