

# Cefic Chemicals Quarterly Report (CQR)



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## EU27 Industry data confirms green shoots of recovery but reveals highly challenging times remain for industry

- **Commenting on the latest industry figures, Cefic Director General, Marco Mensink, said:**
- *We have seen some encouraging green shoots of recovery, but these latest figures show highly challenging times remain for industry and therefore underline the importance of having an EU policy framework that accelerates investments into the Green and Digital transitions. Fast-tracking chemical innovation – designed in Europe and made in Europe – will be instrumental for ensuring the continuation of the economic recovery and for achieving the European Green Deal goals. For this, the EU Industrial Strategy is a timely update that brings the EU's industrial vision more in line with the goals of the Green Deal and the ongoing COVID crisis and we welcome the introduced sector-specific pathways for industrial transformation.*



## Key Findings

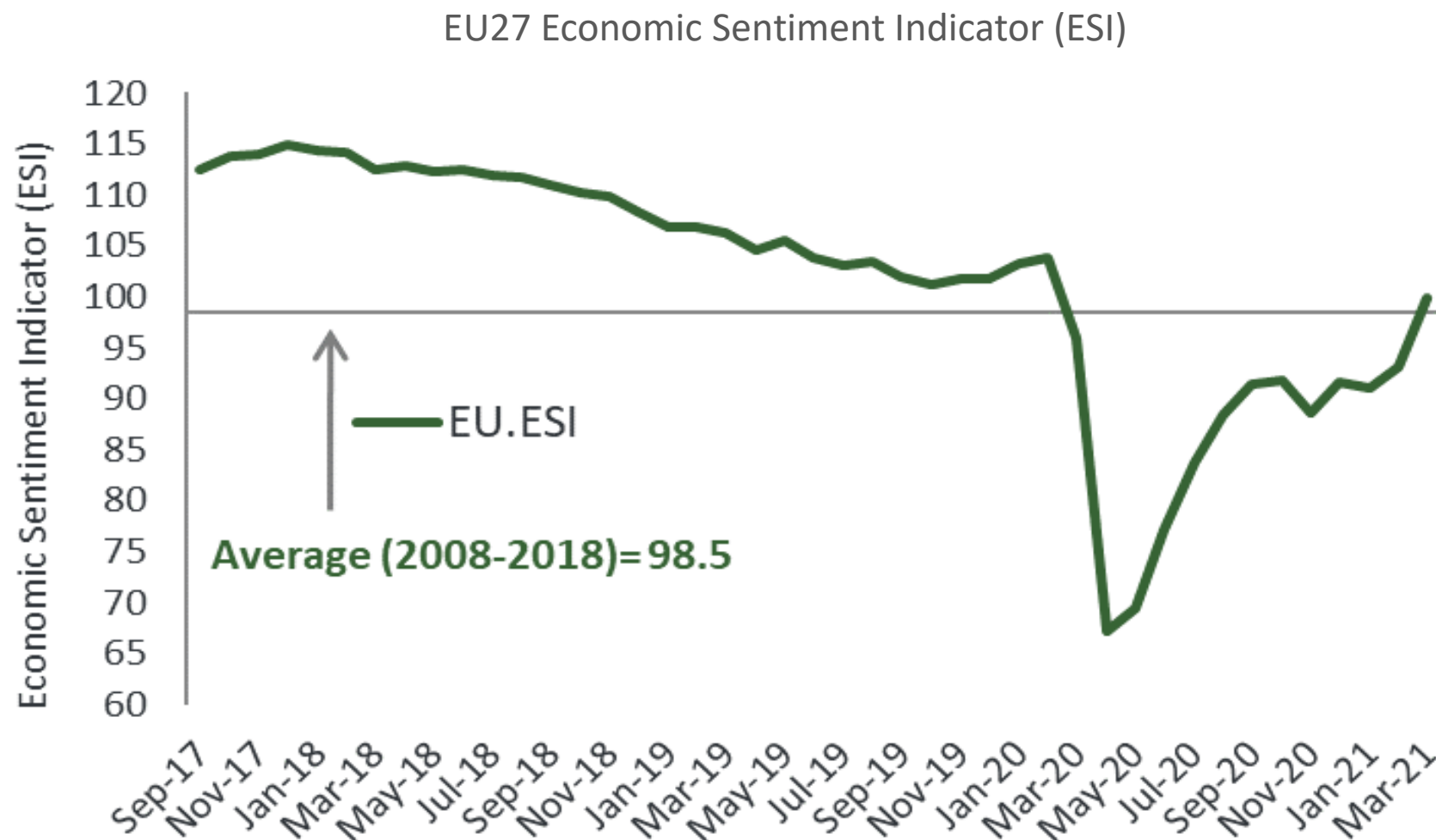
- **Full year of 2020:** Total sales in the EU27 chemical business posted a value of €488.3 billion in 2020, **6.3% below** the previous year's level. The weak domestic demand in Europe and the trade business environment are impacting negatively total sales.
- **Full year of 2020:** On a global level, the chemical **output declined by 0.1% in 2020** compared to 2019. With +2.9% growth, China is still the main driver contributing to the global output changes. China continues to grow significantly, the EU27 continued its recovery trend. USA and Japan are still below the pre-COVID-19 level.
- **Results of the first 3 months of 2021:** For the first time since the COVID-19 outbreak, the **ESI (Economic Sentiment Indicator)** is back at its EU long-term average. The ESI's increase in March was driven by improving confidence in all surveyed business sectors.
- **Results of the first 2 months of 2021:** Following the COVID-19 outbreak EU27 manufacturing output was down 0.7% during the first two months of 2021, compared to the same period of 2020. In February 2021, output in the EU27 manufacturing sector was 1.2% below the level of preceding the COVID-19 crisis.
- **Results of the first 2 months of 2021:** Sectoral data shows that output in the EU27 **automotive sector dropped by 9.8% in 2021** compared to the previous year's level (Jan-Feb-2020), and still 12.5% below its pre-COVID-19 level. Automotive and printing being the most two sectors impacted by the crisis.
- **Results of the first 2 months of 2021:** Output in the **EU27 chemicals sector** increased by 1.9% in 2021 compared to the previous year's level (Jan-Feb-2020). In February 2021, output in the EU27 chemicals sector **was 0.5% above** the pre-COVID-19 level.



# EU27 ESI: Economic Sentiment Indicator (ESI) improved sharply

**For the first time since the outbreak of COVID-19, ESI is above its long-term average**

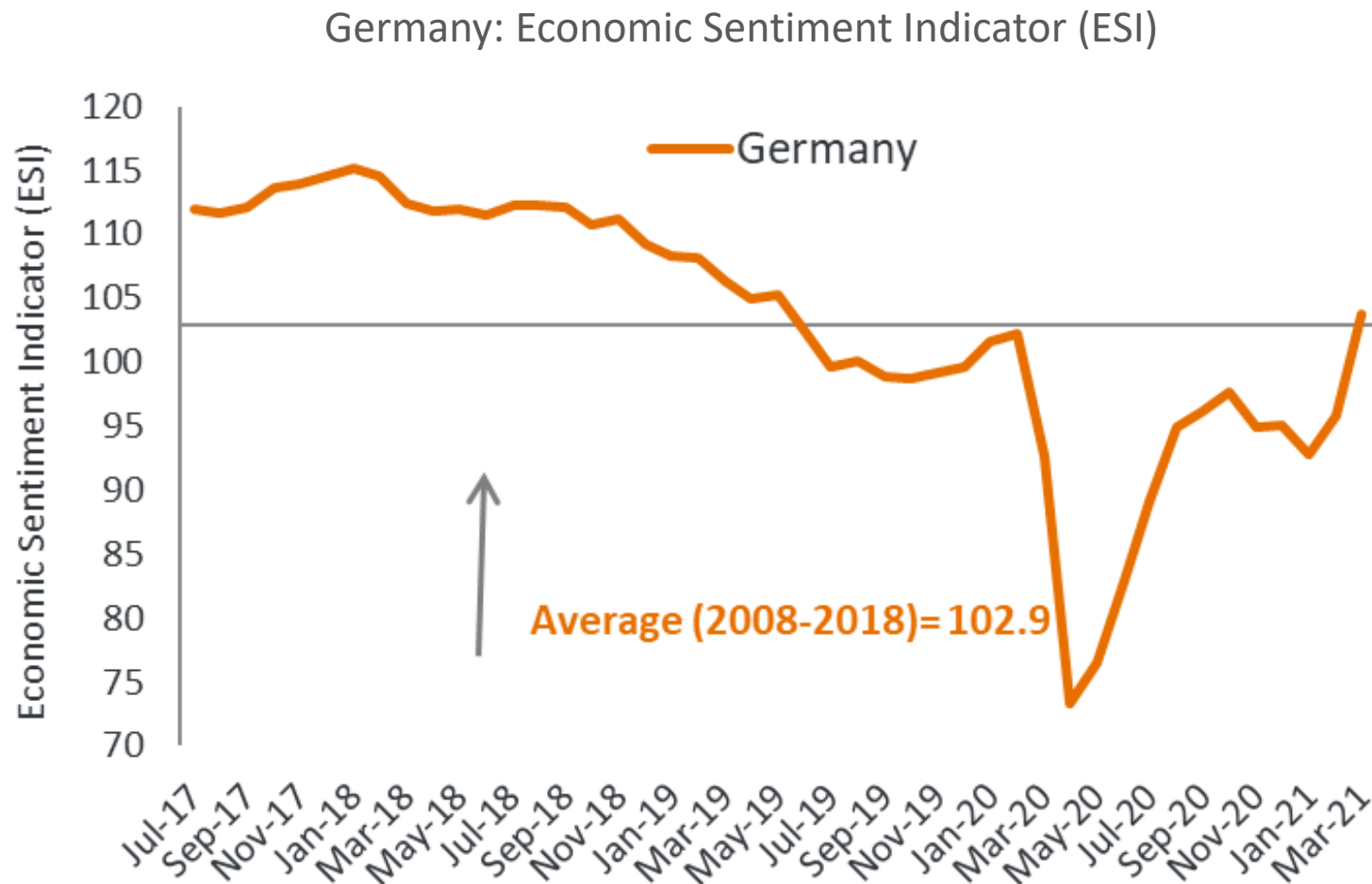
- *In March 2021, the Economic Sentiment Indicator (ESI) improved sharply in the EU27*
- *ESI in March 2021 amounted to 99.9, above its long-term average (98.5)*



