November 2026

Strong Industry – Secure Europe

Joint Appeal of the Chemical Industry Organizations of Poland, Czech Republic, Slovakia and Hungary to the Governments of the Visegrád Group Countries

Over the coming weeks, the European Union will face important decisions that will shape the future of the chemical industry in our region. On 3 December, ministers responsible for industry will meet at the Competitiveness Council (Internal Market and Industry). On 11 December, the Environment Council is expected to agree the Council position on the reform of the EU Emissions Trading System (EU ETS). The European Council will meet on 17-18 December. Against this background, the chemical industry associations of Poland, Czechia, Slovakia and Hungary call on their governments to cooperate and to support a set of common priorities for the future of European industry.

The scale of the crisis facing Europe's chemical industry is evident from the figures. In the first seven months of 2026, natural gas, which the chemical industry uses as both a fuel and a feedstock, cost 3.6 times as much in the EU as in the United States, and in July more than five times as much. Since 2022, the number of chemical plant closures in Europe has increased sixfold. The production capacity affected by closures has reached 37 million tonnes, equivalent to approximately 9% of Europe's total capacity. Closures have cost 20,000 direct jobs, and a further 89,000 indirect jobs are at risk. Plants that remain operational are running at around 75% capacity utilisation, well below the long-term average of 81%.

At the same time, the European market is coming under growing import pressure. In the first half of 2026, the volume of chemical imports from China increased by 1.1 million tonnes, even as their value declined, while the value of EU chemical exports to the United States fell by 29%. These figures point to a progressive erosion of the competitiveness of Europe's chemical industry, both within the Single Market and in export markets.

The consequences extend far beyond the chemical sector itself. Europe cannot ensure economic, food or defence security without a strong chemical industry. Ammonia is used to produce the fertilisers on which European harvests depend, and nitric acid to produce explosives. Europe is increasing its defence spending while losing the very plants where these supply chains begin. The closure of a chemical plant often means an irreversible loss of production capacity, together with specialised skills, jobs and supplier - customer relationships throughout the value chain. Relocating production outside Europe increases dependence on external suppliers and may shift emissions to countries with lower environmental standards. Industrial policy measures should be designed along strategic industrial value chains, recognising that the competitiveness of downstream manufacturing depends on the availability of competitive upstream raw materials, chemicals, energy and intermediates produced in Europe. We recognise and appreciate the efforts already undertaken by our governments to strengthen the competitiveness of European industry, including the declarations adopted this autumn in Bratislava and Warsaw. As the challenges facing the sector intensify, it is increasingly urgent to translate these shared priorities into effective legislative measures and support instruments. We therefore call for continued, active support for measures that will safeguard the competitiveness and production capacity of the European chemical industry.

Three priorities for December

In view of the forthcoming Council of the EU and European Council meetings, we call for action in three priority areas.

1. A Council position on EU ETS reform that maintains free allocation of emission allowances as an instrument of protection against carbon leakage and rejects additional investment conditionality for free allocation. For sectors covered by the Carbon Border Adjustment Mechanism (CBAM), the pace of the phase-out of free allocation should be significantly slowed during the 2029–2033 period, with any subsequent reductions made conditional on the demonstrated effectiveness of CBAM. The Council position should also ensure representative benchmarks reflecting actual technological progress, require a minimum of three installations in small benchmark reference groups, and provide for a revised methodology for fallback benchmarks, while preventing abrupt reductions in free allocation after 2030. Furthermore, it should reform the Market Stability Reserve (MSR) to prevent excessive restrictions on the supply of allowances and maintain compensation for indirect carbon costs until at least 2040.
2. Conclusions of the Competitiveness Council and the European Council explicitly recognising the preservation of strategic production capacity in the European chemical industry, particularly basic chemicals, plastic raw materials and fertilisers, as an essential element of the EU's economic security. These conclusions should recognise the retention of production, investment and jobs in Europe, alongside progress towards climate objectives, as a key measure of industrial policy effectiveness. They should also ensure that EU security-of-supply arrangements adequately reflect the needs of installations using natural gas as a feedstock.
3. A call on the European Commission to present, within 100 days, an implementation timetable for measures aimed at preserving and modernising the EU chemical industry, with clear deadlines for each initiative, and to fully take into account the lists of critical chemical molecules and production sites developed through months of detailed expert work with industry participation within the Critical Chemicals Alliance, without narrowing their scope when implementing the Alliance's recommendations.

Further work

We also call for intensified work in five further areas.

Energy and feedstocks

With energy and feedstock costs several times higher than in other parts of the world, Europe's chemical industry cannot regain competitiveness through efficiency improvements alone. Action is needed across all components of the energy costs borne by industry.

- Reduce the structural energy cost gap with major competitors, including wholesale electricity and natural gas prices, carbon allowance costs, taxes and levies.
- Limit the pass-through of EU ETS allowance costs into electricity prices.
- Support diversification of gas supply sources and routes, and develop infrastructure that ensures security of supply and competitive conditions for industrial users in Central European countries.
- Enable industry to benefit from access to more affordable low-carbon energy through long-term contracts and faster grid connections for industrial generation and energy storage facilities.

- Ensure technology neutrality in EU energy policy, including equal treatment of nuclear and renewable energy, while respecting Member States' right to determine their own energy mix.

EU ETS and CBAM

The revision of the EU ETS can either protect chemical production in the EU or eliminate it. We do not challenge the direction of the transition. We do, however, insist that its pace and costs allow production to remain in Europe, while preserving the environmental integrity of the EU ETS and its contribution to the EU's agreed climate targets.

