CHEMICAL TRENDS REPORT

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cefic

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Cefic, the European Chemical Industry Council, is the forum for large, medium, and small chemical companies across Europe, accounting for 1.2 million jobs and 13% of world chemical production. On behalf of its members, Cefic's experts share industry insights and trends, and offer input and perspectives on the EU agenda. Cefic also provides its members with services such as guidance and training on regulatory and technical matters, while contributing to the advancement of scientific knowledge.

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The Chemicals Trends summary report provides a snapshot of the chemical industry performance in the 27 countries of the European Union and is based on data released by Eurostat.

Issued quarterly, the current report distils Eurostat data into top areas: economic climate, business climate, energy prices, output, total sales, extra-EU trade, consumption and capacity utilisation.

SUMMARY

The EU27 chemical industry is facing a tough reality

- The competitiveness of the sector in Europe remains far below pre-crisis levels (2014-2019 average) driven by a combination of weak demand, global trade pressure and uncompetitive energy prices. This is particularly an issue for commodity products and petrochemicals, where China has a competitive edge through large-scale production capacity and low production costs.

- Compared to the United States, European gas prices were 2.5 times higher throughout 2025, leaving European producers at a sustained competitive disadvantage. Electricity prices also remain considerably higher than in the US, underscoring energy costs as a core global competitiveness challenge for the European chemical industry.

- The EU27 chemicals capacity utilisation remains at historical lows, well below the EU's long-term average and, importantly, well below the US average. The weak demand and declining business confidence continue to challenge the EU27 chemical industry.

- The business trade environment in which European chemical companies are operating is exposed to high risks due to the unprecedented, global trade disruptions caused by US tariffs. EU27 chemical export values to the USA have declined since March 2025. In 2025, the EU27 chemicals trade surplus was €7.3 bn below the 2024 level. The sector still has a trade surplus in value thanks to specialty and consumer chemicals but faces a deficit in volume terms.

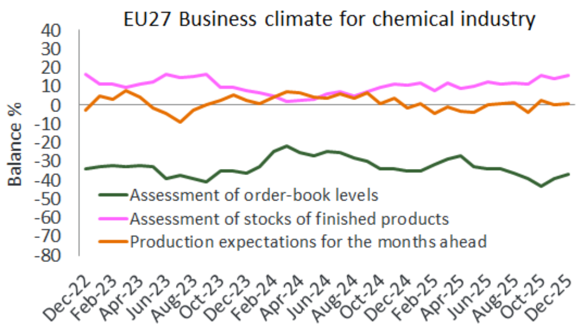
IN-DEPTH ANALYSIS

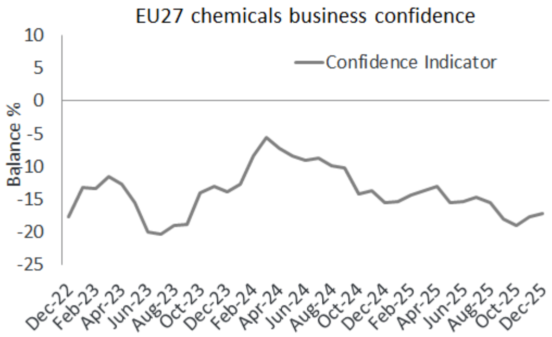
EU27 chemicals business confidence slightly improved since November 2025, after a year of sharp decline

According to the latest EU Commission business and consumer survey, confidence in the EU27 chemical industry rose slightly in December 2025 for the second consecutive month. This modest increase was driven primarily by a rise in current order-book levels, which supported the positive trend observed in the last two months of 2025. Data also shows a marked improvement in managers' production expectations in December 2025 compared to November 2025, while assessment of stocks of finished products slightly increased.

However, looking back to the past 12 months, confidence in the EU27 chemical industry significantly deteriorated in 2025 compared to 2024. Among the largest EU27 economies, the confidence indicator fell sharply in France (-6.1), and Germany (-4.9). It also declined in Poland (-3.9), the Netherlands (-1.2), Spain (-0.9), and Italy (-0.7).

