

The Critical Chemicals Alliance

Terms of Reference

1. BACKGROUND

The chemicals industry is at the heart of the EU economy. As the fourth largest manufacturing industry, it directly employs more than 1.2 million people and provides more than 19 million jobs across other sectors in Europe. It contributes to more than 96% of manufacturing goods with indispensable products for numerous value chains and strategic applications, such as pharmaceuticals, defence, cleantech and digital.

Today, the sector has come under mounting competitive pressure. Soaring energy and feedstock prices, geopolitical tensions, unfair trade practices and low market demand have significantly eroded the competitiveness of EU based producers, leading to the closure or downsizing of several major production sites in the EU¹. These include key assets, such as steam crackers and other upstream facilities used for producing fundamental building blocks, such as petrochemicals, ammonia and chlorine, which are at the foundation of numerous value chains. These challenges are compounded by a complex regulatory environment and high investment needs to achieve climate neutrality by 2050.

Recognising the urgency to support chemicals production in the EU, the Commission adopted the European Chemicals Industry Action Plan (hereafter “the Action Plan”) on 8th July 2025², following the Strategic Dialogue convened by the President with representatives of the sector in May³. The Action Plan provides a comprehensive set of concrete measures to address the challenges facing the chemicals sector and build a solid business case for its modernisation.

¹ The past two years witnessed the announcement of closures of more than 20 major production sites.

² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A European Chemicals Industry Action Plan COM (2025) 530 final.

³https://ec.europa.eu/commission/presscorner/detail/en/read_25_1198#:~:text=On%2012%20May%202025%2C%20President%20von%20der%20Leyen,attended%20by%20Executive%20Vice-President%20S%C3%A9bastien%20Lecourtier%20and%20Commissioner%20Roswall.

To this end, the Commission is establishing a Critical Chemicals Alliance (hereafter “the Alliance”) as a functional response to the current crisis affecting the European chemical value chain.

The Alliance will act as a strategic action unit to protect and strengthen the competitiveness of chemical production in Europe, taking into account its vital role as the backbone of the EU’s manufacturing base.

The Alliance will build on the experience of the Transition Pathway for the Chemical Industry⁴, bringing together the Commission and stakeholders, including Member States, regional authorities and industry. It will provide strategic intelligence on key issues facing the chemicals sector, such as possible site closures, job losses and trade distortions. Moreover, it will help develop agile policy tools, including coordinated funding support, to mitigate these risks, bolster resilience and support investments in the sector.

2. MANDATE

The Alliance is established to preserve and modernise strategic production capacities and value chains, decarbonise the sector, reduce dependencies and attract the right skills. It will place a particular emphasis on the needs and challenges of SMEs through dedicated guidance tools, fostering cooperation. The Alliance will also facilitate discussions on key trade challenges, such as global level playing distortions, supply chain dependencies, and intellectual property rights issues, by helping the industry and the Commission to detect potentially harmful import surges at an early stage.

As highlighted in the Action Plan for the Chemicals Industry, the Alliance should implement the following actions:

- 1) **Set up support for Member States and stakeholders to develop criteria to identify critical production sites and molecules in the EU.** The Alliance will help develop criteria for identifying chemical sites and molecules that are critical for the EU’s strategic objectives. These should reflect their importance for downstream strategic sectors, as well as the level of EU trade dependencies. Building on the experience of other strategic industries, such as raw materials or net-zero, it could also explore new resilience factors relevant to the chemicals sector, such as rare or limited replication production sites critical to the value chains in the Union.
- 2) **Assist Member States and stakeholders in mapping critical molecules, which will serve as a basis for enhanced monitoring under the Customs Surveillance System, supply diversification, as well as a basis for a possible legislative proposal on critical molecules.** The Alliance shall carry out, based on the agreed criteria, a systematic mapping of critical molecules, such as those that are essential for strategic value chains and subject to dependency on a single third country or a few suppliers.

