

EU27 Chemical Industry: Latest Developments:

EU chemical industry is making slow strides forward

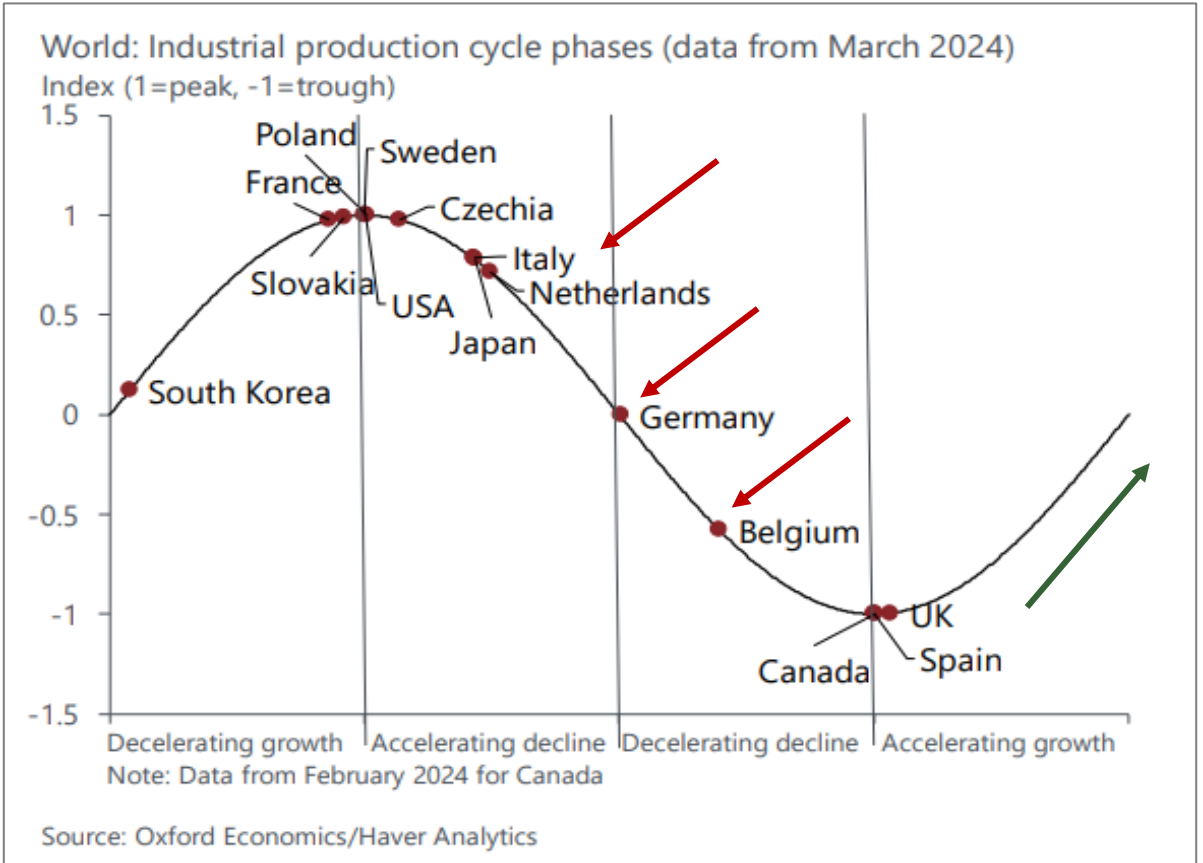
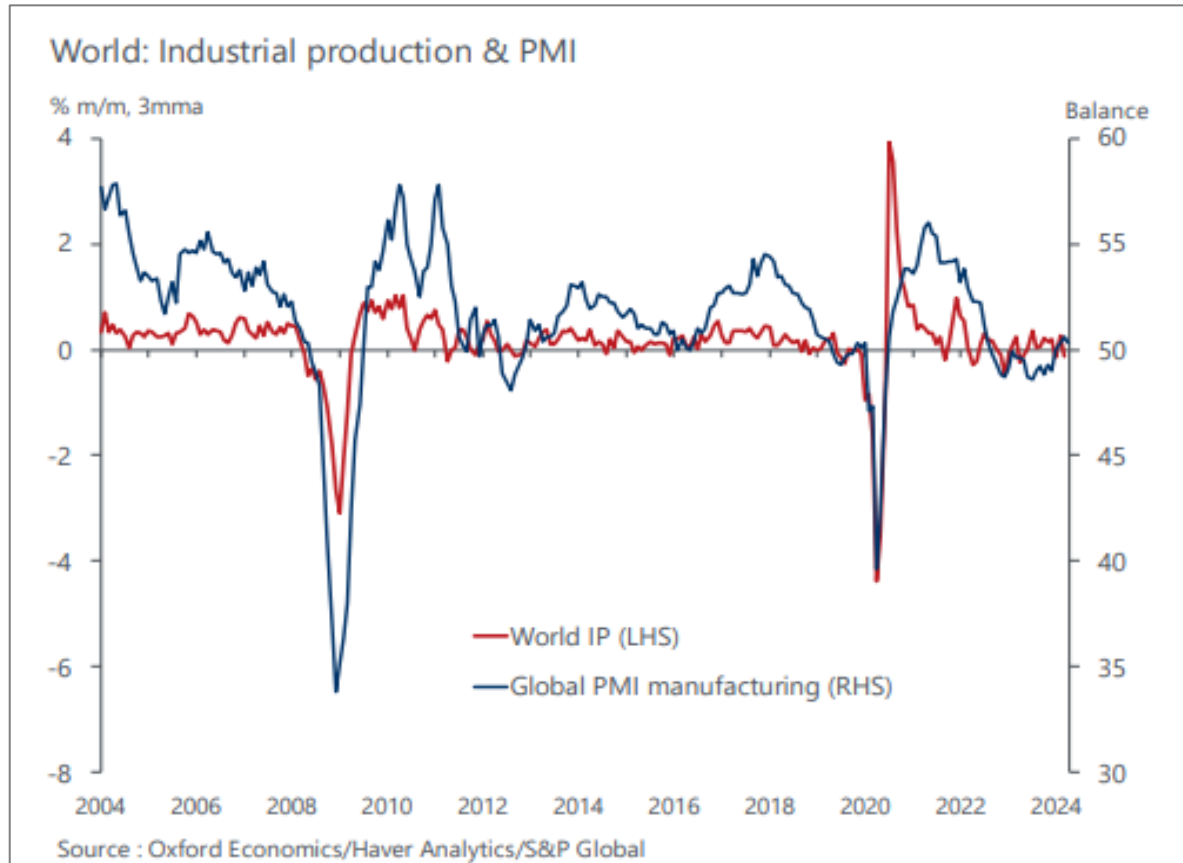