The EU27 chemicals business environment has been facing a limited demand since March 2022. As we approach four years since the onset of the recession (March 2026), the persistently low level of business confidence remains a core concern of the chemical sector in Europe.

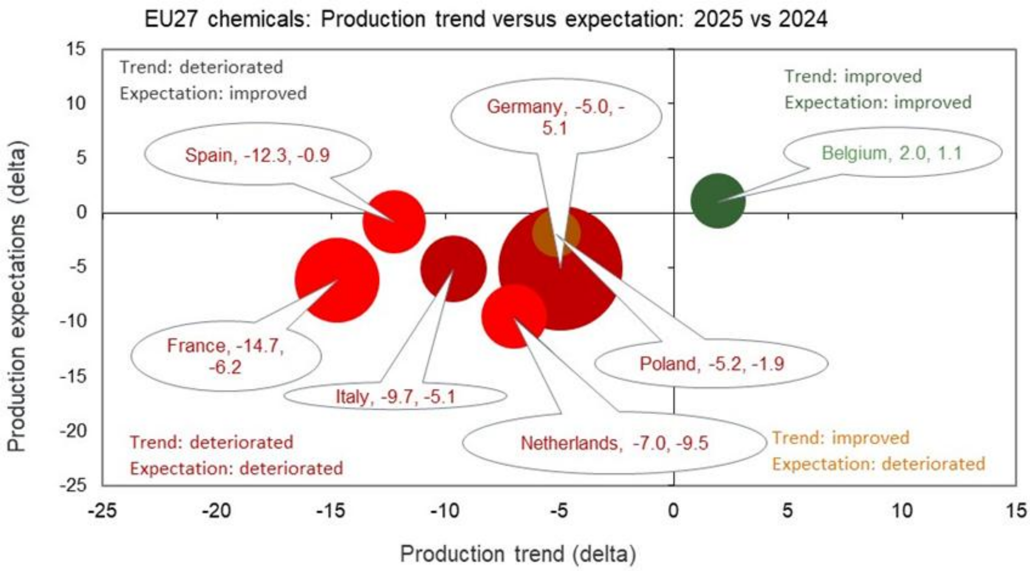




Source: Cefic analysis based on Eurostat data (2025)

EU27 chemicals business mood deteriorated significantly in 2025

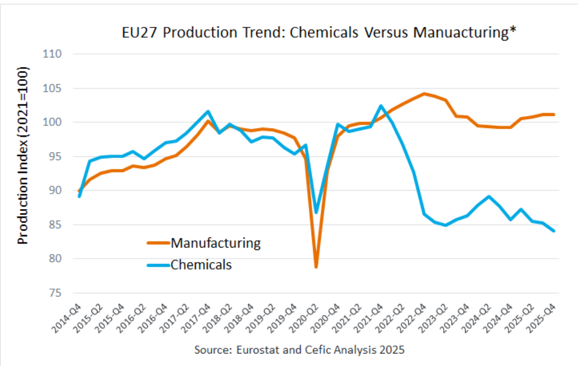
The chart below provides a snapshot of the business sentiment in the chemical industry, comparing 2025 to 2024. Business sentiment is based on two parameters from the European Commission survey data: (i) Production trend observed in recent months, and (ii) production expectations for the months ahead. The results align with feedback from the business environment: most key countries fall within the “red box” on the graph below, indicating a deterioration in 2025 compared to 2024 in both production trends and in future expectations.