- Reject additional investment conditionality for free allocation under the EU ETS. As an instrument of protection against carbon leakage, free allocation should not be linked to additional investment obligations that companies cannot reasonably fulfil due to the lack of commercially available technologies, adequate infrastructure or competitively priced energy.
- Maintain free allocation of emission allowances as a key instrument of protection against carbon leakage. For sectors covered by the Carbon Border Adjustment Mechanism (CBAM), any reduction in free allocation should be conditional on the demonstrated effectiveness of CBAM, while ensuring effective protection for export-oriented production.
- Establish predictable allowance price ranges for 2028-2035 and 2035-2040, based on Commission analyses of the actual pace of decarbonisation across individual sectors, while limiting excessive price volatility and speculative pressure, including through stronger mechanisms to protect the market against sharp price increases.
- Align the trajectory of the linear reduction factor (LRF) after 2030 with the actual pace of industrial decarbonisation, taking account of long investment cycles.
- Review the cross-sectoral correction factor (CSCF) and the methodology for setting benchmarks. Benchmarks should be based on representative data, actual technological progress, and technologies that are available and scalable under industrial operating conditions. For small reference groups, data from at least three installations should be taken into account, and the methodology for fallback benchmarks should be revised.
- The fulfilment of enabling conditions for industrial decarbonisation, including access to competitively priced low-carbon energy, supporting infrastructure and effective carbon leakage protection, should be assessed on a regular basis. Where these conditions are not in place, the ETS framework should be adapted to ensure that carbon pricing drives industrial transformation and investment rather than production cuts and deindustrialisation.
- Protect downstream value chains against trade diversion and introduce, in a timely manner, a WTO-compatible solution for exporters of CBAM-covered goods.

The EU ETS revision must reflect the specific circumstances of the chemical industry, where fossil-based raw materials are used as production feedstocks, decarbonisation technologies are not yet available for certain processes and investment cycles extend over many years.

Fair competition

Europe should remain open to international trade, but it cannot afford to stand by while production capacity is lost that cannot readily be rebuilt.

- Accelerate the use of anti-dumping, anti-subsidy and safeguard measures, including provisional measures where warranted, before production capacity is irreversibly lost.
- Counter circumvention of trade defence measures and the diversion of excess production to the EU market as a result of tariffs imposed by third countries.
- Develop and operationalise an early-warning system for the loss of key chemical production sites, drawing on import monitoring and data on global production overcapacity.
- Strengthen enforcement of EU standards for imported products, including products sold through e-commerce.
- Apply proportionate EU-origin criteria in new measures stimulating demand for European-made products, while preserving a level playing field within the Single Market.

Financing industrial modernisation

Deteriorating market conditions and pressure on profit margins are limiting companies' ability to finance their industrial transition independently. Public funding must also support the modernisation of existing industrial sites.

- Reinvest EU ETS revenues in sectors covered by the system through the Industrial Decarbonisation Bank, the Innovation Fund, the Modernisation Fund and new decarbonisation financing instruments, while ensuring technological neutrality and support for both capital expenditure (CAPEX) and operating expenditure (OPEX).
- Increase the flexibility of the Modernisation Fund and other EU funding instruments to support the phased transformation of existing industrial installations and projects tailored to the actual technological, infrastructure and energy conditions in individual Member States.
- Allocate adequate resources under the EU budget for 2028-2034 to support industrial and energy transition.
- Develop contracts for difference and other instruments to mitigate investment risks.
- Ensure equitable access to EU funding across the Union, taking into account differing starting conditions, transition costs and investment needs in Member States.

Less regulation, more results

Europe has already adopted numerous strategies. Industry now needs effective implementation and simpler rules and regulatory decisions that are science-based, proportionate and workable in practice.

- Introduce a competitiveness check for every new regulation, assessing its impact on costs, investment, production, security of supply and employment, including comparisons with Europe's main competitors.
- Ensure that regulatory decisions on chemicals are based on robust scientific evidence, risk and exposure assessments, and the principle of proportionality. The proposed PFAS restriction must take into account specific uses, exposure and emissions, the availability of suitable and technically feasible alternatives and the impact on strategic industrial value chains, with derogations and realistic transition periods.
- Assess the cumulative effects of EU legislation on industry, including the interaction between obligations under different legal acts and their combined costs.

- Ensure full involvement of the Council and the European Parliament in decisions with significant economic consequences, particularly those concerning EU ETS benchmark methodologies, together with transparency and a robust assessment of their industrial impact.
- Establish clear and workable rules for renewable hydrogen and renewable fuels of non-biological origin (RFNBOs), including suspension of the binding 2030 industrial RFNBO target and reassessment of the 2035 target, and support the development of carbon capture and storage (CCS) and carbon capture and utilisation (CCU) technologies.
- Accelerate, simplify and digitalise permitting procedures for industrial investments.
- Limit national requirements going beyond EU rules (gold-plating), ensuring that any additional obligations are duly justified, proportionate and preceded by an assessment of their impact on industrial competitiveness.

Appeal to the governments

We call on the governments of Poland, the Czech Republic, the Slovak Republic and Hungary to endorse the priorities set out above and to take them into account when preparing their positions for the December meetings of the Council of the EU, in particular the Competitiveness Council on 3 December and the Environment Council on 11 December, as well as for the European Council on 17-18 December 2026.

We also encourage our governments to engage actively with other EU Member States to build support for these measures. Joint action by the Visegrád Group countries, backed by the chemical industry of our region, can make an important contribution to turning existing declarations and initiatives into concrete decisions.

Europe can remain a leader in the climate transition only if it also remains a place where manufacturing and investment are economically viable. Preserving a strong chemical industry in our region is part of this challenge and a prerequisite for the economic security of the European Union as a whole. The future of Central Europe's industrial base is at stake.

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