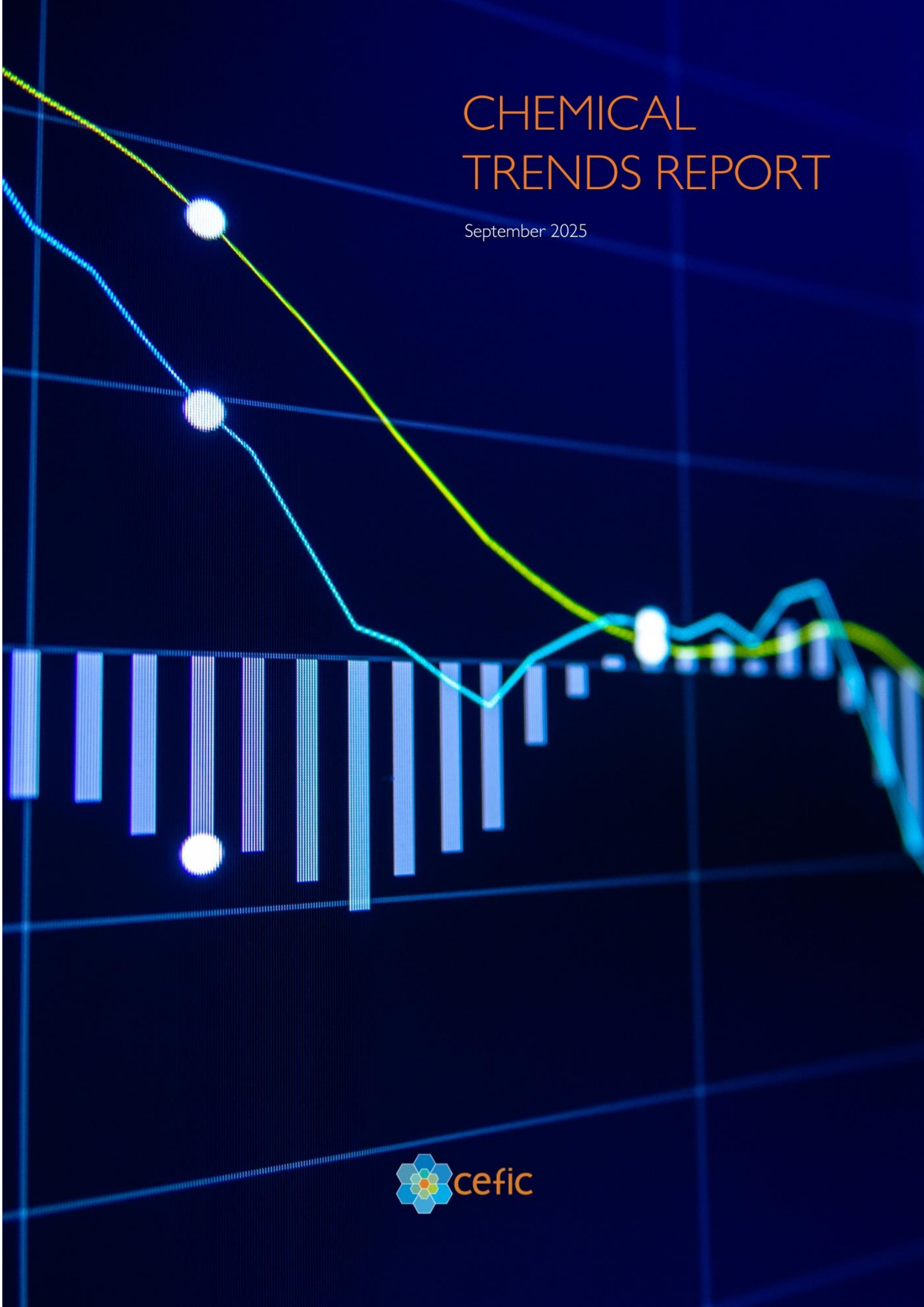


CHEMICAL TRENDS REPORT

September 2025



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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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Transparency Register No. 64879142323-90

