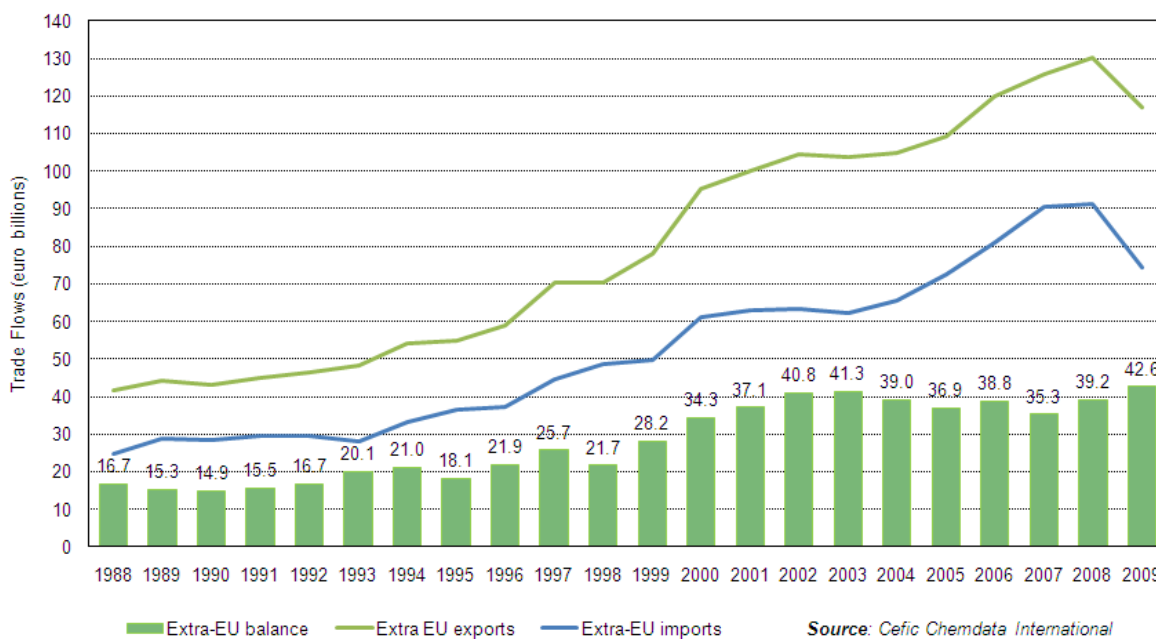
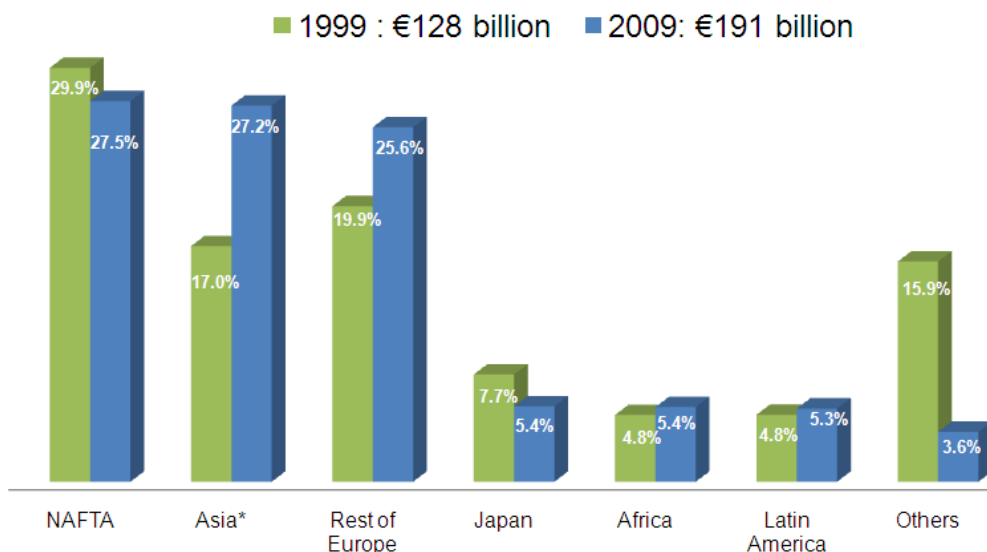


