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EU27 chemical output returns to pre-pandemic level but large differences across countries remain

- ***Economic sentiment, results of the first 6 months of 2021:*** In June 2021, the Economic Sentiment Indicator (ESI) increased strongly in the EU compared to May. The ESI **largely outstrips its long-term average and pre-pandemic level, hitting a 21-year high**. The ESI's increase was propelled by improving confidence in the services sector, but all other surveyed business sectors (i.e. industry, retail trade, construction) and consumers recorded an improvement, too.
- ***Manufacturing output, results of the first 4 months of 2021:*** Following the COVID-19 outbreak **EU27 manufacturing output was up 10.8%** during the first four months of 2021, compared to the same period of 2020. In April 2021, output in the EU27 manufacturing sector was **42%** above the level of preceding the COVID-19 crisis.
- ***Output, results of the first 4 months of 2021:*** Output in the **EU27 chemicals sector increased by 5.2%** in 2021 compared to the previous year's level (Jan-Apr-2020). In April 2021, output in the EU27 chemicals sector was **14.3%** above the pre-COVID-19 level.
- ***EU27 country analysis, results of the first 4 months of 2021:*** Country analysis of the spill-over effects of COVID-19 on the chemical business shows that France has lost about 7% of its chemical production due to the pandemic, followed by Italy which has the second highest loss of production (about 6%). Among the largest European countries, Spain and Germany has lost less than 1% of their production. Netherlands and Poland seem to recover totally from the pandemic.
- ***Global analysis, results of the first 3 months of 2021:*** China continues to grow significantly, the EU27 recovered well while USA and Japan still below the previous year's level (Jan-Mar). The chemical industry still has been affected in North America by the negative effects of the winter storms in the Gulf of Mexico - especially for basic chemical plants.

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

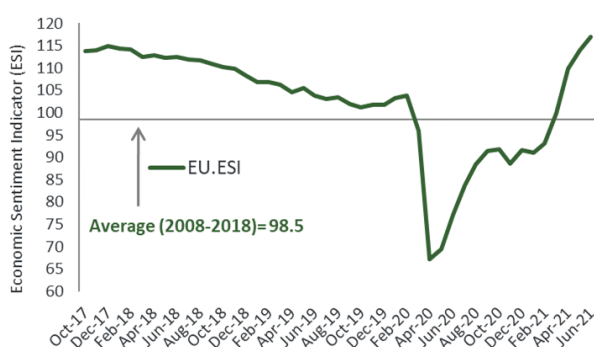
We are encouraged to see that the chemical output is returning to the pre-pandemic levels but it's clear that challenging times remain as the chemical sector is undergoing a 'double-twin transition' to meet the European Green Deal goals. Indeed, as the chemical industry, we are asked to go climate-neutral and circular, and digital, all while navigating the largest chemicals regulatory framework in a while, the Chemicals Strategy for Sustainability. The upcoming energy policy reform 'Fit for 55' package is an opportunity to safeguard the chemical sector's key role for the Green Deal industrial transformation by applying a **sector-specific approach** and encourage investments in the green technologies our sector is innovating and developing, such as e-crackers, chemical recycling, hydrogen, CCS and CCU infrastructure and other new technologies contributing to climate action.

Report

The EU ESI by far outstrips its long-term average and pre-pandemic level, hitting a 21-year high

According to EU Commission Business Survey, in June 2021, the Economic Sentiment Indicator (ESI) increased again strongly in the EU compared to May. The ESI largely outstrips its long-term average and pre-pandemic level, hitting a 21-year high.

EU Economic Sentiment Indicator (ESI)

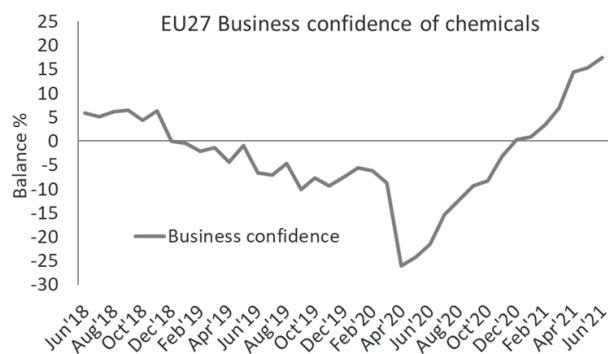


In the EU, the ESI's increase was propelled by improving confidence in the services sector, but all other surveyed business sectors (i.e. industry, retail trade, construction) and consumers recorded an improvement, too.

