

Towards a global and strong Europe: Cefic calls for a well-calibrated EU trade policy

The European Union's (EU) trade policy needs to adapt. There is an ever-more complex and uncertain geopolitical and economic landscape that EU trade policy needs to account for to maintain the EU's long-term competitiveness, as highlighted in the Antwerp Declaration. Addressing these challenges is key for the European chemical industry, which is highly trade-intensive and heavily benefits from global market integration. There is a need for a carefully balanced EU trade policy which is part of a broader EU economic foreign policy resting on four principles: free, fair, sustainable, and resilient.

This means that EU trade policy should promote openness and economic well-being and efficiency while restricting as little as possible the free flow of goods, services, investment and knowledge. At the same time, this policy needs to ensure that all participants respect and play by the agreed rule book. In cases where the agreed rights are violated, the harmed participants are entitled to seek justified remedies. It shall also align with the UN Sustainable Development Goals as stipulated by the Agenda 2030. To ensure resilience, EU trade policy should be flexible, consider security needs and long-term international relations, while avoiding self-sufficiency and capital flow restrictions as much as possible.

There are inherent complementarities and trade-offs between these principles that should be carefully weighed against each other to strike the right balance. EU trade policy should also be closely aligned with the broader industrial strategy to sustain the competitiveness of the chemical industry during its transformation. This will become increasingly important as the global order evolves, and EU trade policy, as part of a new EU economic foreign policy, will have to adapt to it.

Top Policy Recommendations

- **Open and deepen access to third-country markets:** Focus on reducing tariffs and non-tariff barriers, enhancing regulatory cooperation, and fostering mutual trade liberalisation on the bi-, pluri-, and multilateral level to promote growth and diversification.
- **Address market distortions:** Tackle unfair trade practices and market distortions that harm EU industries by strategically using the EU's trade instruments.
- **Economic security and resilience:** Improve the EU's economic resilience against trade weaponisation by implementing precise and proportionate measures. Focus needs to be on 'de-risking not de-coupling', using where possible data-driven and risk-based approaches.
- **Strengthen regulatory cooperation:** Improve regulatory cooperation by ensuring non-discriminatory, transparent, and predictable trade conditions to help EU industries compete fairly in global markets.
- **Acting in unity:** Strengthen the EU's ability to act as a block by pursuing a trade policy not beholden by competence struggles.

Table of contents

1.	Introduction	3
1.1.	The world is changing fast, EU Trade policy needs to adapt with it.....	3
1.2.	For a free, fair, sustainable and resilient trade policy	5
1.3.	Outlook: A trade policy fit for the 21st century.....	7
2.	Roles and responsibilities / institutional set-up of EU trade policy	8
2.1.	In support of a rules-based trade system	8
2.2.	EU vs Member States' competences	8
2.3.	Trade and Environment	9
2.4.	Trade and Security	9
3.	Retain Market access for supply and demand	11
3.1.	The European chemical industry market access asks.....	11
3.1.1.	Reducing and eliminating tariff and non-tariff barriers.....	11
3.1.2.	Facilitate access to raw materials and feedstocks.....	12
3.1.3.	Stimulate investments at home and abroad	13
3.1.4.	Ensure proper protection of intellectual property	13
3.1.5.	Balanced rules for cross-border data flows	13
3.1.6.	For an effective trade promotion	13
3.2.	Specific views on tools on trade policy instruments for market access	14
3.2.1.	World Trade Organisation	14
3.2.2.	Free trade agreements	15
3.2.3.	Sectoral agreements	16
3.2.4.	Regulatory cooperation and trade facilitation	17
3.3.	Relations with key countries.....	18
3.3.1.	Relations with the EU Neighbourhood	19
3.3.2.	Relations with the USA and North American region	19
3.3.3.	Relations with China and the wider East and Southeast Asian region	20
3.3.4.	Relations with other G20 Countries	22
4.	For a firm defence of EU economic interests.....	22
4.1.	Trade defence instruments.....	22
4.2.	New level playing field inducing trade instruments:	23
4.3.	Enforcement	23
5.	Implementation of European Economic Security Strategy	24
6.	Laws with trade impact	25

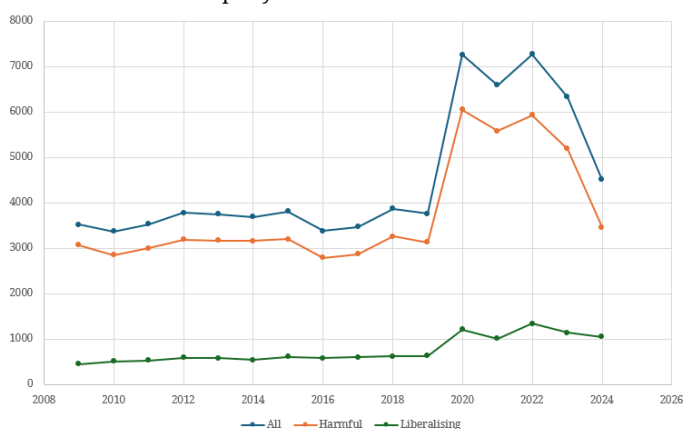
1. Introduction

1.1. The world is changing fast, EU Trade policy needs to adapt with it

The world as we know it is evolving rapidly. It is increasingly becoming more complex, volatile and ambiguous. Old certainties that applied for decades are eroding due to secular shifts ranging from the rise of China and India to climate change and the 4th industrial revolution¹. For the chemical industry the super-cycle that drove growth during the last thirty years is coming to an end. These shifts are compounded by various crises and shocks such as the Covid-19 pandemic and the Russian war of aggression against Ukraine.

The poly-crisis creates headwinds highlighting the vulnerabilities of the global economic and political governance system. Due to the ongoing evolution of the post-1990 economic and political order, the future of the liberalised, rules-based international economic system is called into question. While de-globalisation might not yet be happening, we observe a steep rise of trade policy interventions and protectionist policies causing trade and investment fragmentation. The difficult situation of the World Trade Organisation (WTO) is a case in point.

Global interventions per year



Source: globaltradealert.org and Cefic Analysis 2025

This is further exacerbated by increasing geopolitical tensions coupled with security concerns over the resilience of global supply chains. There is an ongoing paradigm shift that increasingly considers interdependencies as weaknesses instead of drivers for peace and prosperity. Self-sufficiency and economic nationalism, long believed ideas of the past, are again *en vogue*. Lastly, the fight against negative environmental externalities, especially climate change, challenges the system originally based on the principle to maximise economic efficiency. Given its high levels of trade openness, the EU and its economic model are particularly impacted by these trends.²

As highlighted by the Draghi and the Letta reports, the EU's trade policy has to adapt to this evolving landscape. Also, the Antwerp Declaration³ emphasizes the importance of trade. For the long-term competitiveness of the European industry at large, and particularly for the export-oriented European chemical industry the access to global growth markets both on the supply and the demand side is key. It is even more important for the European chemical industry as it is undergoing its most consequential transformation, i.e. the double twin transition⁴, that will cost trillions of

¹ https://cefic.org/app/uploads/2019/06/Cefic_Mid-Century-Vision-Molecule-Managers-Brochure.pdf

² [Global Trade Fragmentation. An EU Perspective - European Commission \(europa.eu\)](https://ec.europa.eu/economy_finance/global-trade-fragmentation-an-eu-perspective_en)

³ <https://antwerp-declaration.eu/>

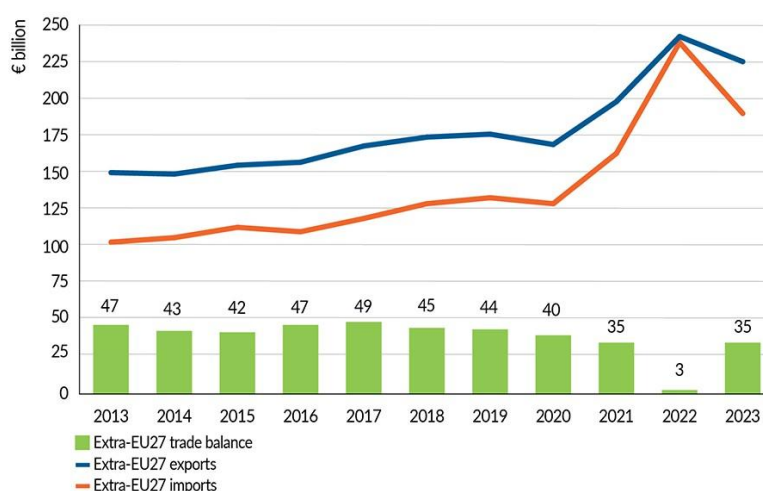
⁴ <https://cefic.org/media-corner/newsroom/innovation-and-a-supportive-eu-policy-framework-the-duo-that-unlocks-industrys-potential-to-go-through-the-double-twin-transition/>

Euros⁵. Having greatly benefitted from global market integration over the last decades, the deteriorating trade landscape is an additional headwind for the European chemical industry's competitiveness.⁶ Cefic is deeply concerned about the rise of protectionism, self-sufficiency aspirations, and other market-distorting policies that are driving trade tensions and harming EU companies. Against this backdrop, Cefic has reviewed its position on EU trade policy:

A fast-changing world requires a well-calibrated EU trade policy

The European chemical industry is a net exporting sector and has been so for decades. Hence, the sector believes that a well-calibrated EU trade policy and new EU economic foreign policy should be free, fair, sustainable and resilient. It needs to be embedded in a solid constitutional and institutional set-up and well interlinked with other EU policies, namely the EU's broader industrial strategy, to deliver an Open Strategic Autonomy for a competitive and resilient EU.

