

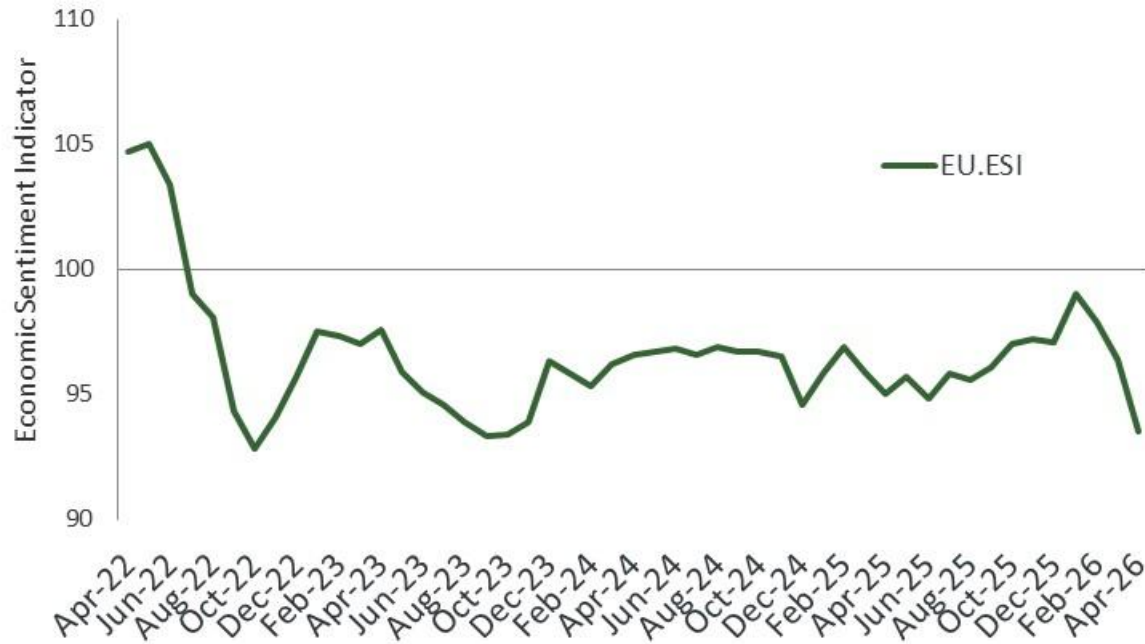
# EU27 Chemical Industry: Latest Developments (Q1-2026)



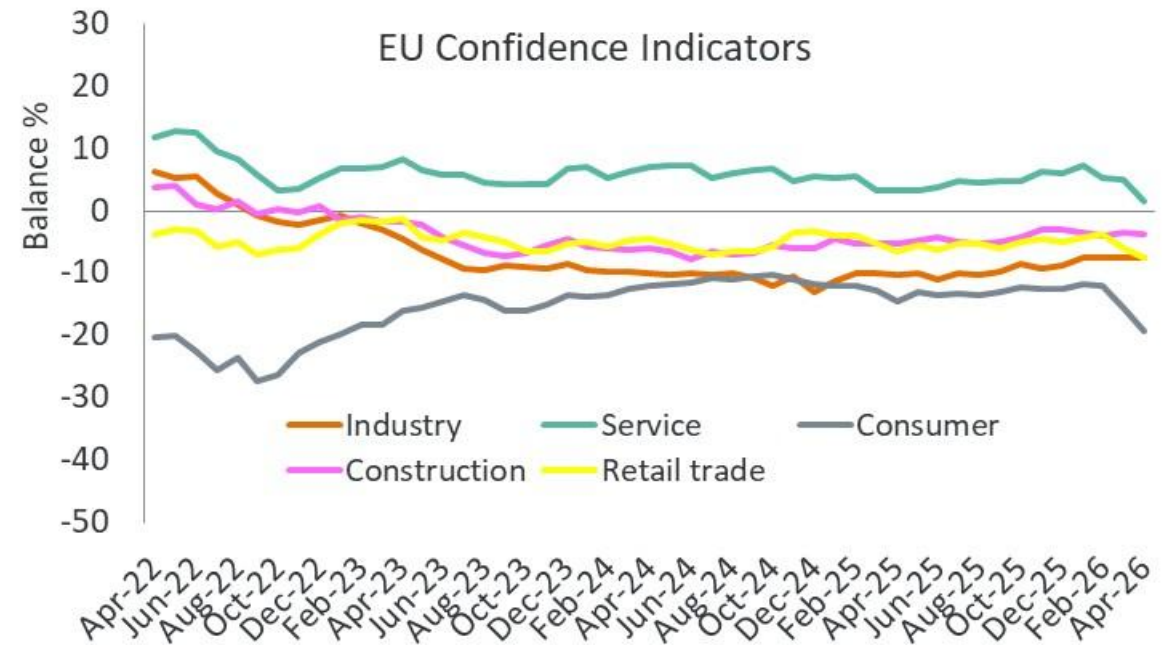
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# EU27 economic sentiment weakened markedly in 2026 (Jan-Apr)



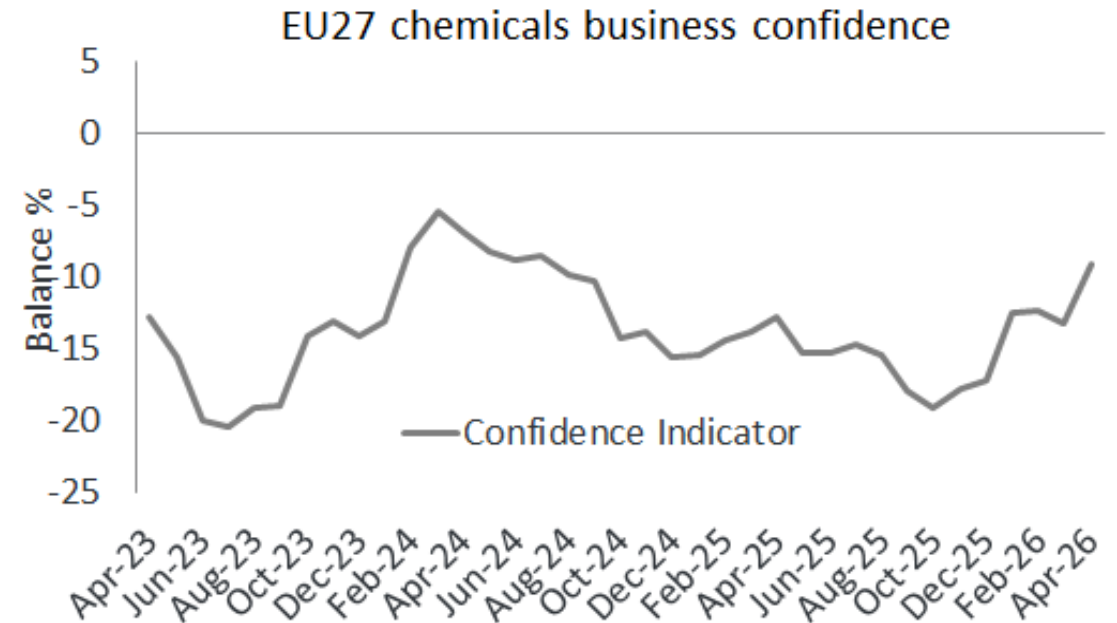
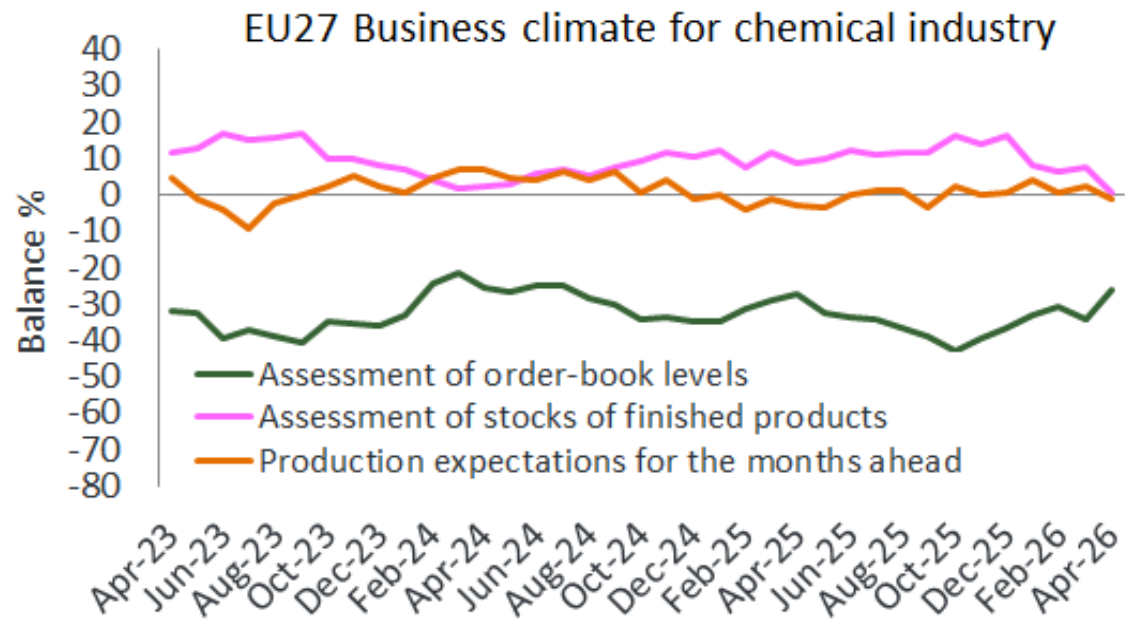
By April 2026, the ESI (economic sentiment indicator) had fallen sharply to 93.5, well below its level in April 2025 (95.0), signalling a broad deterioration in the economic mood.



