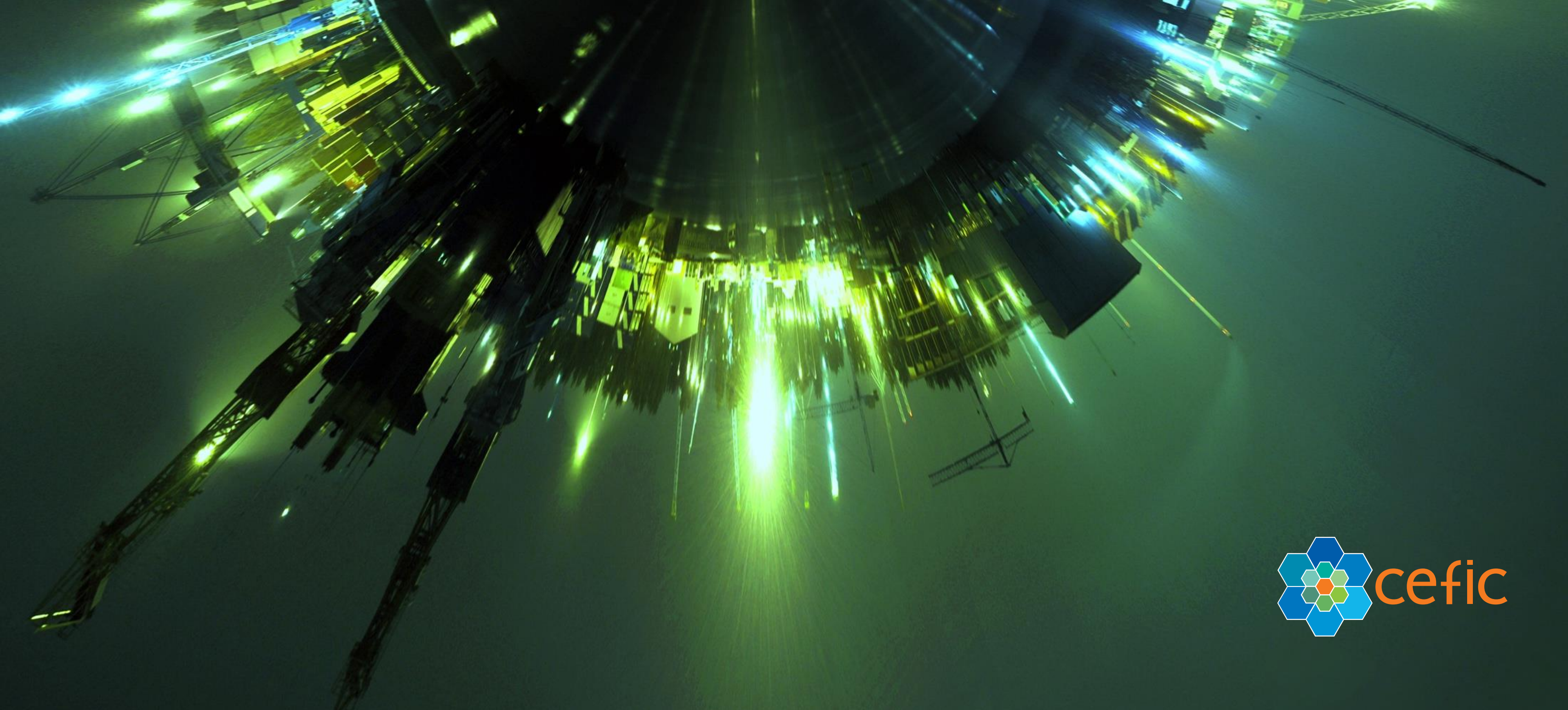

Chemical Industry in Europe – Trends

Cefic Industrial Policy Programme

10th July 2019

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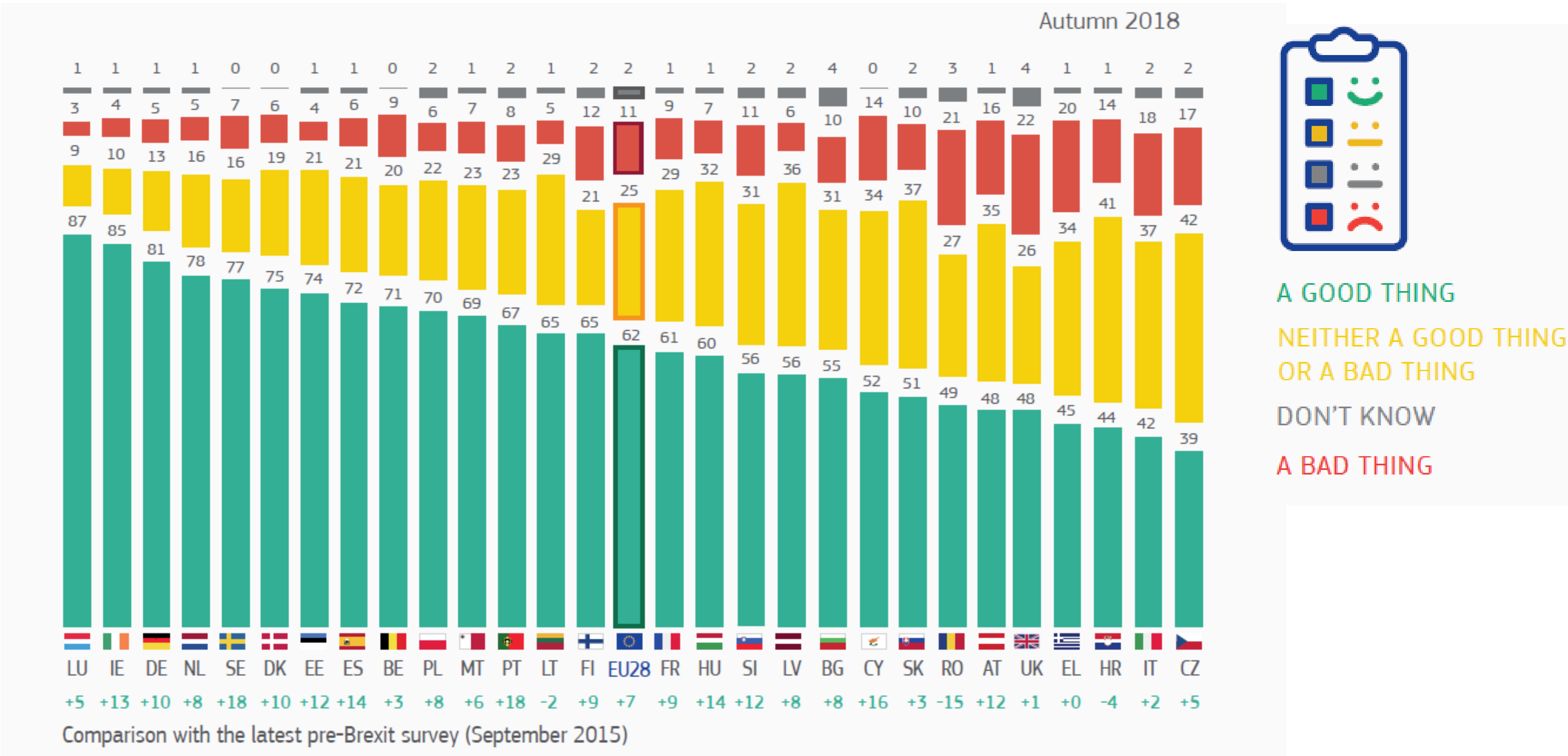
Economic Affairs, mha@cefic.be

1. Where the EU stands today

Europe’s economy

Source: Europe in May 2019 (EU communication), https://ec.europa.eu/commission/sites/beta-political/files/euco_sibiu_communication_en.pdf

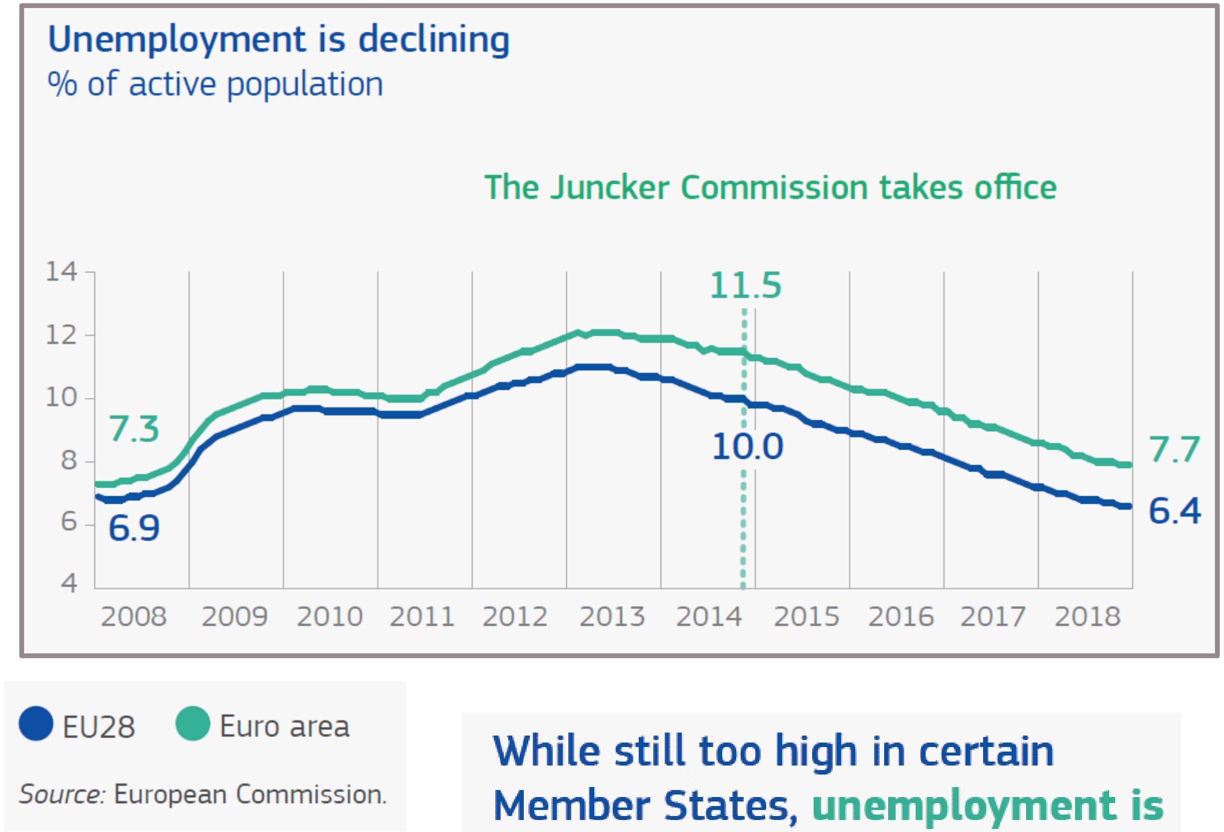
Nearly 2/3 of citizens think that being in the EU is a good thing for their country



A continuously increasing majority of Europeans think that being a member of the EU is a good thing for their country. **This is the highest level in 27 years.**

Source: Europe in May 2019 (EU communication), https://ec.europa.eu/commission/sites/beta-political/files/euco_sibiu_communication_en.pdf

Unemployment is at a record low level



While still too high in certain Member States, unemployment is at its lowest level EU-wide since the start of the century.

Robust economic recovery.

There are now **240 million people at work** in Europe – more than ever before

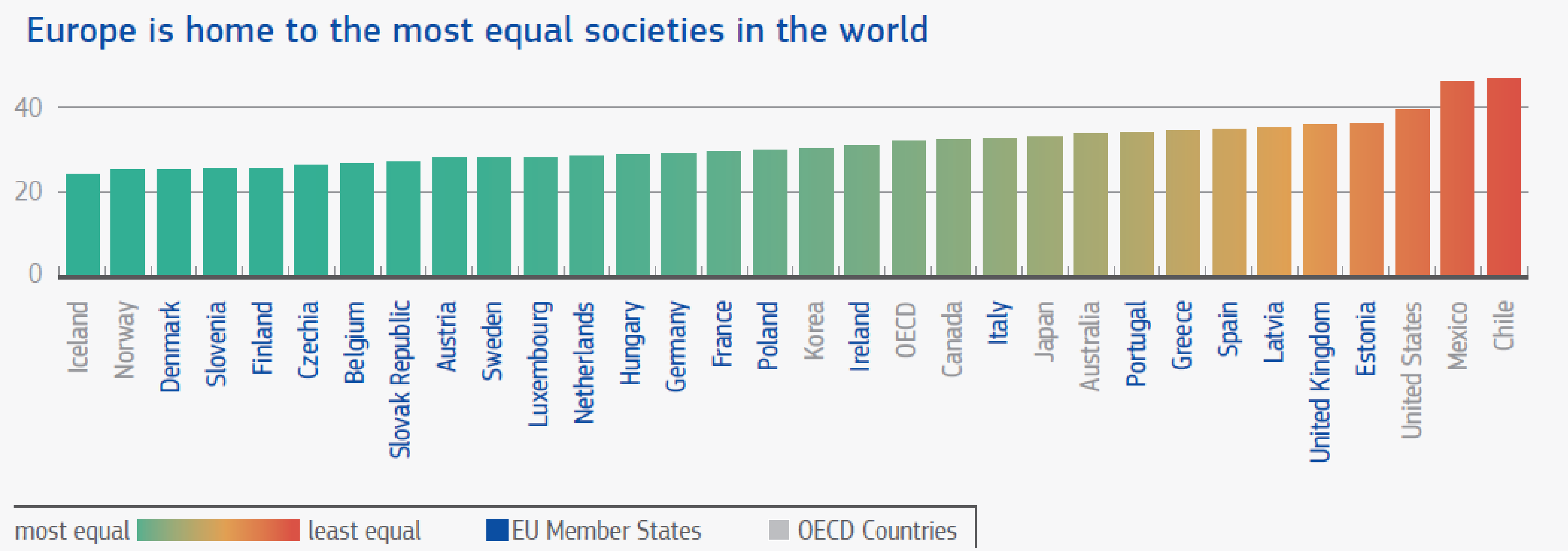
Unemployment is at a record low. it still remains high for young people (14%)

Poverty and social exclusion are now decreasing and there is more convergence amongst Member States.

Thanks to the stronger **European financial sector:** supporting credit and investment.

