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EUROPEAN DEINDUSTRIALISATION

The Disorderly Decline

— and the scramble to stop it

What the chemical and automotive reckonings reveal about the real cost of mis-sequencing the industrial transition — and whether Brussels has woken up in time.

A year ago this paper would have asked whether Europe's policymakers were in denial. They are no longer: the rollback of the EU's flagship green rules is now live and on the statute book. The harder question is whether it is the *right* movement, fast enough — and whether it touches the thing actually driving capital out. It does not. This paper separates what is sourced from what is assumed, and what is caused by policy from what is not.

~2× EU industrial electricity vs. the US in 2025; ~50% above China (IEA, *Electricity 2026*)

71.9% China's *own* chemical-sector utilisation, Q2 2025 — below Europe's 74.6% (NBS / Cefic)

~80% Fall in confirmed *announced* EU27 new-build chemical capex, 2022–25 (Cefic / Roland Berger)

~55k German automotive jobs lost since 2023 — multi-year, multi-cause (industry tallies)

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ANALYSIS

Brussels has stopped denying. It is deregulating the paperwork, not the cost base.

WHAT THIS PAPER ESTABLISHES

- Why the cost gap is structural — even as it narrows at the margin
- That the distress is multi-causal, not a single climate-policy story
- What Brussels has actually rolled back — and what it has not
- Where Europe is still gaining — and why those wins are fragile
- What would actually have to change

2026
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The argument in brief

- **The diagnosis is dark, but it is not speculation.** EU industrial electricity ran roughly double US levels and ~50% above China in 2025; gas around three times US prices. In an industry where energy is 6–8% of the cost of a basic chemical, a sustained 2–3× gap is an exit signal. The acute 2022 shock has eased — but the structural differential remains.
- **The distress is real, and it is multi-causal.** Energy cost is the single largest driver of European chemical closures — but only about half of them; weak demand, Chinese overcapacity and regulation account for most of the rest. This is a global cyclical downturn *and* a European structural disadvantage at the same time. We are careful not to attribute everything to climate policy.
- **Brussels has stopped denying and started retreating.** In the past year the EU has reduced the number of companies in CSRD scope by roughly 80%, *proposed* diluting the 2035 combustion-engine line from 100% to 90% (a Commission proposal, not yet law), watered down CBAM, and published a Chemicals Industry Action Plan. The denial phase is over.
- **But it is deregulating the paperwork, not the cost base.** Reporting relief and deadline slips do little about the energy and carbon disadvantage that tips the balance from reinvestment toward closure. That gap between motion and effect is the central finding.
- **This is a reformist paper.** The environmental goal is not the problem; the sequencing, the speed and the failure to adequately weight competitiveness in the design are. We let the data make the case — including the data that complicates our own argument.

01 The stakes — why this is not just an industry story

An industrial base is not only a line in the GDP accounts. It is the tax revenue that funds the welfare state, the apprenticeship ladder that turns school-leavers into engineers, the order book that keeps a thousand *Mittelstand* suppliers solvent, and the source of the political consent that holds a democratic society together.

That last link is the one policymakers underweight. When a region loses its industrial heart faster than it can build a replacement, the predictable sequence is lost income, lost status, lost trust, and a politics of resentment that erodes the legitimacy of the institutions managing the decline.

The United Kingdom is the example most often reached for — and it should be handled carefully. Britain's industrial regions carry real, lasting scars, and its chemical output fell roughly 30% over 2019–2025. But the UK also demonstrates partial adaptation: a large services economy in finance and technology absorbed much of the displaced activity at the national level, even as specific regions did not recover, and Britain's political turbulence has many causes beyond deindustrialisation. The honest lesson is narrower than the cliché: deindustrialisation without a credible regional replacement strategy carries a political price — not that a country which deindustrialises is doomed.

The United States sits in the middle: it has lost manufacturing too, but retains scale, domestic energy abundance, deep capital markets that reinvest at home, and, since 2022, an industrial policy willing to spend. Europe enjoys none of those buffers to the same degree.