International Trade

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Extra-EU chemicals trade balance


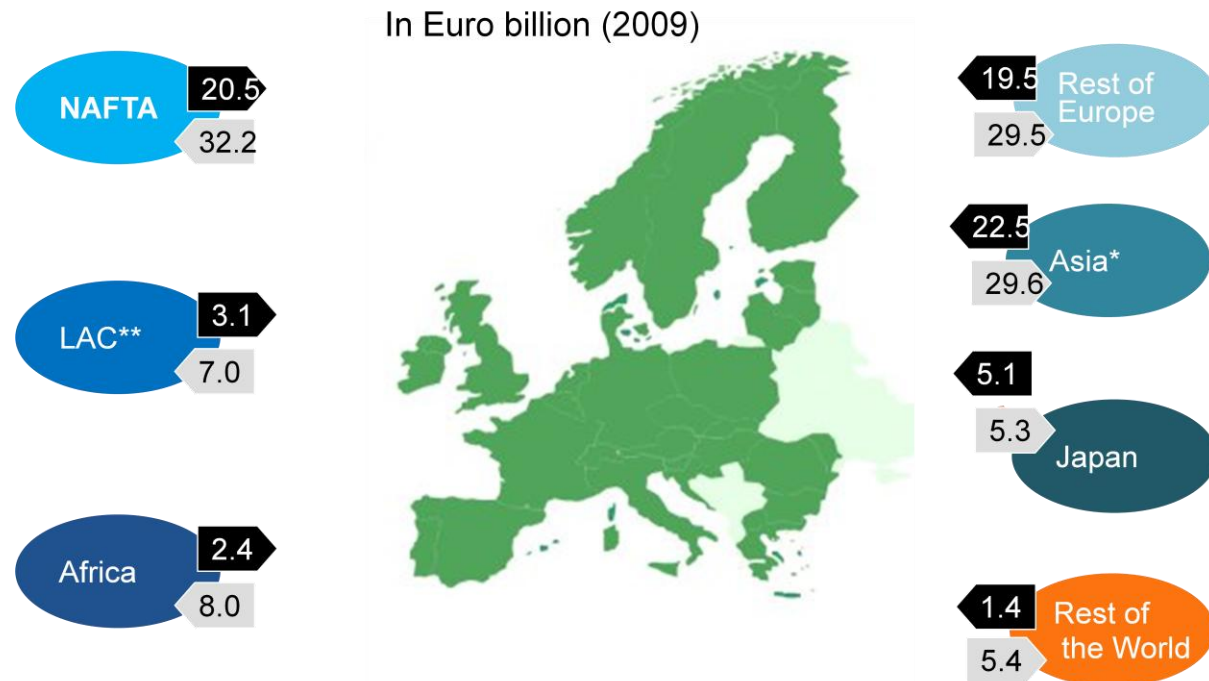
As a historically important player in the global chemicals market, the EU chemical industry has been in a position to benefit from trade opportunities. In 2009, the EU generated an extra-EU trade surplus of €42.6 billion, which represents about €3.4 billion more compared with 2008. As a consequence of the economic crisis, extra-EU chemical exports – those exports sent outside of the EU internal market – declined in 2009 by 10.2 per cent. Imports to non-EU area, fell by 18.4 per cent.

Extra-EU chemicals trade by region (exports & imports)


Source: Cefic Chemdata International, *Asia excluding Japan

Extra-EU chemicals trade flow, calculated as total exports plus imports, was mainly attributable in 2009 to the North American Free Trade Agreement market (NAFTA), with 27.5 per cent of total flow. Asia, excluding Japan, was 27.2 per cent while the share of trade flow of other European countries was 25.6 per cent during the same period.

