

EU27 Chemical Industry: Latest Developments

Re-Stocking brings some relief but no serious growth in demand

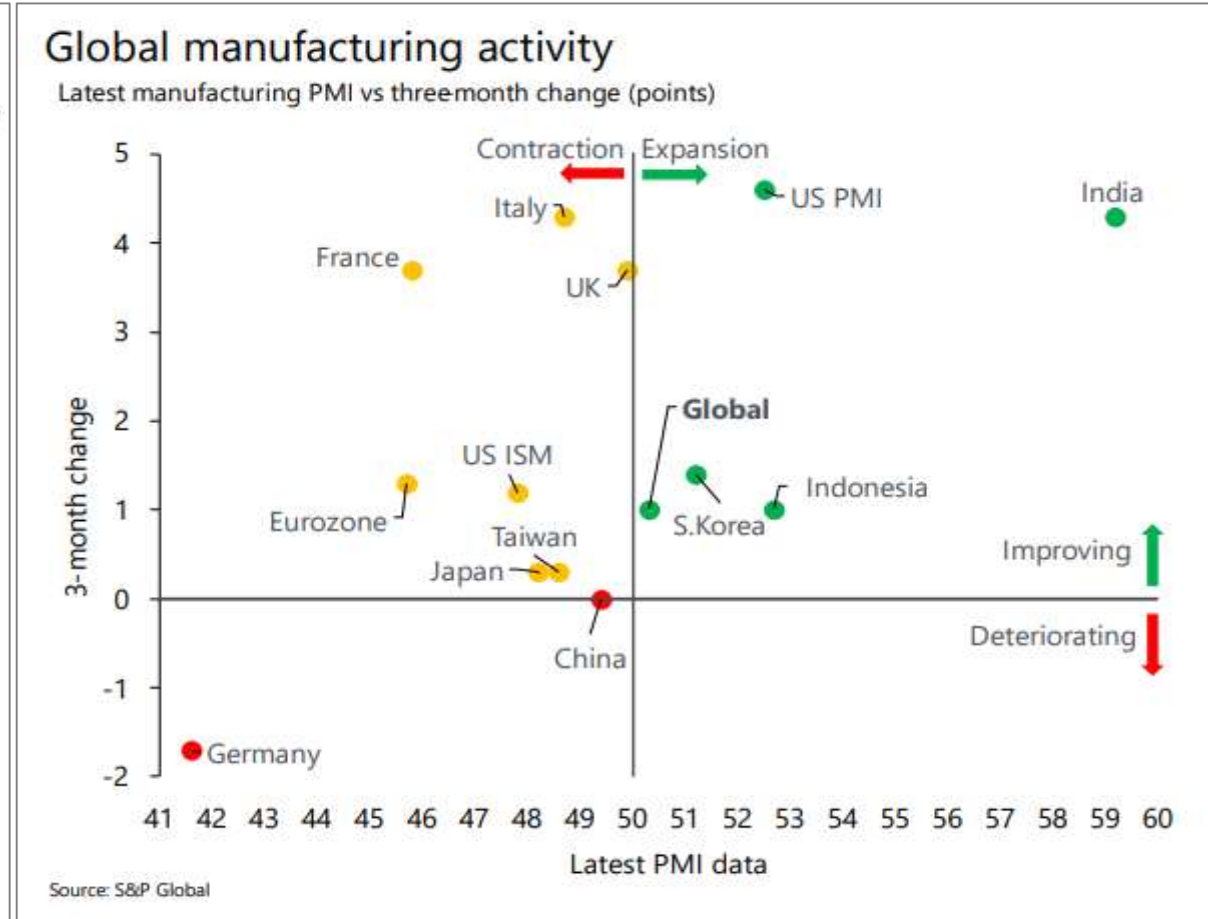
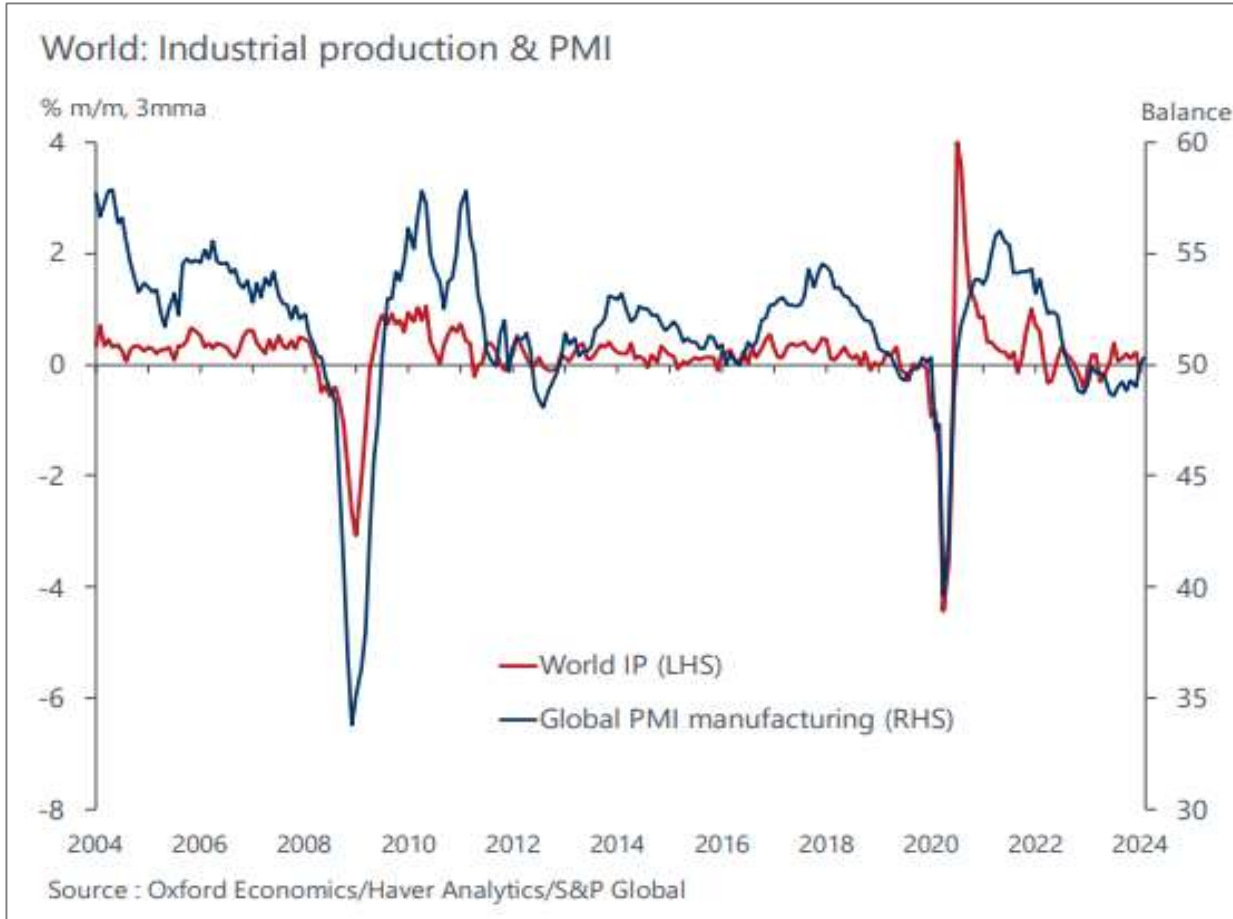