Source: Europe in May 2019 (EU communication), https://ec.europa.eu/com /euco_sibiu_communication_en.pdf

Reducing Inequalities: Europe is by far the leading continent in the world

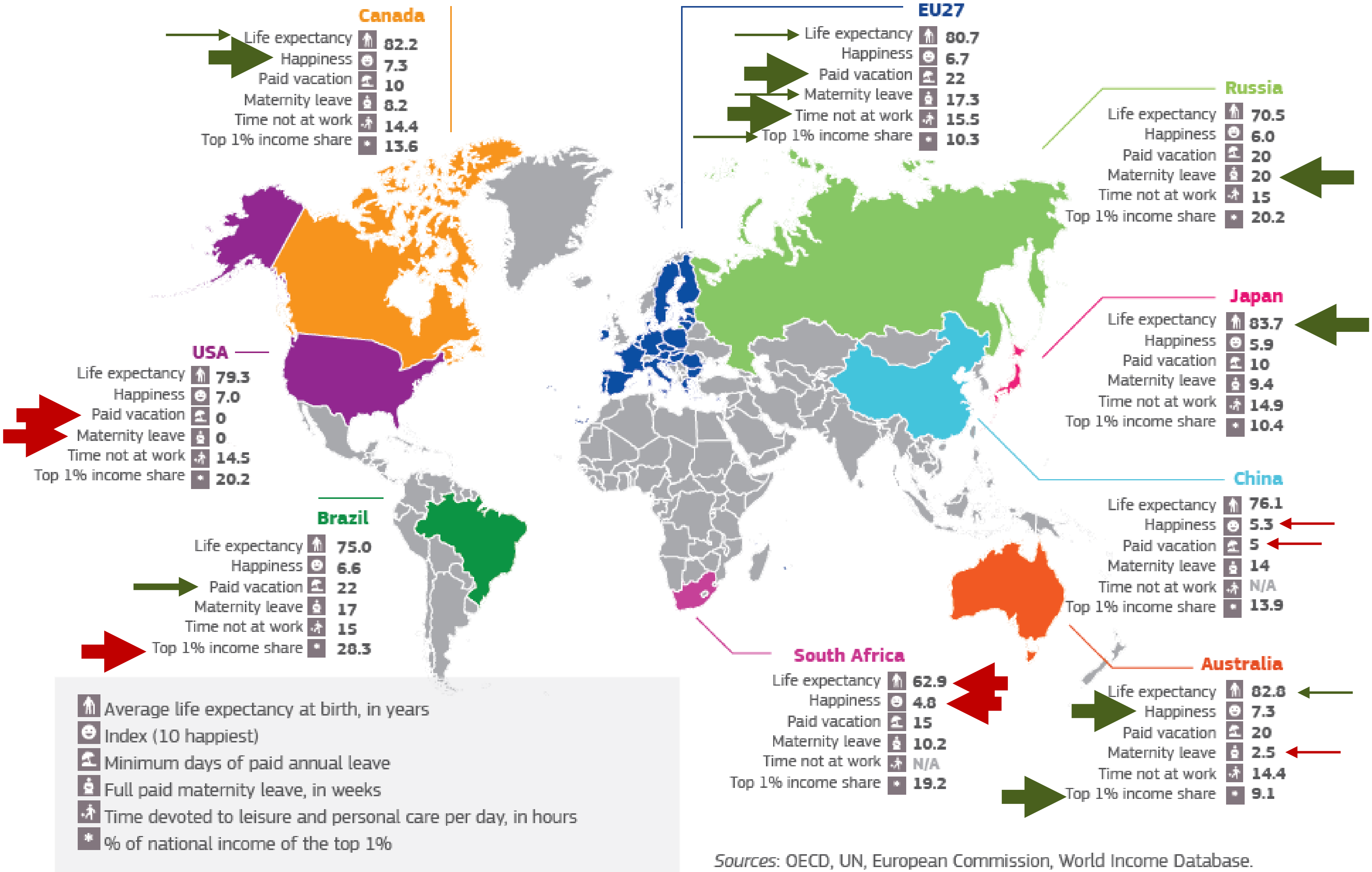


Note: This graph shows the distribution of income between individuals using the Gini coefficient where 0 represents perfect equality.

Source: OECD, latest available data.

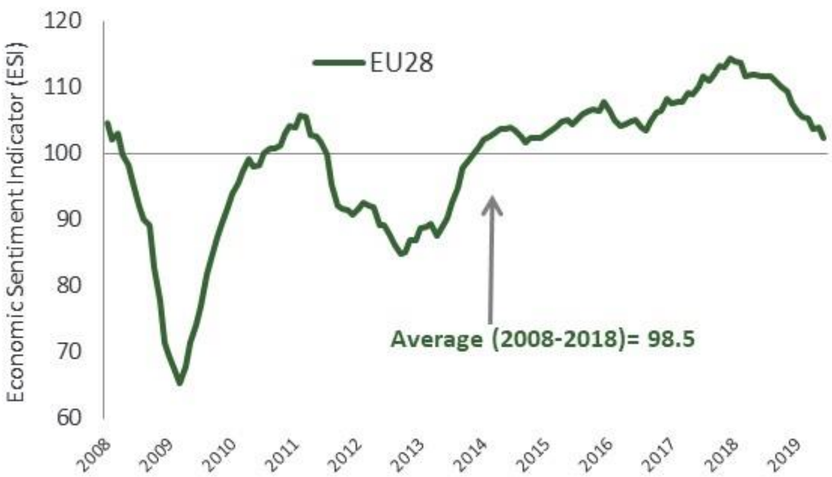
Source: Europe in May 2019 (EU communication), https://ec.europa.eu/commission/sites/beta-political/files/euco_sibiu_communication_en.pdf

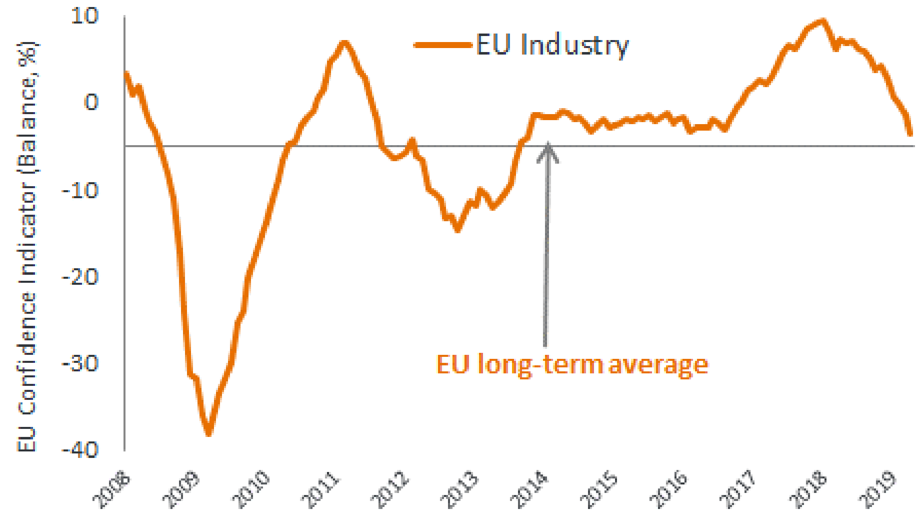
Europe is a world leader in quality of life



Sources: OECD, UN, European Commission, World Income Database.

Today: the EU Economic Sentiment Indicator (ESI) decreases markedly





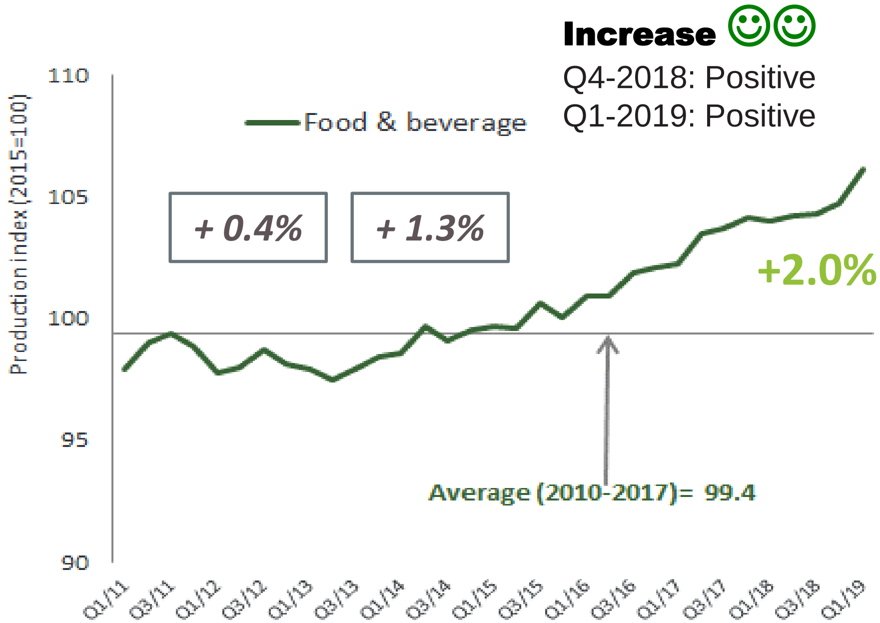
The ESI rose in the Netherlands, while it decreased in France and Italy and, more significantly in Germany and Spain. Data reflects also the strong deterioration of sentiment in the UK (−1.5) and Poland (−3.7). The ESI dropped for the eleventh consecutive time to its lowest level since August 2016

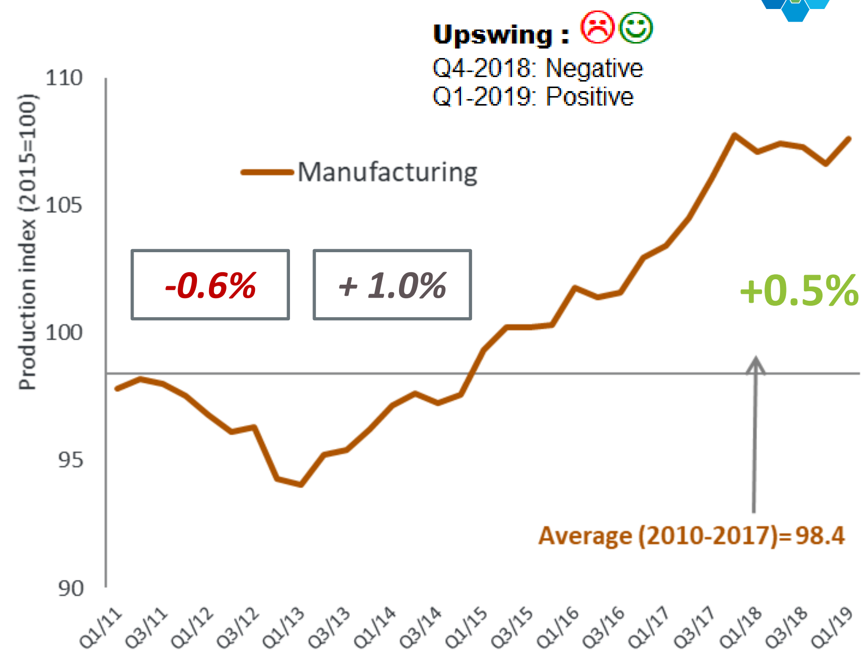
The EU industry confidence took a blow and consumer sentiment weakened. The negative mood of the industry is mainly driven by trade conflicts, weak dynamics of the economy, ongoing uncertainty on Brexit and the problem of automotive sector in Germany

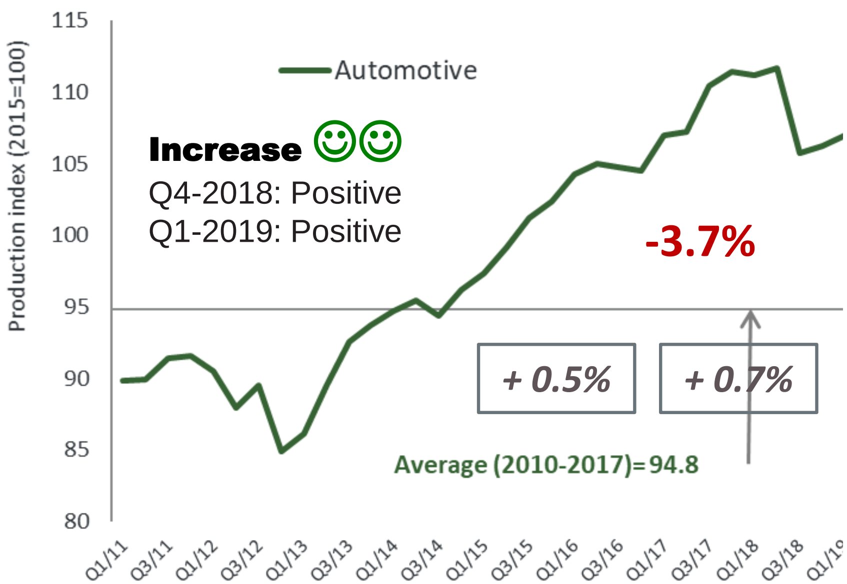
2. Where the EU chemicals demand stands today

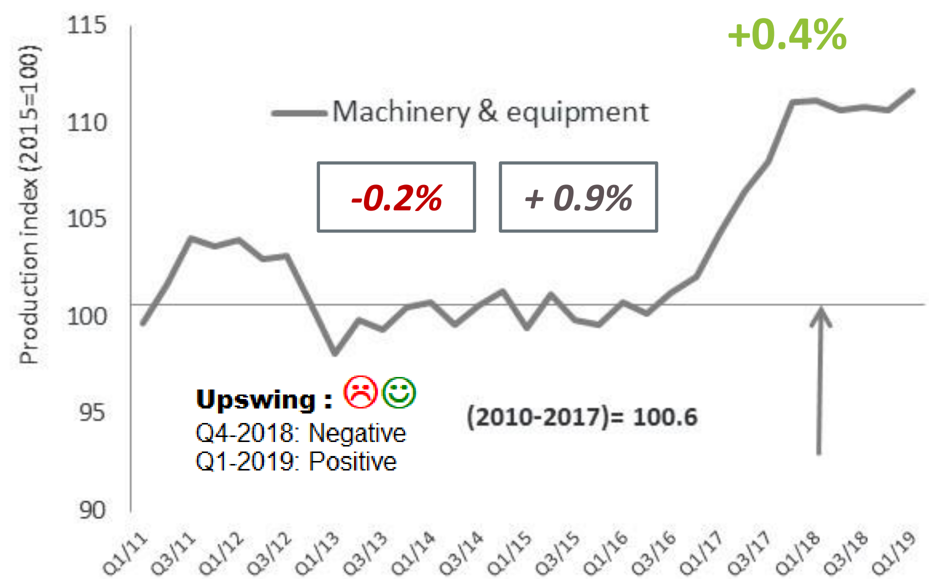
Source: Europe in May 2019 (EU communication), https://ec.europa.eu/commission/sites/beta-political/files/euco_sibiu_communication_en.pdf

