

CHEMICAL TRENDS REPORT

May 2026



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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.

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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

The EU27 chemical industry: Weak Demand and High Energy Costs Delay Recovery

- The EU27 chemical industry continues to face a deep and structural competitiveness challenge, with performance remaining significantly below its pre-crisis benchmark (2014–2019 average). Despite modest improvement in early 2026, weak demand, declining production and intensifying global competition persist, while increasing exposure to global trade risks—including US measures and geopolitical tensions affecting key routes such as the Strait of Hormuz—adds further uncertainty, with impacts still difficult to assess.
- Business sentiment shows early signs of improvement but remains fragile. Confidence has risen from -19% in October 2025 to -9% in April 2026. However, it remains in negative digits, with firms remaining cautious about the sustainability of the current improvement phase. Demand conditions are still weak, with order books well below normal levels despite recent improvements. Overall, the sector has moved from contraction to a fragile improvement rather than a firm recovery trajectory.
- A key structural constraint to European chemical industry competitiveness remains the persistent energy cost disadvantage faced by European chemical producers. Although energy markets have stabilised since the 2022 crisis, European natural gas and electricity prices continue to exceed those in competing regions, particularly the United States. In 2026 (Jan-Apr), gas prices in Europe remain 3.3 times higher than US levels, widening the transatlantic competitiveness gap compared with the pre-crisis period. This enduring divergence continues to weigh heavily on energy-intensive segments such as ‘other organic basic chemicals’, polymers and basic chemicals, constraining production, limiting investment and reinforcing the relocation pressures observed across global value chains.
- These pressures are reflected in persistently weak capacity utilisation and declining production trends. EU27 chemical capacity utilisation remains at historically low levels, around 74%, well below its long-term average and consistently below overall EU manufacturing. This underperformance confirms the structurally weaker position of chemicals within the European industrial base. In the first quarter of 2026, chemical production declined by 3.2% year-on-year, highlighting the fragility of the current trend. The downturn is particularly pronounced in ‘other organic basic chemicals’ and polymers, while only selected specialty and consumer-oriented

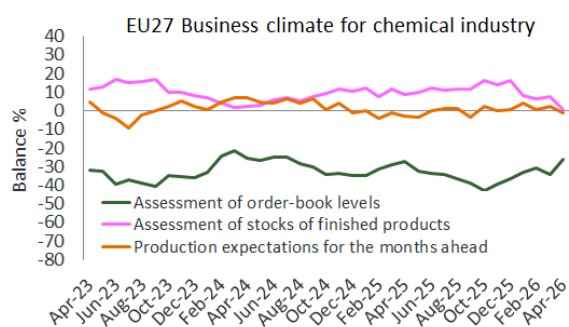
segments show resilience. Across Member States, the improvement remains highly uneven, with France showing modest growth, while Germany, Italy and the Netherlands continue to experience significant contractions.

- EU27 chemical trade weakened markedly in early 2026, with exports falling by €4.6bn (-12.4%) and imports declining even more sharply by €4.8bn (-15.7%), reflecting both softer external demand and a contraction in domestic industrial activity. The export downturn was largely driven by reduced shipments to key partners—particularly the United States—and by sharp declines in ‘other organic basic chemicals’, polymers, and other intermediate chemicals. Imports showed a similarly broad-based decline across partners and sectors, again led by upstream segments, pointing to weaker demand for industrial inputs. Despite these negative trends, the EU27 trade surplus increased slightly to €6.7bn, as the stronger fall in imports outweighed export losses. Overall, the improvement in the trade balance reflects import compression rather than a recovery in competitiveness, underlining a weak demand environment.
- Overall, the EU27 chemical industry has entered a phase of fragile development rather than recovery. Without a sustained improvement in energy affordability, stronger demand conditions and a more stable global trade environment, the outlook remains subdued. The risk of a continued erosion of Europe’s chemical production base therefore remains significant in the medium term.

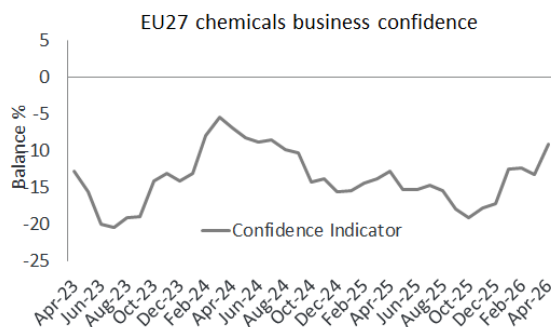
IN-DEPTH ANALYSIS

EU27 Chemical business confidence improves significantly

The latest EU Commission business and consumer survey shows that chemicals confidence remained weak throughout 2025 and deteriorated further in autumn, reaching around -19% in October, close to the lowest levels seen since the downturn began. In contrast, in 2026 confidence rose to around -9% by April.