Extra-EU27 chemicals trade balance



Source: Cefic Chemdata International

To this end, Cefic supports the *Key principles for trade policy in a European industrial strategy that have been outlined in the Draghi report* (p. 16-17)⁷. In this context, it is key that the policies are designed to remain “open”. Trade inherently involves the exchange of goods and services, necessitating cooperation rather than confrontation to be successful. Cefic cautions against erecting sky-high tariff walls anywhere the world and starting trade wars which are deeply destructive and run counter to the EU's economic and geopolitical interests.

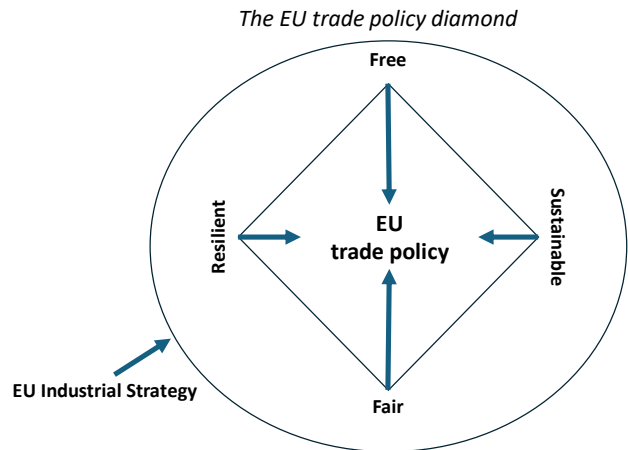
⁵ [The-Carbon-Managers-ic2050.pdf](#). The Carbon Managers report (2024) estimates the cost for the deployment of solutions for reaching the climate and circularity objectives by 2050 for the European Chemical Industry results in a Net Present Cost of EUR 2.18 trillion, divided between capital and operational expenses. The CAPEX adds up to a total of EUR 318 billion over the entire period. This is close to The Processes4Planet Partnership (P4P) which estimate that EU-wide investments needed to develop the first of a kind commercial low-carbon and circular technologies in the chemical industry are in the region of EUR 218-238 billion. Operational costs related to the purchase of alternative materials on the market also increase very rapidly, but slow down around 2040. Total operational costs add up to EUR 1,863 billion.

⁶ [Cefic-Advancy-study-The-Competitiveness-of-the-European-Chemical-Industry.pdf](#)

⁷ https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en?filename=The%20future%20of%20European%20competitiveness%20-%20A%20competitiveness%20strategy%20for%20Europe.pdf

1.2. For a free, fair, sustainable and resilient trade policy

The European chemical industry considers a well-calibrated EU trade policy to be free, fair, sustainable and resilient. To be successful all these tenets need to be reflected in EU trade policy and their inherent complementarities and trade-offs weighed against each other. As a goal we need to strike the right balance between these tenets to develop policies that allow us to navigate the upcoming challenges. For clarity, Cefic defines free, fair, sustainable and resilient as follows:



- **Free:** a trade policy that promotes openness and economic well-being and efficiency while restricting as little as possible the free flow of goods, services, investment and knowledge.
- **Fair:** a trade policy that ensures that all participants respect and play by the agreed rule book. In case the agreed rights afforded by the rule book are violated by other market participants, the harmed participant(s) is/are entitled to seek justified remedies to address the violation.
- **Sustainable:** a trade policy that aligns with UN Sustainable Development Goals as stipulated by the Agenda2030⁸.
- **Resilient:** a trade policy that is flexible and addresses justified security considerations, taking long-term international relations into account, while avoiding autarky and restrictions to capital flows as much as possible.

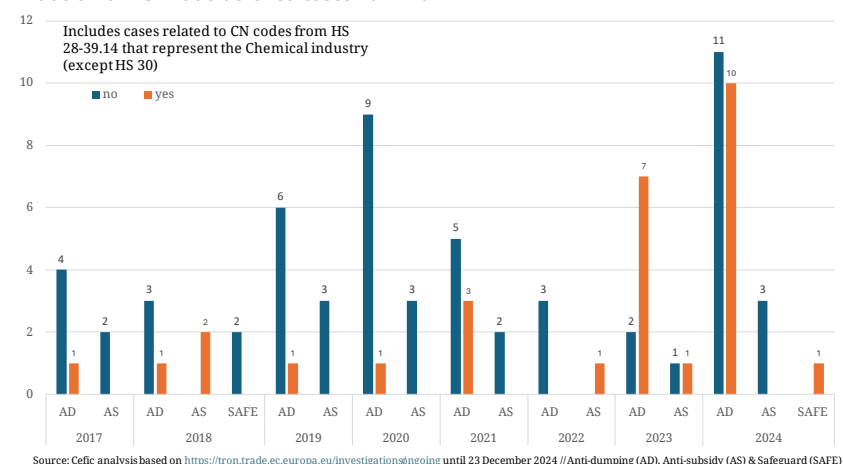
More specifically, for EU trade policy to be free, it needs to sustain the comparative advantage of Europe's competitive products. To exploit and boost the EU industry's competitiveness, **the EU needs to open new markets for EU exports by reducing third countries' tariffs and non-tariff barriers and facilitating regulatory cooperation.** EU trade policy is also key to address Europe's natural disadvantage in the supply of energy and feedstock raw materials. It is also vital for the supply of inputs more generally. To this end, mutual trade liberalisation should be continued and reinforced on the bi-, pluri- and multilateral level to promote growth and diversification. In this context, **the EU needs to critically reflect on how to reinvigorate the WTO and how to constructively deepen trade relations with third countries via free trade agreements (FTA) and other avenues** in cases where trade agreements are not possible for the foreseeable future.

On the flip side, for **EU trade policy to be fair it needs to actively address market distortions caused by third countries that negatively affect EU industries** and the EU economy at large. In this context, it must be clear that the loss of competitiveness cannot be addressed by trade policy instruments alone and that a close interlinkage with industrial policy including energy policy is key.

⁸ [Transforming our world: the 2030 Agenda for Sustainable Development | Department of Economic and Social Affairs](#)

To address market distortions, EU trade policy should make **smart, strategically oriented use of its ‘toolkit’ of new and traditional trade instruments applying fair, legitimate WTO consistent procedures while being mindful of the overall impact on competitiveness and value chains and production networks.** At the same time, the EU should reflect upon how to ensure that market imbalances and distortions can effectively be addressed in time avoiding competitive disadvantages for EU companies. In this context, the European Union should reflect how it effectively addresses persistent WTO illegal practices that unfairly advantage third-country companies over EU companies.

Initiation of EU Trade defence cases 2017-2024



Source: Cefic analysis based on <https://iron.trade.ec.europa.eu/investigationsongoing> until 23 December 2024 // Anti-dumping (AD), Anti-subsidy (AS) & Safeguard (SAFE)

Trade policy does not exist in isolation. To be sustainable, the EU trade policy should actively contribute to sustainable development in line with the UN Agenda 2030, ensuring that future generations can meet their own needs. Cefic welcomes that sustainability is being mainstreamed across EU trade policy aiming to align the three tenets of sustainable development. However, while great progress has been made to incorporate sustainability considerations in trade policy, further reflection is necessary to avoid unnecessary trade frictions.

The resurgence of great power rivalry has led to new economic policies aimed at strengthening the EU’s resilience. Cefic stresses this objective if it is implemented based on the principle of ‘de-risking not decoupling’. Efforts to improve the EU’s economic security must be wherever possible data-driven and risk-based. It is about risk-management, not risk-minimisation. And it is first and foremost the obligation of companies to adapt their value chains and production networks to changing risks, not of governments. When designing and implementing the necessary policy instruments the EU needs to carefully assess trade-offs and align with broader policy objectives and costs.

