Chembusters!

Something Strange in the Neighbourhood? 👻 Busting Distortions Across EU Chemical Value Chains

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On 6 November 2026, the European Commission *(Commission)* initiated a safeguard *(SG)* investigation into imports of PET resin and its upstream chemicals, i.e., terephthalic acid *(TA)*, mono-ethylene glycol *(MEG)* and purified isophthalic acid *(PIA)*. Less than three weeks later, on 23 November 2026, a second SG investigation followed on composite input materials, covering glass fibre reinforcements, composite resins (e.g., epoxy, unsaturated polyester and vinyl ester resins) and resin inputs such as epichlorohydrin, isophorone diamine and maleic anhydride. These are the first European Union *(EU)* SG investigations on chemical value chains, and they come amid record trade defence instruments *(TDI)* activity and brand-new critical chemicals and diversification agendas. This briefing explains how the EU is gearing up to bust distortions in chemicals, with criticality as its compass, and what that means for your business.

Background

Upfront learning point for businesses: The Commission is busting the distortions on the chemicals trade flow caused by imports into the EU more often than ever. The Commission may be currently experimenting a layered protection consisting of the anti-dumping *(AD)* or anti-subsidy *(AS)* measures, followed by SG applying in principle to all origins, and broader regulatory initiatives currently in the cooking. Taking part in TDI processes is what makes measures workable. The Commission weighs each stakeholder's interest and evidence and adapts the form of measures accordingly.

The EU chemical industry has been sounding the alarm for at least two years. CEFIC reports 37 million tonnes of EU capacity closed since 2022 (~9%) and ~20 000 jobs lost, with its Director General describing a sector "under severe stress and breaking". The Commission notes that its contacts with the industry "are indicative of the increasing pressure in that sector", as China's share of EU chemical imports doubled in a decade to 18%. The Commission's 44th Annual TDI Report shows that the EU initiated 32 investigations in 2025, nearly matching the record of 33 set in 2024, against a historical average of 12. Chemicals accounted for 12 of them, iron and steel for 9. Over 2021–2025, chemicals led with 32 initiations against 26 for steel. Steel still dominates the stock of measures in force (almost a third, against almost a quarter for chemicals), but the flow has already turned. 2026 confirms the trend, with new AD cases on acetylsalicylic acid, polyvinyl chloride, polyvinyl alcohols, cellulose ethers, furfuryl alcohol, polyvinylidene fluoride,

polyether polyols, polyamide-6, aliphatic-aromatic copolyesters as well as the SG investigations on PET and composite input materials. Mapped against the EU's customs nomenclature, these cases appear to cover 5 of the 14 headings for plastics in primary forms (3904, 3905, 3907, 3908 and 3912), with heading 3907 alone targeted three times. Every one of the new AD cases is cut out at TARIC level, which suggests that the Commission is working its way through the chemicals' chapters molecule by molecule, while the two SGs take in entire CN codes along one chain. Moreover, according to the report, every expiry review the Commission concluded kept the measures in place, which means the industry seeks continued protection.

Recent scholarship shows that steel and base metals still sit at the core of EU TDI practice, ending in a sector-wide wall: the 2018 steel safeguard, replaced from 1 July 2026 by the permanent Steel Overcapacity Regulation (for further information, please refer to BLOMSTEIN's earlier briefing, "Steel, Still Standing"). Chemicals, however, are a different kind of ghost: with thousands of molecules and very diverse downstream uses, they cannot be walled in the same way. The PET SG investigation shows the model emerging instead, i.e., instruments along one value chain. PET from China already faces AD duties and PET from India anti-subsidy (*AS*) duties, while the upstream inputs are covered by AD duties on TA from Korea and Mexico (for further information, please refer to BLOMSTEIN's earlier briefing, "PET Peeves") and on MEG from Saudi Arabia and the USA. The SG now adds an *erga omnes* layer over the entire chain, catching imports whatever their source. The composites SG follows the same approach, laying an all-origins layer over the existing AD and AS measures on glass fibre reinforcements and epoxy resins. In other words, rather than chasing one ghost at a time, the Commission may now be sealing off the whole building.

Faster TDI & Users at the Table

On 28 October 2025, the Commission launched the Critical Chemicals Alliance ***(CCA)*** under the Chemicals Industry Action Plan as a forum of companies, associations, Member States, regions and trade unions, working in four groups: critical molecules and sites, trade, investment, and lead markets. One year on, in October 2026, the CCA's General Assembly endorsed a list of 49 critical molecules (e.g., ammonia, chlorine, ethylene, benzene), which the Commission will narrow to around ten, and the Commission's trade defence services sit at the table.