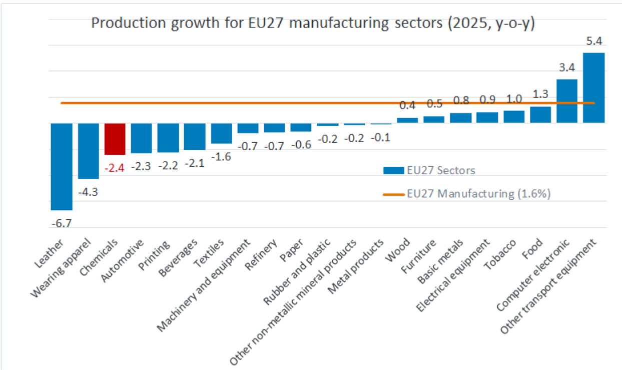


Source: Cefic analysis based on Eurostat data (2025). Size of bubbles is calculated by taking into account the country contribution of chemical sales for 2024.

EU27 chemical demand: 2025 disappoints

In 2025, output across the EU27 manufacturing sector rose by 1.6% compared to 2024. However, most downstream users of chemicals reported a decline in output. For instance, the automotive sector is still experiencing a significant decline of about 2.3%. The EU-27 chemical industry reported an output decline of 2.4%, significantly underperforming the EU-27 manufacturing average. This highlights a clear disconnect between chemical production and overall manufacturing output. The output of the EU27 chemical industry remains 11% below the pre-crisis levels of 2014 to 2019. Uncertainty continues to penalise investment, and forecasts for 2026 are modest.

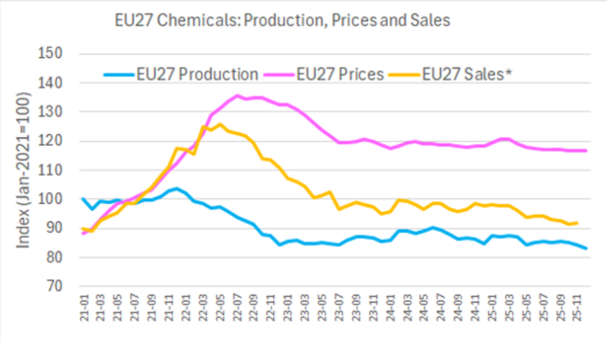


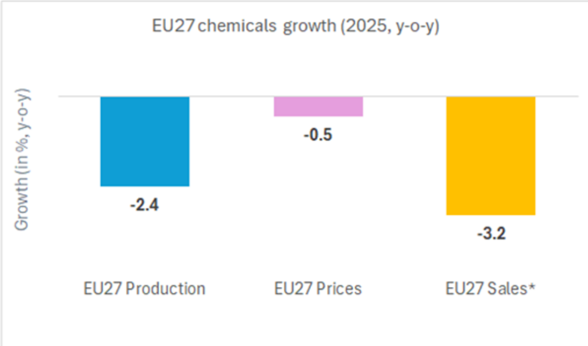


*Source: Cefic analysis based on Eurostat data,*The disconnect between chemicals and other manufacturing sectors remains high.*

Weak demand continues to weigh on EU27 chemicals sales

In 2025, EU27 chemical prices were 0.5% below 2024 levels. Chemical sales in value decreased by 3.2% in the first eleven months of 2025 compared to the same period in 2024. The high level of uncertainty is impacting deeply the European business community. Given the lack in demand growth, the European chemical industry is still struggling. Chemical companies are facing a very difficult global economic context. Energy costs in Europe remain among the highest in the world, and demand is still disappointing.