Overall, the ESI (economic sentiment indicator) developments point to a clear loss of confidence across large parts of the economy in 2026 (Jan-Apr).



# EU27 chemicals business confidence improves in 2026 (Jan-Apr)



In 2026 (Jan-Apr), order-book assessments improve, driven by higher demand compared to 2025 (Jan-Apr)



Source: EU Commission business and consumer survey results: Answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

# 2026 (Jan-Apr): From deep contraction to fragile improvement

## EU27 CHEMICALS INDUSTRY: KEY TRENDS 2026 vs 2025

From deep contraction to fragile improvement – demand still weak



**Overall message:** 2026 (Jan-Apr) marks a transition from deep contraction to modest improvement compared to 2025 (Jan-Apr). Confidence improves, production trends increased and inventories normalise. However, demand remains weak, employment expectations deteriorate further, showing that the sector has not yet entered a sustainable recovery phase.



FROM DEEP CONTRACTION TO FRAGILE IMPROVEMENT

DEMAND STILL WEAK



Source: EU Commission business and consumer survey results: Answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

# Modest improvement, but demand remains fragile

## Business Climate by Main Countries

Updated: Sep–Dec 2025 vs Jan–Apr 2026



Broad **improvement** is underway, but demand remains fragile.

+6.3 Confidence | +8.4 Orders | +4.1 Production | +1.7 Outlook | *Improvement, not recovery.*



**Germany**

Strong rebound, cautious optimism.

+13.1 Confidence | +19.7 Orders  
+4.7 Production

*Improving, but still wary.*



**France**

Solid and balanced progress.

+3.7 Confidence | -3.1 Orders  
+9.2 Production

*Improving, but still wary.*



**Italy**

Modest gains, outlook weakens.

+1.6 Confidence | +7.2 Orders  
+4.1 Outlook

*Best performance.*



**Netherlands**

Marginal improvement.

+2.4 Confidence | -0.3 Orders  
+1.7 Production

*Flat momentum.*



**Belgium**

Stronger sentiment, flat output.

+3.9 Confidence | +5.4 Orders  
+3.5 Outlook

*Demand up, output flat.*



**Spain**

Demand up, output down.

+3.8 Confidence | +7.6 Orders  
-3.5 Production | -2.1 Outlook

*Mixed signals.*



**Poland**

Clear weakening.

-0.9 Confidence | -1.1 Orders | +2.2 Production  
-2.5 Outlook

*Weakest performer.*

Early 2026: Broad **Improvement**, **France Leads**, **Poland Weakest**



**Strong Improvement**



**Moderate Gains**



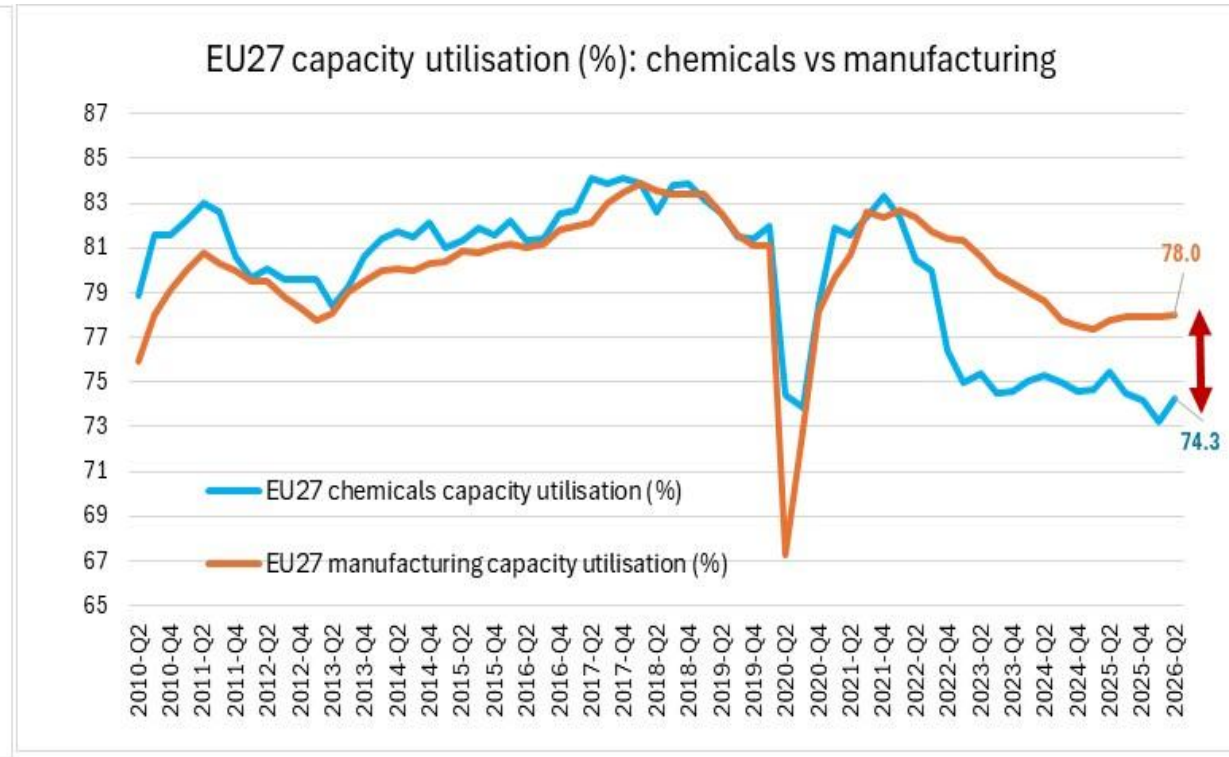
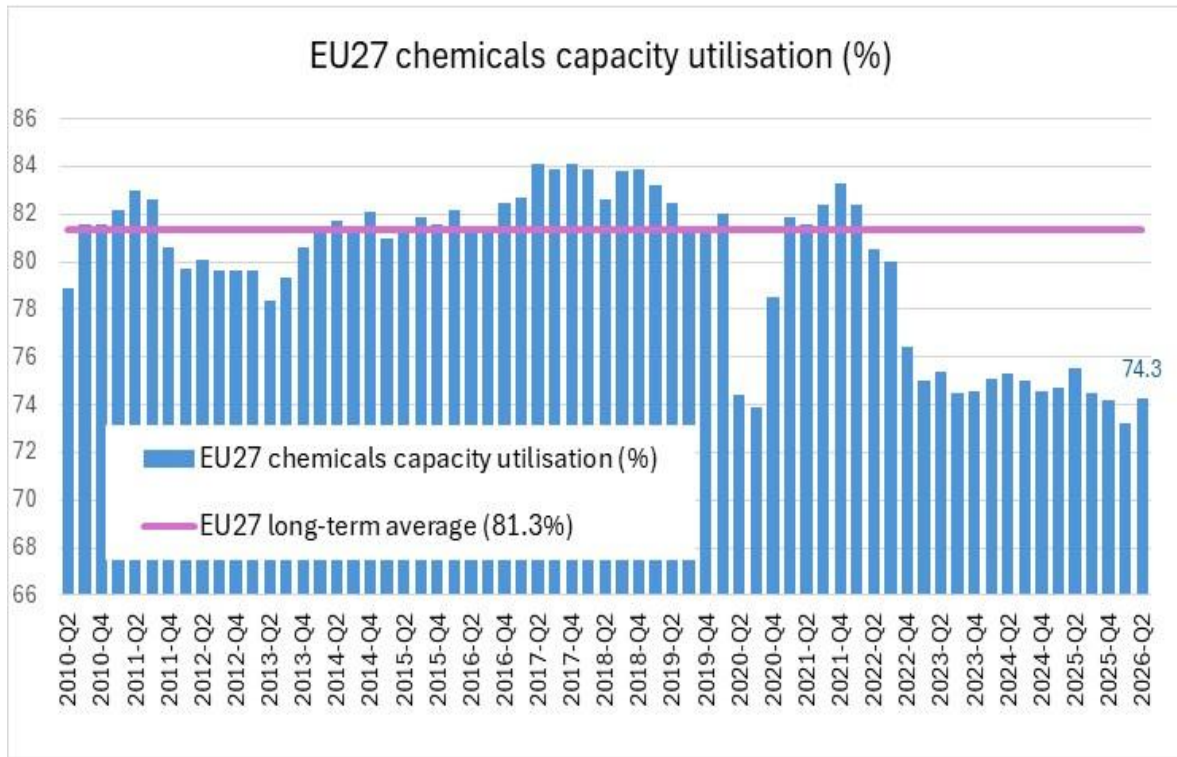
**Clear Decline**

**Early 2026 marks a phase of fragile improvement rather than recovery:** France shows the clearest improvement, Germany follows with strong but cautious gains, Belgium and Spain see demand recover faster than output, while Poland remains the weakest performer.



Source: EU Commission business and consumer survey results: Answers obtained from the surveys are aggregated in the form of balances, constructed as the difference between the percentages of respondents giving positive and negative replies.