The purpose of this mapping is to identify which molecules should be subject to enhanced EU level monitoring through the Customs Surveillance System to help the industry and the Commission to detect potentially harmful import surges at an early stage which would assist the industry in the preparation of potential requests for trade defence measures. This mapping will also support the early detection of possible supply chain disruptions. It

⁴ https://single-market-economy.ec.europa.eu/sectors/chemicals/transition-pathway_en

would also serve as a basis for other support measures, including a possible legislative proposal, to address identified challenges related to critical molecules.

3) Assist Member States and Regions in setting up EU Critical Chemicals Sites, to facilitate investments, innovation, improve access to funding and assist the modernisation of critical production capacities.

These sites would build on existing industrial clusters and platforms, such as the European Chemical Regions Network. Targeted support should be made available to modernise sites at risk of closure and to facilitate their green transition, in line with State aid rules where applicable. To this end, the Action Plan underscores the importance of cohesion funding instruments, both under the current legal framework and in the context of a modernised cohesion policy, as well as the experience of the Just Transition Fund on decarbonisation, reskilling and upskilling, and capacity building, alongside the Innovation Fund and InvestEU.

Investments could also be supported through the co-creation of regional plans for EU Critical Chemicals Sites, bringing together industry, academia, start-ups, and regional authorities. This collaborative groundwork can help improve matchmaking with EU funding instruments and can assist on other support measures such as strengthening research-industry collaboration, promoting innovation, supporting SMEs, and upskilling/reskilling the local workforce.

In addition, the Alliance shall address key barriers to investments in alternative carbon sources—such as biomass, recycled waste, and carbon capture utilisation (CCU)—as well as low-carbon technologies, which are often constrained by the lack of off-takers, making it difficult for frontrunner companies to secure a “green premium” and recover their investments. To this end, the Alliance will support the development of incentives to accelerate the creation of lead markets and foster demand for these solutions.

In line with the general objectives of the Action Plan, the Alliance is further expected to focus on the competitive challenges facing the chemical sector in a more comprehensive manner. This includes providing strategic intelligence on how to reduce cost pressures, make investments more attractive, reduce regulatory burdens, and support the sector’s ability to compete on international markets, attract the right skills and drive innovation. In this context, attention should be given to how key policy areas such as energy, climate, trade and competition can contribute to a stronger business case for the competitiveness of the sector.

The Alliance shall also consider possible relevant developments for the chemicals industry under the upcoming Competitiveness Coordination Tool initiative announced in the Competitiveness Compass⁵. In addition, it shall support the EU and Member States in aligning investment priorities and guide coordination of EU support mechanisms with national projects, including Important Projects of Common European Interest (IPCEIs).

⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A Competitiveness Compass for the EU, COM(2025) 30 final.

3. DELIVERABLES

The Alliance shall deliver the following outputs:

- 1. List of critical molecules and critical sites:** the Alliance shall draw up and update systematically a **list of critical molecules and sites for the EU**, which may be addressed through dedicated policy support. Their identification should be based on robust EU-wide criteria to be developed by the Alliance.
- 2. Trade investments monitoring reports:** the Alliance shall prepare trade monitoring reports providing intelligence on trade dynamics affecting the chemicals sector, such as the effects of global overcapacities and supply chain dependencies, with a focus on identified critical molecules. The findings can inform the industry about trade distortions or import surges and support requests for potential deployment of trade defence measures.
- 3. Early warning reports:** these shall track potential risks of closures, job losses, and related supply chain disruptions, as well as the status and performance of ongoing investments. They shall analyse how investments are being undertaken, identify delays and their underlying causes, and assess financing needs. These reports shall inform a more effective and timely use of support instruments to prevent closures and advance the sector's modernisation.

These deliverables are indicative and will be discussed by the first General Assembly. In view of the broader set of challenges identified in the Action Plan and the mandate of the Alliance, the scope of the deliverables could be altered.

4. MEMBERSHIP: ELIGIBILITY CRITERIA

The work of the Alliance shall be without prejudice to the to the legal framework of EU's funding instruments and shall be in compliance with competition rules and the EU's international commitments.

