

POLICY PRIORITIES

FOR THE VALUE OF BEAUTY ALLIANCE

The
VALUE of
BEAUTY

Policy priorities for the Value of Beauty Alliance

The Value of Beauty Alliance represents the EU value chain of the beauty and personal care industry, including farmers, glass makers, perfumers and retailers. Our mission is to ensure that the entirety of our beauty value chain is taken into consideration by European EU policymakers and is recognised as a strategic sector of the EU society & economy. Our industry is highly diverse, creative, skilled and successful, contributing positively to the European way of life. We represent an entire ecosystem of farmers, artisans, small and medium sizes companies (SMEs) and international companies with a strong industrial footprint in Europe that showcase Europe's savoir-faire on a global stage. We are a major success story of the Single Market across Europe and the world, through our exports.

The beauty and personal care industry is indeed an essential pillar of Europe's society and economy. Our sector contributes significantly to innovation, export, job creation, and sustainability. The Value of Beauty Alliance is committed to ensuring that our sector continues to deliver benefits to consumers, employees, and the wider European economy. Mario Draghi mentioned in his report on the competitiveness of Europe the need for more investment in innovation, resilience, and closing the skills gap. Our sector is at the forefront of these ambitions in Europe and ready to reinforce Europe's strategic autonomy on a global stage.

As the European Union enters a new policy cycle with the definition of new political priorities to

foster the competitiveness of the EU industry, while pursuing the implementation of its Green Deal, we call upon the European institutions to adopt a "value chain" approach able to ensure a regulatory environment capable of safeguarding thriving industrial sectors such as ours.

Our policy priorities highlight the importance of key areas such as the Single Market, trade policy, innovation, job creation, SMEs, sustainability, and social wellbeing. In each section, we call for strong collaboration with policymakers to create a regulatory environment that supports the competitiveness and growth of our industry.

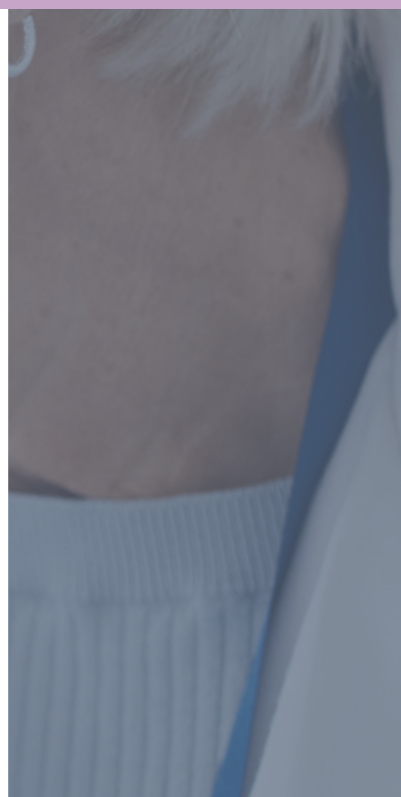
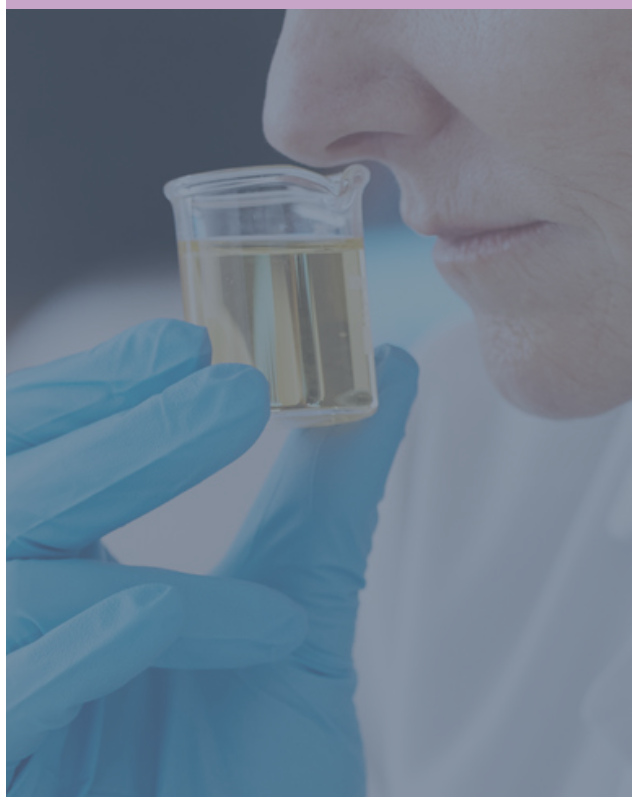
We call on policymakers to:

