CHEMICAL TRENDS REPORT

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cefic

General enquiries
Dr Moncef Hadhri
Senior Manager Economic Affairs
Tel. +32 479 79 66 99
mha@cefic.be

Cefic, the European Chemical Industry Council, is the forum for large, medium, and small chemical companies across Europe, accounting for 1.2 million jobs and 13% of world chemical production. On behalf of its members, Cefic's experts share industry insights and trends, and offer input and perspectives on the EU agenda. Cefic also provides its members with services such as guidance and training on regulatory and technical matters, while contributing to the advancement of scientific knowledge.

The European Chemical Industry Council, AISBL
Rue Belliard 40, 1040 - Brussels, Belgium
Cefic.org

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The Chemicals Trends summary report provides a snapshot of the chemical industry performance in the 27 countries of the European Union and is based on data released by Eurostat.

Issued quarterly, the current report distils Eurostat data into top areas: economic climate, business climate, energy prices, output, total sales, extra-EU trade, consumption and capacity utilisation.

SUMMARY

EU27 chemical business: weak start in 2025

- The competitiveness of the sector in Europe remains well below pre-crisis levels (2014-2019 average) due to the combination of weak demand and uncompetitive energy prices. This is particularly an issue for commodity products and petrochemicals where China has a competitive edge: large production scale at low production costs.

- Compared to the USA, the gas price in Europe (Jan-Mar 2025) is 3.3 times higher, leaving Europe at a competitive disadvantage. The EU27 chemicals business environment continues to face a limited demand since March 2022.

- The EU27 chemicals capacity utilisation is a key concern. It is far below the EU's long-term average and has been well below the US average since Q3-2022. The weak demand and declining business confidence continue to challenge the EU27 chemical industry.

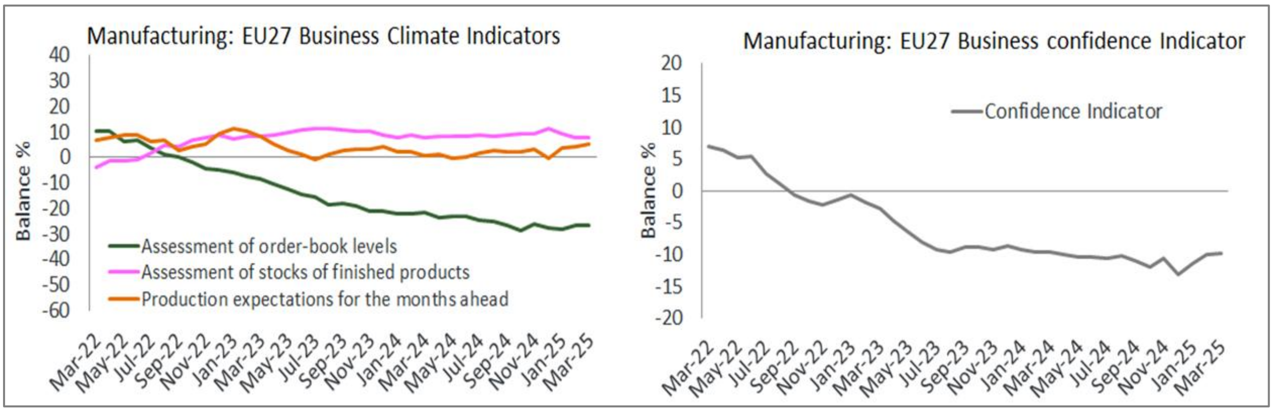
- While a significant increase in trade surplus was observed in 2024 in comparison to 2023, driven by lower import rates due to lower domestic demand, this trend risks reversing. This is based on data from first two months of 2025, as the EU chemicals trade surplus decreased by 25% due to increasing imports.

- The recovery is still some way off and the demand increase will be limited due to weak economic conditions in Germany and the USA. The business trade environment in which European chemical companies are operating is exposed to high risks due to the unprecedented, global trade disruptions caused by US tariffs. EU27 chemicals output is expected to grow by less than 0.5% in 2025, down from 2.5% achieved in 2024.