Demand for chemicals was weak

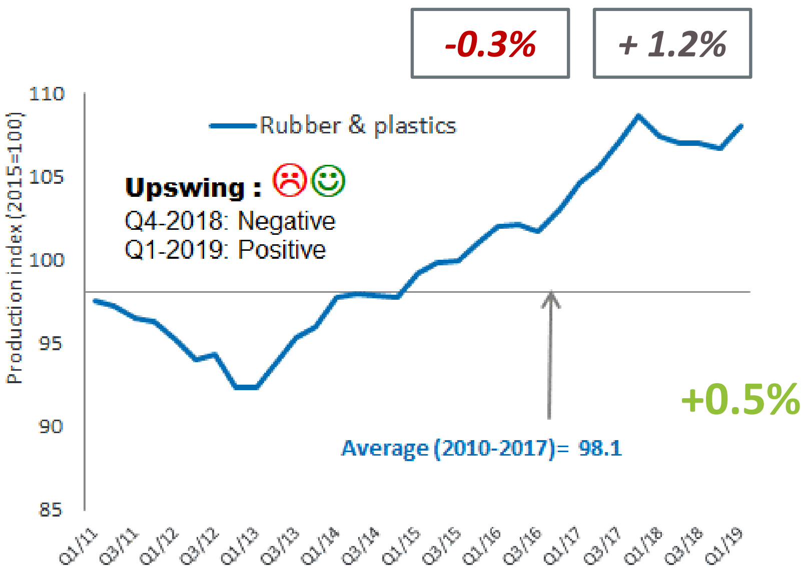


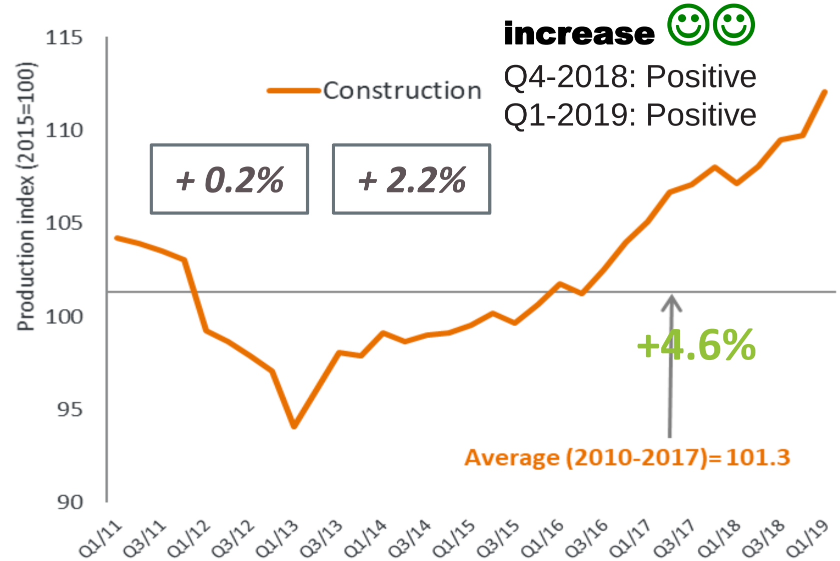


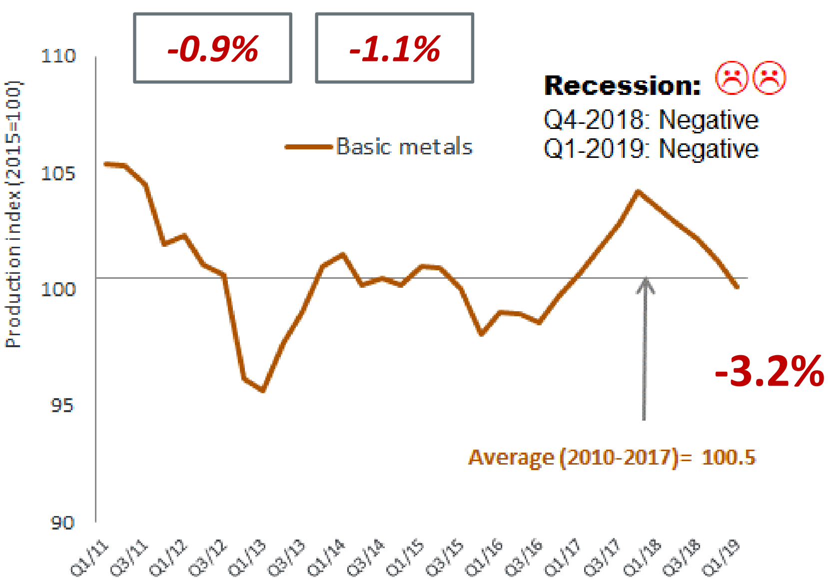


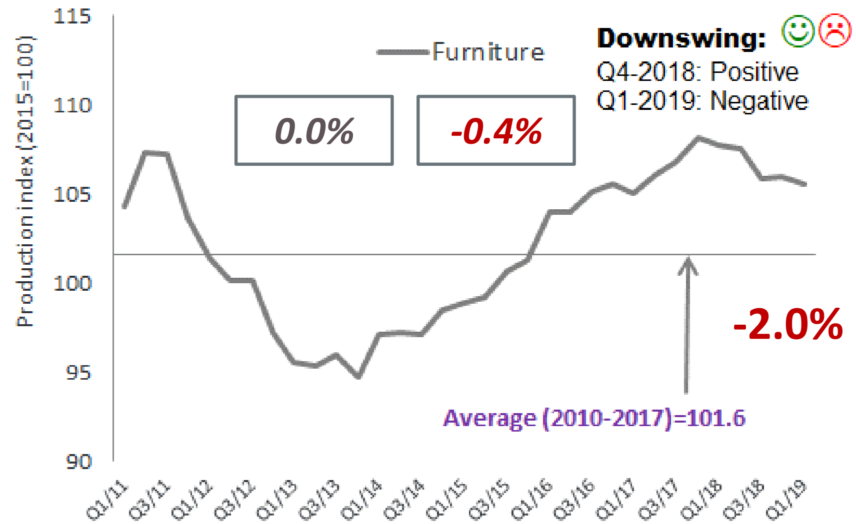


Construction is doing well





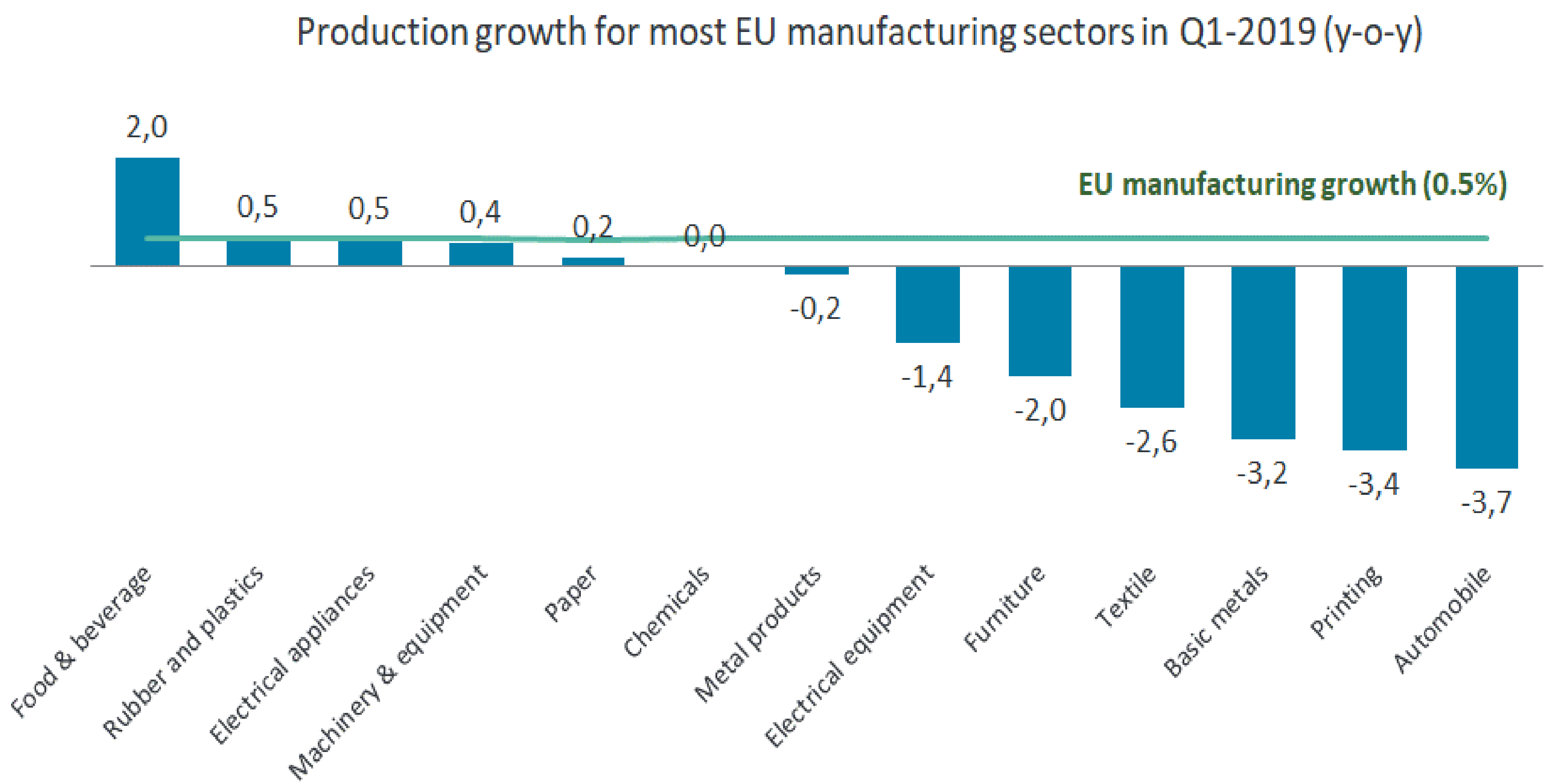




Manufacturing sector modestly recovers from technical recession

Output growth	Q4/18 vs Q3/18	Q1/19 vs Q4/18	Sectoral Profile	
Basic metals	-0,9	-1,1	Recession	☹☹
Electrical appliances	-3,8	-1,0	Recession	☹☹
Electrical equipment	-0,2	-0,7	Recession	☹☹
Printing	-2,7	0,3	Upswing	☹☺
Textile	-1,7	0,5	Upswing	☹☺
Paper	-0,2	0,9	Upswing	☹☺
Machinery & equipment	-0,2	0,9	Upswing	☹☺
Manufacturing	-0,6	1,0	Upswing	☹☺
Metal products	-0,5	1,0	Upswing	☹☺
Rubber & plastics	-0,3	1,2	Upswing	☹☺
Automotive	0,5	0,7	increase	☺☺
Other non-metallic mineral p	1,3	1,2	increase	☺☺
Food & beverage	0,4	1,3	increase	☺☺
Construction	0,2	2,2	increase	☺☺
Furniture	0,0	-0,4	Downswing	☺☹

Few manufacturing sectors are above the previous year's level

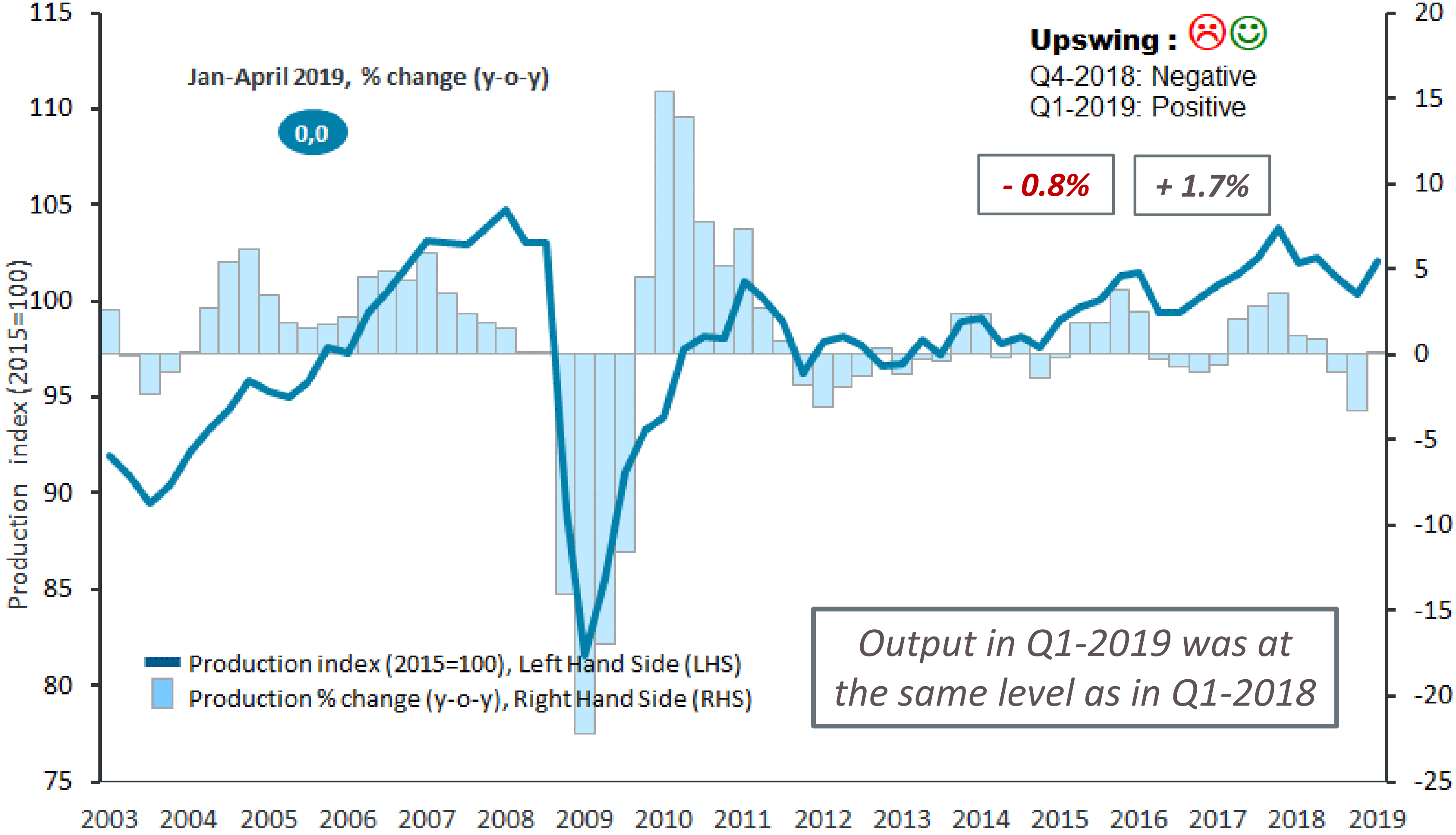


Demand for the EU chemicals industry was weak. Output in key customer industries was significantly below the previous year's level. Output in construction was 4.6% above the previous year's level