# Germany ESI returned to above its long-term average

Amongst the largest EU27 economies, Germany stood out with the largest monthly improvement of its ESI

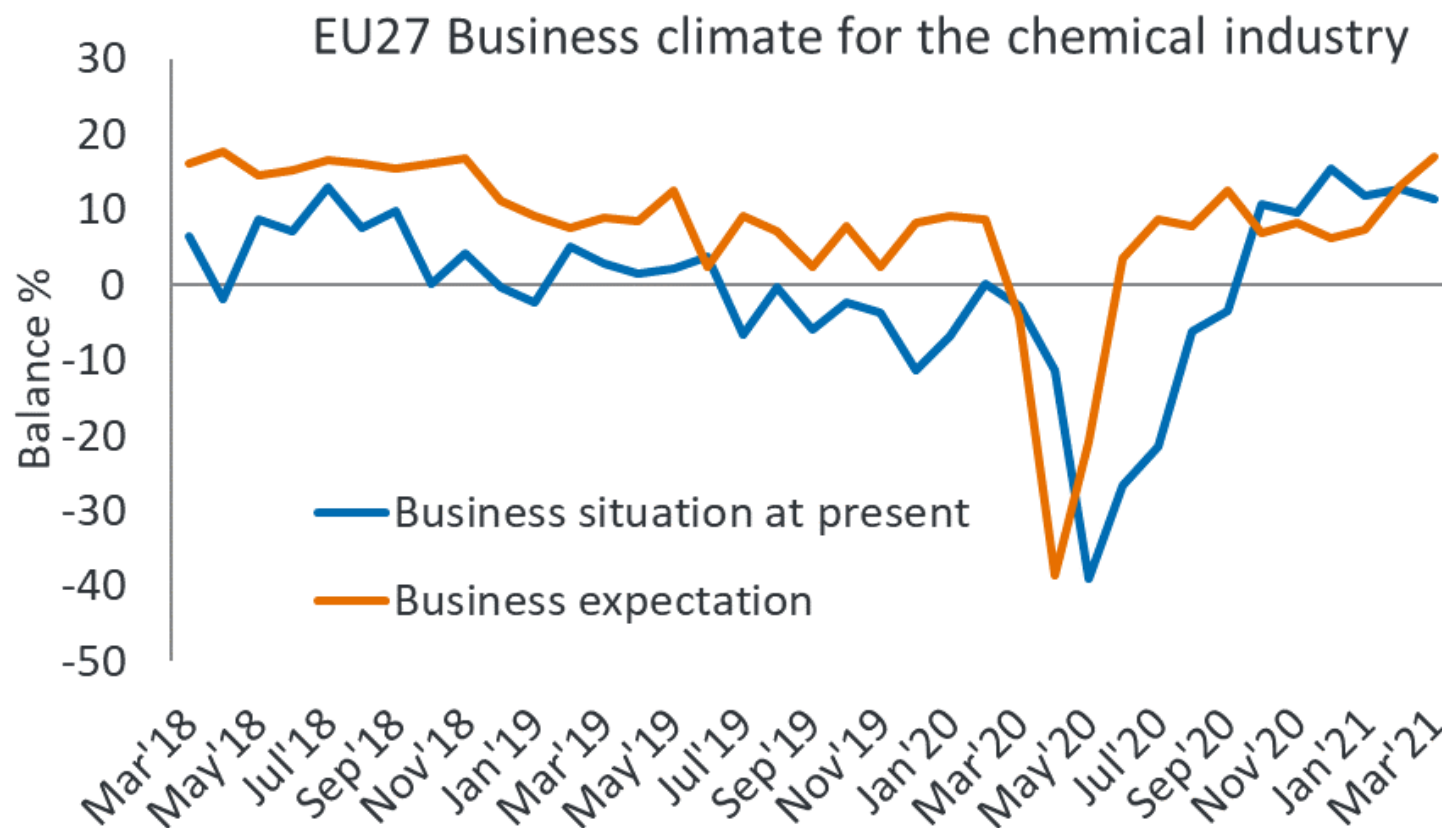
- Amongst the largest EU economies, Germany stood out with the largest monthly improvement of its ESI on record
- It is currently the only of the 'big-6' countries where sentiment returned to above its long-term average



# Chemical expectations improved for the third month in a row

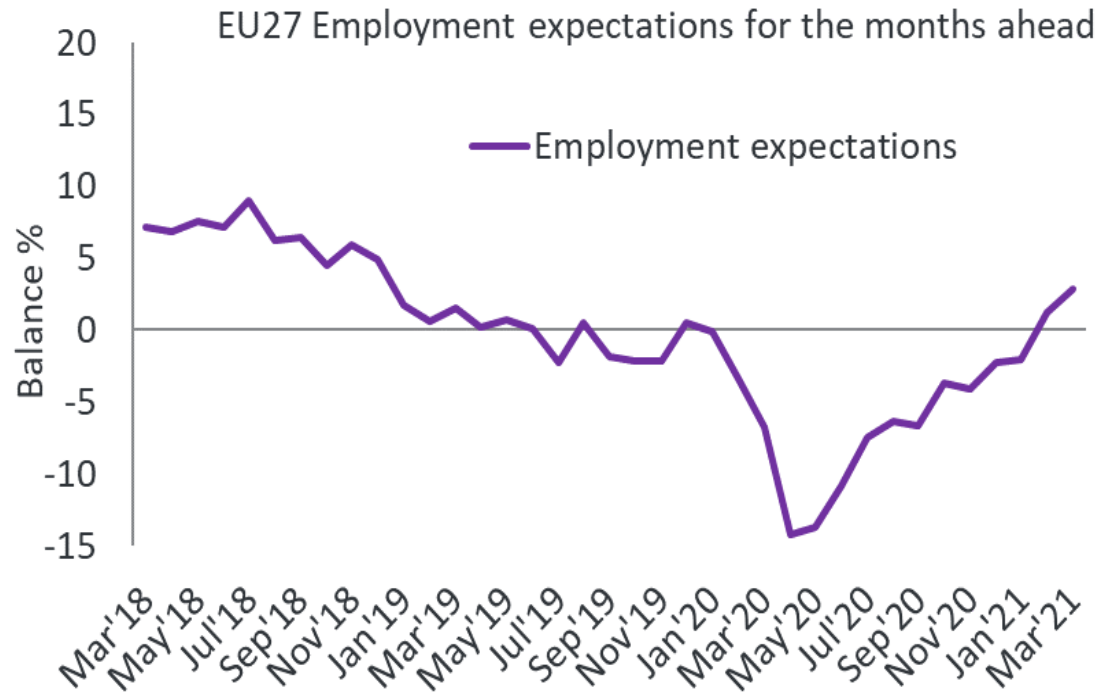
Business situation at present and business expectations showed opposite trends

- Managers' production expectations improved for the third month in a row.
- Production expectations for the months ahead approached the level of April 2018.
- Managers' appraisals of the business situation at present declined slightly.