IN-DEPTH ANALYSIS

EU27 manufacturing confidence remained broadly stable

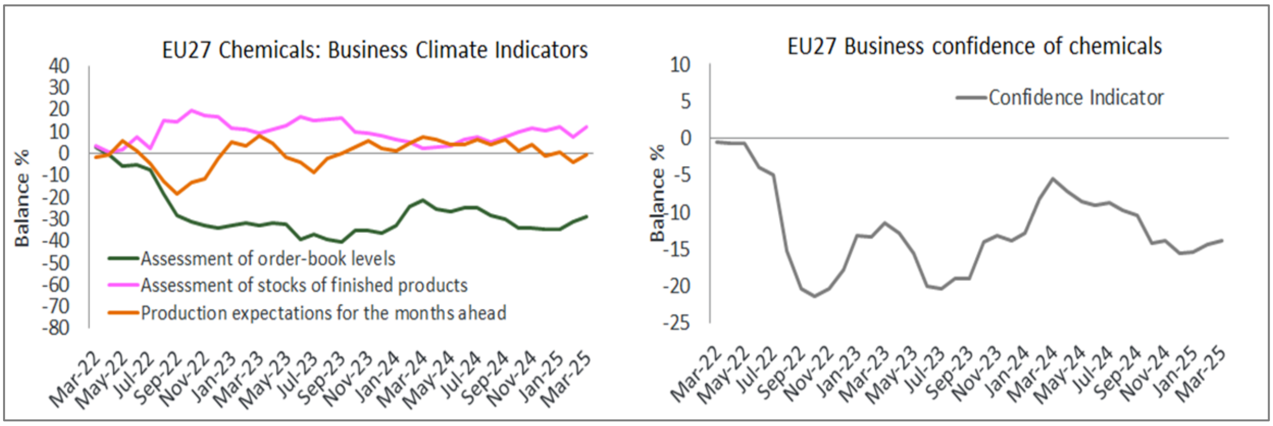
According to the latest EU Commission business and consumer survey, the Economic Sentiment Indicator (ESI) decreased in the EU in March 2025. This decline was driven by lower confidence in services, retail trade, and among consumers. Construction confidence remained unchanged. Confidence in industry remained broadly stable, reflecting managers' virtually unchanged assessments of the current level of order books and stocks of finished products, and an improvement in managers' production expectations.



Source: EU27 commission business and consumer survey and Cefic analysis (2025)

EU27 chemicals business climate remains weak

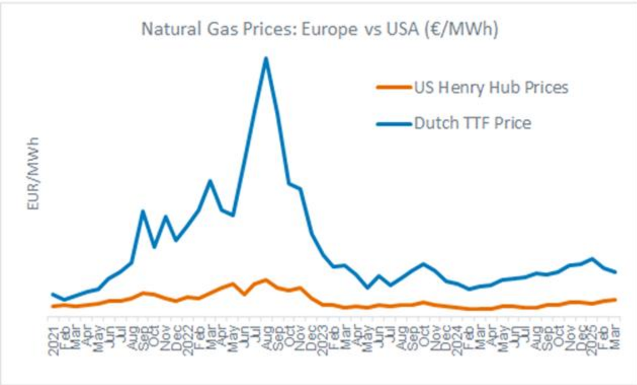
Confidence in the EU27 chemical industry slightly improved in March 2025 compared to February of the same year (+0.5). For the largest EU27 economies, the confidence indicator improved considerably in Germany (+3.8) and Spain (+2.7), while it declined significantly in Belgium (-6.7) and France (-5.6). Confidence deteriorated slightly in the Netherlands (-2.1), Poland (-1.1) and Italy (-0.9). Managers' opinion on the current level of overall order books continued to improve since December 2024 but is still too low compared to the pre-crisis levels. The EU27 chemicals business environment has been facing a limited demand since March 2022.

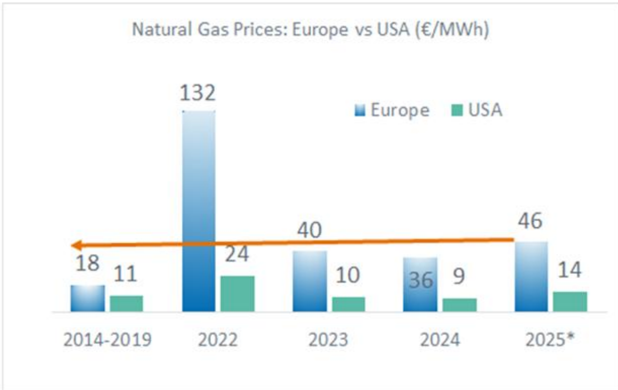


Source: EU27 commission business and consumer survey and Cefic analysis (2025)

European gas prices remain far above the pre-crisis levels

The chemical industry is energy-intensive using about 25 to 50% of the natural gas it purchases as raw material, while the rest is used to generate steam and power for plants and processes. Chemicals are therefore highly impacted by gas prices. Access to reliable and competitive energy sources is essential to maintain competitiveness. Key upstream basic organic and inorganic chemicals, such as ethylene, propylene, ammonia, chlorine, and alkalis, are based on energy-intensive processes.



