Can EU policy drive the circular transition in practice?

Transition to Circularity event

Zwolle - 29 October 2026

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Setting the scene: economics of the sector



A comprehensive policy response to Europe's combined chemicals challenge



Cost Pressures

Energy - CO_2 - regulation



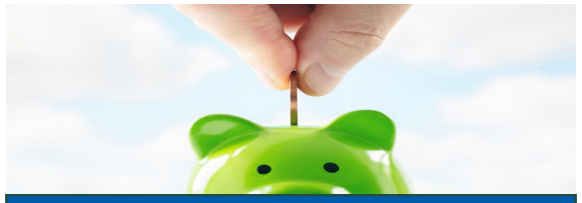
Import Pressure

Rising exposure to global competition



Massive investment needs

ETS 2 adding pressure



Weak demand

Limited willingness to pay a green premium

Combined pressure on Europe's chemical sector

A comprehensive, integrated industrial policy package

Competitive Production

Address energy and carbon costs; improve regulatory coherence

Markets for sustainable products

Build demand and a credible business case for lower carbon solutions.

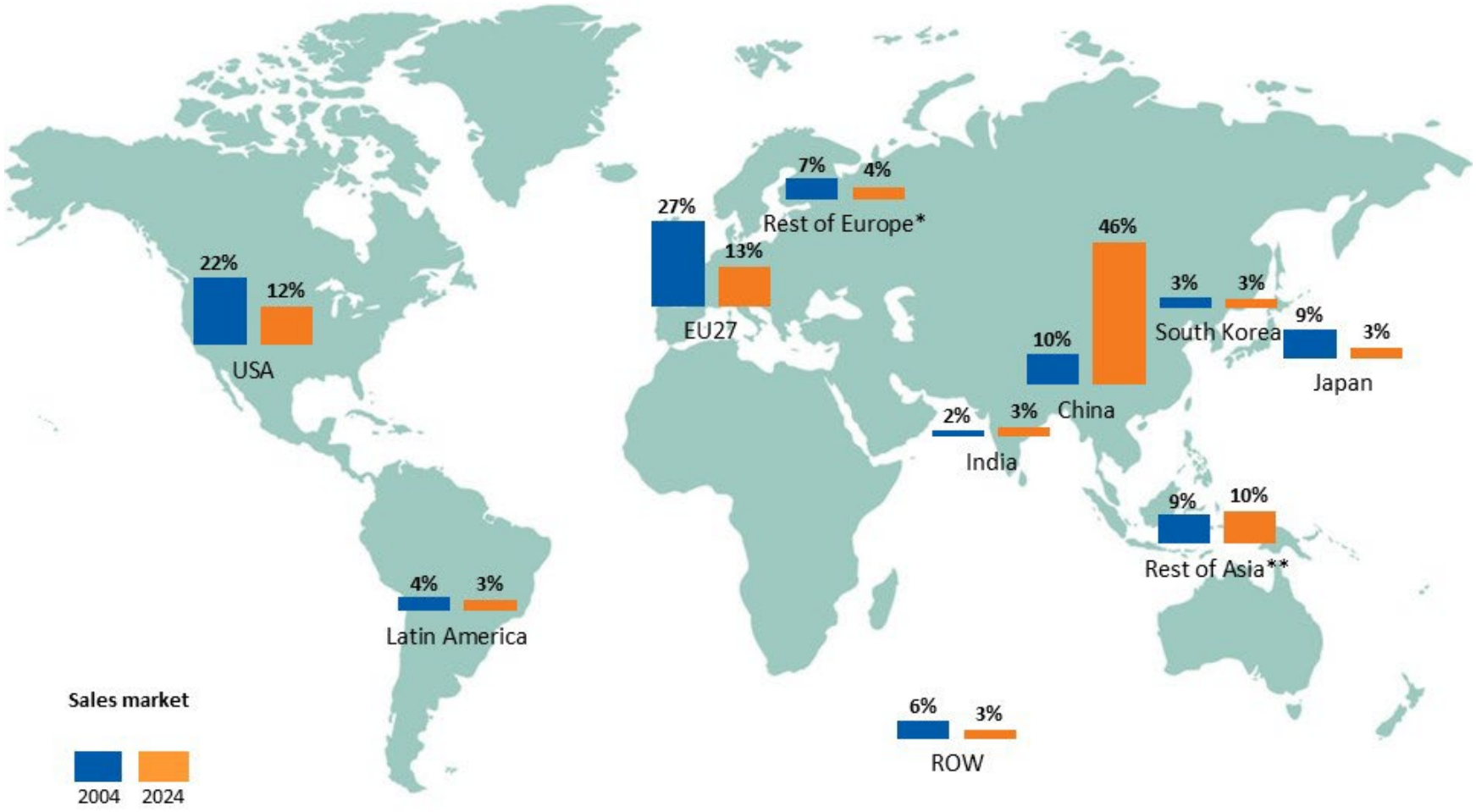
Innovation & investment

De-risk projects and accelerate industrial scale-up in Europe

Maintain a competitive European production base

While enabling the transition to sustainable products

China overtakes Europe and the US as global leader in chemical sales



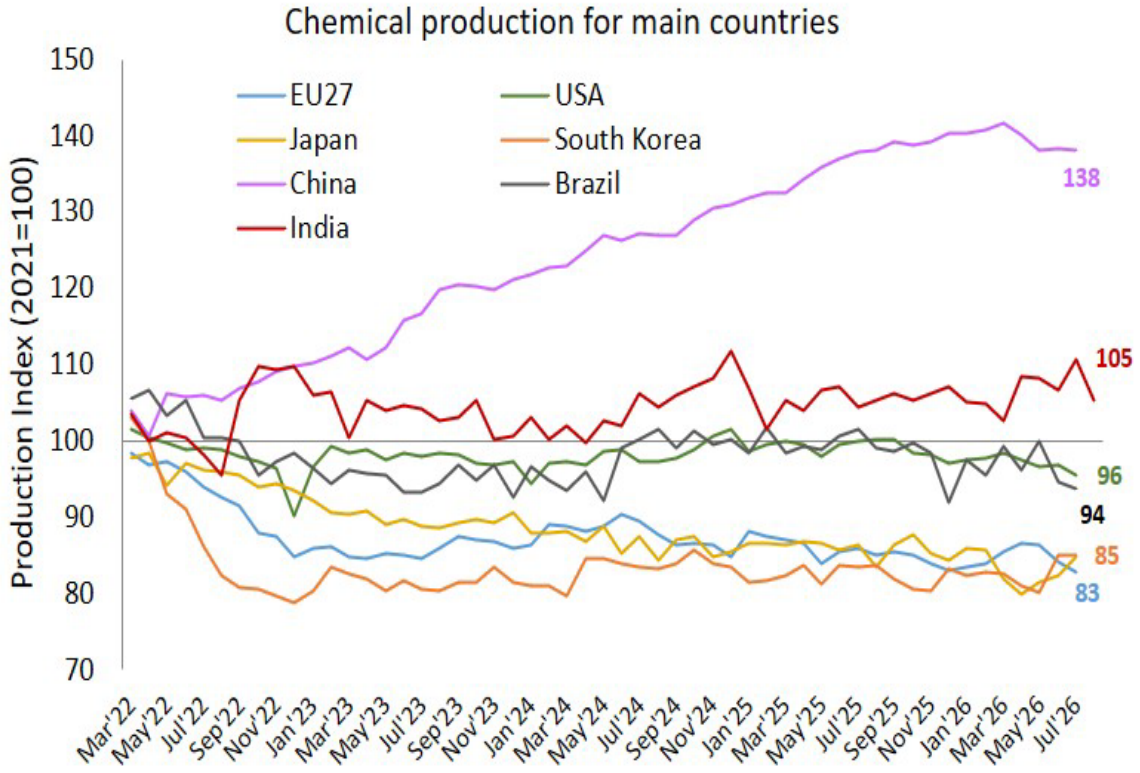
Source: Cefic Chemdata International

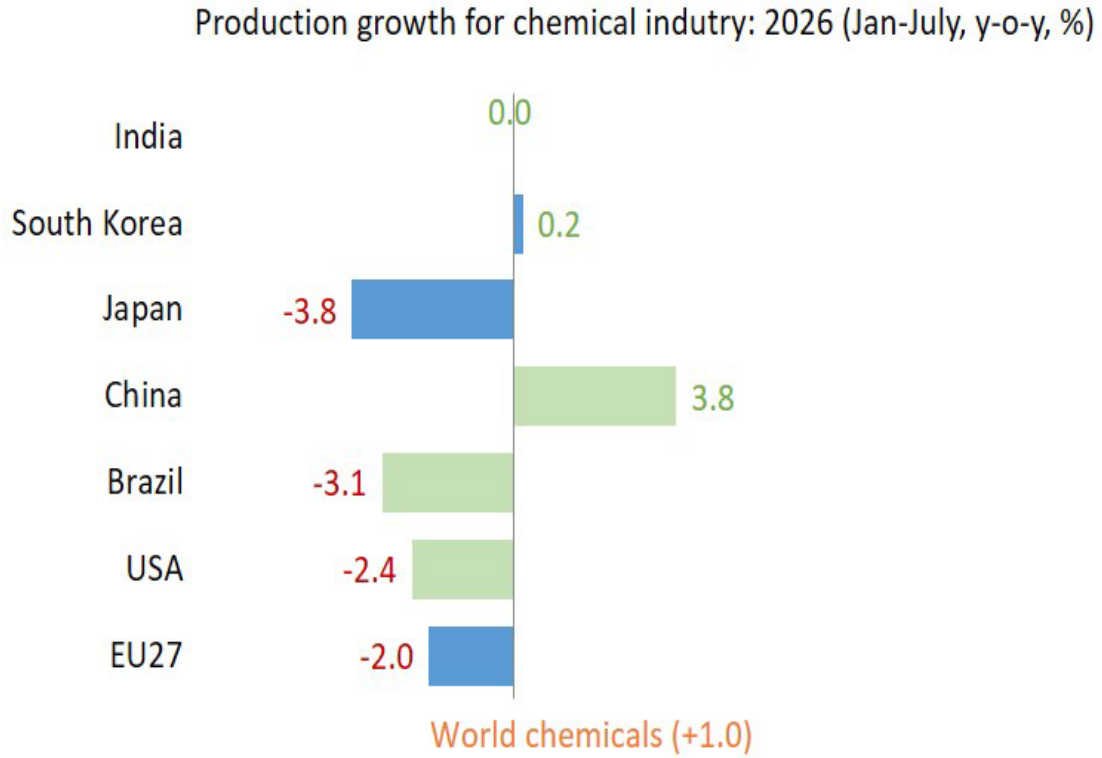
* Rest of Europe covers UK, Switzerland, Norway, Türkiye, Russia and Ukraine

** Asia excluding China, India, Japan and South Korea

Global chemical sales (2024, €5,031 bn)