One of the most relevant outputs for businesses is the report of Working Group 2 on trade, published on 8 October 2026, with an action plan for Q4 2026 to Q3 2027 including: (i) faster initiation and conclusion of TDI investigations, and a fast-track for critical molecules in "last man standing" situations, (ii) methodological changes, such as return on capital employed for the target profit, recognition of EU regulatory costs and a broader particular market situation ***(PMS)*** clause, and (iii) legislative changes, namely dropping

the lesser duty rule ***(LDR)*** for non-reciprocating countries, stronger anti-circumvention rules and SGs adopted unless a qualified majority of Member States opposes them.

Technically, some of these proposals would be easier to implement than others. Provisional duties can already be imposed up to eight months after initiation, so faster timelines are mostly a matter of resources and practice. Registration from day one sounds tough, but the Commission has already been registering imports from very early stages of the investigation following a recent policy shift (for more information, please refer to BLOMSTEIN's earlier briefing, Damocles at the Docks), and duties can only be collected retroactively under strict conditions. Likewise, the Basic Anti-Dumping Regulation ***(BADR)*** already lets the Commission set aside the LDR where raw materials, including energy, are distorted. Therefore, dropping it for non-reciprocating countries (i.e., where LDR is not applied at all) would not completely sideline the current practice, but it would certainly add an additional playground on setting final duties at higher levels. The other proposals may prove harder to crack. Reflecting purely EU-specific regulatory costs such as REACH compliance on the exporters might require new legislation. Similarly, a broader PMS clause might bring along significant litigation risk by other WTO members, as WTO case law tends to limit how far an authority may disregard an exporter's recorded costs. Finally, adopting SGs unless a qualified majority objects would mean amending Article 5(4) of the Comitology Regulation. In brief, critical status may offer speed, priority and weight in the Commission's reactiveness. However, it may not be able to lower the thresholds for proving dumping, injury and causation.

None of these initiatives ghost-traps downstream users. In our view, the users' views and participation are getting even more critical. In Titanium dioxide from China, the Commission opted for fixed-amount duties precisely to soften the impact on heavily dependent users. Furthermore, in Alkyl phosphonic acids from China, the Commission noted that "geopolitical tensions only underscore the importance of local supply sources" to highlight the importance of supply security for downstream industries. The CCA reinforced this understanding by calling for automatic alerts to downstream users and simpler Union interest questionnaires to facilitate the participation of the latter.

Beyond TDI: the rest of the proton pack

The Industrial Accelerator Act ***(IAA)***, proposed on 4 March 2026, names "chemicals and chemical products" and "rubber and plastic products" among its strategic energy-intensive sectors. In the context of the IAA, where a single third country holds more than 40% of global capacity in a strategic sector, investments above EUR 100 million would have to come with technology transfer, local requirements and at least 50% EU workers. With China already making 46% of global chemical sales, Chinese plants in Europe may also be exposed to this tool. Moreover, the "Made in EU" and low-carbon requirements for public procurement (from 2029) and support schemes may also potentially include chemicals in the future.

The trade diversification package due on 9 December 2026 goes one step further. DiversifyEU is meant to be "evidence-based, supply chain specific and country neutral" and targets strategic dependencies rather than dumping or overcapacity, possibly also addressing rules of origin and transshipment. Options currently discussed include tariffs that make sourcing from a dominant supplier costlier, and access to public contracts and subsidies for those who diversify. For chemicals, this would be the first tool needing no proof of dumping, subsidy or injury, as the dependency itself will be the ghost to bust.

Furthermore, the Critical Medicines Act, provisionally agreed on 12 May 2026, applies resilience criteria and a preference for EU manufacturing in procurement to active pharmaceutical ingredients (the new AD case on acetylsalicylic acid fits that picture), and the Critical Raw Materials Act already offers a separate layer of regulation on critical molecules in the EU. In addition, the CBAM review found that including certain chemicals and polymers would be technically feasible, with the next decision point at the end-2027 review.

EU producers should check where their molecule sits in the chain and build monitoring data early. Users and importers should map their exposure at each layer and come forward early. Everyone should watch the 9 December package, the IAA negotiations, the critical molecules shortlist and the CBAM review altogether. The Commission has charged its proton packs and is ready to bust. Whether you end up making the call or being busted, the earlier you get ready, the less slime you will have to clean up.

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BLOMSTEIN will closely monitor further developments and keep you informed. If you have any questions on the topic, Leonard von Rummel and Uğur Can Hekim and the entire team is ready to assist you.

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