

European Chemicals Industry Action Plan



Context

The European chemical industry is one of the EU's industrial cornerstones, contributing towards over 96% of manufactured goods. It plays a key role in critical sectors such as health, cleantech, and digital technologies. However, the EU's global market share in this sector has more than halved since 2003, and EU producers face significant challenges, particularly due to volatile energy costs, regulatory burdens, and declining international competitiveness.

To address these issues, the European Commission has launched an Action Plan for the Chemicals Industry, building on the Clean Industrial Deal. The plan aims to strengthen industrial resilience, accelerate the transition to clean and circular production, stimulate innovation, and streamline regulation. This brief highlights the most relevant measures for Maltese businesses.

Strengthening Resilience and Global Competitiveness

The Action Plan underscores the need to preserve and modernise core EU chemical production, particularly foundational substances such as petrochemicals, ammonia, and chlorine that support entire value chains, from pharmaceuticals to batteries.

This will include key measures such as supporting critical production capacity in Europe through new market opportunities, enhancing access to overseas markets for imports and exports, and promoting downstream value creation in specialty chemicals, polymers, and intermediates.

Specific legislative measures include:

- Support the development of harmonised risk-based controls for chemicals to reinforce the compliance of imported goods with the relevant EU rules. **(Q4 2025).**
- Coordinate a package of enforcement and market surveillance actions, including through the integration of REACH through the EU Single Window Environment for Customs and its future articulation in the context of the Customs Union Reform and its EU Customs Data Hub, and other customs systems, as well as by prioritising chemicals in national market surveillance work plans **(Q4 2025).**

Securing Affordable Energy and Decarbonisation

High energy costs are undermining the competitiveness of EU-based chemical producers. The Commission estimates show that energy accounts for up to 75% of production costs in the petrochemicals sector, while fossil fuels also serve as essential feedstocks.

Key initiatives in this respect will include aggregating gas demand at EU level to lower energy costs, compensating indirect EU ETS costs for energy-intensive sectors, and introducing financial incentives for the use of renewable hydrogen and non-fossil carbon feedstock.

Specific legislative measures include:

- Speeding up permitting processes for decarbonisation projects under the Industry Decarbonisation Accelerator Act (**Q4 2025**).
- Advancing bio-based alternatives through the upcoming Bioeconomy Strategy (**Q4 2025**).
- Promoting chemical recycling under the Single-Use Plastics Directive (**Q4 2025**).
- Propose a Circular Economy Act to unlock secondary materials markets and drive circularity in the chemicals (**2026**).

Innovation and Lead Markets

Front-runner companies investing in low-carbon chemicals often face limited demand for sustainable products, making it difficult to recoup investments. To address this, the Commission is promising to introduce European criteria in the public procurement for chemicals, recommend tax incentives to support such investments, and promote stronger collaboration along the chemicals value chain.

Simplifying the Regulatory Framework

Regulatory complexity is a longstanding concern for the chemicals industry, especially SMEs. Through its wider simplification efforts, the Commission has committed to reducing the administrative burden for business by 25% and for SMEs by 35% by the end of its mandate.

On chemicals, specific legislative measures include:

- Adopting a Sixth Simplification Omnibus, revising rules under the Classification, Labelling and Packaging of substances and mixtures (CLP) Regulation, Fertilising Product and Cosmetics Regulations (**Q3 2025**).
- Proposing a targeted revision of REACH to simplify processes while maintaining high safety standards (**Q4 2025**).
- Amending Do No Significant Harm criteria under the Taxonomy Regulation for pollution prevention (**Q3 2025**).
- Establishing an EU-wide PFAS monitoring framework and launching a stakeholder dialogue to address PFAS pollution (**2026**).

Other non-time-bound efforts will aim to accelerate market access for biopesticides and simplifying environmental permitting, and advance restrictions on PFAS for consumer products.

Way Forward

The EU Chemicals Strategy Action Plan sets out a forward-looking roadmap to revitalise Europe's chemical sector. For Maltese businesses, particularly those involved in manufacturing, life sciences, and import of raw materials, this presents opportunities to engage in new value chains, access EU funding for clean technologies, and benefit from reduced administrative burdens.

Nevertheless, sustained competitiveness will depend on the effective implementation of these measures, especially for SMEs and peripheral economies which permanently face higher costs and limited industrial scale, further reducing competitiveness. Attractive and accessible support schemes will be critical to ensure a successful transition for the EU chemicals sector.

The full EU Chemicals Action Plan may be accessed [here](#).

Disclaimer: This is a policy brief to create awareness about the legislative proposal and for information purposes. It is not an official position of the Malta Business Bureau.

For questions or more detailed information please contact the MBB policy team on infobrussels@mbb.org.mt

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