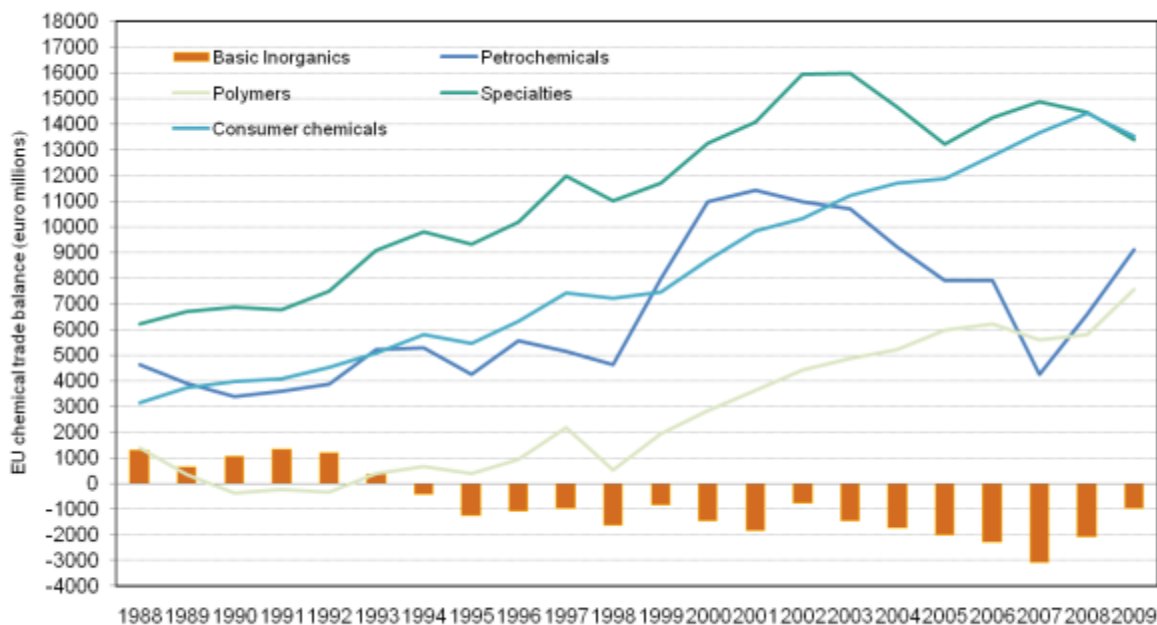
Taken together, the NAFTA, Asia and 'Rest of Europe' markets contributed in 2009 to 80.3 per cent of extra-EU chemicals trade. Comparing 2009 with 1999, the contribution of the three main partners of the European Union increased by 13.5 percentage points from 66.8 per cent to 80.3 per cent.

Extra-EU chemicals trade flows with major geographic blocs


The three major geographic blocs trading with the European Union in 2009 were: North America, Asia (excluding Japan), and the Rest of Europe.

The European Union has a surplus with each main trading region – NAFTA, Asia, Japan, Latin America, Africa, Rest of Europe and Africa and has broadly retained its market share in global chemicals sales during the last decade. The Rest of Europe market plays a major role in 2009, with €10 billion in net trade surplus in chemicals for the European Union.

The Trade Competitiveness Indicator (TCI) –an indicator that compares the trade balance to the total trade, namely exports plus imports of a region– reveals a deteriorating competitiveness, however, of the overall EU chemicals industry since 2003. This means that total chemical imports are growing faster than total chemical exports.

EU chemicals trade surplus: sectoral breakdown


Source: Cefic Chemdata International

The EU chemicals trade surplus in 2009 amounted to €42.6 billion. Consumer chemicals accounted for 32 per cent of the EU chemicals trade surplus with a trade surplus of €13.5 billion. Specialty chemicals are the second strongest sector on the world markets, with €13.4 billion, followed by petrochemicals at €9.1 billion and polymers at €7.6 billion. Basic inorganics experienced a trade deficit of €1 billion, the only sector during 2009 with a trade deficit.