China remains the main engine of global chemical growth



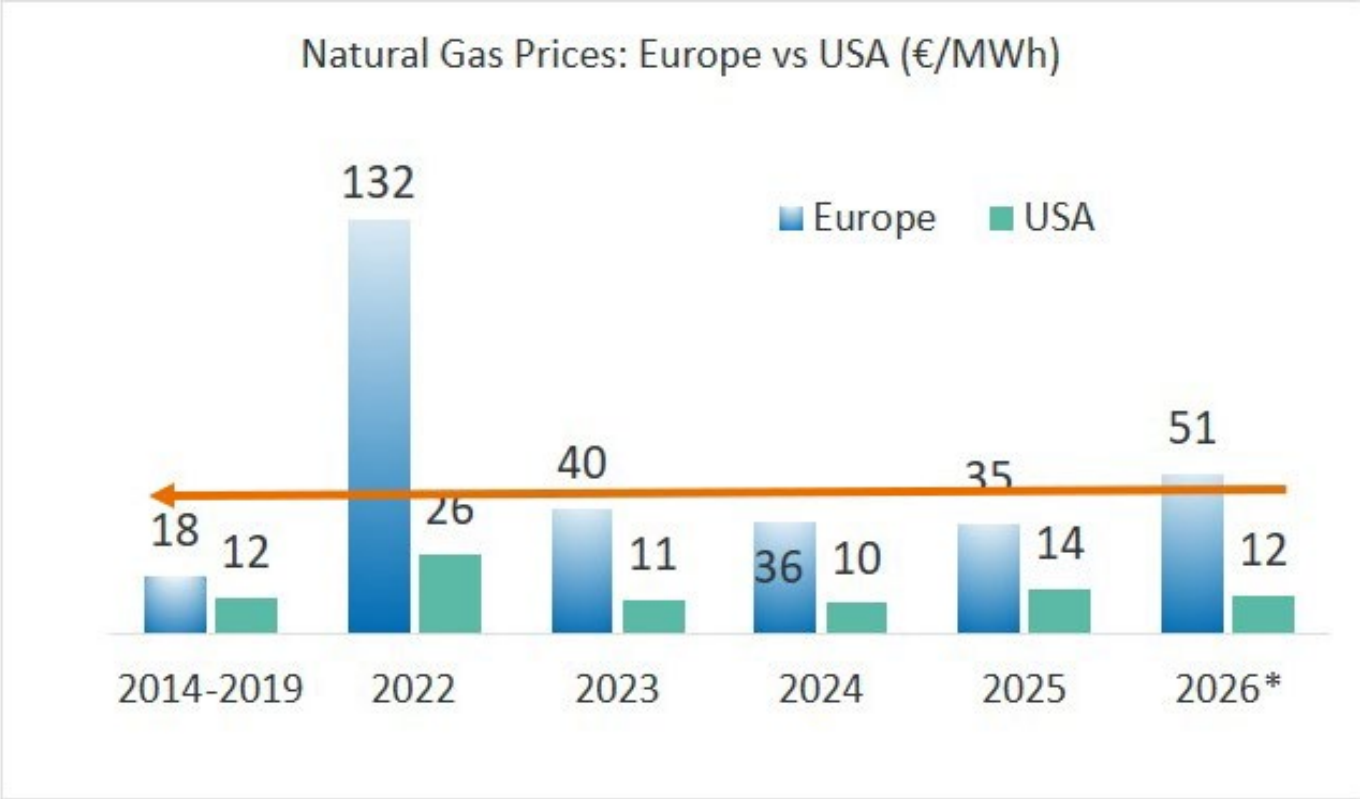


Global chemical production continues to grow, but gains are concentrated in China.

Source: Cefic analysis based on Chemdata, NACE 20 only

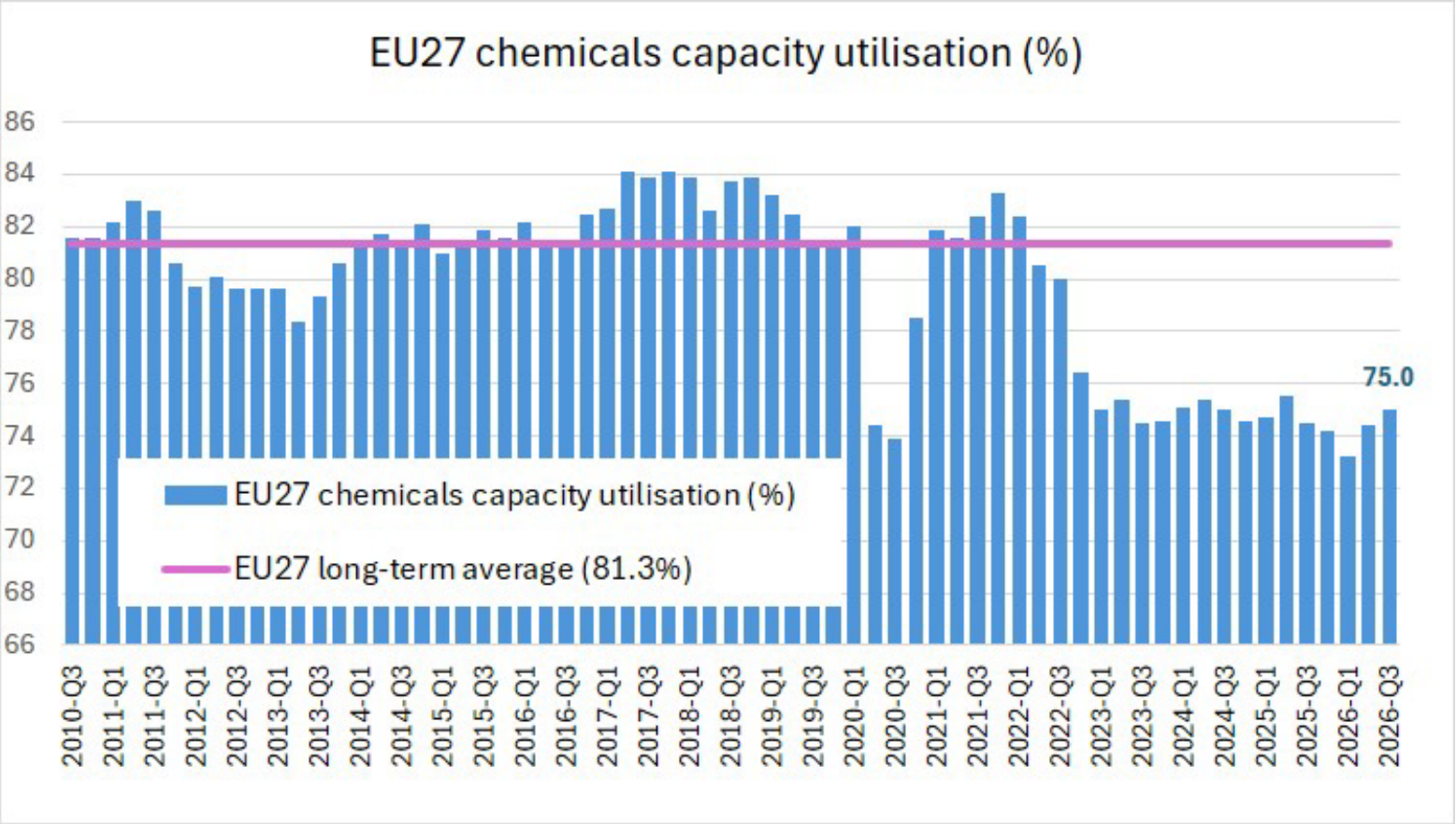
Energy: A structural cost disadvantage for European chemicals