An organisation's membership of the Alliance will be conditional on the signature of the Alliance's Declaration including a competition compliance programme (Annex II of the Declaration), and the assessment of information provided under point 5.

The Alliance is open to the following "Member Organisations":

- All public entities of the Member States and EEA EFTA States (Norway, Iceland and Liechtenstein) with relevant activities in the chemicals industry, including representatives of national, regional and public authorities.
- All private entities active in the EU with relevant activities in the chemicals industry, including companies, associations, investors, research and technology organisations and civil society organisations.

The following membership eligibility criteria shall apply to private entities:

1. Membership of the Alliance is designed for legal entities registered in the EU Transparency Register. Membership will not be open to individuals appointed in a personal capacity.
2. Private entities (and where relevant their constituting parties or members) shall be established in the European Union or in an EEA EFTA State.
3. In order to benefit from direct membership and participation in the Alliance and its activities, members of associations, subcontractors, constituting parties or shareholders shall apply for membership of the Alliance individually.
4. In the event of a change during the membership which might put into question the fulfilment of the eligibility criteria, the relevant private entity shall inform the European Commission sufficiently in advance, which shall assess whether these eligibility criteria and conditions continue to be met and shall address the potential impact on the organisation's membership of the Alliance.
5. Prior to the signature of the Alliance Declaration, Applicants shall provide all relevant information necessary for the assessment of fulfilment of the eligibility criteria to the European Commission, in particular the following:
 - a) The entity shall have relevant existing or planned activities in the EU or in an EEA EFTA State that are of practical utility to the Alliance in the fields set out in section 2 of the Terms of Reference.
 - b) Signature of the Competition Compliance Programme as referenced in Annex II in the Alliance Declaration.
 - c) Compliance with EU Data Protection rules and respecting security of sensitive information: the entity shall provide assurances in this regard, and that it shall not provide any information related to the Alliance and related projects to third parties, except general information about the Alliance's work that may be disseminated to non-members and exclusively upon specific request of the European Commission.
 - d) A written commitment that it has and will ensure in the future⁶ to have no conflict of interest⁷ whatsoever with the Alliance's objectives or with specific objectives of the project groups to which it participates.

These criteria will be assessed on a case-by case basis by the Commission, based on information provided by the applicant. Such assessment may result in a refusal of the application of a given eligible organisation or its participation rights restricted.

Entities that apply for Membership through their legal representative in the EU shall inform the European Commission of the accountability and liability arrangements between the entity and the legal representative.

The entities which are not subject to control by a third country, acting either directly or by way of measures addressed to a third country entity, are normally presumed to respect point (c).

⁶ For the period of membership and two years after membership is finished.

⁷ This involves any actual, potential and perceived conflict of interest.

6. Without prejudice to membership, the Commission, for instance upon proposal of the Steering Board, may restrict discussions related to certain essential strategic tasks affecting the strategic objectives of the Union, be it in working groups or Alliance's General Assembly agenda points, to Member Organisations not subject to control by a third country, acting either directly or by way of measures addressed to a third country entity.
7. Member Organisations who no longer act in accordance with the principles set forth in the Alliance Declaration, or are no longer capable of doing so, upon request of the Commission, shall no longer be invited to participate in any meetings of the Alliance and may be replaced for the remainder of their term of office.

To select the Members of the Alliance, an open Call for membership has been published with these Terms of Reference: https://ec.europa.eu/eusurvey/runner/CCA_apply. The assessment of applications will be done by the Commission.

5. GOVERNANCE

The Alliance will operate under the following core principles: openness, transparency, diversity and inclusiveness.

- **Openness:** the Alliance is open to all eligible parties who can actively contribute to its mandate. Any eligible stakeholder may join at any time during the lifetime of the Alliance.
- **Transparency:** the Alliance is committed to ensuring transparency about its operations. Key information about the Alliance, including its activities, outputs, and structure, will be made publicly available via the Commissions' dedicated website <https://single-market-economy.ec.europa.eu/industry/strategy/industrial-alliances> ("the EU Portal") and/or via the Alliance's own dedicated website.
- **Diversity and inclusiveness:** participation in the Alliance extends beyond chemicals industry players. Membership may include stakeholders from the whole chemical ecosystem, from upstream to downstream companies and end-costumers, as well as SMEs, public authorities, financial institutions, academia, civil society organisations and other interested parties.

