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Industry data confirms green shoots of recovery but reveals highly challenging times remain for industry

- **Full year of 2020:** Total sales in the EU27 chemical business posted a value of €488.3 billion in 2020, **6.3% below** the previous year's level. The weak domestic demand in Europe and the trade business environment are impacting negatively total sales.
- **Full year of 2020:** On a global level, the chemical **output declined by 0.1% in 2020** compared to 2019. With +2.9% growth, China is still the main driver contributing to the global output changes. China continues to grow significantly, the EU27 continued its recovery trend. USA and Japan are still below the pre-COVID-19 level.
- **Results of the first 3 months of 2021:** For the first time since the COVID-19 outbreak, the **ESI (Economic Sentiment Indicator)** is back at its EU long-term average. The ESI's increase in March was driven by improving confidence in all surveyed business sectors.
- **Results of the first 2 months of 2021:** Following the COVID-19 outbreak EU27 manufacturing output was down 0.7% during the first two months of 2021, compared to the same period of 2020. In February 2021, output in the EU27 manufacturing sector was 1.2% below the level of preceding the COVID-19 crisis.
- **Results of the first 2 months of 2021:** Sectoral data shows that output in the EU27 **automotive sector dropped by 9.8% in 2021** compared to the previous year's level (Jan-Feb-2020), and still 12.5% below its pre-COVID-19 level. Automotive and printing being the most two sectors impacted by the crisis.
- **Results of the first 2 months of 2021:** Output in the **EU27 chemicals sector increased by 1.9% in 2021** compared to the previous year's level (Jan-Feb-2020). In February 2021, output in the EU27 chemicals sector **was 0.5% above** the pre-COVID-19 level.

Commenting on the latest industry figures, Cefic Director General, Marco Mensink, said:

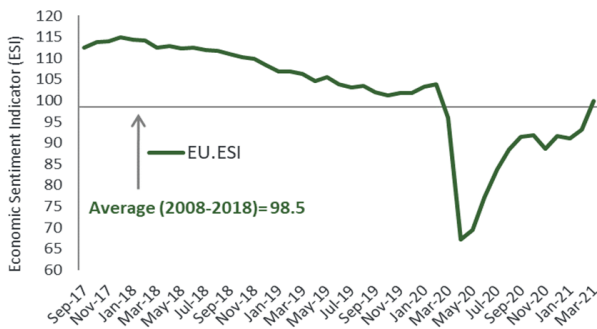
We have seen some encouraging green shoots of recovery, but these latest figures show highly challenging times remain for industry and therefore underline the importance of having an EU policy framework that accelerates investments into the Green and Digital transitions. Fast-tracking chemical innovation – designed in Europe and made in Europe – will be instrumental for ensuring the continuation of the economic recovery and for achieving the European [Green Deal](#) goals. For this, the [EU Industrial Strategy](#) is a timely update that brings the EU's industrial vision more in line with the goals of the Green Deal and the ongoing COVID crisis and we welcome the introduced sector-specific pathways for industrial transformation.

Report

Economic Sentiment Indicator (ESI) improved sharply

According to EU Commission Business Survey, in March 2021, the Economic Sentiment Indicator (ESI) improved sharply in both the EU and the euro area. For the first time since the outbreak of COVID-19 on the continent, the ESI is back at its EU long-term average. The ESI's increase in March was driven by improving confidence in all surveyed business sectors (i.e. industry, services, retail trade, construction) and among consumers.

EU Economic Sentiment Indicator (ESI)

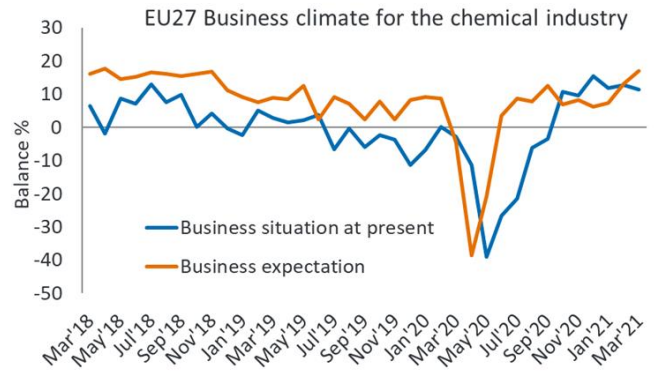


Source: Eurostat Business & Consumer Survey, April-2021

Amongst the largest EU economies, Germany stood out with the largest monthly improvement of its ESI on record and is currently the only of the 'big-6' countries where sentiment returned to above its long-term average.