European gas prices in 2026 (Jan-Sep): 2.8 times their pre-crisis average (2014-2019)



September's rise in gas prices left European natural gas prices around six times higher than in the US, reinforcing the energy cost disadvantage for European chemical producers.

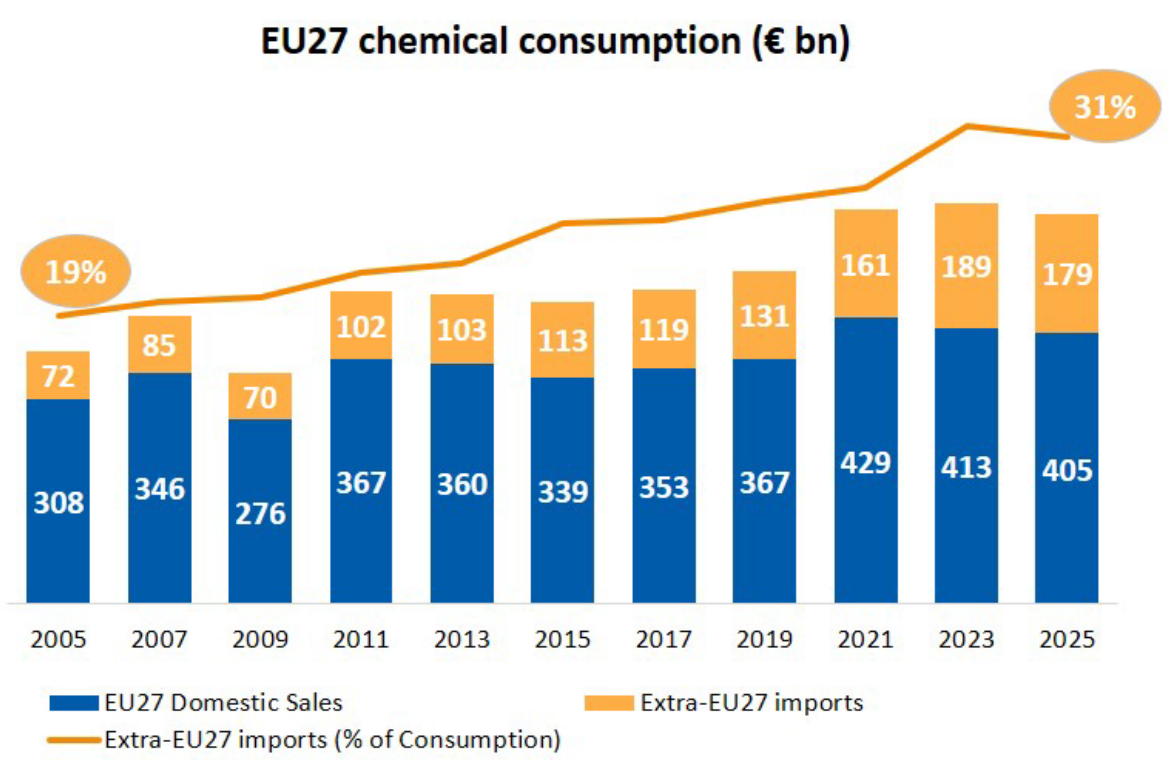
EU27 chemical capacity utilisation: gradual rise, but structural weakness persists

