Europe's Chemical Retreat: How to Secure Your Supply Chain

Where upstream supply chains are becoming fragile —
and how CEOs, CFOs and CPOs can move ahead of competitors.

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Executive summary

Europe's chemical manufacturing network is being restructured. Between 2022 and 2025, plants accounting for **37 million tonnes** of annual capacity — almost 9% of the continental total — were closed, mothballed or earmarked for shutdown. EU chemical output fell a further **2.0%** year-on-year in the first seven months of 2026.

The causes are structural: European gas costs stand at a **9:1 ratio versus US Henry Hub,** carbon compliance costs at **€75–82 per tonne of CO^2** — rising as free allowances phase out by 2034 — and chemical industry investment has dropped **86% year-on-year** (VCI). Capital is moving to regions with cheaper energy and lighter regulatory burdens. This is the new baseline.

This disruption will create serious challenges for downstream manufacturers across Europe. But the companies that react promptly — redesigning sourcing, diversifying upstream routes, renegotiating material economics — can build a real competitive gap over rivals in the EU market and stay aligned on global ones.

Most chemicals will remain available globally. The real question is whether your company will access them on competitive terms. When a local production route disappears — a feedstock plant, an intermediate supplier, a qualified formulation source — the material does not vanish. But your negotiating position, delivery reliability and cost structure change.

ERA Group mapped **34 closed or announced European plants** and identified **82 material-to-product dependencies across 19 downstream value chains.** The industries most exposed — automotive, construction, furniture, coatings, pharmaceuticals — are not chemical companies. They are the manufacturers that depend on chemistry without always knowing where it comes from. ERA Group's experience in chemical procurement — with documented cost reductions of 20–31% across industrial chemical categories — confirms that companies which act decisively in these transitions consistently outperform those that wait.

The window is open. Move now — while competitors are still treating the closures as someone else's problem.



1) Cefic, Ineos and Basell Europe's Chemical Closures & Investments Radar 2022–2025, January 2026. [2] Cefic, Chemical Trends Report Q3 2026, October 2026. [3] BASF Ludwigshafen structural adjustment announcement, 29 August 2024. [4] Westlake, 2025 Annual Report (Vernis permanent cessations); ExxonMobil, Baytown ethylene cracker shutdown announcement, 9 March 2026. [5] European Commission, "EU trade defence investigations", 9 January 2025; Reg. (EU) 2024/4. [6] European Commission, epoxy resin measures, 28 July 2025; Reg. (EU) 2025/1570. [7] Deloitte Insights, The dominoes effect: How closures of chemical plants ripple across supply chains, 27 May 2026. [8] EIA, CBECS 2018; Eurostat, World Bank Pink Sheet — gas price data as of October 2026.



01 | Europe's production capacity shrinks

The contraction is not spread evenly. It is concentrated in the segments where downstream dependencies multiply most: **17.8 Mt in petrochemicals (48%)** — the crackers and derivative units that feed virtually every polymer and plastic in the economy; **11.7 Mt in basic inorganics (32%)** — chlor-alkali, soda ash, the building blocks of water treatment, construction chemicals and PVC; **5.4 Mt in polymers (15%);** and **2.0 Mt in specialty chemicals (5%)**, where small volumes carry outsized technical importance.

Table 1 | Selected chemical production decisions with downstream consequences

Company / site	Status	Affected chemical chain	Downstream exposure
BASF · Ludwigshafen, DE	Closures in 2025	Adipic acid; cyclododecanone; cyclopentanone	Engineering polymers, nylon intermediates
Westlake · Pernis, NL	Permanent cessation 2025	Allyl chloride, ECH, BPA and epoxy resins	Coatings, adhesives, electronics, wind
Tronox · Botlek, NL	Pigment plant idled 2025	TiO^2 pigment · 90 kt/year	Paints, plastics, decorative papers
Dow · Böhlen, DE	Shutdown ann. Q4 2027	Ethylene cracker	PE and ethylene-derived chains
Dow · Schkopau, DE	Shutdown ann. Q4 2027	Chlor-alkali and vinyl assets	PVC, construction, cables, packaging
Dow · Barry, UK	Shutdown ann. mid-2026	Basic siloxanes	Sealants, silicones, medical applications
Versalis (Eni) · Porto Marghera, IT	Closed 2022	Steam cracker	Ethylene, propylene, C4 derivatives
ExxonMobil · Gravenchon, FR	Closed 2024	Steam cracker · 425 kt/yr	Ethylene, propylene derivatives
SABIC · Geleen, NL	Cracker stopped Q2 2024	Naphtha cracker	PE, PP, butadiene
SABIC · Wilton, UK	Closure ann. June 2025	Olefins 6 · 865 kt/yr	LDPE, food and agri packaging
Versalis (Eni) · Brindisi, IT	Stopped 2025	Steam cracker; butadiene	Olefins, synthetic rubber
Versalis (Eni) · Priolo, IT	Stopped 2025	Steam cracker	Olefins, PE, PP intermediates
ExxonMobil · Mossmorran, UK	Closed Feb 2026	Ethylene cracker	PE, downstream derivatives
Dow · Terneuzen, NL	Mothballed 2025	Steam cracker	Ethylene, PE, co-products