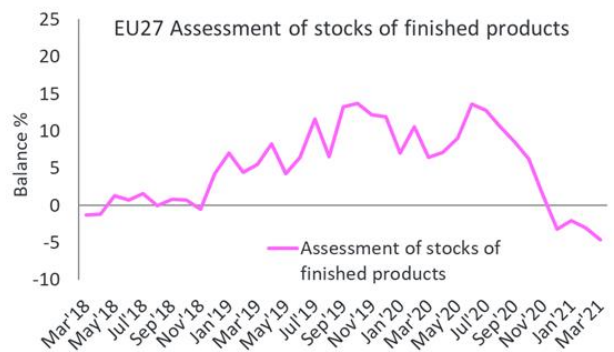
EU27 chemical business expectations improved for the third month in a row

Managers' production expectations improved for the third month in a row. Production expectations for the months ahead approached the level of April 2018. Managers' appraisals of the business situation at present declined slightly.



Source: Eurostat Business & Consumer Survey, April-2021

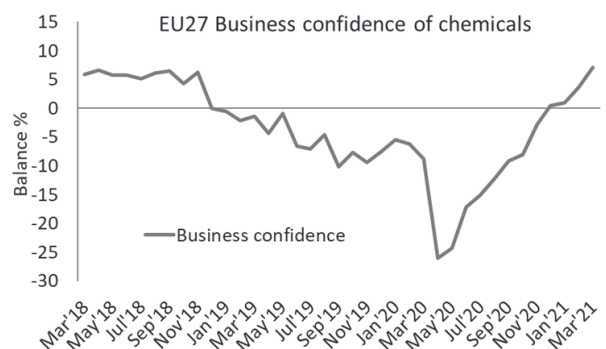
EU27 chemical stocks is approaching historical scarcity levels



Source: Eurostat Business & Consumer Survey, April-2021

Industry confidence increased for the fourth month in a row

Industry confidence increased for the fourth month in a row, thanks to very positive developments in its three components. Managers' production expectations, their assessments of the current level of overall order books and the adequacy of the stocks of finished products.



Source: Eurostat Business & Consumer Survey, April-2021

Managers' views on export order books improved, while their appraisals of production trend slightly declined.

EU27 Manufacturing: Output 1.2% below pre-COVID-19 level

Output in the EU27 manufacturing sector dropped by 0.7% in 2021 compared to the previous year's level (Jan-Feb-2020). In February 2021, output in the EU27 manufacturing sector was 1.2% below the level of February of 2020. Output in Feb-2021 was about 1% below January's level. Sectoral data shows that the impact of the crisis varies between sectors, "automotive" and "printing and reproduction of recorded media" being the most two sectors impacted by the crisis.

Output growth for EU27 key manufacturing sectors

EU27 output growth by sector	Production growth in %		(2015=100)		
	2019	2020	Jan-Feb-2020	Jan-Feb-2021	Jan-Feb (21/20)
Printing	-3,0	-13,4	91,0	80,4	-11,7
Automotive	-6,6	-21,5	99,5	89,7	-9,8
Textile	-3,9	-10,9	96,1	90,9	-5,4
Food & beverage	1,5	-3,2	106,7	101,5	-4,9
Machinery & equipment	-1,2	-12,3	106,8	104,5	-2,2
Other non-metallic mi	0,0	-4,9	112,5	111,0	-1,3
Furniture	-0,7	-7,5	107,9	107,1	-0,7
Basic metals	-4,9	-12,0	97,5	96,9	-0,6
Metal products	-1,9	-10,6	107,1	106,5	-0,5
Paper	-1,5	-4,0	100,5	101,2	0,6
Rubber & plastics	-1,1	-7,5	107,8	108,6	0,7
Chemicals	-1,0	-1,8	102,1	104,0	1,9
Pharmaceuticals	10,2	5,4	124,8	130,4	4,5
Electrical equipment	-3,6	-5,5	106,9	111,9	4,7
Electrical appliances	-1,9	0,1	95,9	126,4	31,8
Manufacturing	-1,0	-8,3	105,9	105,2	-0,7
Construction	2,8	-4,4	113,4	109,2	-3,7