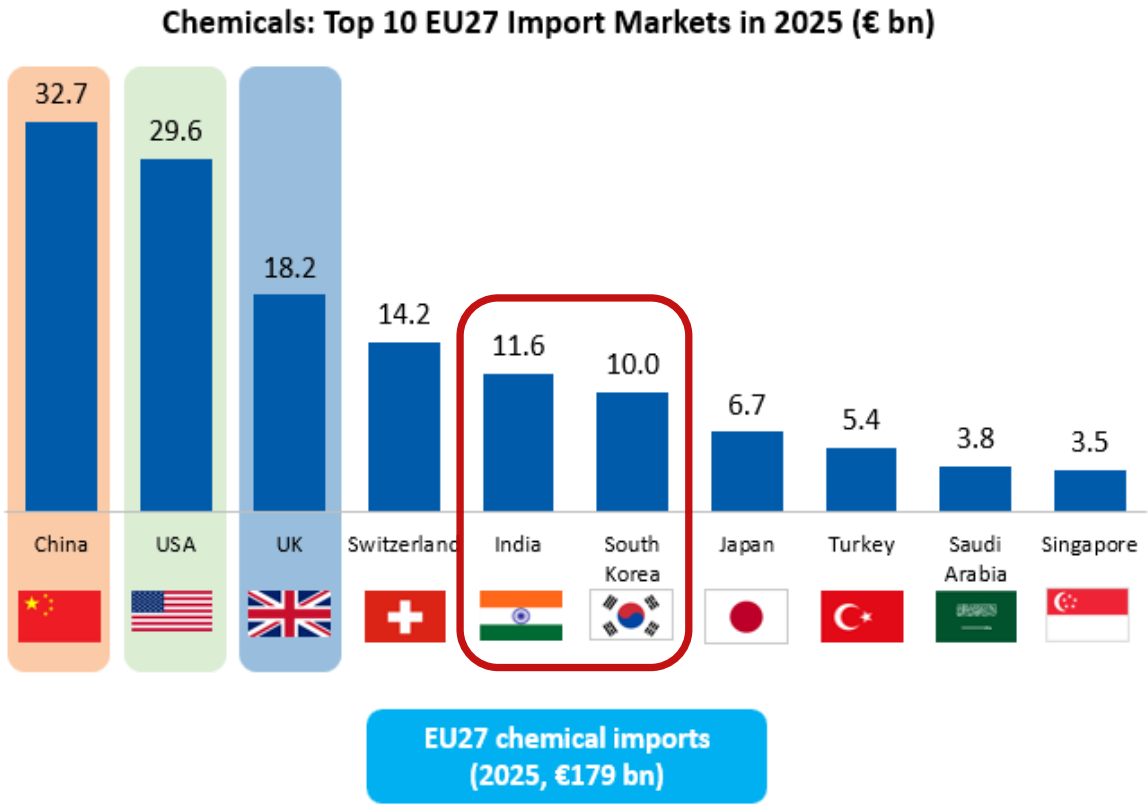


European chemical plants continue to operate significantly below normal levels, reflecting weak demand, import pressure and persistent competitiveness challenges.

Source: Cefic analysis based on Eurostat data, NACE 20 only

Import intensity is at a historically high level





China was the dominant structural gainer between 2005 and 2025, rising from 6th to 1st place as its share surged from 4.7% to 18.3%. India and South Korea gained ground, while Russia dropped out.

Source: Cefic Chemdata International



European chemical closures and investments radar 2022-2025

Radar report 1 – Commissioned by Cefic

December 2025

Prepared for external distribution

CLOSURES

- 2022 – 2025 YTD Announced closures: **x 6**
- Total: **37 Mt** (9% of the EU capacity); 20.000 jobs
- Accelerating: x2 between 2024 and 2025
- Mainly upstream petrochemicals (48%)
- 16% net reduction steam cracking capacity, all located in clusters
- Spans across Europe (Spain is doing well, relatively)
- Main causes: energy costs (49%), demand-related considerations (19%), overcapacity (9%), regulatory (8%)

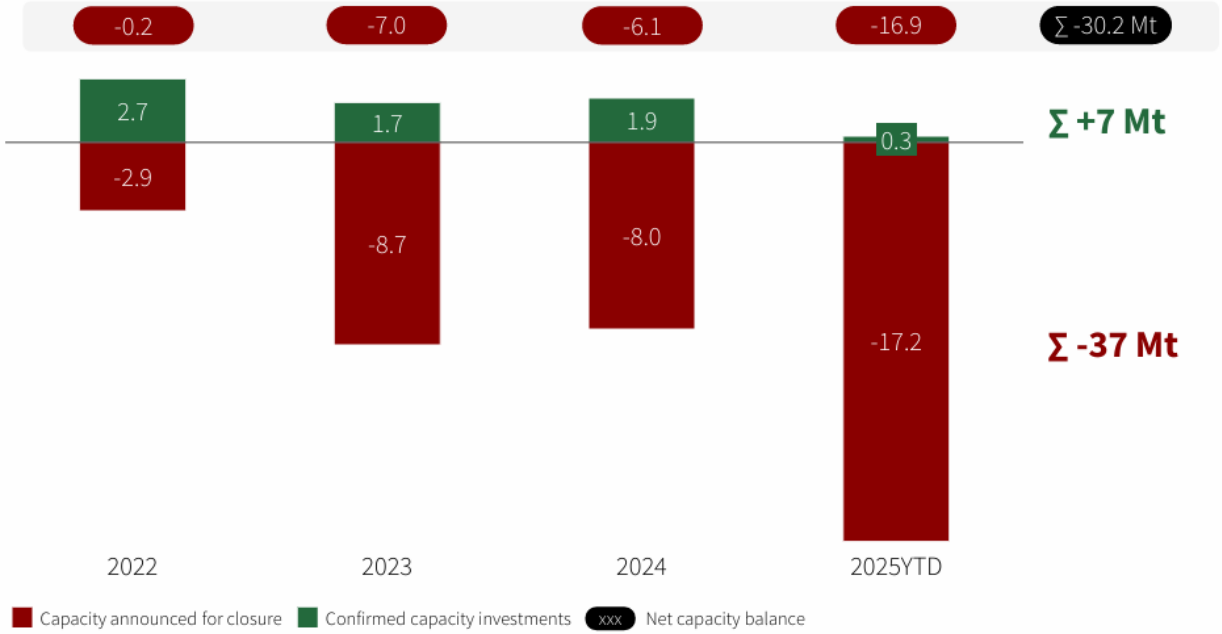
INVESTMENTS (confirmed)

- 2022 – 2025 YTD: deceleration (from 2.7 Mt to 0.3 Mt),
- - 86% decrease last year
- Total : **7 Mt** (2% of EU capacity)
- Mostly in petrochemicals (BE, DE, FR)
- Investment areas: battery value chain, emission reduction and recycling

C Net effect on the European chemical industry

The European chemical industry faces a structural capacity contraction, as net announced capacity balance points to a loss of -30.2 Mt

Net capacity balance of announced closures and confirmed investments in Europe, 2022-25YTD [Mt p.a.]



