

Outlook on EU chemical production

Cefic, the voice of the European chemical industry, forecasts marginally higher growth of chemical production in the European Union in 2016 (around +1.0%), following already weak dynamics in 2015 (+0.5%).

Key impact factors for forecast:

1. The environment for the chemical business in 2015 proved to be challenging:

- Manufacturing growth in the European Union grew only moderately and growth in the construction sector, a key market for chemicals, was slower than expected in the current low-interest rate environment.
- Only the automotive industry over-performed compared to expectations in 2015 and drove demand for certain chemical products.
- Moreover, growth in global demand for intermediate chemical inputs slowed significantly as global manufacturing growth decelerated to only 2%.

2. Growth in Asia was much softer, driven by the slowdown in China:

- Brazil and Russia also faced strong recessions.
- Although low oil prices and a weak Euro/USD exchange rate supported growth of European chemical exports, aggregate growth in global demand was too weak to significantly accelerate demand for European chemicals.

3. In 2016, the world economy is expected to grow only moderately:

- Growth of gross domestic product in the European Union is assumed to be stable with some regional differences.
- Although growth in European manufacturing might be somewhat weaker next year due to softer growth in the automotive industry – following two years of strong recovery – other industries are expected to strengthen and should balance demand for chemicals.
- European chemical exports are supported by favourable Euro exchange rates and slightly stronger global growth in the manufacturing industry, and finally by consumer demand.

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About Cefic

Cefic, the European Chemical Industry Council, founded in 1972, is the voice of 29,000 large, medium and small chemical companies in Europe, which provide 1.2 million jobs and account for 17% of world chemicals production. More information can be found on www.cefic.org