- **Single market & Simplification:** Safeguard the integrity of the Single Market and ensure that EU policies are designed in full consideration of the characteristics of the beauty and personal care sector. To that end, policymakers should adopt a holistic approach that takes into consideration our value chain and is aligned with industrial needs.
- **Trade:** Design EU trade policy to support the competitiveness of our sector on the world stage. Trade agreements must prioritise market access, reduce regulatory barriers, and support the export of high-quality and innovative European products.
- **Innovation:** Ensure that EU regulations follow a robust science-led and risk-based approach to ensure our value chain can develop and invest in its innovation strategy in a coherent and predictable regulatory environment.
- **Job creation and training:** Recognise the economic significance of our sector and help us foster our contribution to the EU's scientific leadership and diverse workforce through ambitious EU training programmes.
- **SMEs:** Ensure greater support for SMEs through policies that simplify regulatory compliance, increase access to financing and promote innovation.
- **Sustainability:** Ensure the proper implementation of EU green regulations, in a stable, predictable, proportionate and holistic approach that takes into account our value chain, without compromising on competitiveness.
- **Social wellbeing:** Recognise the importance of wellbeing as part of Europe's broader health agenda and the essential contribution of our value chain in this area.

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THE SINGLE MARKET



A pillar of competitiveness

1

The European Single Market has been instrumental in fostering the growth and competitiveness of the beauty and personal care industry.

Regarded as a cornerstone of the European economy and a symbol of European excellence, the beauty industry adds a massive €180 billion to the EU's GDP, equivalent to €496 million generated every single day and supports around 3.2 million jobs¹.

With a vast industrial ecosystem that spans geographical clusters across Europe, our sector has driven growth and competitiveness, enabled by the free movement of goods, services, capital, and labour within the Single Market. This interconnected network enables companies to operate efficiently, leverage synergies, create safe products and access a diverse consumer base.

By removing barriers to trade within the EU and harmonising regulations, it has allowed European companies, regardless of size, to expand their reach and compete effectively on a global scale. As President von der Leyen mentions in her mission letters, we must work to simplify the Single Market and allow innovation to thrive by tackling "fragmentation and remaining barriers and ensuring that rules are easy to implement."

The Single Market has particularly supported the growth of small and medium-sized enterprises (SMEs) within our industry.

However, to maintain this competitive edge, it is essential that the Single Market remains fit for purpose. As new challenges arise—such as regulatory changes, supply chain disruptions, and technological advancements—the framework of the Single Market must evolve to meet these demands. As the European Commission's Clean Industrial Deal states, "for a thriving new European industrial ecosystem of growth and prosperity, it is essential to move beyond traditional silo solutions and look at the entire value chain."

Our ask:

We urge policymakers to safeguard the integrity of the Single Market, eliminate remaining barriers, and ensure that EU regulations are simplified and designed in full consideration of the characteristics of the beauty and personal care sector and do not generate a disproportionate burden on companies.

Future EU policies should recognise the beauty industry's uniqueness and consider the interconnectedness of the beauty industry from raw and basic materials – including energy-intensive sectors such as chemicals, packaging - to consumer use, when drafting legislation impacting the entire value chain.

We believe that a Competitiveness Check, based on a value chain approach, is necessary to systematically evaluate the potential impact of any proposed new regulations on the competitiveness of EU businesses. This evaluation should include an assessment of administrative burdens, compliance costs, and potential obstacles to innovation arising from new regulatory measures.