4th July 2024

Dr Moncef Hadhri
Economic Affairs
mha@cefic.be



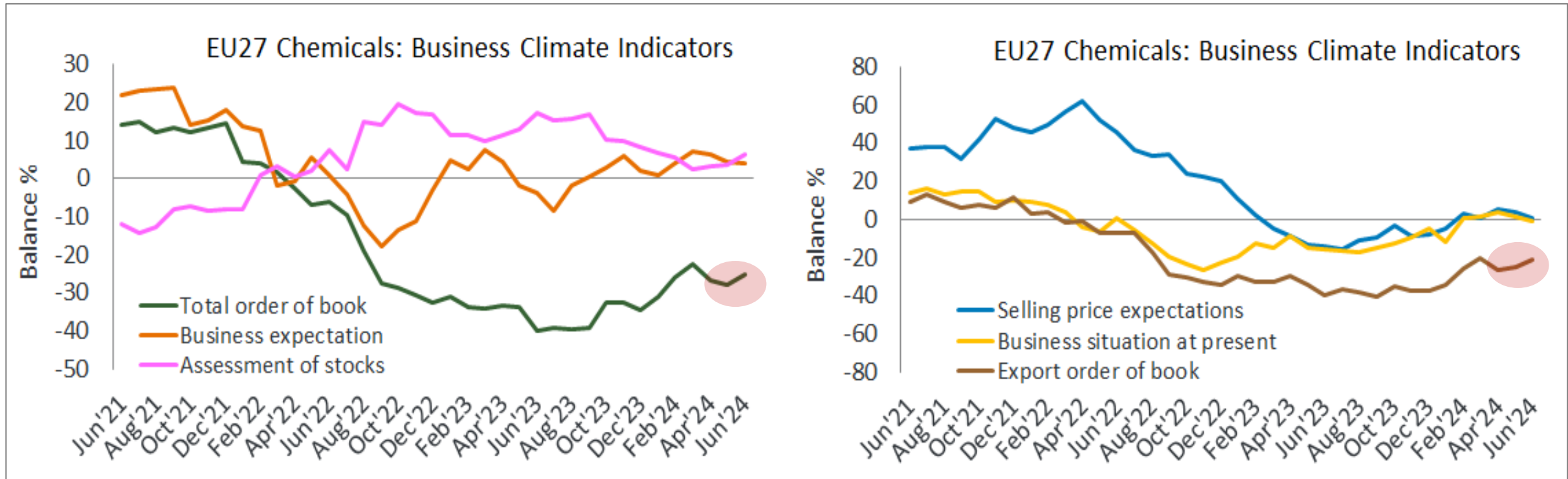
Industrial production in many developed economies has bottomed out and entered a period of growth; the EU situation is patchy



Data shows starkly how Europe is the lagging force globally: the tracker sees Germany, Italy, and Belgium, among others, as still caught in the contractionary phases of the industrial business cycle while others while others, most prominently the UK, South Korea, and the US are poised for or experiencing an upturn