[11] OPIS / Chemical Market Analytics, Free allowance phaseout — EU chemical plant cost analysis, May 2025. [12] Cefic President Dr. Markus Kamieth, ETS reform statement, 30 June 2026. [13] VCI (German Chemical Industry Federation), investment data 2025–2026. [14] OECD, The potential effects of the EU CBAM along the supply chain, January 2025. [15] European Commission, CBAM certificate prices: Q1 €75.36, Q2 €75.28, Q3 €82.32 per tCO^2e. [M1] ERA Group, EU basic chemical closures mapping, Salone di Impresa 2026; 34 plants, 82 links, 19 value chains. [M2] ERA Group TiO^2 delivered-to-Turin model, Sep–Oct 2026. [M3] Illustrative TiO^2 cost pass-through: 500 t x €740/t AD = €370,000; 60% recovered = €222,000; 40% unrecovered = €148,000.

TotalEnergies · Antwerp, BE	Closing by end 2027	Cracker unit · 550 kt/yr	Ethylene, propylene, polymers
Vencorex · Pont-de-Claix, FR	Closed 2024	Chlor-alkali · 119 kt/yr	Isocyanates, polyurethanes
Arkema · Jarrie, FR	Closed 2024	Chlor-alkali · 75 kt/yr	Chlorinated solvents, PVC
Ineos · Rheinberg, DE	Closed 2025	Allylics + chlor-alkali	Epichlorohydrin, epoxy resins
Ineos · Tavaux, FR	Mothballed Sept 2025	Chloromethanes	Solvents, silicones, pharma
Vynova · Beek, NL	Stop by Nov 2025	PVC production	Construction, pipes, profiles
CF Industries · Ince, UK	Closed June 2022	Ammonia	Fertilizers, industrial nitrogen
CF Industries · Billingham, UK	Closure ann. July 2023	Ammonia	Fertilizers, CO2 for food industry
BASF · Ludwigshafen, DE	Closed 2023	Ammonia + fertilizer plant	Nitrogen fertilizers, AdBlue
Yara · Tertre, BE	Closure ann. Oct 2024	Ammonia · 400 kt/yr	Fertilizers, nitrogen chemicals
Yara · Hull, UK	Mothballed Feb 2025	Ammonia · 300 kt/yr	Fertilizers, industrial gases
BASF · Ludwigshafen, DE	Closed 2023	TDI · 300 kt/yr + DNT/TDA	PU foams, insulation, automotive
BASF · Ludwigshafen, DE	Closed 2024	Caprolactam + cyclohexanol	Nylon 6, engineering plastics
Versalis · Brindisi, IT	Stopped Jan 2025	Butadiene (P30B)	Synthetic rubber, SBR, tyres
LyondellBasell · Maasvlakte, NL	Closed Sept 2025	PO/SM · 315 kt/yr PO	Polyurethanes, polystyrene
Ineos · Dormagen, DE	Closed Sept 2025	Propylene oxide	Polyurethanes, polyols
Ineos · Gladbeck, DE	Closure ann. June 2025	Phenol/acetone · 650 kt/yr	BPA, polycarbonate, epoxy resins

Sources: corporate announcements and filings. Announced, idled and permanently closed are distinct statuses.

The industrial effect is frequently larger than the nameplate capacity suggests. Chemical sites are not standalone factories: crackers, chlor-alkali units and intermediate plants exchange feedstocks, utilities, steam and by-products in tightly integrated networks. Removing one unit can weaken the economics of several neighbouring sites — including those that remain open. A cracker shutdown, for instance, does not only eliminate ethylene: it may also eliminate the CO^2 stream that feeds a nearby food-grade gas plant, the hydrogen that feeds a refinery, or the propylene that feeds a polypropylene line. The announced closure is one decision; the cascade it triggers is the operational challenge procurement teams must get ahead of.