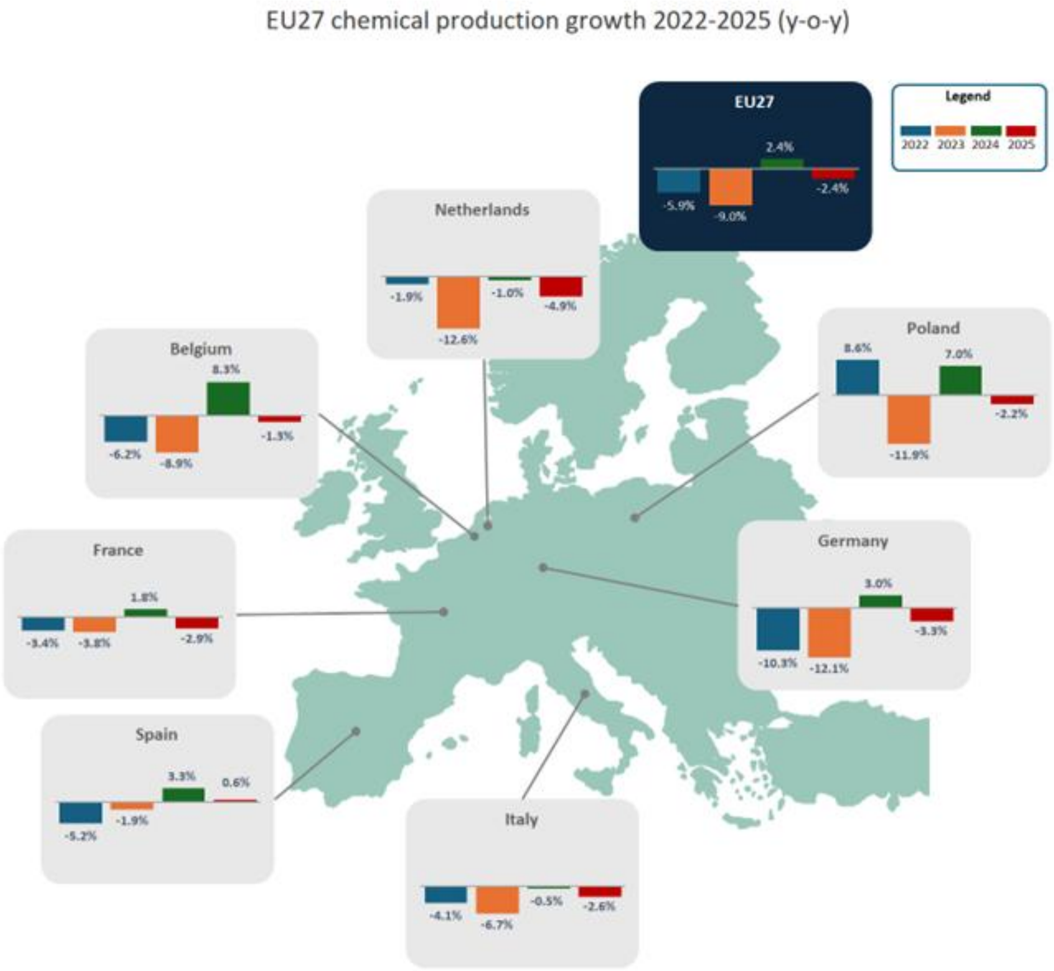




*Source: Cefic analysis based on Eurostat data, *2025 (Jan-Nov)*

EU27 chemicals production 2.4% below 2024 levels

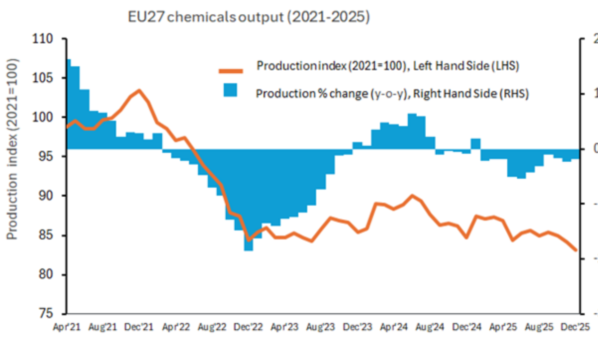
Zooming into the country data analysis shows that leading EU27 countries experienced different growth rates of chemical production in 2025 compared to the same period of 2024. The Netherlands registered a decline of 4.9%. France saw its production decrease by 2.9%. Germany posted a decrease of 3.3%. Belgium reported a decrease of 1.3%. Poland and Italy registered a decline of less than 3.0% each. Spain reported a modest increase of less than 1%. These chemical production trends by country show a fragmented Europe.

