EU27 Chemical Industry: Recent Developments and Competitiveness Challenges

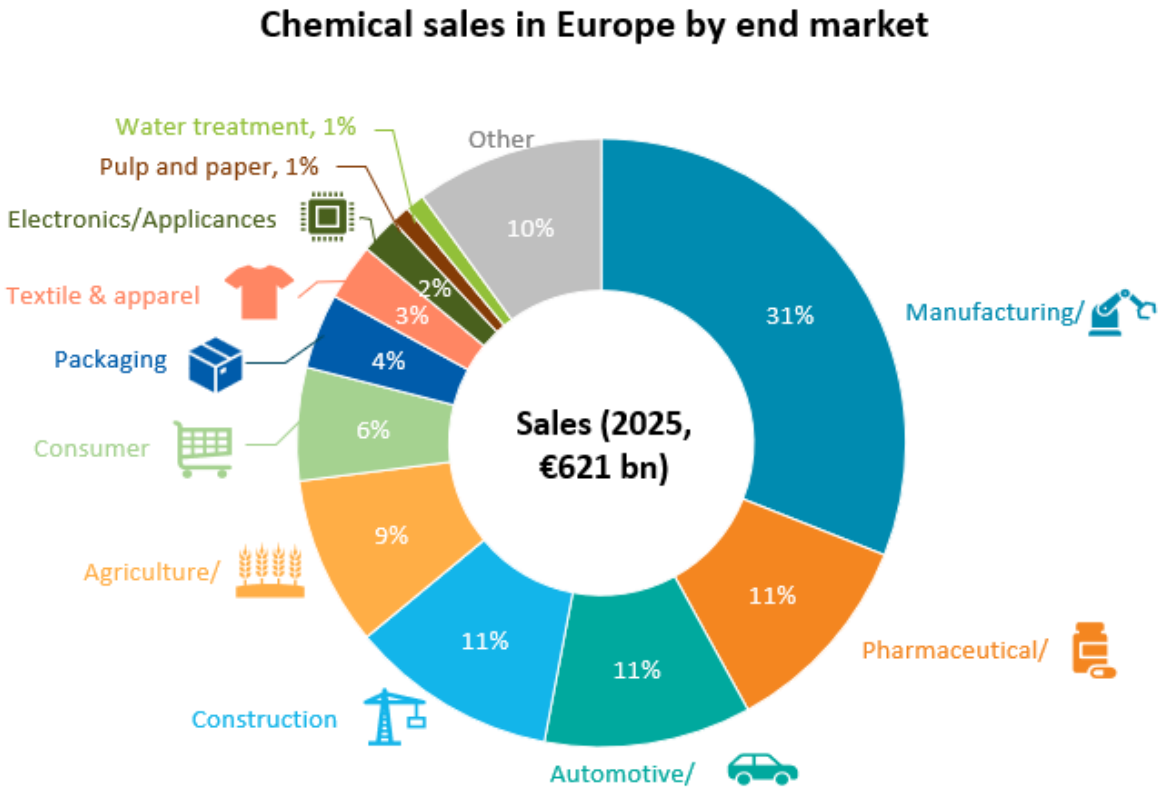
ECTA Conference

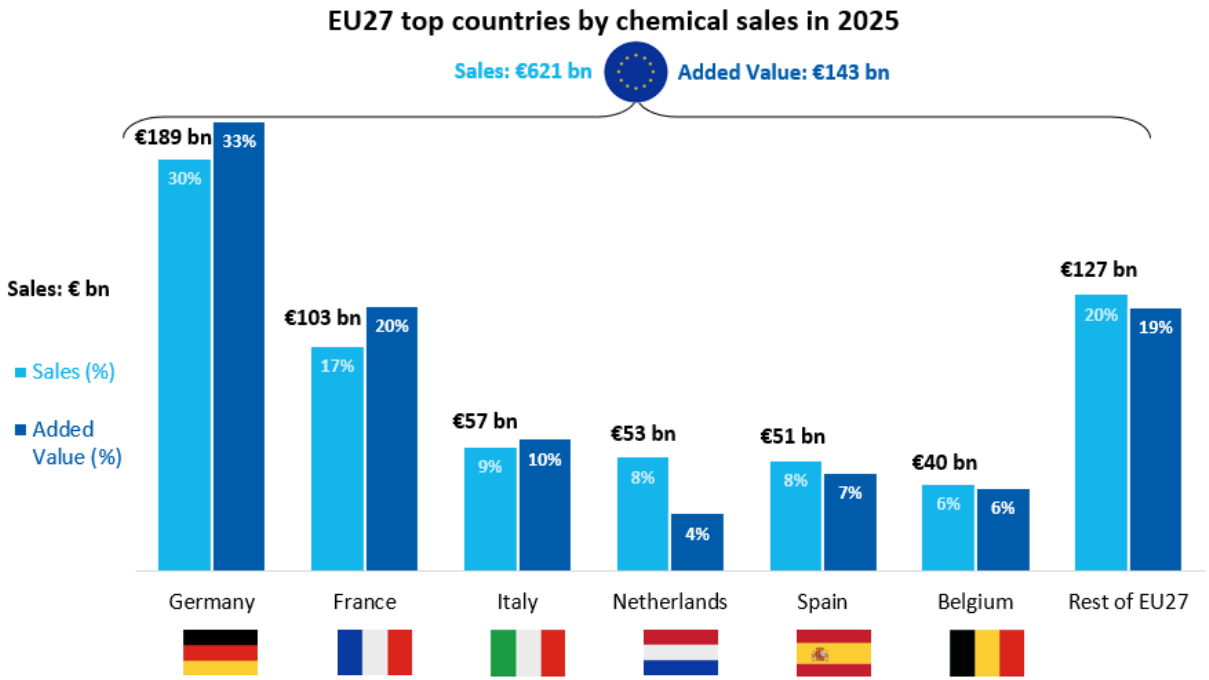
19 November 2026

Dr Moncef Hadhri, mha@cefic.be



The chemical industry is essential to Europe's major manufacturing value chains

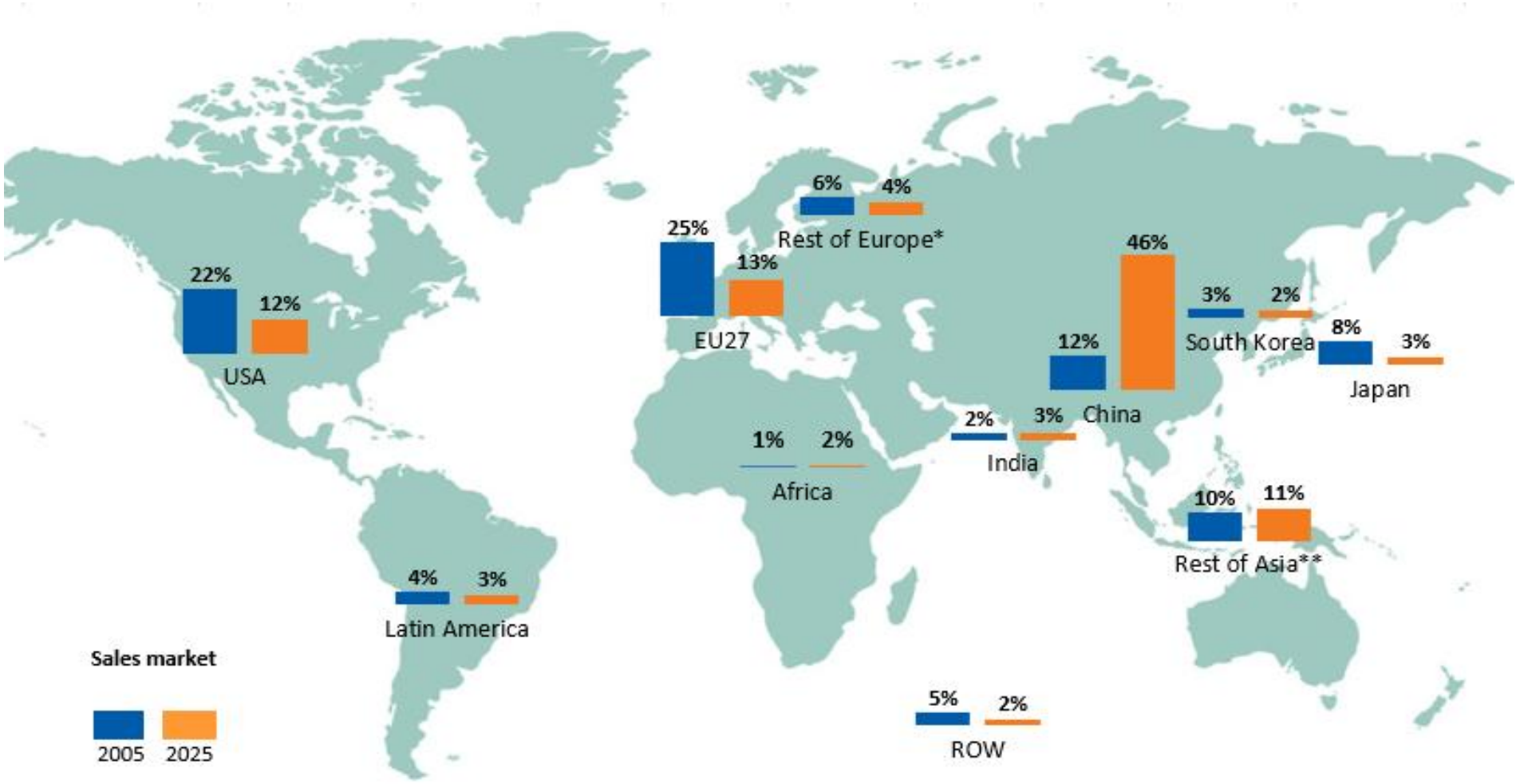




A competitive chemical industry is essential to the resilience of European manufacturing.

Source: Cefic-Advancy Joint Study: The Competitiveness of the European Chemical Industry (updated data for 2025)