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02 | Why these plants are closing: the energy and regulatory gap

The closures in Table 1 are not isolated commercial decisions. They share two structural causes that have converged since 2021 and that downstream buyers must understand, because they determine whether the contraction is cyclical or permanent.

The first is energy. Natural gas is both fuel and feedstock for chemical production. In October 2026, the US Henry Hub benchmark stood at **~$3/MMBtu;** the European TTF equivalent at **~$28–30/MMBtu** — a ratio of roughly **9:1.** Before 2022, cheap Russian pipeline gas kept that ratio around 2:1. That supply route is now permanently closed, and the replacement — seaborne LNG competing with Asia for every cargo — has established a new, structurally higher baseline.

Table 1b | TTF vs Henry Hub: the transatlantic gas spread

Period	Henry Hub ($/MMBtu)	TTF equiv. ($/MMBtu)	Ratio	Industrial implication
Pre-2021 average	~$3	~$6–8	~2x	Manageable; EU broadly competitive
2022 crisis peak	~$10	~$100	~10x	Demand destruction; first closure wave
Late 2025 (LNG surplus)	~$5	~$10	~2x	Brief reprieve
October 2026	~$3.10	~$28–30	~9x	Structural gap returns; second wave

Sources: EIA, ICE TTF front-month, World Bank Pink Sheet.

A European cracker paying gas at 9xthe US price faces a **5–8x raw energy cost multiple per tonne of ethylene** versus its Gulf Coast equivalent. That arithmetic alone explains the Dow, BASF and Westlake decisions.

The second is regulatory cost. The EU Emissions Trading System charges **€75–82 per tonne of CO^2** (Q3 2026 CBAM certificate price: €82.32), a cost most non-EU competitors do not bear. Free allowances that shielded the sector are being phased out by 2034; industry estimates project **€6.51 billion in allowance costs** for the top 30 bulk chemical installations alone at that point. CBAM is intended to equalise the burden at the border, but it does not cover most downstream chemical products — so the competitive pressure is displaced to precisely the manufacturing industries in Table 2.

The combined result: European chemical investment dropped **86% year-on-year** (VCI), capacity closures surged sixfold since 2022 (Cefic), and capital is flowing to regions with cheaper energy and lighter carbon regimes. These are structural forces, not cyclical ones. They are reshaping where chemistry is produced — and creating a clear strategic imperative for European manufacturers to redesign how they source it.

The closures in Table 1 are the visible symptom. The energy and regulatory gap is the cause.

[11] OPIS / Chemical Market Analytics, Free allowance phaseout — EU chemical plant cost analysis, May 2025. [12] Cefic President Dr. Markus Kamieth, ETS reform statement, 30 June 2026. [13] VCI (German Chemical Industry Federation), investment data 2025–2026. [14] OECD, The potential effects of the EU CBAM along the supply chain, January 2025. [15] European Commission, CBAM certificate prices: Q1 €75.36, Q2 €75.28, Q3 €82.32 per tCO^2e. [M1] ERA Group, EU basic chemical closures mapping, Salone di Impresa 2026; 34 plants, 82 links, 19 value chains. [M2] ERA Group TiO^2 delivered-to-Turin model, Sep–Oct 2026. [M3] Illustrative TiO^2 cost pass-through: 500 t x €740/t AD = €370,000; 60% recovered = €222,000; 40% unrecovered = €148,000.

03 | The downstream exposure map: multiple industries, not one chemical sector

The phrase “chemical plant closure” suggests a problem for the chemical industry. In reality, it is a problem for every industry that uses chemistry — which is nearly all of them. ERA Group’s mapping of 34 selected plants identified 82 material-to-product dependencies spanning 19 distinct value chains. The highest-scoring are not chemical companies: they are automotive manufacturers, construction firms, furniture producers, coatings companies and pharmaceutical groups.