Source: Cefic Analysis based on Eurostat Data, Nace 20

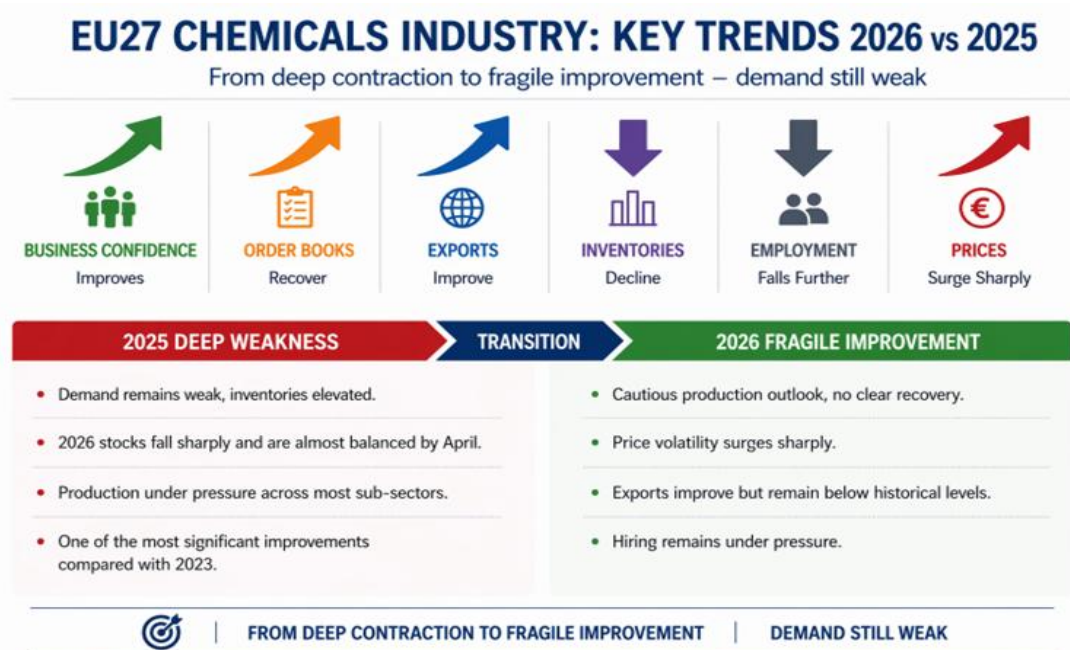


Where demand conditions remained extremely weak in 2025 - with order-book balances hitting their lowest point in the current economic cycle, reaching around -43% in October - order-book assessments recover to around -26% by April 2026. Despite remaining clearly negative, demand conditions have eased compared with 2025. This improvement should be interpreted with caution in light of ongoing geopolitical developments.

Export order books in 2025 followed the same weak pattern as domestic demand, remaining deeply negative and weighing on sector mood. Throughout 2025, the level of stocks of finished products remained clearly elevated, typically in the low-to-mid-teens, pointing to persistent inventory overhangs. In 2026, stocks fell sharply and are almost balanced by April. This change represents one of the most significant improvements compared with 2025, indicating that excess inventories have largely been absorbed.

In 2025, production expectations offered no clear signal of recovery. In 2026, expectations remain cautious and uneven, edging up early in the year but slipping back to around zero or slightly negative by April. Despite recent improvements in production, firms remain uncertain about the sustainability of the improvement.

Compared with 2025, the first quarter of 2026 marks a transition from deep contraction to fragile improvement. Confidence improves and inventories normalise. However, demand remains weak, employment expectations deteriorate further, showing that the sector has not yet entered a sustainable recovery phase.



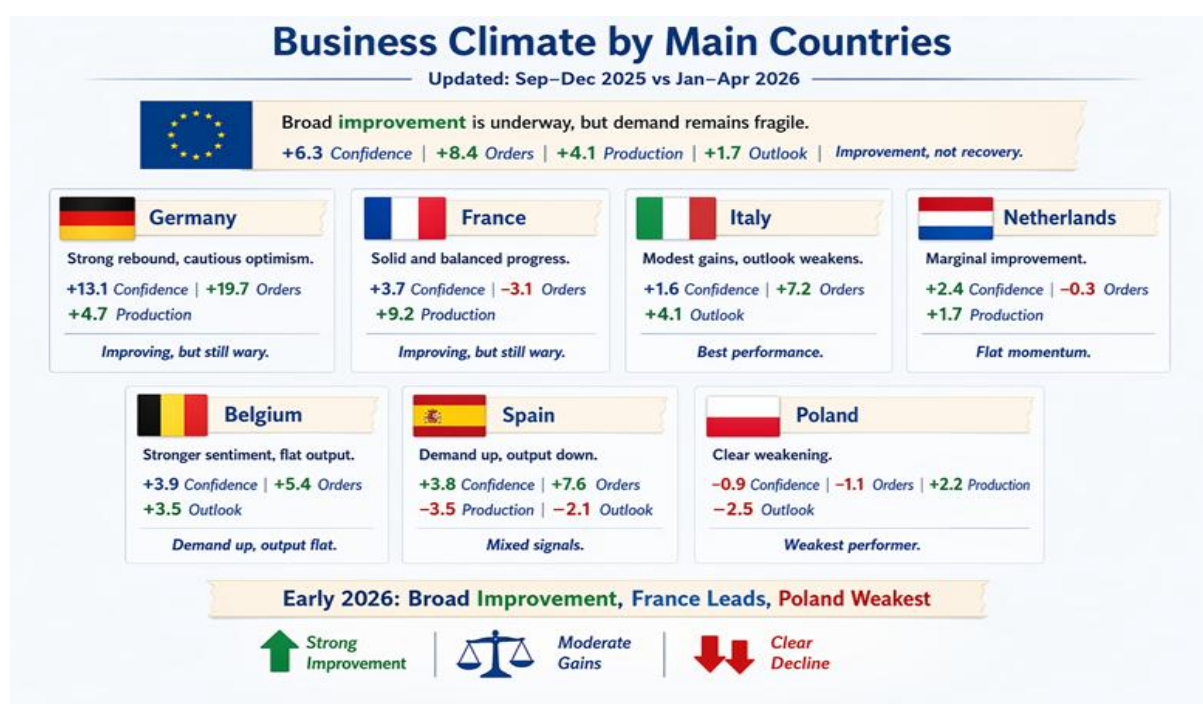
Source: Cefic Analysis based on Eurostat Data, Nace 20, chart designed by Copilot