Europe remains a major chemical producer, but its global weight has declined

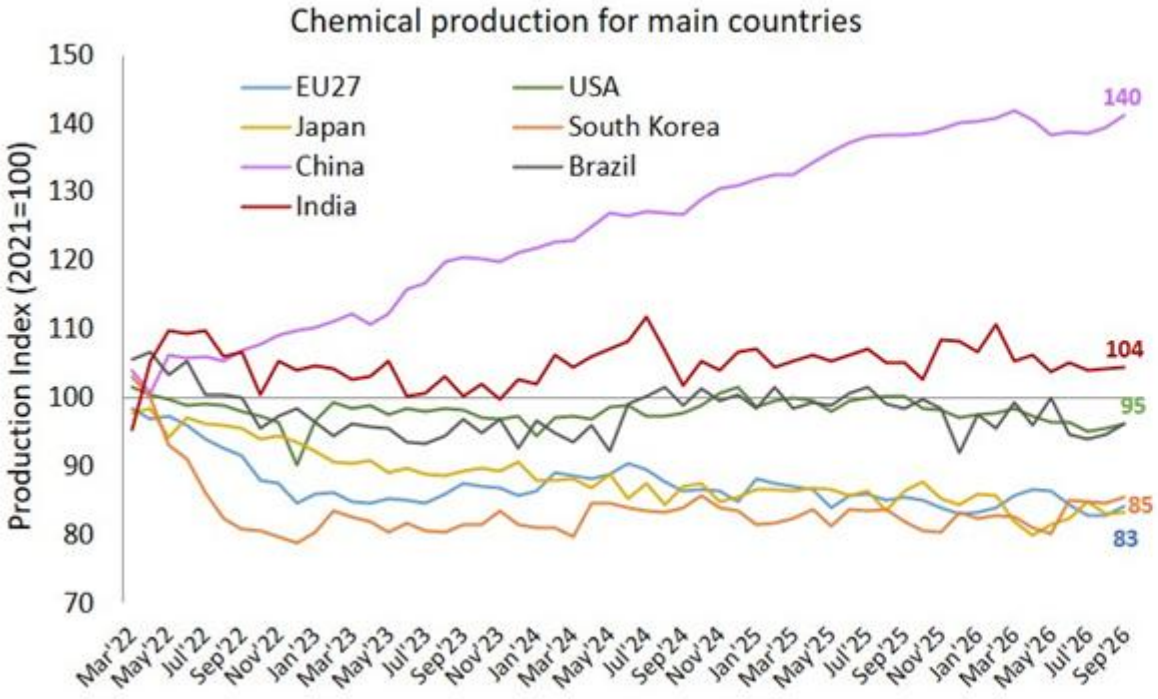


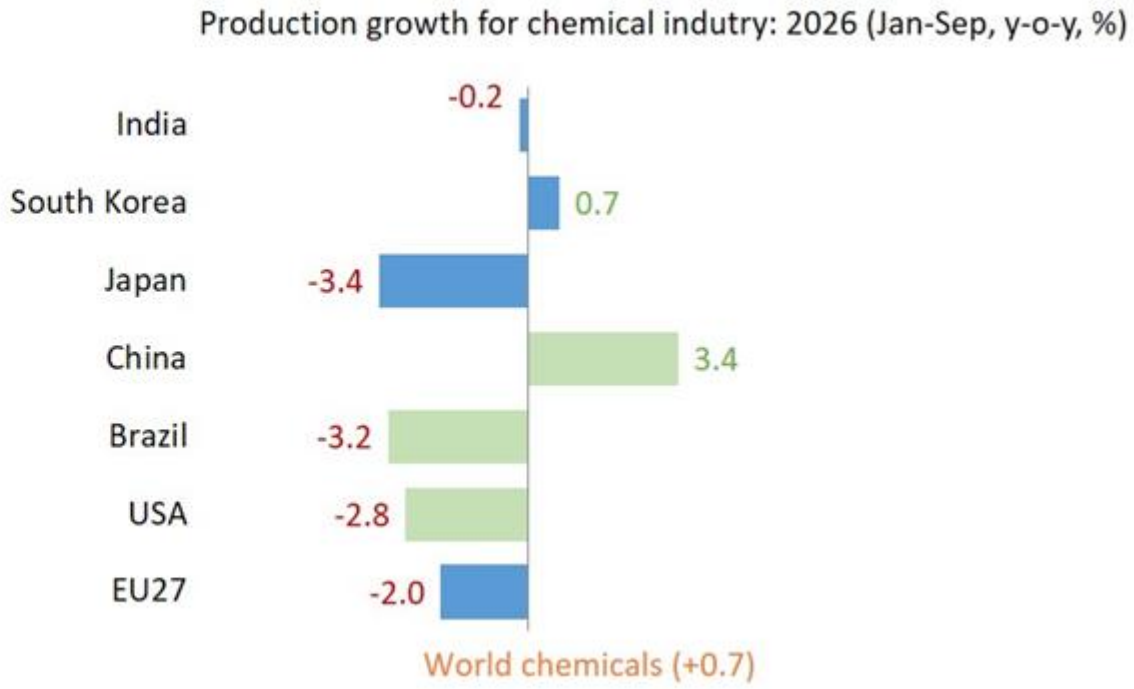
Global chemical sales tripled from €1.6 trillion to €4.9 trillion between 2005 and 2025, with China accounting for 63% of global growth.

Source: Cefic Chemdata International

*Rest of Europe includes UK, Switzerland, Norway, Türkiye, Russia and Ukraine. **Asia excluding China, India, Japan and South Korea.