The sectoral analysis shows specialty chemicals and consumer chemicals continue to lose ground. The trade surplus in these sectors decreased by (7.5 per cent) and (6.2 per cent) respectively in 2009 compared to 2008. However, petrochemicals and polymers in 2009 registered an increase in their trade surplus of 38 per cent and 31 per cent respectively.

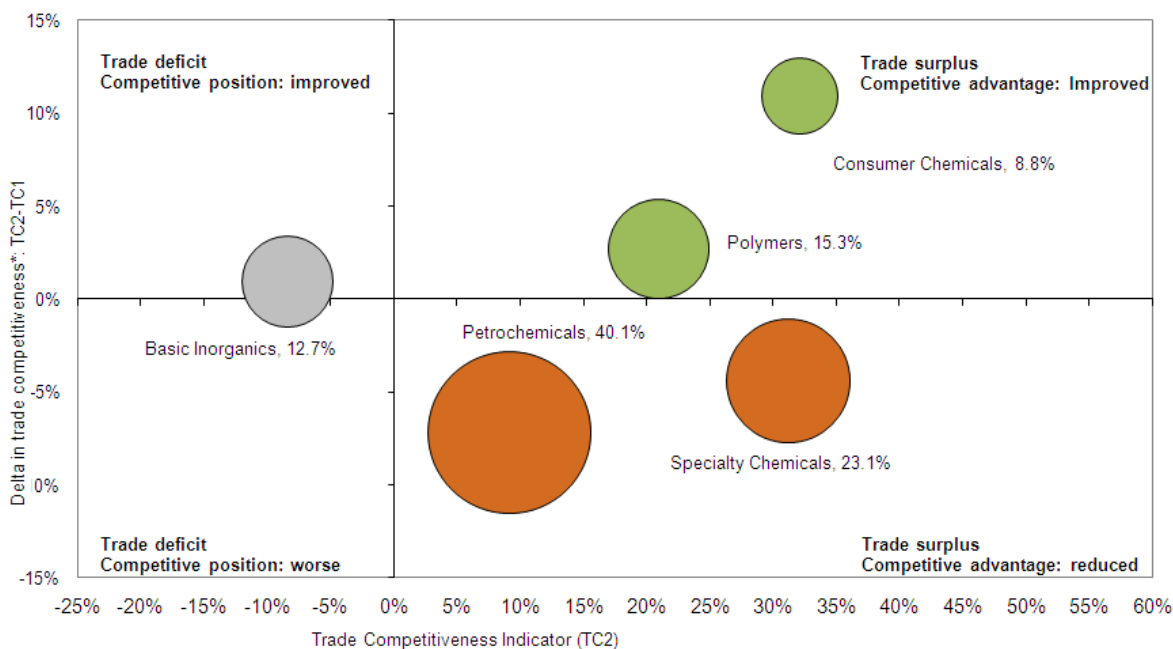
EU chemicals trade competitive analysis broken down by region

	USA	Japan	Brazil	Russia	India	China	South Korea	Middle East	Asia	Rest of Asia
Basic Inorganics	Green	Green	Green	Grey	Green	Grey	Green	Red	Green	Green
Petrochemicals	Green	Orange	Orange	Grey	Red	Red	Green	Red	Red	Red
Polymers	Grey	Grey	Orange	Green	Green	Orange	Grey	Red	Orange	Orange
Specialty Chemicals	Red	Red	Orange	Green	Orange	Red	Orange	Orange	Orange	Orange
Consumer Chemicals	Green	Green	Green	Green	Green	Grey	Green	Green	Green	Orange
Chemicals (sum)	Green	Orange	Orange	Green	Red	Red	Orange	Orange	Orange	Orange

- EU has a trade deficit and its competitive position weakened
- EU has a trade surplus but its positive competitive position weakened
- EU has a trade deficit but its weak competitive position improved
- EU has a trade surplus and its healthy competitive position improved

A look at the EU trade balance in relation to a number of key countries and regions shows that its position is deteriorating with certain key countries in Asia for almost all sub-sectors. India and China are the only two countries with which the European Union currently has a trade deficit for all chemical sub-sectors.