This is in particular the case for:

- The Urban Wastewater Treatment Directive should be revised to ensure that water pollution is addressed proportionally and that all sectors contributing to micro-pollutants in water are considered by the Directive. This would also incentivise all relevant product manufacturers to develop greener products.
- The REACH regulation (Registration, Evaluation, Authorisation, and Restriction of Chemicals) is a key EU regulatory framework designed to ensure the safe use of chemicals. Its revision should maintain high scientific rigor, adopt a balanced and proportionate risk-based approach and not fall victim to over-simplification. The regulation should focus on ensuring agility and ensure the safety of our consumers and citizens while protecting the environment, based on the real-world use of ingredients.

¹ Oxford Economics (2024). The Value of Beauty: The socio-economic impact of the beauty and personal care industry in the EU27. Value of Beauty Alliance.



TRADE POLICY

2

Supporting global competitiveness

The beauty and personal care industry is a key player in the global marketplace. European brands are known worldwide for their quality, safety, and innovation, and our products are exported to markets across the globe. In fact, five of the top seven beauty companies in the world are European.

Cosmetics Europe estimated that EU27 cosmetics companies, a subset of the beauty and personal care sector, exported €26 billion worth of goods to customers outside of the EU27.² This makes the EU27 the largest cosmetics exporter worldwide.

However, our industry operates in an increasingly competitive global environment, where regulatory barriers and trade policies can significantly impact our ability to compete.

As mentioned by the Draghi report, the regulatory burden on European companies is high and continues to grow. This can create an imbalance for European companies that compete directly with other companies in other non-EU markets.

For our sector to remain competitive on a global stage, it is vital that EU trade policies and regulations support the free flow of goods and services and facilitate access to new markets. This includes the reduction of trade barriers and the alignment of regulations that allow for the seamless export of European-made products.

Our ask:

We call on policymakers to ensure that EU trade policy is designed to support the competitiveness of our value chain on the world stage. Trade agreements must prioritise market access, reduce regulatory barriers, and support the export of high-quality and innovative European products such as ours.

To ensure a level playing field with non-EU players, the EU should reinforce customs checks and double down on enforcing environmental and sustainability requirements for products. Enforcement of our European standards should also be applied to e-commerce.

² Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data



INNOVATION

Driving progress and excellence

3

Innovation is the DNA of the European beauty and personal care industry. Our commitment to innovation is deeply intertwined with our dedication to both consumer needs and evolving EU regulations. With no less than 77+ research centre facilities and over 27,000 scientists as part of the workforce³, we continuously invest in research and development to improve formulations, and ensure the highest standards of product safety, sustainability, and consumer protection. In this dynamic landscape, a coherent and predictable regulatory environment,

grounded in robust scientific principles, is essential for our value chain to thrive.

Innovation is expected to remain a large driver of growth in the skincare category. For example, consumer demand for innovative and eco-friendly sun protection products is on the rise in Europe, with countries like France leading the way in promoting sustainable and organic options.

In skincare, we're also seeing AI as a key driver. Many beauty companies are integrating AI to transform skincare practices. Companies are compiling extensive facial aging databases with

3 Cosmetics Europe & Euromonitor International (2023). Market Performance: European Cosmetic, Toiletry & Perfumery Data

global demographic representation, leveraging their Research & Innovation results and utilising data to discern the biological, clinical, and environmental elements impacting skin health.

The fragrance category is also driven by relentless innovation, with manufacturers investing around 8% of their net sales in R&D – double the EU average for large global companies and well ahead of innovation investment in other beauty categories.⁴ Many of the major fragrance houses are combining the traditional skills of perfume making with AI to drive innovation. Integrating AI means that perfumers can push the boundaries of fragrance creation and ultimately create new and exciting products.