Source: Eurostat and Cefic Analysis, May 2021

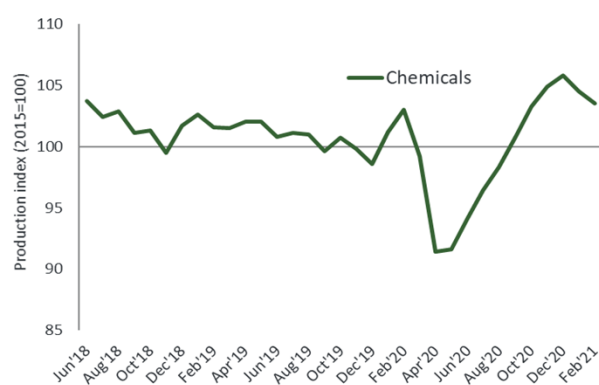
Output in the EU27 automotive sector dropped by 9.8% in 2021 compared to the previous year's level (Jan-Feb-2020). In February 2021, output in the EU27 automotive sector was 12.5% below the level of February of 2020. Output in Feb-2021 was 5.2% below January's level.

Output in the EU27 Printing sector decreased by 11.7% in 2021 compared to the previous year's level (Jan-Feb-2020). In February 2021, output in the EU27 Printing sector was 13.2% below the level of February of 2020. Output in Feb-2021 was 2.6% below January's level.

Output in the EU27 pharmaceuticals sector increased by 4.5% in 2021 compared to the previous year's level (Jan-Feb-2020). In February 2021, output in the EU27 construction sector was 1.5% above the level of February of 2020. Output in Feb-2021 was at the same level as in January 2021.

EU27 Chemicals Output; 0.5% above pre-COVID-19 level

Output in the EU27 chemical sector increased by 1.9% in 2021 compared to the same period of 2020 (Jan-Feb). In February 2021, output in the EU27 chemicals sector was 0.5% above the level of February of 2020. Output in Feb-2021 was 1.0% below January's level.



Source: Eurostat and Cefic Analysis, May 2021

Output growth for EU27 chemical sector by country

Chemicals	Production growth		Production index (2015=100)		Production growth 2021 vs 2020
	2019	2020	Jan-Feb-20	Jan-Feb-21	
EU Countries	2019	2020	Jan-Feb-20	Jan-Feb-21	2021 vs 2020
Denmark	4,3	10,0	136,5	115,5	-15,4
Bulgaria	2,6	-1,2	123,1	116,3	-5,6
Greece	7,1	0,1	131,0	128,6	-1,8
Romania	-2,3	6,9	124,4	123,2	-1,0
France	0,3	-8,2	104,3	103,6	-0,7
Austria	-4,7	11,3	114,8	115,4	0,6
Germany	-3,1	-1,1	99,6	100,6	1,0
EU27	-1,2	-1,8	102,1	104,0	1,9
Portugal	3,9	-1,4	89,2	91,1	2,1
Belgium	-3,1	-2,9	101,5	104,1	2,6
Spain	0,0	-2,1	105,9	109,1	3,0
Italy	0,4	-7,8	101,1	105,1	4,0
Netherlands	-3,4	-0,2	103,2	108,4	5,0
Czech Republic	-2,8	-3,8	106,4	112,6	5,8
Poland	4,7	1,8	119,8	127,5	6,5
Latvia	-1,5	4,1	128,8	138,7	7,7
Hungary	-4,5	-3,8	96,6	105,5	9,2
Lithuania	1,6	0,9	120,0	163,1	35,9

Source: Eurostat and Cefic Analysis, May 2021

Among the largest European countries, France is most impacted by the crisis (-0.7%). With 1%, Germany registered better result but is still below EU27's growth (1.9%), Italy, Netherlands, and Poland performed well, and production level was at least 4% above the previous year's level (Jan-Feb-2020).