EU27 chemical business climate by main countries: Divergent country dynamics

EU27: Demand remains fragile: Confidence improves markedly (+6.3), supported by a clear easing in order-book weakness (+8.4) and less negative recent production (+4.1). Production expectations also turn modestly positive (+1.7), pointing to a tentative improvement in the outlook. However, despite these gains, activity levels remain subdued, suggesting modest improvement rather than a genuine recovery at this stage.

Germany: Conditions improve visibly, yet optimism remains cautious: Germany records a strong rebound in confidence (+13.1), alongside a significant improvement in order books (+19.7) and a firmer recent production trend (+4.7). Production expectations also improve (+3.1), although they remain negative in level terms. Overall, the data point to a normalisation of sentiment and demand conditions but still fall short of signalling a firm upswing.

France: The strongest and most balanced improvement in the group: France shows a clear turnaround in activity: recent production strengthens sharply (+9.2), and production expectations improve decisively (+9.6). Confidence also increases (+3.7). In contrast, order-book assessments deteriorate slightly (-3.1), suggesting that demand remains uneven. Even so, France stands out for the breadth and consistency of improvement, particularly on the supply and outlook side.



Source: Cefic Analysis based on Eurostat Data, Nace 20, chart designed by Copilot

Italy: Confidence and demand improve, but expectations weaken: Italian confidence rises modestly (+1.6), supported by a notable improvement in order books (+7.2) and a firmer recent production trend (+4.1). However, production expectations deteriorate significantly (-4.1), slipping back into negative territory. This combination points to short-term Improvement in activity, but renewed uncertainty about the months ahead.

Netherlands: Marginal improvement, with little momentum: Confidence edges up (+2.4) and recent production improves slightly (+1.7), while production expectations are essentially unchanged (0.0). Order books, however, weaken marginally (-0.3). Overall, the Netherlands shows no clear directional signal, with indicators clustered around stagnation rather than recovery.

Belgium: Sentiment and demand strengthen, while output remains flat: Belgium records a strong improvement in confidence (+3.9) and a marked turnaround in order books (+5.4). Recent production

shows only a marginal improvement (+0.4), while production expectations deteriorate (-3.5). This suggests that better sentiment and demand conditions have yet to translate into a stronger production outlook.

Spain: Demand improves, but activity and expectations weaken: Spanish confidence rises (+3.8) and order books improve significantly (+7.6), indicating easing demand weakness. In contrast, the recent production trend deteriorates (-3.5), and production expectations worsen further (-2.1). The picture is one of short-term demand relief, offset by weaker production dynamics and a cautious outlook.

Poland: The clearest case of overall weakening.

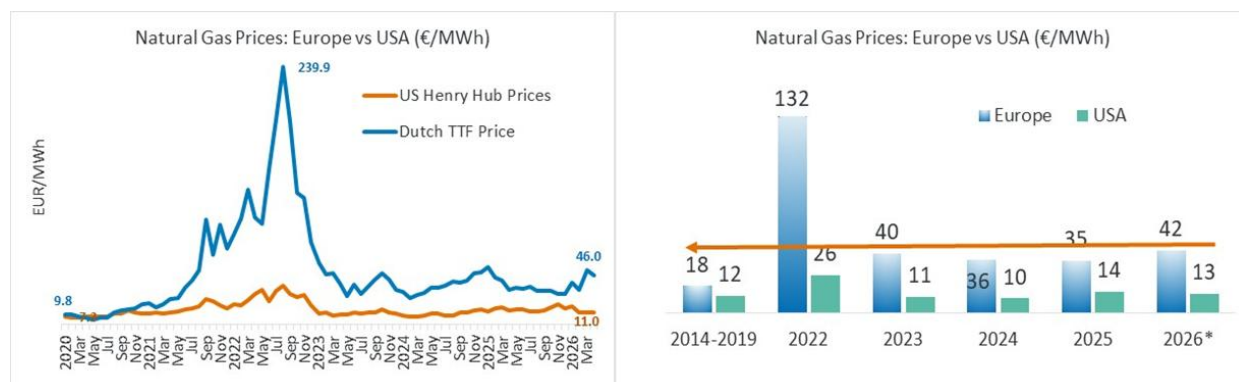
Poland stands apart as the only country showing a broad deterioration: confidence falls (-0.9), order books weaken (-1.1), and production expectations decline (-2.5). Only the recent production trend improves slightly (+2.2). Overall, Poland appears to lag the Improvement seen elsewhere in early 2026. Early 2026 marks a phase of broad Improvement rather than recovery: France shows the clearest improvement, Germany follows with strong but cautious gains, while Poland remains the weakest performer.