China remains the main engine of global chemical growth



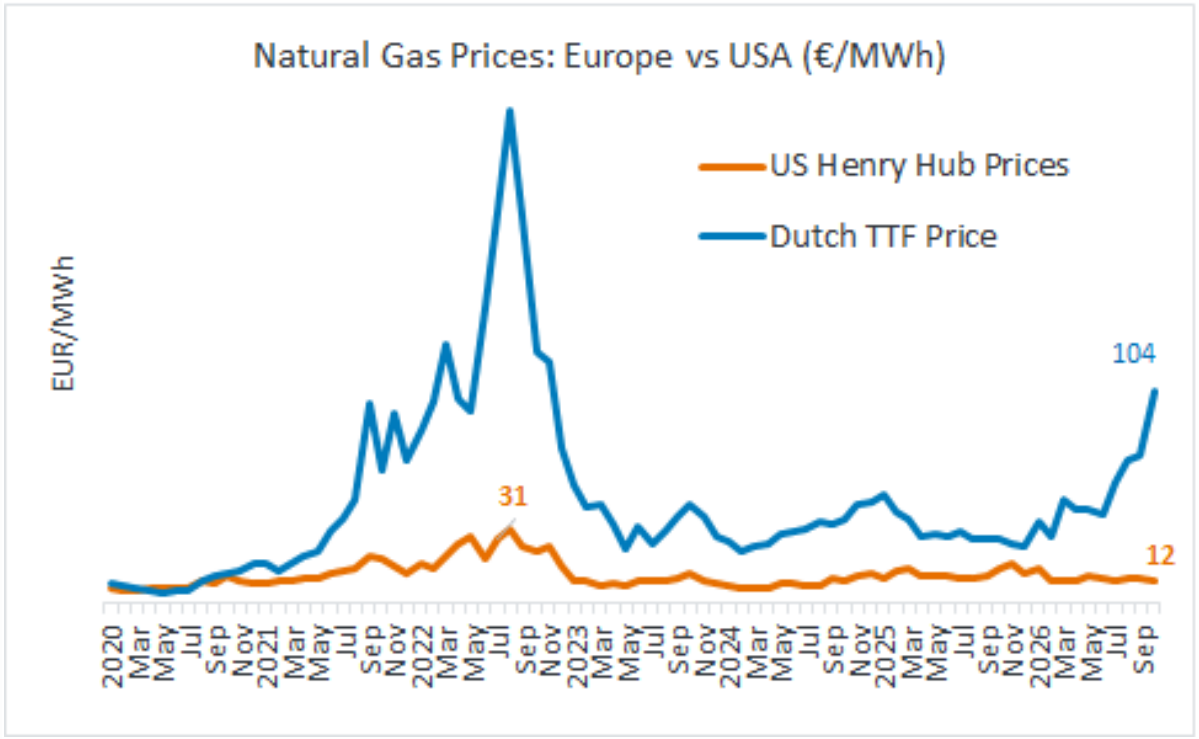


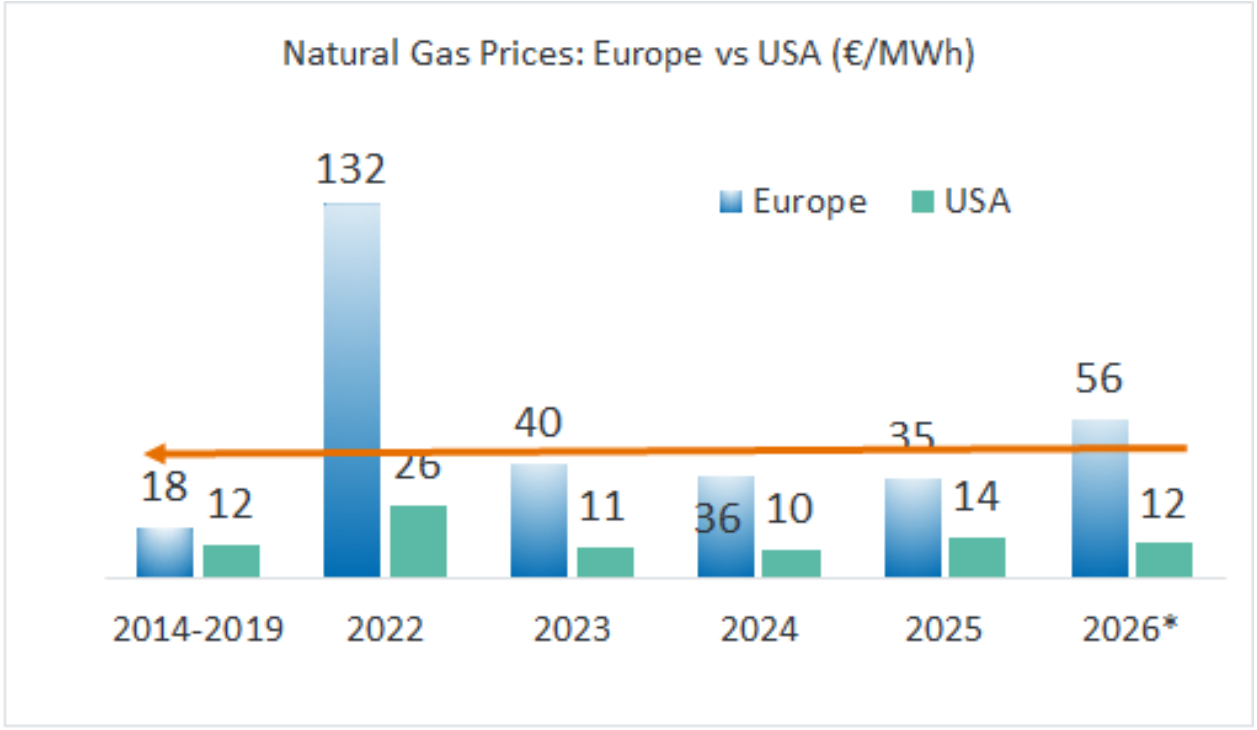
Global chemical production continues to grow, but gains are concentrated in China as mature regions face weak demand, oversupply and competitiveness pressures.

Source: Cefic analysis based on Chemdata, NACE 20 only

