

IndustriAll European Trade Union Position Paper

The Chemicals Strategy for Sustainability

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1. Introduction

When the European Commission published its European Green Deal in December 2019, it announced a number of upcoming strategies for industrial sectors, including a chemicals strategy. This was published as “Chemicals Strategy for Sustainability” on 14 October 2020 after intense negotiations between the relevant European Commission Directorates-General (policy departments). Focussing on the management of substances, the strategy is interlinked with other Green Deal initiatives, such as the Industrial Strategy, the Circular Economy Action Plan.

With the goal of a toxic-free environment, the Commission sketches its vision of a new “hierarchy in chemicals management”, focusing on a transition towards “safe and sustainable chemicals”, a sped up substitution of hazardous substances. This is to be achieved through stricter regulation, financial incentives for innovation and research and innovation programs.

The COVID-19 pandemic has shown Europe’s dependency on imports of a number of essential chemicals for domestic production, most notably for the production of pharmaceuticals. As a result, the Chemicals Strategy for Sustainability aims at decreasing this dependency, ensuring an open strategic autonomy with resilient value chains.

Despite aspiring to a holistic approach to chemicals management, the strategy does not contain a chapter on occupational health and safety. The authors refer to the upcoming Strategic Framework for Health and Safety at Work (foreseen for early 2021).

2. IndustriAll Europe’s perspective

IndustriAll European Trade Union welcomes a comprehensive and long-term approach to European chemicals management. We support the goal of producing and using chemicals in a way that maximises their contribution to society and the green and digital transformation while minimising harm to the environment and living beings.

IndustriAll Europe recognises that the implementation of the strategy will have the biggest effect on chemicals production, processing, management, reuse and discharge since the introduction of the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) legislation. In fact, it will require a steep increase in research and innovation efforts, a rethinking of strategies, new skills sets. This can be an opportunity for Europe to take the lead in the field of environmentally friendly

production processes and life-cycle management of substances. However, to reap the benefits, the elements of the strategy need to be formulated and shaped with a thorough socio-economic impact assessment.

To make the Chemicals Strategy for Sustainability a success, the following points need to be considered.

2.1. Safe and sustainable by design chemicals; material cycles

The transition to chemicals that are safe and sustainable by design is the corner-stone of the strategy. However, at this stage it provides only a very broad definition.¹ Criteria are yet to be developed. IndustriAll Europe regards it somewhat adventurous to build a strategy around such an open concept and hence finds difficult to judge the magnitude of the European Commission's ambitions. We call for a thorough process, including the relevant stakeholders, to lay down these criteria. They should not solely focus on environmental considerations but allow for a thorough socio-economic assessment.

IndustriAll Europe supports the aim of phasing out most harmful substances for non-essential societal use, but again calls for a mindful process of defining "essential" and "non-essential". We also warn that terminology such as "toxic-free environment" creates wrong expectations. In many cases, the toxic properties of substances are their very asset. Sanitisation for example, so important in the battle against the spread of the corona virus, would be impossible without "toxic" substances.

We clearly support the creation of a well-functioning market for secondary raw materials. We agree that regulatory action is needed to enable and ease the safe shipment, trade and use of (products containing) chemicals for recycling. The lack of adequate information on the chemical content of products is to be tackled. IndustriAll Europe shares the Commission's analysis that increased investments in innovative technologies are needed to address the presence of legacy substances in waste streams and thus to allow more waste recycling. We explicitly welcome that technologies such as chemical recycling are credited with a potential role.

If the transition to safe and sustainable chemicals is to be the great economic opportunity, as well as a key component of EU's recovery from the COVID-19 crisis, it needs to be implemented in tune with the Industrial Strategy, respecting the requirements of downstream users along the industrial value chains. Further elaboration is required with respect to socio-economic consequences including employment impacts on specific regions, sectors and workers.

For industriAll Europe, it is of utmost importance that the recovery boosts and strengthens industrial value chains in Europe, maintaining and creating stable and high-quality jobs. In this context, we

¹ "At this stage, safe and sustainable-by-design can be defined as a pre-market approach to chemicals that focuses on providing a function (or service), while avoiding volumes and chemical properties that may be harmful to human health or the environment, in particular groups of chemicals likely to be (eco) toxic, persistent, bio-accumulative or mobile."

recognise the Commission's commitment to map and address safe and sustainable-by-design skills mismatches and competence gaps, and to ensure adequate skills at all levels.