A successful trade policy should not operate in isolation. As outlined in the Antwerp declaration, delivering an Open Strategic Autonomy for a competitive and resilient EU is crucial to reverse deindustrialisation and deliver long-term sustainable growth. This will require a range of well-adjusted and interlinked policies that consider entire value chains and production networks. To avoid narrow silo-thinking, the EU needs to coordinate policies via a targeted, future-oriented industrial strategy. To this end, **the European chemical industry does not seek protectionist measures, but a forward-looking industrial strategy that promotes openness, unlocks investments and creates business-enabling framework conditions.** This includes strengthening and further integrating the EU Single Market to increase harmonisation of rules and reduce trade frictions. Getting this right is key to avoid Europe trading its previous dependency on energy imports for a dependency on goods’ imports. EU trade policy should underpin this broader industrial strategy by

ensuring access to third country markets for imports and exports. Trade policy can also help to protect EU industries against unfair trade and market distortions and provide the means to develop further internationally agreed rules to ensure fairness. However, it also needs to be recognised that **trade defence instruments can only be a support tool to overcome temporary flagging competitiveness of EU companies**, hence why a close interlinkage with industrial policy is key.

1.3. Outlook: A trade policy fit for the 21st century

Most of the rules and principles that govern trade were drafted in the 20th century by democratic market economies that were politically and militarily aligned. The end of the cold war has brought increasing political and economic integration in the field of trade and investments. The Marrakesh Agreement, which established the WTO, and the accession of China in 2001 are the institutional high-water marks of this development. However, since then the frictions have started to increase. Not only did institutional progress stall since the WTO Doha round, the WTO system is eroding and trade wars have returned. While trade integration has certainly never been linear, we are currently facing the most serious challenge to global trade rules since the inception of the GATT in 1947. This is even more tragic as new rules in areas that are currently not, or not sufficiently, covered by trade disciplines are desperately needed to ensure a global level playing field. This includes areas such as industrial policies, security, sustainability and the digital economy. Other than a substantial WTO reform (see part on WTO under 3.2.1.), we need to **ensure that the trade rules for the “tradables”⁹ of the 21st century are in place**. It is key that trade policy rules adapt to the changes and challenges to ensure that trade can continue to support global sustainable development.

⁹ This includes inter alia: energy and feedstock carriers like hydrogen and hydrogen carriers (i.e. ammonia, methanol), carbon feedstock, circular and critical raw materials and data, information, knowledge.

2. Roles and responsibilities / institutional set-up of EU trade policy

2.1. In support of a rules-based trade system

As a global industry, the chemical industry has a long track record in its support for multilateralism and the rules-based international order embodied especially by the WTO. Multilateral approaches help to align around a common set of enforceable rules based on reasoned, evidence-based policy, helping to ensure a level playing field and promote competition. Despite its difficulties, this international rules-based trading system has proven to be the most effective way to advance and govern global trade and investment flows. The WTO, as its guardian, provides for a transparent and predictable trading and investment environment governed by the rule of law. Maintaining and advancing the international rules-based trading system remains therefore a precondition for sustained global economic growth and sustainable development.

However, while Cefic is committed to its unwavering support for the multilateral solutions as the most efficient and effective policy option, Cefic notes with regret that little progress has been made since the inception of the WTO during the Uruguay round and that respect for and consensus on WTO rules is steadily eroding. The European chemical industry is deeply concerned about the current state of the WTO. Hence, to avoid a stalemate due to the WTO's consensus principle, **Cefic actively supports the European Commission in considering other policy options such as plurilateral, regional, bilateral or sectoral agreements to advance market opening.** However, Cefic supports such policies on the condition that they are compatible, strengthen the international trade system, and provide meaningful benefits for companies. Pure “paper tiger agreements” that contain no meaningful, binding concessions or disciplines are distracting at best and counterproductive to the overarching goal at worst.

To this end, a strategic approach is necessary that sets out a plan for where and how the EU wants to pursue its trade policy objectives. To provide clarity and business certainty it should include a detailed third-country engagement plan that foresees for all WTO members and observers a dedicated approach, taking into consideration the full EU toolbox of trade policy instruments and related policy areas. This should be underpinned by an in-depth, stakeholder-based, impact assessment that defines the EU economic interest vis-à-vis every third country.

2.2. EU vs Member States' competences

Considering the geopolitical and economic situation, the EU needs to become nimbler in its decision-making processes that affect trade policy and reduce unnecessary complexities stemming from a lack of harmonisation. Aiming to complete the Single Market, Cefic generally prefers harmonisation on trade policy related matters at the European level if it does not add an additional layer of bureaucracy on top of Member State rules. Instead, harmonisation should be seen as a way to simplify regulation by reducing unnecessary complexity and diverging reporting requirements that stem from disharmonised national rules. At this point, the EU faces a collective action problem where there is too much focus on narrow Member States' self-interests that limit the EU's ability to act. This contributes to a decrease of our global competitiveness as a larger Union. To this end, unanimous decision making on foreign economic policy issues should be moved towards qualified majority voting (QMV).

Finally, given the geopolitical situation of Europe, the speed of building a network of partners matters without compromising on the content and ambition of the agreements. Therefore, we need quicker FTA negotiations which comply with the objectives of industry as well as quicker ratification processes. The splitting of FTAs (along the line of EU and Member States competences) is a helpful approach in this regard. Cefic supports the respective approach as outlined in the Letta report (p.138)¹⁰.

2.3. Trade and Environment

In a globally integrated world with global environmental challenges, there is an important interplay of trade and environmental policies. Even in times of geopolitical rivalries it is key that these rivalries do not trump joint environmental ambitions and co-operation. Cefic is convinced that trade policy is key to foster sustainable development and support environmental protection efforts while allowing for the optimal use of the world's resources.

This is crucial as environmental policies aiming to address negative environmental externalities sometimes risk being at odds with the principles of trade as they can mandate prohibitions and restrictions which turn out to be non-tariff barriers to trade. Therefore, both policies need to be well aligned and mutually supportive. This is even more important as environmental problems often transcend national borders and therefore require joint action at the international level. From a trade policy perspective, it is key to ensure non-discriminatory, transparent and predictable trade conditions that avoid raising unnecessary trade barriers. In this context, the design and implementation of EU environmental policies with potential extra-territorial and/or trade impact must be assessed against WTO rules and in meaningful dialogue with trading partners.

The implementation of various EU policies on circularity and sustainability involves new product standards, reporting methodologies, and classifications. Other jurisdictions are also introducing schemes to increase circularity and sustainability. While these policies have similar purposes, a lack of common understanding can create unnecessary barriers and divergences. Established trade policy tools, such as FTAs and/or other types of bi-, pluri- and multilateral partnerships, can enhance regulatory cooperation addressing these barriers. Trade policy can also help to open new markets for circular and sustainable products and technologies creating the necessary economies of scale. Thus, considering the external dimensions of circularity and sustainability policies is crucial for their effective design and implementation. New recycling technologies, circular business models, and resource-efficient production processes can only spread if economies of scale underpin economic sustainability.

2.4. Trade and Security

Driven by a string of crises and a shift in the underlying geopolitical order, security-related concerns are significantly shaping views on trade policy. Following sustainability, this drives a new paradigm shift regarding the principles underlying trade policy. Proponents seek to amend if not replace the cost efficiency-based rationale with resiliency. This has important implications for how we define goals for trade policy and weigh trade-offs. As a result, interdependencies are increasingly

¹⁰<https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>

considered as a risk for the security of countries. At its extreme, this development leads to autarky, which implies deglobalisation due to the fragmentation of global markets.

Against this backdrop, **Cefic welcomes EU's focus on 'de-risking not de-coupling'**. This is important as the de-risking concept is relative, not absolute. It allows to identify and manage risks without putting the entire existing economic policy framework into question. Critically, the de-risking concept implies the possibility to **diversify trade relationships** building on good managerial practice "to not put all your eggs in one basket" and is compatible with the existing rules-based order. Diversification is in countries' own interest to avoid dependencies on single suppliers and customers. It is thus the safest way to future-proof our policy response, as it is hard to predict the source of the next security risk.

