

EU chemicals industry still experiencing flat production growth

EU chemicals output shrank by just 0.7% in the first four months of 2016 compared to one year ago, according to the latest Cefic Chemical Trends Report. Producer prices fell 3.8 per cent during the same period, while sales declined 3.1 per cent during the first quarter of 2016, compared to the same period of 2015. Capacity utilisation remained unchanged in the first quarter of 2016, much closer to its long-term average. Employment improved slightly in the first quarter of 2016 compared to the fourth quarter of 2015. The EU net trade surplus was €9.8 billion for the first quarter of 2016, up by €0.3 billion compared to the first quarter of 2015.

Chemicals output shrinks 0.7 per cent during first four months of 2016

The first four months of 2016 saw significant output growth recorded in the following sub-sectors: dyes and pigments (3.1 per cent), plastics in primary forms (2.7 per cent), perfumes and toilet preparations (2.4 per cent). The second category covers chemicals sub-sectors, where output grew by less than two per cent; other chemicals (1.4 per cent), paints and coatings (1.3 per cent), synthetic rubber (0.8 per cent) and industrial gases (0.7 per cent). Finally, the chemicals sub-sectors registering negative growth are agrochemicals (-11.2 per cent), other basic inorganics (-2.7 per cent), soaps and detergents (-1.8 per cent) and petrochemicals (-0.7 per cent).

Overall, EU chemicals output contracted by just 0.7 per cent in the first four months of 2016 (year-on-year), with output remaining 5.9 per cent below the peak level during the pre-crisis period. Apart from “other chemicals”, “crop protection”, and “cosmetics”, all chemicals subsectors remained below the pre-crisis level of 2008.

Chemical prices fall 3.8 per cent in first four months of 2016

Petrochemicals prices slipped 8.4 per cent in the first four months of 2016 compared to same period in 2015. Polymers prices showed a decrease of 2.0 per cent during the same period. Consumer chemicals prices rose 0.1 per cent, whereas specialty chemicals prices dropped 0.8 per cent during the same period. Overall, producer prices in the EU chemicals sector declined 3.8 per cent in first four months of 2016 (year-on-year).

Chemical sales down 3.1 per cent in first quarter of 2016

Declining producer prices and stagnant production continued to impact sales. Total EU chemical sales dropped 3.1 per cent during the first quarter of 2016 (y-o-y). Domestic sales fell by about 4.8 per cent through March 2016 compared to the first quarter of 2015. Chemical consumption in the EU home market fell by 3.6 per cent in the first quarter of 2016 compared to the same period a year ago.

Net trade surplus up €0.3 billion in Q1-2016

The EU net trade surplus was €9.8 billion during the first quarter of 2016, up by €0.3 billion compared to the first quarter of 2015. The rest of Europe – a group including Russia, Turkey and Switzerland contributed largely to this improvement. The EU trade surplus through March 2016 with the rest of Europe was €2.6 billion, €0.8 billion higher compared to the first quarter of 2015. Underlying this figure was a sharp fall in EU imports from Russia which showed a decline of 19.1 per cent, or €405 million. EU exports to Russia fell 6.7 per cent, or €129 million. The EU chemicals sector still registered a trade deficit with South Korea, Japan, and India during the first quarter of 2016. Taking together the three countries, the EU chemicals deficit reached the value of €578 million during the first three months of 2016. The EU chemicals trade surplus with Asia – excluding Japan and China – widened by €149 million to €1.78 billion. The EU’s net chemicals trade balance with China widened by €117 million. The EU chemicals trade surplus with the United States decreased by €0.43 billion to €1.07 billion during March 2016.

Employment improves slightly in first quarter of 2016

The level of chemical industry employment rose slightly in the first quarter of 2016 compared to the last quarter of 2015. The sector directly employed 1,171 million people in the first quarter of 2016, up from 1,167 during the last quarter of 2015. Payroll levels in first quarter 2016 are nearly 9.0 per cent below the peak level reached in third quarter 2007. Yearly data analysis shows employment slightly lower in the whole year 2015 compared to the level of 2014 (0.1 per cent).

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Notes to editors:

About the Chemicals Trends Report: The Cefic Chemicals Trends report provides a snapshot of chemical industry performance in the 28 countries of the European Union and is based on data released by Eurostat. Issued monthly, the one-page summary report distils Eurostat data into four areas: chemicals production, trade, prices and total sales.

About Cefic: **Cefic**, the European Chemical Industry Council, is the Brussels-based organisation representing the European chemical industry. Created in 1972, it represents 29,000 companies that produce around 17 per cent of the world’s chemicals and employ 1.2 million people. Learn more at www.cefic.org.