

Chemicals Trends Report

Monthly short summary, January 2012



EUROPEAN CHEMICAL INDUSTRY COUNCIL

EU chemicals sector posts 1.5 per cent growth through first eleven months of 2011

November monthly production data show third monthly decline last year

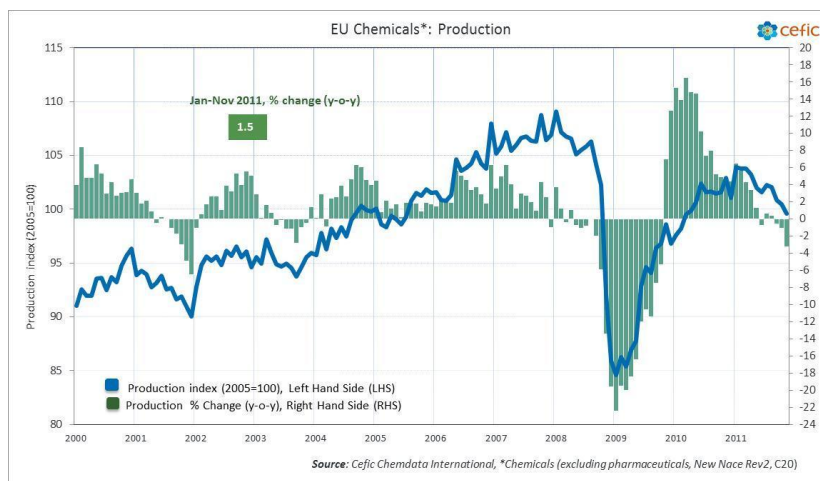
BRUSSELS, January 30, 2012 – EU chemicals production recorded a 1.5 per cent increase in the first eleven months of 2011, according to the latest Cefic Chemicals Trends Report. The monthly data for November 2011 showed a 3.2 per cent decline compared with November 2010, a significant drop in EU chemicals industry production after an impressive first quarter 2011.

The level of production from January to November 2011 indicates that EU chemicals production is 4.1 per cent below its 2007 peak. Data also show a year-on-year price increase in November, led again by an overall price increase in basic inorganics, up 12 per cent for the month compared with the comparable period in 2010. The EU chemicals sector net trade surplus reached €35.5 billion through October, off by €3 billion when compared with the same 10-month period in 2010.

Cefic Chief Economist Moncef Hadhri said: “The current EU chemicals industry production trend is in line with the deterioration of the EU business climate and current macro-economic developments. EU chemicals output growth for 2011 remains relatively close to long-term average growth.”

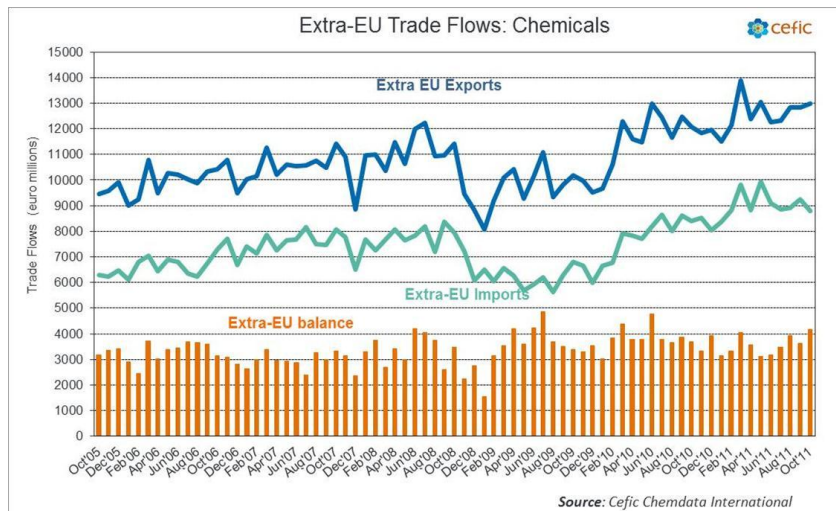
November 2011 chemicals output down compared with November 2010

The EU production index for November 2011 was down 3.2 per cent compared with November 2010. Consumer chemicals jumped 4.5 per cent year-on-year in November 2011 compared with the year prior. Petrochemicals and polymers production went down by 7.5 per cent and 6.5 per cent respectively in November. Specialty chemicals production fell by 6.8 per cent. Basic inorganics production declined by 4.2 per cent in November compared with the year prior.