2.5. Trade and Development

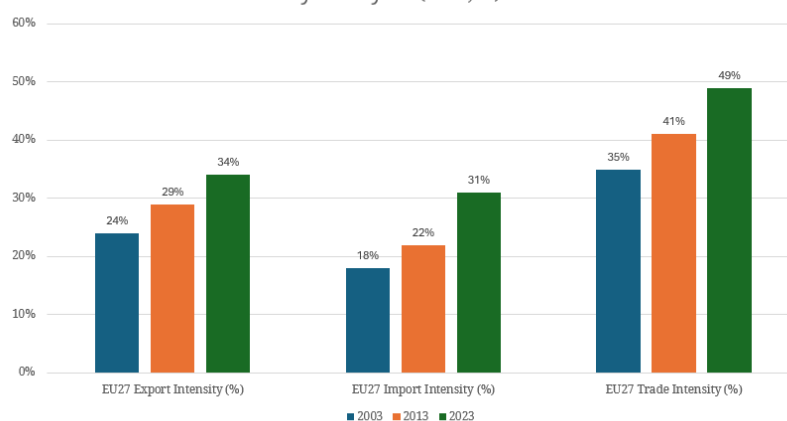
From the perspective of the European chemical industry, EU's trade policy and the developmental policies of the EU and its Member States need to be closely coordinated to ensure that the policy goals mutually reinforce each other. **EU development policies should help to facilitate access to essential raw materials and new markets, while driving growth and innovation in the supported third countries.** Given the significance of EU's development aid, EU development policies can play a critical role in promoting sustainable industrial practices and infrastructure improvements in third countries enhancing supply chain resilience and environmental/ social standards. Trade associations frequently have like-minded goals and concerns that DG TRADE should consider tapping into. This can support liaising with foreign trade associations to advance global industries, assuming common market goals and fair practices.

3. Retain Market access for supply and demand

3.1. The European chemical industry market access asks

For the European chemical industry, as an export-oriented sector that is deeply integrated into global value chains and production networks, global market access is key. The European chemical industry's high trade intensity is a case in point, highlighting the interdependencies in the sector¹¹. Therefore, to sustain our companies' competitiveness, we need market access both on the supply and demand side. On the supply side, the European chemical industry needs imports to provide our industry with feedstocks and raw materials, intermediary inputs, technology, knowledge, and energy. On the demand side, market access is equally fundamental for our export-oriented industry as 90% of future global growth is predicted to happen outside Europe's borders¹².

Extra-EU27 Trade Intensity Analysis (€bn,%)



Source: Eurostat and Cefic Analysis 2025

3.1.1. Reducing and eliminating tariff and non-tariff barriers

Against this backdrop, the European chemical industry needs policies that open global growth markets by reducing and eliminating tariff and non-tariff barriers (NTB) that make European products less globally competitive. For the chemical industry¹³, the relative low tariffs constitute a cost factor hampering trade rather than a protective barrier. Therefore, Cefic, continues to advocate for the full global elimination of all chemical tariffs as a joint effort of all important chemical producing countries. This will also contribute to the further development of downstream industries and hence of the economy at large as chemicals are a major input sector.

However, as tariff barriers have already significantly declined¹⁴, NTBs increasingly become the most significant market access barriers. NTBs come in many shapes and forms and the regulations causing them can be even well-intended. Cefic is mindful that NTB-related issues are often complex and that every country should have the right to regulate in line with its societal preferences while avoiding unfair discrimination. However, what needs to be clear is that discriminatory barriers significantly raise the cost burden and delivery times, severely limiting companies' ability to enter and compete on foreign markets. Cefic, therefore, calls for an update of the EU Market Access

¹¹ Trade intensity is defined as exports plus imports over domestic production (all in value terms)

¹² <https://www.consilium.europa.eu/en/policies/trade-policy/>

¹³ The chapters 28-39.14 of the Combined Nomenclature represent the European chemical industry.

¹⁴ According to calculations by the [WTO](#) between 1996 and 2021, the trade-weighted average of effective applied tariffs — based on the assumption of full utilisation of preferential tariffs — dropped overall from 6.8 per cent to 2.5 per cent. For chemicals it declined from 6.2 per cent to 2.3 per cent. We note however that several countries maintain significant higher tariff rates.

Strategy to tackle NTB's imposed by third countries. The current approach is ineffective, as it is too bureaucratic, slow and the results too little to be meaningful to the EU industry. Cefic therefore calls for a review of the current approach to achieve tangible results faster to improve its attractiveness for EU companies. This needs to be underpinned by enhanced regulatory cooperation delivering greater harmonisation of standards and regulations around the world. Also, an appropriate mechanism to reduce regulatory divergence needs to be put in place. In this context, the EU for its part should review its own policies to determine where greater harmonisation and reciprocity can be achieved.

3.1.2. Facilitate access to raw materials and feedstocks

The EU is dependent on imports of key raw material inputs that are of high importance for the chemical industry. Trade policy plays a crucial role establishing a stable, competitive and diversified access for EU industries. The need for a more robust EU policy approach is underlined by the Draghi report, where it is noted that EU diversification efforts have been ineffective, while export restrictions rise, threatening supply security and price stability needed for the twin transition. At the same time, competing jurisdictions are implementing far-reaching raw material strategies. The market is dominated in many segments by competing actors, putting EU raw materials users at a critical disadvantage vis-à-vis competitors which are producing in regions with more favourable access terms. This does not only relate to supply security but crucially also to price competitiveness of the raw material sources.

As short-term support, Cefic sees the need for the **negotiation and implementation of meaningful agreements with (potential) suppliers of key raw materials** to tackle export restrictions, ensure political as well as regulatory support for EU companies, and secure competitive supply arrangements. The **new Clean Trade and Investment Partnerships (CTIP) can play a key role in this regard provided that it improves EU industry's competitiveness by conferring meaningful and measurable benefits for industry** (see sectoral agreements 3.2.3.). For structural improvement of the situation in the medium-term, the build-up of **additional raw material sourcing and refining** is pivotal to satisfy rising demand, improve cost competitiveness for EU companies and reduce supply dependencies and concentration.

In addition to meaningful reinforced support for domestic mining, refining and recycling, the EU must become more effective in supporting EU investments in resource-rich third countries, including by **improving Global Gateway**. Favourable demand conditions should cover not only domestically produced material, but also EU investments in third countries with which meaningful partnerships are in place.

Cefic further underlines the importance of a holistic approach to raw material outreach efforts. Improved policy outcomes for Critical Raw Materials (CRMs) are needed. The priority should lie on supporting concrete industry needs, not only related to the status a certain material has on the critical/strategic lists. Different essential chemical applications require different raw materials. While for some, CRMs are essential, others are based on energy carriers or require biomass inputs. For some of these biomass inputs, trade policy can play an important role in supporting the competitiveness of related industries by securing more favourable import conditions or facilitating the compliance with EU policy requirements by third countries.

3.1.3. Stimulate investments at home and abroad

As part of a global industry, the European chemical industry relies on the free flow of capital for investments at home and abroad to remain competitive. Among others, investments are key to deliver on the double-twin transition and growth. To this end, the European chemical industry needs a regulatory environment that encourages foreign investments into the EU and protects EU firms' investments in third countries from arbitrary decisions. To increase transparency and stimulate investment, the **plurilateral Investment Facilitation for Development (IFD)** has been negotiated at the WTO. Cefic supports this initiative and advocates for its speedy ratification and implementation.

3.1.4. Ensure proper protection of intellectual property

The proper protection of intellectual property rights (IPR) is key to foster innovation by allowing inventors and innovators to reap the benefits of their work. The Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement established minimum standards within the WTO. Cefic supports the EU in anchoring higher TRIPS+ standards, especially those related to the Patent Cooperation Treaty, the Paris Convention for the Protection of Industrial Property, the Madrid Agreement concerning the International Registration of Marks, the Madrid Protocol, the Geneva Act of the Hague Agreement concerning the International Registration of Industrial Designs within the World Intellectual Property Organization (WIPO) in its bilateral trade agreements. This will **further strengthen the protection of intellectual property rights internationally**. To this end, the EU should also carefully consider the importance of its own IPR standards that provide it with a competitive edge. Their erosion sends the wrong signals to partner countries and should be reversed. This should be also accompanied by stringent enforcement against, and violation of, intellectual property.

3.1.5. Balanced rules for cross-border data flows

As cross-border data flows are increasingly important due to the ongoing digitalisation, Cefic advocates for balanced rules to ensure both free data flows and the protection of personal and non-personal data. Cefic also notes the increasing importance of e-commerce for our sector.