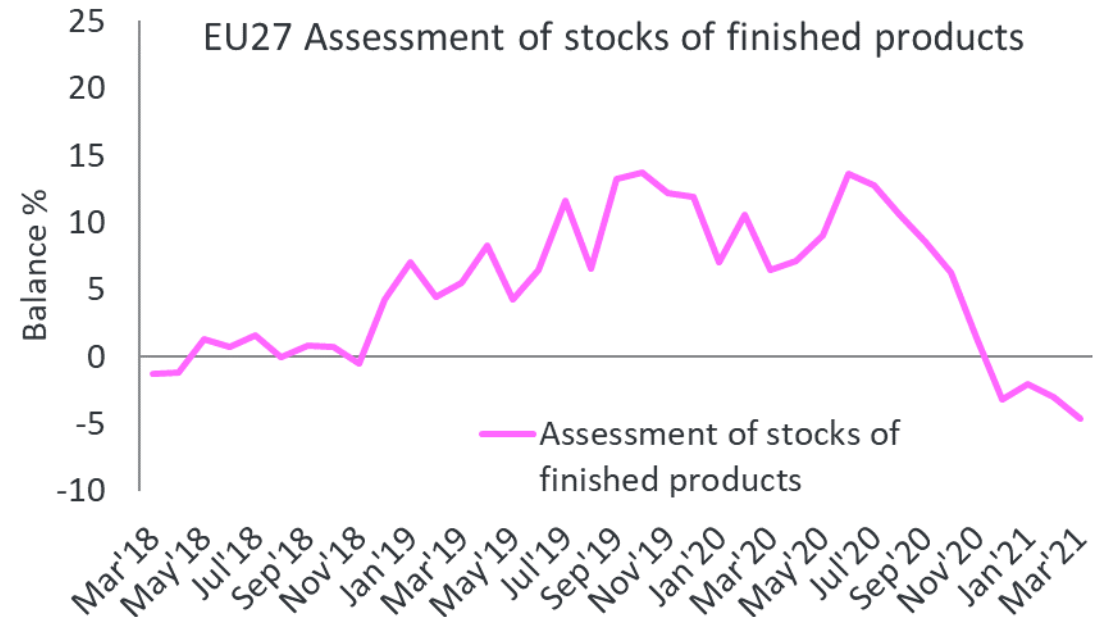


# Assessment of stocks is approaching historical scarcity levels

## Employment expectations improved significantly

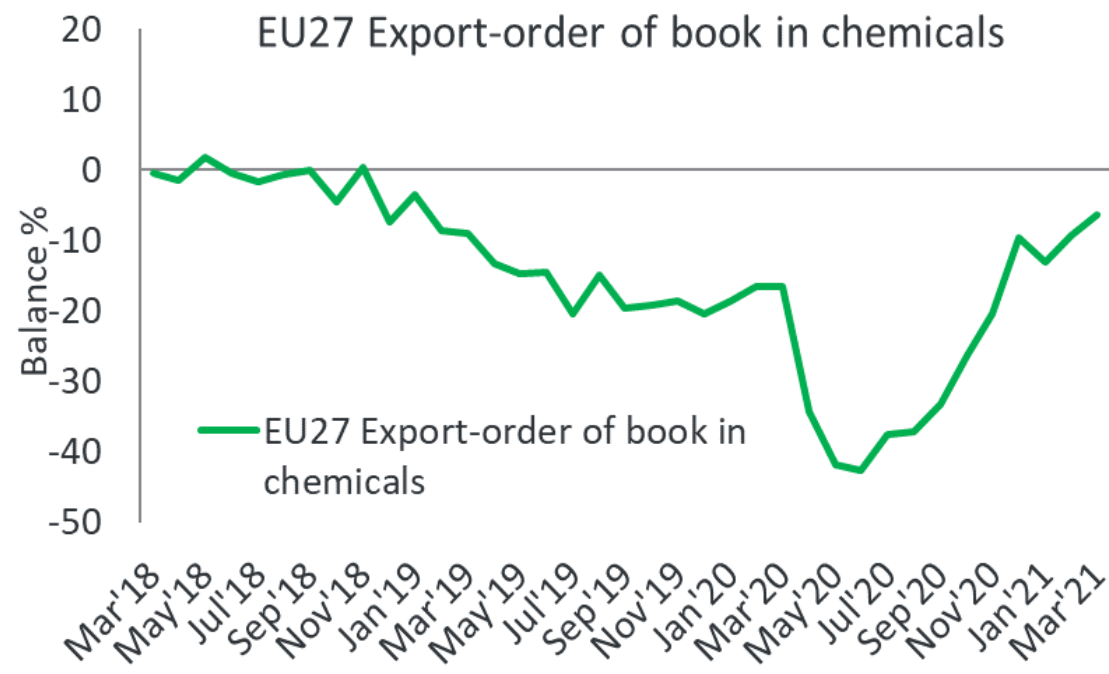
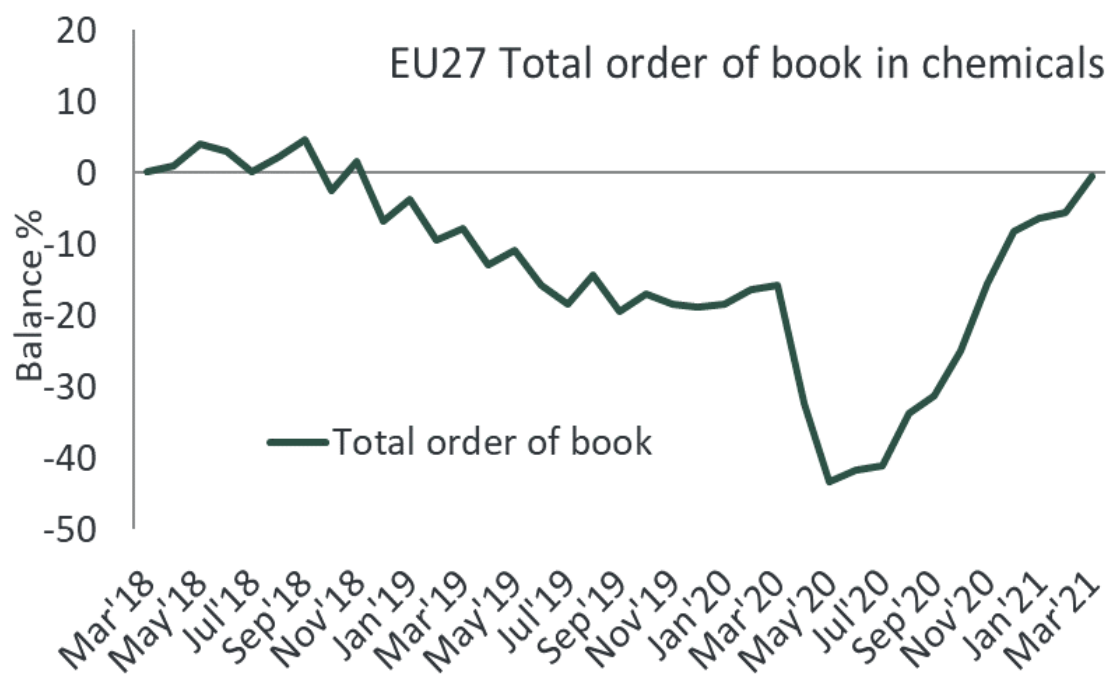