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

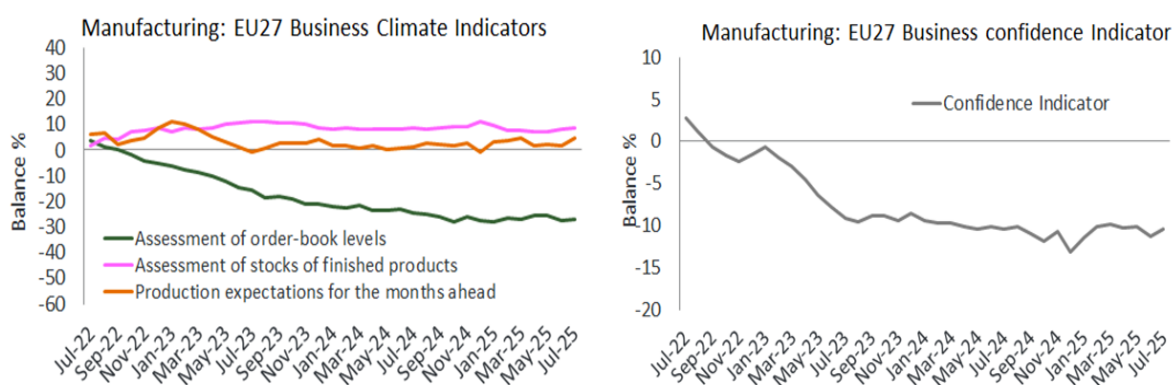
EU27 chemical business: Disappointing first half of 2025

- The competitiveness of the European chemical sector remains well below pre-crisis levels (2014-2019 average) driven by weak demand and uncompetitive energy prices. This is particularly an issue for commodity products and petrochemicals, where China holds a competitive edge due to large-scale production and low production costs.
- Compared to the USA, European gas prices were three times higher during January-July 2025, keeping European producers at a competitive disadvantage. Since March 2022, the EU27 chemicals business environment has been facing a limited demand and declining business confidence, intensified by geopolitical uncertainty.
- At 74.6% capacity utilisation in the EU27, chemical sector remains a key concern. It has consistently stayed below the EU's long-term average and the US average since Q3 2022, reflecting ongoing challenges from weak demand and declining business confidence. EU27 chemicals operating at 9.5% below pre-crisis capacity (2014–2019).
- Trade dynamics further illustrate the strain. The EU27 chemicals trade surplus fell to €20.1 bn in 2025 (January-June), down 17% from €24.4 bn in 2024, largely due to increased import rates.
- Recovery prospects remain uncertain. Demand increase is expected to be limited due to global weak economic conditions. The business trade environment in which European chemical companies are operating is exposed to high risks from global trade disruptions, including US tariffs. As a result, EU27 chemicals output is projected to decline in 2025, reversing the 2.4% growth seen in 2024.

IN-DEPTH ANALYSIS

EU27 industry confidence slightly picked up in July

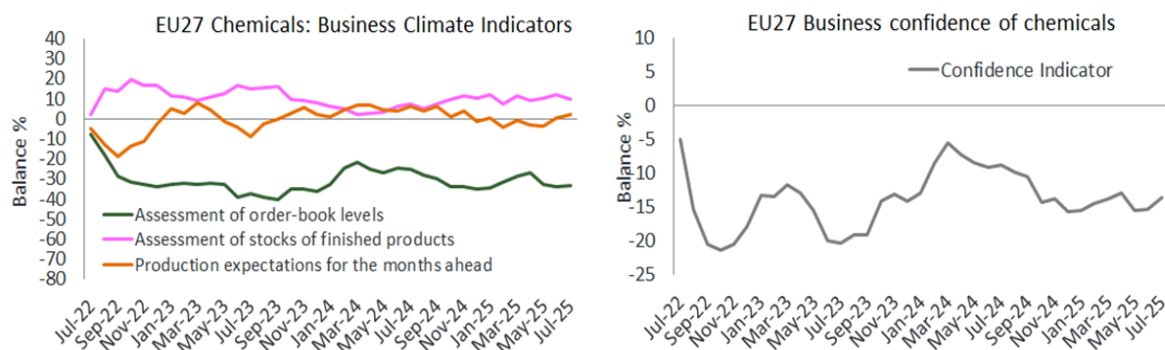
According to the latest EU Commission business and consumer survey, the Economic Sentiment Indicator (ESI) picked up in both the EU and the euro area. The upturn in the ESI for the EU was driven by higher confidence in industry, services, retail trade, and a marginal improvement in consumer confidence, while confidence in construction declined slightly. Industry confidence picked up in July, driven by managers' brighter production expectations and slightly improved assessments of the current level of overall order books. Managers' assessment of stocks of finished products remained broadly stable.