Energy: Structural cost disadvantage for European chemicals

Energy remains one of the most critical cost factors for the chemical industry and has evolved into a core structural determinant of competitiveness over the past decade. For energy-intensive chemical activities, the level and regional divergence of energy prices directly shape production costs, investment decisions and global trade patterns.

Persistent energy price gap with global competitors: Although energy prices in Europe have eased markedly since the extreme peaks observed in 2022, they remain structurally higher than in competing regions, most notably the United States and, to a lesser extent, China. This gap is particularly pronounced for natural gas and electricity, which are core inputs for basic chemicals, fertilisers, 'other organic basic chemicals' and numerous downstream transformation processes.

In the pre-crisis period (2014–2019), European wholesale natural gas prices (Dutch TTF) averaged around €18 per MWh, compared with roughly €12 per MWh in the United States. Even in this period of relative stability, European gas prices were already structurally higher than those faced by US producers. This historical gap, while manageable during periods of healthy demand and margin conditions, left Europe vulnerable to external shocks.



Source ICE Dutch TTF Natural Gas Futures Historical Prices - Investing.com and INSEE Oil Prices data & ICIS, *2026 (Jan-Apr)

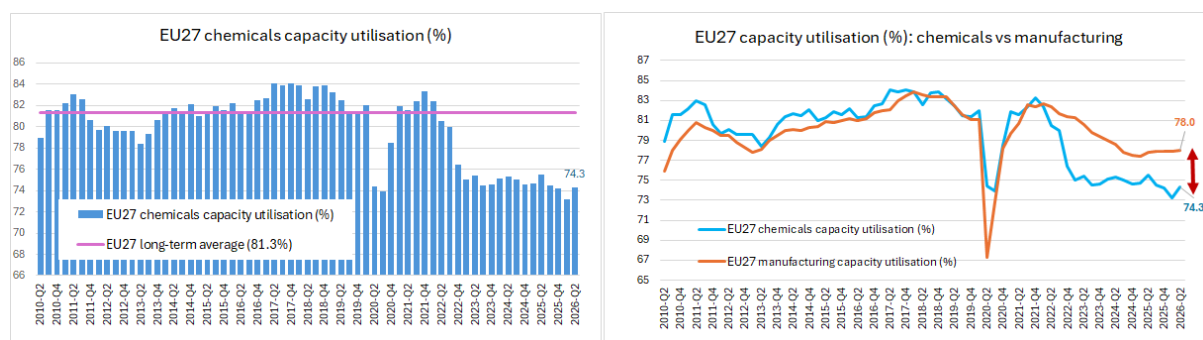
That vulnerability materialised dramatically in 2022, when the sharp contraction of Russian gas supplies following the war in Ukraine triggered an unprecedented energy shock. European gas prices surged to annual averages above €130 per MWh, at times exceeding €200 per MWh, and reaching more than five times US price levels.

In early 2026 (January–April), European gas prices averaged around €42 per MWh, compared with approximately €13 per MWh in the United States. This implies a European gas price level that is still more than twice the pre-crisis average and an EU-to-US price ratio of roughly 3.3, compared with about 1.5 before the crisis.

The comparison between 2026 and 2025 is particularly instructive. January–April, European gas prices in 2026 are broadly stable to slightly lower than in 2025, declining by around 2% year-on-year. By contrast, US gas prices declined much more sharply, by around 10% over the same period. A simple year-on-year comparison reinforces this conclusion. Between April 2025 and April 2026, European gas prices rose by more than 40%, while US prices declined by around 17%. This asymmetry illustrates how quickly competitive conditions can deteriorate for European producers, even when global energy markets are not under extreme stress.

EU27 chemical capacity utilisation: structural weakness persists

Capacity utilisation in the EU27 chemicals sector edged up slightly in Q2-2026, reaching 74.3%, compared with 73.2% in Q1-2026. Despite this marginal improvement, utilisation remains well below the long-term average of 81.3%. By comparison, EU27 manufacturing capacity utilisation stood at 78.0% in Q2-2026, broadly stable and closer to its long-term average of 80.5%, highlighting that chemicals continue to underperform relative to overall manufacturing. The persistent gap confirms that weak demand, excess capacity and subdued operating conditions continue to weigh more heavily on the European chemical industry than on manufacturing as a whole