## Stocks approached historical level of Dec-2017



# Managers' views on total and export order books improved

Export business market followed an encouraging trend

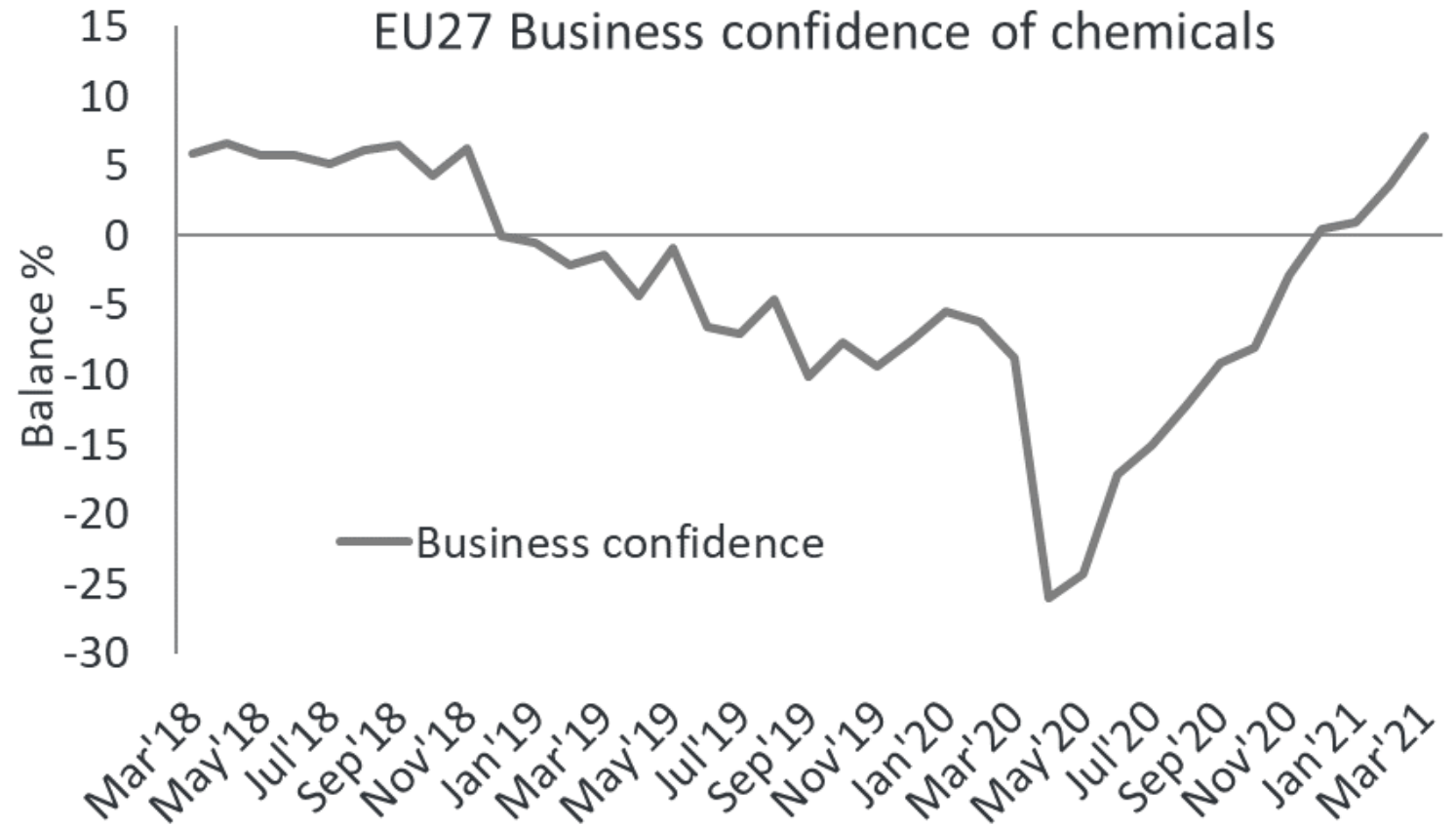




# Industry confidence increased for the fourth month in a row

## Confidence improved significantly

- *Industry confidence increased for the fourth month in a row, thanks to very positive developments in its three components:*
- *Managers' production expectations, their assessments of the current level of overall order books and the adequacy of the stocks of finished products.*

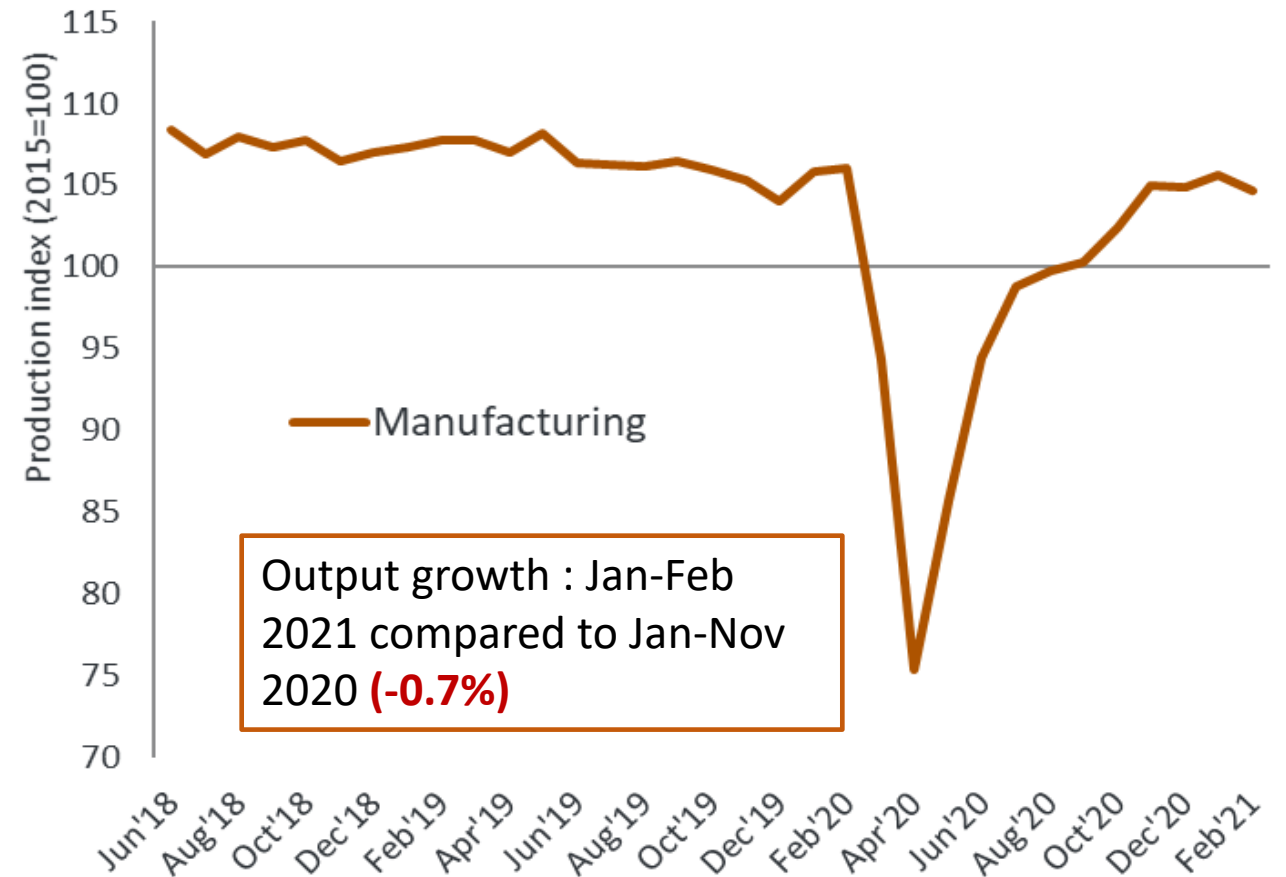


# EU27 Manufacturing: Output 1.2% below pre-COVID-19 level

## Production in Feb-2021 went slightly down compared to Jan-2021

- Output in the EU27 manufacturing sector dropped **by 0.7%** in 2021 compared to the previous year's level (Jan-Feb-2020).
- In February 2021, output in the EU27 manufacturing sector was **1.2%** below the level of February of 2020.
- Output in Feb-2021 was **about 1%** below January's level.

EU27 Output: Manufacturing Sector

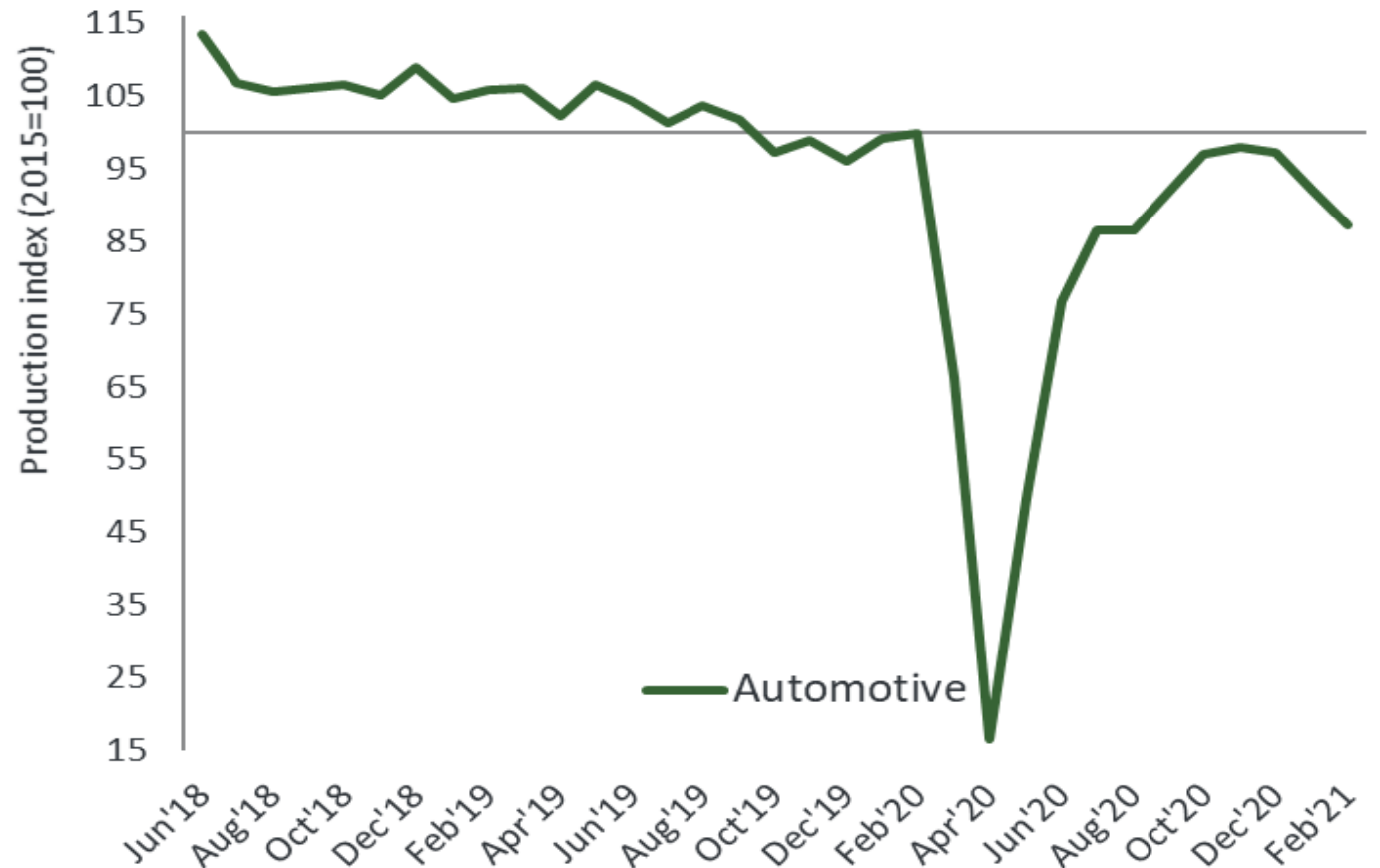


# EU27 Automotive: Output 12.5% below pre-COVID-19 level

## Production decreased for the third month in a row

- Output in the EU27 automotive sector dropped **by 9.8%** in 2021 compared to the previous year's level (Jan-Feb-2020).
- In February 2021, output in the EU27 automotive sector was **12.5%** below the level of February of 2020.
- Output in Feb-2021 was **5.2%** below January's level.