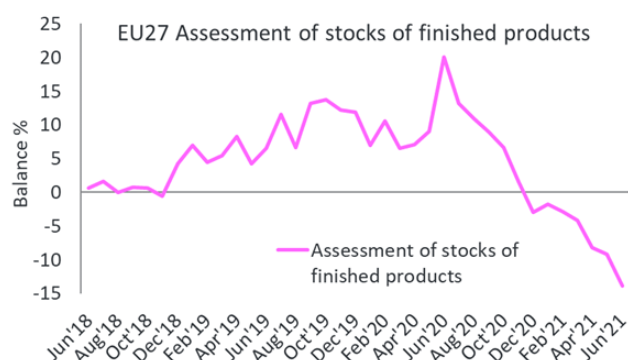
At the country level, the ESI reached an all-time high in Germany (+5.0) and increased also in Italy (+2.1), the Netherlands (+1.9), France (+1.3) and Poland (+0.2). Of the six largest EU countries, only Spain saw a slight decline (-1.1).

Chemical Industry confidence increased for the seventh month in a row

The chemical Industry confidence increased for the seventh month in a row, thanks to positive developments in its two main components: Managers' assessments of the current level of overall order books and the adequacy of the stocks of finished products



The level chemical stocks were considered scarcer than ever



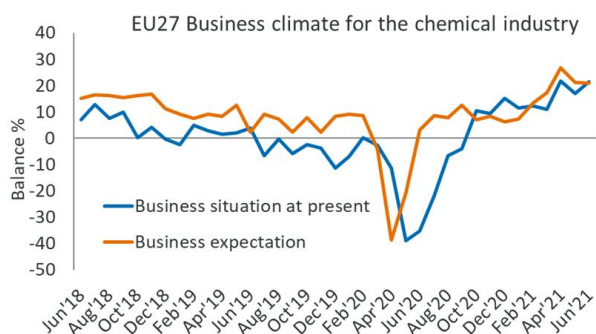
Chemical selling price expectations matched their highest reading on record



The chemical business selling price expectations continue to increase. This is in line with the overall economic sectors (i.e. industry, services, retail trade and construction). Expectations reached all-time highs in industry and retail trade and hit their highest level since January 1992 in construction.

In services, selling price expectations have recovered back to their January 2019 level.

Chemical Business climate still favourable than before



Production expectations for the months ahead approached the level of January 2018. Managers' appraisals of the business situation at present increased slightly and very close to the level of Dec-2017.

EU27 Manufacturing: Output 10.8% above pre-COVID-19 level

Output in the EU27 manufacturing sector increased by 10.8% in 2021 compared to the previous year's level (Jan-April-2020). In April 2021, output in the EU27 manufacturing sector was about 42% above the level of April of 2020. Output in April-2021 was at the same level as in March-2021

Output growth for EU27 key manufacturing sectors

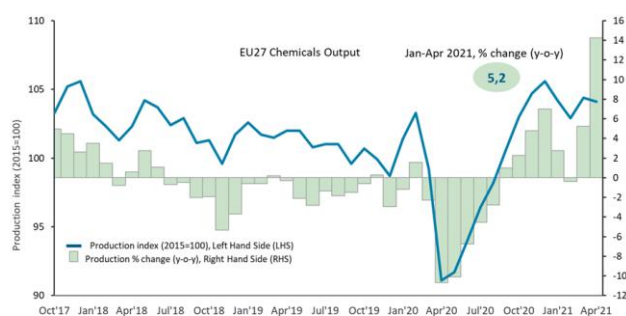
EU27 output growth by sector	Production growth in %		(2015=100)		
	2019	2020	Jan-Apr-2020	Jan-Apr-2021	Jan-Apr (21/20)
Printing	-3,0	-13,4	81,3	81,0	-0,5
Food & beverage	1,5	-3,0	103,1	103,0	-0,1
Pharmaceuticals	10,2	5,8	132,9	134,4	1,1
Paper	-1,5	-3,9	99,9	102,0	2,1
Chemicals	-1,0	-1,8	98,8	103,9	5,2
Machinery & equipment	-1,2	-12,2	94,7	105,6	11,5
Basic metals	-4,9	-12,1	86,8	97,5	12,3
Textile	-3,9	-11,0	81,8	92,2	12,7
Other non-metallic mi	0,0	-5,0	98,6	112,7	14,3
Metal products	-1,9	-10,4	93,8	108,1	15,2
Rubber & plastics	-1,1	-7,5	95,0	109,4	15,2
Electrical equipment	-3,6	-5,5	96,8	113,7	17,5
Furniture	-0,7	-7,5	86,8	107,1	23,4
Automotive	-6,6	-21,4	70,9	87,6	23,6
Electrical appliances	-1,9	0,1	98,1	125,9	28,4
Manufacturing	-1,0	-8,2	95,4	105,7	10,8
Construction	2,8	-4,5	102,1	110,2	7,9

