European Chemical Market

2026 outlook and strategic implications

Prepared for ECTA Annual Meeting 2026



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Chemistry 101

How raw materials become the products used in everyday life



From feedstock to function

The petrochemical value chain branches from basic resources into olefins, intermediates, polymers and high-value applications.

1. **Resources & feedstocks**
   Crude oil, natural gas, naphtha, ethane and circular feedstocks
2. **Building blocks**
   Ethylene, propylene, butadiene, aromatics and higher olefins
3. **Everyday applications**
   Packaging, mobility, healthcare, construction, electronics and energy

A broad value chain connects molecules to daily life.

Executive summary

The market is moving from cyclical weakness to structural reset

Scale remains material

€635bn turnover, 1.2m direct jobs and ~31,000 companies.

Competitiveness gap is structural

Europe holds 13% of global chemical sales; gas prices remain roughly 3× US levels.

Recovery is fragile

Demand and operating rates remain below pre-crisis norms; portfolio and capacity rationalisation continue.

Value is migrating

Specialties, circular polymers, infrastructure, healthcare and customer-specific solutions offer stronger value pools.



Strategic posture: defend advantaged positions, reduce commodity exposure, and build optionality in circular and specialty growth.

Growth is selective, not broad-based

Targeted applications can outperform an otherwise low-growth regional demand base



Relative attractiveness

Circular packaging	High	PPWR and recycled-content mandates create a demand floor
Healthcare	High	Resilient end demand and qualification barriers
Electrification	Medium-high	Lightweighting, cable, battery and grid applications
Infrastructure	Medium	Renovation, water, energy and strategic autonomy
Commodity construction	Low	Weak macro demand and intense import competition

Implication: segment by willingness to pay and service need, not only by molecule or asset.

Energy and feedstock economics remain the central disadvantage

Asset competitiveness increasingly depends on integration, scale, energy intensity and location

3.3× **European gas price vs US, Jan–Apr 2026**

Site energy intensity

Prioritise high-value production on best-conversion-cost assets

Integration & co-products

Maximise feedstock flexibility and ecosystem value

Network design

Use ports, tanks and multimodal options to absorb trade-flow volatility

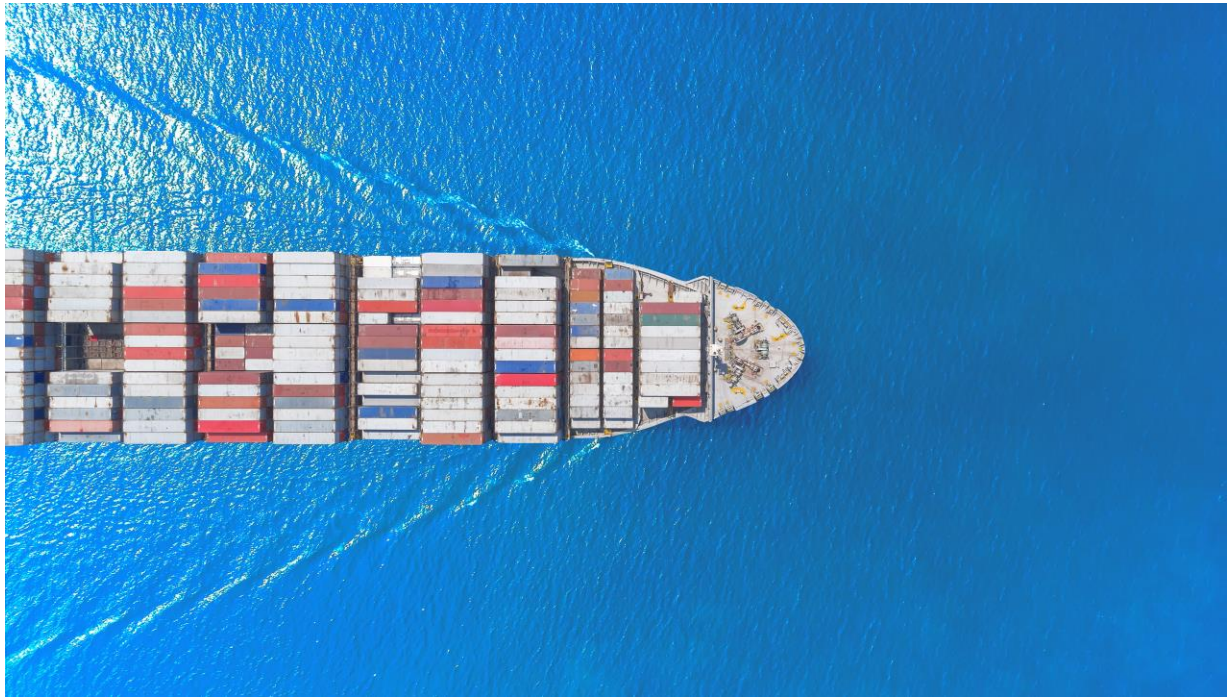
Capital discipline

Sequence decarbonisation around policy support and customer pull



Europe is becoming more import-dependent in commodities

Trade remains a strength overall, but product-level exposure is diverging



€257bn EU chemicals trade surplus in 2025

Extra-EU chemicals and related products, 2025 (€bn)