EU trade surplus reached €35.5 billion through October

The EU net trade surplus with the Rest of Europe in the first 10 months of 2011 reached €11 billion, more than 30 per cent of the overall trade surplus for the EU chemicals sector. The overall EU chemicals net trade surplus reached €35.5 billion from January to October 2011, down €3 billion compared with the comparable period in 2010. The EU-27 posted during the 10 month period a €9.4 billion net trade surplus with the NAFTA region and a €4.9 billion surplus with Asia, excluding Japan and China. The EU ran a €2.3 billion net trade deficit for chemicals with China during the period.



Prices for basic organics continues to climb

Basic inorganics prices climbed 12 per cent year-on-year during November. Petrochemicals increased by 7.2 per cent while consumer chemicals prices continued to increase modestly, up 3 per cent year-on-year in November.

Economic Sentiment Indicator (ESI) declined further (excerpt)

In November, the Economic Sentiment Indicator (ESI) declined by 1.0 point in the European Union, dipping to 92.8. The decline resulted from a broad-based deterioration in sentiment across the sectors. Confidence remained broadly unchanged only in the construction sector. Among the largest EU member states, France (-3.7) reported the biggest decrease in sentiment, followed by the Netherlands (-1.8) and – to a lesser extent – the UK (-0.6). Sentiment was broadly unchanged in Germany (-0.1) and Spain (+0.2), while it improved in Italy (+0.8) and Poland (+0.9). The ESI remains above its long-term average only in Germany.

Confidence in *industry* weakened by 1.0 point in the European Union, moving below its long-term average. The deterioration was broad-based: managers were more pessimistic about their companies' *past production* and their *export order books*. They also expressed growing concerns about *production expectations*, particularly in the euro area where an increasing number of managers also assessed their *stocks* as being too large.

Sentiment in *construction* remained broadly unchanged in the European Union. Confidence among *consumers* deteriorated by 0.5 points in both the European Union and the euro area, mainly on the back of increasing unemployment fears. EU consumers also expressed growing concerns about the general economic situation. Consumers' expected financial situation and savings' prospects remained broadly unchanged.

Contact information:

To schedule an interview with Cefic Chief Economist Dr. Moncef Hadhri, contact James Pieper, media relations, Cefic, on +32 2 676 73 98 or via email at jpi@cefic.be.

For details of the report, e-mail Dr Hadhri directly at mha@cefic.be or call him on +32 2 676 72 82.

Those who are not media or members of Cefic, please contact Cefic Director of Business Development Dr. Fabrice Tabankia on +32 2 676 72 95 or at fta@cefic.be.

Notes to editor:

About the Chemicals Trends Report

The Cefic Chemicals Trends summary report is a condensed version of a full report, in slide presentation form, is issued each month to members of Cefic, which includes chemical industry associations and member companies. Both the short summary and full report provide a snapshot of the chemical industry performance in the 27 countries in the European Union, and are based on available data released by Eurostat. The scope of the two-page summary report distils Eurostat data into four areas: chemicals production, trade, prices and total sales.

About Cefic

Cefic, the European Chemical Industry Council, is the Brussels-based organisation representing the European chemical industry. Created in 1972, it represents 29,000 companies that produce 21 per cent of the world's chemicals and employ 1.2 million people. To learn more about Cefic, visit its website at www.cefic.org.