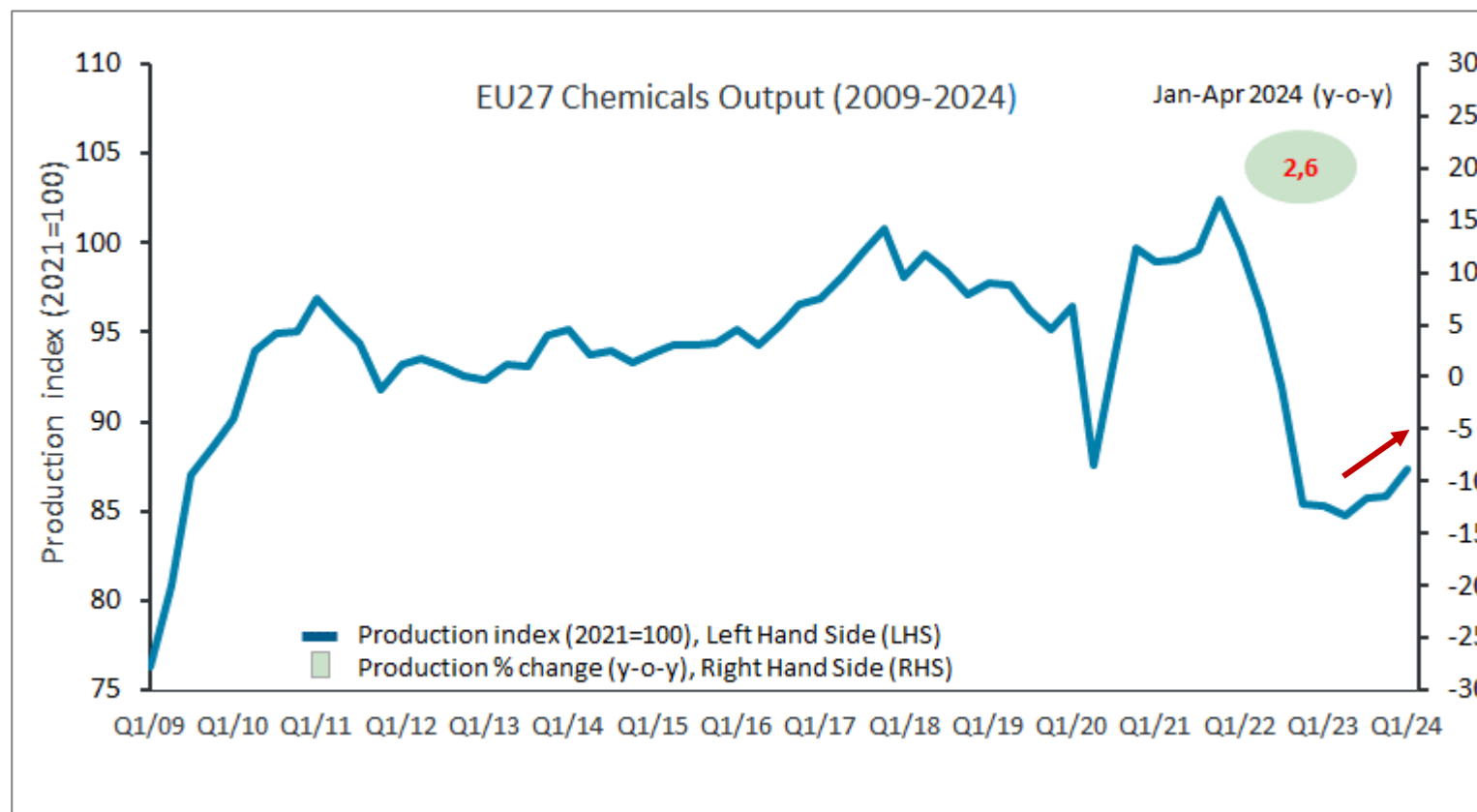
Source: Oxford Economics Monthly Report (May 2024)

The current level of overall order books shows a slight improvement in June 2024



Source: EU Commission business and consumer survey results: Answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