Source: EU27 commission business and consumer survey and Cefic analysis (2025)

EU27 chemical confidence slightly rebounds in July, amid mixed national trends

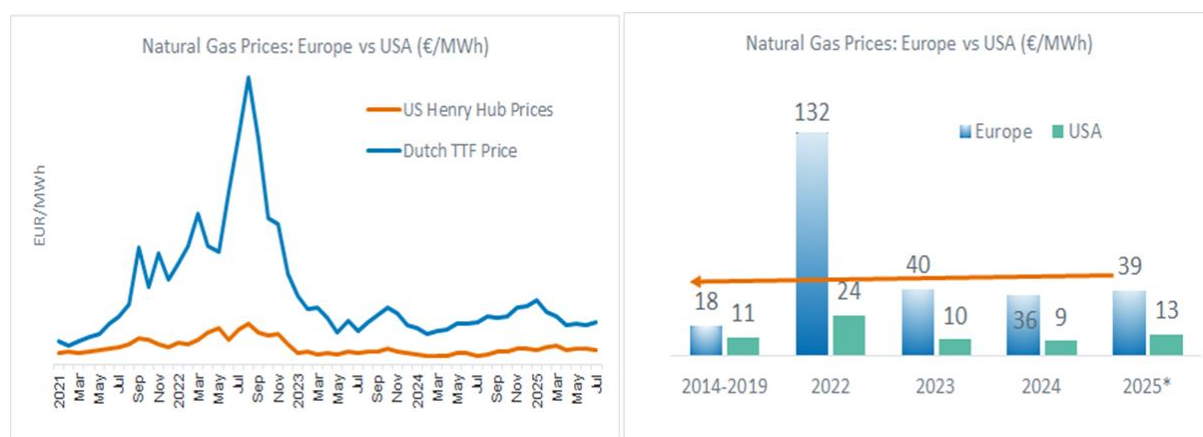
Confidence in the EU27 chemical industry significantly improved in July 2025 compared to June of the same year (+1.7). For the largest EU27 economies, the confidence indicator improved considerably in France (9.7), Belgium (6.8) and Netherlands (2.3), while it declined significantly in Italy (-4.8) and Germany (-1.6). Confidence deteriorated slightly in Spain (-0.5) and Poland (-0.1). Chemicals confidence picked up in July, driven by managers' brighter production expectations, and significant improvement of managers' assessment of stocks of finished products. The assessments of the current level of overall order books remained broadly stable. The EU27 chemicals business environment has been facing a limited demand since March 2022.



Source: EU27 commission business and consumer survey and Cefic analysis (2025)

European gas prices remain above the pre-crisis levels

The chemical industry is energy-intensive using about 25 to 50% of the natural gas it purchases as raw material, while the rest is used to generate steam and power for plants and processes. Chemicals are therefore highly impacted by gas prices. Access to reliable and competitive energy sources is essential to maintain competitiveness. Key upstream basic organic and inorganic chemicals, such as ethylene, propylene, ammonia, chlorine, and alkalis, are based on energy-intensive processes.

