NEWSletter

CNC NCK

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# The Future of the Chemical and Pharmaceutical Industries in Belgium and Europe

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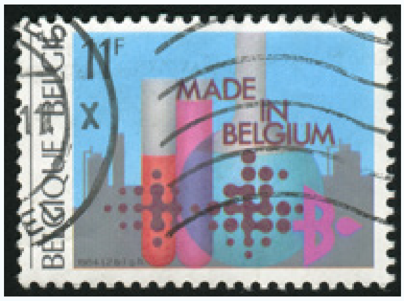
Until a few years ago, the chemical and pharmaceutical industries were among Belgium's industrial flagships. These industries were highly successful and employed highly qualified personnel. Through the taxes they paid, these employees contributed to general prosperity.




Since then, however, things have changed considerably.

## Chemical industry

The transport group H. Essers, which specialises in the logistics of chemical and pharmaceutical products, is in a privileged position to observe these changes. The group has made the following observations :

Exports, mainly of basic chemical products, have declined sharply. Chemical production capacity in Europe fell by 9% between 2022 and 2025, with an even greater decline in basic chemicals. The main reasons are high energy costs and the dumping of products from China, which are no longer being exported to the United States because of tariffs and are consequently being redirected towards Europe. Apart from major investments that were decided before the crisis — such as the INEOS cracker and Covestro's aniline plant — there are no longer any major new investments in Belgium.

Imports of basic chemical products from China and the Middle East have increased sharply.

### My observations on the Belgian chemical industry

During my 25-year professional career in specialty chemicals, and more particularly in specialty polyester chemistry, I first witnessed the disappearance of competitors whose technology had become outdated, such as Rhône-Poulenc. I then saw customers in the textile industry disappear following China's accession to the World Trade Organization (WTO), which was followed by the elimination of customs duties.

More recently, I watched with dismay as a European company active in the specialty polyester sector — what the Germans would call a *Wettbewerber* or *Mitbewerber*, in other words, a competitor — decided to discontinue its activities in this field. This resulted in the loss of 300 jobs and €150 million in turnover, because the business was no longer profitable in the face of Chinese competition.

And this is just one example among many. Recent examples in Belgium include the judicial reorganisation of Vynova, the bankruptcy of Domo Chemicals and the closure of PB Leiner.

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## What needs to be done: the views of experienced observers

How can we save what remains of our industrial base?

This depends primarily on the cost of energy. And here, the options are limited. Apart from natural gas, the only dispatchable energy source — meaning energy that is available whenever it is needed — is nuclear power. Solar power depends on the sun and wind power on the wind. In industry, natural gas should preferably be used as a chemical feedstock rather than simply as an energy source.

Dan Wang's book Breakneck provides valuable insights into mistakes made by American, but also European, industrial companies. These companies are no longer managed by "engineers obsessed with quality and safety", but increasingly by financial managers, often coming from American consulting firms.

Every plant closure means the loss of production talent and know-how. Unfortunately, American — and European — economists do not seem to recognise that there is something fundamentally different about moving from a production-based economy to a service-based economy.

In a recent article, Koen De Leus, Chief Economist at BNP Paribas Fortis, described how China first disrupted industries with relatively low added value and is now targeting the core of our industrial base. This is precisely what I have witnessed in the specialty polyester sector.

## Pharmaceutical industry

The future of the pharmaceutical industry in Belgium, one of the engines of our economy, is not guaranteed either.

The success of the companies operating in Belgium is based, among other things, on our strong capabilities in clinical trials, support for research and development, collaboration between companies and research and healthcare institutions, as well as a strong historical industrial base — including UCB, GSK and Johnson & Johnson — and investments by foreign companies such as Pfizer.

But these strengths are under threat.

Other countries have caught up with Belgium in the field of clinical trials. Measures supporting research and development are also under threat.

## The future of chemicals and pharmaceuticals in Europe

The European Union must not become merely a pale copy of French bureaucracy. Nor should it become a machine managed by people hostile to industry and by individuals who have never worked in the private sector, but who are nevertheless very good at preventing or delaying innovative developments — such as, for example, INEOS's new cracker.

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## What should we do for the future?

I have personally spent my professional career first in the pharmaceutical industry and subsequently in specialty chemicals. I draw the following conclusions from these experiences.

In pharmaceuticals, research is of fundamental importance. When a company does not have the products it needs as a result of its own research, it must acquire products in development elsewhere and make the right choices when doing so.

In chemicals, internationalisation was essential during the 1970s to 1990s, not only at European level but also globally, through the exchange of technologies. Today, while innovation remains essential, the priority must above all be to protect our market against unfair competition.

To those who wish to live in a world without chemical innovation, I would echo the words of Christian Faitz of Kepler Cheuvreux: they should learn to live like Neanderthal man.

Despite the clouds hanging over the sector today, I wish our colleagues working in the chemical and pharmaceutical industries every success for the future.

The CNCK will continue to defend them, as well as the industries in which they work.