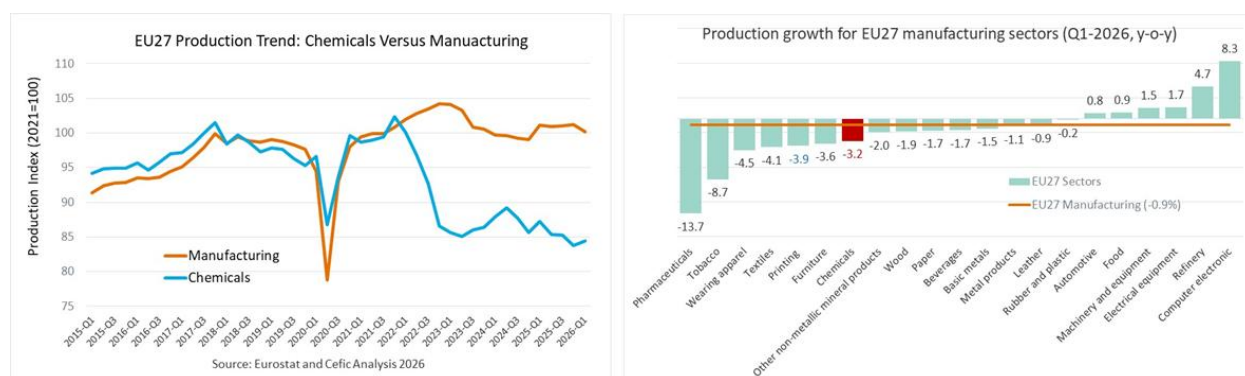
Source: Cefic Analysis based on Eurostat Data, Nace 20

A persistent and uneven gap across Member States: Weak chemicals capacity utilisation remains broad-based across the EU, but the severity varies markedly by country. Belgium continues to record one of the weakest outcomes, with capacity utilisation at 71.4% in Q2-2026, still more than 10% below its pre-crisis level, equivalent to around 87% of historical utilisation. Germany (73.4%) and the Netherlands (74.0%) also remain significantly affected, with utilisation rates still around 8–11% below pre-crisis norms, underscoring persistent slack in Europe’s core chemical producers. France (75.8%) and Italy (72.1%) show modest improvement but continue to operate well below historical benchmarks, consistent with subdued demand and cautious production strategies. Spain stands out

as a relative outlier, with utilisation at 81.8%, broadly back to – and slightly above – pre-crisis levels, while Poland (74.0%) performs comparatively better than several peers but remains clearly below its historical average.

EU27 chemicals production 3.2% below 2025 levels

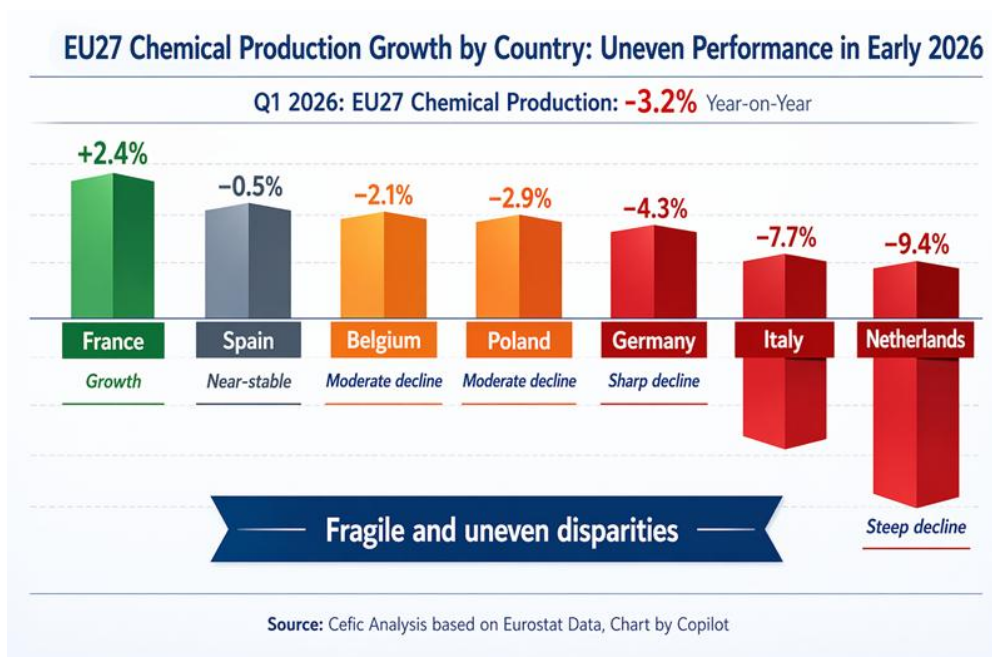
In the first quarter of 2026, EU27 manufacturing output declined by 0.9% year on year, reflecting a renewed loss of momentum after the modest improvement observed in 2025, when production had increased by 1.6% following a deep contraction of 3% in 2024. Despite this setback, total manufacturing output remains around 5% above its 2014–2019 average, indicating that the weakness reflects sectoral imbalances rather than a generalised collapse in activity.



Source: Cefic analysis based on Eurostat data.