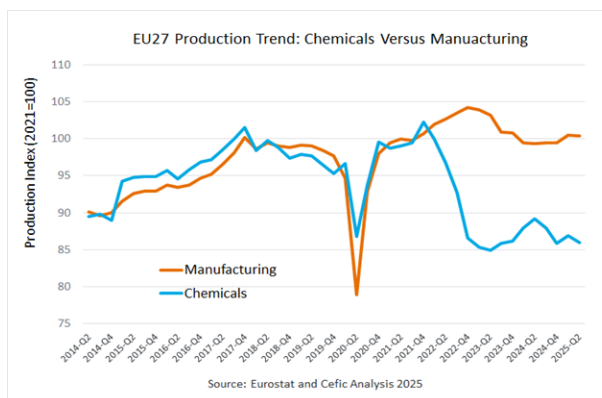


Source: ICE Dutch TTF Natural Gas Futures - Investing.com and INSEE

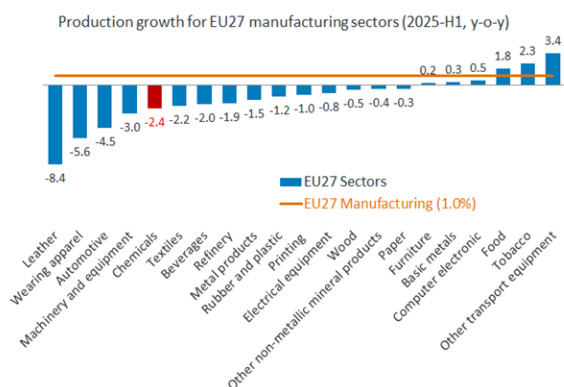
At global level, gas prices in Europe were three times higher than those in the USA, placing Europe at a competitive disadvantage. The gap in natural gas prices between Europe and its competitors is projected to remain substantial between 2025 to 2030, further weakening the European industry's competitive position in global chemical markets.

EU27 chemical industry lacks a strong domestic demand

From January to June 2025, output across the EU27 manufacturing sector rose by 1.0% compared to the same period in 2024. However, most downstream users of chemicals reported a decline in output. For instance, the automotive sector is still experiencing a significant decline of more than 4%. The EU27 chemical industry itself reported a significant output decrease of 2.4%, far below the overall EU27 manufacturing average.



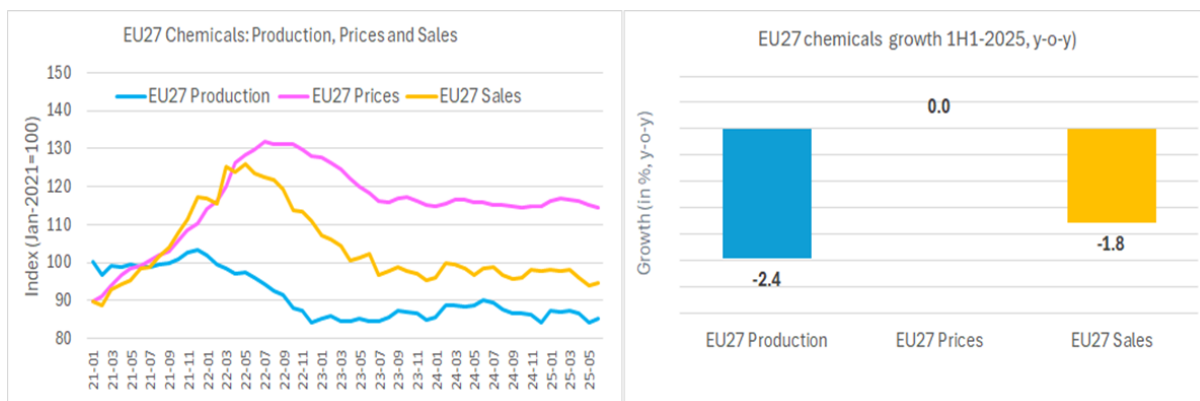
Source: Eurostat and Cefic analysis (2025)



The output of the EU27 chemical industry remains 10% below the pre-crisis levels of 2014 to 2019. As major supplier of products and technologies to key manufacturing sectors, the European chemical industry needs a strong domestic demand to achieve significant growth. Unfortunately, no strong positive changes have been observed so far and business expectations for most downstream users are still not encouraging.

Weak demand continues to weigh on EU27 chemicals production growth

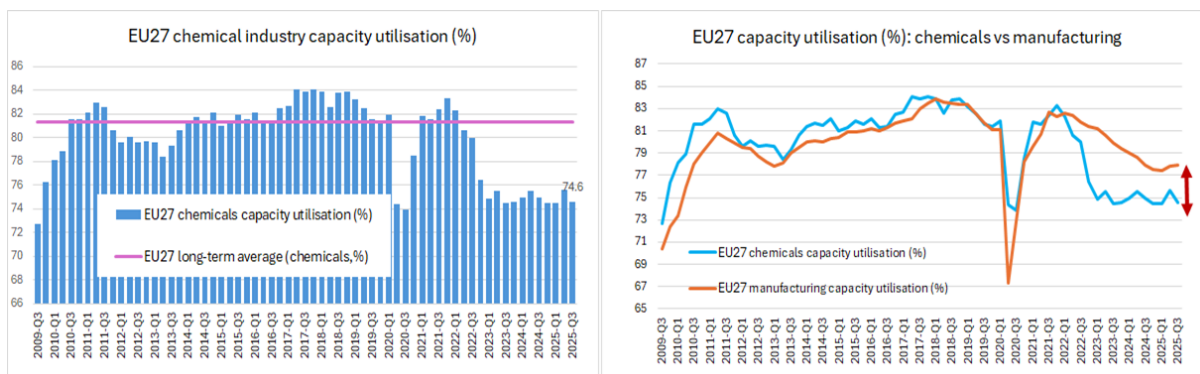
In 2025, EU27 chemical prices were at the same level as in 2024. Chemical sales in value decreased by 1.8% in the first half of 2025 compared to the same period in 2024. The high level of uncertainty is impacting deeply the European business community. Given the lack in demand growth, the European chemical industry production volumes have still not recovered. The ongoing low demand continues to weigh on EU27 chemicals sales.



