

Better Regulation for Growth and Innovation

Jobs, growth and investment will only return to Europe if we create the right regulatory environment and promote a climate of entrepreneurship and job creation.

Cefic, the European Chemical Industry Council, has 3 proposals to strengthen the EU Better Regulation policy's contribution to growth and innovation:

1. Set tangible burden reduction targets for clusters of legislation

- Targets are needed to reduce the cumulative burden from existing legislation. Objectives for single initiatives provide no guarantee that the overall cost will be reduced or even stabilized
- The aim is to maintain high levels of health, environmental and social protection but to reduce the overall cost to achieve them

2. Improve the assessment of Impacts on Innovation - the Innovation Principle

- Ex-ante impact assessments should describe how policy options, legislative proposals and implementing decisions impact innovation processes, including technologies in the 'innovation pipeline' (cf. Key Enabling Technologies)
- Ex-post evaluations should assess EU initiatives' impact on innovation irrespective of the policy goals of the legislation (Cf. impact on market access, product & process development and availability)

3. Extend best practices beyond traditional law-making: from Better Regulation to Better Administration

- EU rules are increasingly adopted outside the legislative procedure, in the form of guidance documents, implementing and delegated acts, which often have significant impacts on industry
- Existing Better Regulation tools and guidelines should be adapted to the diversity of EU rule-making, to ensure impacts are fully considered and affected parties are being heard in time

Today, the **chemical industry** is a pillar of the European economy: 29 000 companies - 96% SMEs- generating €551 billion in 2014, providing over 1 million direct jobs and nearly 2.5 million indirect jobs in Europe.

Chemistry is often all but invisible yet essential to consumers' everyday lives: from health and hygiene to transport, construction and computing. **Chemical innovation** enables solutions to current and future societal challenges, such as climate change, resource efficiency and food shortage. But Europe's chemical industry is facing the reality of ever fiercer global competition. It must remain competitive to continue being innovative.

According to recent estimations¹, the **combined EU regulatory cost on the chemical industry** amounts to **30%** of the Gross Operating Surplus indicating that the cost of regulation is a significant factor shaping the profitability of the chemical industry. It is in the **same magnitude to the sector's yearly R&D spending**.

Cefic supports the high political commitment of EU Institutions to Better Regulation. Good regulation effectively delivers on policy objectives whilst minimizing costs and fostering innovation.

¹ Cumulative Cost Assessment for the EU Chemical Industry, prepared for the European Commission, Technopolis, 2016, not yet published