EU27 Output: Automotive Sector

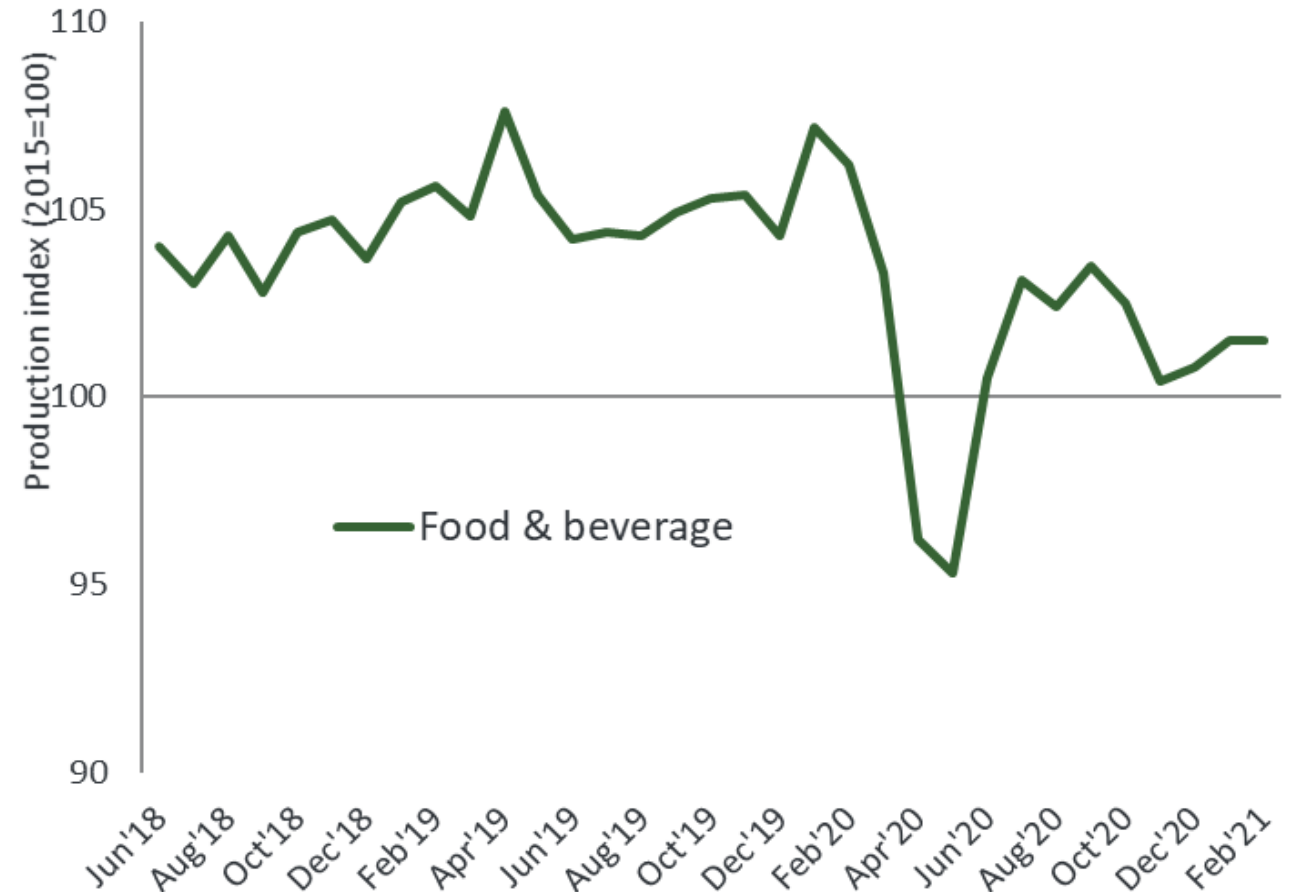


# EU27 Food & Beverage: Output 4.4% below pre-COVID-19 level

**Production in February 2021 remained as the same level as in January 2021**

- *Output in the EU27 food & beverage sector dropped **by 4.9%** in 2021 compared to the previous year's level (Jan-Feb-2020).*
- *In February 2021, output in the EU27 food & beverage sector was **4.4%** below the level of February of 2020.*
- *Output in Feb-2021 was at the same level as in January 2021.*

EU27 Output: food and beverage Sector

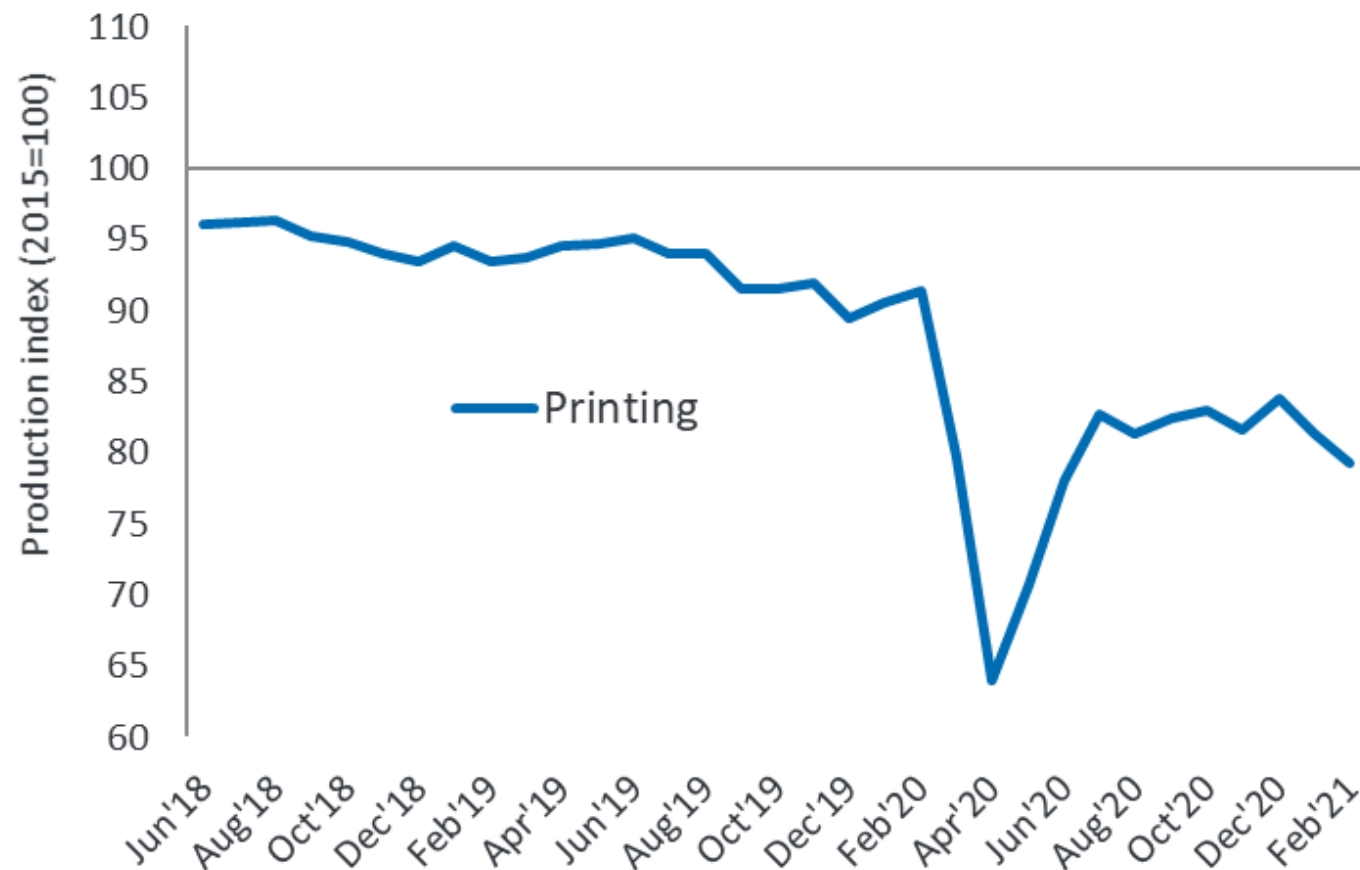


# EU27 Printing: Output 13.2% below pre-COVID-19 level

## Production decreased for the third month in a row

- *Output in the EU27 Printing sector decreased **by 11.7%** in 2021 compared to the previous year's level (Jan-Feb-2020).*
- *In February 2021, output in the EU27 Printing sector was **13.2% below** the level of February of 2020.*
- *Output in Feb-2021 was **2.6%** below January's level.*