Energy: a structural cost disadvantage for European chemicals

European gas prices in January–October 2026 were 3.1 times their pre-crisis average

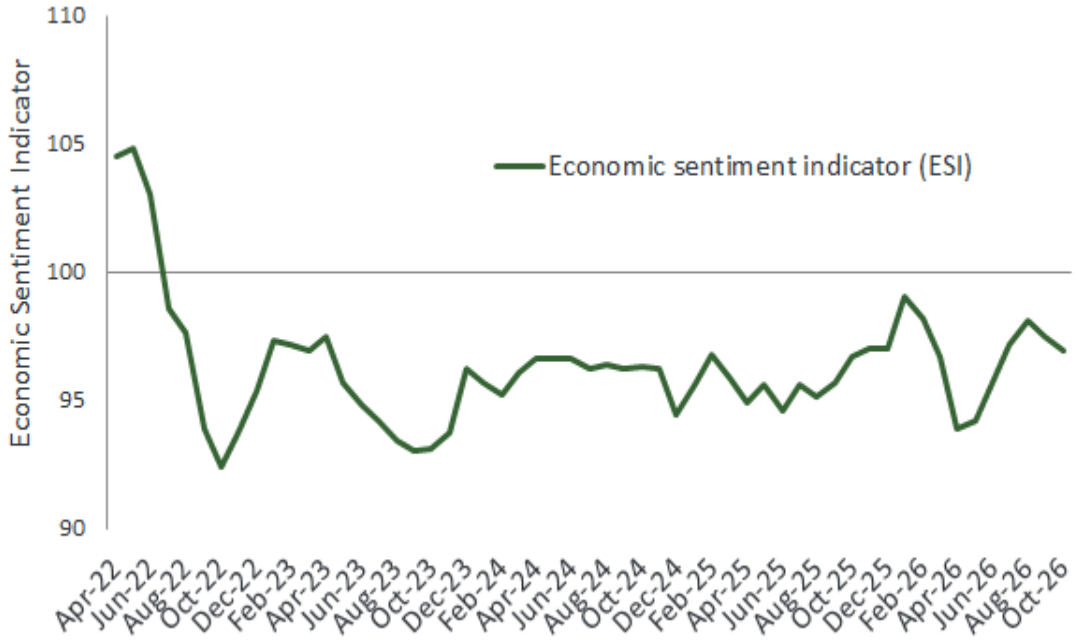




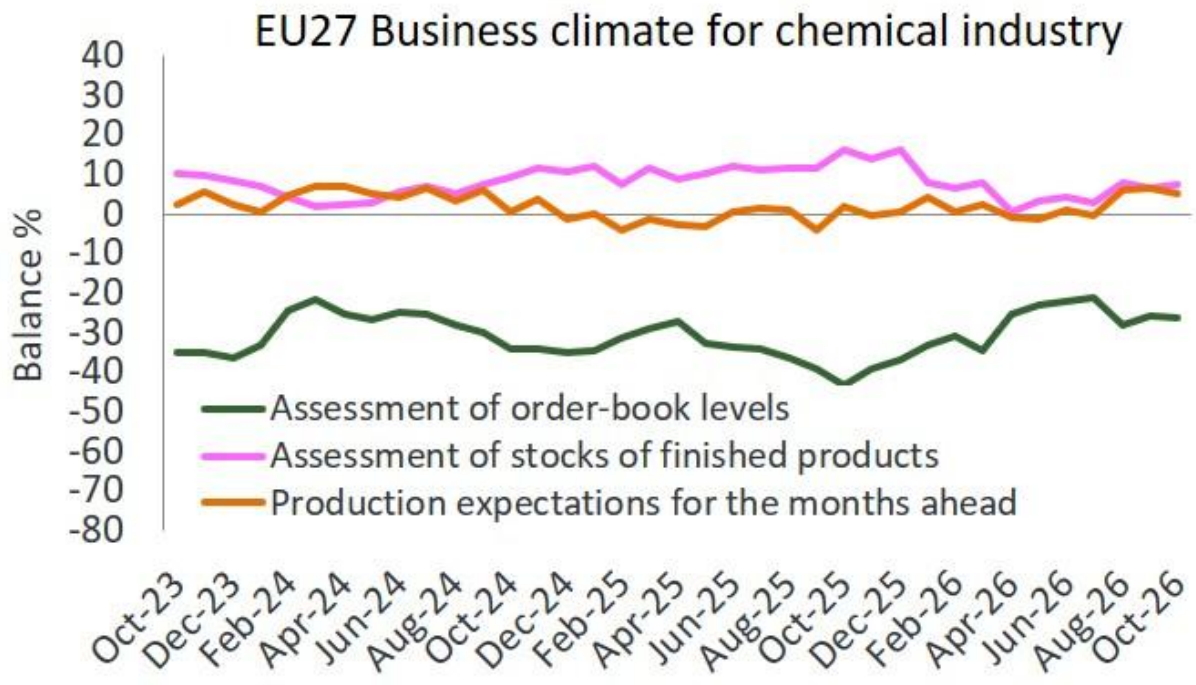
October's rise in gas prices left European natural gas prices around **nine** times higher than in the US, reinforcing the energy cost disadvantage for European chemical producers.