Table 2 | Highest-scoring value chains in ERA Group’s selected-plant mapping

Value chain	Exposure score	High-impact links	Illustrative products exposed
Automotive & transport	23	4	PP parts, synthetic rubber, PA 6/6,6, PU seating
Building & construction	19	4	PVC, HDPE pipes, PU insulation, sealants
Furniture & wood	15	3	UF resins, flexible PU foam, TiO^2 decor paper
Paints & coatings	14	4	TiO^2, epoxies, acrylics, PU chemistry
Pharma & medical	14	1	Chlorinated intermediates, solvents, PVC, silicones
Detergents & personal care	13	1	Ethoxylates, caustic soda, silicone oils
Packaging	11	2	PE/PP films, PA barriers, TiO^2 masterbatch
Textiles & apparel	10	1	Nylon 6 yarns, PET fibres, PP nonwovens, acrylics
Tanning & leather	10	0	Acrylic retanning agents, caustic soda, syntans
Electrical & electronics	10	0	Epoxy systems, engineering plastics, ABS/PC
Energy & renewables	8	2	Epoxy wind blades, soda ash for batteries/solar glass
Food & beverage	7	1	CO^2 for beverages/MAP, caustic soda, propylene glycol
Water treatment	7	1	Hypochlorite, caustic soda, ammonia for SCR
Fine & specialty chemicals	6	0	Phenol/acetone, fluoropolymers (PTFE), silicones
Pulp & paper	5	1	Caustic soda, SB latex coatings
Metals & mining	4	0	Caustic soda, nitric acid / ammonium nitrate
Agriculture	3	1	Urea, AN, NPK fertilisers
Glass	3	1	Soda ash for flat and container glass
Marine & composites	2	0	Styrene / unsaturated polyester (GRP)

ERA Group proprietary mapping [M1]: 34 selected plants/units, 82 links, 19 value chains.

The exposure is often several transactions away from the buyer — and that distance is precisely what makes it dangerous. A furniture manufacturer buys board and foam, not the urea-formaldehyde resin or the TiO^2 pigment that goes into the décor paper. A food producer buys liquefied CO^2, not the ammonia plant whose by-product stream generates it. An automotive OEM buys a validated interior component, not the polyamide 6,6 whose adipic acid precursor comes from one remaining European site. When that upstream node is disrupted, unprepared buyers discover the dependency under emergency conditions. Prepared buyers have already qualified alternatives and secured their position.

1] Cefic / Roland Berger, European Chemical Closures & Investments Radar 2022–2025, January 2026. [2] Cefic, Chemical Trends Report Q3 2026, 5 October 2026. [3] BASF, Ludwigshafen structural adjustment announcement, 29 August 2024. [4] Westlake, 2025 Annual Report (Pernis permanent cessations). [5] Tronox, Botlek intent to idle announcement, 17 March 2025. [6] Dow, European asset decisions, 7 July 2025.[7] European Commission, TiO^2 trade-defence measures, 9 January 2025; Reg. (EU) 2025/4. [8] European Commission, epoxy resin measures, 28 July 2025; Reg. (EU) 2025/1505. [9] Deloitte Insights, The domino effect: Implications of chemical plant closures on supply chains, 27 May 2026. [10] EIA, ICE TTF front-month, World Bank Pink Sheet — gas price data as of October 2026.