EU27 Output: Printing Sector

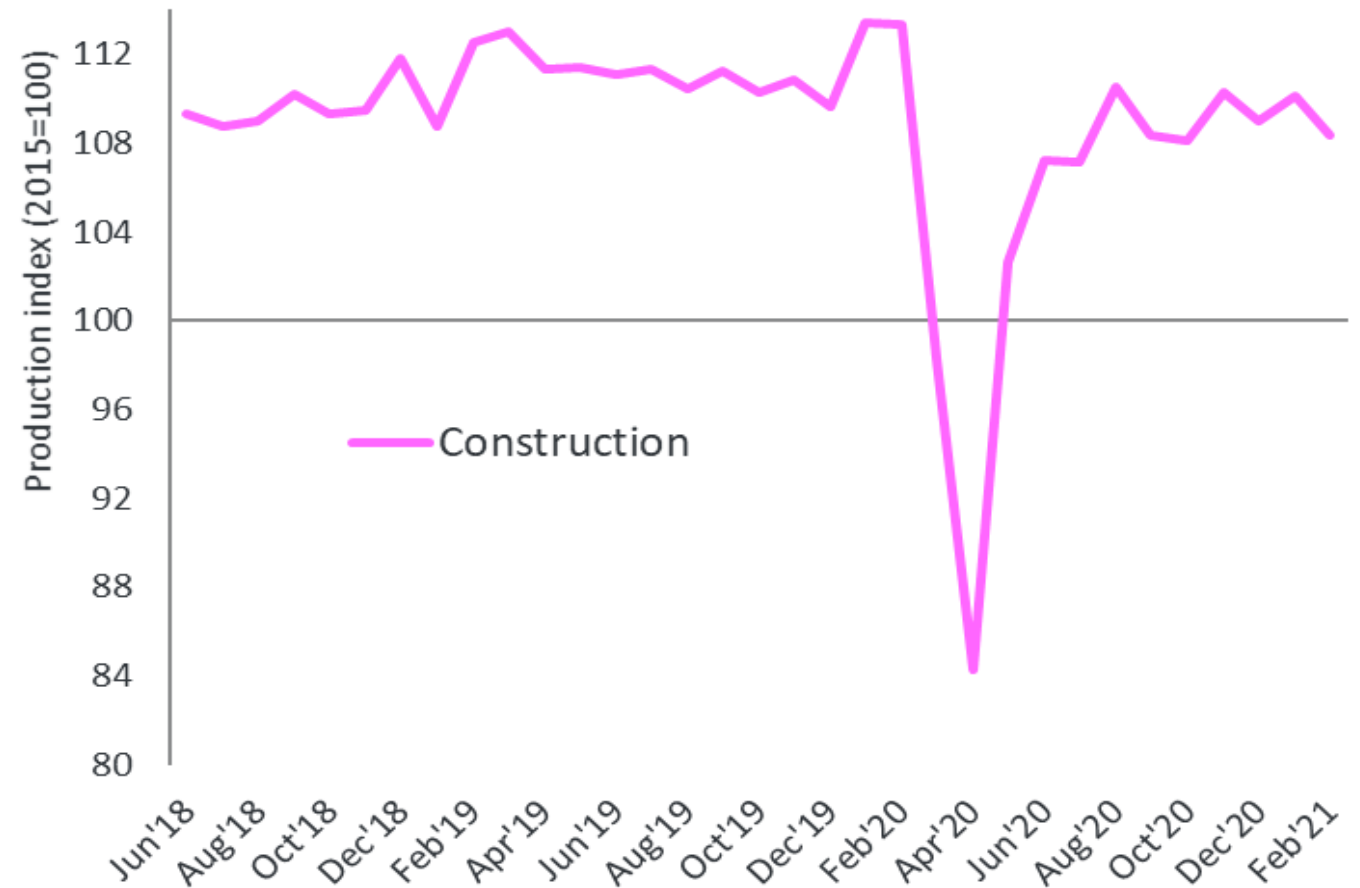


# EU27 Construction: Output 4.4% below pre-COVID-19 level

## Production in February 2021 dropped slightly compared to January 2021

- Output in the EU27 construction sector dropped **by 3.7%** in 2021 compared to the previous year's level (Jan-Feb-2020).
- In February 2021, output in the EU27 construction sector was **4.4%** below the level of February of 2020.
- Output in Feb-2021 was **1.6%** below January's level.

EU27 Output: Construction Sector

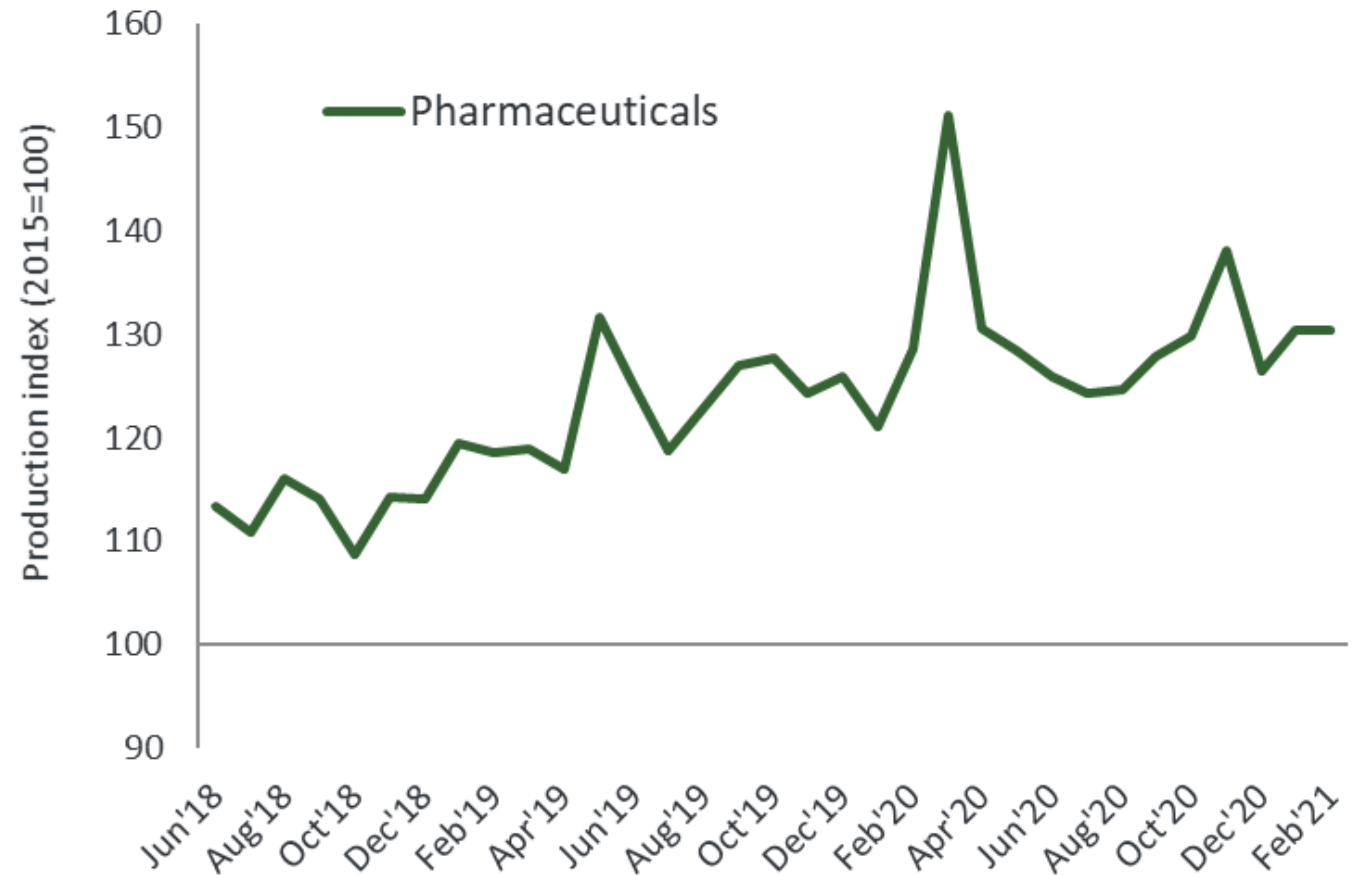


# EU27 Pharmaceuticals: Output 1.5% above pre-COVID-19 level

**Production in February 2021 remained as the same level as in January 2021**

- Output in the EU27 pharmaceuticals sector increased **by 4.5%** in 2021 compared to the previous year's level (Jan-Feb-2020).
- In February 2021, output in the EU27 construction sector was **1.5% above** the level of February of 2020.
- Output in Feb-2021 was at the same level as in January 2021.

EU27 Output: Pharmaceutical Sector



# EU27 Automotive and Printing are most impacted

## Production growth broken down by sector

- Following the COVID-19 outbreak EU27 manufacturing output was down 0.7% during the first two months of 2021, compared to the same period of 2020.
- 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.