Why did Europe accept this disadvantage for so long? The implicit bet was strategic: that temporary industrial pain would be repaid by first-mover advantage in clean technologies — that building the green economy first would yield the export industries of the next era. The emerging evidence is uncomfortable for that bet. The advantages are arriving more slowly than assumed, while the industrial costs arrived immediately and in full.

So the honest question is not rhetorical: can Europe afford its current approach — and what happens to the green goal itself if the industrial base meant to finance and build the transition leaves first? A continent that exports its emissions along with its factories has not decarbonised. It has relocated the problem and impoverished itself doing so.

02 The cost gap — real, but read it correctly

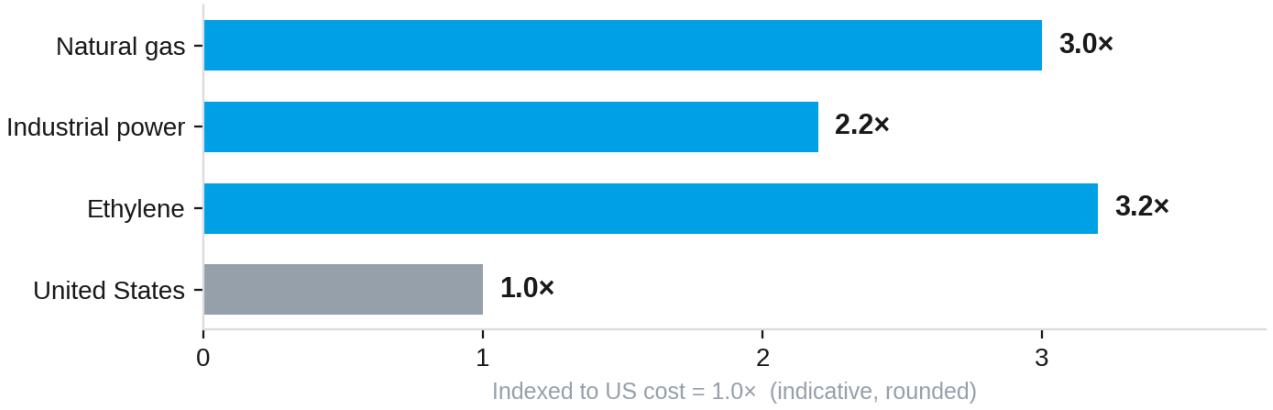
Before any argument about policy, the structural facts — stated with the nuance they deserve, because the gap is both real and, at the margin, moving.

~2×
EU industrial electricity vs. the US, 2025 (IEA *Electricity 2026*)

~3×
EU vs. US industrial gas, expected to persist to ~2030 (Cefic)

~6–8%
Energy as a share of production cost in basic chemicals / steel (Frontier Economics)

EUROPEAN INPUT COST VS. THE UNITED STATES (US = 1.0×)



Indicative, rounded. Sources: Cefic (gas ~3×, ethylene ~3.2×); IEA *Electricity 2026* (EU industrial power ~2× US in 2025). Ranges vary by country, consumption band and reporting date.

Two honest qualifications the headline number hides. First, **the acute shock has eased.** European gas has traded down since mid-2025 to its lowest since spring 2024, while US gas futures pushed toward $5/mmBtu on strong LNG-export demand — so the *spread* narrowed somewhat in 2025–26, and EU gas storage and LNG diversification have reduced the volatility that defined 2022. Second, **the structural differential nonetheless persists:** the IEA still measured EU industrial power at roughly twice US levels in 2025, ACER finds the EU–US industrial electricity gap actually widened across 2015–25, and Cefic expects the gas gap to hold to around 2030. Market design is not the sole driver — fuel mix, LNG dependence, carbon costs and grid constraints all matter — but Europe's marginal-pricing power market amplifies the impact of expensive gas, keeping electricity tethered to it even though gas is only ~18–20% of generation.

