

PRESS RELEASE

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Towards a sustainable and competitive chemical industry in Europe: Results from Trilateral Study show that the Chemical Industry needs Urgent Policy Action

Main Conclusions

- *The Trilateral Chemical Region (TCR) remains one of Europe's most strategic industrial clusters, but its competitiveness is under severe pressure.*
- *High energy and feedstock costs, weak demand, global overcapacity and geopolitical developments are accelerating plant closures and investment risks.*
- *Climate-friendly production technologies are technically feasible, but current market conditions and policy frameworks do not yet support large-scale deployment.*
- *Cross-border investments in infrastructure for electricity, CO₂ and, where justified, hydrogen are essential for the industry's transition.*
- *Europe urgently needs a stronger industrial policy framework to secure competitive and resilient chemical production.*

The Trilateral Chemical Region (TCR) today published the results of the “3C-VaCS – Trilateral Chemical Region – Value Chain Structures” study during a web meeting attended by industry representatives, governments, the European Commission and members of the Critical Chemicals Alliance.

The study analyses the cross-border chemical cluster spanning The Netherlands, Flanders and North Rhine-Westphalia (NRW). With more than 1,300 chemical companies and more than 40% of the EU's production of polypropylene and high-density polyethylene, the region is central to Europe's industrial supply chains. However, its competitiveness is increasingly challenged by high costs, weak demand and geopolitical pressures.

The study examines value chains, trade flows and transition pathways for the chemical industry. It concludes that while low-carbon production routes are technically feasible, they currently lack viable business cases due to insufficient infrastructure, high costs and an inadequate policy framework.

The study was conducted by DECHEMA e.V., VITO/EnergyVille and TNO, and supported by the Ministries of Economic Affairs of Flanders, The Netherlands and NRW, together with industry associations essenscia, VNCI and VCI NRW.

Key Findings

The TCR remains essential to Europe's industry

Since 2019, olefin production in the TCR has declined and steam crackers are operating below target utilisation rates. The region accounts for around 42% of Europe's steam cracker capacity and is strongly affected by high energy prices, weak demand and

international competition. The study warns that closures of individual plants can trigger wider impacts across interconnected industrial value chains.

Geopolitical and trade pressures are increasing

The TCR remains a net exporter of polymers but is becoming more dependent on imports of key chemicals such as methanol and ammonia. At the same time, increasing imports of finished goods reduce demand for European chemical production. The study highlights the need for resilient infrastructure, diversified supply chains and the protection of strategic production capacity.

Climate-friendly production needs stronger support

The study explored several transition pathways for ethylene production, including bio-based feedstocks, methanol-to-olefins, electrification, CCS and waste-based routes. None are currently cost-competitive with conventional production, particularly compared with production outside Europe. Future competitiveness will depend on access to affordable low-carbon energy, feedstock and supportive industrial policy.

Infrastructure investment is critical

The transition of the chemical industry will require major investments in electricity grids, CO₂ transport and, where justified, hydrogen infrastructure. The study stresses that cross-border coordination between the three regions is essential to avoid inefficiencies and reduce investment risks.

Europe needs a stronger industrial policy framework

According to the study, Europe's current policy framework does not yet provide sufficient conditions for a competitive low-carbon chemical industry. The report highlights the need for:

- Lower electricity costs for energy-intensive industries
- Adjustments to the EU ETS and carbon pricing framework
- Better protection against carbon leakage and unfair trade
- Targeted support mechanisms for low-carbon investments

The full report is available on the TCR website: www.trilateral-chemical-region.eu.

About the Trilateral Chemical Region (TCR)

The Trilateral Chemical Region is a cross-border cooperation between Flanders, The Netherlands and North Rhine-Westphalia. It brings together governments and chemical industry associations — essenscia, VNCI and VCI NRW — to strengthen the competitiveness, innovation and sustainable transformation of one of Europe's most important chemical clusters.