



How Europe's **chemical industry** can find a stable formula in 2026

State of play

For Europe's chemical industry to regain its competitive edge in 2026, the challenges are well known.

- **High production costs** driven by energy prices that are far higher than in the US. Natural gas, for example, can cost several times more in Europe.
- **Regulatory and carbon pressure:** Strict environmental standards and carbon costs increase operating expenses, particularly for commodity and petrochemical producers, who face the most acute pressure.
- **Erosion of global market share** over the past two decades, alongside sustained underperformance of sector stocks versus broader European indices.

For 2026 to mark a turning point and the beginning of recovery, players need to take advantage of several trends and opportunities

4 trends to make 2026 a pivot year

1. Operational Transparency as a Differentiator in M&A

2025 saw many assets and companies change hands and the next few years will see the trend intensify. The opportunity: buyers are paying for certainty rather than scale alone. The ability to demonstrate trusted asset data, compliant operations and rapid due diligence is becoming a decisive factor in valuation and integration risk.

How companies can benefit:

Companies that are able to connect engineering, asset and operational data in a single digital twin can not only improve their performance, but also sell at a premium by shortening due diligence and reducing integration risk.

2. Regulation as a Signal for Capital Allocation

With many new regulations coming into force, from PFAS bans to microplastics reporting and carbon pricing, investment is steered toward clean materials, new production lines and reformulation capabilities.

How companies can benefit:

By managing regulatory requirements within **connected engineering and operational systems**, companies can assess the cost and impact of compliance earlier, prioritize capital where it matters and move faster than peers when demand shifts.

3. Circularity and CCUS Moving from Pilots to Proof

In 2026, circularity shifts from ambition to execution. Coming into effect in 2026 amid deep divisions, the Carbon Border Adjustment Mechanism (CBAM) is making lifecycle economics more visible at scale.

How companies can benefit:

By using lifecycle data and digital models to evaluate circular and CCUS projects before committing capital, companies can identify which facilities are economically viable and focus investment where proof at scale is achievable.

4. Productivity and AI as Structural

2026 should be the year the conversation shifts from "we need AI" to "we need AI that delivers measurable gains in labor productivity at scale." Today, execution gaps in AI strategies remain widespread. When well implemented within existing tools, AI is reducing downtime, maintenance spend and project risk.

How companies can benefit:

By applying AI to connected asset and operational data using trusted AI agents such as HxGN Alix, companies can shift from reactive maintenance and manual coordination to more predictable operations and lower costs.

See what they achieved - and what you can expect

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