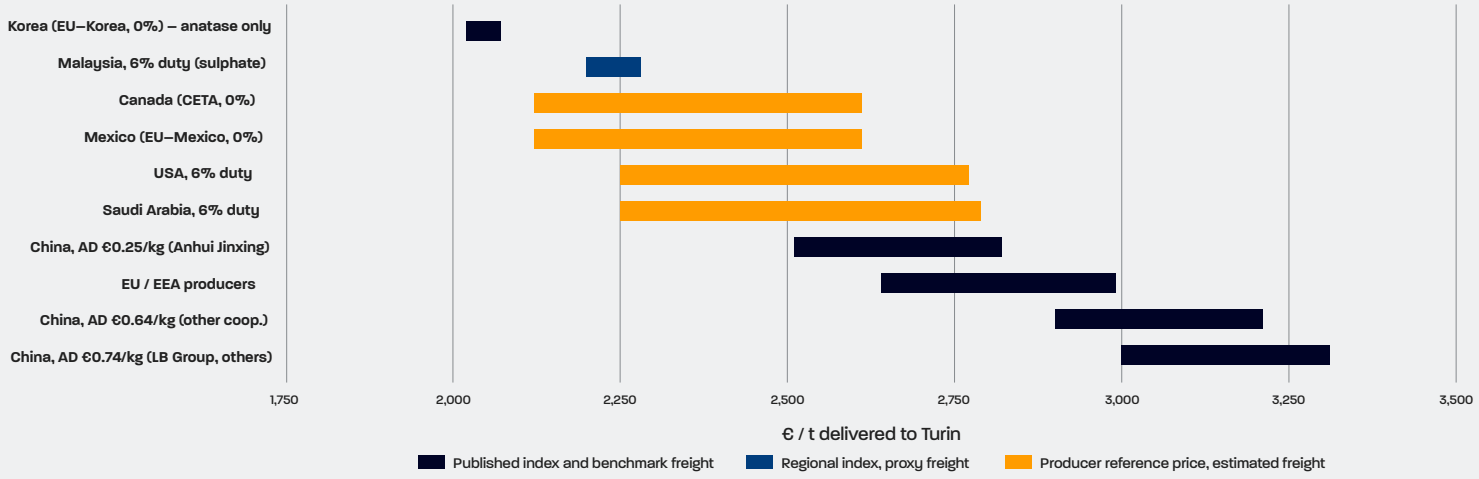


04 | The double squeeze: fewer local sources and costlier imports

A CPO facing a European plant closure might reasonably expect to replace the lost volume with imports. In many cases, that remains possible. But the assumption that imported alternatives are automatically cheaper — or even available on equivalent terms — is increasingly unreliable. European capacity exits are happening at precisely the moment when EU trade-defence measures raise the landed cost of selected imported substitutes. The result is a double squeeze: less local optionality on one side and a higher import-cost floor on the other.

The TiO^2 pigment chain illustrates the mechanics clearly. Tronox idled its Botlek plant (90 kt/year) in 2025, removing one of the last major European pigment production routes. Simultaneously, since January 2025, the EU has applied definitive anti-dumping duties of **€0.25–0.74/kg** on Chinese TiO^2 imports, depending on producer. The CPO who turns to China to replace the lost Botlek volume may find the delivered cost is higher, not lower, than the European source it replaced. Definitive duties on epoxy resins — **17.3–33% on China, 10.8–11% on Taiwan, 29.9% on Thailand** — show this is not a single-product phenomenon.

Figure 1 | TiO2 delivered to Turin — indicative price attractiveness before and after anti-dumping



Sources and assumptions. Prices f/t: China FOB 2,180–2,490 (Procurement Resource Aug-26; EMR Q2-26); Europe 2,890–3,210 (IMARC, businessanalytic, acing Sep-26); Western producers' export references 2,250–2,720 for USA, Canada, Mexico, Saudi Arabia (Chemours Asia-Pacific $2,250 Jun-26; Kronos Asia/Africa/LatAm $2,300–2,400 Jul-26; North America indices Sep-26); SE Asia 2,120–2,180; NE Asia 2,050–2,080 (Sep-26). Freight: Drewry WCI Shanghai–Genoa $4,151/40ft (29 Oct 26), also proxy for Malaysia and Korea; Atlantic $2,000–3,500 and Red Sea $2,000–4,000 per 40ft (estimates); 25 t per 40ft. Rates: China–Turin €40–60/t; EU inland €60–120/t. Duties TARIC 3206 11 00: 6% erga omnes on CIF; 0% Canada, Korea, Mexico with proof of origin; AD Reg. (EU) 2025/4. EUR/USD 1.12. Excl. VAT; CBAM not applicable. Market ranges, not quotes.

ERA Group model [M2]. Bars show the estimated delivered-cost range; scores are illustrative and not live quotations.

The figure tells a story that many procurement teams have not yet internalised. A Chinese TiO^2 route that scored 4/5 on price attractiveness before anti-dumping can drop to **1/5 after it.** On **500 tonnes per year,** a **€0.74/kg** duty alone adds **€370,000** in annual landed cost — before any change in the underlying pigment price. Meanwhile, origins that were previously less competitive — Malaysia, Canada, Mexico — now occupy the top of the ranking. The procurement decision is no longer "Europe or China?" It is: which technically qualified origin offers the best usable delivered cost — and how does that answer change with every new trade measure, freight rate adjustment or capacity closure?