EU27 chemicals production on the road to recovery in 2024

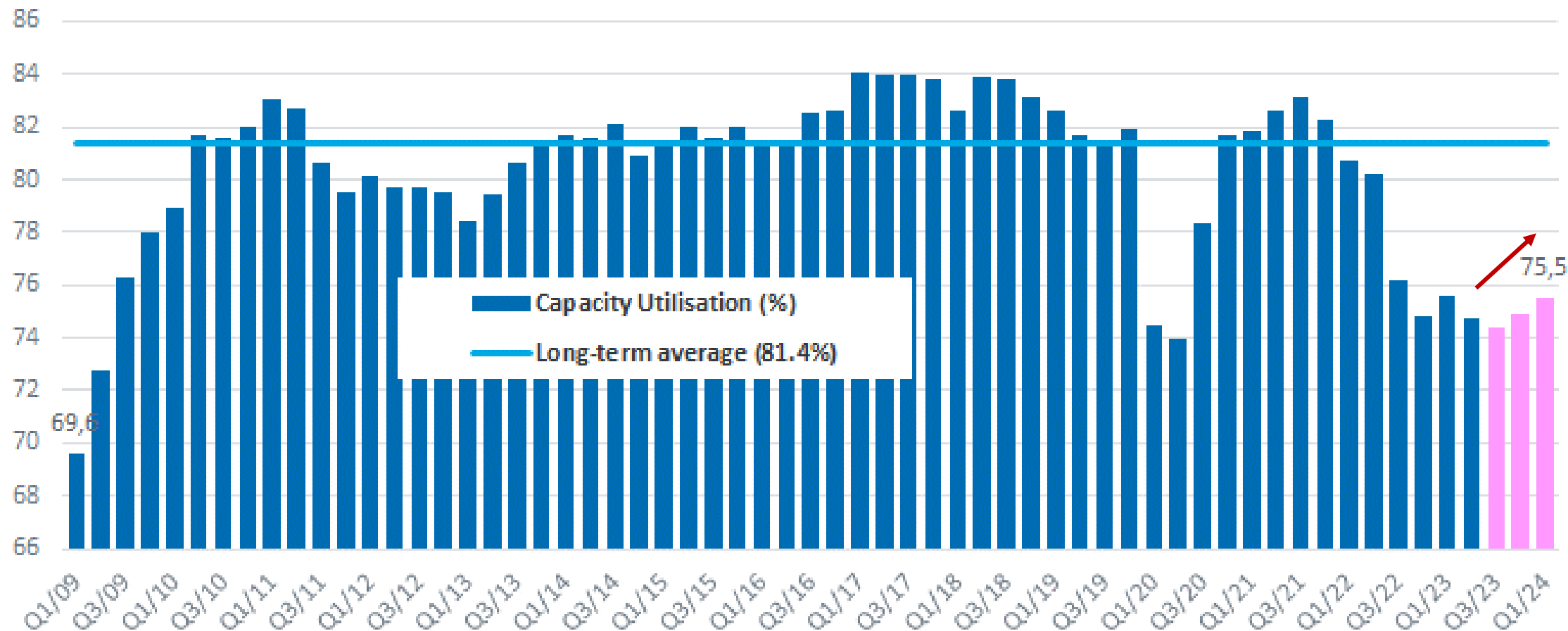


EU27 Chemicals	Production index	% Change (y-o-y)	% Change (p-o-p)
Q1/19	97,7	-0,4	0,6
Q2/19	97,6	-1,9	-0,2
Q3/19	96,2	-2,2	-1,4
Q4/19	95,2	-2,0	-1,1
Q1/20	96,4	-1,4	1,3
Q2/20	87,6	-10,2	-9,1
Q3/20	93,7	-2,6	7,0
Q4/20	99,7	4,8	6,4
Q1/21	98,9	2,7	-0,8
Q2/21	99,1	13,1	0,1
Q3/21	99,6	6,3	0,5
Q4/21	102,4	2,7	2,8
Q1/22	99,7	0,8	-2,6
Q2/22	96,2	-2,9	-3,5
Q3/22	92,0	-7,7	-4,4
Q4/22	85,4	-16,6	-7,2
Q1/23	85,3	-14,5	-0,1
Q2/23	84,7	-12,0	-0,7
Q3/23	85,7	-6,8	1,2
Q4/23	85,8	0,5	0,1
Q1/24	87,3	2,4	1,8



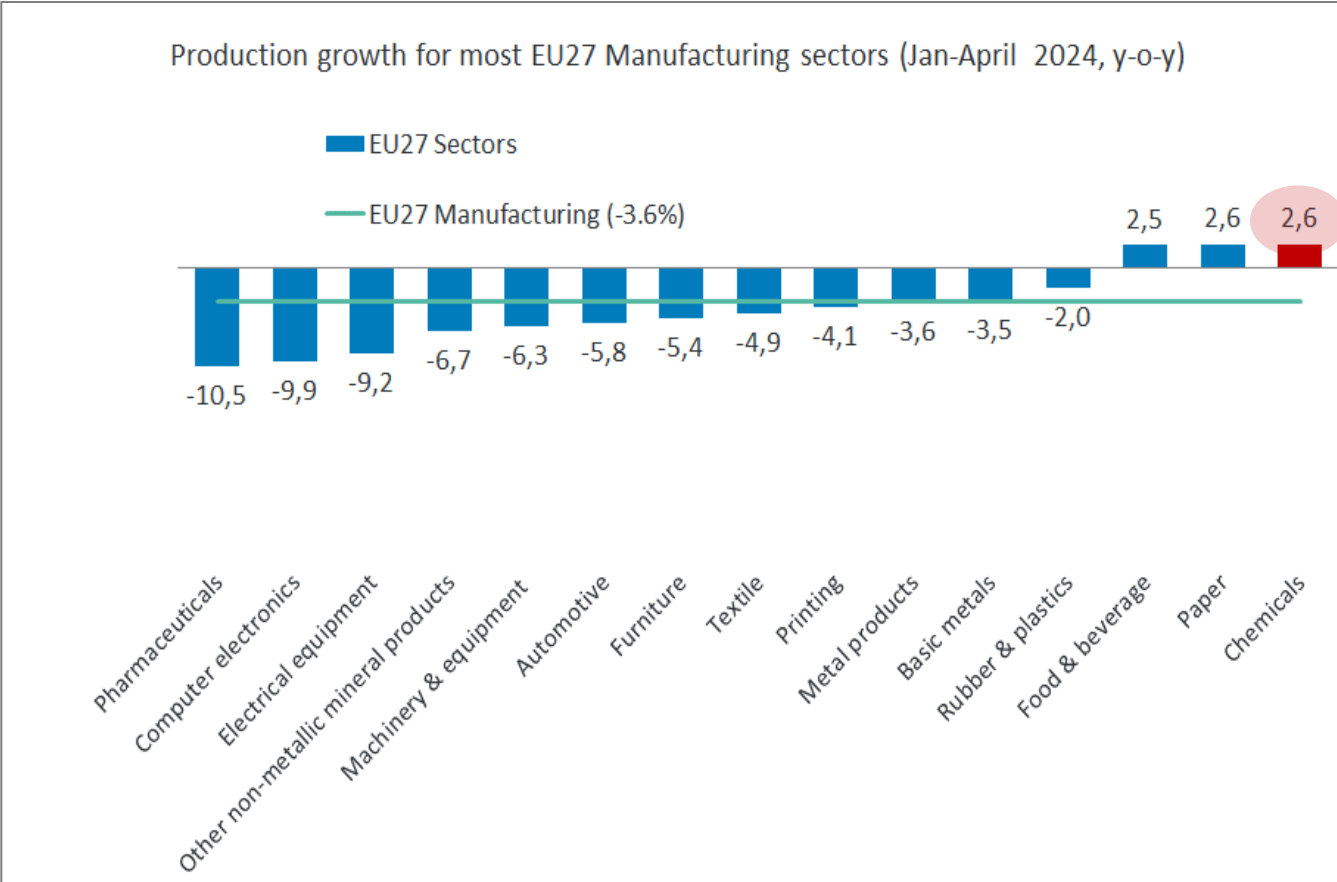
EU27 chemicals capacity utilisation improves after the Q1-2023 'low'

EU27 chemical industry capacity utilisation (%)



