

TO:

Environment Council

and

European Commission

Ursula von der Leyen, European Commission President

Teresa Ribera Rodriguez, Executive Vice-President-designate for a Clean, Just, and Competitive Transition

Stéphane Séjourné, Executive Vice-President-designate for Prosperity and Industrial Strategy

Jessika Roswall, Commissioner-designate for Environment, Water Resilience and a Competitive Circular Economy

Cc: *Mario Draghi*

Brussels, 14 October 2024

OBJECT: Joint open letter from the representatives of civil society and the environment on the Draghi Report considerations regarding chemicals

Dear EU Environment Ministers,

Dear Ms von der Leyen,

Dear Commissioners designate,

Ahead of your discussions at the Council meeting on 14 October and the ongoing work by the European Commission in shaping a Clean Industrial Deal, the undersigned representatives from civil society, are writing to express serious concerns regarding the recently published [Draghi report](#).

While the report aims to assist the European Commission in shaping a plan for sustainable prosperity and competitiveness, including the creation of a Clean Industrial Deal, we are troubled by the lack of accuracy, precision, and justification of several key statements. Moreover, the report wrongly states having been consulted with civil society, particularly the EEB.

Inaccurate or unsupported statements severely compromise the report's ability to serve as a solid and credible foundation for the Commission's future work on chemicals' policy. To address this, we would like to offer a few important clarifications that we urge you to take into account.

A key takeaway from the Draghi report is that the chemicals sector, by far [the most energy intensive industry](#), plays a critical role in the European economy. Yet, the

report only captures one aspect of the sector's impact. By not addressing its societal or environmental costs, it neglects and therefore perpetuates the negative impacts of this industry on our economy. For this sector to remain competitive and bring societal benefits in the long run, true accounting is necessary.

The report commends the industry for its essential contributions to production, job creation, downstream competitiveness, and efforts to reduce the EU's strategic dependencies—all of which are important to emphasise. However, this assessment lacks a balanced view of the industry's economic impact, neglecting to acknowledge that some segments may impose higher, long term costs on the European economy than the benefits they provide. This is primarily due to the production and use of harmful chemicals, which have been linked to [two million deaths globally and 53 million disability-adjusted life years](#) (DALYs) annually, and significant [remediation and water clean up costs](#). The long-term price of addressing health impacts, environmental degradation, and associated regulatory measures may significantly outweigh the economic gains, with societal costs potentially exceeding [10% of global GDP](#). While chemicals bring benefits to the EU economy and its competitiveness worldwide, the production of toxic substances also comes at a significant cost, a consideration that is simply absent from the Draghi report.

Importantly, while the Draghi report acknowledges the relevance of, and need to shift to, a circular economy, it does not investigate or address the issue of hazardous substances which will continue to circulate and accumulate within products and cause pollution for many years after their initial use. A competitive circular economy must be free of these substances that can cause cancer, impact our immune system or contaminate our drinking water sources with huge societal costs. Moreover, the report also omits the connection between the production of novel chemicals and the breach of safe planetary boundaries, beyond which long-term competitiveness and a prosperous economy may not even be possible.

The report recognises that the chemicals sector has been a frontrunner in “quality, innovation, and green technologies”, in particular in relation to energy savings, recycling and decarbonisation. Yet visibly absent is a discussion of the critical role of innovation in advancing safer and sustainable chemistry, an area that used to be [promoted by the Commission](#) and in which many European companies are actively investing. The report praises the sector's contribution to reduce carbon emissions but fails to mention the potential of climate mitigation technologies to exacerbate pollution. This issue is currently under [investigation by the United Nations Special Rapporteur on Toxics and Human Rights](#). The European industry has a pivotal role in the transition towards both a climate friendly and non toxic economy - only the two together can strengthen Europe's position as a leader in the sustainable chemicals industry.

While recognising the crucial economic value of the chemicals sector, the report frames regulation, e.g. REACH, as “imposing additional constraints on products and processes”. This assessment is misguided for several reasons.

- **First, the report accuses regulation to constrain industry but forgets to emphasise that the placing on the market of toxic chemicals is the actual root cause.** The regulatory framework in the EU does not create barriers nor uncertainties for chemicals companies unless they fail to meet their most basic obligation which is

to ensure the manufacture of safe products. Risk management measures adopted under regulations like REACH or CLP are only meant to correct the most evident market failures and support the scaling up of safe business practices. The future industrial policy should therefore, first and foremost, aim to help companies comply with the chemicals legislation and, that way, also reward the industrial frontrunners.

