

# New Deal to Boost Competitiveness

## Revamping Europe's Industrial Landscape

*The EU Green Deal has severely hit the competitiveness and innovativeness of Europe's already struggling industry. Now, with the Clean Industrial Deal, things are set to improve – but this will require a change of mindset at the Commission.*

The EU industry is on its way to a climate-neutral and more sustainable economy in Europe. The EU Commission intended to support and accelerate this transition with the “European Green Deal”. This has not been successful; the Green Deal is not a growth program for Europe. Since its launch in 2019, the EU Green Deal has introduced a flood of regulations, some of which are poorly coordinated, forcing the European

### Green Deal Mainly Flourished in Bureaucracy

With regard to the EU chemical industry, more than 150 regulatory measures have been announced that will change the landscape for the industry. About 900 implementation measures already affected the chemical industry. Other significant measures like the revision of the REACH regulation have

one-dimensional view of sustainability and limits the possibilities for further development.

In addition to the Chemicals Strategy for Sustainability and the Circular Economy Action Plan, there are many other EU regimes that directly determine and influence the burdens on our companies—such as the Emissions Trading System, the 2030 decarbonization targets, regulations on waste, packaging and labelling, water, soil and deforestation, CSRD reporting, compliance, due diligence, requirements under the Sustainable Finance Action Plan, energy regulations, the Industrial Emissions Directive ... the list seems endless. Each of these norms brings with it new regulatory obligations.



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### Call for Policy Change

To counter these developments, more than 1,000 industrial organizations and companies from 25 sectors aligned their concerns in the Antwerp Declaration. They called the Commission for several actions to improve clarity, predictability, and confidence in Europe and its industrial policy.

What industry needs is the creation of a structural framework that allows it to develop, rather than strangling it with rigid restrictions. The Green Deal, with its numerous regulations and directives, should be inspired by the principle of technology neutrality according to which the transition can be achieved through a flexible approach to different technologies instead of being limited to a single solution. Objectives should be pursued leaving the industry with opportunities to invest and to do research in many technologies. Legislation should be limited to setting tar-



chemical industry to make significant investments in order to comply. Companies are also suffocating under the weight of reporting requirements.

The goal of climate neutrality is right and important, but the way to get there is not. The new regulations aim to promote more sustainable and climate-friendly production, but tend to increase the bureaucratic burden considerably, while the protection of health and the environment is often not significantly improved. Furthermore, they come at a time when the industry was already facing a multitude of crises. The financial crisis, the Covid-19 pandemic and geopolitical conflicts such as Russian aggression in Ukraine have further increased the burden on companies.

been announced but have not yet been implemented.

Centerpiece of the Green Deal activities is the Chemicals Strategy for Sustainability. Within this strategy, a multitude of parallel regulations has emerged, often incorporating extremely concerning approaches. For instance, the introduction of the essential use concept, a broader generic approach to risk management, and the introduction of the new hazard classes imply a shift away from well-established risk-based systems to blanket substance restrictions based on potential hazards. This is also to be found in the Circular Economy Action Plan, e.g. the Ecodesign for Sustainable Products Regulation, which includes a

These might turn out very difficult or impossible to fulfil, as their total causes an immense strain in both administrative and technical terms.

Not only do these initiatives create uncertainty for the industry, they also cause high costs which can be detrimental, especially for SMEs. More studies than potentially necessary have to be funded. In addition, rising energy costs due to internal and external factors mean that production in Europe is no longer competitive, particularly in energy-intensive industries. The direct consequence of these increased costs for industry is the closure of sites in Europe and the shifts of future investments to countries outside the EU.

*“Strengthening competitiveness and simplifying the wide range of regulations are key pillars of the work program and will remain so in the coming years.”*

gets. The tools to achieve them should be developed by the industry itself in an independent context, using different approaches and pathways.

