

Contact:

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

Mid-Year Overview

EU chemicals industry grows significantly in 2017, while remaining below pre-crisis level

Chemicals output ▲ 3.1%, Chemicals producer prices ▲ 5.7%, Chemicals sales ▲ 8.0%, Domestic sales ▲ 15.0%, Consumption ▲ 8.9%, Capacity utilisation ▲ 3.2%

❖ **Global economic climate remains good**

According to the Ifo World Economic Survey (WES) "third quarter of 2017", experts assessed the current economic situation far more positively than evaluated in April of this year. However, expectations for the months ahead were slightly less optimistic. The economic climate primarily improved somewhat in the advanced economies, and especially in the euro area. Britain was the only country to experience a slump-from plus 4.7 balance points to minus 46.3 points. The world economy is expected to continue to recover at a slightly slower pace in the second half of 2017. ▲

❖ **Chemicals confidence continues to improve**

According to EU Commission Business Survey data, the chemical business situation at present became more favourable in the second quarter of 2017 compared to the first quarter of the same year. Prospects for the coming months moved in a positive direction. Total order-book levels of chemicals and employment expectations for the months ahead continued to increase. Chemicals business confidence follows an upward trend for the fifth consecutive quarter and is above its long-term average. ▲

❖ **Chemicals output up by 3.1% during first half of 2017**

Production in the EU chemicals sector grew 3.1% during the first half of 2017 compared to the same period of 2016. Output rose in most chemicals sub-sectors. Production in crop protection, basic inorganics, polymers, dyes and pigments, and consumer chemicals increased significantly. Modest output growth for specialty chemicals was recorded. Chemicals output is still (2.1%) below the first quarter of 2008. ▲

❖ **Chemicals prices surge 5.7% during first half of 2017**

Producer prices were above the previous year's level. Producer prices in the EU chemicals sector grew 5.7% during the first half of 2017 compared to the same period of 2016. Most chemicals sectors posted growth on prices. ▲

❖ **Chemicals sales up during first five months of 2017 (y-o-y)**

Larger production volumes and a positive trend of producer prices brought a clear rise in sales. Domestic sales developed favourably from January to May 2017. Sales revenue generated by EU companies in the EU single market reached the value of €163.6 billion through May 2017. This represents an additional revenue of €21.4 billion (15.0 per cent, y-o-y). Sales revenue (domestic + exports) posted the value of €219.2 billion during the first five months of 2017, up from €203.1 billion through May 2016 (8.0 per cent, y-o-y). ▲

❖ **Chemicals consumption rises 8.9% during first five months of 2017 (y-o-y)**

Chemicals consumption (domestic sales + imports) in the EU home market developed positively from January to May 2017. Consumption went up significantly, generating a value of €201.3 billion (8.9 per cent, y-o-y). ▲

❖ **Chemicals capacity utilisation grows positively for fifth consecutive time**

According to EU Commission Business Survey data, capacity utilisation in the EU chemicals sector reached the value of 84.1% in the second quarter of 2017. This represents the fifth consecutive quarter of growth since the second quarter of last year. Chemicals capacity is slightly below the first quarter of 2011, which represents the peak level after the crisis. ▲

▼ Deterioration ■ No major changes ▲ Improvement