Fragile and uneven disparities across EU27 Member States

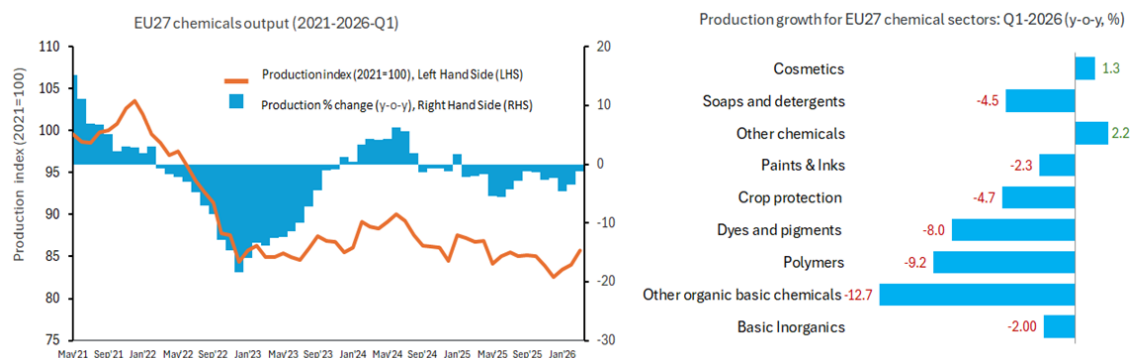
In Q1-2026, EU27 chemical production declined by 3.2% year on year, illustrating that the latest output development remains fragile and highly uneven across Member States. Among the large producing countries, France stands out as the only major economy showing positive growth, with chemical output rising by about 2.4% y-o-y, supported by comparatively resilient demand conditions. Spain was broadly stable (around -0.5%), while Belgium (-2.1%) and Poland (-2.9%) recorded moderate contractions, still outperforming the EU27 average. By contrast, Germany (-4.3%) and Italy (-7.7%) posted marked declines, continuing the prolonged weakness seen since 2022, particularly in energy-intensive chemical activities. The Netherlands recorded the sharpest contraction among the large producers (-9.4%), highlighting ongoing pressures linked to 'other organic basic chemicals' exposure. Overall, the top performers in Q1-2026 were France and, to a lesser extent, Spain, while Italy and the Netherlands clearly ranked among the weakest, pulling down the EU27 aggregate.



Source: Cefic Analysis based on Eurostat Data, chart designed by Copilot

EU27 organic basic chemicals and polymers under pressure

The sectoral breakdown for Q1-2026 shows that the EU27 chemical downturn is affecting most segments, but with significant differences across segments. 'Other organic basic chemicals' (-12.7%) and polymers (-9.2%) recorded the steepest declines, reflecting weak downstream industrial demand, ongoing global overcapacities and subdued investment activity. Basic inorganics (-2.0%) also remained in contraction territory, underlining persistent competitiveness challenges in energy-intensive segments. Among specialty and downstream chemicals, performance was mixed. Dyes and pigments (-8.0%) and crop protection (-4.7%) continued to struggle, while paints and inks (-2.3%) and soaps and detergents (-4.5%) showed milder declines close to the EU27 average. In contrast, a few niches proved more resilient: other chemicals (+2.2%) and consumer-oriented segments such as cosmetics (+1.3%) registered positive growth, benefiting from relatively stable end-user demand.



Source: Cefic analysis based on Eurostat data

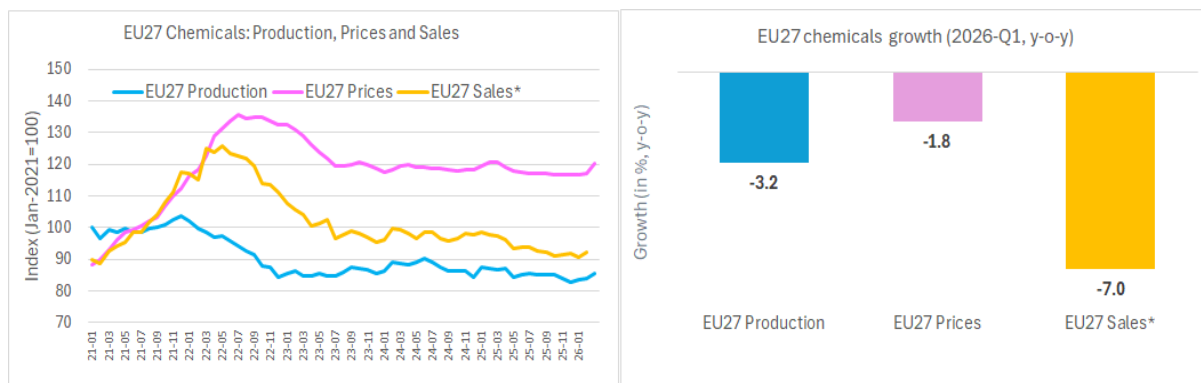
EU27 Chemical producer prices continued to rise in Q1-2026

Chemical producer prices continued to rise in Q1-2026, building on the improvement observed at the end of 2025. Between Q4-2025 and Q1-2026, the EU27 chemical producer price index increased by 0.9%, rising from 113.4 to 114.5. This indicates a moderate but broad-based increase across the EU27 compared to the previous.

Price developments, however, remain uneven across Member States. Strong quarterly price increases were recorded in Greece (+2.0%), Denmark (+1.7%), Poland (+1.7%), Romania (+1.7%) and Spain (+1.6%), pointing to renewed pricing momentum in parts of Southern, Nordic and Central-Eastern Europe. Several large chemical producers also recorded significant increases, including France (+1.4%), the Netherlands (+1.4%), Belgium (+1.2%) and Italy (+0.9%), broadly in line with the EU27 average. By contrast, price pressures remained subdued or negative in a few countries, notably Czechia (-1.1%), Portugal (-0.6%) and Austria (-0.2%), suggesting that cost pass-through and demand conditions continue to diverge significantly across national chemical markets.