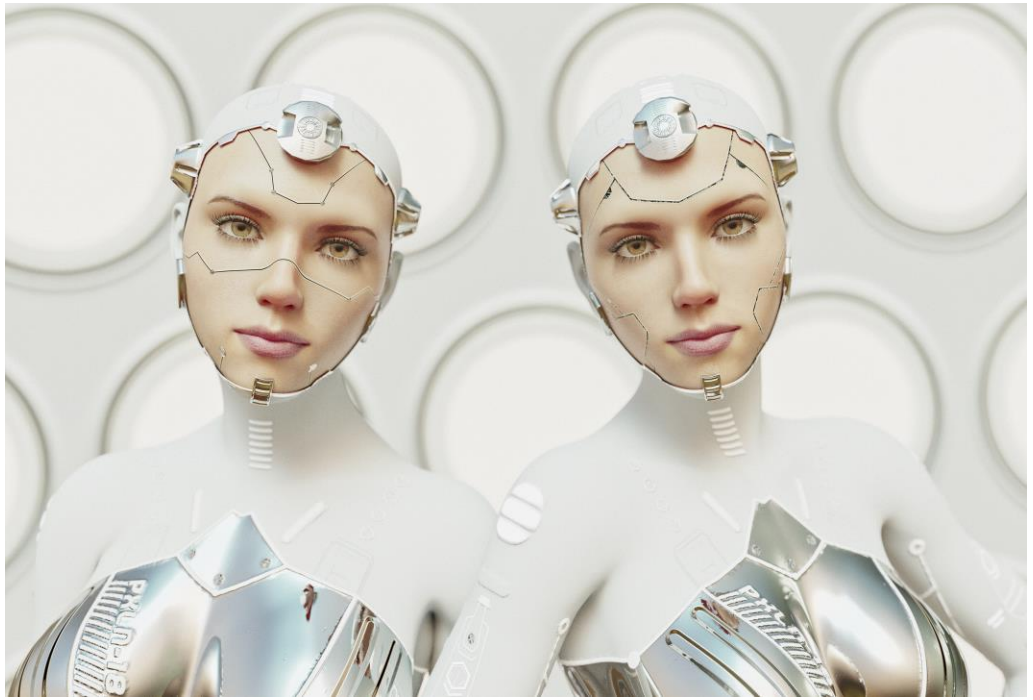
Supply-chain consequence

More imports increase the value of port flexibility, storage optionality, short-notice mode shifts and stronger landed-cost visibility.

AI can become a structural competitiveness lever

The near-term value is better decisions and faster execution; scale is the differentiator

1. **Plan** — Demand sensing, scenario generation and inventory optimization
2. **Operate** — Process optimization, predictive maintenance and quality control
3. **Move** — Dynamic routing, disruption alerts and landed-cost decisions
4. **Serve** — Proactive order management, faster response and sales insights



Scale prerequisites: trusted data, connected workflows, human accountability, cybersecurity and EU AI Act compliance.

84% of manufacturers report measurable AI value, but only **20%** of use cases are scaled

Three scenarios frame the 2027–2030 planning range

Build a base plan that delivers in the middle and preserves options at the edges

35%

Pressure persists

Weak demand, high energy, aggressive imports, delayed circular scale-up

Priority move

Accelerate cost reset, working-capital discipline and asset rationalisation triggers

50%

Managed reset

Flat-to-modest demand, selective closures, growing circular mandates

Priority move

Shift mix, simplify network, prioritise service by value pool

15%

Policy-enabled recovery

Lower energy spreads, faster permitting, investment support and stronger industrial demand

Priority move

Exercise debottleneck and circular-growth options selectively

Illustrative planning probabilities, not a market forecast

Implications for EMEA supply chain leadership

Prioritise resilience and value capture while the asset base and trade flows reset

1	**Segment service models**	Link service levels, inventory and lead times to margin, volatility and customer criticality.
2	**Redesign the import interface**	Secure flexible ports, tankage, customs capacity and contingency lanes for higher import dependence.
3	**Protect cash and conversion cost**	Tighten S&OP assumptions, reduce slow-moving inventory and expose energy/logistics cost-to-serve.
4	**Enable circular scale-up**	Develop traceability, segregated flows, mass-balance controls and qualified feedstock partnerships.
5	**Use trigger-based scenarios**	Pre-agree capacity, sourcing and network actions against demand, energy and policy thresholds.

Near-term focus: convert the outlook into network triggers, inventory policies and 2027 contracting principles.