Europe's Beauty and Personal Care Industry

A leadership worth preserving









€180 Billion	€29.4 Billion	3.5 Million	€71 Billion
EU GDP Contribution	Annual Exports	Jobs	Total Tax Contribution

The VALUE of BEAUTY

The beauty and personal care industry is a strategic asset for the EU's economy, its innovation capacity, and sustainability ambitions. With a contribution of €180 billion to the EU's GDP, nearly €30 billion in exports and 3.5 million jobs[1] across the continent, the European beauty and personal care industry leads globally[2].

But today our sector's global leadership is at risk. Increasing regulatory complexity and a widening misalignment between policy ambition, innovation cycles and global market realities are threatening Europe's competitiveness and influence - at a time when other regions are moving faster, more coherently and with greater strategic intent.

We recognize that it is also upon us to more actively participate in the policy debate, and this is why we, 17 CEOs from across the value chain, have come together in the Value of Beauty Alliance.

Since we first gathered in Brussels two years ago, there have been some positive signs of support, such as the Chemicals Simplification Omnibus (Omnibus VI), for our industry. However, other markets, supported by their own policy makers and regulators, are quickly catching up and eroding the competitive edge of our sector. France - the EU's top cosmetics exporter **- recorded its first export contraction** in over two decades outside the global disruption of the COVID years.

We welcome the call by Heads of State and Government to accelerate industrial modernisation, reinforce strategic value chains and improve the EU's business environment. This is a strategic opportunity to ensure that Europe's competitiveness goes hand-in-hand with its sustainability commitments, innovation and long-term industrial resilience.

As President Ursula von der Leyen told the European Parliament last month, *"if we are serious about simplification, we must crack down on gold-plating and fragmentation. It is time for a deep regulatory housecleaning - at all levels".*

While we welcome pragmatic steps such as the Omnibus VI proposal, we call for:

- This deep regulatory housecleaning, as well as for urgent and comprehensive reforms to unlock capital and support the competitiveness of our companies (including by securing affordable energy);
- A fairer, science-based application of the "polluter pays" principle in the Urban Waste Water Treatment Directive (UWWTD);
- More pragmatic rules on packaging, and;
- Deeper regulatory convergence when negotiating trade deals.

Without decisive action, Europe risks weakening one of its most thriving industries.



1 https://cosmeticseurope.eu/our-industry/

2 https://valueofbeauty.com/wp-content/uploads/2025/03/The-Value-of-Beauty-Report-2025.pdf

Progress on regulation - but more is needed

The **EU single market** and its harmonized regulatory regime have helped propel our sector's growth, and its global lead, over the past 40 years. But in recent years, companies from the beauty and personal care industry in the EU have been devoting up to 70% of their R&D budgets to reformulation alone, diverting critical resources away from the breakthrough innovation that ought to power our global leadership.

The beauty and personal care industry cannot exist without **absolute consumer trust** in our product quality and safety. This is underpinned by trust in regulation. We are not asking for deregulation. But clarity and predictability are essential components of any regulatory environment.

We therefore support the **Commission's Omnibus VI proposal** regarding Article 15(2) of CPR as a pragmatic solution that addresses regulatory misalignment between the Cosmetic Products Regulation (CPR) and the Classification, Labelling and Packaging (CLP) Regulation. The current misalignment could lead to the ban of ingredients which can be safely used in cosmetics.

Omnibus VI's targeted adjustments clarify the treatment of natural extracts and the assessment of alternatives, while maintaining the requirement for rigorous safety validation by an independent committee of scientific experts - the Scientific Committee on Consumer Safety (SCCS) - for ingredients subject to a derogation request.

The rapid adoption of Omnibus VI is needed as it preserves the world's highest consumer safety standards while continuing to enable innovation by clarifying some aspects of the existing regulatory regime. We call on the European Parliament and the Council to preserve this balanced and pragmatic approach, ensuring that European rules remain robust, workable and implementable.

In stark contrast, the Commission refuses to modify **the Urban Waste Water Treatment Directive (UWWTD),** which puts the financial burden to modernise our wastewater treatment infrastructure on just two sectors: cosmetics and pharmaceuticals, while other relevant sectors are not similarly held accountable. Evidence shows[3] that this approach will create a substantial funding gap for local authorities and fail to incentivise other sectors to innovate and make their products more sustainable.