EU27 output growth by sector	Production growth in %		(2015=100)		Jan-Feb (21/20)
	2019	2020	Jan-Feb-2020	Jan-Feb-2021	
Printing	-3,0	-13,4	91,0	80,4	-11,7
Automotive	-6,6	-21,5	99,5	89,7	-9,8
Textile	-3,9	-10,9	96,1	90,9	-5,4
Food & beverage	1,5	-3,2	106,7	101,5	-4,9
Machinery & equipment	-1,2	-12,3	106,8	104,5	-2,2
Other non-metallic mineral products	0,0	-4,9	112,5	111,0	-1,3
Furniture	-0,7	-7,5	107,9	107,1	-0,7
Basic metals	-4,9	-12,0	97,5	96,9	-0,6
Metal products	-1,9	-10,6	107,1	106,5	-0,5
Paper	-1,5	-4,0	100,5	101,2	0,6
Rubber & plastics	-1,1	-7,5	107,8	108,6	0,7
Chemicals	-1,0	-1,8	102,1	104,0	1,9
Pharmaceuticals	10,2	5,4	124,8	130,4	4,5
Electrical equipment	-3,6	-5,5	106,9	111,9	4,7
Electrical appliances	-1,9	0,1	95,9	126,4	31,8
Manufacturing	-1,0	-8,3	105,9	105,2	-0,7
Construction	2,8	-4,4	113,4	109,2	-3,7

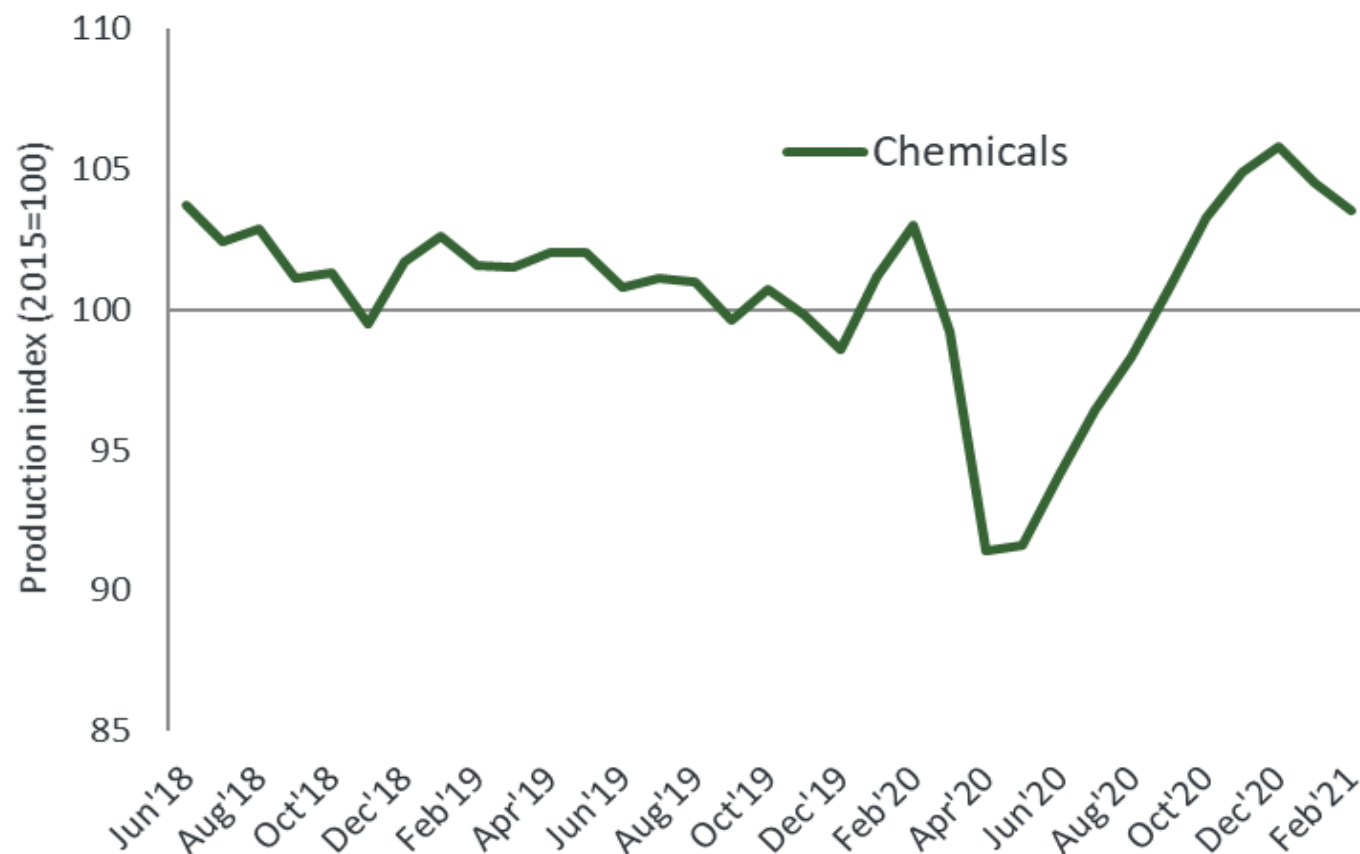


# EU27 Chemicals: Output 0.5% above pre-COVID-19 level

## Production decreased for the second month in a row

- Output in the EU27 chemical sector increased **by 1.9%** in 2021 compared to the previous year's level (Jan-Feb-2020).
- In February 2021, output in the EU27 construction sector was **0.5% above** the level of February of 2020.
- Output in Feb-2021 was **1.0%** below January's level.

EU27 Output: Chemical Sector

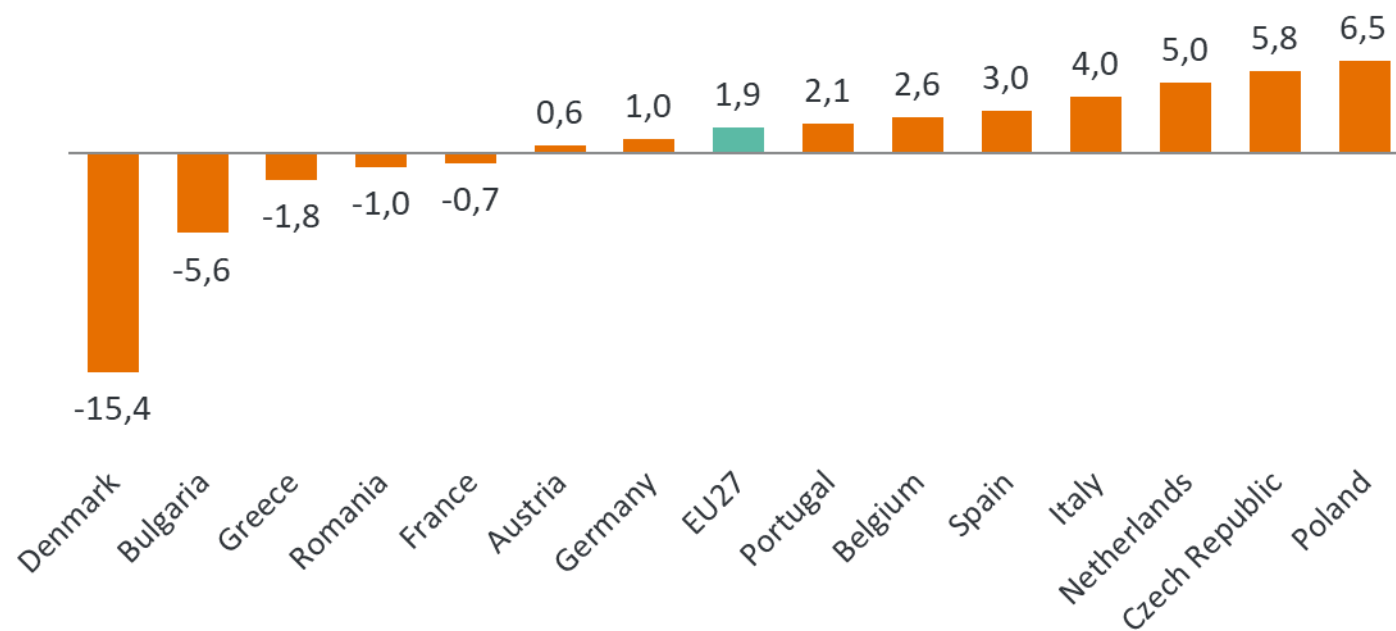


# Table1: EU27 chemicals industry by main country

## EU27 Chemical Production broken down by main country

Chemicals	Production growth		Production index (2015=100)		Production growth
	2019	2020	Jan-Feb-20	Jan-Feb-21	2021 vs 2020
EU Countries	2019	2020	Jan-Feb-20	Jan-Feb-21	2021 vs 2020
Denmark	4,3	10,0	136,5	115,5	-15,4
Bulgaria	2,6	-1,2	123,1	116,3	-5,6
Greece	7,1	0,1	131,0	128,6	-1,8
Romania	-2,3	6,9	124,4	123,2	-1,0
France	0,3	-8,2	104,3	103,6	-0,7
Austria	-4,7	11,3	114,8	115,4	0,6
Germany	-3,1	-1,1	99,6	100,6	1,0
<b>EU27</b>	<b>-1,2</b>	<b>-1,8</b>	<b>102,1</b>	<b>104,0</b>	<b>1,9</b>
Portugal	3,9	-1,4	89,2	91,1	2,1
Belgium	-3,1	-2,9	101,5	104,1	2,6
Spain	0,0	-2,1	105,9	109,1	3,0
Italy	0,4	-7,8	101,1	105,1	4,0
Netherlands	-3,4	-0,2	103,2	108,4	5,0
Czech Republic	-2,8	-3,8	106,4	112,6	5,8
Poland	4,7	1,8	119,8	127,5	6,5
Latvia	-1,5	4,1	128,8	138,7	7,7
Hungary	-4,5	-3,8	96,6	105,5	9,2
Lithuania	1,6	0,9	120,0	163,1	35,9