Source ICE Dutch TTF Natural Gas Futures Historical Prices (Investing.com) and INSEE Oil Prices data and ICIS, *2026 (Jan-Oct)

European ESI improves year on year, but weakens in October



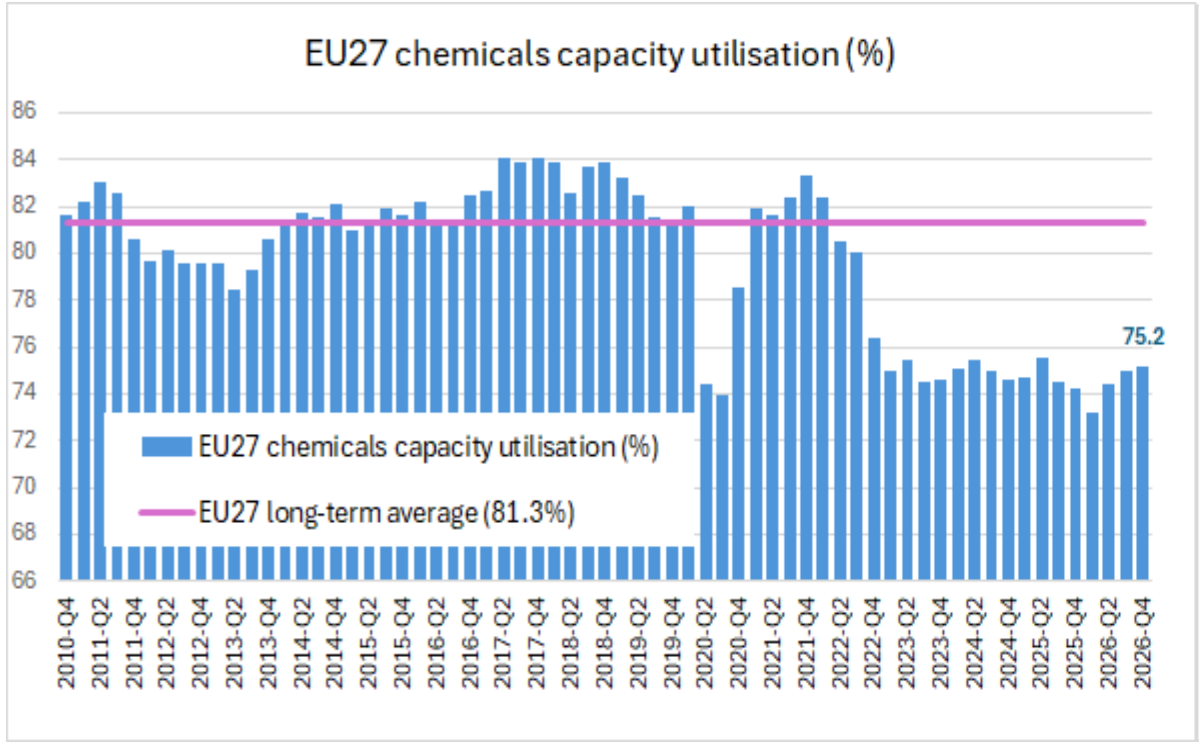
Economic sentiment improved year on year, but weakened in October

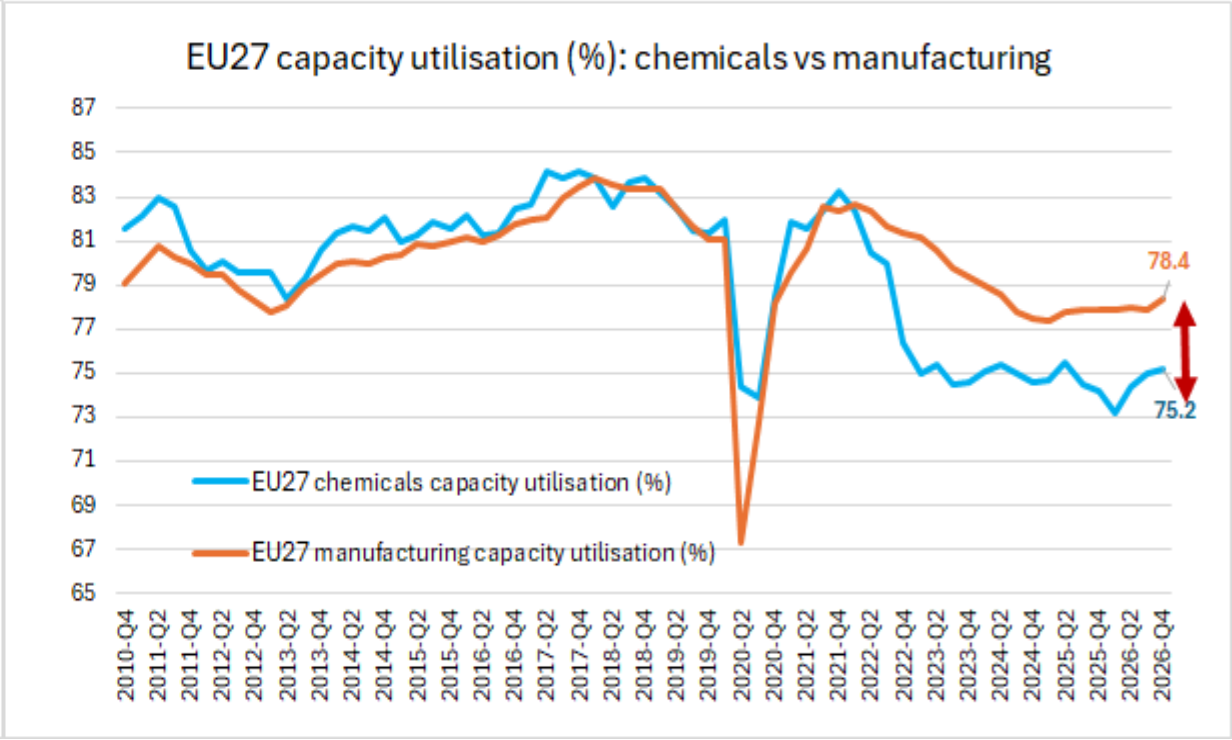


Chemical business climate strengthens, but a meaningful increase in demand is still missing