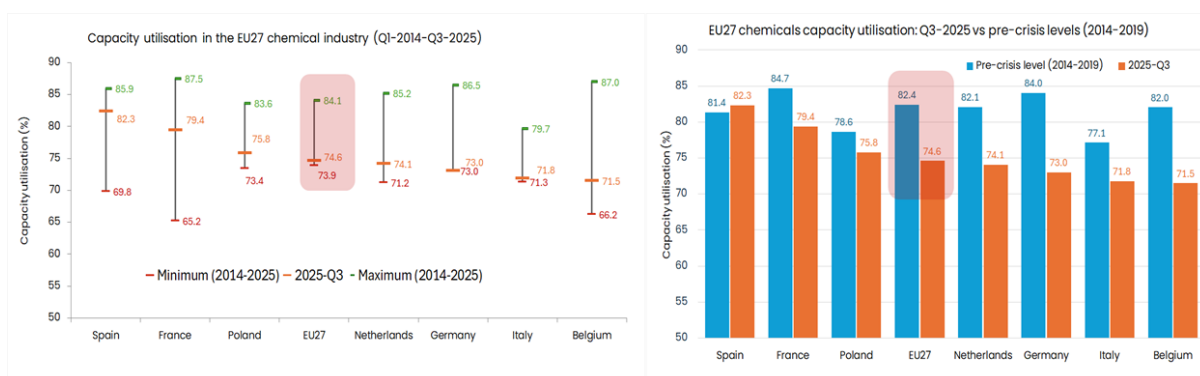
Source: Eurostat and Cefic analysis (2025)

EU27 chemicals capacity utilisation remains steadily low (74.6%)

The European chemical industry is at a breaking point. The chart below reports a decrease of capacity in the EU27 chemical industry from 75.6% in Q2-2025 to 74.6% in Q3-2025, compared to a long-term average of 81.3%. EU27 chemicals operating at 9.5% below pre-crisis capacity (2014–2019).



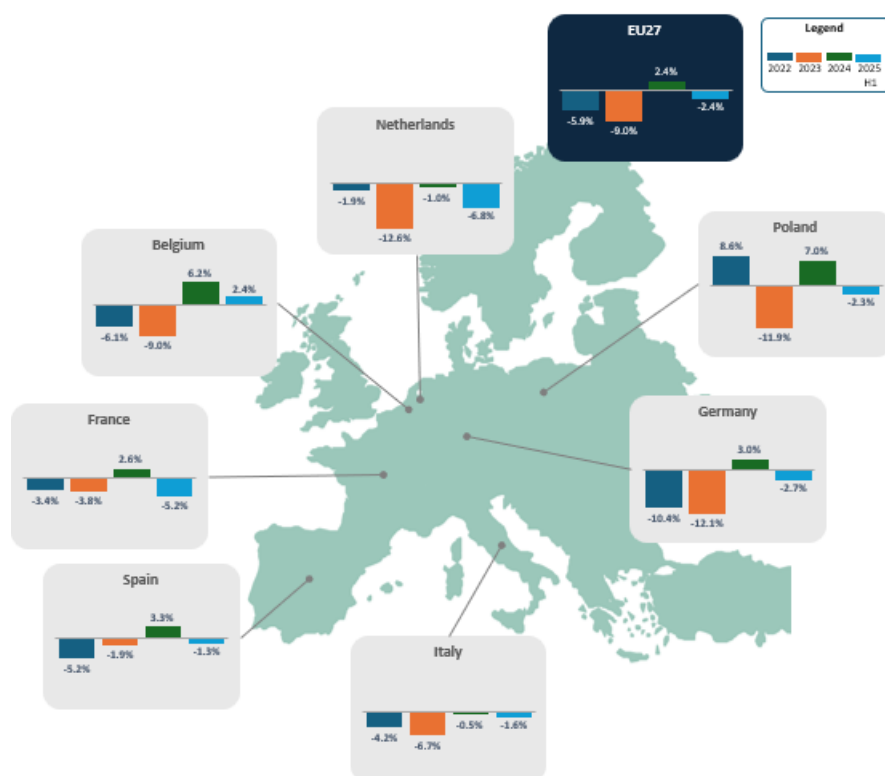
Source: Eurostat and Cefic analysis (2025)