3. Where the EU stands today

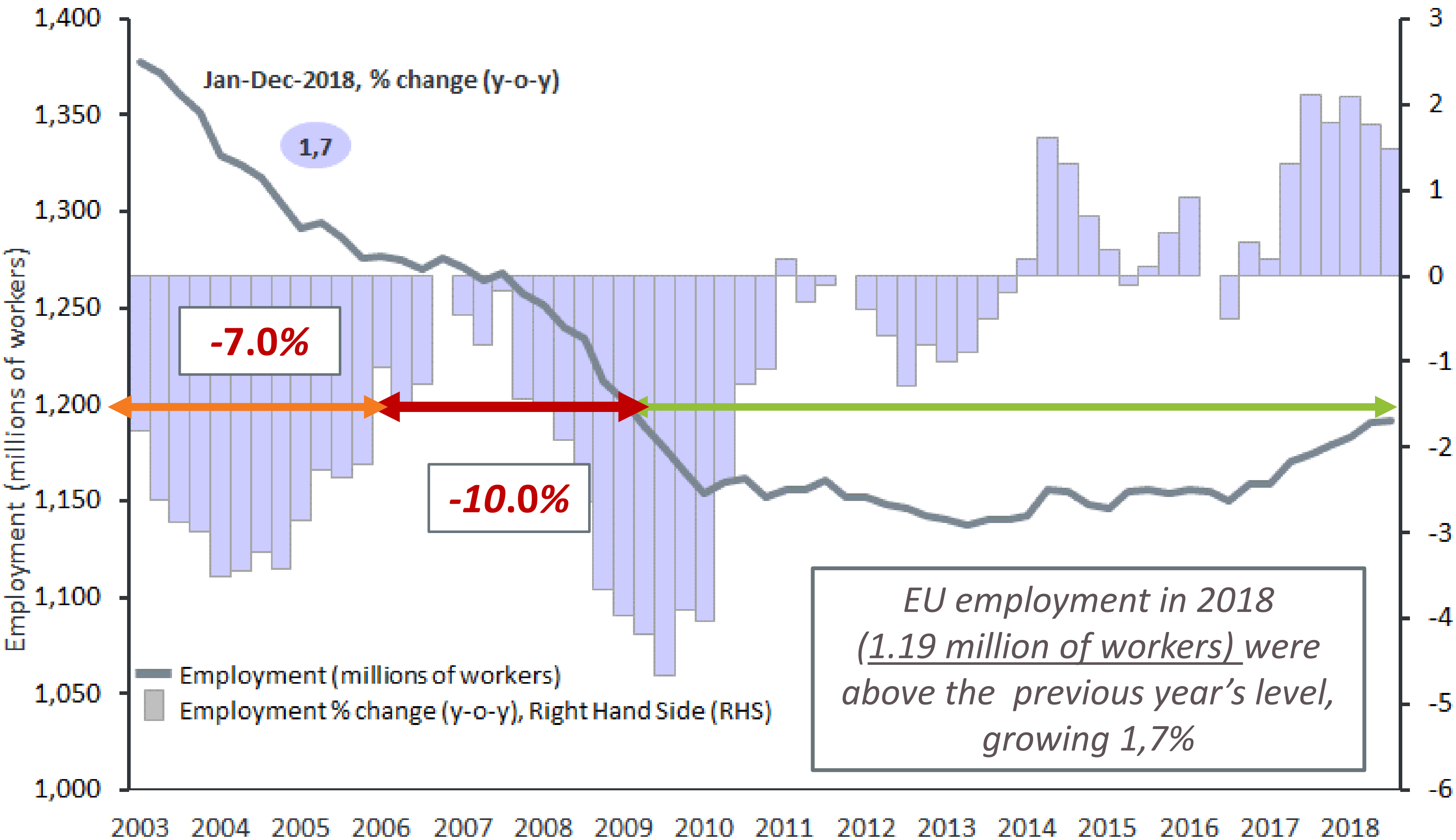
EU Chemicals Industry

Chemicals business modestly recovers from 'technical' recession

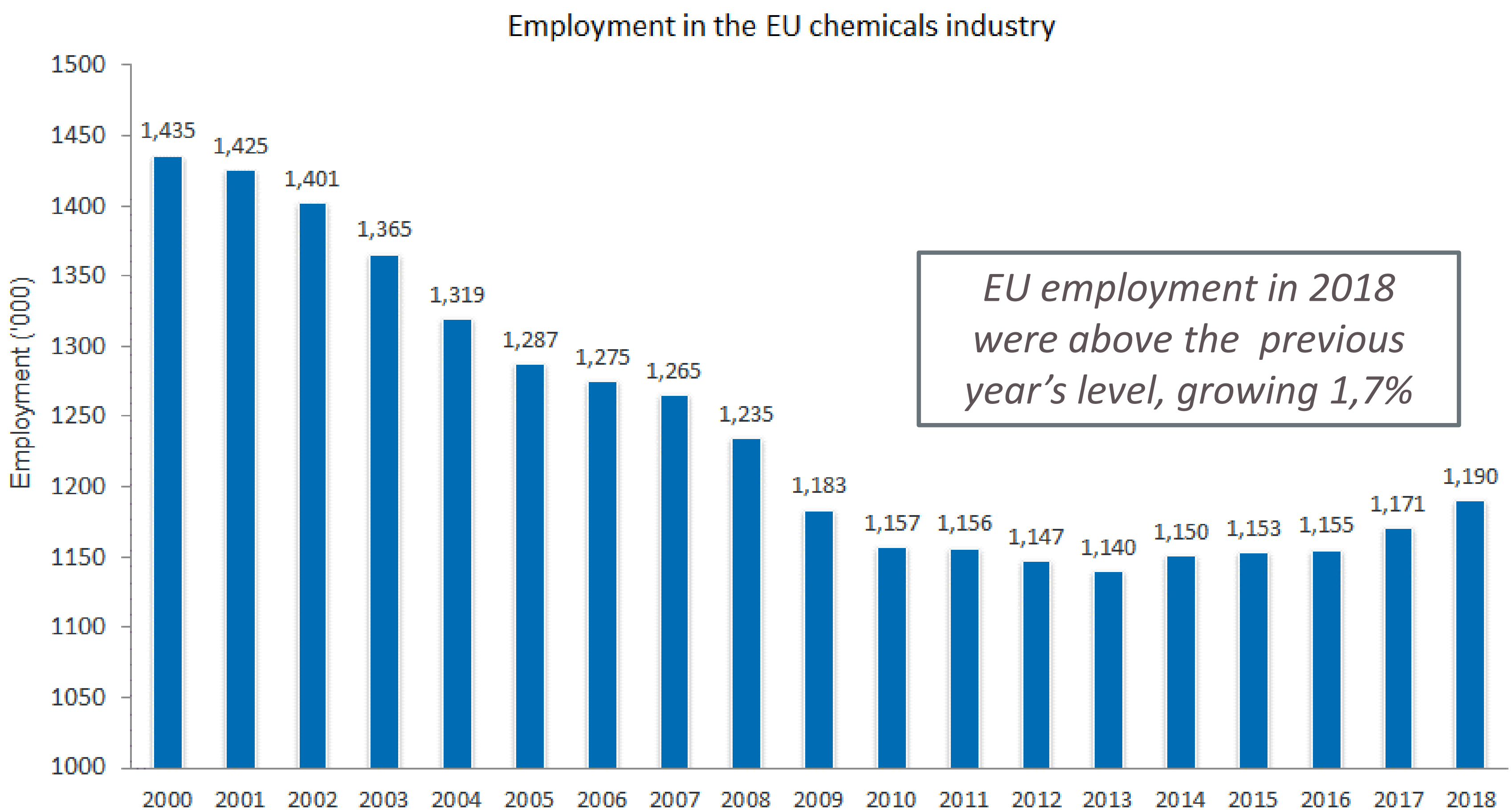


After a period of declining output growth rates were positive in the beginning of 2019. The modest demand of key customers sectors slowed growth of chemicals

Employment in Q4-2018 back to the same level of Q2-2009

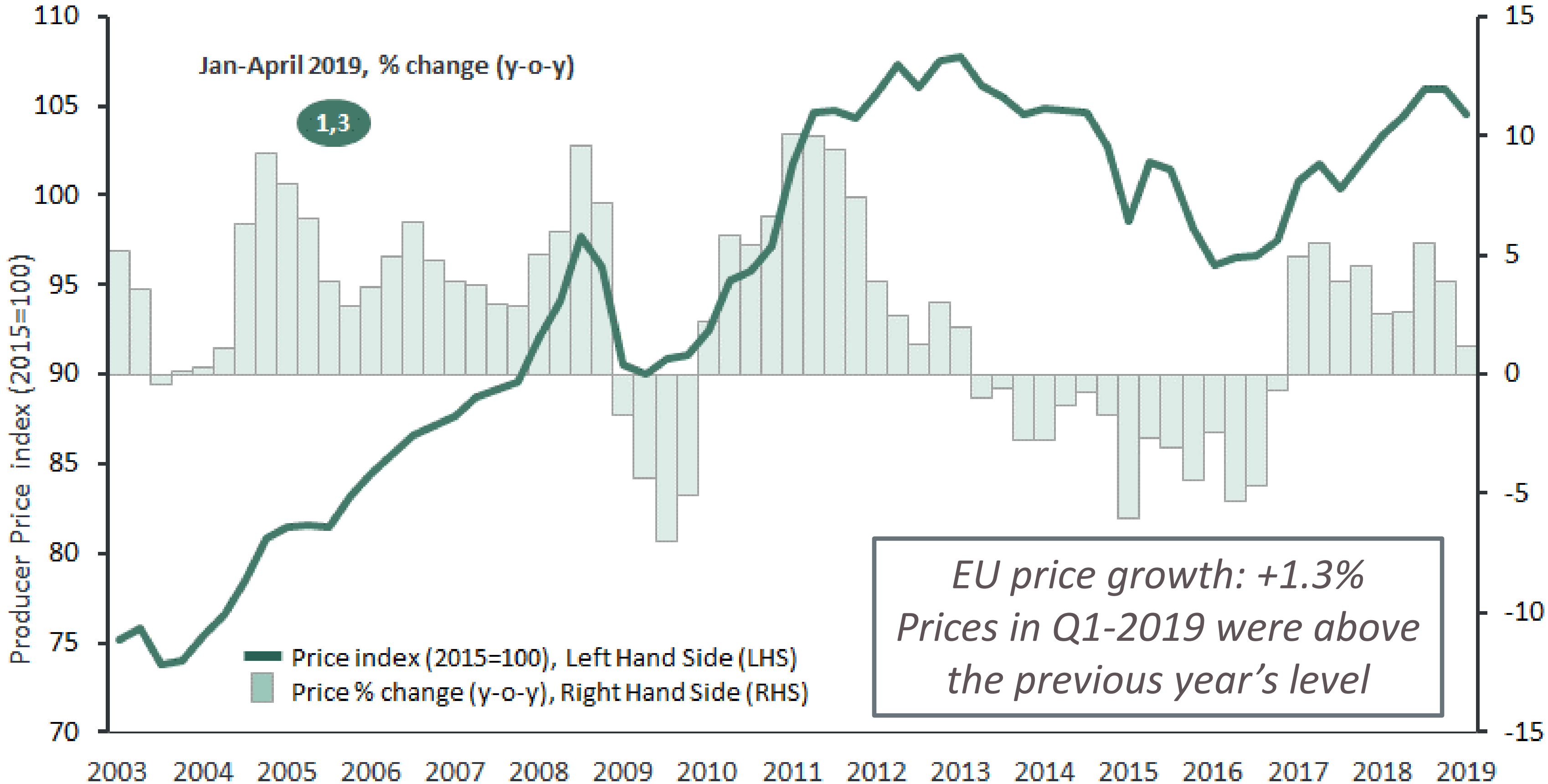


Employment rise by 1.7% in 2018 (y-o-y)