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 chemical capacity utilisation: marginal improvement, but structural weakness persists

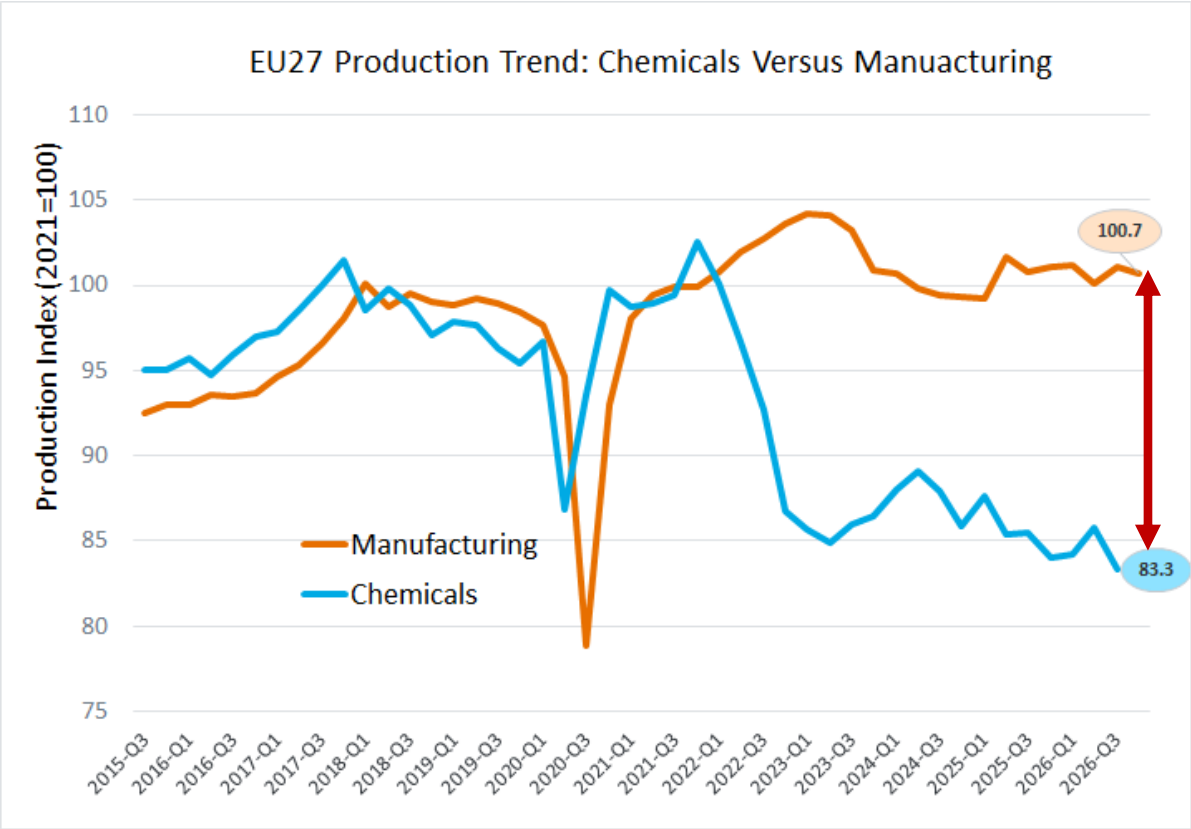


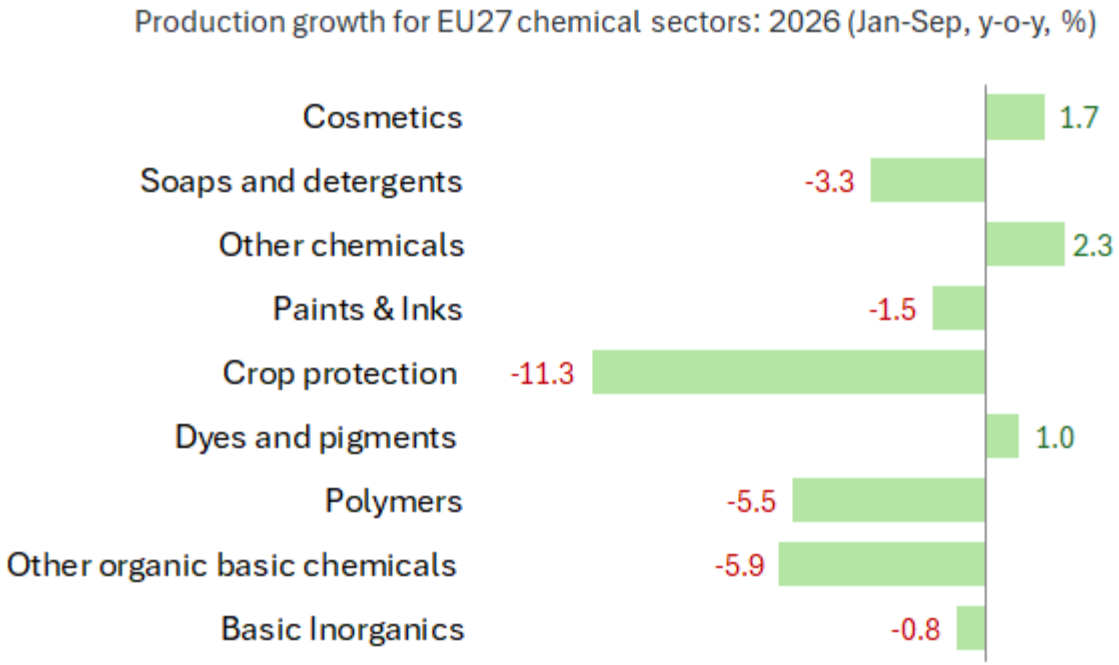


The recent improvement remains modest, and European chemical plants continue to operate significantly below normal levels.

