5 principles for a stronger European value chain

Europe's industrial competitiveness and strategic autonomy depend on the strength of its entire value chain.

Downstream4EU brings together 24 associations to ensure that EU industrial policy recognises the needs and contribution of downstream manufacturers alongside critical upstream industries. Our aim is to strengthen the competitiveness and resilience of the entire value chain, ensuring that measures supporting one segment do not inadvertently undermine others by shifting costs, imposing additional burdens and restricting access to essential inputs. EU industrial and sustainability policies should recognise the interdependence of upstream and downstream industries and assess how measures targeting one part of the value chain affect the others. Policies must enable Europe's manufacturers to innovate, manufacture and compete, while addressing overlapping requirements, regulatory and compliance costs and higher input costs that can undermine investment, jobs and competitiveness, particularly for SMEs.

We call for a Downstream Fitness Test within the European Commission's impact assessments under the existing Better Regulation framework, and for it to be systematically applied throughout the legislative process, including during the negotiations in the European Parliament and the Council. While policies are being developed, the Test should assess their implications for downstream manufacturers: cumulative regulatory and compliance costs, input availability and affordability, technical feasibility, and product quality, safety, performance and durability. It should help policymakers identify and address unintended consequences across the value chain. The following five principles should guide this approach.

Demand-side support

EU industrial policy should support investment and innovation across the full value chain, including downstream manufacturing and SMEs. Public procurement, technology-neutral consumer incentives open to all compliant products, R&D funding and investment in recycling and refining should help build the supply, demand and production capacity needed for the transition to a more sustainable EU. These measures should help more sustainable materials and products find a market, rather than simply transfer costs between industries.

Coherent requirements that work for real products

EU legislation should be coherent, proportionate and workable for downstream manufacturers, particularly SMEs. Policymakers should address overlaps between requirements and assess their cumulative regulatory and compliance costs. Material requirements, including those under existing EU targets, must remain compatible with the safety, quality, durability, performance and recyclability that finished products require.

A level playing field for European manufacturers

Products made in Europe and imported products should meet the same EU product requirements. This principle should apply regardless of how products reach the market, including direct online sales to consumers. EU industrial and climate policies should also address competitive disadvantages arising from

carbon-related costs faced by European downstream manufacturers compared with imported finished products.

Effective enforcement

Effective enforcement should be built into new product requirements from the outset. Strong market surveillance and clear enforcement responsibilities should be supported by digital tools that help identify non-compliant products.

Enable the transition rather than add new targets

EU policy should enable manufacturers to achieve existing EU targets, relying on effective solutions through a flexible, technology-neutral approach. Rather than introducing additional mandatory content targets, it should prioritise the availability of high-quality recycled, low-carbon and bio-based materials available at competitive prices and in sufficient volumes, while ensuring they meet the technical, safety and performance requirements of finished products.