There are at least 30 separate scientific steps involved in the development of every new lipstick. In the fragrance category, meanwhile, over 3,000 ingredients are used to create, produce and supply 60,000 to 80,000 unique blends worldwide annually.⁵

Reformulation exemplifies this need, as companies invest heavily to adapt to new regulations while continuing to create innovative products that meet consumer demand. Every year, a quarter of cosmetic products on the market are improved or completely new.⁶

Beauty and personal care's R&D track record suggests that the sector has been in long-standing alignment with the EU's strategic orientations for research and innovation to support the European Green Deal objectives, which included solutions to support climate policies and preserve the environment. The 2025 Clean Industrial Deal introduces an innovation-centred approach to build on this framework, with a particular focus on investment in clean energy as a tool for industrialisation and achieving climate goals. This innovation focus chimes with a key theme of the Draghi report on European competitiveness, which states that "Europe must profoundly refocus its collective efforts on closing the innovation gap".

According to the latest figures available, in the EU27, the beauty and personal care industry spend

over €2 billion a year on R&D.. This focus on R&D also extends into the types of roles the industry is recruiting for. In 2023, the EU27 beauty and personal care sector advertised for over 1,900 unique positions in R&D. Recruitment within the sector was more focused on R&D positions than in the EU27 economy as a whole, with R&D job postings accounting for 2.4% of all online job postings advertised by the beauty and personal care sector compared to 0.7% for the overall EU27 economy.

Our ask:

To drive innovation and competitiveness, the EU must adopt a robust science-led and risk-based approach and prioritise harmonisation, legal certainty and coherence among EU regulations.

We believe that the Clean Industrial Deal (CID) should consider all competitive sectors that generate important economic value for the EU, such as the beauty industry. As flagship framework, the CID should facilitate the transition to green technologies, ensure funding for sustainable innovation, and streamline regulatory processes for ecofriendly products.

Innovation is at the core of the beauty and personal care value chains, with constant new product developments that need incentives to drive market adoption and scale up. The beauty and personal care industry champions the transition to a bioeconomy. To unlock this potential in Europe, we need policies that support sustainable ingredient manufacturing, address the "green premium" i.e., the additional cost of choosing more sustainable technologies ensure a level playing field at both the international level and amongst industries, and secure long-term sustainable feedstock supply.

⁴ PWC & International Fragrance Association (2019). The value of fragrance.

⁵ Cosmetics Europe (2021). Innovation and Future Trends in the Cosmetics

⁶ Oxford Economics (2024). The Value of Beauty: The socio-economic impact of the beauty and personal care industry in the EU27. Value of Beauty Alliance



JOB CREATION AND TRAINING

Investing in people

4

Beauty and personal care's total employment contribution amounts to just under 3.2 million jobs. This is higher than total employment levels across all sectors in 13 different EU Member States, including Denmark (3.0 million), Bulgaria (2.9 million), and Finland (2.6 million).

There is a notable emphasis on female participation across the industry. Women account for 72% of the beauty and personal care workforce, surpassing the EU27 average of 46%. In addition, the industry employs approximately 240,000 people under 25, representing 12% of the sector's workforce. This is well above the EU average of 8%.

Our value chain is a major contributor to job creation and social mobility⁷. We offer high-quality jobs in areas ranging from research and development to manufacturing, retail and marketing. We are committed to investing in our workforce and providing training and development opportunities that enable employees to build fulfilling careers.

Training and upskilling are essential to maintaining a competitive and innovative workforce. As new technologies and sustainability requirements reshape the future of work, it is vital that employees have the skills they need to adapt to these changes. By investing in training, we not only enhance the capabilities of our workforce but also contribute to social mobility and economic growth.

Our ask:

We ask policymakers to recognise the economic significance of our sector and help us foster our contribution to the EU's scientific leadership and diverse workforce through ambitious EU training programmes and investments in upskilling the workforce.

⁷ Oxford Economics (2024). The Value of Beauty: The socio-economic impact of the beauty and personal care industry in the EU27. Value of Beauty Alliance



SMEs

The backbone of the beauty industry

5

SMEs form the backbone of the European beauty and personal care industry. These SMEs are typically family-owned companies, based in local areas, with deep expertise, creating vital employment in local towns through Europe. They play a crucial role in driving innovation, creating jobs and sustaining local economies.