Source: Eurostat and Cefic analysis (2025)

EU27 chemical business: Disappointing first half of 2025

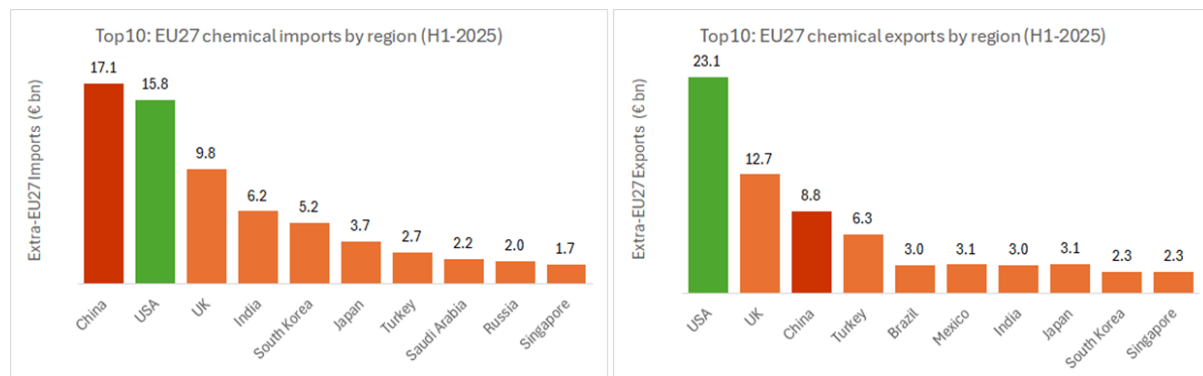
The leading EU27 countries experienced different growth rates of chemical production during the first half of 2025 compared to the same period of 2024. The Netherlands registered a decline of 6.8%. France saw its production decrease by 5.2%. Spain and Italy reported a decrease of less than 2.0%. Belgium benefited from a 2.4% increase. Germany had a decrease of 2.7%. Chemical production trends by country show a fragmented Europe. The economic environment in which European chemical companies are operating in 2025 is highly uncertain. The global economic outlook for 2025 is not very positive. EU27 chemicals output is expected to decline in 2025, down from +2.4% achieved in 2024.



Source: Eurostat and Cefic analysis (2025)

USA and China are the two main trading partners for EU27

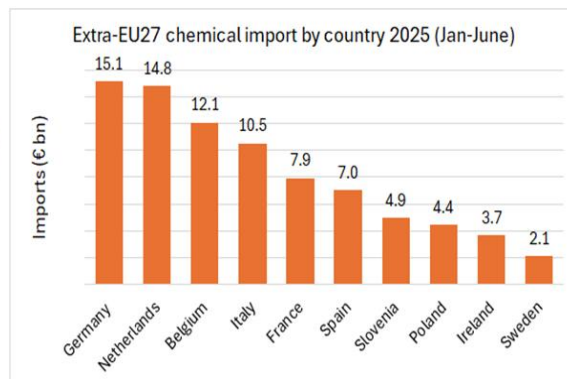
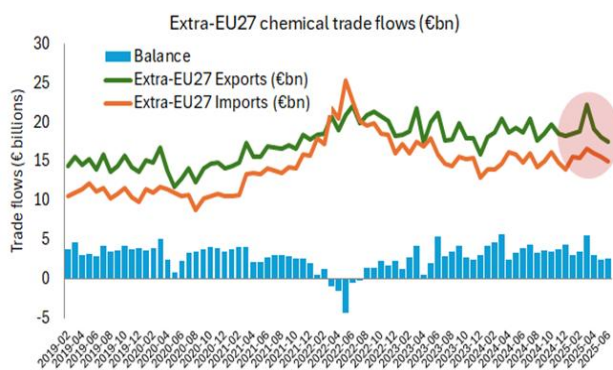
The EU27 exports and imports continue to grow in 2025 compared to 2024. With €17.1 bn, China is the first source of imports of the EU27 area for chemicals, followed by USA (€15.8 bn) and UK (€9.8 bn). Europe heavily relies on the import of chemicals from China for several products. European reliance on China's exports to the EU27 chemicals market has increased more than 4.7 times in twenty years, rising from less than 1% in 2004 to 5.6% in 2024. With €23.1 bn, USA is the number one source of exports of the EU27 area for chemicals, followed by UK (€12.7 bn) and China (€8.8 bn). Europe heavily relies on the export of chemicals to the USA for several products. EU27-US exports account for 18% of extra-EU27 chemical exports in value terms in 2024, significantly down from 22% in 2004.