Source: Eurostat and Cefic Analysis 2024

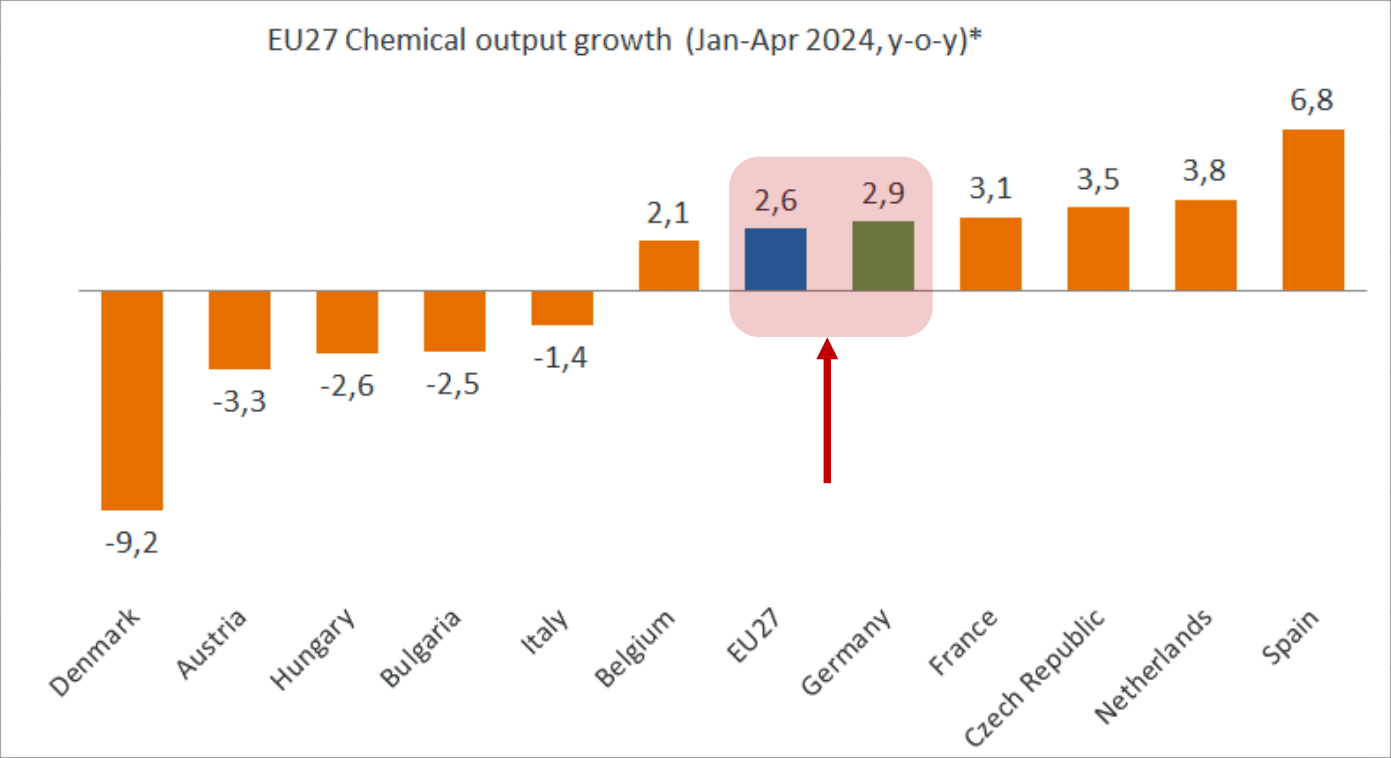
EU27 chemical industry output outperforms other EU27 manufacturing sectors (Jan-Apr)



EU27 output growth by sector	Production growth in %		April		Production growth (2024) in %
	2022	2023	Jan-Apr-23	Jan-Apr-24	Jan- April 2024 (y-o-y)
Pharmaceuticals	-4,2	3,4	136,3	122,0	-10,5
Computer electronics	-0,8	-9,9	105,9	95,3	-9,9
Electrical equipment	1,0	0,6	108,8	98,7	-9,2
Other non-metallic mineral products	-1,5	-11,7	92,8	86,6	-6,7
Machinery & equipment	2,3	-1,4	108,4	101,6	-6,3
Automotive	5,1	11,3	118,8	111,9	-5,8
Furniture	-2,6	-7,8	93,4	88,4	-5,4
Textile	0,1	-7,0	93,6	89,1	-4,9
Printing	-1,3	-9,5	89,8	86,1	-4,1
Metal products	-0,6	-2,3	99,2	95,6	-3,6
Basic metals	4,9	-4,9	91,8	88,5	-3,5
Rubber & plastics	4,2	-4,3	95,2	93,3	-2,0
Food & beverage	16,6	-1,3	100,6	103,1	2,5
Paper	-1,2	-9,8	90,0	92,4	2,6
Chemicals	-5,8	-8,2	85,2	87,4	2,6
Manufacturing	2,2	-1,4	103,7	99,9	-3,6
Construction	2,7	-0,2	105,0	104,0	-0,9