08 May 2024

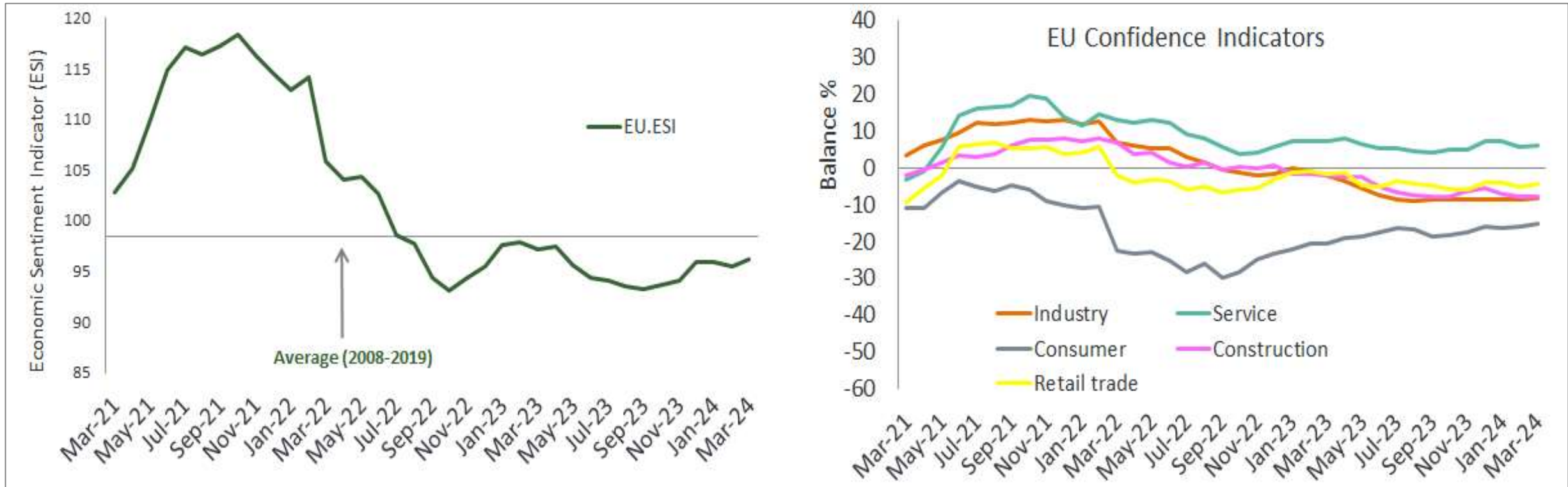
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Global sentiment is slightly improving, but production growth will take time

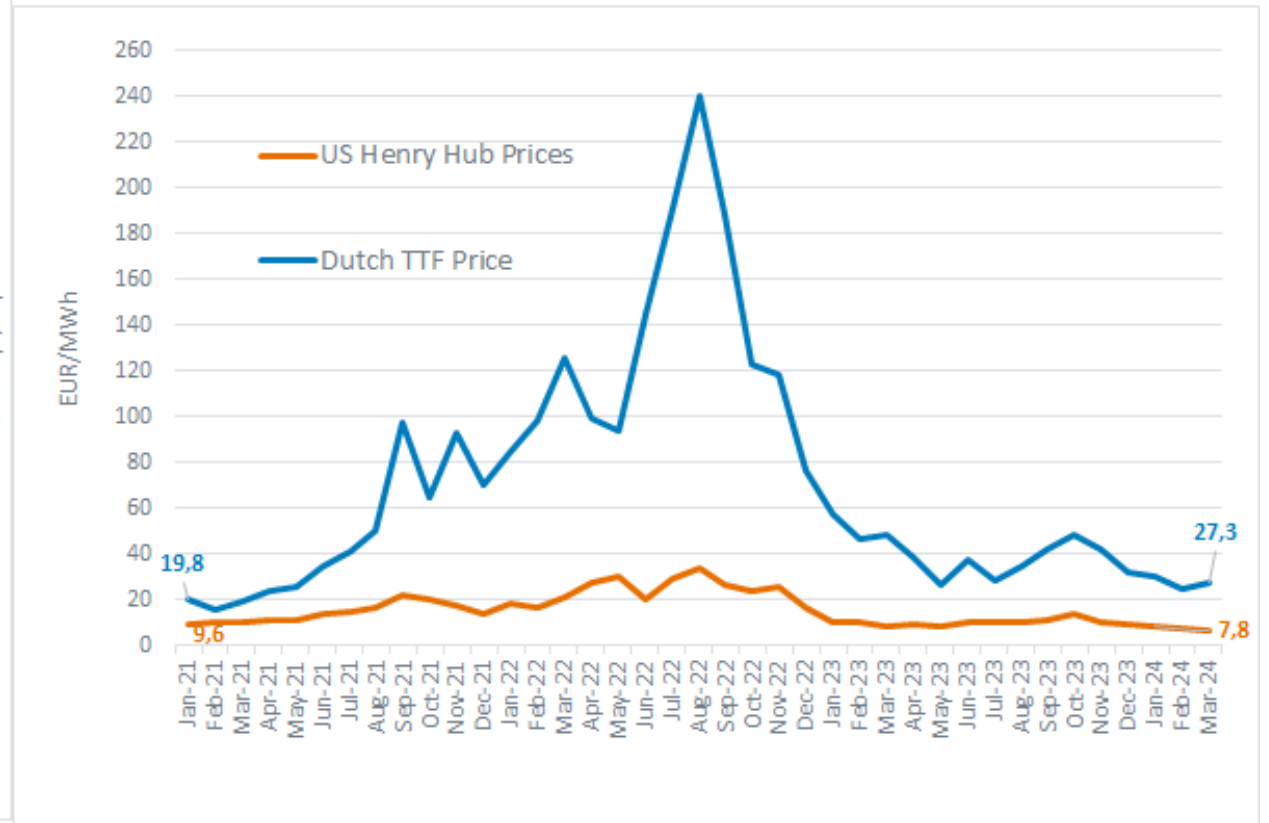
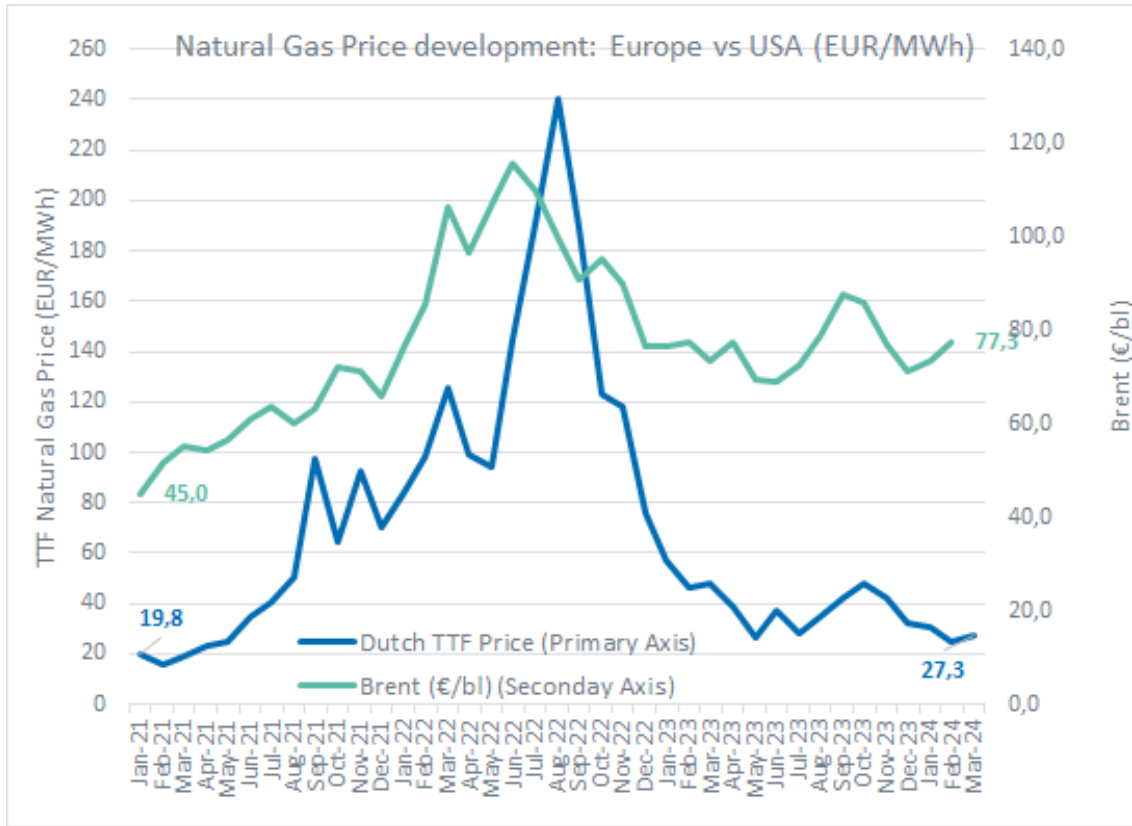