Insights

- The asymmetry between investment and closures is increasing between 2022-25YTD
- Closure announcements are typically nearer-term (1–2 years), whereas investments are typically longer term (2–5 years)

The EU political and policy response



The EU Competitiveness journey… now it's time to deliver !

Antwerp Declaration



Industrial Competitiveness and Resilience are a **priority for the 2025-2029 COM**

Nov 2024



Competitiveness Compass

Jan 2025



Clean Industrial Deal

+ Action Plan on Affordable Energy

Feb 2025



Chemical Industry Action Plan

July 2025



Critical Chemicals Alliance

Oct 2025







… / …

Notes and references

Updated: 16.09.2026

Outlook for 2026 initiatives (European Commission)

13 January
The Critical Chemicals Alliance
First General Assembly

27 January
Cefic Closures & Investments Study

11 February
European Industry Summit in Antwerp
Followed by informal EUCO in Alden Biesen

6 March
SSbD Framework
Commission revised recommendations

18 March
28th Regime (EU Inc.)
Commission proposal

30 March
PPWR
Commission Guidelines
(12.08 - entered into force)

7 April
2040 Climate Target
Amended EU Climate Law entered into force

27 April
REACH Revision
NOT PURSUED
(announcement by Commissioner Roswall)

11 May
EU ETS Benchmarks
Impl. act under public consultation

1 June
Roadmap for Phasing Out Animal Testing
Commission Communication

15 June
Dialogue on PFAS Pollution Related Challenges

24 June
Omnibus Packages on:
- Taxation
- Energy Product Legislation

17 July
EU ETS Review & Benchmarks
Legislative proposals

6 October
European Product Act
(feedback period closed in February 2026)

Q4
EU Biotech Act II
(possibly postponed to Q2 2027)

Q4
Circular Economy Act

Q3
Green Hydrogen and Low-Carbon Hydrogen
Two del. acts

Q3
Security of Supply Package

2026 (?)
Initiatives with unclear timing:
- Defence Package;
- EU Quantum Act;
- CRMs Centre;
- EU-wide PFAS Monitoring Framework.

Q4
Hydrogen Strategy

Cypriot Presidency | **Irish Presidency**

22 January
Detergents and Surfactants Regulation
Adoption by EP Plenary

6 February
SUPD Implementing Act on Chemical Recycling
TAC vote in favour
(formally adopted in June)

4 March
Industrial Accelerator Act (IAA)
Commission proposal

10 March
Commission Proposals on Energy
- Clean Energy Investment Strategy;
- Strategy for Small Modular Reactors (SMRs).

26 March
U-PFAS Restriction Proposal
RAC & SEAC Opinions
(public consultation for SEAC's Opinion closed on 26.05)

1 April
EU ETS Market Stability Reserve
Commission proposal for amendment

22 April
AccelerateEU
Commission Communication

28 April
"A Simpler, Clearer and Better Enforced EU Rulebook"
Commission Communication

19 May
Fertilisers Action Plan
Commission Communication

3 June
Tech Sovereignty Package
(Chips Act 2)

10 June
Orientation Debate on EU ETS

16 June
Chemical Omnibus
Trilogue Agreement

29 June
ECHA Basic Regulation
Trilogue Agreement

17 July
Energy Package
EAP & Network Charges

9 September
Public Procurement Act
Revision of 2014 PPDs

28 October
European Research Area Act
Proposal

9 September
European Innovation Act
Legislative proposal

Q4
Advanced Materials Act
(feedback period closed in January 2026)

Q4
Post-2030 Package / Energy Union Package
- Revision of the RED and EED;
- Governance of the Energy Union Regulation.

Q4
CO2 Transportation Infrastructures and Markets

2026 SOTEU
Announced initiatives:
- Further Proposals on Permitting (?);
- Package on Climate Resilience
- European Corporation on CRMs;
- European Heatwave Plan & European Water Initiative;
- European Security Strategy.

Organised by: European Commission

Circularity needs an industrial base, transformation investment and markets that reward sustainable carbon.
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Critical Chemicals Alliance

- Maintain critical production in Europe (critical molecules and sites, integrated value chains), defend against unfair trade
- Transform EU production: modernise assets and scale recycled, bio-based, CCS/U feedstock alongside low-carbon emission products
- Create market demand so that transformation projects can recover costs and attract investment

Circularity is not only a waste-management challenge; it is also an industrial production and market-demand challenge

Critical Chemicals Alliance (CCA): deliveries

GENERAL ASSEMBLY / STEERING BOARD

FR / **Cefic**

WG 1
Critical Molecules and Critical Sites

- ***Methodologies*** for critical molecules and critical sites, based on essentiality and vulnerability criteria
- *Indicative, non-exhaustive list* of 49 molecules (/70)
- No list of critical sites
- *Policy recommendations*

Cefic / FE

WG 2
Trade & dependencies

- Import surge *monitoring tool*: 'alert mechanism'
- ***Recommendations for improved Trade defence (8-point plan)***
- Oversupply trends
- Cooperation agreements / opportunities with 3rd countries

Trilat Reg / Lombardia

WG 3
Modernisation and long-term competitiveness

- Reforms and funding mechanisms at EU, national and regional level to support the modernisation of EU chemical production
- Upgrade assets and deploy new technologies:
- ***Charter*** *"Restore the Investment Climate for EU Chemicals Production"*
  Survive / Modernise / Accelerate
- Steam crackers & ammonia

NL / BIC

WG 4
Lead markets

- Demand for low-carbon and sustainable carbon products (biomass, recycled, CCS)
- Priority lead markets
- ***Policy options***: no one-size-fits-all ; phased approach needed (end-market and horizontal measures)