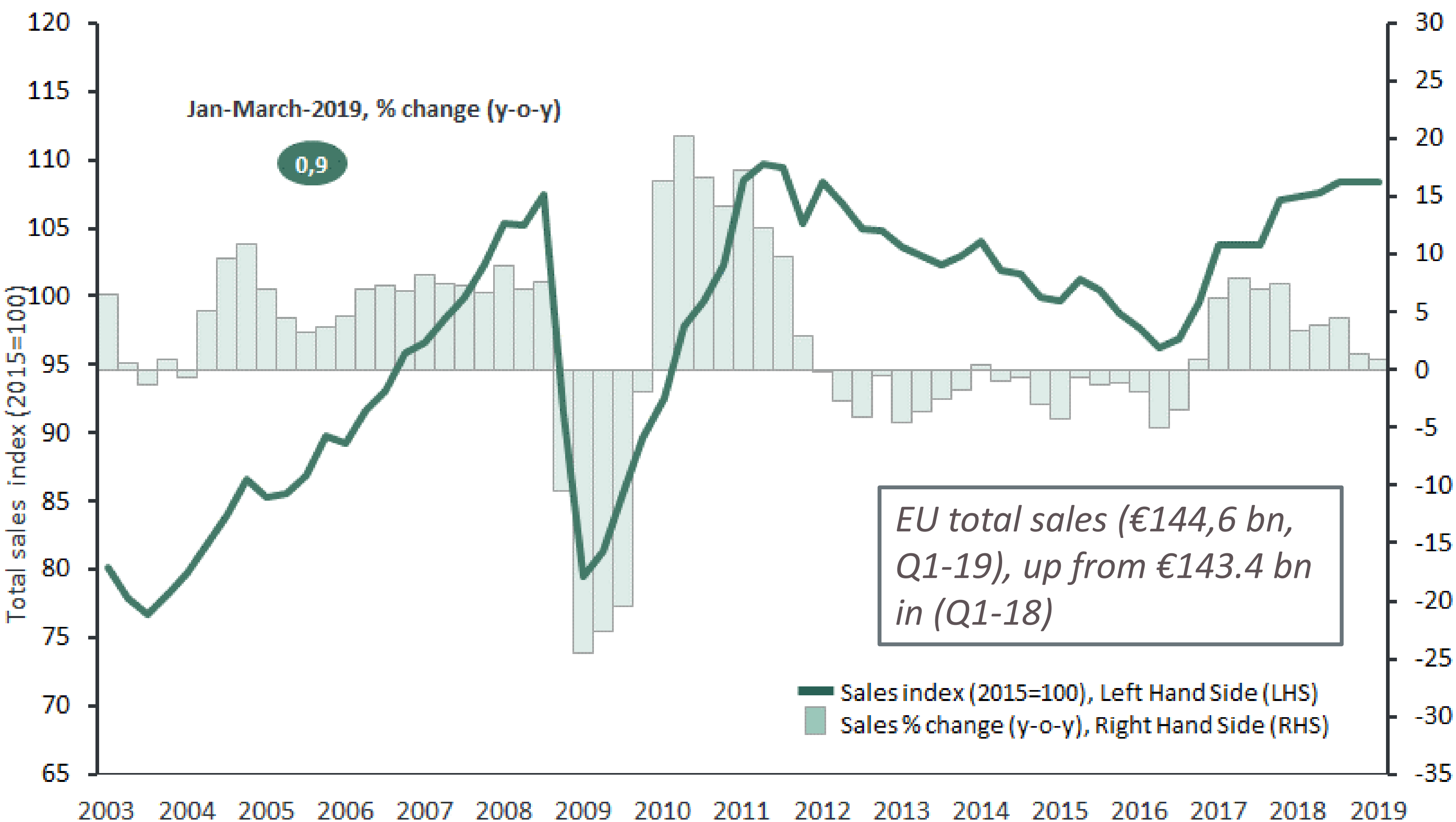


Source: *Eurostat and Cefic Chemdata International (Nace 20)*

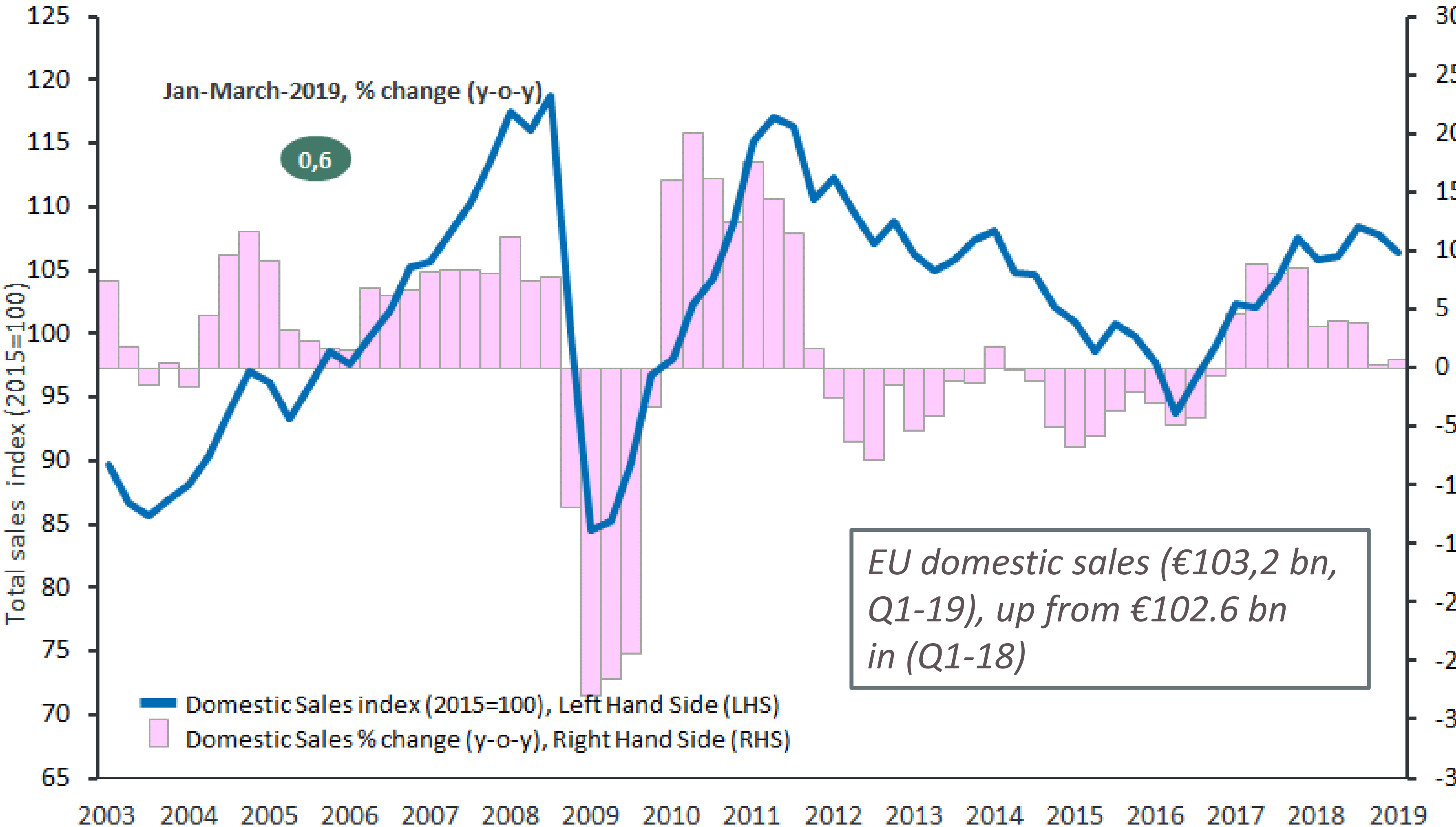
Prices went down but still 1.3% above the previous year's level



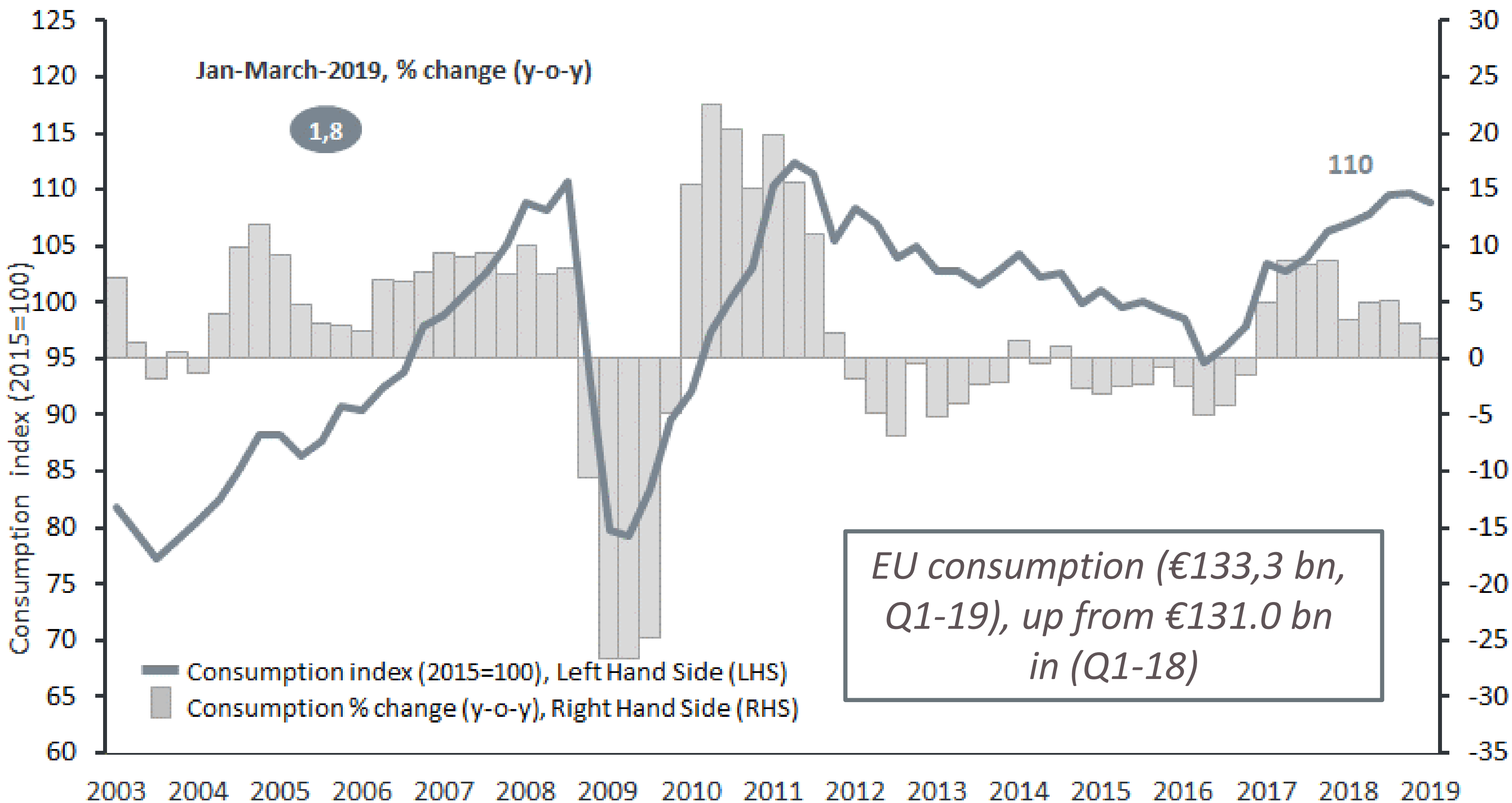
Total sales remained unchanged and is about 1.0% above 2018's level



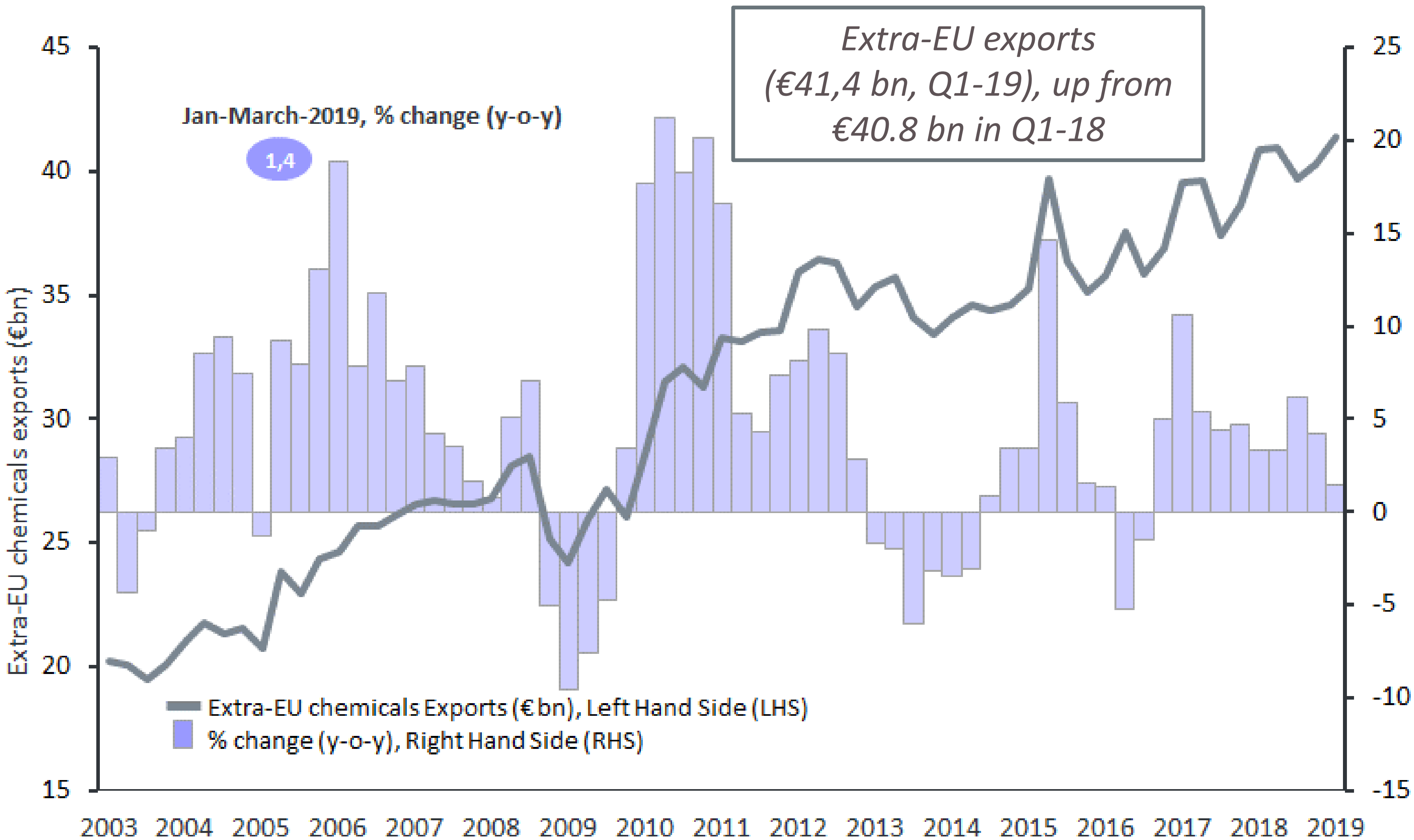
Domestic sales went 1.2% down but still 0.6% above the previous year's level



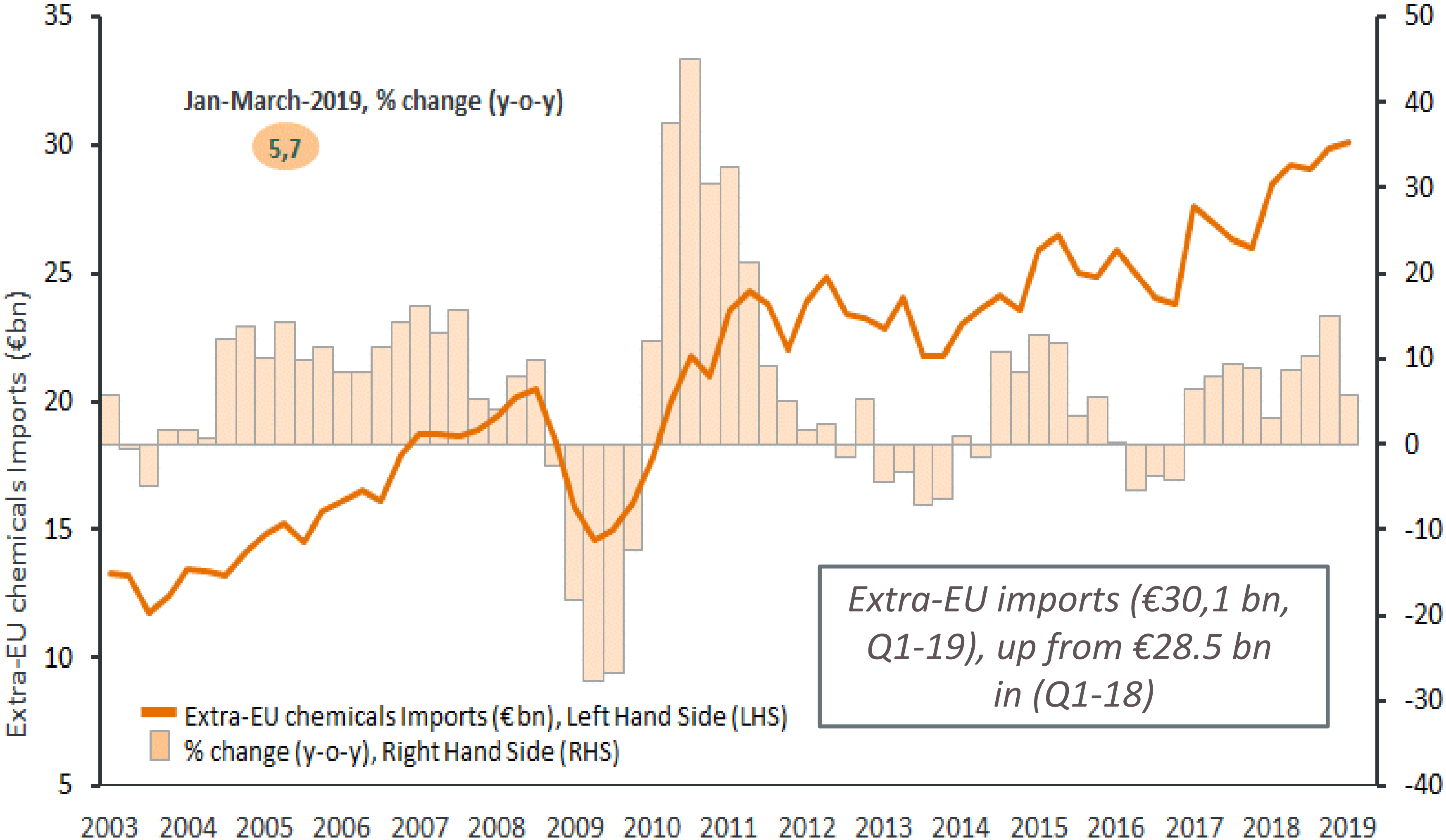
Consumption went up by €2.3 bn compared to 2018's level (1.8%)