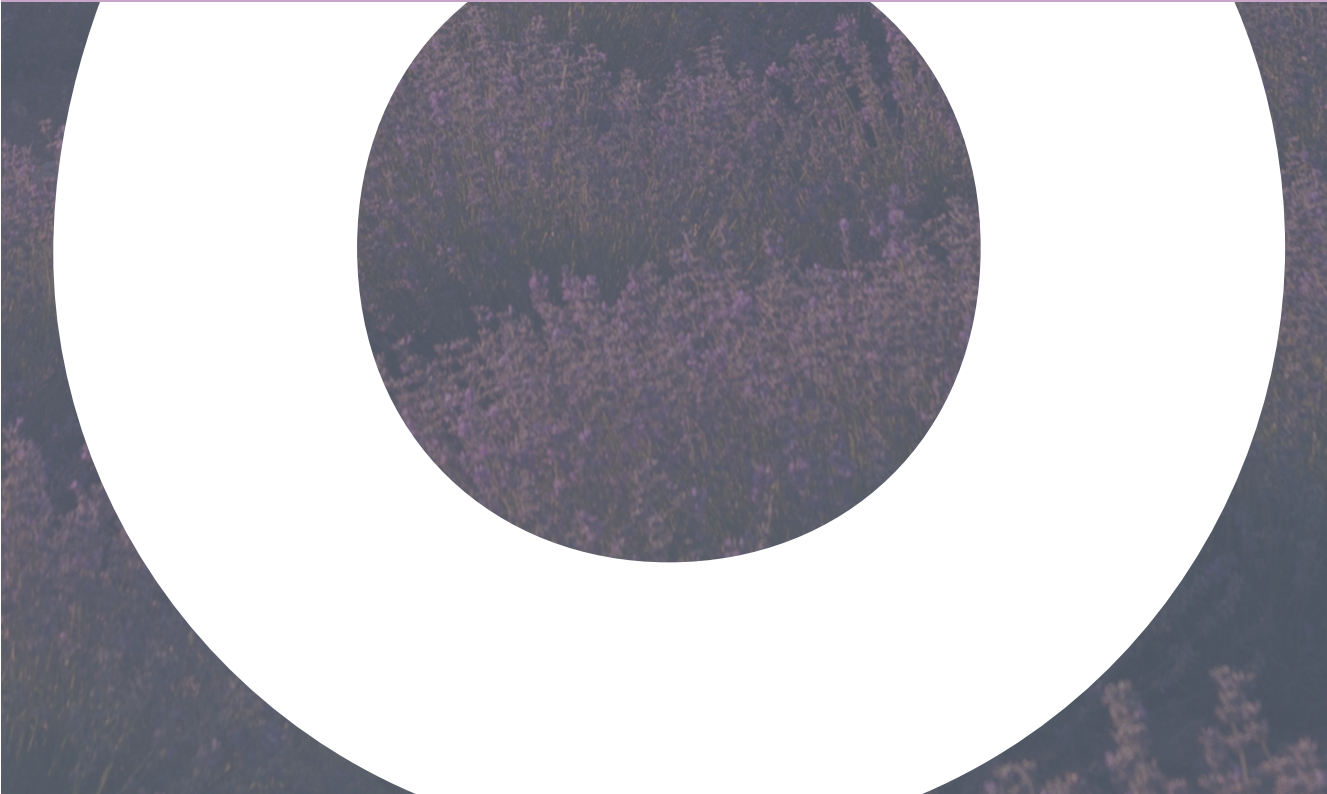
From the lavender fields of Provence, the citrus growers of Italy, to glass makers and packaging companies in Poland, our value chain extends to all corners of the European Single Market. These businesses bring unique insights and expertise, particularly in niche markets and artisanal products, that help differentiate European beauty products on the global stage. However, SMEs often face challenges in navigating complex regulatory environments and accessing resources for growth and innovation.

Our ask:

We advocate for policies that empower all businesses, especially SMEs, to thrive in a competitive landscape. This includes simplifying regulatory processes, expanding access to financing, and promoting a culture of innovation. By fostering the growth of SMEs, we strengthen the entire European beauty and personal care value chain.