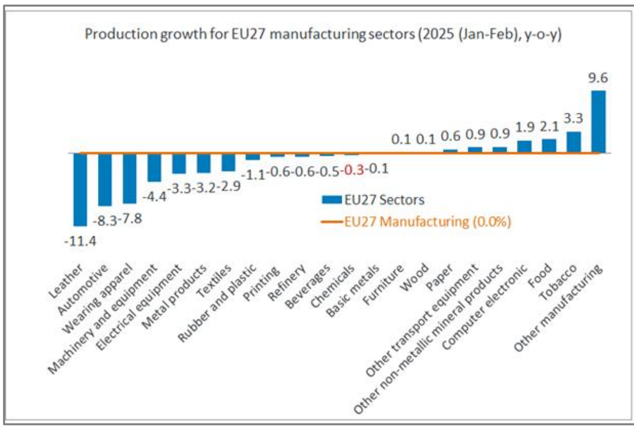


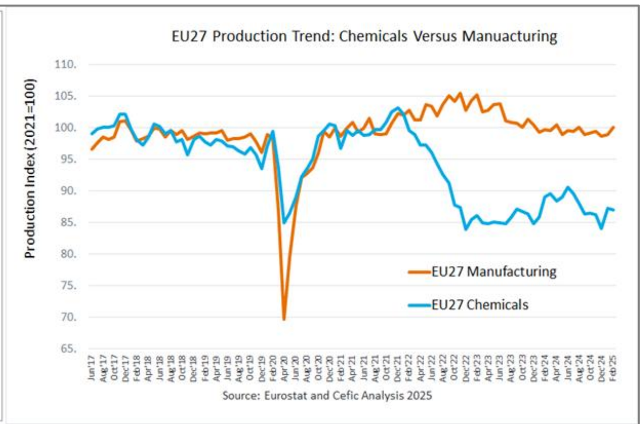
Source: ICE Dutch TTF Natural Gas Futures - Investing.com and INSEE

At global level, gas prices in Europe were 3.3 times higher than those in the USA, placing Europe at a competitive disadvantage. The gap in natural gas prices between Europe and its competitors is projected to remain substantial between 2025 to 2030, further weakening the European industry's competitive position in global chemical markets.

EU27 chemical industry lacks a strong domestic demand

Data from January to February 2025shows that the output of the entire EU27 manufacturing sector increased for the second consecutive month. Compared to the same period in 2024, the output level in 2025 remained relatively unchanged. However, most downstream users in the chemicals sector reported a decline in output in 2025 compared to 2024.



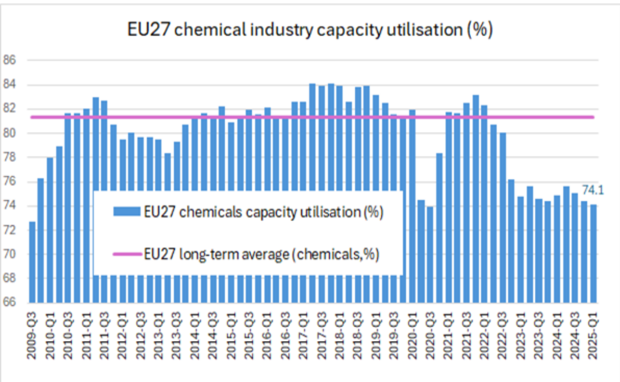


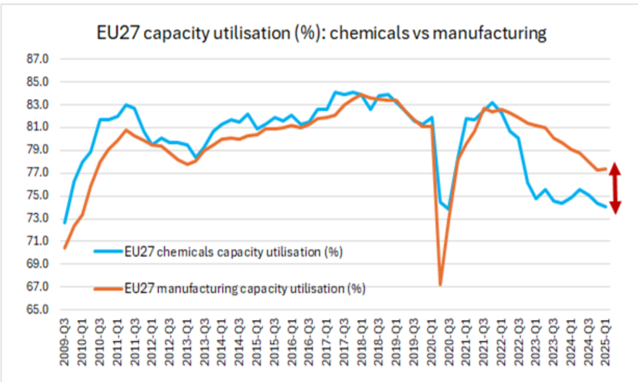
Source: Eurostat and Cefic analysis (2025)

For instance, the automotive sector is still experiencing a significant decline of more than 8%. However, the EU27 chemical industry reported a modest output decrease of 0.3%, in the 'middle of the pack' of EU27 manufacturing sectors. The output of the EU27 chemical industry remains 9.1% below the pre-crisis levels of 2014 to 2019. As major supplier of products and technologies to key manufacturing sectors, the European chemical industry needs a strong domestic demand to achieve significant growth. Unfortunately, no strong positive changes have been observed so far and business expectations for most downstream users are still not encouraging.