Source: Eurostat and Cefic analysis (2025), nace 20 only

EU27 chemical trade surplus 2025*: 17% below 2024 results

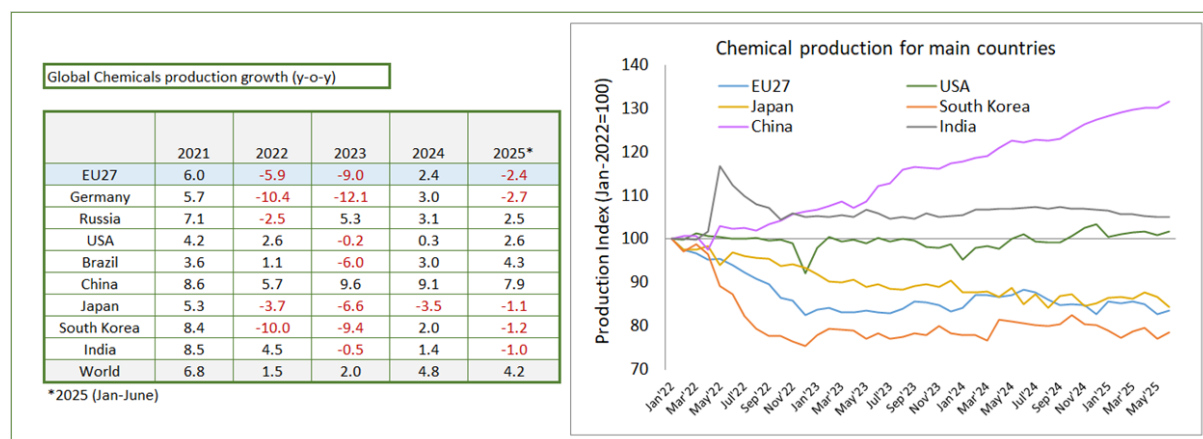
From January to June 2025, EU27 chemical exports increased by 0.5% in 2025 in comparison to the same period in 2024, whereas EU27 chemical imports increased by 5.4%. The EU27 chemicals trade surplus amounted to €20.1 bn in the first six months of 2025, down by €4.3 bn compared to 2024 (-17%).



Source: Eurostat and Cefic analysis (2025), nace 20 only

Global chemical production 2025 (Jan-June): 4.2% above 2024 results

The chemical output in H1-2025 shows significant changes for several economies compared to H1-2024. The EU27 region reversed its positive trend, deteriorating from +2.4% in 2024 to -2.4% in H1-2025. Germany experienced a notable decline of 2.7% in H1-2025, aligning with the broader EU27 trend and down from 3.0% in 2024. Japan experienced a decline of 1.1% in 2025 (January–June) after three years of strong economic recession (2022-2024). South Korea and India reported a negative growth in H1-2025, after a modest growth in 2024. China continued its significant production growth in H1-2025 reaching about 8%, which is slightly lower than the 9.1% in 2024. The USA and Brazil seem to recover with 2.6% and 4.3% growth in 2025. Overall, global chemical output decreased from 4.8% in 2024 to 4.2% in 2025 (Jan-June).



Source: Eurostat and Cefic analysis (2025), nace 20 only