EU27 Chemical output growth broken down by main countries (Jan-Feb, y-o-y)



# EU27 Chemicals: Exports 4.0% below 2019's level

**EU27 Export valued at €169.2 bn in 2020**

Jan-Dec-20	Basic inorganics	Petrochemicals	Polymers	Specialty chemicals	Consumer chemicals	Chemicals
United States	2037	12736	3126	7186	3169	28314
United Kingdom	1595	4411	4180	7926	4662	22876
China	1133	3058	3689	4556	2699	15154
Turkey	489	1605	3542	2652	910	9209
Switzerland	561	2897	1419	2505	1723	9115
Russia	283	963	1688	3745	1945	8626
Japan	320	1768	503	1418	540	4559
Brazil	499	1137	807	1557	249	4439
South Korea	432	994	599	1239	631	3897
Singapore	140	1019	376	871	1476	3884
Extra-EU	12703	41475	29062	55983	28960	169233

**EU27 Exports 2020, down by €7.1 bn (-4.0%)**

Extra-EU27 exports (Delta, 'euro million)	Basic inorganics	Petrochemicals	Polymers	Specialty chemicals	Consumer chemicals	Chemicals
United Kingdom	-274	48	-917	-80	-335	-1550
United States	-28	1539	-314	-2282	-400	-1494
Russia	-21	-7	-81	-99	-454	-661
Singapore	-16	-483	35	11	-143	-597
South Korea	-114	-108	-69	18	-189	-462
Brazil	-141	27	-48	-4	-57	-311
Japan	-17	107	-50	-80	-77	-122
Turkey	50	-176	169	127	-101	71
Switzerland	83	118	-123	126	24	227
China	71	-57	258	381	394	1045
Extra-EU	-367	890	-1826	-3358	-2409	-7112



# EU27 Chemicals: Imports 2.9% below 2019's level

**EU27 Import valued at €128.7 bn in 2020**

Jan-Dec-20	Basic inorganics	Petrochemicals	Polymers	Specialty chemicals	Consumer chemicals	Chemicals
United States	1276	6465	4406	8494	1906	22547
United Kingdom	1153	4915	2640	7156	3510	19510
China	871	6787	1762	5218	755	15393
Switzerland	218	7733	1047	2759	942	12699
Japan	674	2086	1402	2274	177	6613
South Korea	683	953	2315	2057	219	6227
Russia	2444	2357	762	276	104	5942
Singapore	22	2204	188	557	72	3044
Turkey	561	590	722	435	408	2716
Brazil	175	366	277	232	42	1091
Extra-EU	13960	46268	21031	37734	9460	128718

**EU27 Imports 2020, down by €3.9 bn (-2.9%)**

Extra-EU27 Imports (Delta, 'euro million)	Basic inorganics	Petrochemicals	Polymers	Specialty chemicals	Consumer chemicals	Chemicals
Russia	-851,4	-668	-66	-133	25	-1693
United Kingdom	75	-417	-643	-143	-266	-1377
United States	27	-359	-667	664	-366	-701
Brazil	-57	-45	-81	-26	4	-205
Japan	148	139	-168	-121	-38	-40
Turkey	-16,2	14	-128	141	60	71
Singapore	3	158	-62	8	-7	100
China	-76	21	-485	1215	2	678
Switzerland	-4,2	1341	-161	-85	-237	854
South Korea	474	-37	-766	1256	11	938
Extra-EU	-766	-439	-4630	2675	-744	-3889

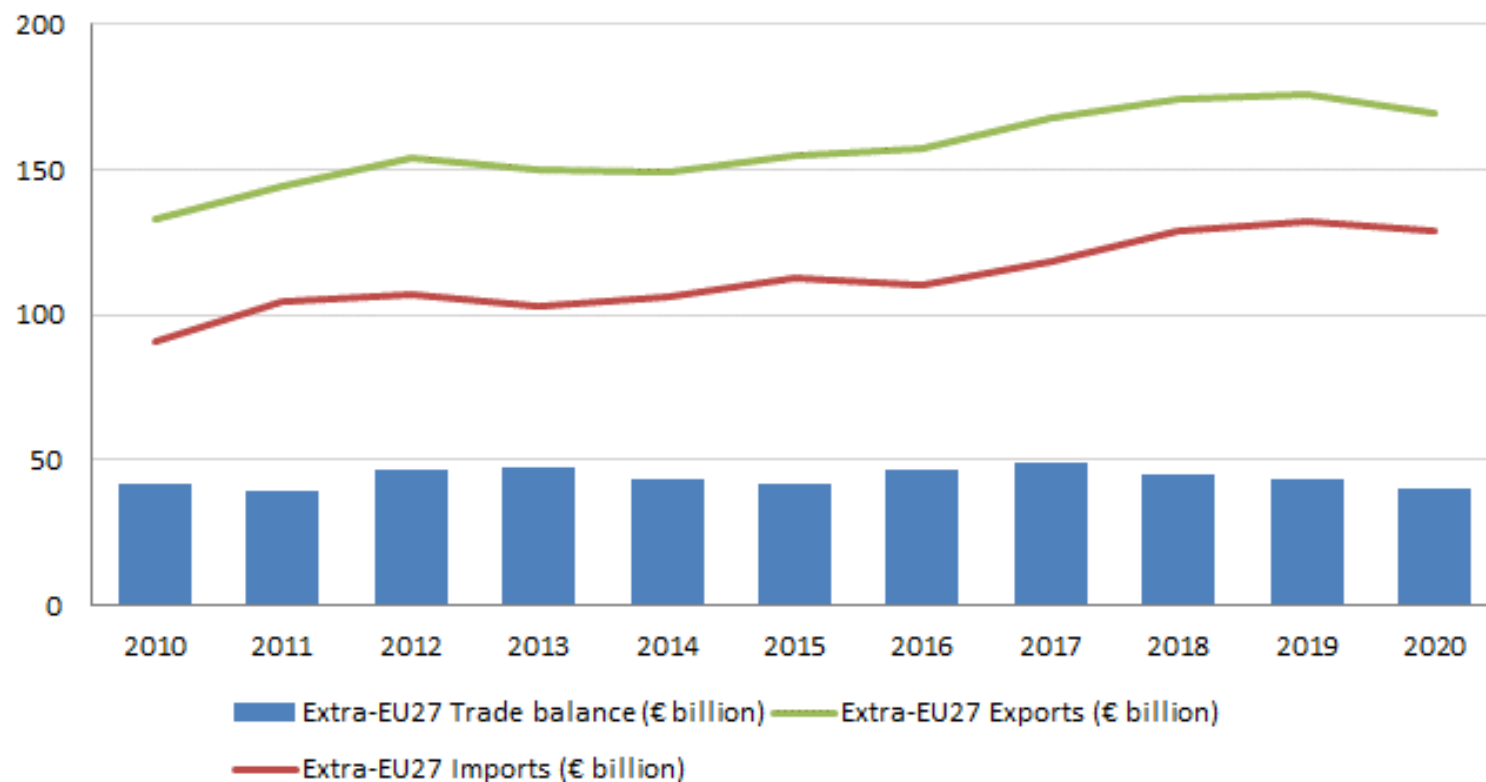


# EU27 Chemicals: Trade surplus down by €3.7 billion

Both exports and imports declined in 2020 compared to 2019

- EU27 chemical exports reached the value of €169.2 billion in 2020, down from €176.3 billion in 2019 (-4.0%).
- EU27 chemical imports amounted to €128.7 bn in 2020, 2.9% below 2019's level.
- EU trade balance valued at €40.5 bn in 2020, down from €43.7 bn in 2019.

Extra-EU27 trade flows: Chemicals (€ billions)



# Global Chemicals: Output 12.5% above 2020's level (Jan-Feb)

## Global output dropped by 0.1% only in 2020 compared to 2019

- On a global level, the chemical output declined by 0.1% in 2020 compared to 2019.
- 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 (-5.9%) and Japan (-8.9%) still below the previous year's level (Jan-Feb).

Global Output: Chemical Sector

Chemical output by country	Production growth		Production index (2015=100)		Production growth
	2019	2020	Jan-Feb-2020	Jan-Feb-2021	Jan-Feb (21/20)
China	4,6	2,9	105,4	137,8	30,7
India	1,2	-5,4	111,5	111,7	0,1
Japan	-0,6	-9,6	104,8	95,4	-8,9
South Korea	-1,4	-2,9	111,8	111,7	-0,1
EU27	-1,2	-1,8	102,1	104,0	1,9
USA	-0,1	-3,9	107,5	101,2	-5,9
Latin America	-1,2	-0,2	100,0	103,3	3,3
World	2,2	-0,1	106,7	120,0	12,5