To ensure effective decision-making and the implementation of its activities, the Alliance is structured around three main bodies: a) the General Assembly; b) the Steering Board and c) Working Groups.

5.1. General Assembly

The General Assembly is the Alliance's main forum for strategic dialogue, bringing together all members to discuss key priorities and adopt opinions, recommendations, and reports of the Alliance.

It will be made up of high-level representatives (e.g., CEOs or Executive Board members) of every Member Organisation. Each Member Organisation shall designate one high-level representative to the General Assembly, as well as relevant experts to participate in the Alliance's working groups.

The European Commission will convene, chair, and organise one General Assembly at least twice a year, acting as a facilitator. It will foster cooperation and engagement among all stakeholders, and provide secretarial services, e.g. arrangements for onboarding new members.

The General Assembly shall take decisions on opinions, recommendations, or reports preferably by consensus. In the event of a vote, such decisions shall be taken by a simple majority of members present, and members voting against a decision shall have the right to have a written statement of their position annexed to the adopted document. The General Assembly shall also adopt its rules of procedure by simple majority of its members.

Observers and their representatives may be permitted by the European Commission to take part in discussions of the General Assembly and provide expertise. However, they shall not have voting rights and shall not participate in the formulation of recommendations or advice.

5.2. Steering Board

The Steering Board provides strategic orientation, coordinates the activities of the Alliance, defines the main deliverables, and oversees the work carried out within the working groups. It also prepares the General Assemblies, supports the European Commission in facilitating and monitoring the Alliance's work, and reports annually to the General Assembly on progress made and any other relevant issues.

It will comprise a balanced group of high-level representatives from Member Organisations that are not subject to control by a third country, whether directly or through measures addressed to a third-country entity.

The Steering Board will be chaired by a high-level representative of the European Commission, which will also provide its secretariat. Members will be appointed by the Commission based on proposals submitted by Member Organisations. The composition of the Steering Board would be the following:

- 4 representatives of Ministries responsible for industrial policy.
- 2 representatives of regional authorities.
- 5 representatives of the chemicals industry chosen among the candidates from Member Organisations, ensuring an appropriate representation of SMEs.
- 2 representatives of trade unions chosen among the candidates from Member Organisations.
- Chairs of the Alliance's working groups.

The Steering Board shall adopt its rules of procedure, including voting rules.

5.3. Working Groups

The General Assembly may establish working groups to address specific thematic areas of work, reflecting the proposed mandate and deliverables of the Alliance, without prejudice to the creation of additional groups or changes to their remits.

Each Member Organisation may apply to participate in a working group based on its activities or expertise relevant to the group's area of work. Representatives shall possess appropriate expertise in the field. Each working group will elect a Chair and one or more Vice-Chairs from among representatives of Member

Organisations that are not subject to control by a third country, whether directly or through measures addressed to a third-country entity.

Observers and their representatives may be permitted by the Chair, with the agreement of the European Commission, to take part in discussions and provide expertise. However, they shall not have voting rights and shall not participate in the formulation of recommendations or advice.

The European Commission reserves the right to act as an observer to all working groups of the Alliance. It will act as secretariat for the working groups, in collaboration with the Chair.

Each working group will adopt its rules of procedure, including voting rules.

6. MONITORING

The monitoring of the Alliance shall be carried out by the Steering Board, with an annual report summarising progress, the main achievements, and key policy developments within the scope of the mandate. This report shall be discussed and adopted by the General Assembly.

7. PROTECTION OF PERSONAL DATA

The European Commission (DG GROW) will publish on the Register a privacy statement providing information about the processing and the protection of personal data. The European Commission is committed to protect personal data and to respect privacy. The European Commission collects and further processes personal data pursuant to Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons about the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data.