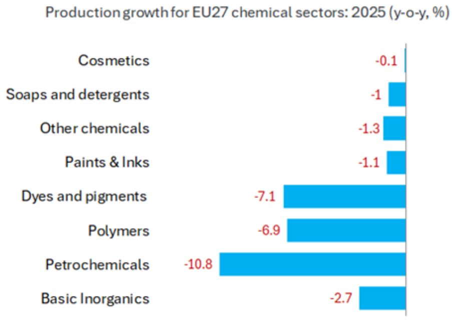


Source: Cefic analysis based on Eurostat data

Petrochemicals deeply impacted in 2025

Different EU27 chemical segments experienced different growth rates of production in 2025 compared to 2024. As expected, petrochemicals were more impacted by the economic recession than the downstream sectors. Basic inorganics registered a decline of 2.7%, while petrochemicals saw its production decrease by more than 10%. Polymers reported a decrease of 6.9%. Apart from dyes and pigments (-7.0%), output in most specialty sub-sectors dropped by less than 2% in 2025 compared to 2024.





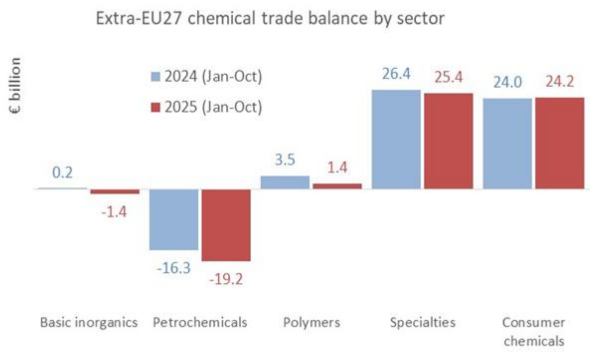
Source: Cefic analysis based on Eurostat data

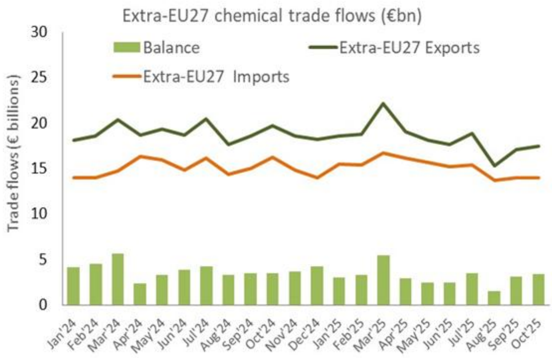
Extra-EU27 chemical trade surplus in value down by €7.3 bn in 2025

From January to October 2025, EU27 chemical exports decreased by 3.8% in 2025 in comparison to the same period in 2024, whereas EU27 chemical imports increased by 0.1%. As a result, the EU27 chemicals trade surplus amounted to €31.3 bn in the first ten months of 2025, down by €7.3 bn compared to 2024.

In spite of an overall trade surplus, with €19.2 bn, petrochemicals is generating the largest trade deficit, followed by basic inorganics (€1.4 bn). In contrast, specialty chemicals and consumers chemicals continue to generate a trade surplus of more than €24 bn each in 2025 (Jan-Oct).

We should also highlight that the extra-EU27 chemical export values have increased for the second consecutive month since September 2025, while imports remained stable during the same period of 2025.