EU27 economic sentiment slightly up in March 2024



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.

European gas prices: There is no return to 'old normal'



Gas Prices (€/MWh)	Europe	USA	Europe/USA
2014-2019	18	11	1,6
2022	136	25	5,5
2023	40	10	4,0
Q1-2024	27	7	3,9

Source: : ICE Dutch TTF Natural Gas Futures Historical Prices - Investing.com and INSEE Oil Prices



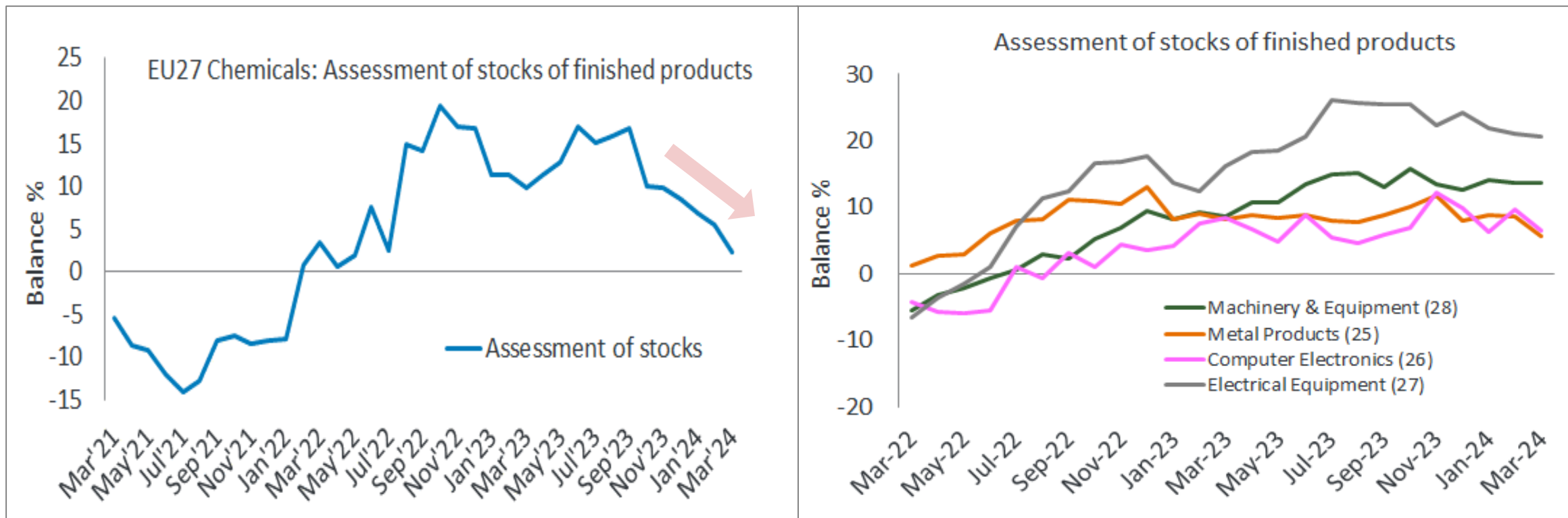
European gas prices (2024): 3.9 times higher than in the USA



Source: : ICE Dutch TTF Natural Gas Futures Historical Prices - Investing.com and INSEE Oil Prices

