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Solid recovery and positive outlook for EU chemicals

Chemicals output ▲3.4%, Chemicals producer prices ▲5.2%, Chemicals sales ▲8.3%, Domestic sales ▲8.4%, Exports ▲7.9%, Imports ▲7.7%, Trade surplus ▲8.4%, Consumption ▲8.3%, Employment ▲1.1%, Capacity utilisation ▲2.7%,

❖ **World economic climate indicator reaches highest level since 2011**

According to the ifo World Economic Survey (WES, IV-2017), the world economic climate improved this quarter, with the indicator reaching its highest level since the second quarter of 2011. Experts assessed the current economic situation as more positive than the last quarter, and their expectations were also more optimistic. The climate improved in nearly all regions of the world. With the exception of the Middle East and Northern Africa, experts across the globe assessed the current economic situation more positively. Developments in their expectations were mixed. Optimism waned in advanced economies. Experts from emerging and developing economies, by contrast, expect the world economy to pick up, with Latin America contributing strongly to the improvement in expectations.

❖ **Chemicals output up by 3.4% during first nine months of 2017 (y-o-y)**

Production in the EU chemicals sector grew 3.4% from January to September 2017 compared to the same period of 2016. Output rose in most chemicals sub-sectors. Production in crop protection, basic inorganics, dyes and pigments, polymers, and consumer chemicals increased significantly. Less significant output growth for specialties was recorded. Chemicals output is (1.3%) below the first quarter of 2008. ▲

❖ **Chemicals prices surge 5.2% during first nine months of 2017**

Producer prices were above the previous year's level. In the EU chemicals sector, producer prices grew 5.2% from January to September 2017 compared to the same period of 2016. Most chemicals sectors posted growth on prices.

Petrochemicals saw strong price changes and are significantly linked to the increase in oil prices. Paints and crop protection recorded a price increase of about 1%. Consumer chemicals prices edged up by just 0.4%. Figures also show a drop in chemicals prices of 1.2% in Q3-2017 compared to Q2-2017 ▲

❖ **Domestic sales develop favourably from January to August 2017 (y-o-y)**

Sales generated in the EU single market (domestic sales) reached the value of €246.8 billion through August 2017. This represents an additional revenue of €19.1 billion (8.4 per cent, y-o-y). ▲

❖ **Chemicals exports up by €7.6 billion through August 2017 (y-o-y)**

EU chemicals exports reached the value of €104.5 billion in the first eight months of 2017, rising by 7.6 billion (+7.9 per cent). EU chemicals exports to the non-EU area accounted for 29.7 per cent of total chemicals sales during the first eight months of 2017. All chemicals sectors posted an increase in exports revenue. Specialty chemicals and polymers contributed most to the exports surplus (€4.5 bn out of €7.6 bn) through August 2017. Rest of Europe (covers Turkey, Switzerland, Norway and Ukraine) and the USA are still the two largest generators of exports during the same period. Comparing exports over the first eight months of 2017 to 2016, the analysis shows that exports went up significantly in China, Rest of Asia and Rest of Europe including Russia. ▲

❖ **Total chemicals sales up by 8.3% through August 2017 (y-o-y)**

Sales generated by EU chemicals companies (domestic sales + extra-EU exports) posted a value of €351.3 billion during the first eight months, up from €324.5 bn generated during the

same period of 2016. Total sales were 8.3 percent higher than one year earlier. ▲

❖ **Chemicals imports up by €5.2 billion during first eight months of 2017**

EU chemicals imports were valued at €72.4 billion from January to August 2017, going up by 5.2 billion compared to the same period one year ago (+7.7 per cent). More than 1/3 of EU imports are attributable to petrochemicals, followed by specialty chemicals, accounting for nearly 24% of all imports. Comparing the first eight months of 2017 to 2016, data shows that all chemicals sectors posted an increase in imports. The USA and Rest of Europe are still the two largest origins for EU imports. ▲

❖ **Chemicals consumption rises 8.3% during first eight months of 2017 (y-o-y)**

Chemicals consumption (domestic sales + imports) in the EU home market developed positively from January to August 2017. Consumption went up significantly, reaching €319.3 billion, up from €294.9 billion through August 2016 (8.3 per cent, y-o-y). ▲

❖ **Trade surplus up by €2.5 billion through August 2017 (y-o-y)**

The net trade surplus was €32.1 billion during first eight months of 2017 (additional €2.5 bn). The largest EU chemicals surplus occurred with rest of Europe. EU chemicals however registered a trade deficit with South Korea, India, and Japan. Specialty chemicals and consumer chemicals contributed most to an additional EU trade surplus. ▲

❖ **Positive outlook for EU chemicals output**

Cefic is expecting solid 3% growth of chemical output in the EU in 2017, driven by growing demand from customer industries. A slight deceleration to around 2% is forecast for 2018. The recovery of the chemical sector follows the overall economic growth in the EU in the first three quarters of 2017, driven by robust consumer demand as well as investments in new production capacities. For more information, please click here link: [Cefic EOTF Press Release Dec-2017](#) ▲

▼ Deterioration ■ No major changes ▲ Improvement