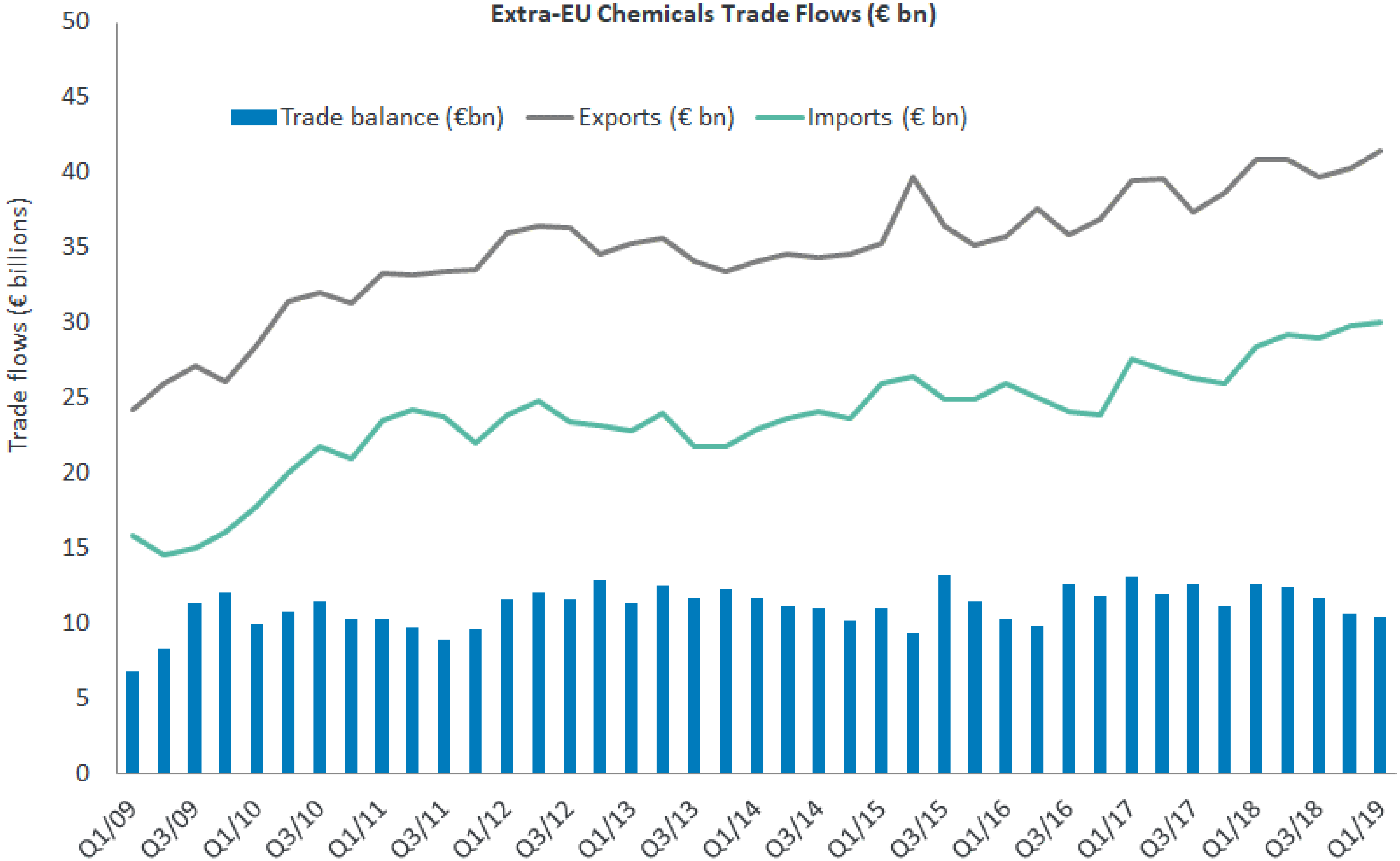
Chemicals exports rise by €0.6 bn (1.4%)



Chemicals imports rise by €1.6 bn (5.7%)

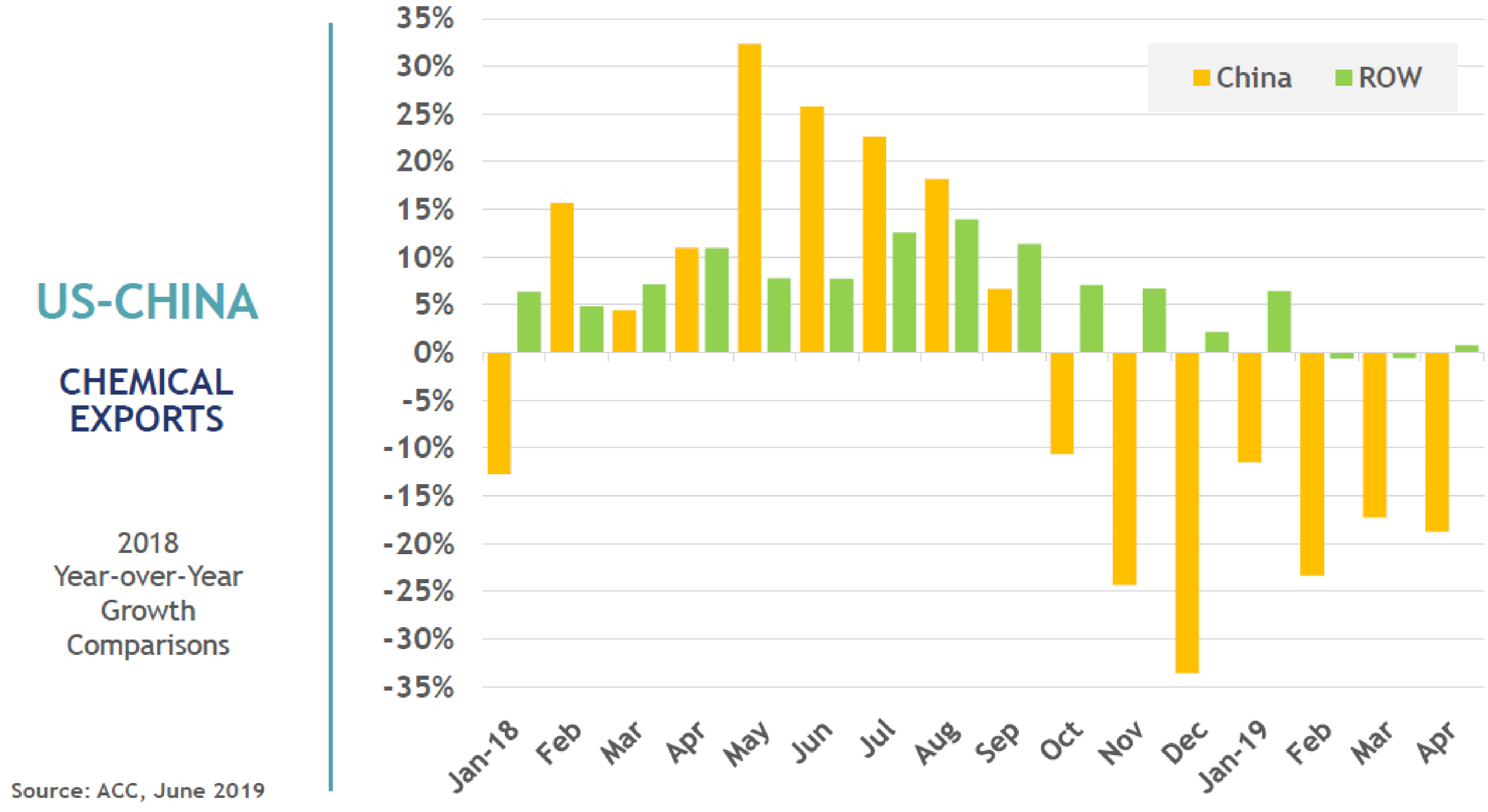


Chemicals surplus down by €1.0 bn



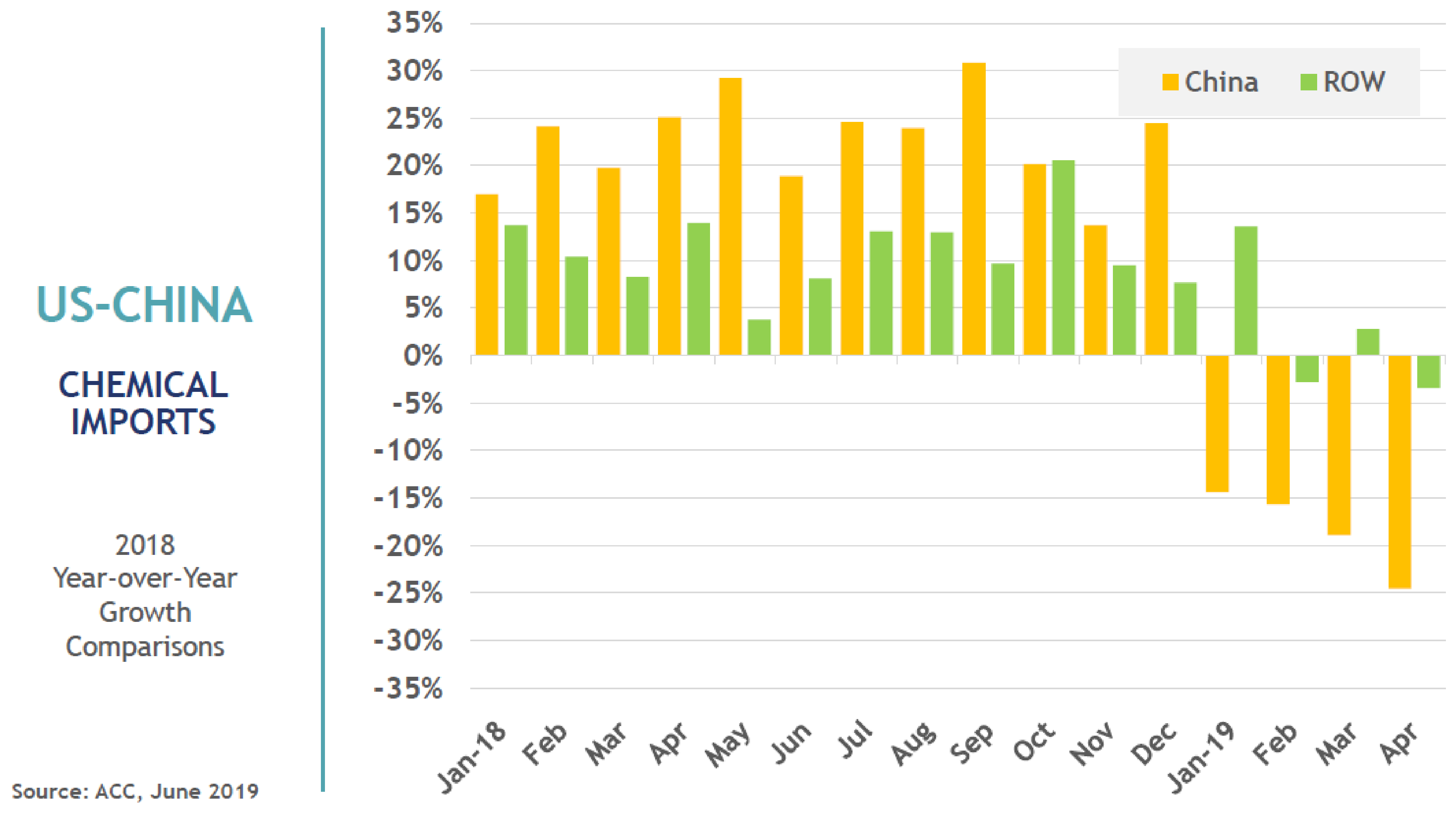
4. US-China Trade Tensions: Any changes on chemicals ?