# EU27 chemicals capacity utilisation: structural weakness persists



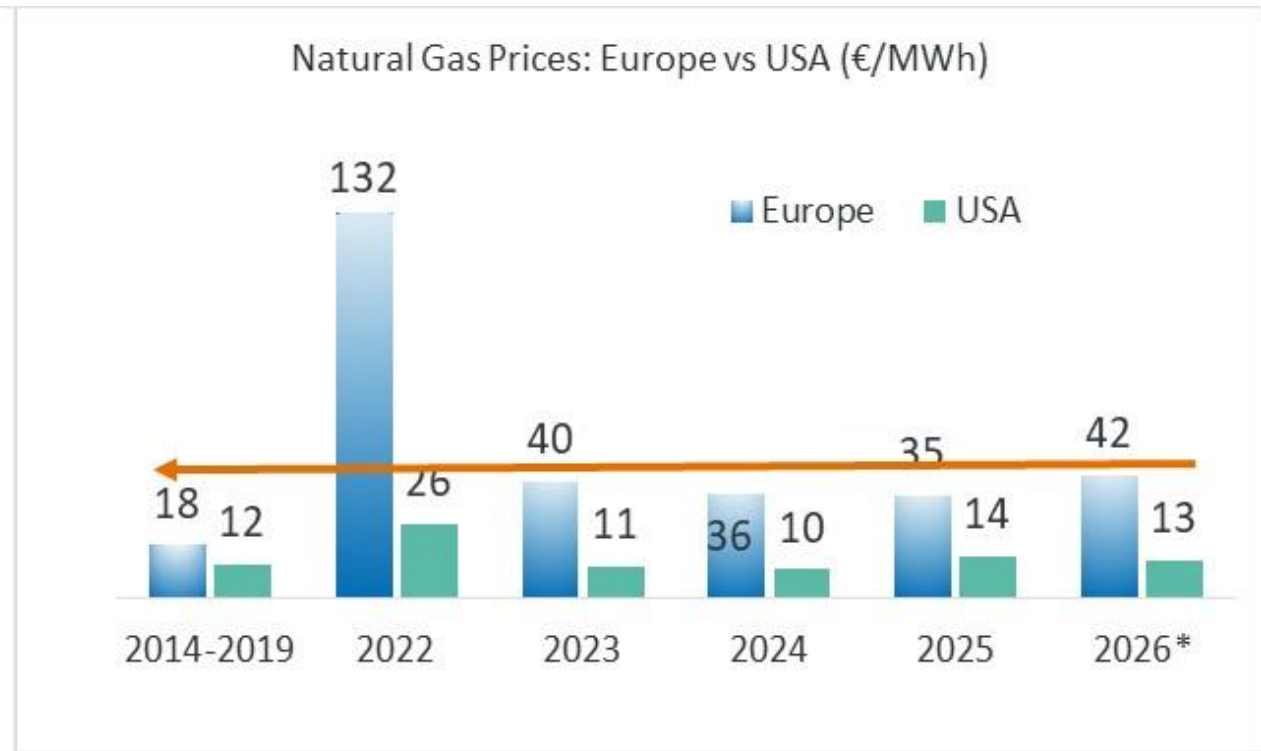
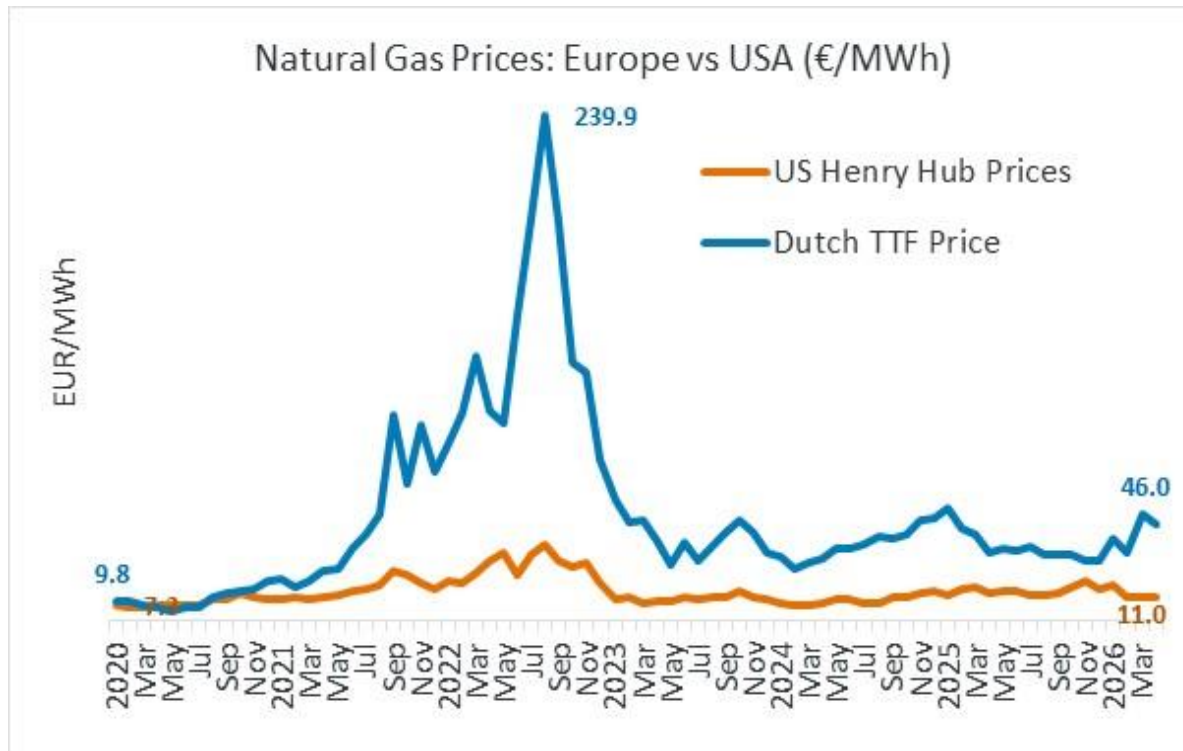
Data clearly points to a structural challenge rather than a cyclical dip. Chemicals continue to lag behind overall EU manufacturing: This divergence, visible since 2021, highlights a sector-specific competitiveness problem rather than a general slowdown.



Source: Cefic Analysis based on Eurostat Data, Nace 20 only

# Persistent EU27 energy price gap with global competitors

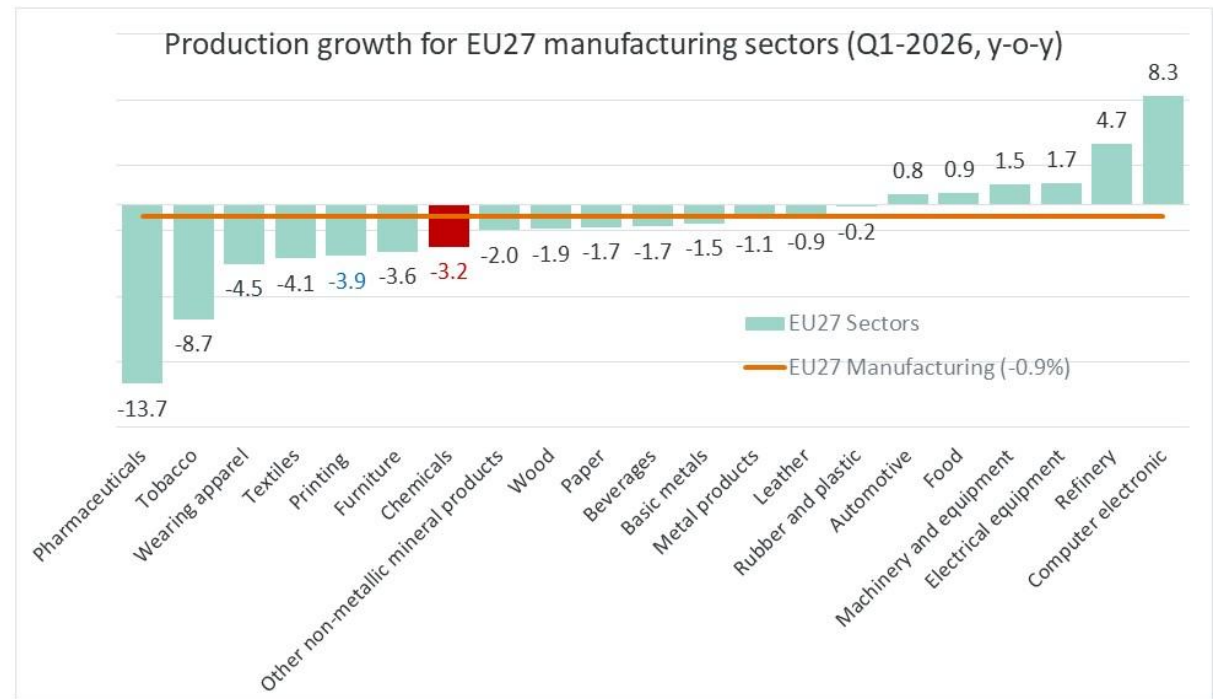
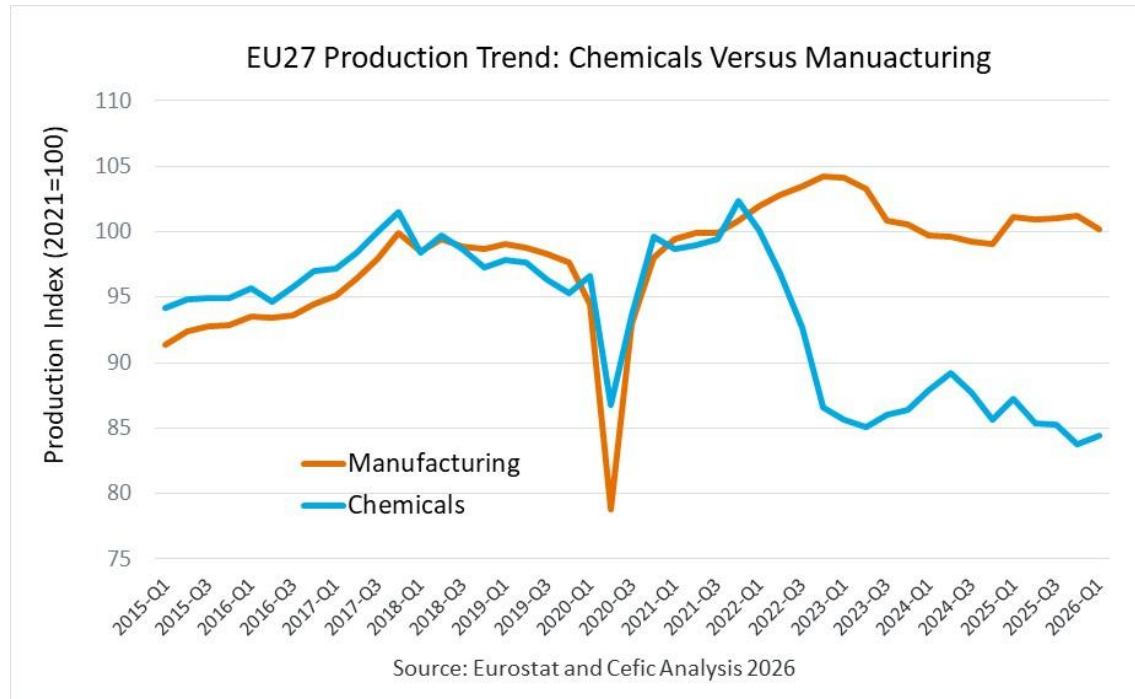
Gas prices in Europe in 2026: 2.1 times higher than pre-crisis levels (2014-2019)



Compared to the USA, the gas price in Europe 2026\* is 3.3 times higher, leaving Europe at a competitive disadvantage.