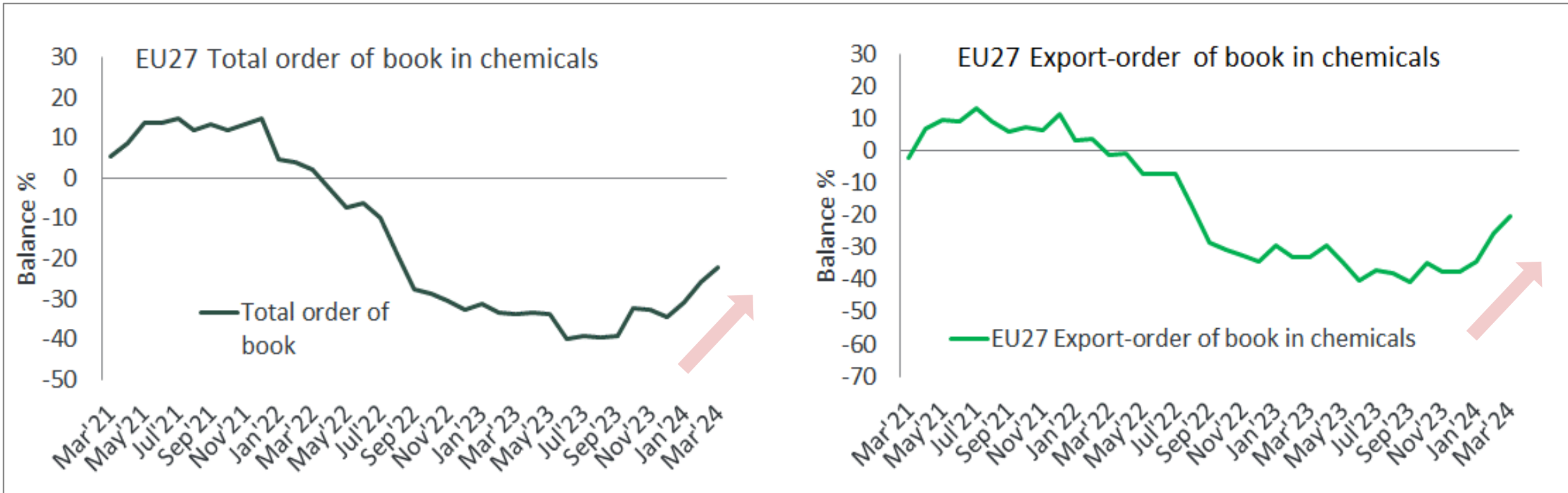


Destocking in chemicals is coming to an end



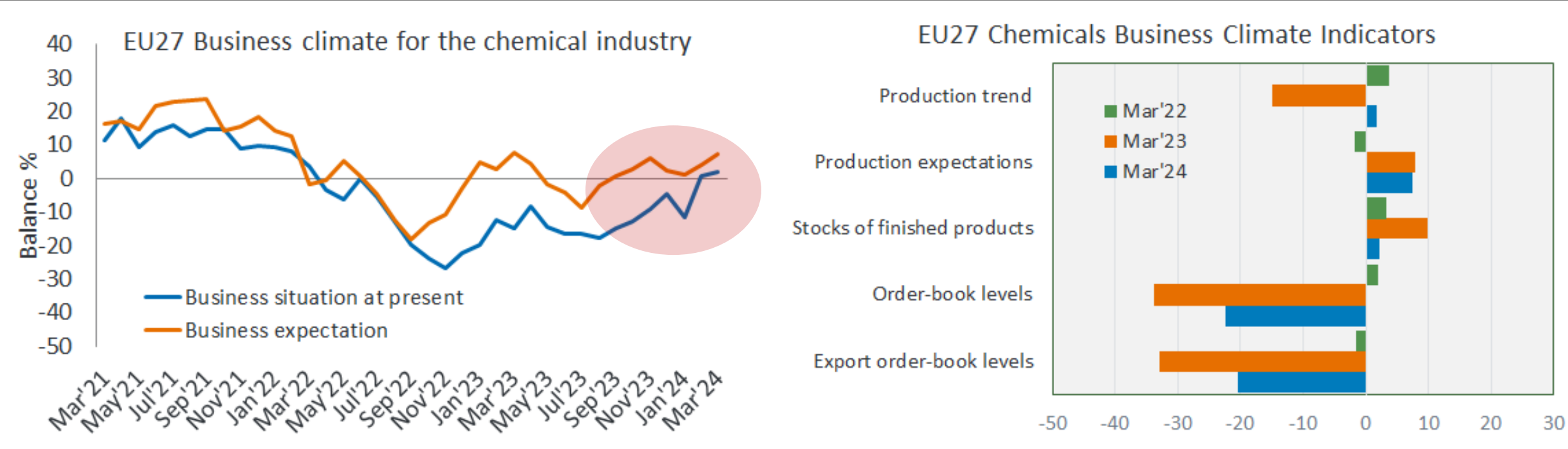
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Assessment of EU27 chemical overall order books showed gradual improvement



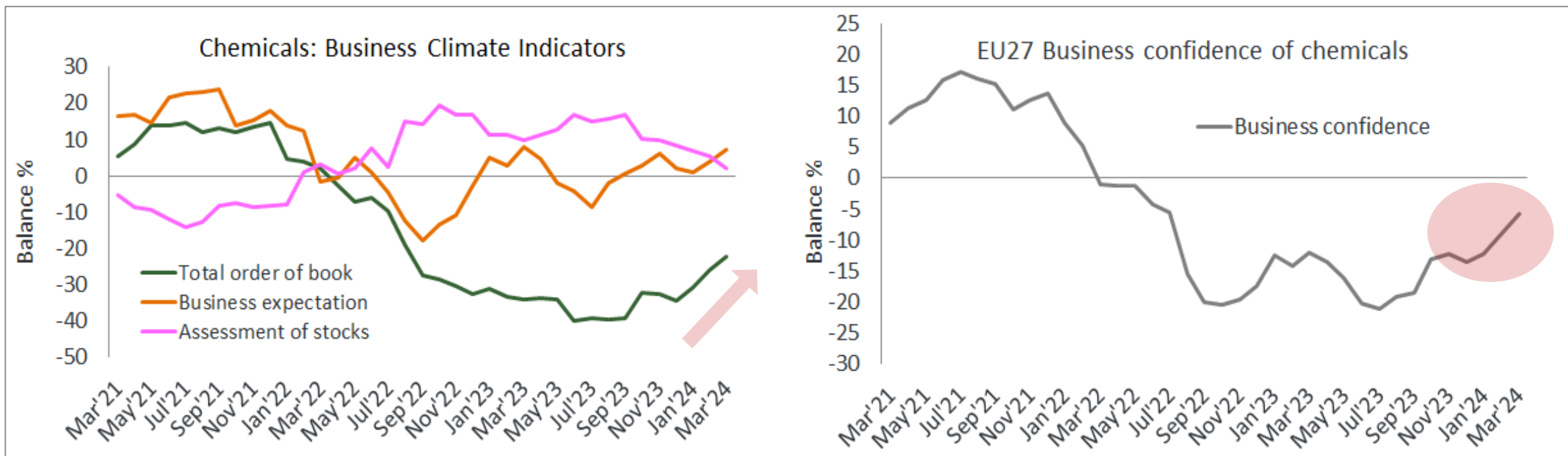
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EU27 chemicals business climate continued to improve



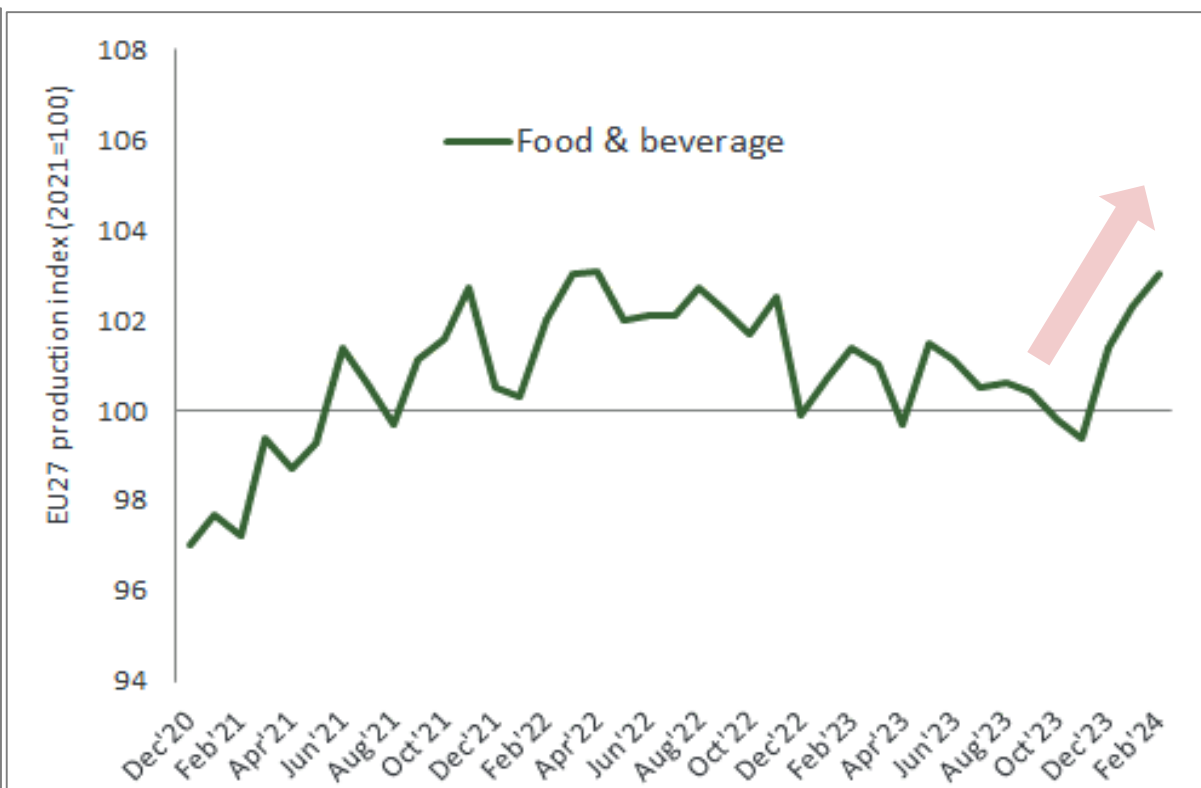
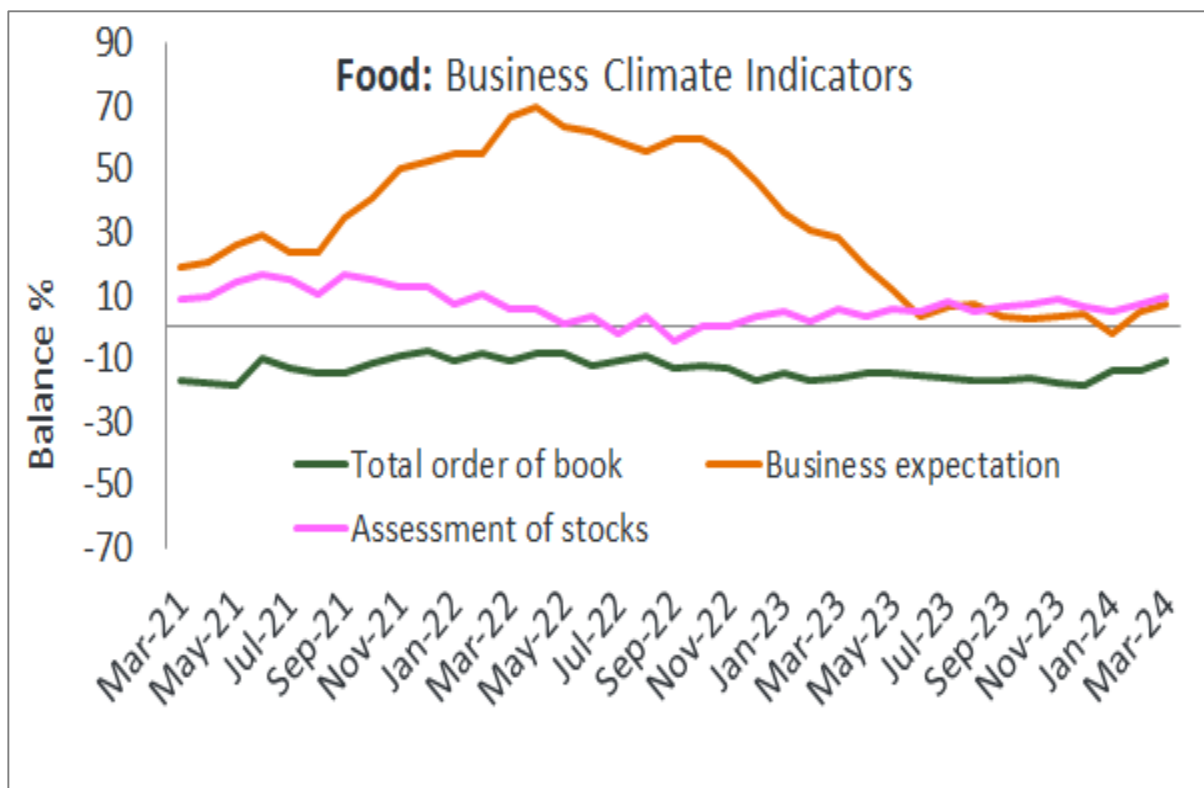
Source: EU Commission business and consumer survey results: Answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