EU27 chemicals capacity utilisation remains steadily low

The EU27 chemical industry is still lacking a strong domestic demand since 2022, and production data confirm the view that the European chemical industry is at a breaking point. As highlighted in the 2025 Cefic-Advancy report on competitiveness, approximately 11 million metric tons of announced capacities were set to be closed in Europe between 2023 and 2024. Once closed, a site will not reopen due to the generally high capital costs required and, in some cases, local oppositions. This number of site closures is well above the historical level observed in Europe in recent years. The chart below reports a decrease of capacity in the EU27 chemical industry from 74.4% in Q4-2024 to 74.0% in Q1-2025, in comparison with a long-term average of 81.4%.

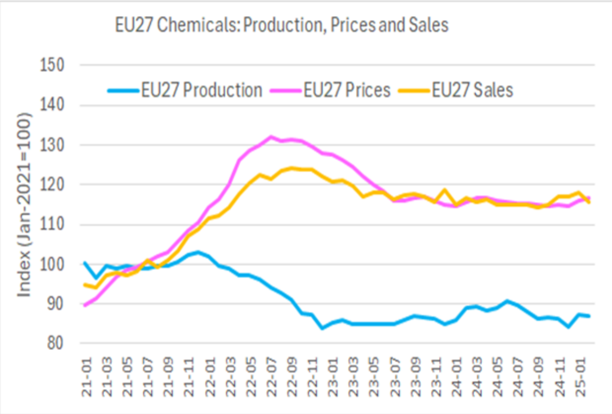


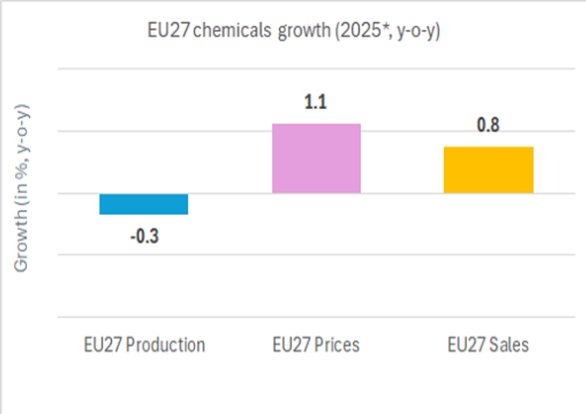


Source: Eurostat and Cefic analysis (2025)

Weak demand and high energy costs continue to weigh on EU27 chemicals sales

The EU27 chemical output decreased by 0.3% during the first two months of 2025 compared to the same period in 2024. EU27 chemical prices were 1.1% above the previous year's levels and sales in value increased by less than 1%. The recovery which started in 2023 was interrupted in Q3-2024 and Q4-2024. 2025 appears to be continuing the same trend as the second half of 2024. This reflects the high level of uncertainty surrounding the European business community. Given the lack in demand growth, the European chemical industry production volumes have still not recovered. The ongoing low demand and high energy costs continue to weigh on EU27 chemicals sales.