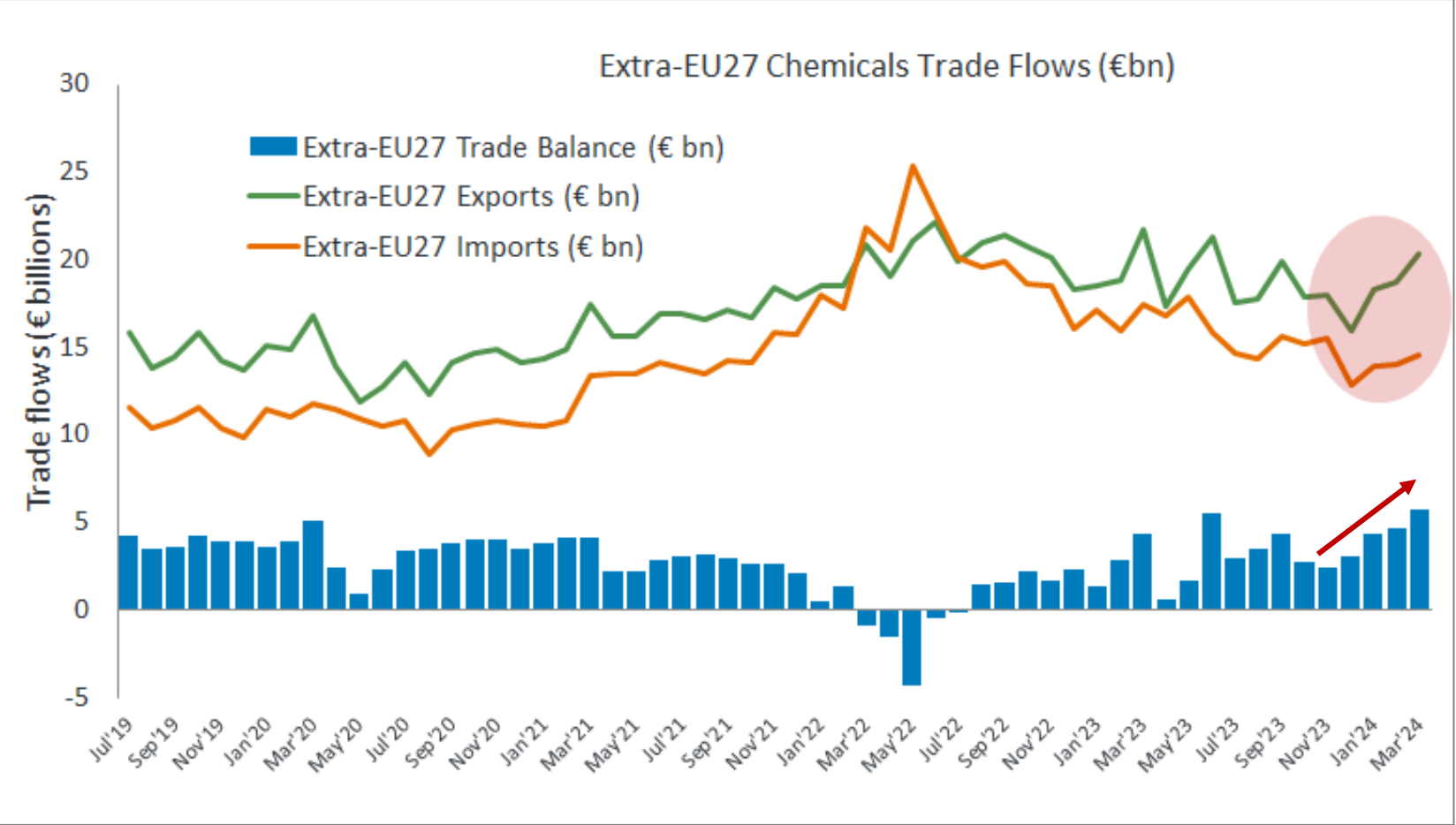
Main EU27 countries showed better production results in 2024 (Jan-Apr)



EU27 Countries	2021	2022	2023	Jan-Apr 2024
Portugal	-5,0	-12,8	-28,8	-29,0
Denmark	-5,8	16,6	-15,3	-9,2
Austria	5,6	-24,4	-2,8	-3,3
Hungary	14,1	-13,7	-16,6	-2,6
Bulgaria	5,3	7,8	-9,2	-2,5
Italy	7,8	-4,1	-6,7	-1,4
Belgium	4,2	-6,2	-8,9	2,1
EU27	6,0	-6,7	-8,5	2,6
Germany	5,7	-10,3	-12,1	2,9
France	5,5	-4,4	-1,1	3,1
Czech Republic	8,5	-3,0	-9,3	3,5
Netherlands	3,8	-1,9	-12,6	3,8
Spain	6,8	-5,4	-2,0	6,8
Latvia	23,5	-1,8	-5,9	11,2
Greece	3,7	-2,9	-0,1	11,6
Poland	17,3	8,7	-12,0	11,8
Lithuania	44,4	-13,4	-19,2	17,4