# EU27 chemical production: Q1-2026: 3.2% below Q1-2025 results



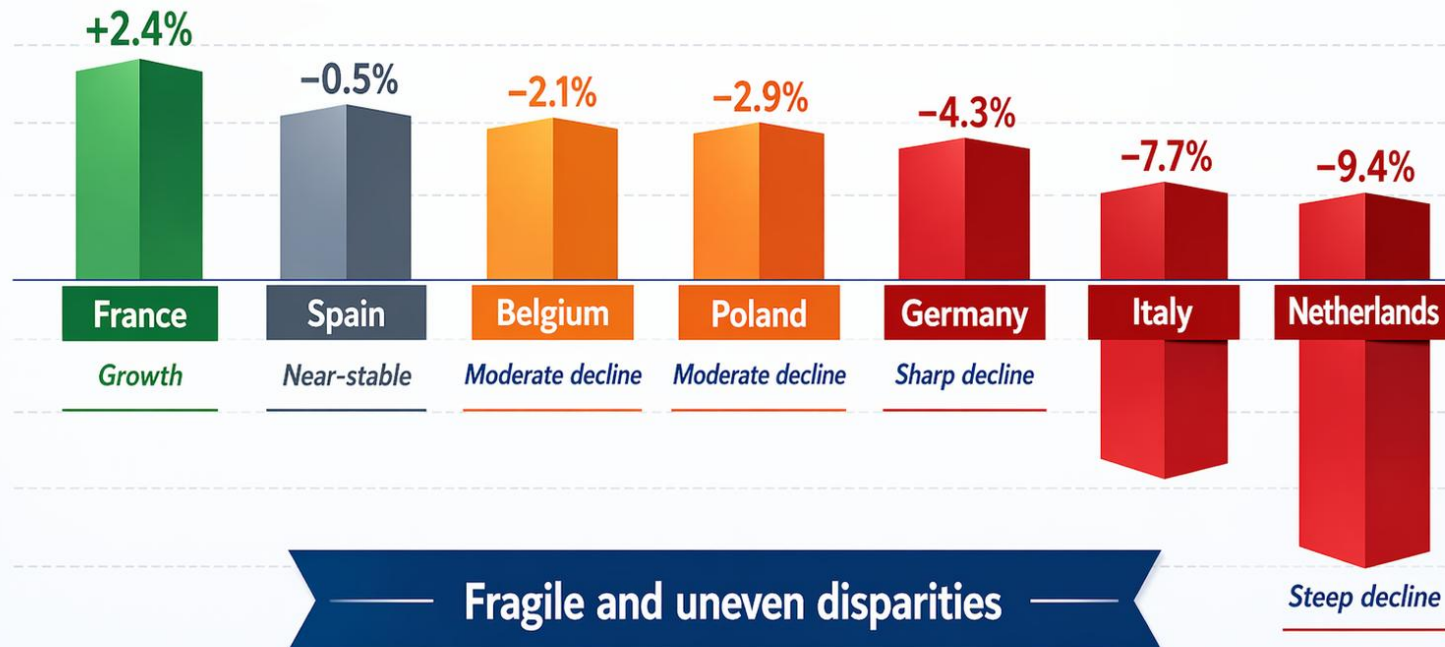
Chemicals remain among the weakest large manufacturing sectors in the EU27. Output declined by around 3.2%, following a contraction of 2.5% in 2025, despite modest growth in 2024. Chemical production now stands roughly 13% below pre-crisis levels, and its divergence from total manufacturing output remains pronounced.



# Strong production disparities across member states

## EU27 Chemical Production Growth by Country: Uneven Performance in Early 2026

Q1 2026: EU27 Chemical Production: **-3.2%** Year-on-Year

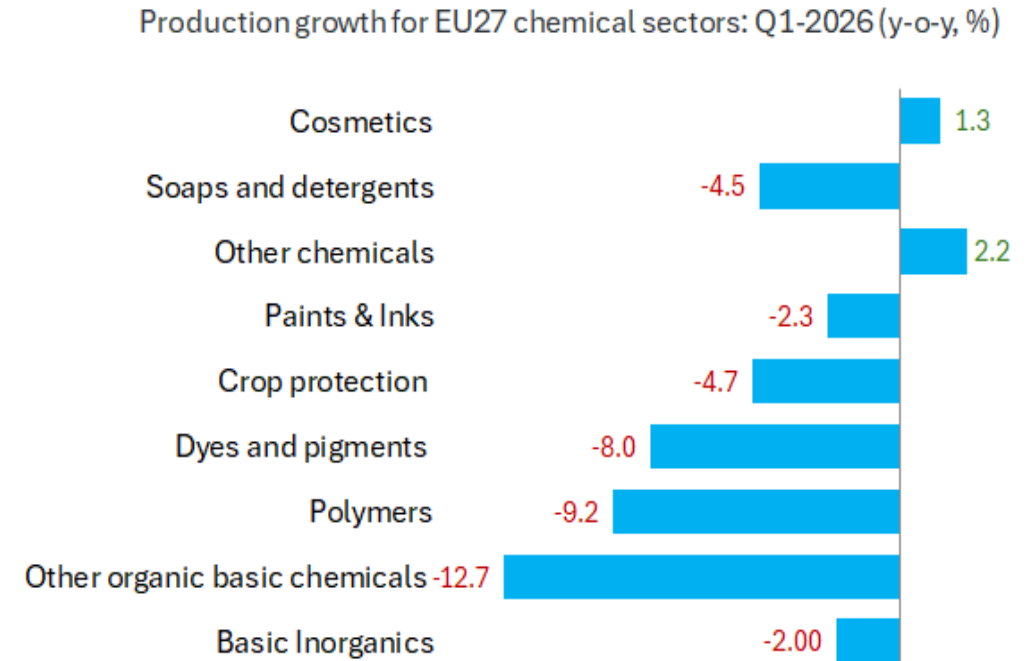
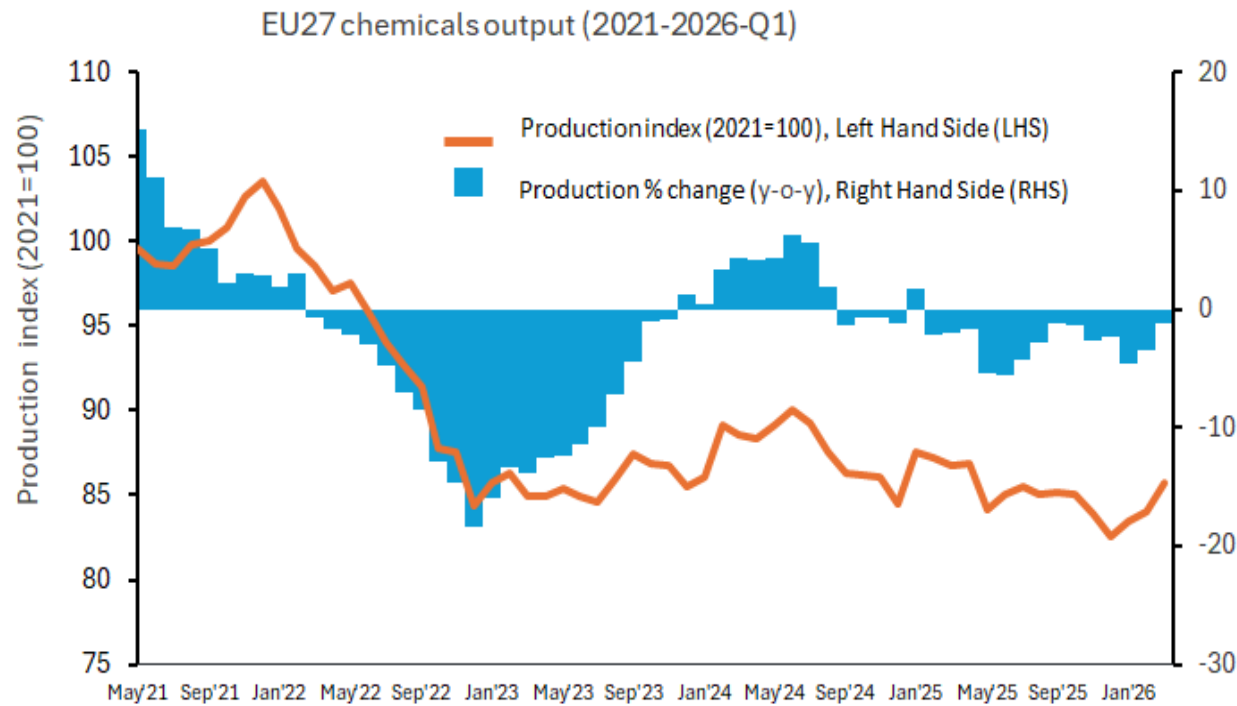


Source: Cefic Analysis based on Eurostat Data, Chart by Copilot

In Q1-2026, EU27 chemical production declined by 3.2% year on year, confirming that trend remains fragile and highly uneven across Member States. Overall, the top performers in Q1-2026 were France and, to a lesser extent, Spain, while Italy and the Netherlands clearly ranked among the weakest, pulling down the EU27 aggregate.