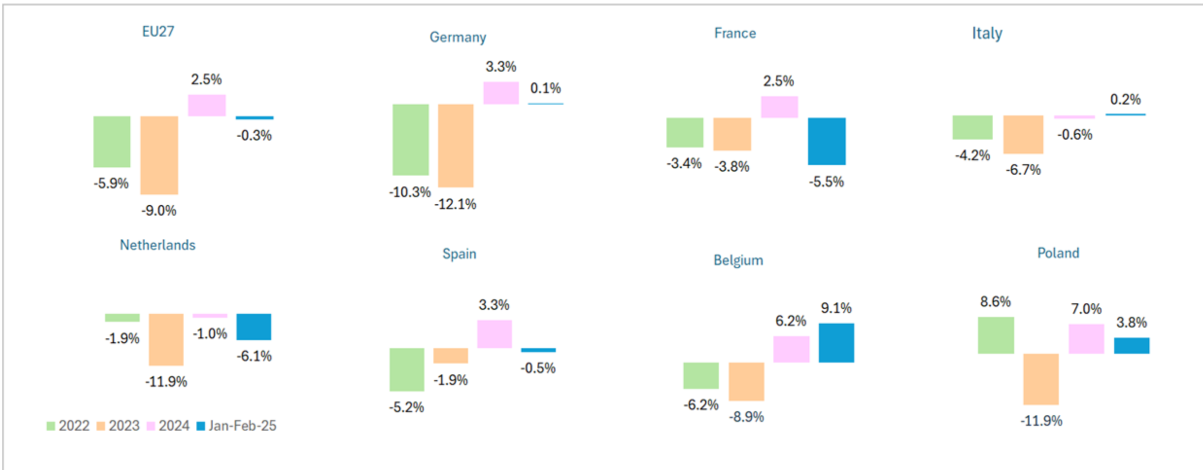




Source: Eurostat and Cefic analysis (2025)

January to February 2025 : EU27 chemicals production below 2024 levels

Data analysis shows that leading EU27 countries experienced different growth rates of chemical production during the first two months of 2025 compared to the same period of 2024. The Netherlands registered a decline of 6.1%. France saw its production decrease by 5.5%. Spain reported a decrease of 0.5%. Germany and Italy posted a modest increase of less than 0.5%. Poland benefited from a 3.8%, while Belgium's 9.1% growth exceeded all other growth rates. Chemical production trends by country show a fragmented Europe. The economic environment in which European chemical companies are operating in 2025 is highly uncertain. The global economic outlook for 2025 is not very positive. EU27 chemicals output is expected to grow by less than 0.5% in 2025, down from 2.5% achieved in 2024.



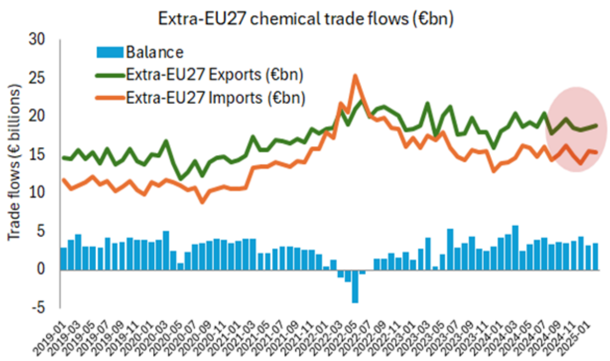
Source: Eurostat and Cefic analysis (2025)

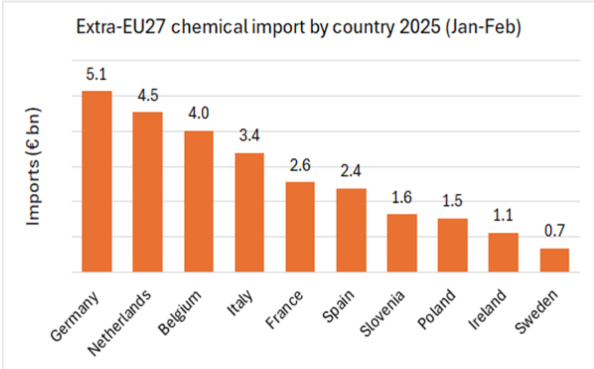
EU27 chemical trade surplus in January to February 2025 : 25% below 2024 results

The energy crisis has affected not only the industry but also consumers who have seen their energy bill soar and the prices of consumer goods increase.

2024 vs 2023: While EU exports remained fairly stable, a weak EU27 demand translated into a severe drop in EU27 imports in 2024 vs 2023, down by €9.6 bn, generating a trade surplus of €47.1 billion in 2024. EU27 chemicals exports increased by 1.0% only in 2024 compared to 2023, up by €2.3 bn. The fact that imports were more severely cut than exports has generated a trade surplus of €47.1 billion in 2024.