3.1.6. For an effective trade promotion

Cefic strongly supports trade promotion efforts by both the EU and its Member States, including trade missions, marketing campaigns, and exporter support. These initiatives are crucial for enhancing our industry's trade performance. To make trade promotion efforts effective they should be closely coordinated with business to meet EU companies' needs. By helping businesses to identify new export opportunities that connect them with potential partners, and navigate the complexities of international trade, these efforts play a vital role in driving growth and competitiveness in the global market. In this regard, an **enhanced coordination between Member States and EU efforts is desirable** to leverage the existing capacities to the fullest.

3.2. Specific views on tools on trade policy instruments for market access

3.2.1. World Trade Organisation

Cefic, together with the International Council of Chemical Associations (ICCA)¹⁵, supports multilateralism and the rules-based international order embodied especially by the WTO. The WTO creates a predictable and stable trading environment for the chemical industry enabling them to grow and invest globally. However, much remains to be done in opening markets preferably at the multilateral level through the WTO. It is therefore fundamental to keep the WTO alive and reform it¹⁶. To this end, Cefic fully supports the efforts of the European Commission to **modernise the WTO and strengthen its functions**.

For our industry to operate, this should include for instance **undistorted competition on international markets**. Cefic specifically endorses the European Commission's ideas in the areas of subsidies, notably regarding state-owned enterprises, notification of subsidies and improved actionability of 'subsidies that heavily distort trade' (including e.g. references to 'dual pricing'). Cefic also shares the sense of urgency in reforming the WTO dispute settlement mechanism (DSM) as the current malfunctioning of the system slowly but surely erodes it, one non-adjudicated dispute at a time. In that sense, our industry supports the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) as a temporary solution for the collapse of the Appellate Body but are acutely aware that a structural solution remains necessary. Hence, Cefic calls on the European Commission to continue its active leadership role in pushing for the reform of the WTO in general and its DSM in particular. Other areas where reform is necessary:

- transparency obligations,
- forced technology transfer,
- competition rules,
- NTBs and Technical Barriers to Trade,
- energy & raw materials,
- intellectual property,
- and a strengthened stakeholder engagement.

Cefic asks WTO members to continue their discussions aiming at setting the rules for the 21st century for the most important emerging issues, such as trade and climate change or sustainable development, while respecting technology neutrality and non-discrimination¹⁷. The EU should review its strategy on how to create greater leverage to get other jurisdictions back to the negotiating table to seriously advance discussions.

The EU should also consider opportunities to advance plurilateral agreements especially in areas where no multilateral solution seems possible in the future. Attention should however be paid to negotiating principles ensuring clear benefits to the committing countries and discouraging free riding. Cefic continues to advocate for continuous deepening and extension of the membership to the plurilateral Chemical Tariff Harmonisation Agreement (CTHA) that was established in the WTO's

¹⁵ <https://icca-chem.org/>

¹⁶ <https://icca-chem.org/wp-content/uploads/2021/09/ICCA-WTO-Modernization-Position-Paper.pdf>

¹⁷ [ICCA-Trade-and-Sustainable-Development-Position-Paper.pdf \(icca-chem.org\)](#)

Uruguay Round aiming to limit tariff rates for chemical products at low levels¹⁸. This would be an important step towards our eventual goal to fully eliminating all chemical tariffs around the globe. The focus countries for the extension of the membership should be the following G20 member countries: Argentina, Australia, Brazil, India, Indonesia, Mexico, South Africa.

While reduction of tariffs remains important, addressing non-tariff barriers and behind the border measures are equally important to facilitate trade. This has the potential to yield significant economic benefits. Cefic therefore supports regulatory cooperation on chemicals. Cefic would encourage work in the following core areas:

- promotion and collaboration on the implementation of international standards in the field of chemicals such as the UN Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and the OECD Mutual Acceptance of Data (MAD) system.
- cooperation on prioritisation of substances for review and collaboration on chemical assessment.
- enhanced scientific cooperation, particularly on emerging regulatory issues.

To this end, the ICCA principles on chemicals management and regulatory cooperation should be promoted as international standards and best practices in the field of chemicals¹⁹. Finally, all WTO members should join the WTO General Procurement Agreement.

3.2.2. Free trade agreements

Cefic views deep and comprehensive FTAs as a key policy instrument for the EU to open and deepen economic and political relations at the bilateral level. In a time of increasing economic and political fragmentation, they serve as important tool for the EU's commitment to open, free, fair, and rules-based trade and to global cooperation. This becomes even more important at times when progress through the preferred multi- and plurilateral route is difficult to attain.

Given our general preference for multilateral solutions Cefic strongly believes that FTAs should be conceptually seen as a stepping stone that reinforces the WTO, not replaces it. Cefic applauds the EU for its efforts in recent years to create a vast network of modern deep and comprehensive FTAs. Cefic asks European policymakers to double down on their efforts to upgrade and conclude FTAs. Given the challenging geopolitical times, the immediate focus should be on the conclusion and ratification of the Mercosur FTA as an important next step to establish a strong network of partner countries and to support diversification. Going forward, FTA negotiations should focus on the Europe's key trading partners of today and tomorrow. These include:

- USA
- India
- All ASEAN member countries and eventually a region-to-region FTA with ASEAN
- Region-to-region FTA with Africa

For Cefic, the main objective of deep and comprehensive FTAs is the liberalisation of trade and investments. Key elements of deep and comprehensive FTAs are concrete and binding disciplines

¹⁸ <https://ustr.gov/issue-areas/industry-manufacturing/industry-initiatives/chemicals>

¹⁹ <https://icca-chem.org/wp-content/uploads/2023/03/Roadmap-For-the-Sound-Management-of-Industrial-Chemicals-EN.pdf>

and concessions on market access both for tariffs and NTBs, rules of origin, regulatory cooperation, sustainable development, energy and raw materials, digital, intellectual property, investments, competition and dispute settlement, and customs. Dedicated attention needs to be paid to ensure that FTAs are **implementable for all types and sizes of companies** to ensure participation rates per tariff chapter are well above 90% in volume terms. Additionally, to ensure that unilateral regulations do not hamper agreed market access, FTAs should include **mechanisms for ex-ante consultations and a mechanism of last resort to adjust tariffs for the harmed party in the same tariff chapter**. The EU negotiation mandates should provide the European Commission with sufficient flexibility to tailor the FTAs to the needs of the trade partner while maintaining a high-level of ambition and WTO compatibility. Cefic believes that this is necessary to increase the chances of a speedy conclusion of FTA negotiations. For more detailed views see Cefic position paper on the EU's Free Trade Agenda²⁰.

3.2.3. Sectoral agreements

Next to the high-profile WTO and FTA negotiations, the EU is pursuing narrower sectoral trade agreements that have been also referred to as 'mini-deals'. A study finds that there are over 2000 related agreements published in the EU Official Journal.²¹

Lately, these narrower sectoral agreements are receiving more attention as the European Commission has started to pursue various related initiatives including Digital, Energy or Raw Materials Partnerships and now newly announced Clean Trade and Investment Partnerships. The trouble however is that further clarification is needed what concrete benefit these initiatives entail for companies.

To have a clearer understanding of these agreements, Cefic calls on the European Commission to publish a strategy document that provides a taxonomy of these different types of agreements and **explains their value proposition and utility** and how they relate to multi-, pluri- or bilateral trade agenda and WTO disciplines (especially GATT XXIV). This should serve as a basis for guidelines that define how and where to use this class of agreements.

Conceptually, Cefic asks that that **all types of sectoral agreements have a clearly defined value proposition for European companies aiming to support their competitiveness and granting market access**. They should only be considered if the same policy outcome cannot be achieved via a modern FTA avoiding as much as possible quick and shallow deals with little economic benefit. **Additionally, these agreements should always include legally binding concessions and disciplines and achieve a measurable economic benefit**. Finally, it is key that these partnerships are designed with a value chain approach in mind to avoid myopic focus on certain products.

Inspired by the existing Mutual Recognition Agreements, Cefic supports to signing sectoral regulatory cooperation agreements with countries where no FTAs are possible in the near term aiming to promote trade in chemicals and facilitate market access. For the chemical industry, this should address among others the harmonisation of data requirements, protection of confidential business information and data, and different processes. **Next to the newly announced Clean Trade and Investment Partnerships, Cefic also sees potential for other sectoral partnerships that support**

²⁰ <https://cefic.org/app/uploads/2023/10/Cefic-views-on-the-EU-Free-Trade-Agenda.pdf>

²¹ <https://ecipe.org/publications/mini-deals-invisible-part-of-eu-trade-policy/>

supply chain diversification. To identify areas for additional types of partnerships, the European Commission should closely collaborate with EU industries.