> **The 2022 energy shock is not a disruption to be waited out. It has eased at the margin — but the underlying disadvantage remains the steady state, not the exception.**

This is the first of **five compounding forces** this paper keeps separate: (1) the energy-and-feedstock cost gap; (2) weak European end-demand; (3) Chinese state-supported overcapacity; (4) the active pull of US fiscal incentives; and (5) ordinary corporate restructuring and company-specific issues. They are not competing explanations. They are one compounding one — and only the first two or three are even partly within Brussels' gift.

03 The distress ledger — capital votes with its feet

The clearest evidence of stress is not sentiment. It is where the money and the plant are going. But the ledger below is evidence of *industrial stress under multiple pressures* — not a tally of climate-policy casualties. We read it with that discipline; the next section quantifies why.

CHEMICALS & PHARMA

Company	Announced 2024–2026 — with cause noted
BASF	2025 sales −2.9% to €59.7bn; EBITDA before special items €6.6bn (from €7.2bn); cost programme toward €2.7bn by end-2026; ~4,800 jobs; Coatings sold to Carlyle/QIA. As much a story of *portfolio management and cyclical chemical weakness* as of deindustrialisation — and the clearest signal is where the growth capital goes: BASF's ~€10bn Verbund site at Zhanjiang, China. A Ludwigshafen pact rules out compulsory cuts there to 2028 with €1.5–2bn/yr modernisation: managed decline, negotiated.
Bayer	~12,000 jobs cut to date under a ~$2.3bn programme focused on management layers; largely an internal efficiency and litigation-overhang story, not an energy one.
Evonik	Up to 2,000 jobs for ~€400m savings; M&A paused to 2027.
Dow	~$657m loss reported Jan 2026; +4,500 jobs atop an earlier 1,500. Best read as *global chemical-cycle* evidence — Dow's own framing stresses operating simplification, automation and cost reset, not specifically European policy.
INEOS / Exxon	INEOS shutting two western-German plants on energy-cost grounds; ExxonMobil closing a Scottish facility and warning it may exit European chemicals — the clearest explicitly energy-and-policy-attributed exits in the set.

AUTOMOTIVE & SUPPLIERS

Company	Announced 2024–2026 — with cause noted
Volkswagen	~35,000 German jobs — but *by 2030* and largely socially negotiated, not immediate plant flight. Driven by EV-transition mis-timing and Chinese competition as much as cost.
Bosch / ZF	Bosch ~13,000 (mobility) to close a ~€2.5bn gap; ZF ~7,600 in e-drivetrain — a retreat from over-optimistic *EV-volume* assumptions, plus automation and software pivots.
Mercedes-Benz	Voluntary-severance offers to remove ~€1bn of cost by 2027; CEO Källenius warning a rigid 2035 line could break the industry.
Ford	Saarlouis assembly ended Nov 2025 (~4,500); Cologne to a single shift. Weak EV demand and global footprint decisions, not one cause.

Industry tallies put German automotive losses at roughly 55,000 since 2023. Layered on top: a US import tariff on EU vehicles and parts at 15% — reduced from a threatened 25%, but six times the prior 2.5%. The pattern is real: capital is making a statement with its feet. What it is *not* is monocausal.