[11] OPIS / Chemical Market Analytics, Free allowance phaseout — EU chemical plant cost analysis, May 2025. [12] Cefic President Dr. Markus Kamieth, ETS reform statement, 30 June 2026. [13] VCI (German Chemical Industry Federation), investment data 2025–2026. [14] OECD, The potential effects of the EU CBAM along the supply chain, January 2025. [15] European Commission, CBAM certificate prices: Q1 €75.36, Q2 €75.28, Q3 €82.32 per tCO^2e. [M1] ERA Group, EU basic chemical closures mapping, Salone di Impresa 2026; 34 plants, 82 links, 19 value chains. [M2] ERA Group TiO^2 delivered-to-Turin model, Sep–Oct 2026. [M3] Illustrative TiO^2 cost pass-through: 500 t x €740/t AD = €370,000; 60% recovered = €222,000; 40% unrecovered = €148,000.

05 | The CPO blind spot: your suppliers may share the same supply chain

This is the risk that ERP systems cannot see. A CPO with four approved suppliers for epoxy resin can credibly report a diversified panel. But if three of those suppliers buy their epichlorohydrin from the same plant — the Westlake Pernis facility, for instance, which has now permanently ceased production — then the diversification exists on paper, not in reality. Two pigment manufacturers may rely on the same titanium feedstock route. Two gas distributors may depend on one purification unit. An independent invoice is not an independent supply chain.

Table 4 | Follow the industrial route from purchased material back to upstream bottlenecks

Purchased input	Upstream route to investigate	Critical shared disruption nodes
TiO^2 pigment	Titanium ores / slag → pigment process (chloride or sulphate) → finishing → distribution	Mineral / slag origin; process route; energy; pigment-grade qualification
Epoxy resins	Chlorine / propylene → ECH; phenol + acetone → BPA → epoxy resin → formulation	Chlor-alkali, ECH and BPA sites; Asia–Europe freight; technical approvals
PVC / vinyl products	Salt + power → chlorine / caustic → EDC / VCM → PVC → converter	Electricity, chlorine integration, VCM units and compounder qualification
Food-grade CO^2	CO^2-rich industrial stream → purification → liquefaction → delivery	Ammonia host-plant availability; purification and tanker capacity
PA 6,6 parts	Adipic acid + HMDA → polymerisation → compounding → finished part	Intermediate plants, polymers, additive package and qualification

The unit of supply-risk analysis must shift from "supplier" to **end-to-end producing route:** feedstock origin, intermediate plant, conversion site, utilities, logistical corridor and customer qualification. For every strategic input, the CPO should be able to answer five questions: **(i) where is it actually manufactured? (ii) where do the key feedstocks come from? (iii) which upstream nodes are shared across my supplier panel? (iv) how long would it take to qualify a truly independent route? (v) what inventory or contractual protection exists if a shared node fails?**

This level of visibility cannot be achieved by interrogating Tier 1 vendors alone. It requires cascading requests into Tier 2 and Tier 3, plant-level intelligence, direct dialogue with chemical producers and, in many cases, external expertise that internal procurement teams do not have the bandwidth or the market access to deploy. A supplier that cannot explain its own critical upstream dependencies should not be treated as a fully verified alternative.

Resilience is measured by the number of independently qualified routes from feedstock to final product — not the number of supplier codes in the ERP system.



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06 | The cost cascade: from chemical closure to lost competitiveness

The financial impact of a plant closure does not stop at the chemical buyer's invoice. It moves through the value chain in three distinct waves. The first wave is upstream: when local capacity is removed, buyers of affected grades lose negotiating alternatives and face higher European regional premiums, even in a globally oversupplied market — because the logistics, qualification and lead-time costs of switching to a distant source are real and immediate. The second wave arrives at the border: anti-dumping duties, ordinary tariffs, freight, energy surcharges and carbon costs stack up on imported replacements. The third wave travels downstream: converters and component suppliers attempt to recover higher input costs from their customers, who must then absorb, pass through or source differently.

Table 5 | How higher chemical input costs move through the European value chain

Chemical pressure point	First downstream cost exposure	Where the commercial burden travels
TiO^2: EU capacity exit + China AD	Pigment cost for paint, masterbatch, paper manufacturers	Coatings → furniture / construction; plastics → packaging → consumer goods
Epoxy: upstream exits + AD on Asian resins	Resin cost for coating and composite producers	Protective coatings, electrical equipment, wind components, infrastructure
Ethylene / propylene: cracker rationalisation	PE/PP import dependence; freight and regional basis	Converters → packaging / automotive / building → OEMs and brands
Ammonia / nitrogen: production contraction	Nitrogen fertiliser economics and availability	Agriculture → food processors → food distributors and retailers