The establishment of a stable and sustainable regulatory framework for manufacturers is a fundamental and

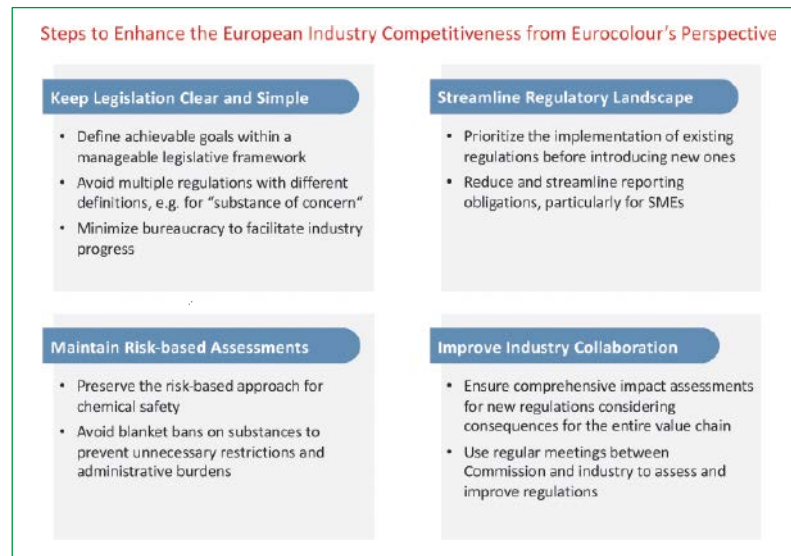


perhaps underemphasized component of the Green Deal. Only if manufacturers are given clearly defined, achievable targets in a manageable regulatory framework will they be able to work towards them.

## The Commission's New Approach

Following the recent European elections, the new EU Commission appears to have recognized these issues. In new policy documents, the Commission has announced its aim to make it easier to do business with the Clean Industrial Deal. It claims that the costs of all administrative burdens will be reduced by 25%, and by 35% for SMEs. A new category of companies called "small mid-caps" will allow companies somewhere between SMEs and large companies to benefit from regulatory simplification. The Clean Industrial Deal is intended as an overarching strategy and will therefore be the successor to the Green Deal.

For the chemical industry, a tailor-made action plan called the "Chemicals industry package" has been announced for the fourth quarter of 2025. This package is expected to include a targeted revision of the REACH regulation, which is said to help simplify the rules for the chemical industry. Whatever this means to the Commission. Blanket bans on groups of substances based on haz-



ard could also be seen as a form of simplification, but it would have significant negative impacts on the whole industry.

## Steps to Achieve Real Change

If the guidelines are implemented correctly and the Mission Letters are not just for show, the first step is taken to give the European Industry a chance to be competitive. To achieve this goal, it is important to first sort out and prioritize the current, overloaded regulatory landscape, improve the communication between the Commission and industry, and avoid blanket bans

on substances and technologies. The Commission needs to return competence to industry rather than continue to impose measures that looks good from a desk-top perspective but could have serious practical consequences.

The Commission's work program 2025, published last month, is a first indicator of the EU's political priorities, but does not yet show whether a real change in policy-making is taking place. A shift in its rhetoric and objectives ("a bolder, simpler and faster Union") gives hope, but it remains to be seen how substantive the implementation will be. For instance, it is claimed that there are 37 proposals for withdrawal. But these are non-starters, pending proposals that are already

obsolete or have no chance of being agreed, with no real impact on business.

More effective relief may come in the form of a set of Omnibus proposals, in which several existing pieces of legislation are to be streamlined in a fast track procedure. The first omnibus package on sustainability aims to simplify the sustainability reporting obligations (CSRD), sustainability due diligence (CSDDD), and taxonomy requirements.

Alongside the Clean Industrial Deal, the "Action plan on affordable energy" is intended to help energy-intensive industries that are currently suffering from high energy prices. This is particularly important to our industry, which is dependent on competitive energy prices.

Strengthening competitiveness and simplifying the wide range of regulations are key pillars of the work program and will remain so in the coming years. The Commission's new initiatives have the potential to turn the tide together with the industry. It is to be hoped that the good intentions will be translated into action.

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