

## Key messages

- The Chemicals Strategy for Sustainability (CSS) is a key element of the EU Green Deal, the policy framework for Europe to become the first climate neutral continent by 2050. The CSS will lead to a fundamental overhaul of the current chemicals legislation and will have major implications for the chemical industry and downstream users of chemicals.
- BASF supports the objectives of the Green Deal and the CSS objective to protect human health and the environment. Today, we already develop our product portfolio based on sustainability. We advocate for a science-based and innovation-driven development of the regulatory framework to maintain the competitiveness of the European industry.
- We call on the EU Commission and the Member State governments to turn the “EU Chemical Industry Transition Pathway” into national roadmaps and co-implement it with all partners along the value chain.

# Position on the EU chemicals strategy

## About the topic

**A pillar of the Green Deal:** With the Green Deal, the European Union strives to make Europe the first climate neutral continent by 2050 and overhaul its environmental laws. One pillar of the Green Deal is a zero-pollution ambition for a toxic-free environment. In this spirit, the EU Commission wants to further strengthen Europe’s already exemplary legislation and in 2020 published its Chemicals Strategy for Sustainability (CSS).

**Global industry context:** Chemical production worldwide is on the rise – output will double within the next 30 years. Europe is the second biggest producer of chemicals as of 2018; chemical manufacturing is the **fourth largest industry** in the EU, directly employing approximately 1.2 million highly skilled people and supporting around 19 million jobs across all value supply chains.

**EU paradigm shift in dealing with chemicals:** For the next three years, more than 80 regulatory measures are proposed, including a revision of REACH and CLP as well as developments of concepts on essential uses, mixture assessment and “safe and sustainable by design” as a guideline for future chemical innovation. The most impactful change is the shift in risk evaluation. The currently well-functioning approach of considering both hazard, use and exposure will be replaced with a generic or hazard-based approach to risk management. This will lead to banning a number of hazardous substances by default, unless their use is proven essential. Cefic’s first of several detailed studies ([link](#)) analyzing the potential economic impact of the CSS concludes that the most likely impacted portfolio would be as much as 28% of the industry’s estimated turnover. Opportunities from reformulation and substitution will depend on the specific regulations and the openness of our customers to switch to new solutions.

Overall, the chemicals strategy is intended to enable better protection of human health and the environment from hazardous chemicals. The EU promises an innovation boost, new business models and industry policies to make this transformation work.

## What does BASF offer?

BASF is fully committed to protect human health and the environment. We want to contribute to a world with higher quality of life for everyone, and we have a track record to prove it: For the past 30 years, BASF has been working under the principles of **Responsible Care®**, an initiative of the chemical industry to maintain and continuously improve its high standards of environmental, health and safety protection in its operations. Since 2012, we steer the BASF product portfolio based on sustainability criteria using our **Sustainable Solution Steering** method.

BASF is also contributing to other areas of the Green Deal ambition, with our dedicated programs to **become climate neutral** and enable circular business models. We measure our success against targets we have set for ourselves:

- we are striving to achieve net zero CO<sub>2</sub> emissions worldwide by 2050
- we are implementing projects to use 250 kt recycled raw materials per year as of 2025 and
- we are aiming at doubling our sales with products contributing specifically to circular economy to € 17 bn by 2030.

Together with our suppliers and customers we share the responsibility to provide innovative, efficient, and sustainable solutions.

## Our position

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1. **Yes to protection of health and environment:** BASF fully supports the objectives of the Green Deal and the intention of the CSS to protect human health and the environment. We do so by
  - a. constantly reviewing our portfolio towards stronger sustainability contributions (**Sustainable Solution Steering**);
  - b. making safety a priority in our own production;
  - c. taking a proactive approach to **product stewardship** and applying the highest regulatory standards globally: only products are placed on the market that can be safely handled in their specific applications.
2. **A stable regulatory environment is needed:** “The EU already has one of the most comprehensive and protective regulatory frameworks for chemicals, supported by the most advanced knowledge base globally.” (EU Commission). Nevertheless, the CSS in its current form plans to further tighten the chemicals legislation which will have far reaching direct consequences for the chemical industry and the value chains using chemical products. To ensure legal certainty for the industry and related stakeholders, the existing law should be fully utilized and carefully adjusted. Also, all existing rules should be properly enforced, for example on imported products, to ensure the protection of human health and the environment and increase consumer protection in the EU.
3. **Risk evaluation:** One major change is the proposal about the regulation of chemicals under the CSS. The generic approach to risk management foresees bans of an increased number of substances from consumer and potentially professional applications based on hazard criteria alone. This approach ignores the benefits of substances with hazard properties and the means of using them safely. Examples include:
  - a. battery materials;
  - b. UV filters which protect our skin in sunscreen;
  - c. disinfectants and a range of household cleaning products.

We advocate that substance evaluation continues to be risk-based.
4. **Occupational safety:** Occupational exposures to hazardous substances can be well controlled through risk management measures, which are established in industrial and professional settings. The CSS should therefore maintain the clear distinction between industrial, professional and consumer uses and should provide differentiated risk management options.
5. **Strong business case needed to navigate transition:** Early on, the chemical industry has asked for a clear implementation framework. On 27 January 2023, the European Commission published the EU Chemical Industry Transition Pathway laying out the conditions that need to be in place to enable the transformation and the “Double Twin Transition”. It consists of eight building blocks with nearly 200 actions: 1. Sustainable competitiveness; 2. Investments and funding; 3. R&I, Techniques and technological solutions; 4. Regulation and public governance; 5. Access to energy & feedstock; 6. Infrastructure; 7. Skills; 8. Social dimension. We particularly see opportunities emerging with the Safe and Sustainable by Design approach as a lever to stimulate innovation. The Pathway also shapes clarity on how to achieve the European Green Deal objectives whilst remaining competitive. We now need to see it transformed into national roadmaps to master the major investments needed and get adequate transition time for the implementation in the respective value chains. To realise the transformation goals we will need the support of all partners in the value chain.