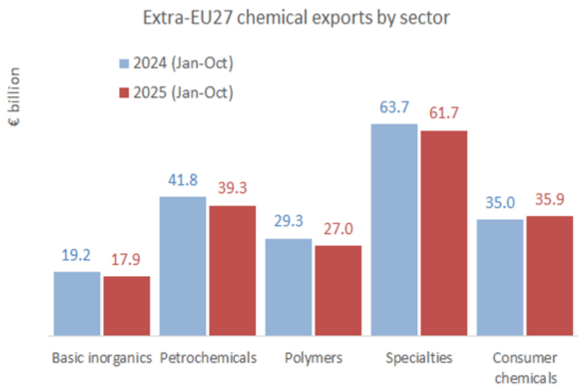


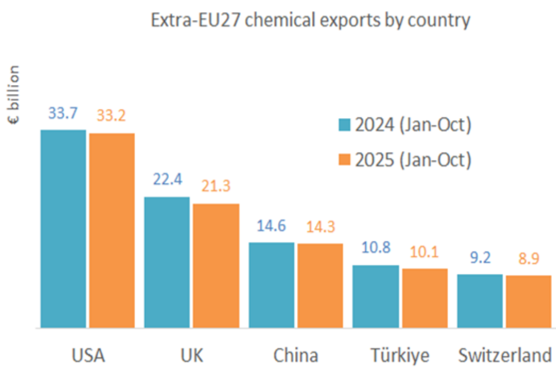
Source: Cefic analysis based on Eurostat data (2025, NACE code 20)

<u>Extra-EU27 chemical exports value 3.8% below 2024 levels</u>

From January to October 2025, EU27 chemical exports decreased by 3.8% in 2025 in comparison to the same period in 2024, reaching €183.2 bn in the first ten months of 2025, down by €7.2 bn compared to 2024.

With €33.2 bn, USA is the primary source of exports of the EU27 area for chemicals, followed by the UK (€21.3 bn) and China (€14.3 bn). With €61.7 bn, specialty chemicals is the largest export segment followed by petrochemicals (€39.3 bn) and consumers chemicals (€35.9 bn).



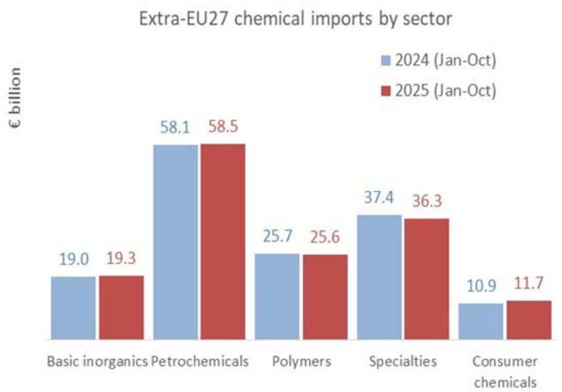


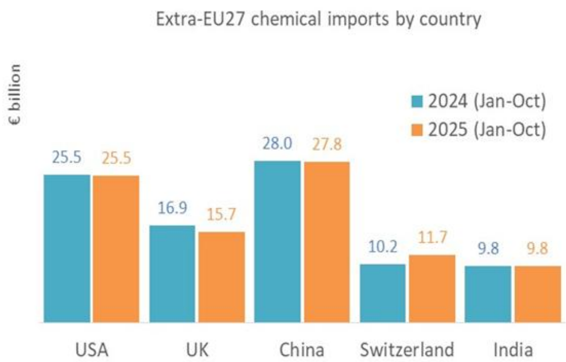
Source: Cefic analysis based on Eurostat data (2025, NACE code 20)

<u>EU27 chemical imports value slightly above 2024 levels</u>

From January to October 2025, EU27 chemical imports remained stable in 2025 in comparison to the same period in 2024, amounting to €151.8 bn in the first ten months of 2025, up by €111 million compared to 2024 (+0.1%).

With €27.8 bn, China is the primary source of imports of the EU27 area for chemicals, followed by the USA (€25.5 bn) and the UK (€15.7 bn). Segment-wise, with €58.5 bn, petrochemicals is the largest import sector followed by specialty chemicals (€36.3 bn) and polymers (€25.6 bn).