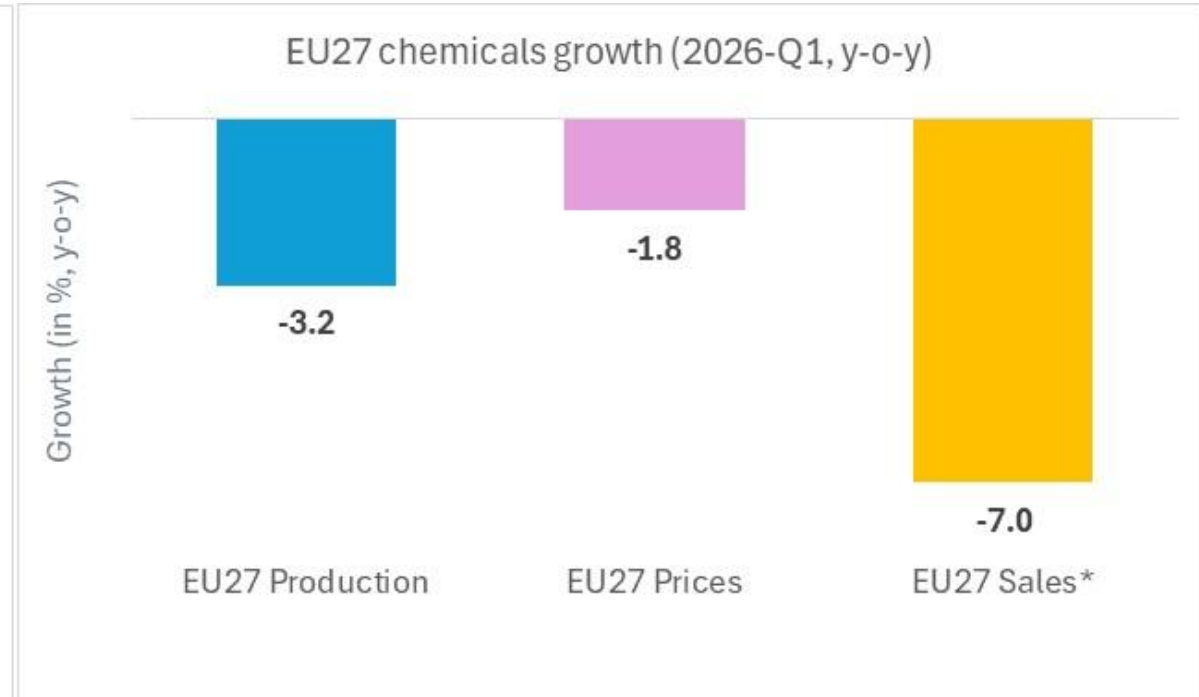
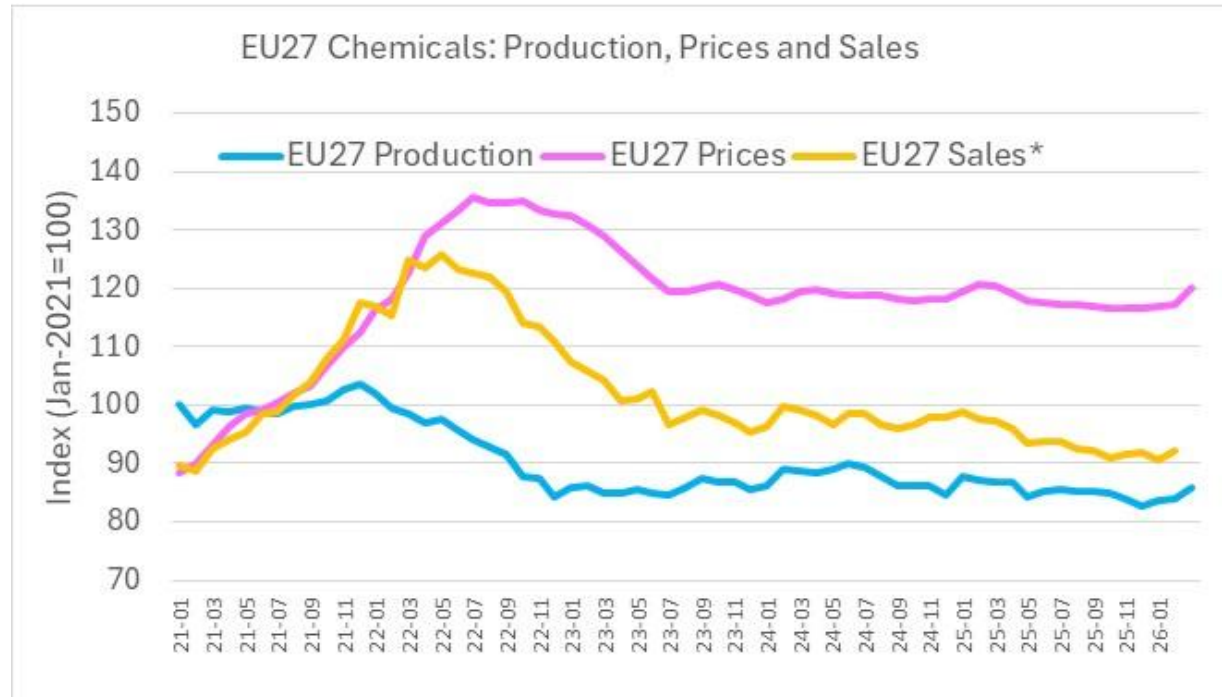
# 'Other organic basic chemicals' and polymers under pressure



EU27 chemical downturn remains broad-based, but with significant differences across segments. Petrochemicals and polymers recorded the steepest declines.



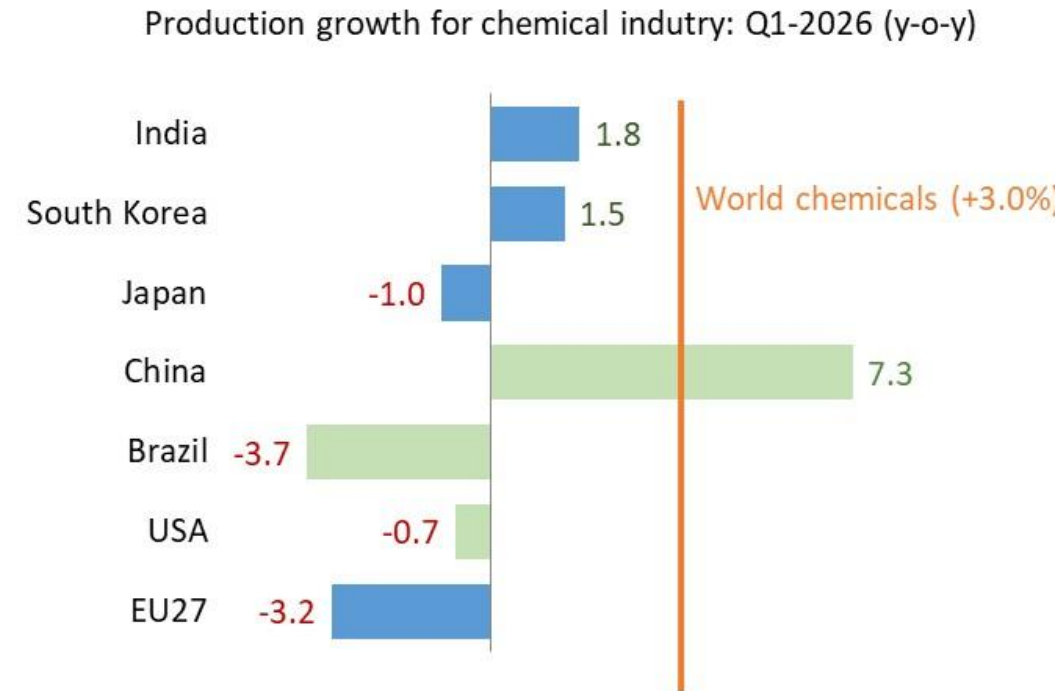
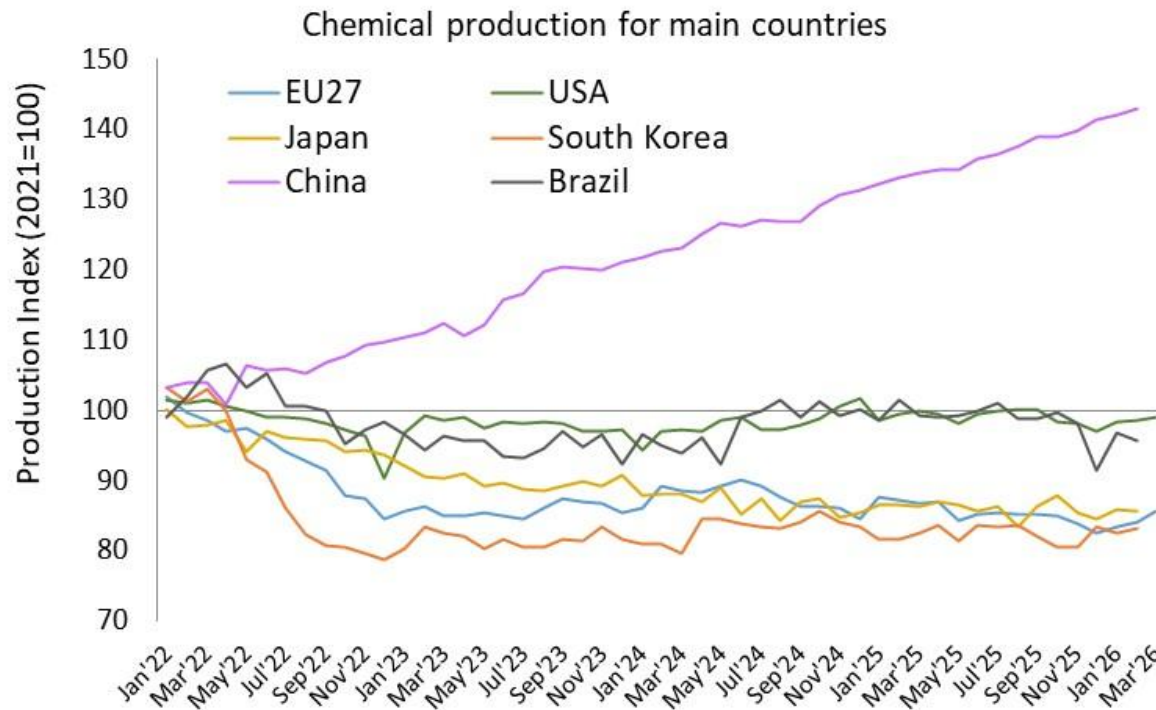
# EU27 chemicals sales\* deeply down