Source: Cefic analysis based on Eurostat data, NACE 20 only

EU27 chemical production remains among the weakest performing manufacturing sectors

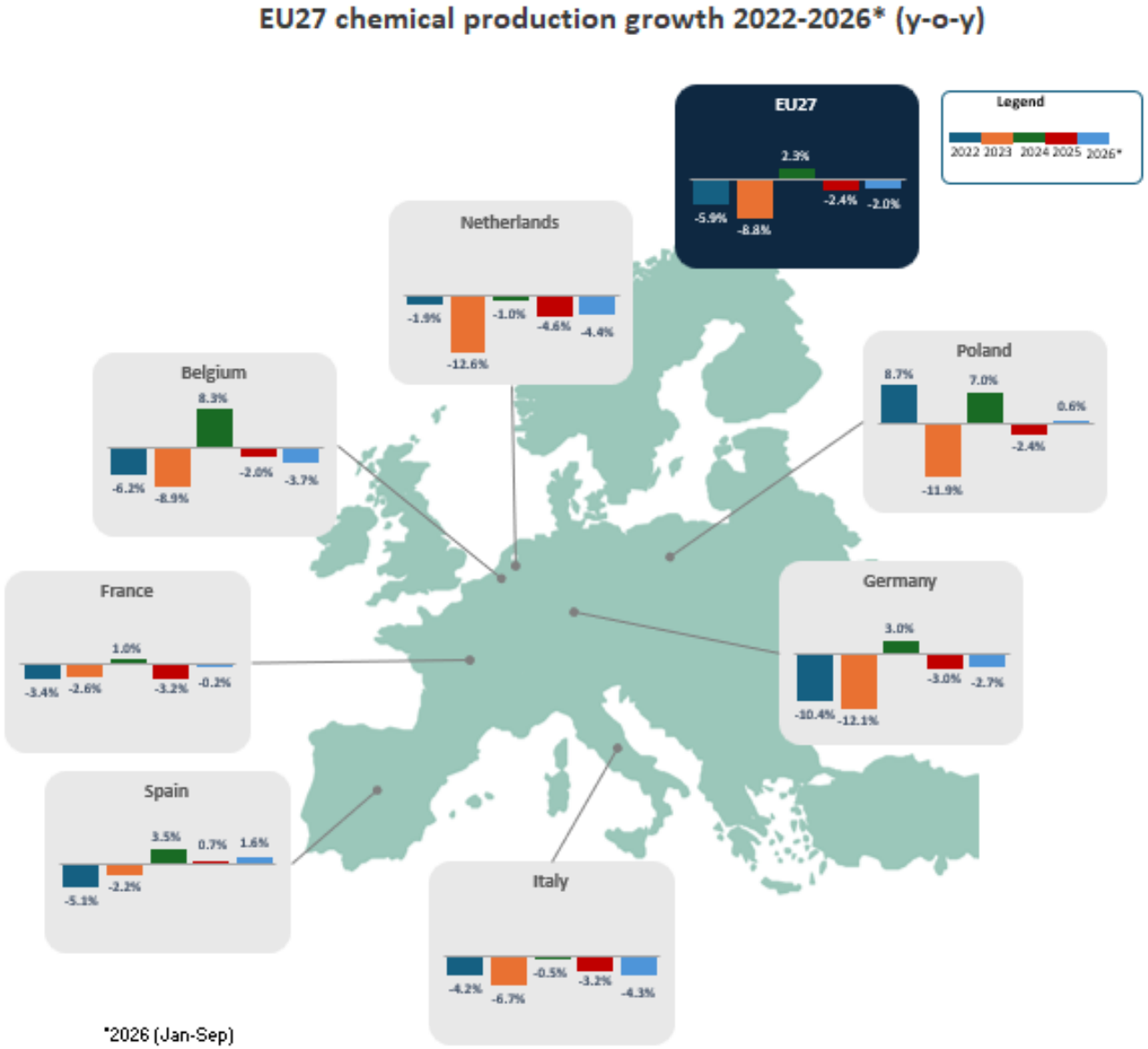




Competitiveness losses and rising import penetration are increasingly disconnecting European chemicals from the comparatively stronger performance of wider manufacturing.

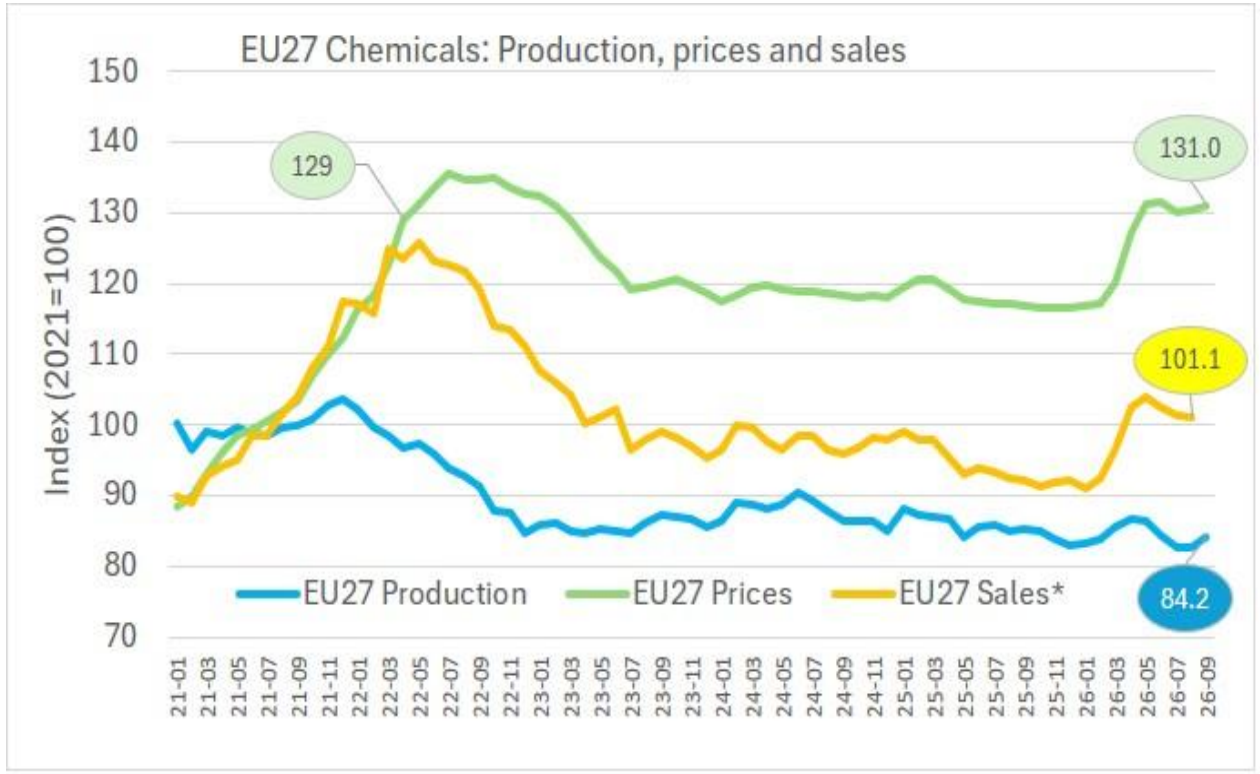
Source: Cefic analysis based on Eurostat data