Progress in WG 4

Official mandate approved at the 1st GA

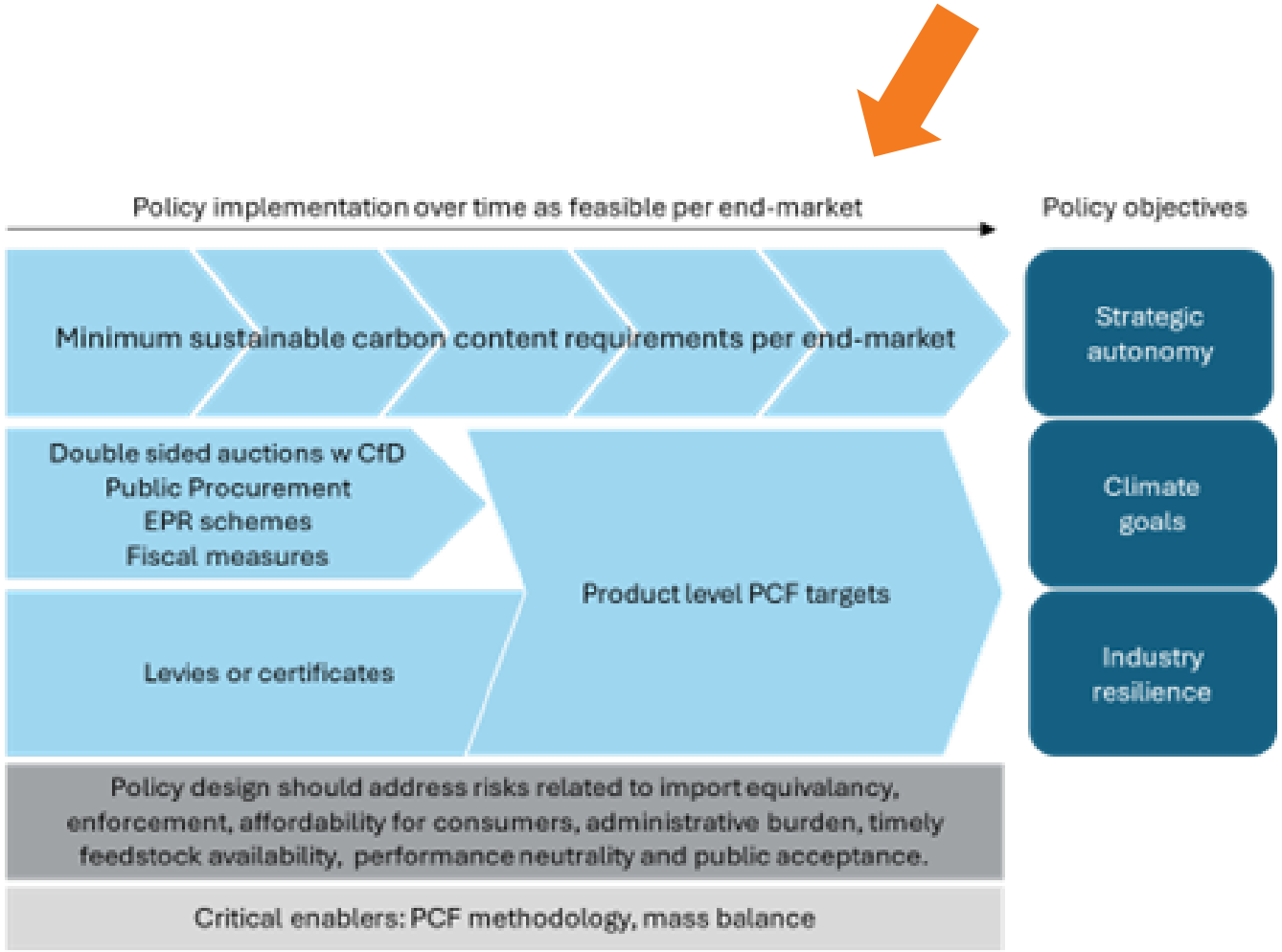
Mandate to elaborate and assess the impacts of market-pull measures for:

a) **low-carbon products**, defined based on their product carbon footprint;
b) **sustainable carbon products**, from non-virgin fossil sources, including biomass, recycled waste, and captured CO_2 or CO.