**With no clear demand-led momentum visible so far, the sector continues to operate well below its 2021 baseline, underlining the need for a sustained improvement in downstream industrial activity and competitiveness conditions before a meaningful recovery can take hold.**



# A challenging global operating environment for the chemical sector

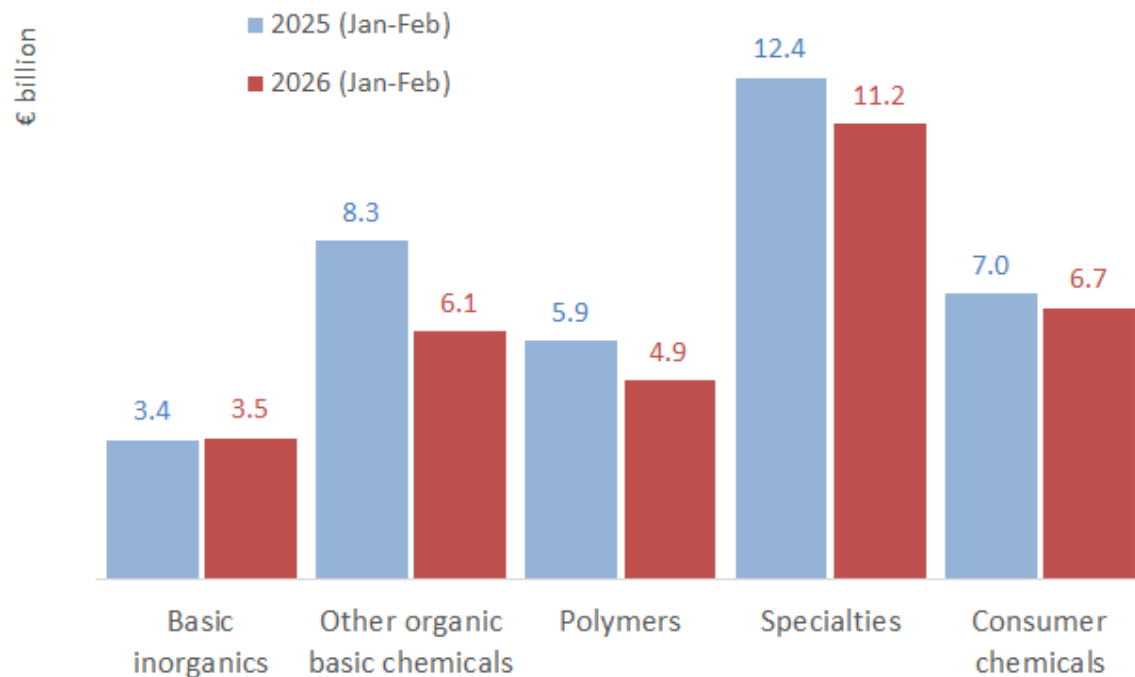


Data point to a multi-speed global chemical industry. While emerging economies — particularly China and India — continue to provide the main engine of growth



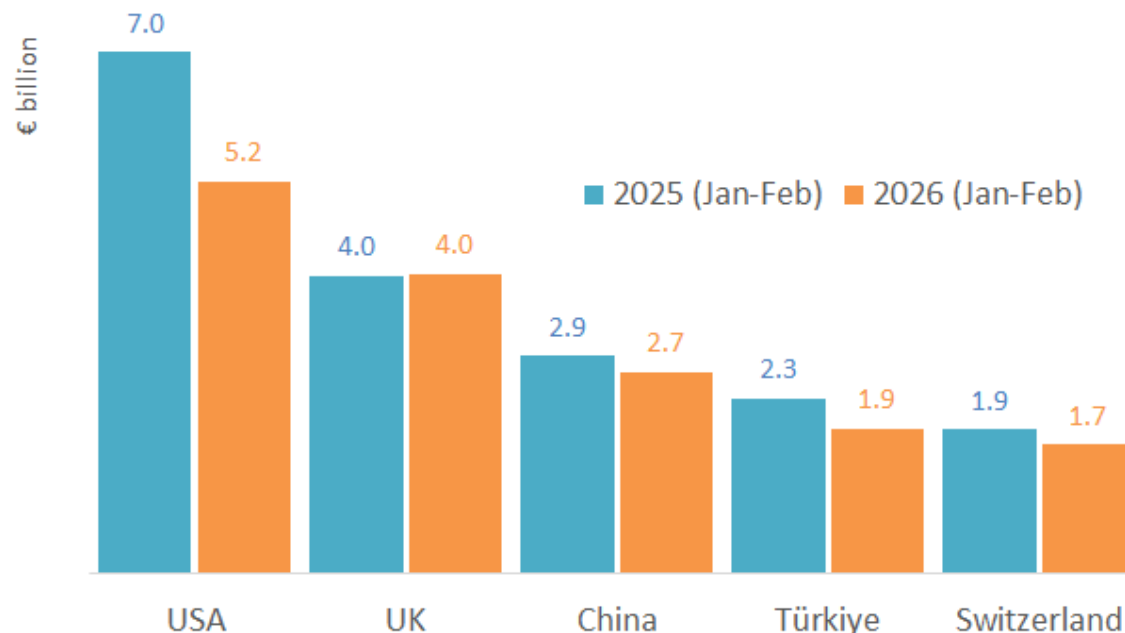
# 2026 (Jan-Feb): EU27 chemical exports value €4.6 bn below 2025 levels

Extra-EU27 chemical exports by sector



‘Other organic basic chemicals’ recorded the largest absolute drop, followed by specialty chemicals and polymers reflecting continued weakness in industrial value chains.

Extra-EU27 chemical exports by country

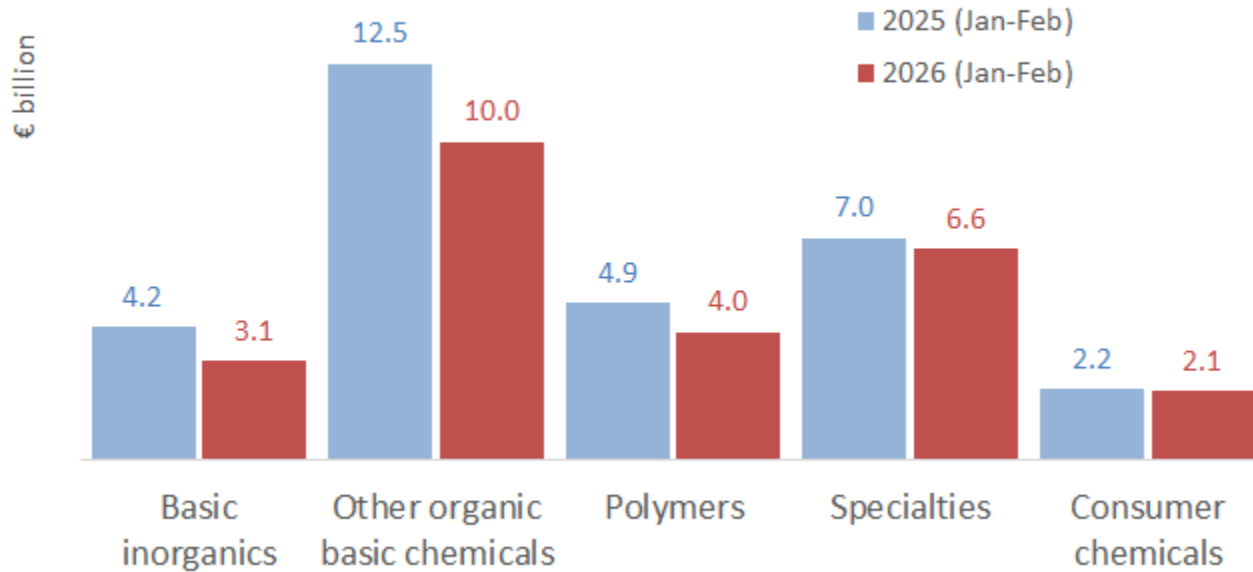


The decline is primarily driven by the largest export markets. Exports to the United States—the EU’s main partner—fell sharply by €1.7bn (-24.7%), representing more than one-third of the total contraction.

