

Chemical Production Outlook 2016 - 2017

Cefic provides six-monthly economic forecasts rounding up the main trends and data impacting the EU chemical industry for the year to come.

Where are we coming from, where are we going?

- Cefic, the European Chemical Association, expects no significant acceleration of chemical production or expects a soft acceleration of chemical production growth in the European Union in 2016 and 2017 (around +1.0%) after weak dynamics in 2015 and in 2014 (+0.6% for both years).
- Manufacturing growth was robust in the first quarter of 2016 with a growth rate of 2% compared to prior year. Particularly the strong or significant growth of the automotive industry proved to be rather stable, and construction activity was bolstered by the mild winter. Despite this good start, the European manufacturing industry is expected to not accelerate in 2016 compared to prior year.
- Positive impulses from robust domestic demand are countered by the weak global environment which in turn dampens demand for European chemical and other manufacturing exports. However, some positive impulses for chemical demand in Europe should come from the construction industry which should accelerate as growth is supported by improving financing conditions as well as robust demand
- Although GDP growth in China has temporarily stabilized, the trend of industry growth is slowing down. Brazil and Russia are still in recession, with no improvement visible particularly in Brazil. The US disappointed in the first quarter and will probably not be able to achieve initial growth expectations.
- For 2017, Cefic expects no significant improvement but a change of growth drivers for the European chemical sector. Manufacturing growth in Europe might slow slightly as the European automotive cycle cools down. However, construction is expected to remain robust due to infrastructure investments and an overhang of demand in the residential markets. Demand for European chemicals from outside Europe is expected to slightly improve as global commodity prices are stabilizing which should help global commodity exporters (among them Russia, South America, Africa and Middle East).

Please see graphs next page for further information.

For more information please contact:
Dervla Gleeson, Media Relations Manager, Cefic,
+32 2.676.72.89 or dgl@cefic.be.

About Cefic

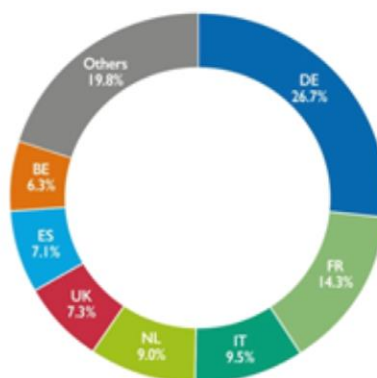
Cefic, the European Chemical Industry Council, founded in 1972, is the voice of 29,000 large, medium and small chemical companies in Europe, which provide 1.2 million jobs and account for 17% of world chemicals production.

The EU chemical industry is key for economic development



Sales 2014 (€551 billion)

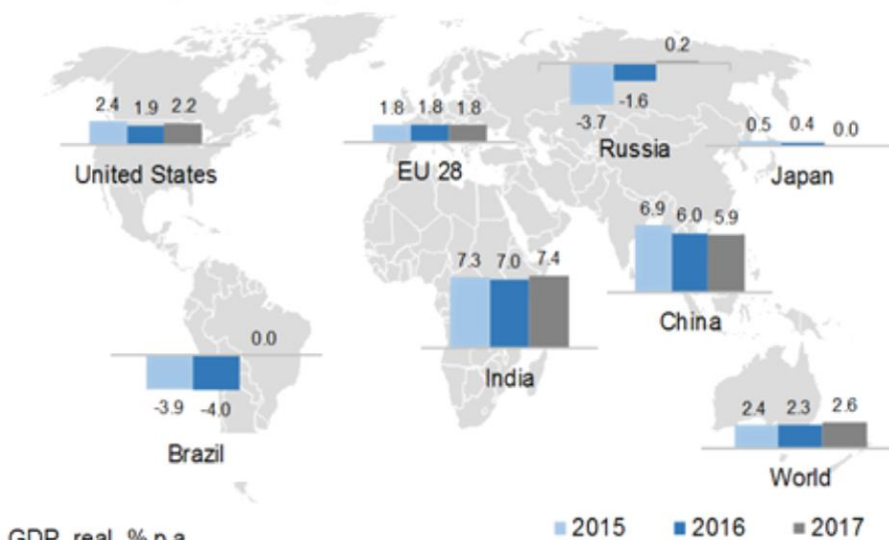
- 29 000 companies, 96% SMEs
- 1.17 million of jobs
- €551 billion of sales
- Trade surplus (€44.7 bn)
- Capital spending of €18.6 bn
- R&D spending of €8.9 bn



Source: Cefic Chemdata International - data for 2014

Page 1

Moderate GDP growth for 2016 expected – no strong recovery 2017



Source: Cefic EOTF 23-24 May 2016 Paris

Chemistry making a world of difference

 European Chemical Industry Council - Cefic aisbl
 Avenue E. van Nieuwenhuysse 4 B-1160 Brussels Belgium
 Tel. +32.2.676.72.11 mail@cefic.be www.cefic.org