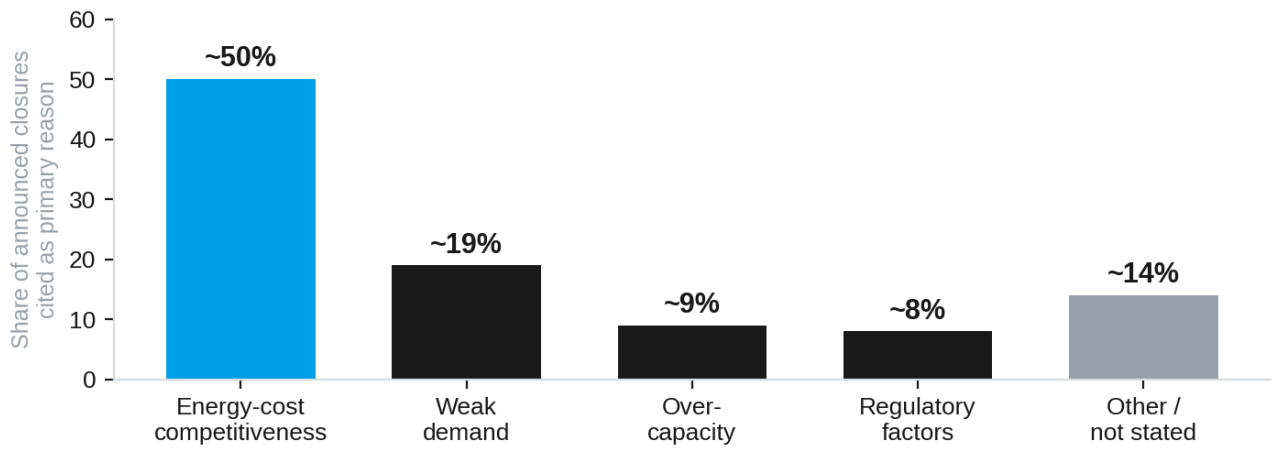
CAUSALITY DISCIPLINE

Not every item above is caused by climate policy, and several are not caused by Europe at all. This ledger is evidence of industrial stress under at least six overlapping pressures: energy and feedstock cost, regulation, weak demand, Chinese competition, EV-transition risk, automation, and company-specific restructuring. Some cuts are multi-year, partly voluntary or socially negotiated, and global rather than European. **The paper's claim is deliberately narrower than "policy did this": Europe's policy-and-energy-cost environment makes these shared global pressures more likely to end in European capacity loss than in European reinvestment.** That is the claim the rest of the paper defends.

04 What is actually driving this — the evidence on cause

If the ledger is multi-causal, the obvious question is: in what proportion? For chemicals, where the closure data is best, there is a sourced answer.

WHY EUROPEAN CHEMICAL PLANTS CLOSE — PRIMARY REASON CITED



Share of announced European chemical closures by primary cited reason. Source: Cefic / Roland Berger, European Chemical Closures & Investments Radar (2026). Categories do not sum to 100%; the remainder is unspecified or mixed.

Energy-cost competitiveness is the single largest driver — but it accounts for only about half of closures. Weak demand (~19%), overcapacity (~9%) and regulatory factors (~8%) make up most of the rest. **Energy is the biggest single force; it is not the only one, and it is not a majority on its own.** That is the discipline the "capital has voted" narrative needs.

THE GLOBAL CYCLE: THIS IS NOT A UNIQUELY EUROPEAN FAILURE

The most important corrective to a Europe-centric reading is China's own data. Chinese chemical-sector capacity utilisation ran at just **71.9% in Q2 2025** — actually *below* Europe's ~74.6% — and overall Chinese industrial utilisation sat near its lowest since 2020. The chemical downturn is global and cyclical, not a European morality tale.

> **China's chemical plants are running below Europe's. The downturn is global; what is distinctively European is that the closures land here rather than the reinvestment.**

But cyclical weakness and structural disadvantage are not mutually exclusive — they compound. China now holds roughly half of global chemical capacity (up from ~15% two decades ago) and is building around 70% of new capacity additions through 2027, with non-market state support and a clear preference for market share over profit. That surplus is exported, and the marginal global molecule is increasingly priced off Chinese utilisation rather than European cost. So Europe faces soft global prices set by Chinese overcapacity *and* a high domestic cost base — a two-sided squeeze in which its structural energy disadvantage determines that, when capacity has to come out somewhere, it comes out in Europe.