Sectoral data shows that the impact of the crisis varies between sectors, "automotive" and "Printing and reproduction of recorded media"

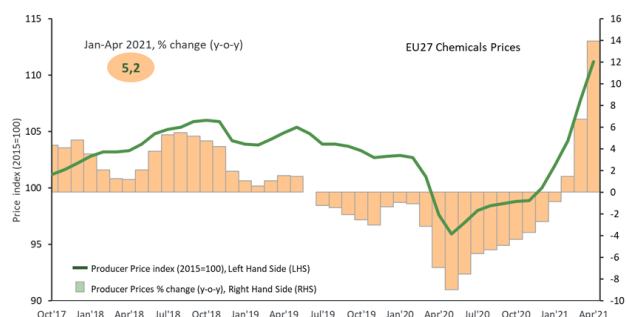
being the most two sectors impacted by the crisis in 2020.

EU27 Chemicals Output; 5.2% above pre-COVID-19 level

Results of the first 4 months of 2021: Output in the EU27 chemicals sector increased by 5.2% in 2021 compared to the previous year's level (Jan-Apr-2020). In April 2021, output in the EU27 chemicals sector was 14.3% above the pre-COVID-19 level. Output in April-21 was 0.3% below March-21.



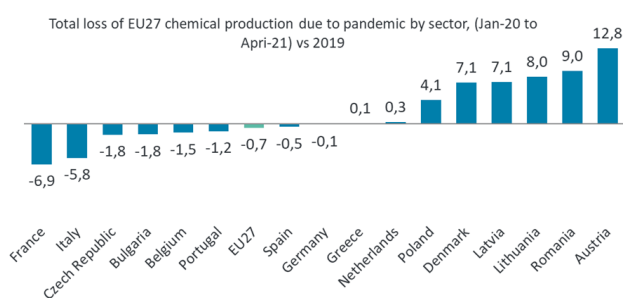
EU27 chemicals prices, 5.2% above pre-COVID-19 level



According to Oxford Economics Report, "Surging demand for chemical products combined with recent supply chain disruptions are contributing to capacity constraints with almost a quarter of European chemical firms reporting that a lack of equipment is limiting production (according to European Commission survey data). In fact, this is also reflected in the sharp rise in chemical prices in the eurozone and other key markets, such as the US."

EU27 chemicals has lost 0.7% of production due to pandemic

Country analysis of the spill-over effects of COVID-19 on the chemical business shows that France has lost about 7% of its chemical production due to the pandemic, followed by Italy which has the second highest loss of production (about 6%). Among the largest European countries, Spain and Germany has lost less than 1% of their production. Netherlands and Poland seem to recover totally from the pandemic.



Global Chemicals: Output 10.4% above 2020's level (Jan-Mar)

With +2.9% growth, China is still the main driver contributing to the global output changes. China continues to grow significantly, the EU27 recovered well while USA (-8.0%) and Japan (-5.5%) still below the previous year's level (Jan-Mar). The chemical industry still has been affected in North America by the negative effects of the winter storms in the Gulf of Mexico - especially for basic chemical plants.

Table: Output growth for key chemical producing countries

Chemical output by country	Production growth		Production index (2015=100)		Production growth
	2019	2020	Jan-Mar-2020	Jan-Mar-2021	Jan-Mar (21/20)
China	4,6	2,9	111,3	137,5	23,6
India	1,2	-5,4	103,4	113,2	9,5
Japan	-0,6	-12,5	100,4	94,8	-5,5
South Korea	-1,4	-2,9	110,7	113,7	2,7
EU27	-1,2	-1,8	101,3	103,8	2,5
USA	-0,1	-3,9	106,7	98,2	-8,0
Latin America	-1,2	-0,1	98,9	103,3	4,4
World	2,2	-0,2	108,4	119,7	10,4