

Cefic recommendation to establish a dedicated Public Private Initiative to promote investments for the modernisation of the European chemical industry

As the EU prepares its next Multiannual Financial Framework (MFF 2028–2034), alongside proposals for the European Competitiveness Fund (ECF) and Horizon Europe (HE), discussions in the Council and the European Parliament are focused on strengthening Europe's industrial competitiveness and scaling up strategic technologies. While high quality fundamental research and collaborative R&I remain essential to the advancement of future technologies, it is now critical to implement effective funding mechanisms that ensure Europe's industrial competitiveness and strategic autonomy. Cefic welcomes this ambition and sets out its recommendation for a dedicated Public-Private funding Initiative within the ECF: an initiative designed to accelerate the modernisation of Europe's chemical industry towards a climate neutral and circular economy, while restoring competitiveness and resilience.

Specifically, we recommend:

1. Create a Dedicated Public Private Funding Initiative for the modernisation of the European chemical industry

Establish an initiative between the chemical industry and the public sector within the European Competitiveness Fund, offering an appropriate leverage/impact ratio of the EU contribution and delivering on the EU's strategic agenda. Projects should be deployable in the next MFF (2028–2034). A new type, that is different compared to the current Public Private Partnerships is needed to address the deployment gap within EU. This new dedicated initiative would be a combined effort of public funding, private and institutional investment into projects adhering to EU strategic priorities.

2. Ensure complementarity and mobilise finance

Align and top up EU-level and national/regional funding, leveraging National Partnership Programmes and the Clean Industrial State Aid Framework, while mobilising private and institutional finance via the ECF's Competitiveness Coordination Tool.

Background

The EU [Strategic Agenda 2024-2029](#) highlights the need to address Europe's structural investment and scale-up gap, particularly in sensitive and strategic sectors and key technologies of the future, including biotechnologies and chemicals. The Draghi report notes that while Europe generates world-class research results, it struggles with deployment and commercialisation and thus innovation, partly due to fragmented and unpredictable public support, leading to investments being made outside Europe.

The Competitiveness Compass calls for simplified and targeted funding for clean technologies and energy-intensive sectors. The [European Chemicals Industry Action Plan](#) explicitly supports

“a dedicated public-private initiative to promote investments for the modernisation of the chemical sector,” echoed by the Competitiveness Council Conclusions (23 October 2025) which stress the need to modernise and decarbonise the European industry, “with particular attention to chemicals.”

The chemical industry is at the heart of the EU economy, contributing to more than 96% of manufacturing goods, with indispensable products for numerous value chains and strategic applications, such as pharmaceuticals, defense, clean tech and digital, and a sector which can enable greenhouse gas emissions reductions across other sectors as well as its own.

Despite its contribution, our industry faces challenges that threaten its competitiveness. Energy prices remain significantly higher than in competing regions; capacity utilisation rates have fallen to 75%; and between 2022 and 2025, the announced closed capacity in the EU-27 chemical industry has reached 32 million tonnes, representing around 8% of the EU-27 chemical production ([source](#)). Europe accounts for just 10% of global chemical CAPEX, while China represents 47%. Although R&I spending is 22% above pre-crisis levels, it has stagnated at €10.4bn over the past two years ([source: Cefic Facts & Figures](#)).

Innovation is crucial for the chemical industry's clean transition. To unlock high-value investments in Europe and safeguard global competitiveness, targeted EU-level de-risking measures are now essential.

The combined ECF and Horizon Europe structure creates a new pathway from research to demonstration to deployment. While Horizon Europe supports early-stage and collaborative research, the ECF is designed to support demonstration, first-of-a-kind industrial plants, and deployment. For long-cycle, high-capex sectors such as chemicals, this support is decisive. To mobilise investment at scale and accelerate the chemical industry's clean transformation, Europe needs a predictable and dedicated mechanism within the ECF to de-risk investments in innovative technologies during the next MFF period. Through the ECF and this Dedicated Public Private Initiative, the EU can send a strong signal to global investors: that Europe is committed to the future of its chemical industry and to supporting its transformation and long-term competitiveness.

Cefic stands ready to work with EU institutions to shape a simpler, focused and strategic funding instrument that strengthens Europe's chemical industry.

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About Cefic

Cefic, the European Chemical Industry Council, is the forum of large, medium and small chemical companies across Europe, accounting for 1.2 million jobs and 13% of world chemicals production. On behalf of its members, Cefic's experts share industry insights and trends, and offer views and input to the EU agenda. Cefic also provides members with services, like guidance and trainings on regulatory and technical matters, while also contributing to the advancement of scientific knowledge.