SUSTAINABILITY



Leading the green transition



Sustainability is at the heart of the beauty and personal care industry's vision for the future. Our industry is already taking proactive steps to reduce its environmental footprint, from sourcing sustainable ingredients to reducing packaging waste and cutting carbon emissions. The sector is increasingly reformulating products to minimise their environmental impact at all stages of their lifecycle. We have introduced innovations in packaging to reduce the use of plastic, increase recyclability, increase the use of recycled materials and optimise the amount and weight of material used. The sector is transitioning away from the use of fossil fuels towards renewables through clean tech and low carbon technologies. At the same time, we are reducing the direct environmental impact of operations for example, by using innovative technology to identify sources of heat losses in manufacturing plants and improving collaboration and transparency across the supply chain to proactively reduce its indirect environmental footprint.

Achieving the goal of carbon neutrality requires collaboration across the entire value chain. We are investing in sustainable innovation, reformulating products with sustainable ingredients, and adopting circular economy principles. However, to accelerate the transition to a green economy, we need supportive policies and a regulatory framework which is stable and predictable, with minimal disruption to this critical sector for the EU.

Sustainability is a key priority at all points of the value chain, from green energy usage and ethical testing to eco-friendly packaging which uses recyclable materials in innovative ways to reduce waste. This focus on sustainability also drives relentless innovation and, in turn growth. Billions of euros are invested in research every year, sustaining tens of thousands of scientists in widely diverse fields.

Our ask:

EU Policymakers must ensure the proper implementation of EU green regulations, in a stable, predictable and holistic approach that takes into account our value chain, without compromising on competitiveness. To create a true market for green products, obligations on our manufacturers need to be complemented with measures to create market demand.

In particular, the Clean Industrial Deal and Circular Economy Act should boost circularity, and ensure the uptake of recycled content, through wider harmonisation of the end of waste criteria to foster a single market of waste. Renewable products should be promoted with the new Bioeconomy strategy, pushing the cascading use of biomass to ensure materials remain in circulation as long as possible. Policymakers also need to facilitate the use of sustainable carbon feedstocks in the chemicals industry from all possible sources, bio-based (e.g., biomass, agricultural waste), recycled carbon (e.g., industrial waste) or captured carbon, to support its green transition.



SOCIAL WELLBEING

Enhancing confidence and quality of life

7

The beauty and personal care industry has never been simply about superficial appearance. It is an essential part of the wellbeing and mental health of Europeans. How we look influences how we feel, and how we feel also depends on how others perceive us. The physical wellbeing and mental health aspects of beauty and personal care are significant and should not be underestimated. In fact, 71% of consumers rated cosmetics⁸ and personal care products as 'important' or 'very important' in their daily lives.

The World Health Organisation recognises that "good mental health translates to good physical health" and that self-care is a core element of positive mental health.

We are deeply conscious of our responsibility to provide safe, effective, and high-quality products that enhance self-esteem and promote positive self-image. The impact of our products extends beyond the physical, contributing to mental and emotional wellbeing as well.

It is clear that consumers see a strong link between beauty and personal care products and their quality of life: 71% of European consumers regard personal care and cosmetic products as 'important' or 'very important' in improving their quality of life. For the majority of people, therefore, self-care with beauty and personal care products is a central element of wellbeing.⁹

Our ask:

EU policymakers must recognise the importance of wellbeing as part of Europe's broader health agenda and the essential contribution of our value chain in this area.

⁸ Reference WHO (2022). World mental health report: transforming mental health for all

⁹ IFOP for Cosmetics Europe (2022). Cosmetics: Our Essentials for Daily Life

The beauty and personal care industry is an essential contributor to Europe's economy, society and sustainability goals. As we look to the future, we are committed to working in partnership with policymakers to ensure that our sector continues to thrive and deliver benefits to all Europeans. By supporting the Single Market, fostering innovation, empowering SMEs, creating jobs, driving sustainability, and enhancing social wellbeing, we can build a brighter, more competitive, and more sustainable future for Europe.



“ Together, we can ensure that the beauty and personal care industry remains a global leader, supporting Europe's economic, social, and environmental goals for generations to come. ”

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