US chemicals **exports to China**: Latest changes



Source: ACC, June 2019

US chemicals **imports from China**: Latest changes



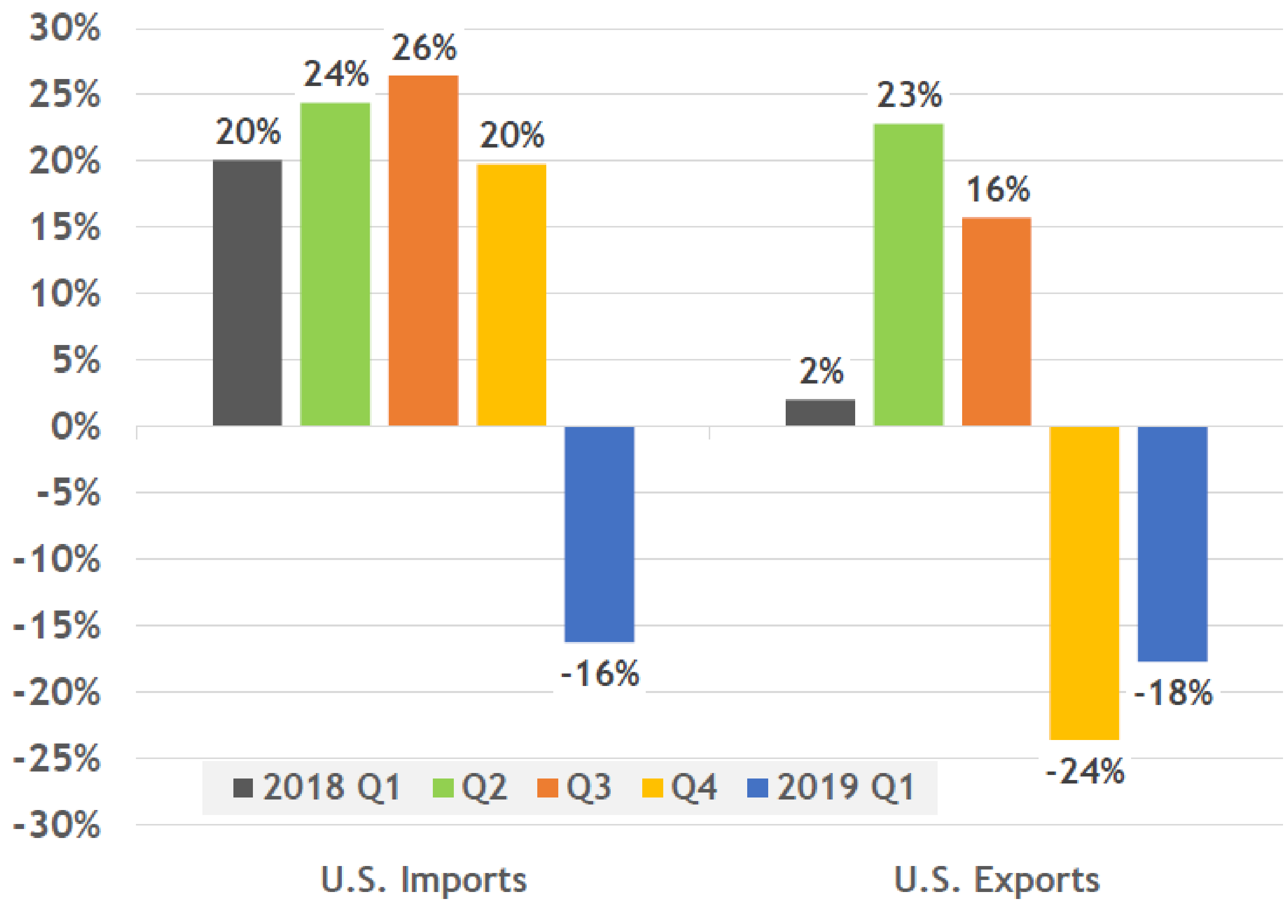
Source: ACC, June 2019

US **chemicals trade with China**: quarterly growth (y-o-y)

US-CHINA

CHEMICALS TRADE

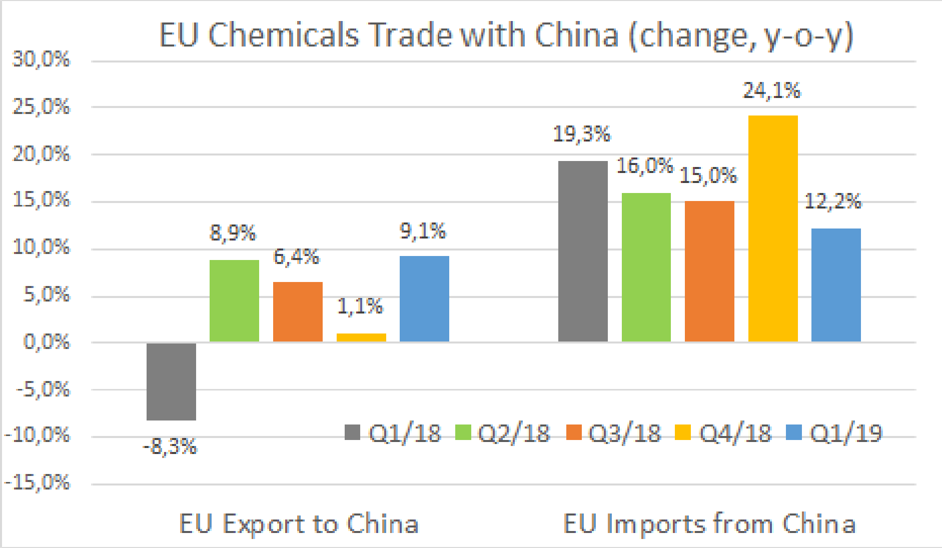
Year-over-Year Growth Comparisons

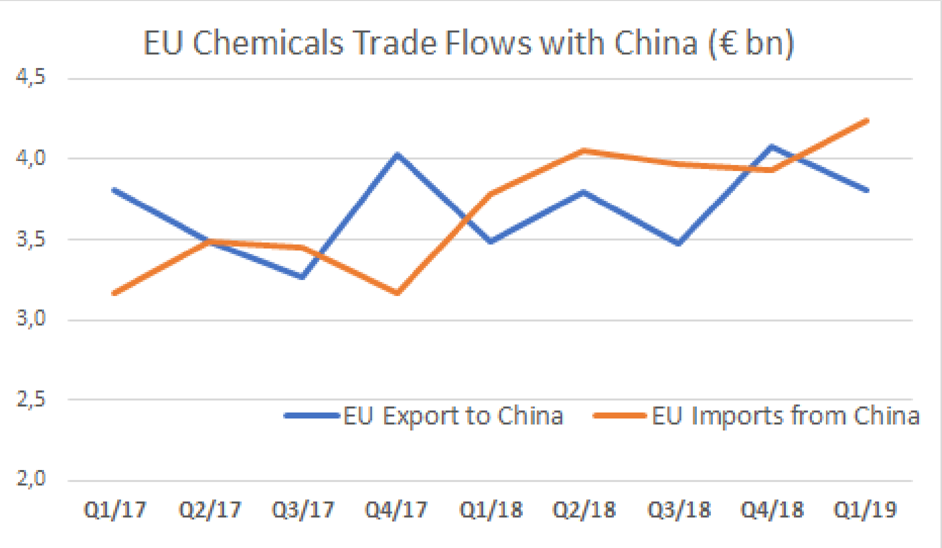


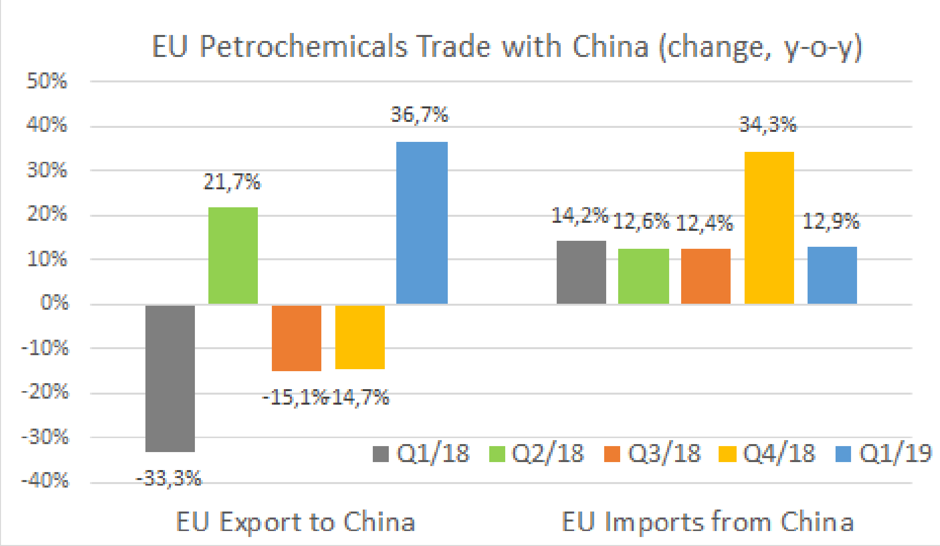
Source: ACC, June 2019

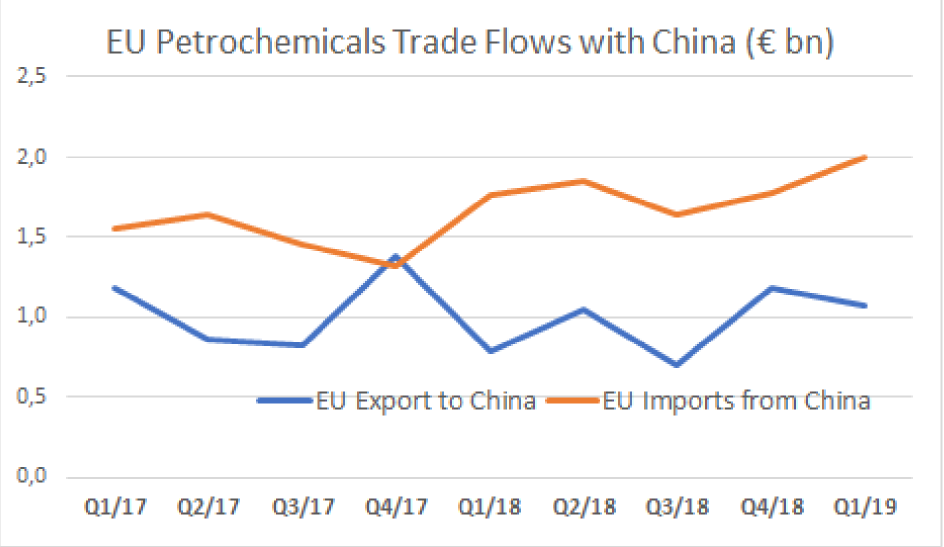
5. What about Europe: Latest changes?