THE UNITED STATES IS A PULL, NOT ONLY AN ESCAPE

It is too simple to read relocation purely as flight. The US has become a structural magnet: Inflation Reduction Act credits that lower operating cost and are transferable and financeable; cheap, abundant gas and power; available land; and comparatively fast permitting, with the CHIPS Act pulling adjacent demand. The point worth stressing is that the US is a magnet by *policy design*, not because it is universally cheaper: US industrial power prices vary widely by region, grid congestion is rising, and labour is not always lower. What pulls capital is the package — financeable, transferable credits, plus speed and certainty — not a uniform cost floor. Confirmed *announced* new-build chemical capex in the EU27 — the project pipeline, not realised investment flows — is reported to have fallen ~80% between 2022 and 2025 (from ~€7.6bn to ~€1.5bn; Cefic / Roland Berger), relocation visible in the data before a single plant formally closes. On the human side, the same dataset records ~20,000 direct European chemical jobs lost to closures since 2022, with a further ~89,000 indirect roles flagged at risk, concentrated in the German and Benelux clusters.

YOUR READ?

Of the cuts in Section 03, which are genuine competitiveness exits and which are overdue efficiency moves that any cycle would have forced? Sector readers — tell us where this ledger over- or under-states the case.

05 What Brussels is actually doing — the rollback is live

A year ago the fair criticism was inertia. It no longer holds. In the past twelve months the EU has begun unwinding or diluting several flagship green frameworks. The question has shifted from *"do they recognise the problem?"* to *"is this the right fix, and does it reach the cost base?"*

Framework	What has actually changed (fact)	The logical outcome
Omnibus I CSRD / CSDDD / Taxonomy	Adopted 24 Feb 2026, in force 18 March (Dir. (EU) 2026/470). Reduced the number of companies in CSRD scope by ~80%; cut required ESRS data points by ~70%; raised CSDDD to firms above ~5,000 employees and €1.5bn turnover, compliance to 2029. Claimed admin saving ~€4.5bn/yr. National transposition still pending.	Real, overdue relief on *reporting cost* — but it does not touch energy or carbon cost. Symbolic more than structural; divergent national transposition could re-fragment it.
CBAM	A de-minimis threshold removes ~90% of importers while still covering ~99% of embedded emissions; the certificate rule eased 80%→50%; first purchases deferred to Feb 2027; downstream extension proposed Q1 2026.	Less friction — but a *border* tool, not a domestic-cost one. It cannot, by design, close the internal energy gap.
2035 ICE line car CO_2 targets	**A Commission proposal, not yet law.** December 2025 proposal replaces the 100% cut with 90%; PHEVs, range-extenders, e-fuels and biofuels survive past 2035; credits for EU green steel; super-credits for small EU EVs. In Parliament/Council negotiation under the Cypriot Presidency, with an April 2026 draft pushing further dilution.	The most *material* automotive rollback if enacted — restoring technology openness and planning certainty. But it arrives after much EV-era capital, and many jobs, are already committed or lost. Late, not wrong.
Chemicals Action Plan CIAP + 6th Omnibus	Published 8 July 2025. Critical Chemicals Alliance (first assembly Jan 2026); planned Critical Molecules Act; Import Surveillance Task Force (since March 2025); expanded ETS indirect-cost state aid; labelling/cosmetics/fertiliser simplification (~€363m/yr saving). Builds on the 2024 Antwerp Declaration.	Genuine recognition of chemicals as strategic — but largely forums and plans, not yet binding instruments. The sector's own verdict (Cefic): "too little, too late" without delivery felt on the ground in 2026.
Deforestation Reg.	Postponed again (Dec 2025): large operators to 30 Dec 2026, small to 30 June 2027.	Repeated postponement, not repeal — an implicit admission the timelines were unworkable.

Read together, these moves tell a consistent story. **Brussels has shifted from denial to damage-control — but it is deregulating the paperwork and slipping deadlines faster than it is fixing the cost base.** Reporting relief is welcome; it is also beside the point if a tonne of ethylene still costs far more to make in Ludwigshafen than on the US Gulf Coast or in Zhejiang. Note the limit of this critique: by the closure data, regulation is the *primary* cause in only ~8% of cases — so deregulation alone, however sensible, was never going to be the rescue.