Deliverable - policy options on market pull measures

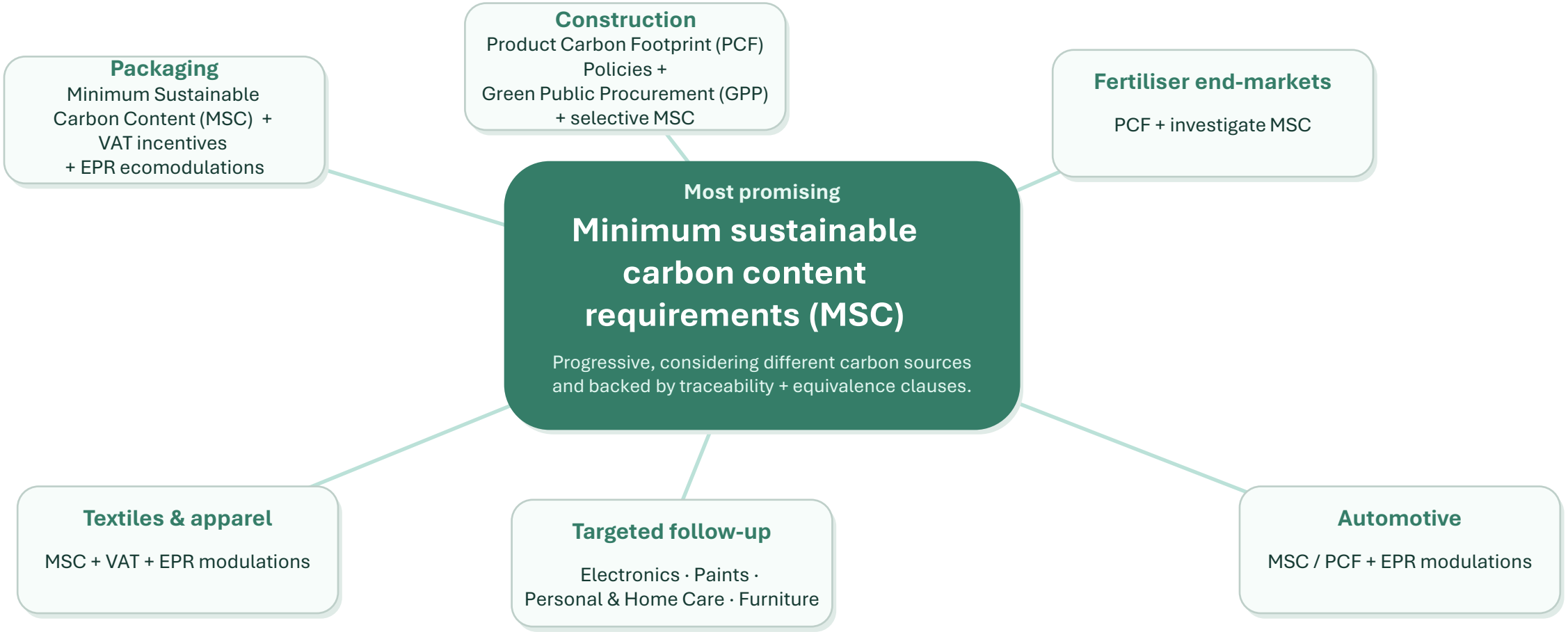
CCA WG4 policy recommendations

- No single policy will be sufficient
- Phased approach is needed with measures for short, medium and long term
- Combination of end-market specific and horizontal measures, for low-carbon and sustainable carbon products
- No consensus within the Working Group on individual policy options.



Required Impact analysis per end-market

WG 4 Report: 11 Key End Markets & Most Relevant Polices



Horizontal Measures: (1) CfDs / Double Sided Auctions (2) Levies & Certificates

How can CCA help? What happens next? EU 'Biotech Act' II

EU policies that create predictable demand

- Progressive sustainable-carbon content requirements
- Green public procurement
- Long-term demand trajectories by product category

EU policies that enable fair competition and ensure affordability for consumers

- Equivalent requirements and verification for imports: EU demand creation should not favour imports
- Workable mass-balance chain of custody
- VAT reduction to compensate
- Limited burden in practice

In selected end-markets

Other EU supporting initiatives (TBC)



PRESS RELEASE | Mar 4, 2026 | Brussels | 4 min read

Commission proposes Industrial Accelerator Act to strengthen industry and create jobs in Europe

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Today, the European Commission has adopted a legislative proposal to **increase demand for low-carbon, European-made technologies and products.** The **Industrial Accelerator Act** (IAA) **will boost manufacturing, grow businesses, and create jobs in the EU,** while supporting industry's adoption of cleaner, future-ready technologies.

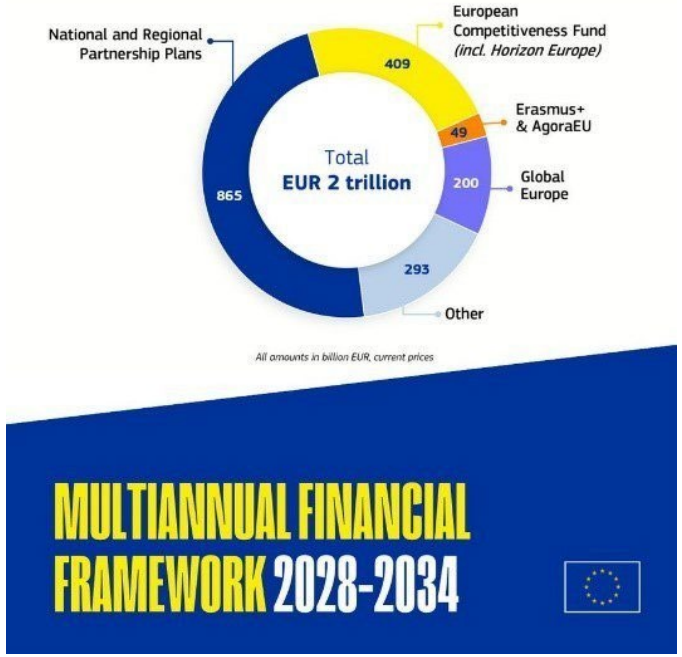
In line with the recommendations of the Draghi report, the IAA introduces **targeted and proportionate 'Made in EU' and / or low-carbon requirements for public procurement and public support schemes.** These will apply to selected strategic sectors, notably **in steel, cement, aluminium, cars, and net-zero technologies**, while establishing a framework that can be extended, where appropriate, to other energy-intensive sectors such as chemicals. This will **strengthen European production capacities and boost demand for European-made clean technologies and products.** The Act includes a requirement for Member States to set up a single digital permitting process to speed up and simplify manufacturing projects.

- **Demand creation for sustainable carbon products** that are **Made-in-Europe** in strategic sectors – public procurement and public funding
- **Chemicals**: (aet 16): placeholder for future measures, focused on sustainable carbon sources



Opening of a new call in January 2027

€250 Million for Biotechnologies and Decarbonisation





- **2028-2034: National and Regional Partnership Plans**
- Enabler for investments and reforms (projects around feedstock, industrial clusters, skills etc) ?
- Subject to MFF political landing

Conclusions

- The loss of chemical competitiveness in Europe is multi-dimensional
- The EU chemical industry remains committed to the climate neutrality goals, but sustainability needs to come with business opportunities
- The chemical sector is seen as strategic, the diagnosis is understood, new policies are being launched but improvement needs to be felt on the ground
- Circularity needs an industrial base, transformation investment at scale and markets that reward sustainable carbon
- Time for EU policy to make a change !