EU27 chemicals confidence continued to increase



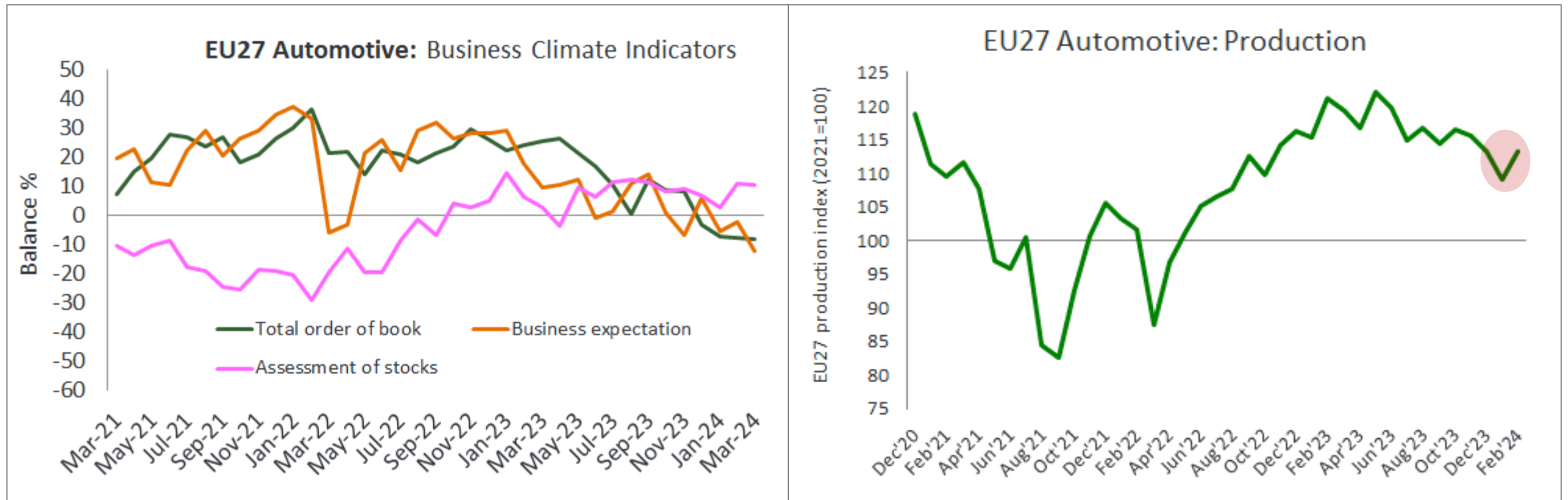
Source: EU Commission business and consumer survey results: Answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

Food & beverage increased for the third months in row



Source: EU Commission business and consumer survey results and Eurostat: 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.

Automotive production: slight upturn in Feb-2024



Source: EU Commission business and consumer survey results and Eurostat: 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.

