

Contact:

Dr Moncef HADHRI, Economic Affairs, mha@cefic.be

Press contact, Nathalie GROSS, ngr@cefic.be

EU chemicals sector still growing, but losing momentum

Output ▲ 1.9%, Producer prices ▲ 2.5%, Total sales ▲ 4.6%, Domestic sales ▲ 4.1%, Exports ▲ 5.8%, Imports ▲ 8.3%, Consumption ▲ 5.0%, Capacity utilisation ▼ 0.6%

❖ **The World Economic Climate has deteriorated**

According to the ifo World Economic Survey (WES, Q2-2018), the World Economic Climate has deteriorated. The ifo indicator dropped from 26.0 points in Q1-2018 to 16.5 points in Q2-2018. Experts' assessments of the current economic situation remained as favourable as last quarter, but their expectations are far less optimistic (6.1 points down from 23.9 points in Q1-2018). The world economy is still experiencing an increase, but it is losing momentum (WES report, 8 May 2018). ▲

❖ **World GDP expected to grow by 3.9% this year**

According to the same source, the economic climate deteriorated in nearly all regions. Both assessments of the current economic situation and expectations fell significantly in the USA. In the European Union, Latin America, the CIS countries, the Middle East and North Africa economic expectations also cooled down. Experts also expect far weaker growth in world trade, partly because they are reckoning with higher trade barriers. (WES report, 8 May 2018). ▲

❖ **Chemicals output up 1.9% (Q1-2018)**

Production in the EU chemicals sector grew 1.9% from January to March 2018 compared to the same period of 2017, with output rising in some chemicals sub-sectors such as cosmetics, paints and coatings, and man-made fibres (more than 2.5%, y-o-y). Specialties posted less significant output growth (1.7%, y-o-y). Basic inorganics however reported negative growth of about 6% during the same period. Data analysis shows that the production index (2015=100) for the EU chemicals sector dropped from 104.2 points in Q4-2017 to 102.7 points in Q1-2018, returning to more or less the same level as in Q3-2017. ▲

❖ **Chemicals prices surge 2.5% (Q1-2018)**

Producer prices were above the previous year's level, growing 2.5% in the EU chemicals sector from January to March 2018 (y-o-y). Plastics and dyes and pigments posted significant and positive growth in prices compared to the other sectors (more than 4%, y-o-y). ▲

❖ **Chemicals imports up 8.3% (Jan-Feb, 2018)**

EU chemicals imports reached the value of €18.8 bn from January to February 2018, up from €17.4 bn during the same period of last year. Apart from basic inorganics, all chemicals sectors posted an increase in imports. On the country side, data shows EU chemicals imports going up significantly from China and South Korea during the same period. Last but not least, EU chemicals imports dropped from Africa, Middle East and the USA.

❖ **Chemicals exports jump 5.8% (Jan-Feb, 2018)**

EU chemicals exports reached the value of €26.4 bn through February of the current year, rising by 1.5 bn (+5.8 per cent) compared to the first two months of 2017. All chemicals sectors posted an increase in exports. EU chemicals exports to the USA registered a significant increase (€713 million). Nearly 60% of this positive change is attributable to petrochemicals. The analysis shows that EU chemicals exports to the following countries dropped: Middle East, South Korea and China. ▲

❖ **Capacity utilisation drops by 0.6% (Q1-2018)**

According to EU Commission Business Survey data, capacity utilisation in the EU chemicals sector reached the value of 82.9% in the first quarter of 2018, down from 84.1% reached in the last quarter of 2017. Capacity utilisation was 0.6% below the previous year's level (Q1-2018 vs Q1-2017). Chemicals capacity is 2.3% above the long-term average (1995-2017). ▼