2.2. Innovating the production of chemicals

IndustriAll Europe agrees with the Commission's analysis that chemicals are the building blocks of low-carbon, zero pollution and energy- and resource-efficient technologies, materials and products. The green and digital transitions of our economies and societies depend on the innovative capacity of the chemical(s) industry. We welcome the commitment to support innovation through financial instruments and research and innovation programmes. However, the strategy seems to put most faith in stricter regulation to trigger innovation. Innovation does not only – let alone automatically – happen when stricter rules are implemented, but in favourable market conditions. The chemical industry has a strong record of innovation. This has been a prerequisite for thriving in the global market. IndustriAll Europe is first and foremost surprised by the strategy's neglect of the workforce in this respect. Innovation is mainly achieved by innovative people, in companies' own research departments, laboratories, on the production lines. A clearer focus must be given to retaining quality education and jobs in the industry and to the development adequate content in STEM (science, technology, engineering, mathematics) subjects. We share the assessment that re-skilling and up-skilling the workforce involved in the production and use of chemicals is needed. Equally, we agree that the current deployment rate of available technologies must be increased to enable the green and digital transitions.

IndustriAll Europe welcomes the idea to explore opportunities to shift from traditional production and use of chemicals to chemicals as a service where possible and reiterates its demand to pursue this in dialogue with stakeholders, namely industry and trade unions.

2.3. Open strategic autonomy

Chemicals supply and manufacturing chains are highly complex and globalised. The Commission proposes to identify strategic value chains, the strategic dependencies and propose measures to reduce these dependencies. IndustriAll Europe regrets that the strategy remains short of a commitment to reshore some production of crucial substances to Europe. The COVID-19 crisis has proven the unpredictability of supply and logistic chains, of political decisions to curb exports in emergency situations. A simple diversification will not suffice. No long global value chain can be truly resilient. Having many of them may reduce the risk of a complete breakdown but will not guarantee disruption-free flows of raw materials, intermediates or active pharmaceutical ingredients.

2.4. Legal framework and enforcement

The European Commission aims at strengthening the legal framework “to rapidly respond to scientific findings, making it more coherent, simple and predictable to all actors”. IndustriAll Europe shares the view that the EU has one of the most comprehensive and protective regulatory

frameworks for chemicals, supported by the most advanced knowledge base globally. We welcome the Commission's commitment to REACH and Classification, Labelling and Packaging regulation (CLP) and with this to the European Chemicals Agency. IndustriAll Europe fully supports attempts to make substance assessment processes simpler and more transparent, hence reducing the burden on all stakeholders and making decision-making faster as well as more consistent and predictable. 'One substance, one assessment' should be the ultimate goal.

The Commission proposes the extension of the generic approach to risk management, especially for harmful chemicals in consumer products. While thus thriving for a preventive approach that maximizes the protection of health and environment, the use of harmful chemicals would still be allowed where they are essential for society. IndustriAll Europe can see the benefits of this approach if the criteria for essential uses are coherently and comprehensively defined in dialogue with the relevant stakeholders and if there are clear responsibilities for every step in the risk management process.

We welcome the plan to formulate approaches to limit the dangers associated with endocrine disruptors, combination effects of chemicals ("cocktail effects") and Per- and polyfluoroalkyl substances (PFAS, "forever-chemicals").

industriAll Europe also fully supports a zero tolerance approach to non-compliance: enhanced enforcement of chemicals legislation is highly welcome, especially with regards to customs controls and surveillance of products traded on online platforms.

2.5. The missing element: workers and their place in the new paradigm

IndustriAll Europe must express its surprise that the role of workers is virtually absent from the strategy. We acknowledge that the authors point to the need for new skills and promise measures for reskilling and upskilling. It does indeed need a comprehensive skills strategy, based on the timely anticipation of skills needs (with the involvement of social partners). However, this does not suffice as answer to all potential effects of the new chemicals management paradigm. New business models may come with a shift from existing companies to new ones, creating new jobs that may not be filled with the current workforce and may not be located in the same regions. Moreover, workers must be recognised as the innovators and enablers of innovation that they often are and must be supported in that role. We are prepared to work with the European Commission to fill this gap in the Chemicals Strategy for Sustainability.

3. To conclude

IndustriAll Europe is committed to becoming a partner in the shaping of the elements of the Chemicals Strategy for Sustainability. Our key demands to make the strategy a success for Europe are:

- a clear and unambiguous definition and formulation of criteria of “safe and sustainable by design”, “essential substances” and “essential uses” that respects all three dimensions of sustainability: environmental, economic and social
- acknowledge and strengthen the key role of the chemical(s) industry as enabler of the green and digital transformations
- acknowledge the potential of the industry as a driver for recovery and job creation
- reshore the production of important chemicals and strengthen European production sites
- simplify substance assessment processes with the ultimate goal of “one substance, one assessment”
- increase control of imports to ensure that they fulfil the same high standards
- an encompassing impact assessment of the potential effects of the strategy’s elements on employment, on the people who research, produce, process, manage, etc.; and solutions for possible negative impacts
- long-term stability and planning security for the industry

The European Commission has promised to establish a high-level roundtable with representatives from industry including SMEs, science and the civil society to realise the strategy’s objectives in dialogue with the stakeholders concerned. IndustriAll Europe welcomes the establishment of such a group and requests a seat at the table.