2024 shows a weak start for most EU27 sectors

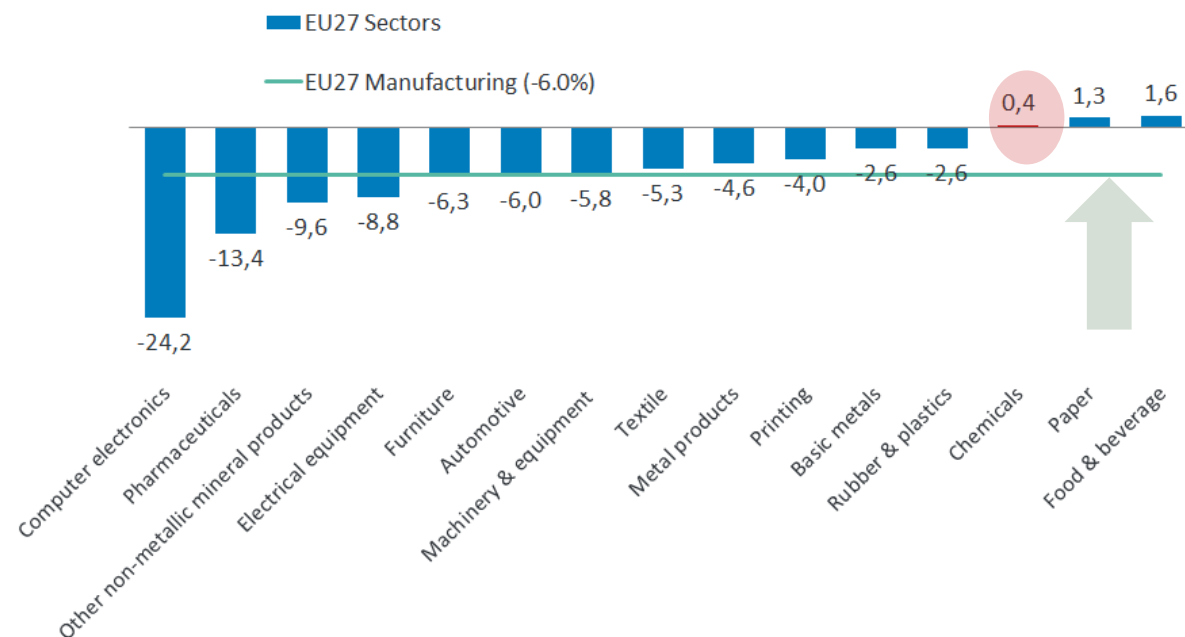
EU27 output growth by sector	Production growth in %		Production index (2021=100)		Production growth (2024) in %
	2022	2023	Jan-Feb-23	Jan-Feb-24	Jan-Feb 2024 (y-o-y)
Computer electronics	-0,8	-9,9	123,8	93,8	-24,2
Pharmaceuticals	-4,2	3,4	139,9	121,2	-13,4
Other non-metallic mineral products	-1,5	-11,7	94,5	85,4	-9,6
Electrical equipment	1,0	0,6	108,8	99,3	-8,8
Furniture	-2,6	-7,8	94,1	88,2	-6,3
Automotive	5,1	11,3	118,3	111,2	-6,0
Machinery & equipment	2,3	-1,4	108,9	102,6	-5,8
Textile	0,1	-7,0	94,1	89,1	-5,3
Metal products	-0,6	-2,3	99,9	95,3	-4,6
Printing	-1,3	-9,5	90,8	87,2	-4,0
Basic metals	4,9	-4,9	91,3	88,9	-2,6
Rubber & plastics	4,2	-4,3	95,4	93,0	-2,6
Chemicals	-6,2	-8,0	85,6	85,9	0,4
Paper	-1,2	-9,8	90,9	92,1	1,3
Food & beverage	16,6	-1,3	101,1	102,7	1,6
Manufacturing	2,2	-1,4	105,7	99,4	-6,0
Construction	2,7	-0,2	105,3	104,1	-1,2

The weak global demand is not helping the European manufacturing sectors. The business environment climate is modest and needs strong improvement to come back to the pre-crisis level. Data shows no sign of rapid and noticeable recovery in 2024.

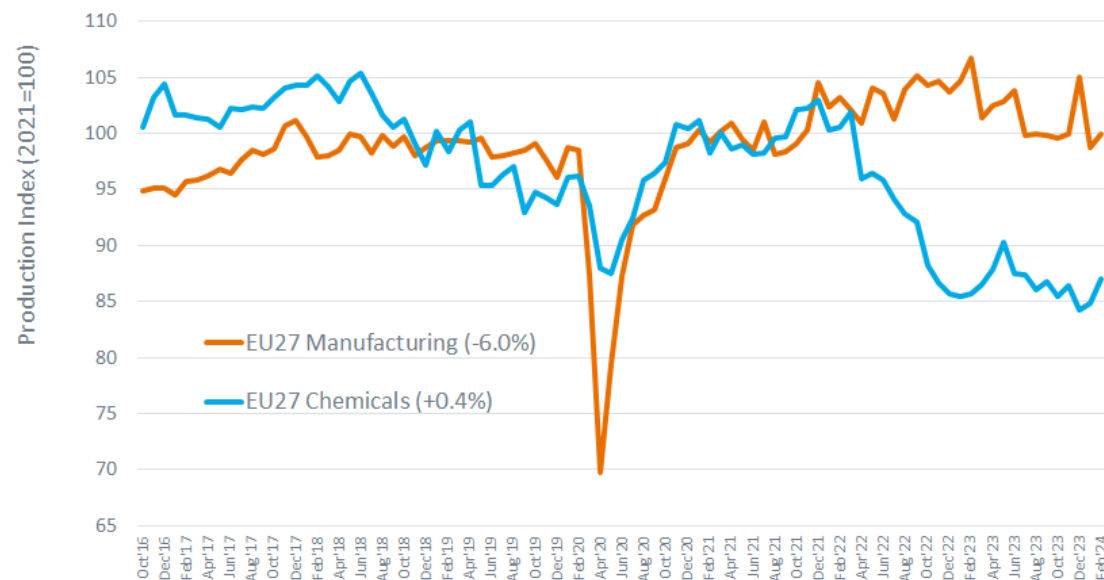


EU27 manufacturing output in 2024: 6% below 2023 level

Production growth for most EU27 Manufacturing sectors (Jan-Feb 2024, y-o-y)



