

Contact:

Dr Moncef Hadhri, Economic Affairs, mha@cefic.be

Dervla Gleeson, Media Relations, dgl@cefic.be

Prospects continue to brighten for the EU chemicals industry ▲

Chemicals output ▲2.3%, Chemicals producer prices ▲5.8%, Chemicals sales ▲6.4%,
Domestic sales ▲4.6%, Exports ▲11.1%, Consumption ▲3.1%, Capacity ▲3.0%

❖ **Global economic climate continues to improve**

According to the Ifo World Economic Survey (WES) "second quarter of 2017", experts' assessments of the current economic situation were considerably more positive, making their sharpest increase since January 2013. Economic expectations also improved. A further recovery was seen in the world economy in the second quarter. The Ifo World Economic Climate improved in nearly all regions of the world. The main drivers remained the advanced economies, and especially the European Union. ▲

❖ **EU chemicals business confidence now above the long-term average.**

According to EU Commission Business Survey data, the chemicals business situation became more favourable in the first quarter of 2017. Prospects for the coming months moved in a positive direction. The business climate has been improving since Q3-2016. Total order-book levels of chemicals continued to increase and employment expectations for the months ahead continued to follow an upward trend. Chemicals business confidence continued on an upward trajectory for the fourth consecutive quarter. It is now above the long-term average. ▲

❖ **EU chemicals capacity utilisation reaches second highest level for six years**

According to EU Commission Business Survey data, capacity utilisation in the EU chemicals sector reached the value of 83.7% in the first quarter of 2017. This represents the fourth consecutive quarter of positive growth since second quarter of last year. It is also the second highest value for six years. ▲

❖ **Production reaches highest level for eight years**

Production in the EU chemicals sector grew 2.3% through March 2017 compared to the same period of 2016. Output rose in most chemicals sub-sectors. Production saw a significant increase in Plastics (5.1%), Basic Inorganics (2.4%), "dyes and pigments (2.3%)" and cosmetics (1.9%). No significant growth for specialty chemicals (0.6%) was recorded. Output reached the highest level for eight years. ▲

❖ **Producer prices above previous year's level for the first time in four years**

The upward trend of prices accelerated at the beginning of the year and, for the first time in four years, producer prices were above the previous year's level. Larger production volumes and the persistent upward trend of producer prices brought a clear rise in sales. The positive development of industrial demand and encouraging construction activities inspired the chemical business in the EU market. ▲

❖ **Positive trade development**

Foreign demand for the EU chemicals sector saw a positive development through Feb-'17. Exports went up significantly, generating an additional export surplus of €2.5 billion. EU sales to the USA, China and Rest of Asia contributed largely to this improvement. All chemicals sectors posted positive changes. ▲

❖ **Uncertainty and major political risks**

The key question is to know whether the latest positive developments in the EU chemicals business will follow the present encouraging trend. Uncertainties and major political risks could make for a less positive story in the coming months.