A concrete example: a European coatings producer importing 500 t/year of TiO^2 at the €0.74/kg anti-dumping rate incurs €370,000 in additional pigment cost. Suppose it manages to recover 60% through selling-price increases: €222,000 is passed to its downstream customers, while €148,000 remains as direct margin pressure. Now consider this from the CEO's perspective: the same coatings producer competes with manufacturers in Turkey, India or Southeast Asia that buy equivalent pigment without any EU import duty. If the European firm absorbs the cost, EBITDA falls. If it passes the cost through, finished-product prices rise and exports become less competitive. Both paths erode the position of European manufacturing — and add further economic pressure on the remaining upstream chemical network that serves it.

The CPO sees the landed-cost increase first. The CFO sees its effect on EBITDA and working capital. The CEO sees it later — in customer pricing, export competitiveness and market share. The sequencing matters: the CPO who acts early gives the CFO better numbers and the CEO a stronger competitive position. That is why this issue requires a cross-functional response, not a purchasing-department project.

[11] OPIS / Chemical Market Analytics, Free allowance phaseout — EU chemical plant cost analysis, May 2025. [12] Cefic President Dr. Markus Kamieth, ETS reform statement, 30 June 2026. [13] VCI (German Chemical Industry Federation), investment data 2025–2026. [14] OECD, The potential effects of the EU CBAM along the supply chain, January 2025. [15] European Commission, CBAM certificate prices: Q1 €75.36, Q2 €75.28, Q3 €82.32 per tCO^2e. [M1] ERA Group, EU basic chemical closures mapping, Salone di Impresa 2026; 34 plants, 82 links, 19 value chains. [M2] ERA Group TiO^2 delivered-to-Turin model, Sep–Oct 2026. [M3] Illustrative TiO^2 cost pass-through: 500 t x €740/t AD = €370,000; 60% recovered = €222,000; 40% unrecovered = €148,000.



07 | CEO, CFO, CPO: three accountabilities, one operating plan

Table 6 | Board actions to protect margin, supply continuity and market position

Owner	Priority decision	Board-ready output
CEO	Protect strategic product lines and customer relationships; decide where price recovery, redesign or mix shifts are viable.	Customer / export exposure, price positioning and strategic responses.
CFO	Model input-cost inflation and contractual pass-through, alongside inventory and redesign investments.	Cost-to-serve waterfall, EBITDA sensitivities, cash impact.
CPO	Audit upstream common nodes, compare origins on landed cost, negotiate allocation and indexation terms.	Producer-to-feedstock map, customs / logistics scenarios, verified alternatives.
R&D / Ops	Reduce material intensity and qualify substitute recipes / grades.	Technically approved alternatives and quantified recurring savings.

The table assigns accountability. The timeline below makes it operational:

Day 30: identify the 20–30 critical material dependencies that carry the highest margin exposure. For each, document the actual upstream producer sites, applicable tariffs and the product margins they support. This is diagnostic: it tells you where the risk sits.

Day 60: stress-test the diversification. Which Tier 2/3 nodes are shared across your supplier panel? Build landed-cost models by origin, including duties and carbon costs. Model the customer pass-through: what percentage of a cost increase can you actually recover, and on which product lines? This is analytical: it quantifies the exposure.

Day 90: approve 5–10 measurable interventions — sourcing redesign, formulation alternatives, contract restructuring, selective inventory buffers — with named owners, investment criteria and a timeline. This is execution: it converts analysis into margin protection.

Four metrics make the risk actionable at board level: (i) contribution margin exposed to a single upstream node; (ii) share of critical products with two independently qualified supply routes; (iii) unhedged annual import-duty and freight exposure; (iv) percentage of raw-material inflation contractually recoverable in customer prices.