- **Second, the report wrongfully states that the European Chemicals Agency (ECHA) may “*adapt limits and impose bans at any moment*”**, which ECHA simply does not have the legal power to do. In accordance with REACH, only the European Commission together with the Member States may impose restrictions on chemicals considered to pose an unacceptable risk to humans and the environment, following the development of thorough scientific opinions by ECHA's independent expert committees. This process in fact takes years and involves a series of consultations that enable all companies to participate. This procedure ensures that all restrictions are based on a public mandate and enables companies to know well in advance what kind of regulation is likely to be adopted in the future. The fact that it takes so long to regulate chemicals in the EU - [up to two decades](#) - clearly hampers innovation towards safer alternatives and prolongs people's exposure to harmful chemicals.
- Finally, **the report misleadingly uses the example of PFAS to exemplify the negative impact of EU regulation on the chemicals sector.** Firstly, the report overlooks [the strong market and investor momentum pushing](#) for the phase-out of PFAS, fueled by increasing visibility of already existing or soon available alternatives and [growing litigation](#) against PFAS manufacturers and users. Secondly, it misrepresents the ongoing PFAS ban proposal currently under assessment at ECHA. This proposal is not a blanket ban; it includes exemptions for those uses where no viable alternatives exist, ensuring that the EU market retains essential applications, including those crucial for the green transition or in refrigerants. Fortunately, in both sectors, [safer alternatives to PFAS are often available](#) - a mention omitted from the Draghi report. Moreover, the report fails to highlight the enormous costs associated with the production and use of PFAS: health related costs only are [estimated](#) to range between €52-84 billion annually in Europe, arguably way beyond the economic gains brought by this industry. The enormous strain that continued emission of PFAS puts on the [drinking water providers](#) - who have urged policymakers to stop further pollution - also makes evident how continued PFAS use harms Europe's economy. A comprehensive EU restriction on PFAS will instead hasten innovation for safer alternatives and bring certainty to the market actors. Innovators, brands, and retailers have made great strides in researching and transitioning to safer PFAS-free alternatives. Beyond the consumer sector, companies are moving towards PFAS-free solutions in industries such as semiconductors, hydrogen production, and EV batteries, showcasing their commitment to reducing both chemical and carbon footprints. Notably, PFAS-free lithium batteries for energy storage have been

available for over a decade. A restriction of PFAS will level the playing field, ensure regulatory certainty and drive further innovation.

In line with the principles of good administration, **we respectfully urge you not to overestimate the value of the statements on chemicals from the Draghi Report as a guide for action in the upcoming period, considering the shortcomings in its execution highlighted here.**

The 2020 Chemicals Strategy for Sustainability (CSS) identified critical gaps in the regulation of harmful chemicals in Europe, while also charting a clear and ambitious course toward a safe and sustainable environment that also supports the thriving European industry. Notably, it sets out specific proposals to update REACH in a way enhancing the level of protection while maintaining the competitive and innovative internal market for chemicals. It also includes commitments to limit the unprecedented PFAS-crisis including a ban on non-essential uses.

We ask you to remain aligned with the EU's commitments under the CSS, implement them with no more delays, and ensure that future regulatory actions effectively address the challenges of sustainability which are more pressing by the day.

We remain at your disposal should you want to discuss our comments.

Respectfully,

Anais Berthier, ClientEarth, Head of Brussels office

Patrick ten Brink, Secretary General, European Environmental Bureau (EEB)

Alexandra Caterbow, Olga Speranskaya, HEJSupport, Co-Directors

Vicky Cann, Corporate Europe Observatory

Nadine Lauverjat, Executive Deputy of Générations Futures

Francesco Romizi, Public affairs manager ISDE (International society of Doctors for environment)

Emily Best, Environmental Coalition on Standards (ECOS)

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Genon K. Jensen, Executive Director, Health and Environment Alliance (HEAL)

Angeliki Lysimachou, Head of Science and Policy, Pesticide Action Network (PAN) Europe

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Joop Keesmaat President Stichting Stop PFAS Stop Chemours

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