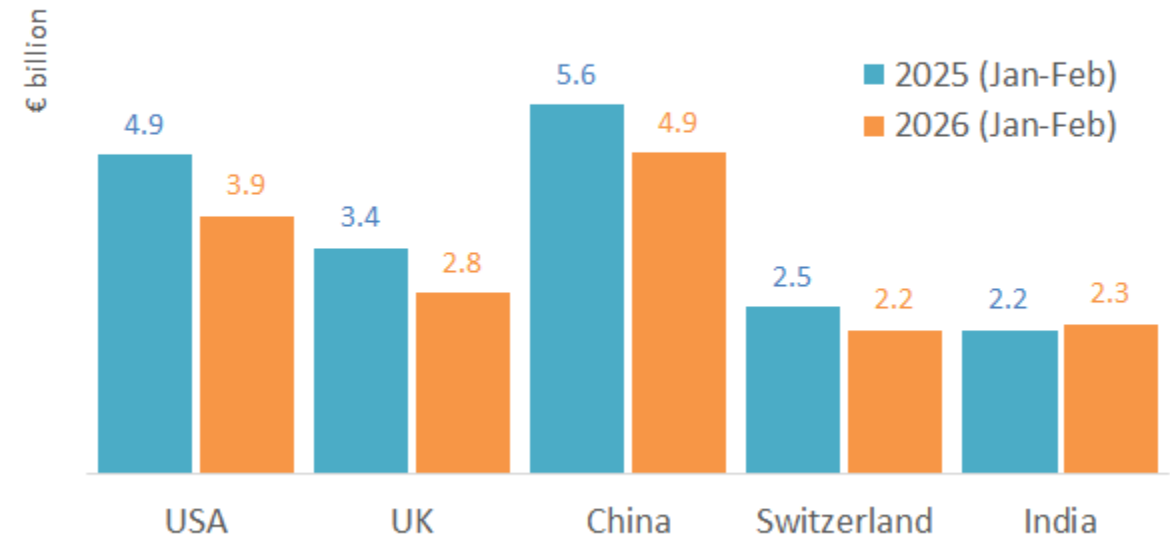


# 2026 (Jan-Feb): EU27 chemical imports value €4.8 bn below 2025 levels

Extra-EU27 chemical imports by sector



Extra-EU27 chemical imports by country

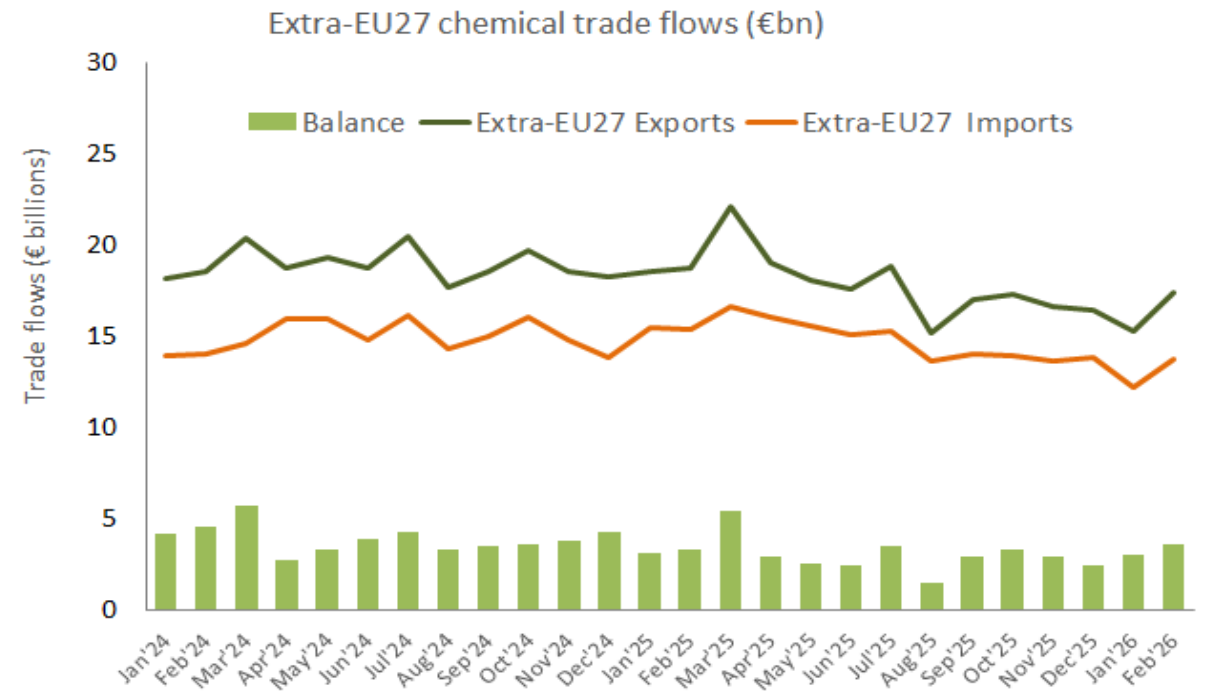
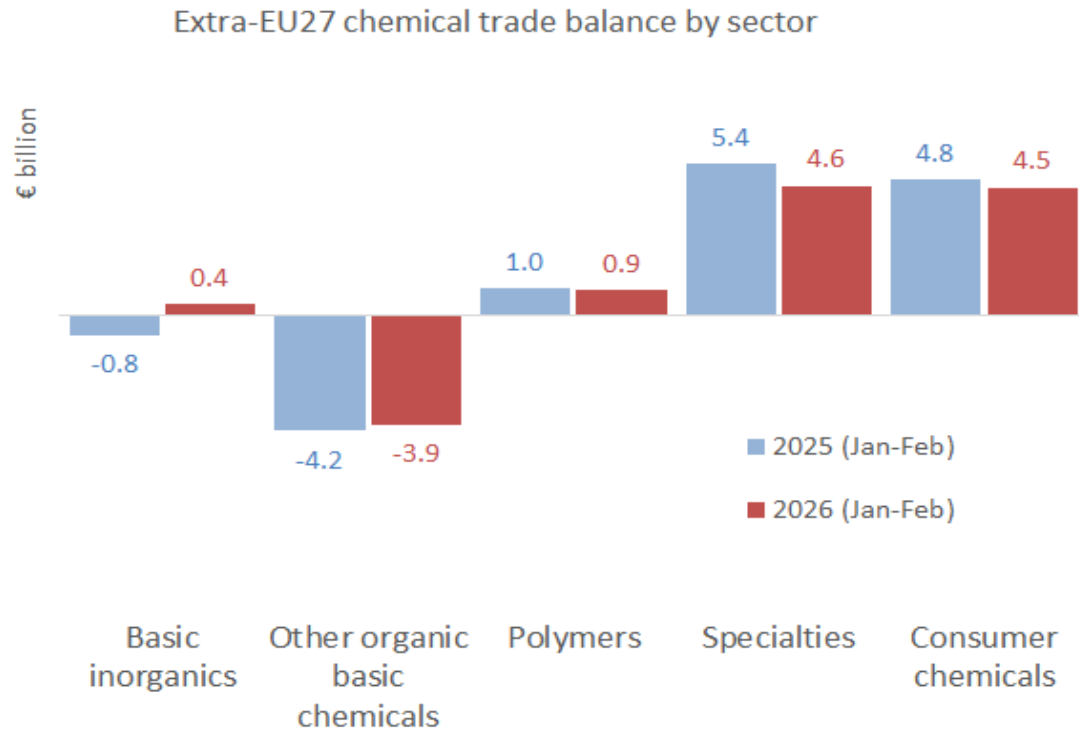


The contraction is again led by core industrial segments. 'Other organic basic chemicals' recorded the largest decline, followed by basic inorganics and polymers reflecting reduced demand for upstream inputs.

The downturn is broad-based across major suppliers. Imports from the USA fell by €0.9bn, while flows from the UK declined by €0.7bn. In contrast, India stands out as the only major supplier to record growth, although from a smaller base.