1] Cefic / Roland Berger, European Chemical Closures & Investments Radar 2022–2025, January 2026. [2] Cefic, Chemical Trends Report Q3 2026, 5 October 2026. [3] BASF, Ludwigshafen structural adjustment announcement, 29 August 2024. [4] Westlake, 2025 Annual Report (Pernis permanent cessations). [5] Tronox, Botlek intent to idle announcement, 17 March 2025. [6] Dow, European asset decisions, 7 July 2025.[7] European Commission, TiO_2 trade-defence measures, 9 January 2025; Reg. (EU) 2025/4. [8] European Commission, epoxy resin measures, 28 July 2025; Reg. (EU) 2025/1505. [9] Deloitte Insights, The domino effect: Implications of chemical plant closures on supply chains, 27 May 2026. [10] EIA, ICE TTF front-month, World Bank Pink Sheet — gas price data as of October 2026. [11] OPIS / Chemical Market Analytics, Free allowance phaseout — EU chemical plant cost analysis, May 2025. [12] Cefic President Dr. Markus Kamieth, ETS reform statement, 30 June 2026. [13] VCI (German Chemical Industry Federation), investment data 2025–2026. [14] OECD, The potential effects of the EU CBAM along the supply chain, January 2025. [15] European Commission, CBAM certificate prices: Q1 €75.36, Q2 €75.28, Q3 €82.32 per tCO^2e. [M1] ERA Group, EU basic chemical closures mapping, Salone di Impresa 2026; 34 plants, 82 links, 19 value chains. [M2] ERA Group TiO^2 delivered-to-Turin model, Sep–Oct 2026. [M3] Illustrative TiO^2 cost pass-through: 500 t x €740/t AD = €370,000; 60% recovered = €222,000; 40% unrecovered = €148,000.

Conclusion | The companies that act first will gain the strongest position

This disruption will create serious challenges for downstream manufacturers across Europe. But the companies that react promptly — redesigning sourcing, diversifying upstream routes, renegotiating material economics — can build a real competitive gap over rivals in the EU market and stay aligned on global ones.

Most chemicals will remain available globally. The real question is whether your company will access them on competitive terms. When a local production route disappears — a feedstock plant, an intermediate supplier, a qualified formulation source — the material does not vanish. But your negotiating position, delivery reliability and cost structure change.

The competitive advantage will belong to companies that understand their **real industrial dependencies** — from feedstock origin to final delivery — and act on that knowledge. Early movers will secure independent upstream routes, renegotiate under better information and protect delivery continuity — turning an industry-wide challenge into a company-specific advantage.

What your company should do now

Map your real upstream dependencies. Trace each critical material back through its producing route — feedstock, intermediate, conversion site, logistics corridor. Identify the common nodes that create hidden single points of failure, even where your supplier panel looks diversified.

Rebuild your landed-cost models. As the TiO^2 case in this article shows, the "cheapest origin" changes when anti-dumping duties, tariffs, freight and carbon costs are layered in. Every critical input needs an origin-by-origin scenario based on real delivered cost, not FOB price.

Qualify genuinely independent alternatives. Run structured, competitive procurement processes that expand the qualified supplier base and create real alternatives — not additional invoice addresses for the same upstream plant.

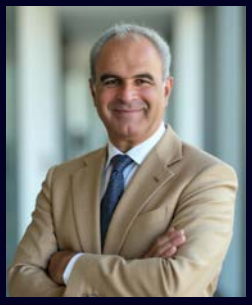
Redesign your contracts for volatility. Indexation clauses, allocation guarantees, force majeure terms and price-review triggers: in a market where closures and trade measures can shift the cost base overnight, contract architecture matters as much as the unit price.

This is the kind of work that requires deep chemical-industry procurement expertise, current market intelligence and a global supplier network — capabilities that internal teams, focused on day-to-day operations, rarely have the bandwidth to deploy at the required depth. **ERA Group** has built precisely this capability: sector-specialist consultants in chemical raw materials, industrial gases, polymers and specialty chemicals, with documented cost reductions of 20–31% in comparable engagements and a success-fee-only model that aligns our compensation with verified results.

The companies that will emerge strongest from this transition will not be those absorbing cost inflation most patiently. They will be those that redesigned their supply chains while the window was open — and turned a structural challenge into a lasting competitive edge.

About ERA Group

This briefing was developed by ERA Group as part of its executive intelligence program on critical procurement risk. ERA Group is a global cost management consultancy with specialist expertise in chemical and materials procurement, operating across direct and indirect spending categories. ERA's chemical procurement specialists support clients in identifying cost optimization opportunities while maintaining supplier quality, compliance and supply resilience.



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Luca holds a degree in Chemical Engineering and a PhD in Materials and Industrial Production Engineering. He has over 25 years of leadership roles in the aerospace and chemical industry. As Partner in ERA Group, he focuses on optimizing chemical raw material spending and global supply chain, with an extensive track record of cost optimization projects delivered across Europe, China, India, and South America.

To discuss how ERA Group can support your chemical procurement strategy:

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