06 The other hand — the positive agenda, and whether it bites

It would be dishonest to present the EU as only deregulating. A parallel, constructive agenda exists and deserves a fair hearing. Draghi's September 2024 competitiveness report fed the early-2025 *Competitiveness Compass* and then the **Clean Industrial Deal** — an attempt to align industrial policy and decarbonisation around affordable energy, lead markets, financing, circularity, trade and skills.

The instruments are substantial on paper: an **Affordable Energy Action Plan**; an **Industrial Accelerator Act** (March 2026) to speed permitting and seed lead markets for low-carbon European products; an **Industrial Decarbonisation Bank** meant to mobilise on the order of €100bn; the **Net-Zero Industry Act** target of 40% EU-made clean tech by 2030;

Hydrogen Bank auctions; a Critical Raw Material Centre and Circular Economy Act due late 2026; and an Automotive Industrial Action Plan.

The honest critique is not that this agenda is absent — it is that it may not bite in time or hard enough, and that it leaves the binding constraint untouched. Independent analysts call the Clean Industrial Deal *"lost in implementation,"* dependent on detail still missing; the Net-Zero Industry Act is widely judged to have set targets without binding force or money to match; Draghi himself says the EU must move faster and more radically. And on energy — the actual cost driver — the deeper fix is electricity-market reform to break the gas-tethered marginal price, faster grid build-out, long-term contracts (CfDs/PPAs) and durable state aid.

To be fair to the agenda, some of this is real and already underway. The 2025–26 electricity-market design reform is a genuine structural shift, with several member states moving to decouple renewable revenues from gas through Contracts for Difference and long-term PPAs scaling quickly. And there are concrete wins worth naming: the EU cut Russian pipeline gas sharply (around 162 TWh less in 2025, replaced by LNG) and renewables now supply roughly half of EU electricity — so the *supply-security* problem is being solved even as the *price* problem is not. The criticism is therefore one of pace and reach, not direction: the reforms are arriving too slowly, and at plant level remain unquantified, against the timeline on which the closures are actually running. A subsidy-and-target architecture can co-finance new clean-tech plant; it struggles to keep existing energy-intensive plant alive long enough to be decarbonised. The positive agenda is a future-facing bet; the bleeding is in the present-tense cost base.

> **YOUR READ?**
> Is the ~€100bn Decarbonisation Bank genuinely additional capital, or a recombination of money that already existed? Readers with sight of the Innovation Fund pipeline — we want your view.

07 Where Europe is gaining — and where the wins are fragile

Confirmation bias is the easiest trap in a paper like this, so it is worth stating plainly where Europe is *not* losing. Beneath the contraction, capital is rotating rather than simply leaving: project trackers show bio-based, circular and energy-transition projects now outnumbering conventional new builds in the announced European chemical pipeline, and AI — in process optimisation, yield and uptime — is a rare margin lever European producers control directly while energy and regulation move slowly. Europe retains genuine assets: deep Verbund integration, specialty-chemical depth, technical intimacy with customers, and strong positions in high-value niches where Chinese utilisation does not set the price.

But the counter-evidence must be read as honestly as the rest — and it is sobering. Europe's flagship clean-tech industrial bets have struggled badly. **Northvolt**, the continent's great battery hope, filed for bankruptcy in March 2025 after burning through more than $13bn, undone by weak EV demand and Chinese competition; its assets were sold off. Its collapse reflected company-specific execution failures as much as adverse market conditions, so it is illustrative rather than definitive — but the lesson it carries is exactly the structural one. **Intel** abandoned its planned Magdeburg mega-fab. Of the headline reshoring projects, only **TSMC's Dresden fab** (ESMC, ~2,000 jobs, mid-tier automotive/industrial nodes) is clearly proceeding. The pattern is telling: even Europe's defensive, subsidy-backed attempts to build new champions are fragile — which loops straight back to the thesis. **Subsidy can seed a project; it cannot, on its own, manufacture a competitive cost base.** Where the new green base is being planned, its economics frequently turn negative once subsidies are stripped out, and grid congestion constrains the electrification pathways further. The composition of intent is changing faster than the volume of committed money.