EU27 chemicals trade surplus reached the highest level (€14.8 bn) since Q1-2002



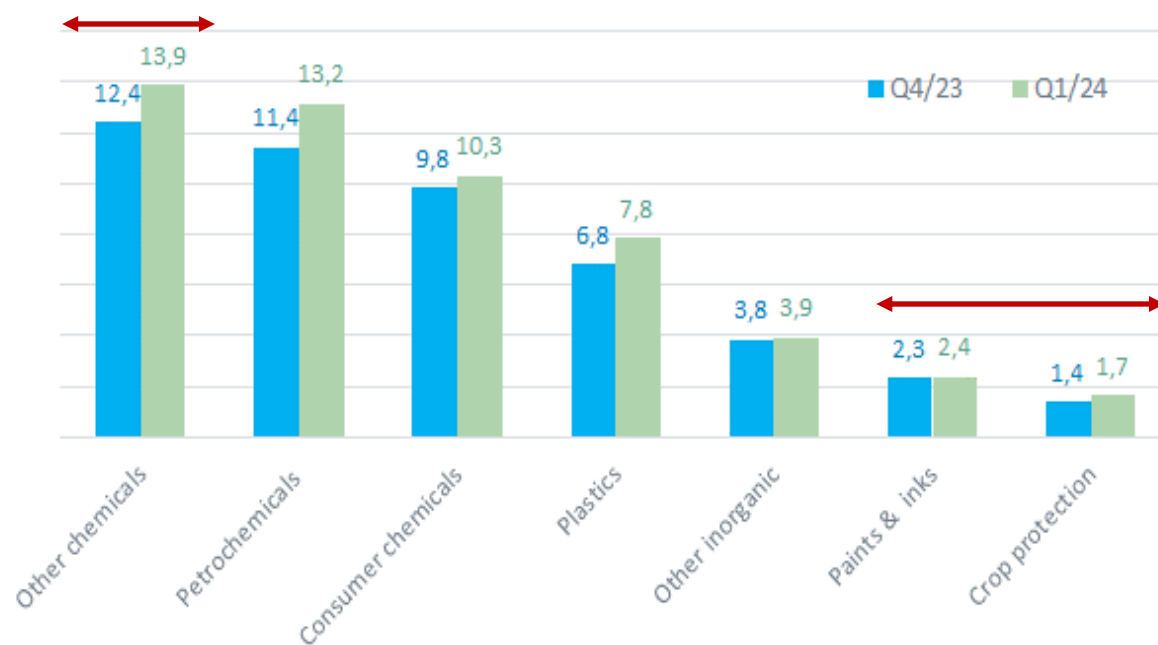
€bn	Exports	Imports	Balance
Q1/22	57,9	57,0	0,9
Q1/23	59,0	50,6	8,4
Q4/23	51,7	43,6	8,1
Q1/24	57,3	42,5	14,8

Trade surplus up by €6.7 bn (Q1-24 vs Q4-23)



Specialty chemicals contribute most to EU27 exports in 2024

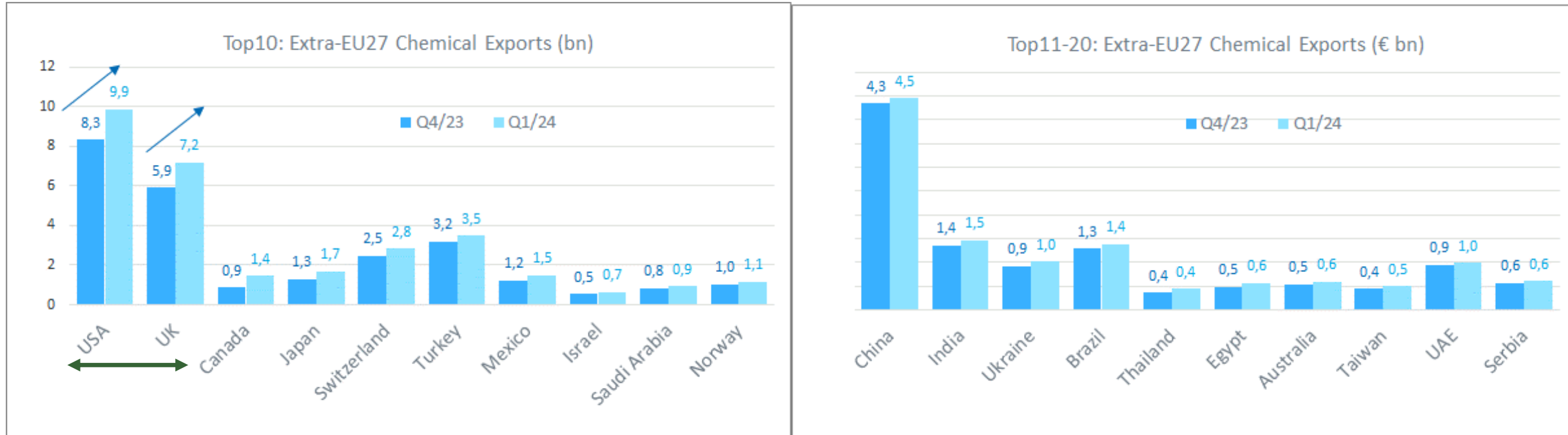
Extra-EU27 Chemicals Exports: Main Changes (€ bn)



euro Billion	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Delta (Q1/24- Q4-23)	Q1/24 vs Q4-23 (%)
Chemicals (20)	59,0	58,2	55,2	51,7	57,3	5,6	10,8
Other chemicals	13,2	12,8	12,5	12,4	13,9	1,5	11,7
Petrochemicals	14,3	15,2	14,8	11,4	13,2	1,7	15,2
Consumer	10,0	10,2	10,0	9,8	10,3	0,5	4,8
Plastics	7,9	7,5	7,2	6,8	7,8	1,0	14,7
Other inorganic	4,4	4,3	3,3	3,8	3,9	0,1	2,4
Paints & inks	2,4	2,4	2,4	2,3	2,4	0,1	3,2
Crop protection	2,0	1,6	1,2	1,4	1,7	0,3	21,2
Fertilizer	2,0	1,6	1,5	1,2	1,5	0,3	20,8
Dyes, pigments	1,2	1,1	1,0	0,9	1,1	0,1	15,1
Man-made fibres	0,5	0,6	0,5	0,5	0,5	0,0	1,6
Synthetic rubber	0,5	0,4	0,4	0,4	0,5	0,0	11,5



The US and UK markets are the two main sources of EU27 chemical export growth in 2024