3.2.4. Regulatory cooperation and trade facilitation

Trade policy is not only about tariffs and controls. Regulatory cooperation plays a vital role, and it can be instrumental in supporting the resilience of the EU. Diverging legislation can be a key obstacle to international trade in chemicals. This is especially important in the universe of newly arising technologies concerning digital or sustainable production.

Regulatory cooperation is key for the chemical sector, and Cefic calls upon the EU to step-up efforts in this area. This requires clear leadership and coordination regarding this objective among the different services of the European Commission. Regulatory cooperation should also be further promoted through timely consultation with our most important trading partners on policies and legislation that have an impact on international trade. In particular, Cefic asks for developing a common understanding with key trading partners on (1) data exchange, (2) assessment procedures and testing requirements, as well as (3) prioritisation of substances, and (4) commitments on early notifications or mutual consultations.

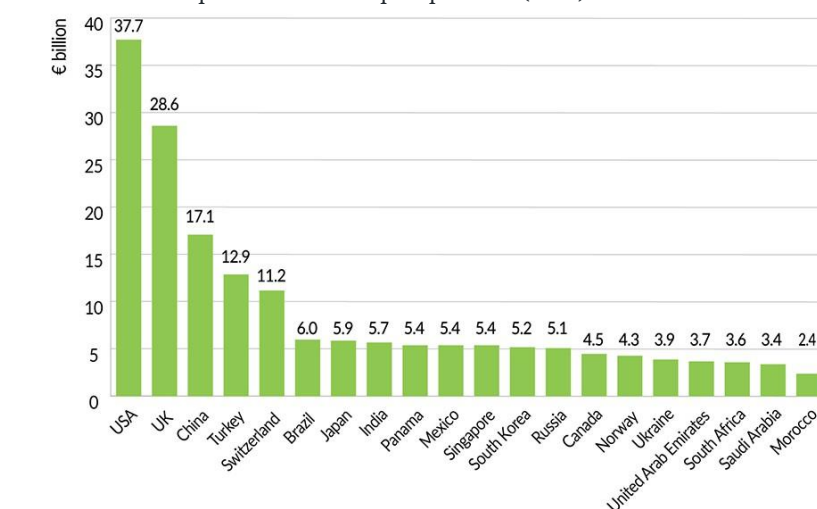
For the EU neighbourhood, Cefic promotes a simplified registration model based on “Swiss model to chemical regulation” as it achieves a high degree of harmonisation with EU chemical regulations through a default policy of alignment, known as “autonomous adaptation”. The objective is twofold: (a) to ensure a high level of protection for human health and the environment and (b) to avoid trade barriers between the EU and its neighbourhood.

More generally, Cefic strives for an efficient, science - and risk-based approach for any policy that has an impact on external trade such as chemicals and product-related legislation. As for regulatory requirements, the EU **should engage with leading trade partners to promote global regulatory principles and frameworks**, including consistent transparency and consultation that will give companies a seat at the table to provide expertise and engagement on an efficient, high standard regulatory process. If possible, this should be agreed in a plurilateral/ multilateral agreement. The EU should prioritise trade facilitation initiatives. To this end, the EU should continue to dedicate capacity building support to work with leading trade partners towards the implementation of the WTO Trade Facilitation Agreement (TFA), as this expedites the movement of goods across borders.

3.3. Relations with key countries

In an increasingly volatile and rapidly changing geopolitical landscape, the EU must strategically navigate its trade relationships to maintain its competitive edge. The US and China are expected to remain the EU's top trading partners and, thus, a key priority in the EU's trade policy. Additionally, the EU must continue to diversify its trade partnerships, strengthening ties with other G20 countries, European Free Trade Association (EFTA) countries, and its neighbourhood to ensure economic resilience and global competitiveness.

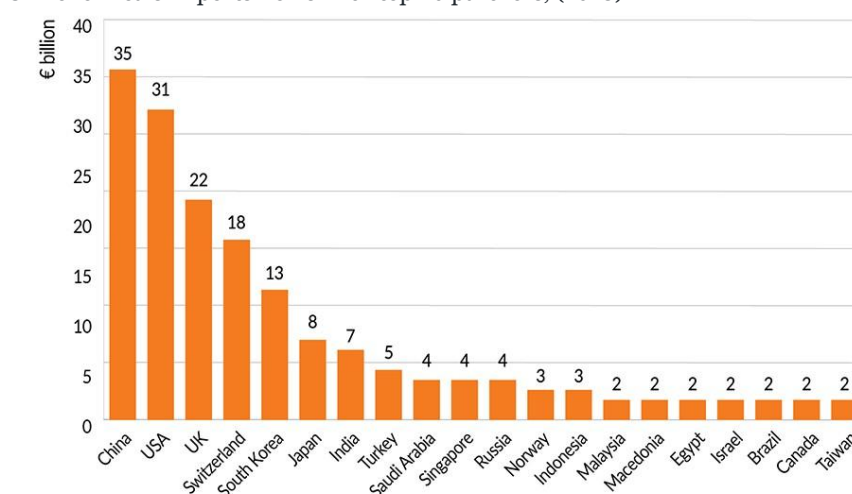
EU27 chemicals export flows with top 20 partners (2023)



Source: Cefic Chemdata International

More generally, the EU's trade strategy should be recalibrated to better reflect the developments in its relationships with key countries. As our partners become more assertive in their trade policies, so must the EU adopt a more proactive stance to defend its interests and grasp opportunities to open markets. The EU should also continue to assume greater leadership in creating international rules and standards within multi- and plurilateral forums.

EU27 chemicals imports flows with top 20 partners, (2023)



Source: Cefic Chemdata International

3.3.1. Relations with the EU Neighbourhood

In a more fragmented world, the EU should double down on its efforts to further deepen its strong economic relationships with its direct neighbourhood. Our neighbouring countries are not only geographically close but also share similar economic and regulatory frameworks and are therefore perfect partners for deeper integration. For the European chemical industry, special focus should be paid to further improve and deepen trade, regulatory and investment relationships with the UK, Switzerland, Ukraine and Türkiye as they accounted for roughly 25% of the total EU's trade in chemicals in 2023. In this context, Cefic supports the ambition to modernise of the EU-Türkiye Customs Union.

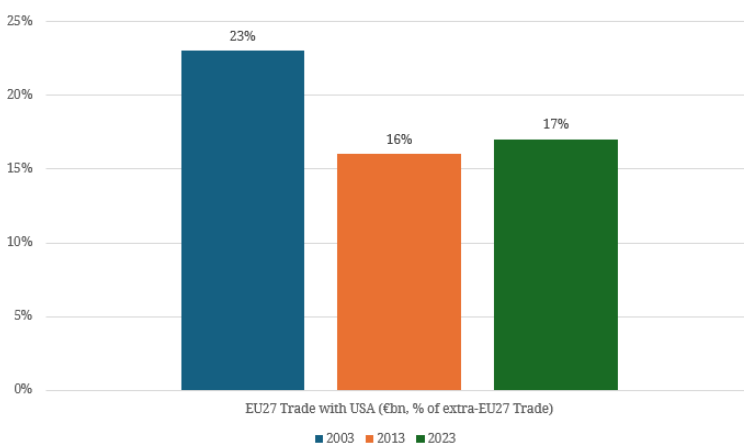
The EU enlargement process is another important driver to deepen economic ties in the immediate EU neighbourhood. The EU should also explore how to future proof its ties around the Mediterranean to deepen both current and future value chains and production networks as well as energy partnerships. Beyond this, the EU should also explore opportunities for further collaboration in areas such as regulatory cooperation, digital trade, environmental standards, and innovation.

3.3.2. Relations with the USA and North American region

For the European chemical industry, reinforcing the strategic partnership with the US and North American region in general is crucial as it continues to be our deepest trade and investment relationship. Chemical companies are heavily invested on both sides of the Atlantic. Therefore, Cefic underlines that **cooperation, not fragmentation and tariffs, should be the choice for the future of the relationship**. We strongly oppose erecting additional tariff barriers that hinder trade. The world has tested this pathway and the results are devastating. The EU should **stand firm to defend the mutually agreed rules and work wherever possible with the US** to develop the ideas of a "Transatlantic Single Market" as outlined by the Letta report "Much more than a market" (p. 142)²².