EU Trade Flows with China: Latest changes

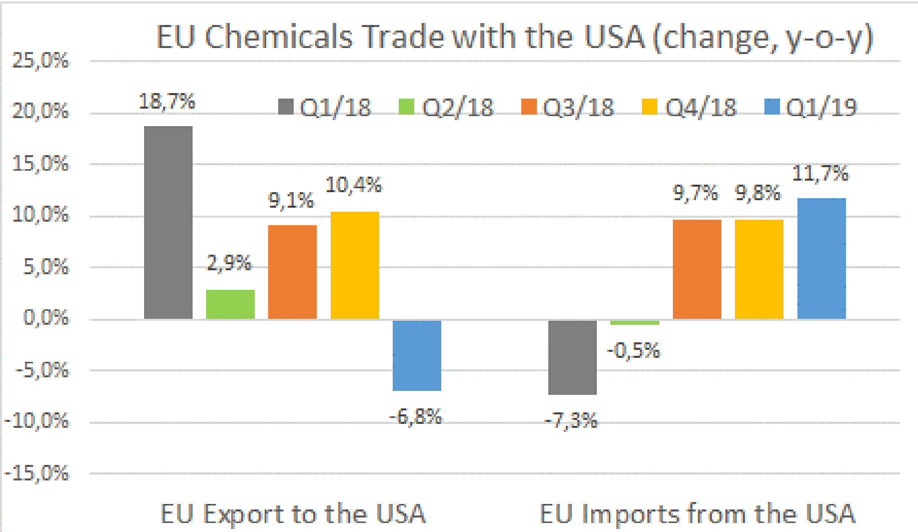


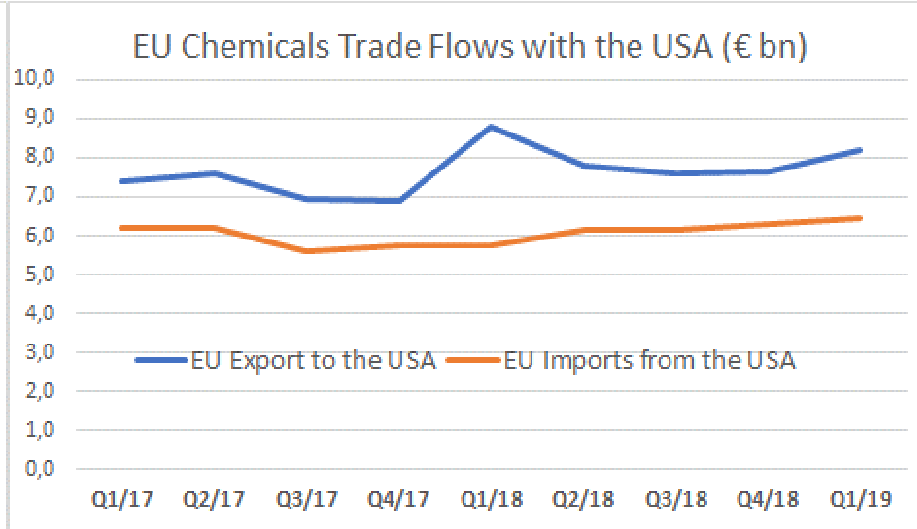


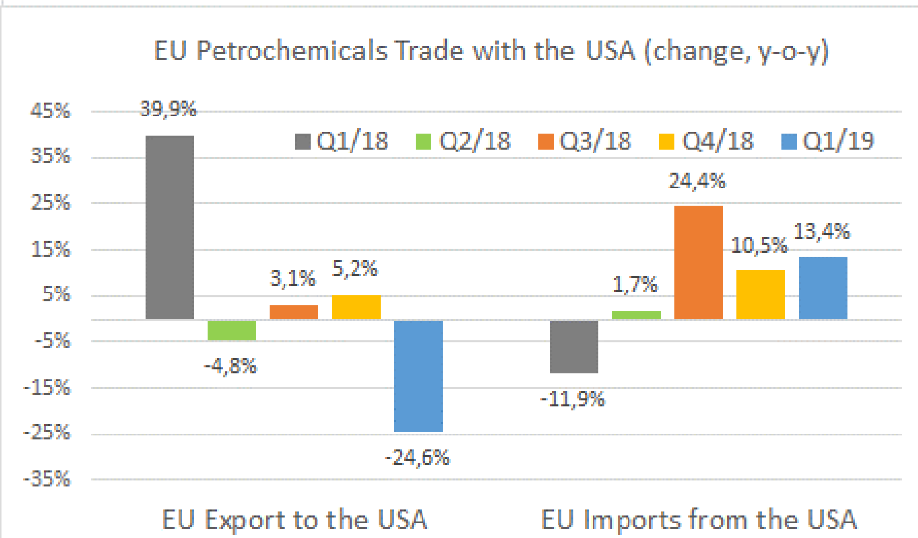


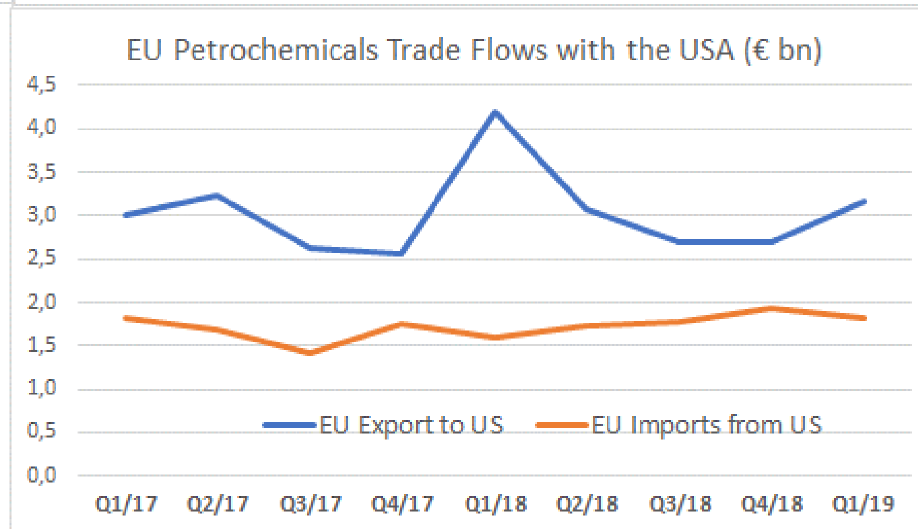


EU Trade Flows with US: Latest changes



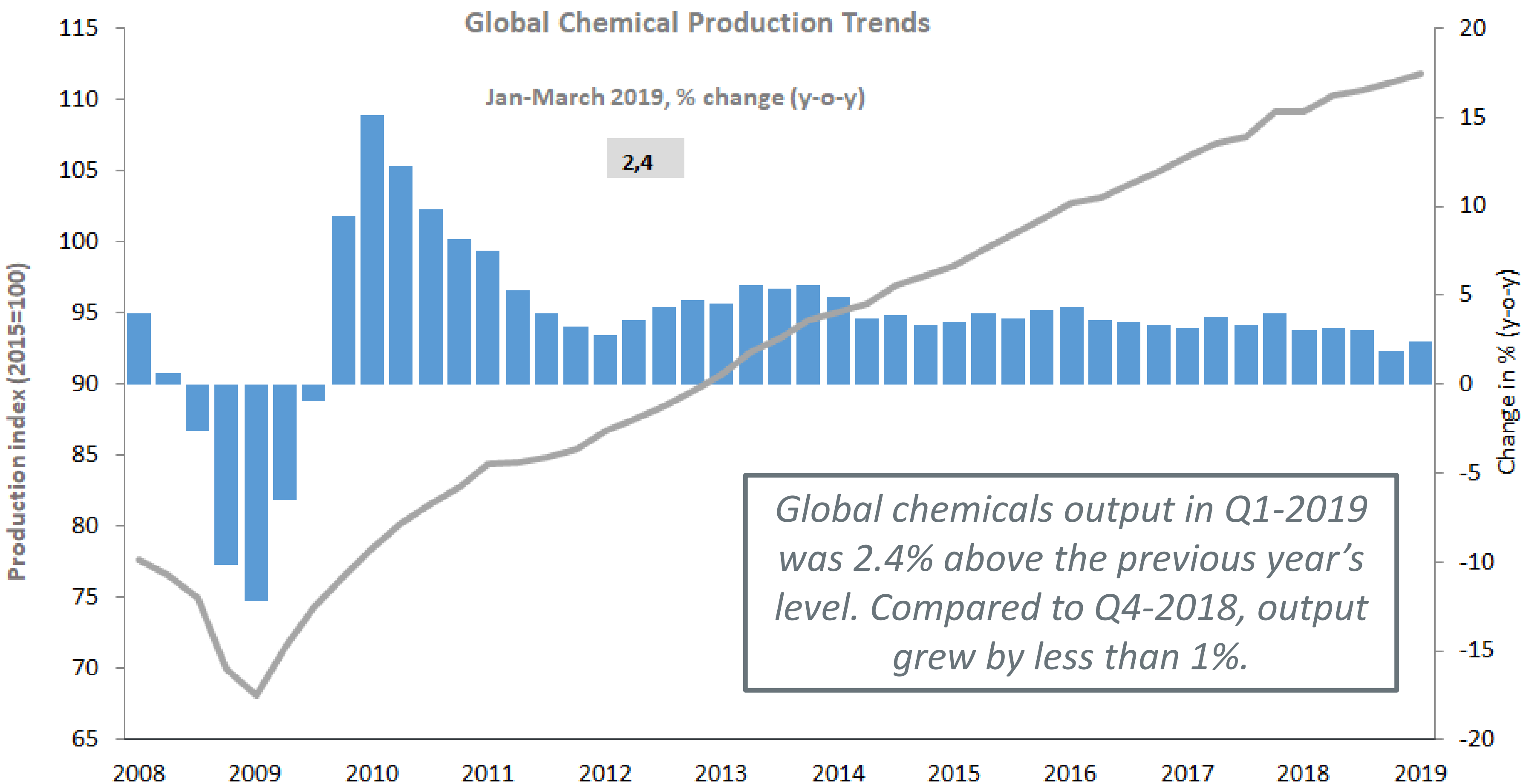






6. Where the global chemical business stands today

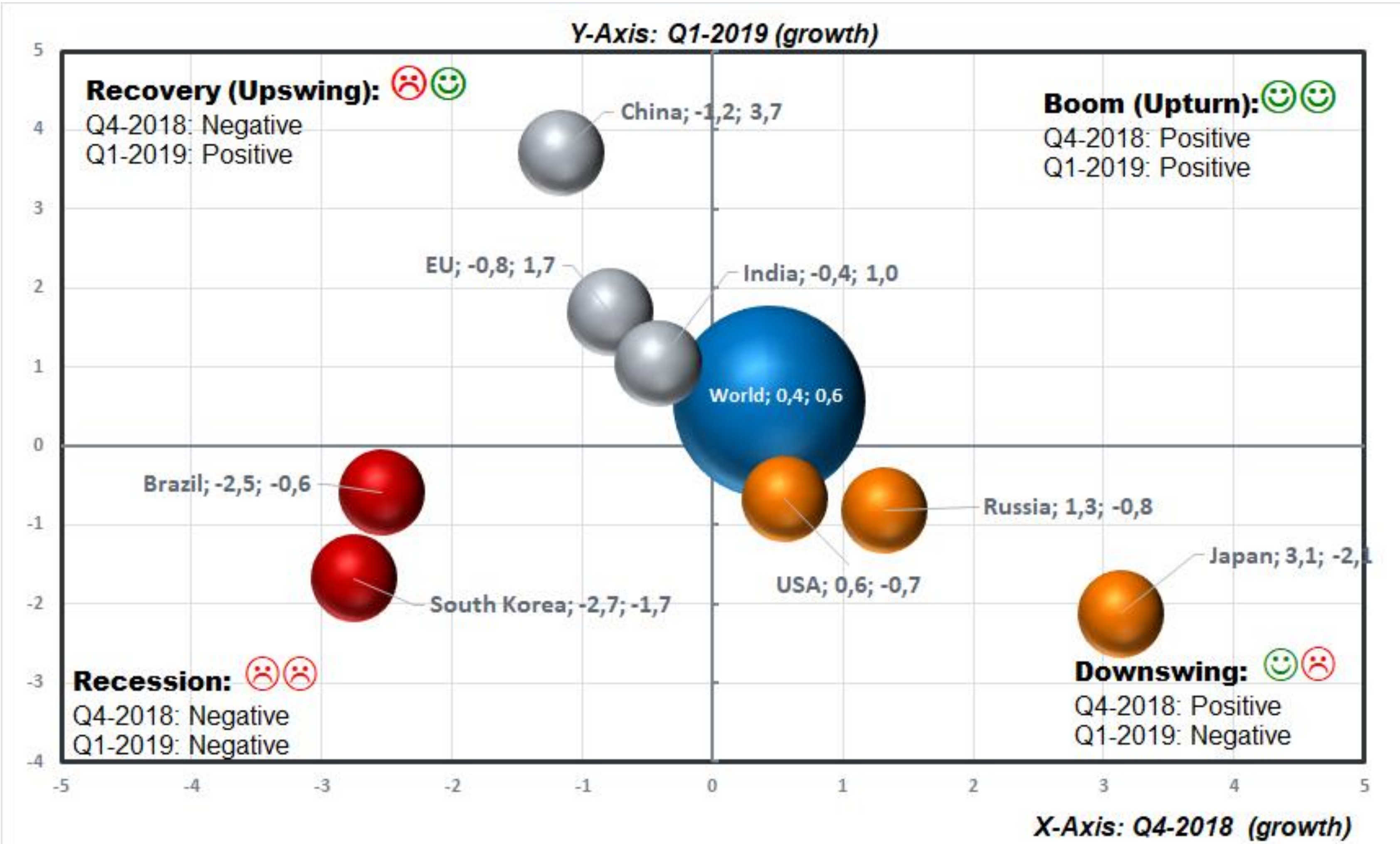
Global chemicals output was 2.4% above the previous year's level



Source: Cefic Chemdata International

Global production trend of the chemicals business continued to lose momentum

Globally: the chemicals business 2.4% above the previous year's level



Brazil and South Korea are in (technical) recession. The EU, China and India are in the "recovery" phase. The USA, Japan & Russia showed negative trend in Q1-19.

Chemicals* sales broken down by sub-sector

2017				
Share		Chemical sub-sectors	NACE Rev2 Codes	€ billion
26,9%		1. Petrochemicals	2014	145,6
11,1%	100,0%	2. Basic Inorganics	2013, 2011, 2015	60,1
4,5%	40,7%	Other inorganics	2013	24,5
2,5%	22,8%	Industrial gases	2011	13,7
4,0%	36,5%	Fertilizers	2015	21,9
20,5%	100,0%	3. Polymers	2016, 2017, 206	111,4
18,2%	88,3%	Plastics	2016	98,4
0,9%	4,2%	Synthetic rubber	2017	4,7
1,5%	7,4%	Man-made fibres	206	8,3
27,4%	100,0%	4. Specialty chemicals	205, 2012, 202, 203	148,7
2,4%	8,8%	Dyes & pigments	2012	13,0
1,9%	6,9%	Crop protection	202	10,3
7,7%	28,2%	Paints & inks	203	42,0
15,4%	56,1%	Auxiliaries for industry	205	83,4
14,1%		5. Consumer chemicals	204	76,4
100,0%		Chemicals excluding pharmaceuticals	20	542,1

*Chemicals excluding pharmaceuticals (Nace 20)

Chemicals* Output– Latest Trends

EU production growth (Y-o-Y)	2017	2018	Q2/18	Q3/18	Q4/18	Q1/19	Jan-April-19
Chemicals (20)	2,0	-0,6	0,9	-1,1	-3,3	0,1	0,0
Petrochemicals (2014)	-6,4	-3,7	1,5	-5,0	-9,3	-1,4	-1,7
Polymers (2016+2017+206)	3,2	-3,7	-2,6	-3,4	-8,3	-5,7	-5,3
Plastics in primary forms (2016).	3,2	-4,1	-3,0	-3,8	-8,8	-5,8	-5,3
Man-made fibres (206)	3,3	1,2	2,7	1,8	-1,8	-4,7	-4,8
Basic inorganics (2011+2013+2015)	2,9	-	-6,8	-5,7	-	-	-6,1
Other inorganic basic chemicals (201	2,9	-4,7	-7,9	-7,1	0,2	5,2	5,7
Industrial gases (2011)	3,5	-	-8,3	-8,4	-	-	-7,8
Fertilizer (2015)	2,7	-	-4,8	-2,8	-	-	-5,0
Specialties (2012+202+203+205)	3,0	-0,9	0,6	-2,1	-2,8	0,1	0,1
Other chemicals (205)	3,7	-0,3	1,7	-1,4	-2,4	0,5	-0,1
Dyes, pigments (2012)	3,3	-7,9	-8,5	-10,1	-8,0	-2,2	-2,3
Crop protection (202)	4,6	-5,9	-4,3	-3,2	-8,9	6,8	7,8
Paints, varnishes, coatings, inks (203)	1,1	1,5	2,5	-0,6	-0,4	-1,5	-0,8
Consumer chemicals (204)	6,1	1,8	2,5	1,5	-1,4	0,6	0,6
Soaps, detergents (2041)	4,6	-1,7	-0,9	-3,0	-4,2	0,4	0,7
Perfumes, toilet preparations (2042)	6,8	3,3	3,7	3,5	-0,5	0,1	0,4

*Chemicals excluding pharmaceuticals (Nace 20), production figures on chemicals sectors are not comparable; they did not have the same degree of country coverage,

Chemicals* Prices– Latest Trends

EU producer prices growth (Y-o-Y)	2017	2018	Q2/18	Q3/18	Q4/18	Q1/19	Jan-April 19
Chemicals (20)	4,7	3,6	2,6	5,5	3,9	1,1	1,3
Basic chemicals (201)	6,4	5,0	3,6	7,9	5,0	0,5	0,7
Petrochemicals (2014)	12,7	5,3	3,5	10,5	4,8	-2,7	-1,9
Polymers (2016+2017+206)	5,2	4,3	2,6	5,7	4,8	1,5	1,4
Plastics in primary forms (2016)	5,2	4,6	3,2	5,9	4,6	1,2	1,1
Man-made fibres (206)	2,9	2,0	-0,2	1,8	3,4	3,4	3,4
Basic inorganics (2011+2013+2015)	1,6	5,7	4,6	6,9	6,7	4,7	4,5
Industrial gases (2011)	0,6	1,8	2,0	1,9	1,8	2,5	2,6
Other inorganic basic chemicals (2013)	2,3	8,7	9,3	9,9	7,7	5,1	4,7
Fertilizer (2015)	1,4	4,7	1,1	6,7	8,5	5,6	5,2
Specialties (2012+202+203+205)	2,4	1,4	1,1	1,4	2,0	2,6	2,5
Dyes, pigments (2012)	6,0	3,9	5,4	2,1	0,7	-2,1	-2,4
Crop protection (202)	0,1	-0,4	-0,8	-0,5	-0,3	-1,2	-1,1
Paints, varnishes, coatings, inks (203)	1,2	2,7	2,8	2,7	2,6	2,3	2,3
Other chemicals (205)	2,8	0,5	-0,1	0,8	2,2	4,0	4,0
Consumer chemicals (204)	0,3	0,7	0,5	0,9	1,3	1,3	1,3
Soaps, detergents (2041)	0,8	0,5	0,0	0,4	0,8	1,1	1,2
Perfumes, toilet preparations (2042)	0,0	0,7	0,6	0,9	1,4	1,2	1,2

*Chemicals excluding pharmaceuticals (Nace 20), prices figures on chemicals sectors are not comparable; they did not have the same degree of country coverage,

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