# 2026 (Jan-Feb): EU27 trade surplus in value €0.2 bn above 2025 levels

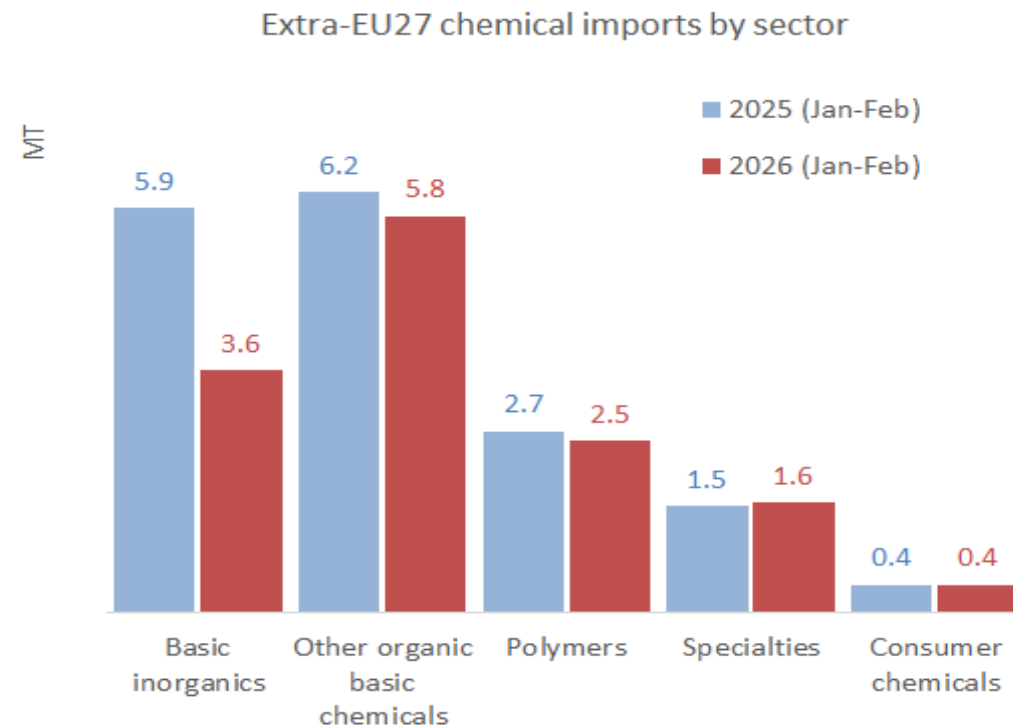
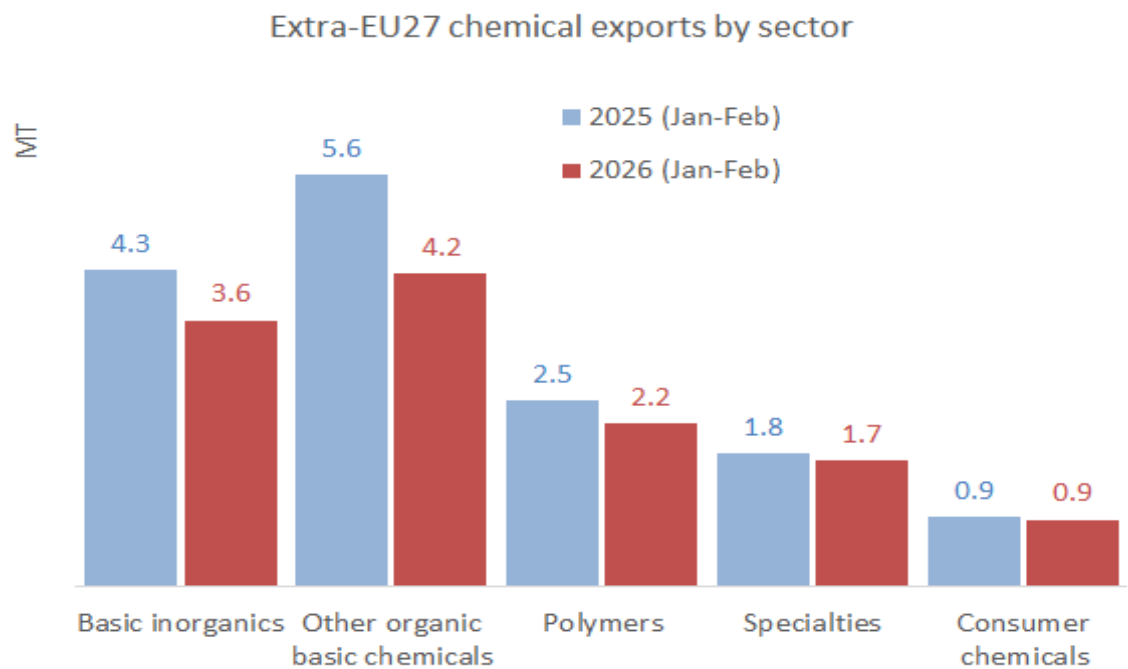


The most significant positive contribution comes from basic inorganics, where the balance shifted from a deficit of -€0.8bn to a surplus of €0.4bn, representing a +€1.1bn improvement.

The modest improvement in the EU27 trade surplus in 2026 (Jan-Feb) is entirely driven by import compression, rather than export recovery, underscoring a weak demand environment rather than a strengthening of competitiveness.



# EU27 chemical trade volumes (2026 vs 2025, Jan-Feb, MT)

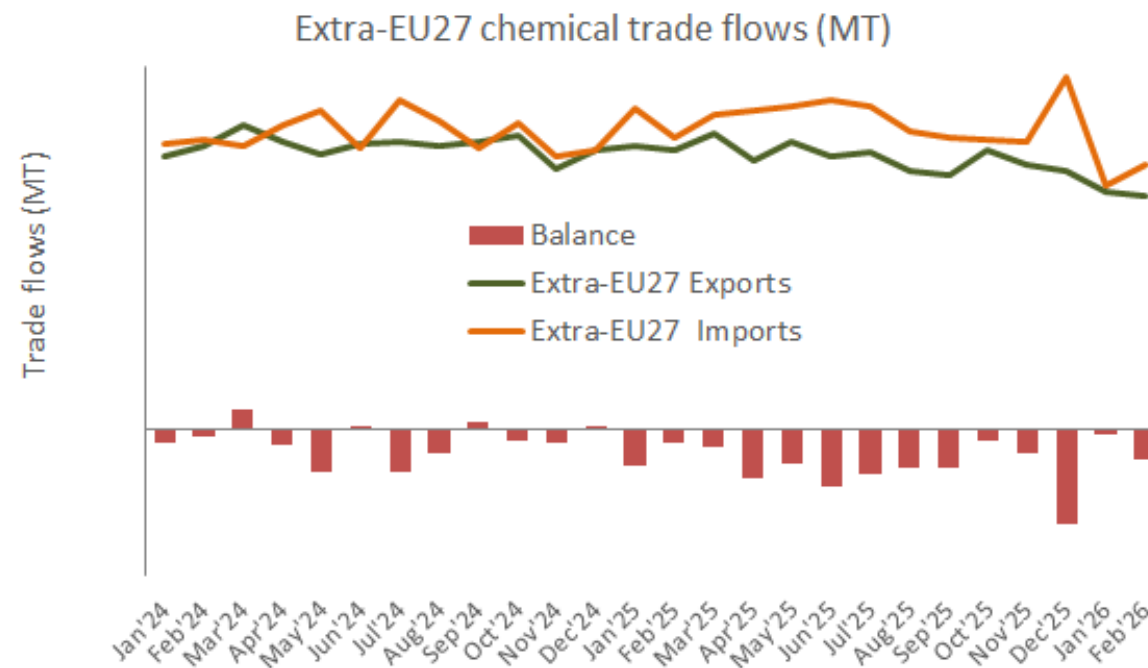
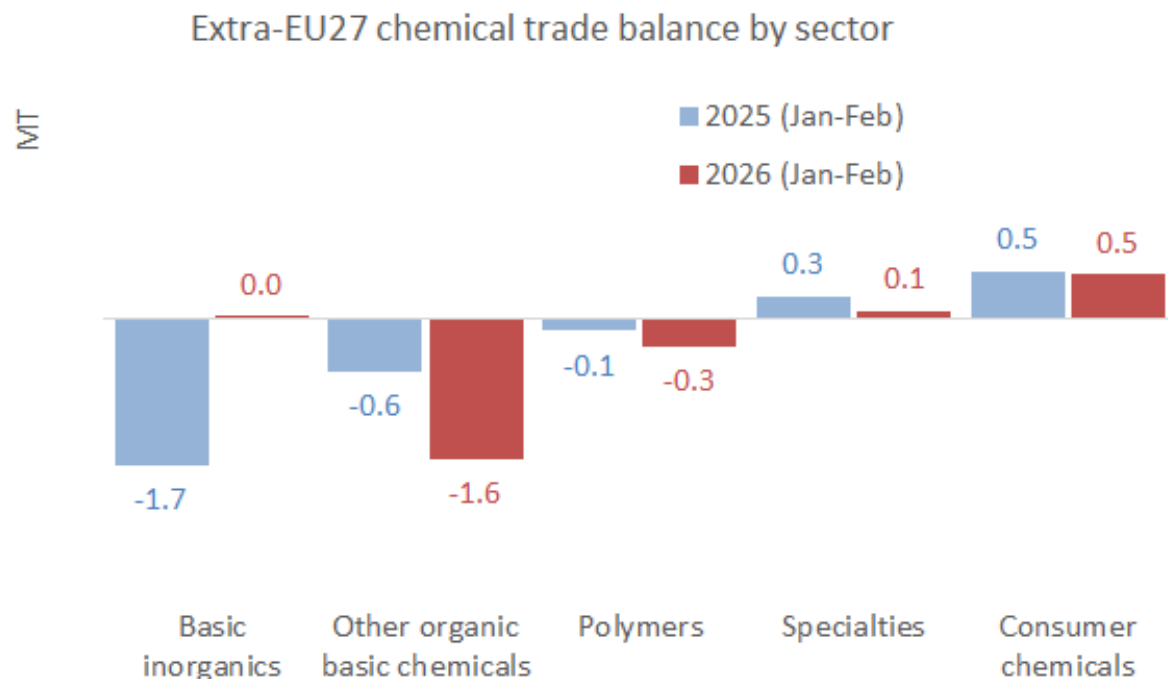


Extra-EU27 chemical exports declined significantly in early 2026, falling from 15.5 MT in Jan–Feb 2025 to 13.0 MT in Jan–Feb 2026, representing a reduction of 2.45 MT (-15.8%).

EU27 chemical imports in declined even more sharply than exports, falling from 16.9 MT in Jan–Feb 2025 to 14.0 MT in Jan–Feb 2026, corresponding to a drop of 2.82 MT (-16.7%).



# 2026 (Jan-Feb): EU27 trade deficit slightly below 2025 levels (MT)



Despite the contraction in both exports and imports, the extra-EU27 chemical trade deficit narrowed slightly. This improvement is entirely driven by the stronger decline in imports compared with exports.

The slight improvement in the EU27 chemical trade balance in volume terms is entirely driven by import compression, while structural deficits—particularly in ‘other organic basic chemicals’ and trade with China—remain significant



# Weak demand and high energy costs delay recovery

- The EU27 chemical industry continues to face a deep and structural competitiveness challenge, with performance remaining significantly below its pre-crisis benchmark (2014–2019 average).
- Q1-2026 shows signs of modest improvement, the sector is still impacted by weak demand, declining production and intensifying global competition.
- In early 2026, gas prices in Europe remain 3.3 times higher than US levels, widening the transatlantic competitiveness gap compared with the pre-crisis period. This enduring divergence continues to weigh heavily on production, limiting investment and reinforcing the relocation pressures observed across global value chains.
- The EU27 chemical capacity utilisation remains at historically low levels, around 74%, well below its long-term average and consistently below overall EU manufacturing.
- In Q1-2026, chemical production declined by 3.2% year-on-year. EU27 chemical trade weakened markedly in Q1-2026, with exports falling by €4.6 bn (-12.4%) and imports declining even more sharply by €4.8 bn (-15.7%), reflecting both softer external demand and a contraction in domestic industrial activity.