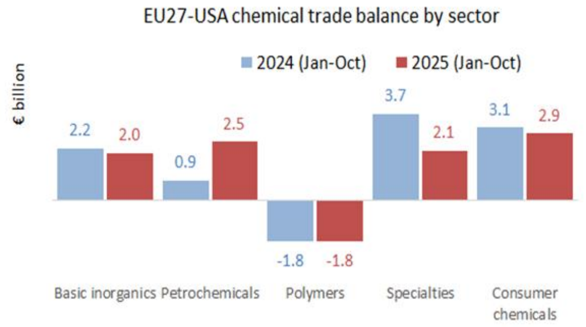


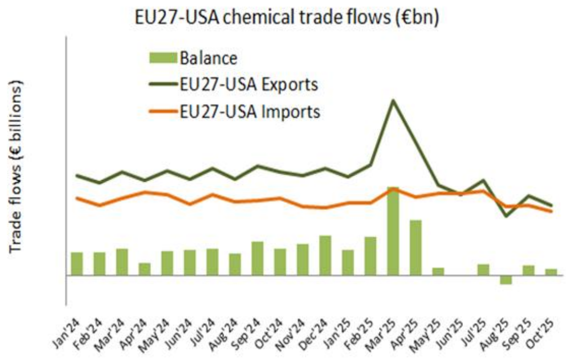
Source: Cefic analysis based on Eurostat data (2025, NACE code 20)

EU27-USA chemical trade surplus in value down by €0.4 bn in 2025 (Jan-Oct)

From January to October 2025, EU27 chemical exports decreased by 1.3% in 2025 in comparison to the same period in 2024. EU27 chemical imports decreased by 0.3%, with the net result that the EU27 chemicals trade surplus amounted to €7.8 bn in the first ten months of 2025, down from €8.1 bn in 2024 (-5%).

With €2.9 bn, consumer chemicals is generating the largest trade surplus, followed by petrochemicals (€2.5 bn). Specialty chemicals and basic inorganics reported a trade surplus of about €2.0 bn each. By contrast, polymers registered a trade deficit of €1.8 bn.



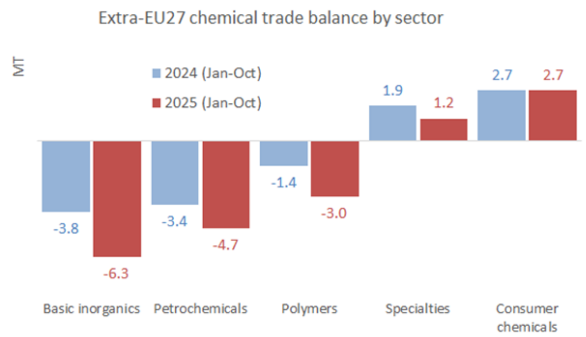


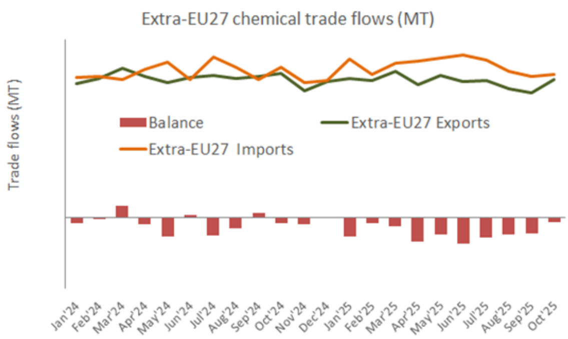
Source: Cefic analysis based on Eurostat data (2025, NACE code 20)

EU27 chemical trade deficit in volume more than tripled in one year

The EU27 chemicals trade deficit amounted to 9.1 million tons in the first ten months of 2025, up by 6.1 million tons compared to 2024. With 6.3 million tons, basic inorganics generated the largest trade deficit, followed by petrochemicals (4.7 MT) and polymers (3.0 MT). Specialty chemicals and consumer chemicals continue to generate a trade surplus of more than 1 million tons each in 2025 (Jan-Oct).

Net, trade deficit for EU27 chemicals more than tripled from 2024 to 2025 (Jan-Oct).





Source: Cefic analysis based on Eurostat data (2025, NACE code 20)