We support the "polluter pays" principle, and demand that our industry should bear only its fair share. We therefore call on the Commission to "stop the clock" and review the Directive.

We also regret that the **Packaging and Packaging Waste Regulation (PPWR)** was not included in the Environmental Omnibus (Omnibus VIII). A targeted reopening is critical, as the current text risks hindering the unique identity, innovation and creativity of our brands, through excessive minimisation requirements, while rules on recyclability fail to account for the specificities of our products. While we fully support more sustainable packaging, a more pragmatic and technologically up-to-date framework is needed so that companies can focus resources on achieving sustainability goals rather than being constrained by overly complex and operationally unfeasible compliance requirements.

We ask for **ambitious policies to support the bioeconomy** and the transition to bio-based ingredients. Our industry is ready to lead this shift, using biotechnology to replace fossil-based ingredients with renewable alternatives.

However, success depends on ensuring a level playing field for feedstock access across all applications, to avoid scarcity and price volatility for our sectors. Ongoing negotiations for a new Multiannual Financial Framework (MFF) offer an opportunity for the EU to support research and innovation in this field, enabling our R&D budgets to focus on breakthrough innovation rather than mere reformulation.

We also regret that cosmetics were not initially identified in 2020 as one of the 14 industrial ecosystems, which has meant no dedicated visibility or targeted support for our industry in **key EU programmes**, including Horizon Europe. Cosmetics should therefore be fully integrated into future industrial and research priorities.



3 https://cosmeticseurope.eu/wp-content/uploads/2025/05/UWWTD-CE-Analysis-List-of-substances-used-in-the-EPR-feasibility-report-April-2025.pdf

A need for regulatory convergence on the global stage

As geopolitical tensions rise and geoeconomic fragmentation increases, we welcome **Europe's continued support for international trade.** Yet, recent figures show a decline in exports for the first time in several years - a signal that Europe's competitive position cannot be taken for granted. Recent trade agreements with India and Indonesia are a positive step in the right direction, but lowering tariffs must be followed by continuous engagement on **regulatory convergence.**

For decades, the EU framework has served as the global point of reference for cosmetics regulation. Yet this leadership is now being challenged, as other jurisdictions move more strategically to promote their domestic industries and shape emerging standards. If Europe wants to remain a global standard-setter rather than a rule-taker, **trade policy and regulatory diplomacy** must become core instruments of its competitiveness strategy.

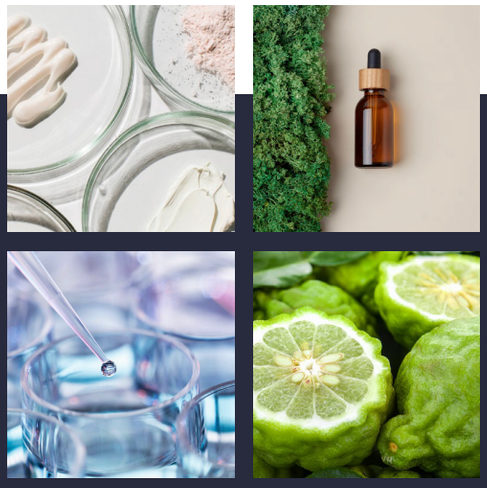
The growing presence of counterfeit cosmetics and perfumes marketed as substitutes for branded products ('dupes') highlights the need for trade policies that uphold - not undermine **- intellectual property, product and consumer safety, integrity, and regulatory compliance.**

Addressing the structural barriers to competitiveness

Our value chain is mainly built on SMEs, with over 9,600 companies active across our industry. Limited access to capital and complex administrative procedures hinder their creation and growth. **A single Savings and Investments Union** and new measures for a so-called **"28th regime"** are long overdue and would be welcome developments - if effectively implemented.

While other regions move swiftly to **secure affordable energy,** European industry remains constrained by internal barriers and rising production costs, due to higher energy and carbon prices. If these macro-economic obstacles are not addressed, investment, manufacturing, and innovation will steadily relocate outside Europe.

The continent stands at a turning point. Last year, we proved our value; today, we are issuing a wake-up call. We urge Europe to act now to safeguard its industrial champions before it is too late.



The VALUE of BEAUTY