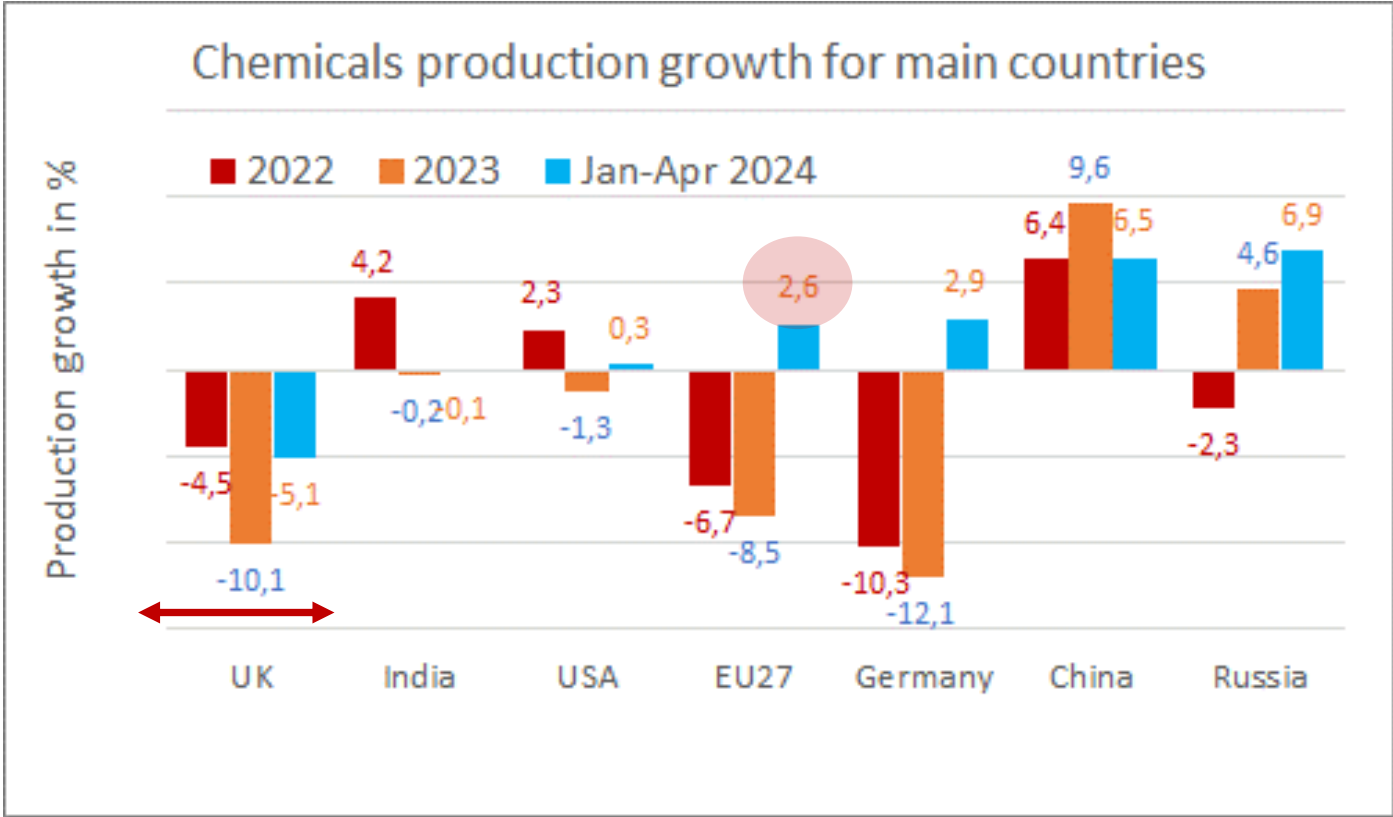


Top 10: up by €5.0 billion

Top 11-20: up by €0.8 billion



Global chemicals production, up by 4.4% in 2024 (Jan-Apr)



Output	2021	2022	2023	Jan-Apr 2024
UK	-10,9	-4,5	-10,1	-5,1
Japan	5,1	-3,8	-6,4	-2,7
South Korea	8,5	-9,9	-9,6	-1,2
Brazil	3,6	1,1	-5,8	-0,6
India	8,0	4,2	-0,2	-0,1
USA	4,2	2,3	-1,3	0,3
EU27	6,0	-6,7	-8,5	2,6
Germany	5,7	-10,3	-12,1	2,9
China	8,4	6,4	9,6	6,5
Russia	7,1	-2,3	4,6	6,9
World	7,2	1,3	2,6	4,4



Source: Eurostat and Cefic Analysis 2024

Summary: EU chemical industry is making slow strides

- The overall chemicals business climate appears to be more stable: Managers' opinion on order books is slightly, but still reflects limited demand, and while uncertainty about their future business situation decreased in retail trade and services, it remained stable in industry and construction.
- The EU27 chemical industry has moved beyond its ultimate low in terms of output and capacity utilisation and is finally showing a positive trend: There was a small increase of capacity utilisation in the EU27 chemical industry from 74.4% in Q3-2023 to 75.5% in Q1-2024, staying well below the long-term average of 81.4%.
- In Q1 2024, the EU27 chemicals trade balance reached the highest surplus since Q1 2022 (€14.8 bn), with specialty chemicals contributing most to EU27 chemical exports in value. That said, these encouraging numbers should be taken with a grain of salt, given that their benchmark is 2023: a year where production was still far below pre-covid levels.
- A strong recovery in 2024 is unlikely when most of the chemical industry's downstream users – rubber & plastics, textiles, construction, computer production – are still showing downward trends.