As a first step to making this a reality, Cefic proposes to **explore how sectoral agreements can be leveraged in the field of chemicals to further deepen the relationship**. Fortunately, the work does not need to start from zero as many ideas were developed under previous initiatives. Especially improving regulatory cooperation would be advantageous for the transatlantic chemical industry. Other areas for cooperation should be, among other things, environmental sustainability issues, economic security and addressing supply chain vulnerabilities. In general, as an important learning from past experiences, our industry believes that successful dialogue at the government

EU27 Trade with USA (€bn, % of extra-EU27 Trade)



Source: Eurostat and Cefic Analysis 2025

²² [Enrico Letta - Much more than a market \(April 2024\) \(europa.eu\)](#)

level must be grounded in joint transatlantic industry engagement, including tangible, practical recommendations and regular stakeholder engagement.

To further strengthen ties with Canada and Mexico, with which the EU already enjoys FTAs, it is essential to build on these existing frameworks to enhance collaboration in the chemical sector. Canada with its rich deposits of (critical) raw materials, a thriving agricultural business, and a like-minded agenda regarding the rule-based international order remains one of the EU's closest partners. Focus should be on **harmonising regulatory standards and practices, particularly in areas such as environmental protection and safety regulations**. This could include joint initiatives for research and development, aiming to foster innovation and the exchange of best practices in sustainable chemical production, especially in energy transformation. With Mexico, efforts should be directed towards common integration in global value-chains. The ratification of the upgraded FTA plays an important role in that regard. This could facilitate smoother trade flows and increase market access for both EU and Mexican chemical companies. Additionally, there is potential to collaborate on educational and training programmes to build a skilled workforce capable of meeting the industry's evolving demands.

By deepening these relationships, the EU can benefit from diversified trade partnerships and strengthening its global competitiveness. This holistic approach will help to secure sustainable and resilient trade networks for the future, leveraging the strengths of each region to achieve mutual growth and prosperity.

3.3.3. Relations with China and the wider East and Southeast Asian region

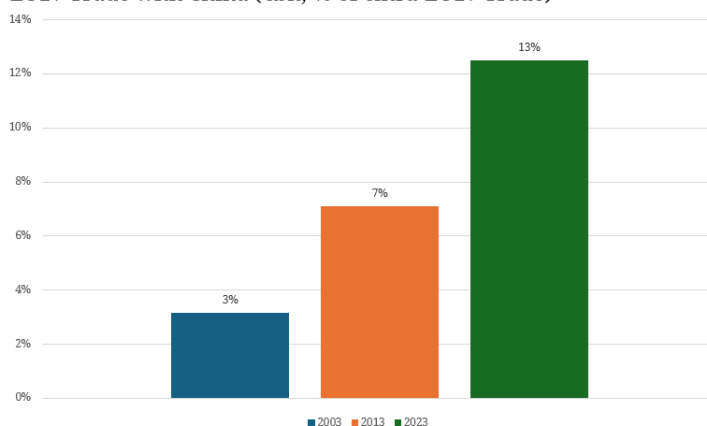
From the perspective of the chemical industry, it is crucial that the EU adopts an integrated approach towards China and the wider East Asian and Southeast Asian region. This strategy should recognise the multifaceted nature of our relationship with China, **balancing cooperation with competition while mitigating market distortions**. Equally, engagement with other key players in the region is essential to diversify economic partnerships and ensure mutual growth. Such an approach will not only foster a level playing field but also enhance market access and investment opportunities, reinforcing the EU's global competitiveness. By aligning with stakeholders and leveraging existing agreements, we can navigate the complex geopolitical landscape, securing sustainable and resilient trade networks for the future.

- **Relations with China**

On China, the EU needs a more comprehensive approach to make the most of the relationship. The strategy must be built on the consideration that China is at the same time a “partner – economic competitor – systemic rival”. It is essential that the EU, its Member States, European businesses and other stakeholders align their views and work together towards implementing the strategy. Securing an equal level playing field between China and the EU is of critical importance which entails mitigating the impact of China's government-induced market distortion. At the same time, we need to consider our **mutual interdependencies**. China has become the destination of significant flows of European foreign direct investments, including in the chemical sector.

Cefic therefore continues to support every political agreement that ensures that EU investors have better and equally fair access to this key market today and in the future. The European Union Chamber of Commerce in China annual position paper(s) offers a good overview on the challenges that European chemical companies are facing in China.²³ This is a crucial building block for the global competitiveness and further growth in Europe. Efforts should also be made to pursue further market opening. The new challenge is to find a functioning, balanced approach between cooperation and systemic competition, as decoupling would bear heavy costs for everyone.

EU27 Trade with China (€bn, % of extra-EU27 Trade)



Source: Eurostat and Cefic Analysis 2025

- **Relations with the wider East Asian region**

The EU should place special emphasis on strengthening its trade and investment relations with Japan, South Korea and Taiwan, building on the existing FTAs with Japan and South Korea as well as the shared membership with Japan in the G7. They are not only technologically advanced but also play a pivotal role in global supply chains, particularly in the high-tech and automotive sectors. Enhancing cooperation in areas such as digital trade, green technologies, economic security and regulatory harmonisation could yield significant benefits for the EU chemical industry. By fostering a closer relationship, the EU can leverage their expertise in innovation and sustainability, ensuring mutual growth and competitiveness on the global stage. Joint initiatives in research and development, particularly in the field of energy-efficient chemical processes and sustainable materials, could further cement these relationships and drive forward the EU's sustainability goals.

- **Relations with ASEAN**

The Association of Southeast Asian Nations (ASEAN) represents a dynamic and rapidly growing region with immense potential for the EU chemical industry. The EU should aim to **deepen its economic ties with ASEAN** by pursuing comprehensive and aligned FTAs with all ASEAN members and eventually establishing a region-to-region agreement. The region is crucial for diversifying the EU's trade portfolio and reducing dependency on traditional markets. By aligning standards and simplifying trade procedures, the EU can facilitate smoother market access for its chemical products. Additionally, there is significant potential for collaboration in areas such as environmental protection, digitalisation, and capacity building. Joint projects focused on sustainable development and improving chemical safety standards could foster a more resilient and integrated ASEAN market, benefiting both regions economically and environmentally.

²³[https://european-chamber.oss-cn-beijing.aliyuncs.com/upload/documents/documents/European_Business_in_China_Position_Paper_2024_2025.\[1269\].pdf](https://european-chamber.oss-cn-beijing.aliyuncs.com/upload/documents/documents/European_Business_in_China_Position_Paper_2024_2025.[1269].pdf)

3.3.4. Relations with other G20 Countries

Beyond the relations with the US and China, the EU must also focus on strengthening its trade and investment relations with other G20 countries. These relationships are vital for diversifying the EU's trade and investment portfolio and ensuring economic stability. The EU should aim to enhance cooperation with these countries through comprehensive trade agreements where possible, particularly **by finalising and ratifying the FTAs with India and Mercosur**. Additionally, **engaging with the Gulf countries is crucial**, given their strategic importance in energy and investment sectors. The EU should especially prioritise improving partnerships with those emerging economies that offer significant growth potential. The EU should also work towards aligning standards and regulations to facilitate smoother trade flows.

4. For a firm defence of EU economic interests

In an increasingly complex geopolitical and economic global environment, the European chemical industry faces significant challenges due to unfair trade practices and rising market distortions often triggered by protectionist and mercantilist policies. These challenges risk severely threatening EU companies' competitiveness by undermining free and fair competition, both in the EU and abroad. **The EU should tackle these challenges head on by strategically implementing its various unilateral level playing field inducing instruments.** The trade toolbox, including both the classic Trade Defence Instruments (TDI) and the newly added instruments like the Foreign Subsidy Regulation (FSR) and the International Procurement Instrument (IPI), should be applied judiciously, based on thorough investigations and case-by-case analysis. The implementation should consider the general interest of the Union and adhere to WTO rules and other international commitments. In using these tools, the EU should however always remember the importance of market openness for the global economy. Moreover, the EU needs to carefully assess in the application of level playing field inducing instruments that such market intervention duly consider the interests of all interested parties including the domestic industry, users and consumers. This balanced approach ensures that actions are justified and effective, limiting as much as possible the risk of tit-for-tat escalation.

4.1. Trade defence instruments

Cefic supports a **balanced and effective approach to the implementation of EU trade defence instruments (TDIs)**. Recognising the importance of fair competition, Cefic emphasises the need for TDIs to be both efficient and transparent, ensuring the defence of European industries against unfair trade measures and violations of trade obligations without imposing unnecessary burden for downstream users. Cefic believes that the existing TDIs generally ensure a fair balance between the different economic interests along value chains.