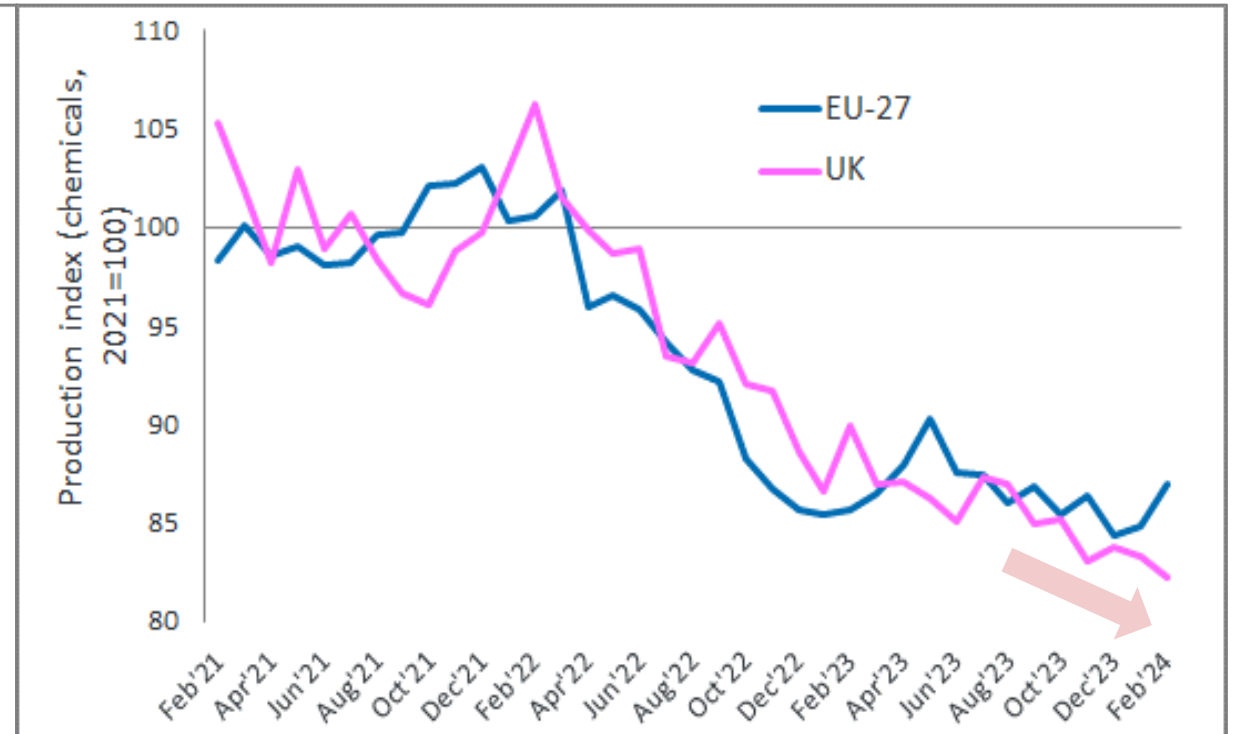
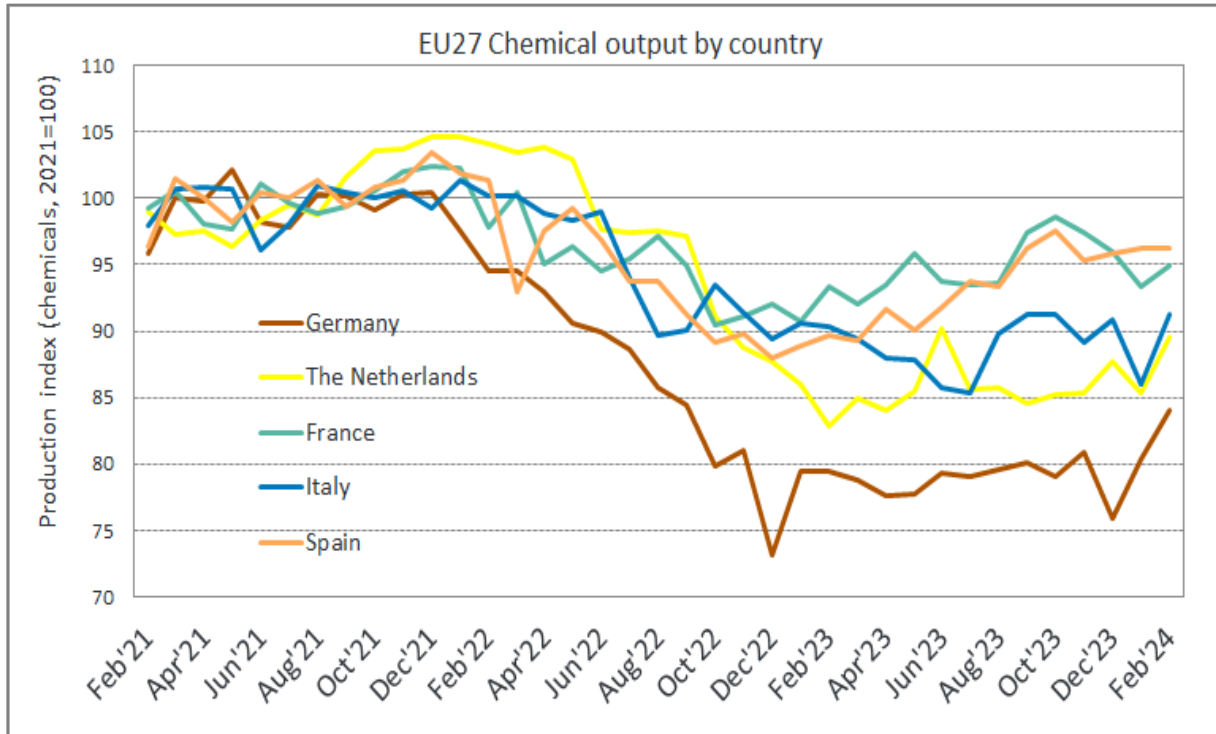
EU27 Production Trend: Chemicals Versus Manufacturing



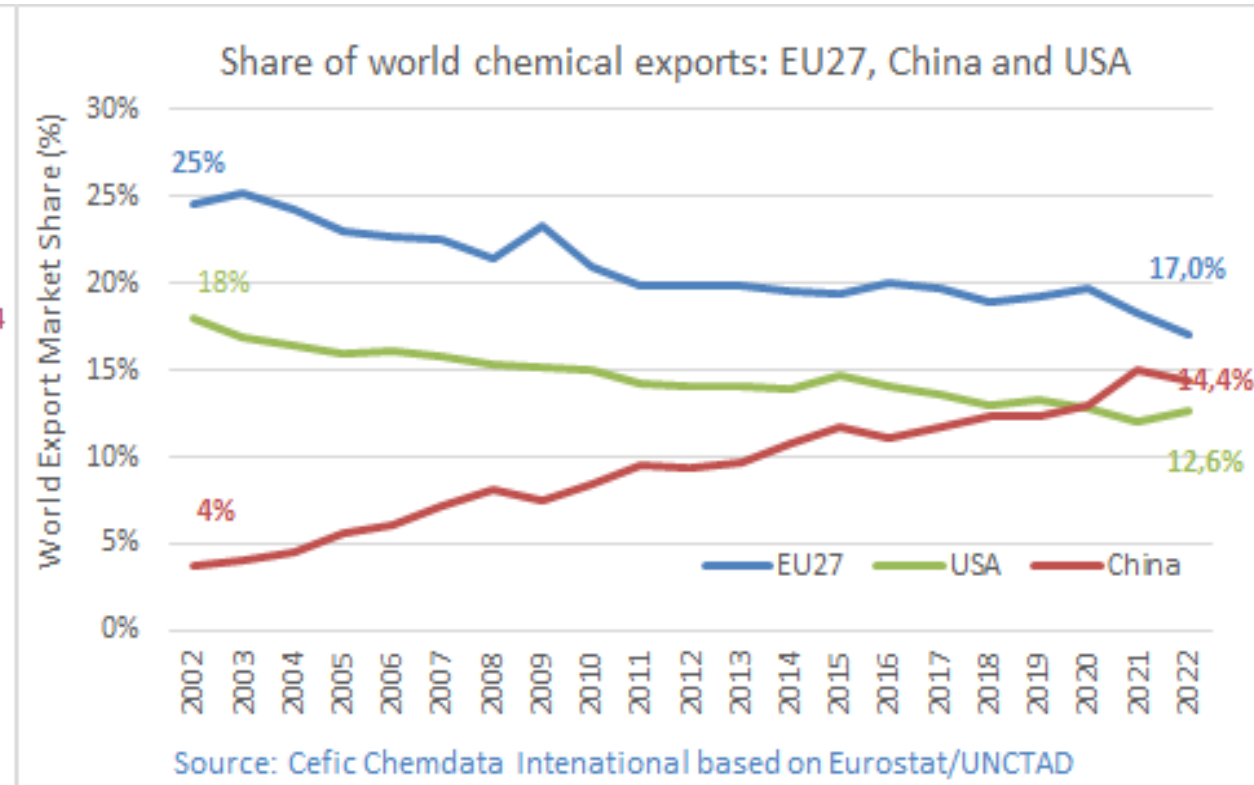
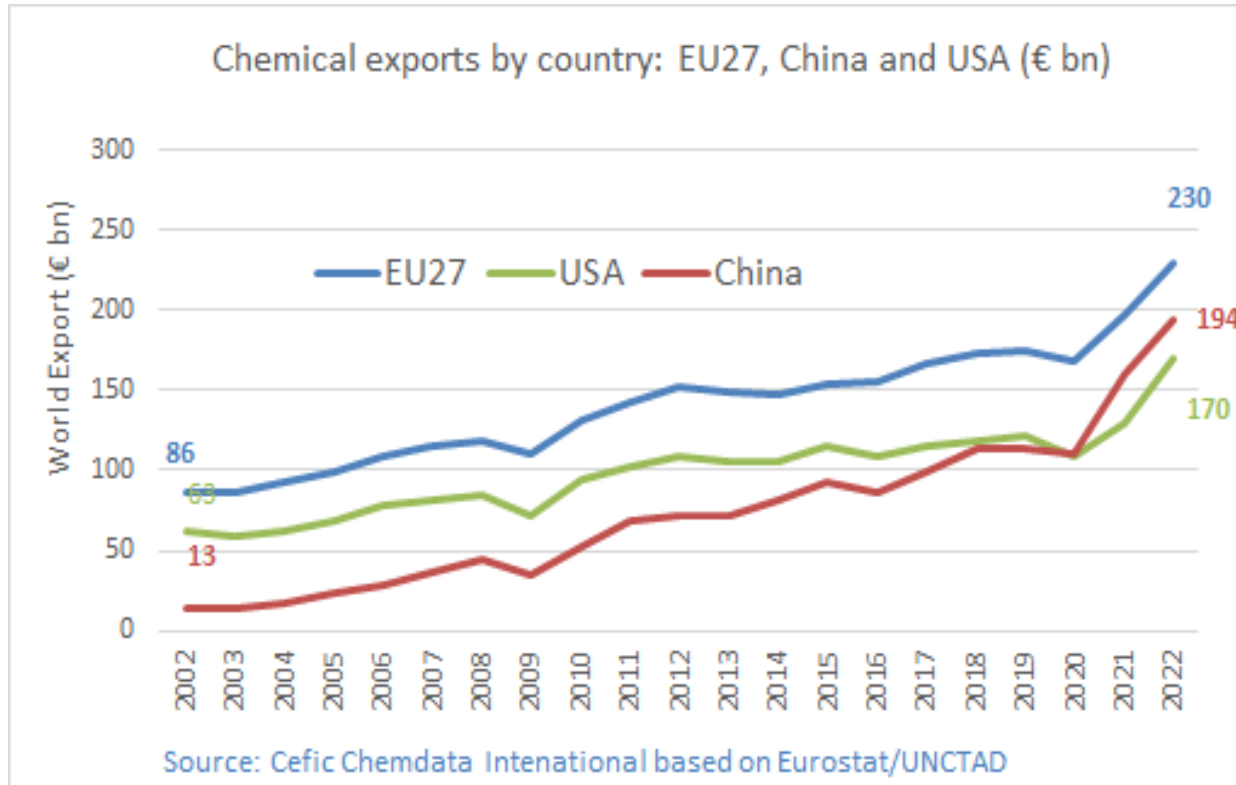
Source: Eurostat and Cefic Analysis 2023