EU27 chemicals sales deeply down

The latest data confirm that the EU27 chemical industry remains in a weak demand environment, with activity indicators deteriorating again at the start of 2026. Year-to-date (Q1-2026), chemical production stands at an index level of 84.4 (2021=100), well below its pre-crisis benchmark, translating into a year-on-year decline of 3.2%. This highlights that the modest improvement observed during parts of 2024 and early 2025 has not yet turned into a sustained recovery in volumes.



Source: Cefic Analysis based on Eurostat Data, Nace 20

The weakest signal comes from chemical sales, which continue to lag both production and prices. Year-to-date (Jan-Feb) sales amount to only 91.3, and are 7.0% below last year's level, pointing to persistently weak order books and limited restocking by downstream industries. This sharp contraction in sales relative to production suggests that demand remains fragile across key user sectors, reinforcing the view that the current slowdown is not merely cyclical but reflects deeper structural challenges affecting the EU27 chemical value chain.

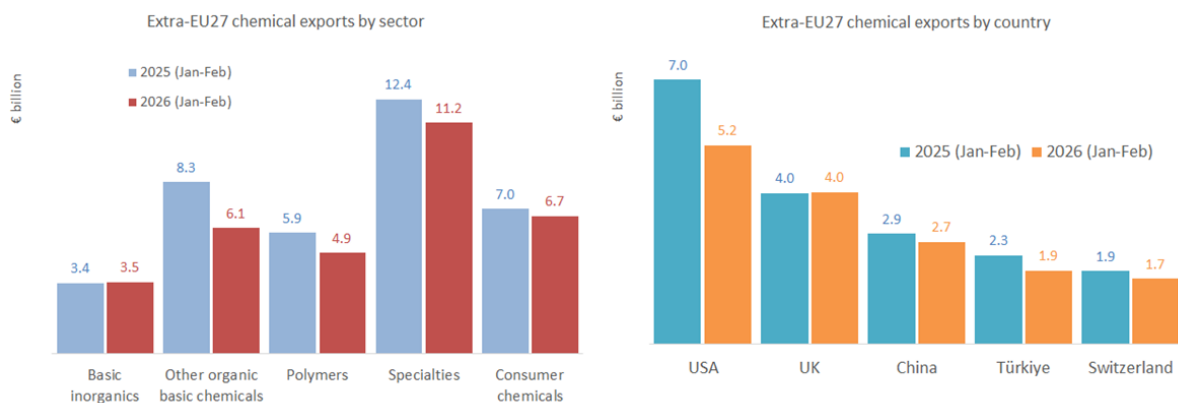
Overall, the combination of declining production, easing prices and sharply weaker sales highlights the difficult operating environment faced by EU27 chemical producers in early 2026. With no clear demand-led momentum visible so far, the sector continues to operate well below its 2021 baseline, underlining the need for a sustained improvement in downstream industrial activity and competitiveness conditions before a meaningful recovery can take hold.

2026*: EU27 chemical exports value €4.6 bn below 2025 levels

In the first two months of 2026, extra-EU27 chemical exports declined significantly, falling from €37.3bn in Jan–Feb 2025 to €32.7 bn in Jan–Feb 2026, equivalent to a €4.6 bn decrease (-12.4%). This confirms a broad weakening of external demand at the start of the year, following an already soft 2025.

From a geographical perspective, the decline is primarily driven by the largest export markets. Exports to the United States—the EU’s main partner—fell sharply by €1.7 bn (-24.7%), representing more than one-third of the total contraction. Shipments to Türkiye also declined markedly (-€0.4bn; -17.2%), while exports to China (-€0.2 bn; -7.1%) and Switzerland (-€0.2 bn; -10.4%) recorded more moderate decreases. By contrast, exports to the United Kingdom remained broadly stable (+€0.03 bn; +0.7%), partially offsetting the overall decline.

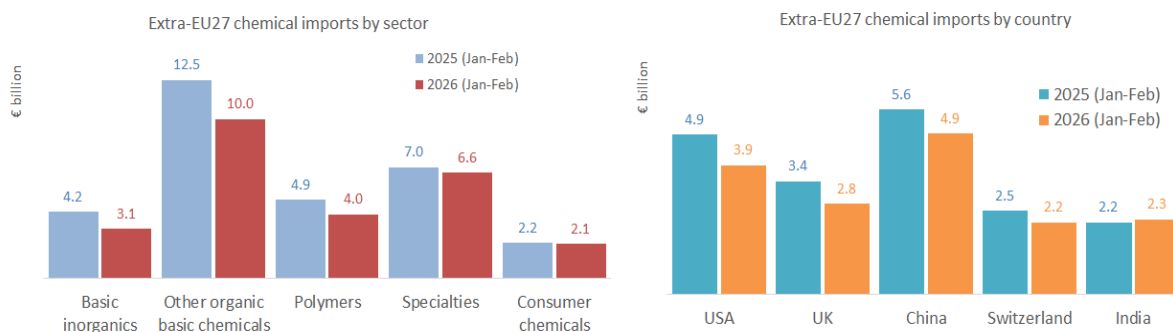
From a sectoral perspective, the contraction is clearly concentrated in upstream and intermediate segments. ‘Other organic basic chemicals’ recorded the largest absolute drop (-€2.2 bn; -26.8%), followed by specialty chemicals (-€1.1 bn; -9.1%) and polymers (-€1.0 bn; -16.5%), reflecting continued weakness in industrial value chains. Consumer chemicals (-€0.4bn; -5.0%) also declined, albeit more moderately. In contrast, basic inorganics were the only segment to post growth, increasing slightly by €0.06 bn (+1.6%), highlighting a limited but notable resilience within the chemical landscape. The export contraction in early 2026 is broad-based but heavily concentrated in ‘other organic basic chemicals’ and intermediates, with strong exposure to weaker demand in key external markets—particularly the United States.