EU27 Sales: €32.6 billion below the previous year's level (2020 vs 2019, -6.3%)

EU27 producer prices were 4.6% below the level of 2019. Total sales (domestic and exports) in the EU27 chemical business posted a value of €488.3 billion in 2020, 6.3% below the previous year's level. The weak domestic demand in Europe and the trade business environment are impacting negatively total sales.

Global Chemicals: Output 12.5% above 2020's level (Jan-Feb)

On a global level, the chemical output declined by 0.1% in 2020 compared to 2019. With +2.9% growth, China is still the main driver contributing to the global output changes (2020 vs 2019). Output in the chemical sector increased by 12.5% in 2021 compared to the previous year's level (Jan-Feb-2020). China continues to grow significantly, the EU27 recovered well while USA (-5.9%) and Japan (-8.9%) still below the previous year's level (Jan-Feb).

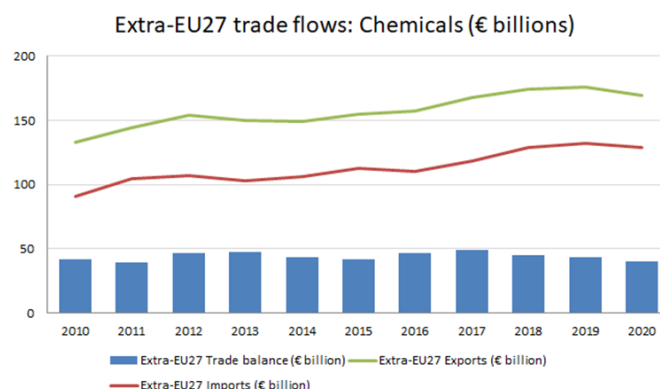
Table: Output growth for key chemical producing countries

Chemical output by country	Production growth		Production index (2015=100)		Production growth
	2019	2020	Jan-Feb-2020	Jan-Feb-2021	
				Jan-Feb (21/20)	
China	4,6	2,9	105,4	137,8	30,7
India	1,2	-5,4	111,5	111,7	0,1
Japan	-0,6	-9,6	104,8	95,4	-8,9
South Korea	-1,4	-2,9	111,8	111,7	-0,1
EU27	-1,2	-1,8	102,1	104,0	1,9
USA	-0,1	-3,9	107,5	101,2	-5,9
Latin America	-1,2	-0,2	100,0	103,3	3,3
World	2,2	-0,1	106,7	120,0	12,5

Source: Cefic Chemdata & Cefic Analysis, May 2021

The EU27 chemical exports outside the EU27 area were €7.1 billion below the previous year's level. EU27 chemical exports reached the value of

€169.2 billion in 2020, down from €176.3 billion in 2019 (-4.0%). EU27 chemical imports amounted to €128.7 bn in 2020, 2.9% below 2019's level. EU27 trade balance valued €40.5 bn in 2020, down from €43.7 bn in 2019.



Source: Eurostat and Cefic Analysis, May 2021

The table below focused on the changes in extra-EU27 chemical exports from 2019 to 2020. The analysis showed a decrease of EU27 exports to several key the trade partners, such as UK, USA Russia, Singapore, South Korea, Brazil and Japan. Taking these seven countries together, EU27 exports dropped by 5.2 billion in 2020 compared to 2019. The EU27 chemical exports to China were €1.04 billion above the previous year's level (+7.4%).

Extra-EU27 chemical exports Delta Values (2020 vs 2019 in € million)

Extra-EU27 exports (Delta, 'euro million)	Basic inorganics	Petrochemicals	Polymers	Specialty chemicals	Consumer chemicals	Chemicals
United Kingdom	-274	48	-917	-80	-335	-1550
United States	-28	1539	-314	-2282	-400	-1494
Russia	-21	-7	-81	-99	-454	-661
Singapore	-16	-483	35	11	-143	-597
South Korea	-114	-108	-69	18	-189	-462
Brazil	-141	27	-48	-4	-57	-311
Japan	-17	107	-50	-80	-77	-122
Turkey	50	-176	169	127	-101	71
Switzerland	83	118	-123	126	24	227
China	71	-57	258	381	394	1045
Extra-EU	-367	890	-1826	-3358	-2409	-7112

Source: Eurostat and Cefic Analysis, May 2021