2025 vs 2024: From January to February 2025, EU27 chemical exports increased by 1.8% in 2025 in comparison to the same period in 2024, whereas EU27 chemical imports increased by 10.2%. The EU27 chemicals trade surplus amounted to €6.7 bn in the first two months of 2025, down by €2.2 bn compared to 2024 (-25%).





euro bn	Exp	Imp	Balance	Trade
2024 (Jan-Feb)	36.8	28.0	8.8	65
2025 (Jan-Feb)	37.4	30.8	6.7	68
Delta	0.7	2.8	-2.2	3.5
2025/2024	1.8%	10.2%	-25%	5.4%

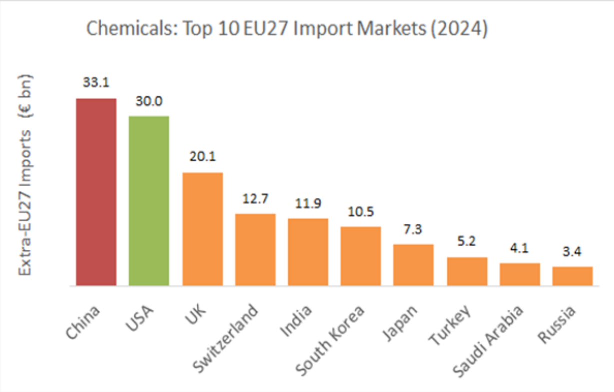
2025: EU27 chemicals trade surplus amounted to €6.7 bn in 2025 (Jan-Feb), down by €2.2 bn compared to 2024 (-25%)

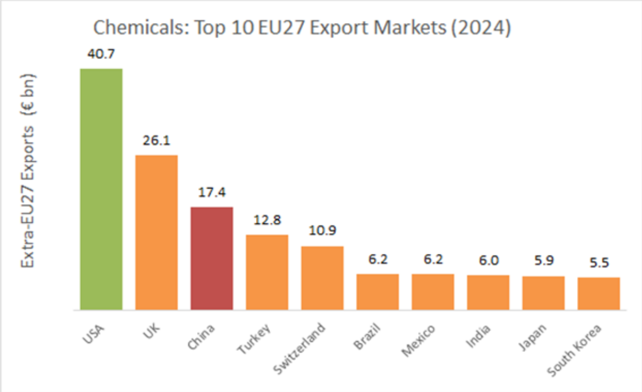
Source: Eurostat and Cefic analysis (2025) for NACE code 20

EU27 is becoming increasingly dependent on non-EU27 countries

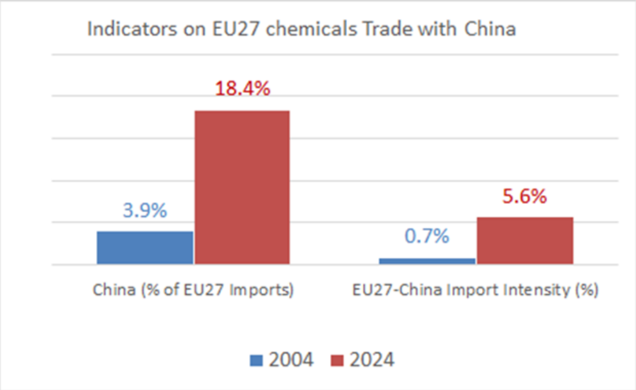
Ceric continuously monitors the trade patterns of the EU27 chemical industry. The analysis shows that EU27 imports continue to grow more steeply than domestic production, meaning that the EU27 is losing ground on its home market to non-EU countries. With €33.1 bn, China is the 1st source of imports of the EU27 area for chemicals, followed by USA (€30.0 bn) and UK (€20.1 bn). Europe heavily relies on the import of chemicals from China for several products.

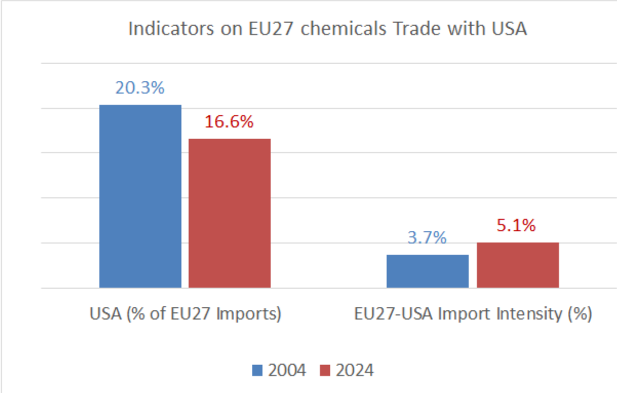
European reliance on China's exports to the EU27 chemicals market has increased more than 4.7 times in twenty years, rising from less than 1% in 2004 to 5.6% in 2024. The EU27 chemicals dependency on US's exports has increased more than 1.4 times in the same period, rising from less than 3.7% in 2004 to 5.1% in 2024.





Source: Eurostat and Cefic analysis (2025)





Source: Eurostat and Cefic analysis (2025) for NACE code 20 data