08 The long run — trajectory, then scenario

Two things must be kept strictly separate: what the data already shows, and what might follow.

WHAT IS ALREADY ESTABLISHED (FACT)

The trajectory is downward and self-reinforcing. Permanently closed capacity does not reopen; the skills, supplier networks and tacit know-how around a shuttered site disperse within a few years. Each closure weakens the cluster around it, making the next more likely. With European returns depressed and confirmed new-build capex down ~80%

since 2022, marginal investment flows to the US and Asia — widening the gap that drove the decision. That is observed behaviour, not forecast.

SCENARIO — NOT A FORECAST

An illustrative framing to structure debate, dependent on assumptions readers should challenge. We deliberately offer no fabricated point-estimates; the variables below, not a model, decide which way this breaks.

An "orderly" path: Europe deliberately retains a smaller but viable strategic core — protected by competitive energy pricing, faster permitting and credible trade defence — while clean-tech manufacturing scales to absorb displaced labour and the transition is sequenced to the actual pace of cost reduction. Industrial employment still falls, but predictably, with the fiscal and social base broadly intact.

A "disorderly" path: closures keep outrunning replacement, energy costs stay structurally high, capital exit accelerates, and the political consequences feed back into less coherent policymaking. In this path the green goal is not achieved — it is abandoned under economic and political duress, with emissions exported rather than eliminated.

What moves the outcome (sensitivity, directional): the EU–US energy spread (narrowing weakens the relocation logic; holding to 2030 entrenches it); whether Chinese overcapacity keeps redirecting into Europe; the durability of US IRA-style pull; the EU-ETS carbon-price path against affordable power; and the speed of electricity-market and permitting reform. The factual trajectory is closer to the disorderly path than policymakers admit; whether the recent rollbacks and the Clean Industrial Deal bend it toward the orderly one is genuinely undecided.

Illustrative arithmetic (order of magnitude, not a forecast): energy is ~6–8% of basic-chemical cost at a ~2× EU power disadvantage, so halving the excess — roughly a 25% cut in the EU industrial power price — would lower total production cost on the order of ~1.5–2 percentage points: meaningful at commodity margins, but not by itself enough to reverse a relocation decision already driven by feedstock and scale. Separately, a €50/t swing in the EU-ETS price (against ~€75/t in 2025) moves the carbon cost of a tonne of ethylene by roughly €50 (~1t CO_2 per tonne, order of magnitude), hitting the marginal economics of the most exposed crackers directly. Both figures are derived from the cost shares cited in this paper, not modelled — and we invite readers to sharpen them.

09 What would actually have to happen

No sandbox games. Concrete levers, each paired with what it realistically takes and the logical outcome. The easy lever — reporting relief — has already been pulled and does not address the problem.

A Make industrial energy structurally competitive, not just subsidised

Decouple industrial power prices from marginal gas pricing; accelerate grid build-out and long-term contracts; make ETS indirect-cost compensation permanent rather than discretionary.

WHAT IT TAKES	Electricity-market design reform, real state-aid headroom, member-state coordination on grids. Politically hard; fiscally significant.
LOGICAL OUTCOME	The only lever that directly attacks the gap that drives ~half of closures. Without it, the rest is palliative.

B Sequence decarbonisation to the cost curve, not the calendar

Tie binding green mandates to demonstrated availability of competitively-priced clean inputs. Where the input does not yet exist at scale and price, the deadline moves — transparently and once, not via repeated last-minute postponements.

WHAT IT TAKES	A rules-based mechanism linking targets to input readiness, replacing today's pattern of political snooze-buttons that destroy planning certainty.
LOGICAL OUTCOME	Keeps the environmental goal intact while preventing it from closing the plant meant to deliver it.

C Trade defence with teeth, and fast

Operationalise the critical-molecules list and Import Surveillance Task Force so safeguards deploy in months against structurally subsidised overcapacity — the force setting the prices European producers receive.