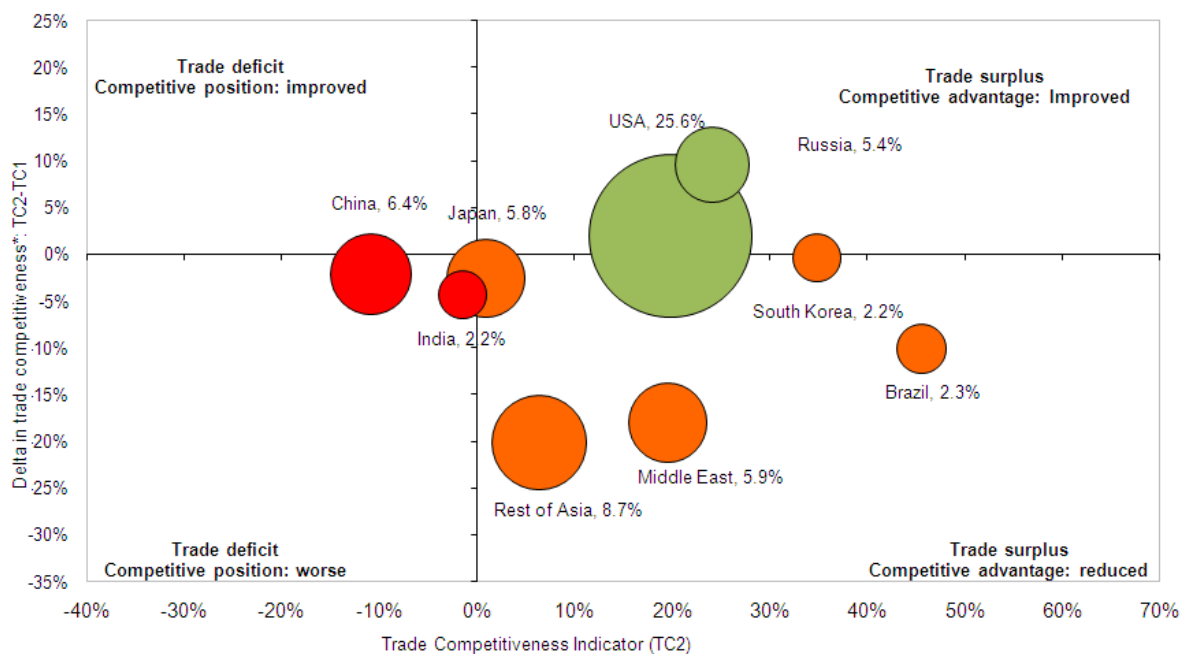
Continued trade development with the Middle East indicates that this region increasingly uses its feedstock availability, namely petroleum, to develop an integrated chemicals value chain and to strengthen its position in a wider range of basic chemicals. Russia has up to now only been successful in using its competitive advantage in raw materials for base chemicals.

Extra EU Chemicals trade flows detailed analysis by sector


*size of bubbles is the sectoral contribution of EU trade for the years (2005-2009)

Source: Cefic Chemdata International

The trade position of certain important sub-sectors, in particular the raw material and energy-intensive parts of the chemicals industry, namely basic organics such as petrochemicals, and basic inorganics such as fertilizers, shows signs of serious erosion. Their global competitive position is at risk.

Extra EU Chemicals trade flows detailed analysis by country


*size of bubbles is the sectoral contribution of EU trade for the years (2005-2009)

Source: Cefic Chemdata International

International trade is vital for growth and employment of the European chemicals industry. The industry has placed itself at the centre of global trade and thus depends vitally on open markets. As the most rapid growth is concentrated in the emerging economies, favourable access to these markets is highly important.