UK Chemical production continued to decline in 2024



China gaining share in the global chemical export at the expense of Europe and the USA



China became the largest EU27 chemical import country

Top 10 EU27 Import Markets by sector (Year 2023, €bn)												
	Basic Inorganics			Petrochemicals			Polymers			Chemicals		
€bn	Largest Import Markets	25,8	Share in %	Largest Import Markets	74,5	Share in %	Largest Import Markets	30,2	Share in %	Largest Import Markets	189,1	Share in %
1	Russia	3,1	12,0%	China	19,1	25,6%	USA	6,5	21,5%	China	34,7	18,3%
2	South Korea	2,9	11,1%	Switzerland	12,4	16,6%	South Korea	3,8	12,6%	USA	31,0	16,4%
3	China	2,6	9,9%	USA	10,4	13,9%	China	3,8	12,6%	UK	21,4	11,3%
4	USA	1,9	7,4%	UK	7,0	9,3%	UK	2,7	8,8%	Switzerland	18,3	9,7%
5	UK	1,8	6,9%	India	5,1	6,8%	Japan	1,9	6,3%	South Korea	13,0	6,9%
6	Egypt	1,4	5,3%	Singapore	2,7	3,7%	Saudi Arabia	1,7	5,7%	Japan	8,0	4,2%
7	Norway	1,3	4,9%	Japan	2,1	2,8%	Turkey	1,7	5,5%	India	7,0	3,7%
8	Japan	1,1	4,3%	Saudi Arabia	1,9	2,6%	Switzerland	1,3	4,3%	Turkey	4,8	2,5%
9	Morocco	1,1	4,2%	South Korea	1,8	2,5%	Taiwan	0,8	2,7%	Saudi Arabia	3,9	2,1%
10	Turkey	1,1	4,1%	Indonesia	1,7	2,3%	Egypt	0,6	2,0%	Singapore	3,8	2,0%
	Top 20	23	89%	Top 20	70	94%	Top 20	29	95%	Top 20	170	90%

With €34.7 bn, China is the largest EU27 chemical import country (18.3%)



EU27 import dependency of selected products (2022)

	PRCCODE (Codes)	Petrochemicals (Nace 2014, Year 2022)	EU27 Production (MT)	Extra-EU27 Imports (MT)	EU27 Trade Balance (MT)	EU27 Imports (% of EU27 Consumption)
1	20142210	Methanol	1,60	6,14	-5,8	
2	20143197	Industrial monocarboxylic fatty acids (excluding stearic, oleic, tall oil, distilled)	0,13	1,89	-1,8	
3	20141120	Saturated acyclic hydrocarbons	1,02	1,79	-1,7	
4	20147340	Naphthalene and other aromatic hydrocarbon mixtures	4,20	1,78	-1,0	
5	20147400	Undenatured ethyl alcohol of an alcoholic strength by volume >= 80%	5,10	1,53	-1,1	
6	20142310	Ethylene glycol (ethanediol)	1,00	0,77	-0,7	
7	20143219	Esters of acetic acid (excluding ethyl acetate)	0,53	0,77	-0,6	
8	20146310	Acyclic ethers and their halogenated, sulphonated, nitrated or nitrosated derivatives	1,80	0,75	-0,2	
9	20143271	Acetic acid	0,15	0,74	-0,7	
10	20143430	Phthalic anhydride; terephthalic acid and its salts	1,80	0,69	-0,1	
11	20141245	p-Xylene	0,55	0,64	-0,5	
12	20147200	Wood charcoal whether or not agglomerated (including shell or nut charcoal)	0,30	0,58	-0,5	
13	20147500	Denatured ethyl alcohol and other denatured spirits; of any strength	1,02	0,56	-0,5	
14	20141213	Cyclohexane	0,24	0,44	-0,4	
15	20141190	Unsaturated acyclic hydrocarbons (excluding ethylene, propene, butene, buta-1,3-dien	0,81	0,42	-0,3	

	Below average
	Significantly above average
	Excessively above average



European chemical markets: Sluggish demand and recovery is still way off

- Economic data are not painting a rosy picture. The EU27 manufacturing output for the first two months of 2024, is even 6% lower than the same period last year. Changes for the better remain bleak, with gas prices at least 50% above the pre-crisis level (2014-2019), high feedstock costs, and high trade dependency levels.
- Recent analysis shows that 31% of EU27 chemicals consumption in 2023 is attributable to imports from non-EU27 suppliers. In 2013, this number was at 22%.
- While the EU27 chemicals production grew by less than 0.5% during the first two months of 2024 compared to Jan-Feb 2023, China's share in the global chemicals market continues to grow.
- With 44% of the world market share, China will continue to hold the top ranking in sales, a position in bygone decades firmly held by Europe.
-  Europe needs to change this trend, and we need to do so fast. Our [Antwerp Declaration for a European Industrial Deal](#) provides a list of solutions.

Europe faces more structural challenges rather than business cycle issues

- The chemical industry in Europe is under cost and demand pressures, and certainly more than in the other competing countries in the world. Chemicals production in Europe faces more structural challenges rather than business cycle issues. The latest announcements on closure of crackers units in Europe underpin this.
- China is really dominating chemicals exports and gaining intensively export market share at the expense of Europe and the USA. China's global share went up from 4% in 2022 to 14.4% in 2022, while the EU27's share dropped significantly from 25% to 17% during the same period.
- Chinese chemical exports to high-cost Europe continued to increase over 2023/4 (primarily due to overcapacity in China with a favourable cost position). Europe is still reliant on imports of chemicals from China for several products. Petrochemicals is more concerned than the other chemicals sectors.

 **2024 shows the path to recovery is still distant.**