WHAT IT TAKES	Faster procedures, political will on China specifically, acceptance of some retaliation risk.
LOGICAL OUTCOME	Buys the domestic core time to decarbonise instead of being undercut to death first.

D Finish simplification where it actually costs money

Carry Omnibus-style relief beyond reporting into permitting, REACH/authorisation timelines and duplicative national gold-plating — the burdens that delay real investment.

WHAT IT TAKES	Harmonised, mandatory (not permissive) transposition so relief is not re-fragmented across 27 states.
LOGICAL OUTCOME	Converts symbolic simplification into a measurable cut in time-to-build.

E Make the €100bn real and patient

Ensure the Industrial Decarbonisation Bank is genuinely additional capital, at a scale and tenor matching heavy-industry payback — and aimed at cost-down curves, not at propping assets that would never otherwise earn their keep (the Northvolt lesson).

WHAT IT TAKES	Transparent accounting of new vs. recycled money; instruments that de-risk private capital without simply subsidising incumbents.
LOGICAL OUTCOME	Crowds in the private investment that energy and regulatory cost currently crowd out.

ON SUSTAINABILITY ITSELF

None of this argues against decarbonisation. It argues that the environmental goal is only credible if the industrial base survives to deliver it — and that a Europe which exports its factories has not cleaned up, it has cleaned out. Keep the destination; fix the route. We have not asserted the design is broken; we have shown that energy cost drives roughly half the closures, that even subsidised green champions are failing, and that the recent rollbacks themselves are an implicit admission the original route overshot — and let the evidence speak.

The verdict — and an invitation

Is this too dark? On the facts, the diagnosis is dark because the facts are — but it is not fatalistic, and it is not monocausal. Brussels has moved, which means movement is possible; China's own plants run below Europe's, which means the cycle is global, not a European curse; and Europe still holds real assets worth concentrating capital around. The remaining argument is about direction, speed and sequencing — not about whether anyone is awake.

This is meant to start a conversation, not end one. If you work in these industries — in a plant, a ministry, a boardroom or a supply chain — tell us where this analysis is wrong, where it is incomplete, and what you are seeing that the published data does not yet show. The Section 08 scenarios in particular are an open question we would rather answer together than alone.

Sources & notes

Built on published, attributable data as of June 2026; ranges are rounded and directional, and illustrative or assumed values are flagged at the point of use. Principal sources: IEA, *Electricity 2026* and *Global Energy Review 2026*; ACER 2026 market monitoring; Cefic facts and figures and the Cefic / Roland Berger European Chemical Closures & Investments Radar (2026) for the closure-rationale split (~50% energy, ~19% demand, ~9% overcapacity, ~8% regulatory), the ~80% capex fall and the ~20,000 direct / ~89,000 indirect job figures; National Bureau of Statistics of China and Oliver Wyman for Chinese chemical utilisation (~71.9%, Q2 2025) and capacity share; Frontier Economics and BusinessEurope on energy-cost shares; World Bank and IEEFA on 2025–26 gas-price divergence and marginal pricing; European Commission materials on the Clean Industrial Deal, the Omnibus packages (Dir. (EU) 2026/470; "Stop-the-Clock" Dir. (EU) 2025/794), the Industrial Accelerator Act and the Chemicals Industry Action Plan; the European Parliament legislative-train; the December 2025 Commission proposal on car CO_2 targets with related Clean Energy Wire, Reuters and Euronews reporting; company disclosures and reporting on BASF, Bayer, Evonik, Dow, INEOS, ExxonMobil, Volkswagen, Bosch, ZF, Mercedes-Benz, Ford, Northvolt, Intel and TSMC/ESMC; and analysis from the Jacques Delors Centre, Bruegel and Rabobank on Clean Industrial Deal implementation.

All quantitative claims are sourced; where a figure varies by methodology or date, the text uses approximate language. The single scenario passage (Section 08) is explicitly illustrative and not a forecast; no point-estimates are fabricated. Corrections and additional data from readers are actively welcomed and will inform subsequent editions.