Source: Cefic Analysis based on Eurostat Data, Nace 20

2026*: EU27 chemical imports value €4.8 bn below 2025 levels

EU27 chemical imports also declined markedly in early 2026, falling from €30.8 bn in Jan–Feb 2025 to €26.0 bn in Jan–Feb 2026, representing a €4.8 bn reduction (-15.7%). This sharper decline compared with exports points to a clear contraction in domestic demand and industrial input needs.

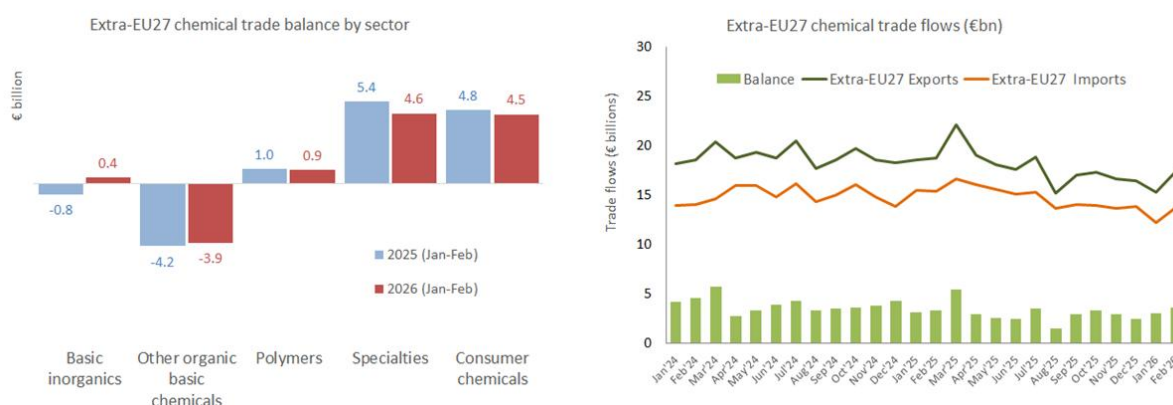


Source: Cefic Analysis based on Eurostat Data, Nace 20

By partner, the downturn is broad-based across major suppliers. Imports from the United States fell by €0.9 bn (-19.1%), while flows from the United Kingdom declined by €0.7 bn (-19.8%) and China by €0.7 bn (-13.1%). Imports from Switzerland also decreased (-€0.3 bn; -13.5%), pointing to a widespread reduction across key sourcing regions. In contrast, India stands out as the only major supplier to record growth (+€0.1 bn; +4.2%), although from a smaller base. At sector level, the contraction is again led by core industrial segments. ‘Other organic basic chemicals’ recorded the largest decline (-€2.5 bn; -19.8%), followed by basic inorganics (-€1.1 bn; -26.2%) and polymers (-€0.9 bn; -18.4%), reflecting reduced demand for upstream inputs. Specialty chemicals (-€0.3 bn; -5.0%) and consumer chemicals (-€0.06 bn; -2.8%) also declined, though to a lesser extent. The import decline in early 2026 is stronger and more evenly distributed than exports, suggesting a broad-based softening of EU industrial demand, particularly for upstream chemical inputs.

Trade balance — Slight improvement driven by import compression

Despite the sharp contraction in both exports and imports, the extra-EU27 chemical trade surplus increased slightly, rising from €6.5 bn in Jan–Feb 2025 to €6.7 bn in Jan–Feb 2026, equivalent to a €0.2 bn improvement. This reflects the fact that imports declined more strongly than exports, leading to a modest strengthening of the EU’s external position.



Source: Cefic Analysis based on Eurostat Data, Nace 20

From a sectoral perspective, developments are mixed. The most significant positive contribution comes from basic inorganics, where the balance shifted from a deficit of -€0.8 bn to a surplus of €0.4 bn, representing a +€1.1 bn improvement. ‘Other organic basic chemicals’ also slightly reduced their deficit (+€0.2 bn), despite the sharp fall in both exports and imports.

By contrast, several downstream segments saw a deterioration in their balances. Specialty chemicals recorded a decline of €0.8 bn, while consumer chemicals (-€0.3 bn) and polymers (-€0.07 bn) also contributed negatively. Overall, the trade balance dynamics reflect a partial rebalancing between upstream improvement and weakening downstream surpluses.

From a geographical perspective, the slight improvement in the overall balance is not driven by stronger export performance, but rather by reduced deficits with key partners. The deficit with China remains very large (-€2.2 bn), while the surplus with the United States declined significantly (-€0.8 bn) due to weaker exports. Overall, trade balance developments remain highly heterogeneous across partners.

The modest improvement in the EU27 chemical trade surplus in early 2026 is entirely driven by import compression, rather than export upturn, underscoring a weak demand environment rather than a strengthening of competitiveness.