Cefic believes the implementation of the existing regulations on anti-dumping and anti-subsidy are complex and time-consuming for stakeholders. Hence, Cefic calls for a **review of the implementation of the existing antidumping and anti-subsidy regulations aiming to future-proof, simplify and reduce the total time required** to file and handle investigations providing even quicker relief to affected producers. This should enable the EU to be more agile in its response to unfair trade practices while maintaining compliance with WTO rules, fostering a more competitive environment for the European chemical industry, and enhance its global standing.

The review should include introducing digital tools, capacity building, training, and creating a reserve pool of officials to assist with TDI cases during peak demand to minimise timelines. Cefic welcomes the change in practice to register imports of all products under trade defence investigations as a positive step in the right direction. To further improve the availability of high-quality data, the European Commission should provide for upon reasonable request **a trade flow monitoring service** that helps to identify issues early on. The European Commission should also make better use of ex-officio investigations to support industry in politically challenging situations. To ensure balanced outcomes, the European Commission should ensure **greater transparency in the investigation processes**. This will allow especially Small and medium-sized enterprises (SME) to easily track the processes and make their voice heard. Digital solutions can be an avenue to that end.

Internationally, the EU should continue defending its industries against unfair or discriminatory use of trade remedies by third countries. It is important to ensure that all cases brought against EU producers meet the standards imposed by the WTO, are handled fairly and are supplemented by the WTO's dispute settlement mechanism. Without a **functioning, commonly supported, dispute settlement mechanism**, the use of TDIs is facing significant challenges due to the risk of unfair or discriminatory application. The EU should ensure regular consultation with impacted European producers, and to ensure strong diplomatic representation throughout third country trade remedy processes. In terms of suspending concessions to compensate for violations of WTO obligations, the EU should further improve how to calibrate its actions to avoid harming the EU industry.

4.2. New level playing field inducing trade instruments:

Cefic supports the implementation of the recently added autonomous trade instruments, such as the **International Procurement Instrument and Foreign Subsidies Regulation** as they help to close gaps in the existing EU acquis addressing market distortions at home and abroad. However, the European Commission needs to remain watchful that these instruments do not have unwanted side effects by, for example, limiting beneficial inward investment and increase uncertainty and the costs of doing business for both EU and foreign companies. In the event, that the European Commission considers that additional trade instruments are needed they should be carefully designed to be precise, proportionate, and predictable. They need to address actual risks that were identified in risk assessments conducted in close cooperation with businesses. This approach will help avoid any negative impact on European companies' competitiveness.

4.3. Enforcement

Legislation is only as good as its enforcement. Without proper enforcement, even the best-designed laws will fail to achieve their intended impact, and there will be no level playing field to ensure that compliant businesses can compete fairly. This is more crucial than ever, given the increasing body of costly and complex EU rules. Additionally, there is a steady rise of Business-to-Consumer online sales, which further complicates enforcement. Among other mechanisms, the Customs Union reform²⁴ and the new Single Market Strategy²⁵ are opportunities to improve enforcement of EU rules.

²⁴ <https://cefic.org/app/uploads/2023/12/Cefics-views-on-the-revision-of-the-Union-Customs-Code.pdf>

²⁵ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14475-Single-market-strategy-2025/F3514688_en

5. Implementation of European Economic Security Strategy

The European chemical industry welcomes the European Economic Security Strategy as a crucial step towards enhancing the EU's economic resilience and competitiveness. As a sector that is deeply integrated into complex, global supply chains and reliant on critical raw materials, we emphasise the importance of prioritising competitiveness and openness. It is essential that measures to protect vital security interests do not lead to disguised protectionism, and the integrity of the Single Market and the free movement of capital must be maintained.

Cefic supports a balanced approach between economic and national security objectives to improve the EU's economic resilience. The approach must be based on the tenet of 'de-risking not decoupling' as the goal is risk-management, not risk-minimisation. Efforts to improve the EU's economic security must be wherever possible data-driven and risk-based. We are conscious that the data availabilities in certain parts of the world are not always a given. This needs to be factored into the approach to ensure that the policy remains effective. When designing and implementing the necessary policy instruments, the EU needs to carefully assess trade-offs and align with broader policy objectives and costs. Cefic supports thorough risk assessments, that are conducted in close cooperation with industry as a first step to design new instruments. These tools must be precise, proportionate, and predictable to avoid unnecessary burdens on businesses as the strategy stipulates itself. The three pillars of the European Economic Security Strategy —Promote, Protect, and Partner—are equally important to achieve the goals of the strategy. To this end, Cefic considers it fundamental that the European Economic Security Strategy further develops initiatives under the 'Promote' and 'Partner' pillars next to the ongoing work programme, mostly under the 'Protect' pillar. This is key because without economic power, there can be no economic security to begin with. This would run counter to the overall economic resilience objective.

The new economic security doctrine provides an opportunity to establish the conceptual foundations for the use of these instruments. To find good policy outcomes, **Cefic calls for renewed partnership between the European Commission, Member States, and the private sector to deal with this highly complex policy area.** Uniform application of rules and regulations, intelligence sharing, and the use of available tools will enable companies to compete successfully in a world of increased security risks. Securing access to critical raw materials is vital for the chemical industry. Cefic stresses the EU's efforts to strengthen trade and investment relations with like-minded countries and promote extraction, processing, and recycling within the EU.

Coordination and cooperation at the EU level are necessary for export controls and Foreign Direct Investment (FDI) screening. Cefic is cautious about initiatives to regulate outbound investment. Any initiative that would regulate outbound investment needs to be based on clear problem definition and thorough risk assessment establishing a clear case why such a step is necessary. The chemical industry relies on innovation and competitiveness to thrive and therefore supports initiatives to leverage investments in critical and emerging technologies. Cefic also supports further coordination with other likeminded G7 partners. Furthermore, Cefic supports the Anti-Coercion Instrument (ACI) to deter economic coercion, protecting the EU's economic and political interests.

Cefic calls on policy-makers to carefully analyse lessons learned from drafting and implementing laws such as the Net-Zero Industry Act (NZIA) and Critical Raw Materials Act (CRMA) that address strategic dependencies and resiliency issues. This will help ensure a full understanding of the

complexity of value chains and production networks. This is particularly relevant for the chemical industry, the industry of industries, as it is critical for many value chains and production networks.

In conclusion, the European chemical industry is committed to working with the EU institutions to ensure that the European Economic Security Strategy effectively balances economic resilience with national security, fostering a competitive and open market environment.

6. Laws with trade impact

In recent years, the EU has established a robust framework of laws aimed at promoting environmental sustainability, social welfare, and human rights along international value chains and production networks. These laws, while generally well-intended, can have serious impacts on international trade relationships due to their extraterritorial implications, increasing costs and compliance challenges for trading partners and EU companies. It is therefore key for EU policymakers to design policies ensuring non-discriminatory, transparent and predictable trade conditions that avoid raising unnecessary trade barriers. The design and implementation of EU policies with potential extra-territorial and/or trade impact must be assessed against WTO rules and in meaningful dialogue with trading partners. To mitigate these potential trade impacts, it is crucial for the EU to engage in proactive dialogue with its trading partners both to fully inform them about the EU plans and their implications and learn about concerns and pitfalls. This collaboration should also involve offering technical assistance and capacity-building programmes to help partners, especially from development countries to meet EU standards. To this end, the EU should set up international taskforces that proactively coordinate and implement the outreach.

To facilitate a seamless uptake of reporting obligations, the EU should wherever possible rely on internationally agreed standards and methodologies. For example, in the case of CBAM, an agreed, standardised and product-specific methodology for calculating product carbon footprints needs to be developed as it is critical to avoid carbon leakage and future trade disputes. Additionally, the EU should consider, where necessary, phased implementation of new regulations, allowing sufficient time for adaptation, especially for SMEs in developing countries that otherwise risk losing EU market access due to compliance issues.

Besides, the European Commission should ensure better cross-departmental cooperation in the ideation and drafting of laws that are assumed to have trade impacts. Specifically, DG TRADE and DG TAXUD should have immediate co-ownership of these laws to avoid later trade irritants and problems in the implementation. This needs to happen already before the interservice consultation. By fostering collaboration and providing support, the EU can ensure that its laws uphold and promote high standards without compromising the integrity of its trade relationships, minimising causes for potential for trade conflict.

For more information please contact:

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About Cefic

Cefic, the European Chemical Industry Council, is the forum of large, medium and small chemical companies across Europe, accounting for 1.2 million jobs and 13% of world chemicals production.

On behalf of its members, Cefic's experts share industry insights and trends, and offer views and input to the EU agenda. Cefic also provides members with services, like guidance and trainings on regulatory and technical matters, while also contributing to the advancement of scientific knowledge.