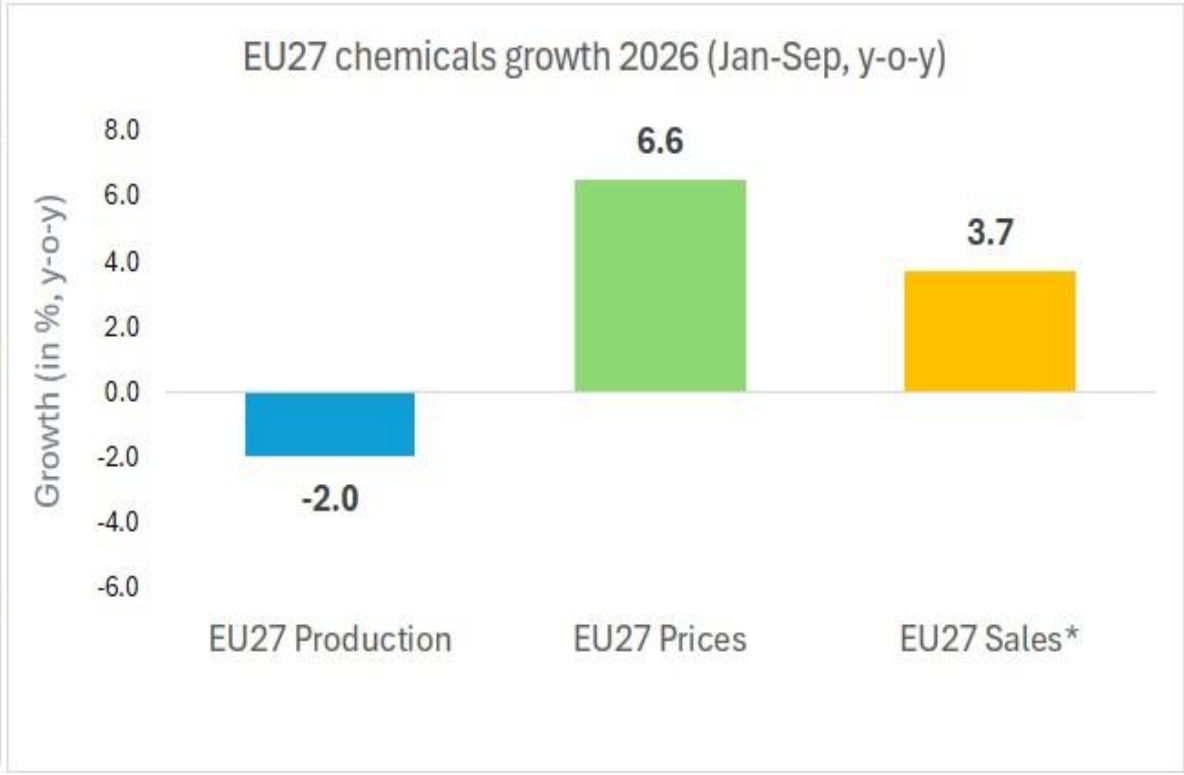
Chemical production remains uneven across major EU27 producers



Spain remained the only major EU27 producer recording year-on-year growth, while output continued to contract in Germany, Italy, Belgium and the Netherlands.

EU27 chemical sales rise, supported by higher prices

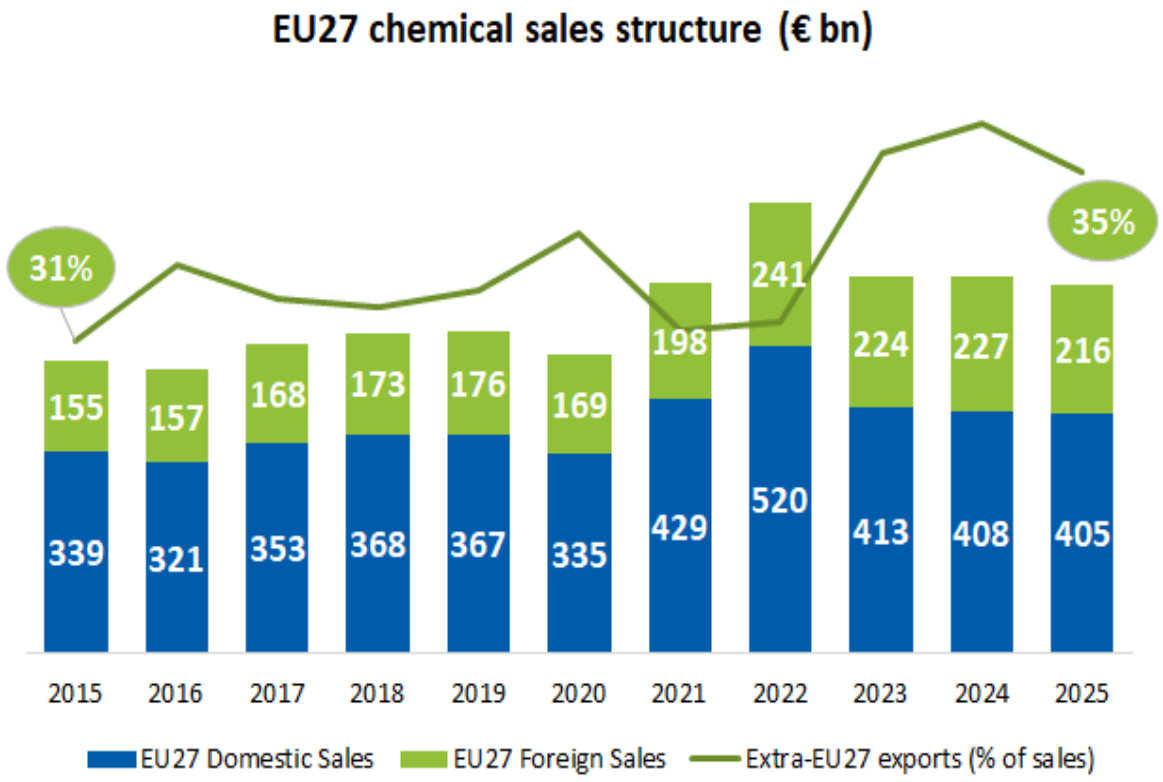


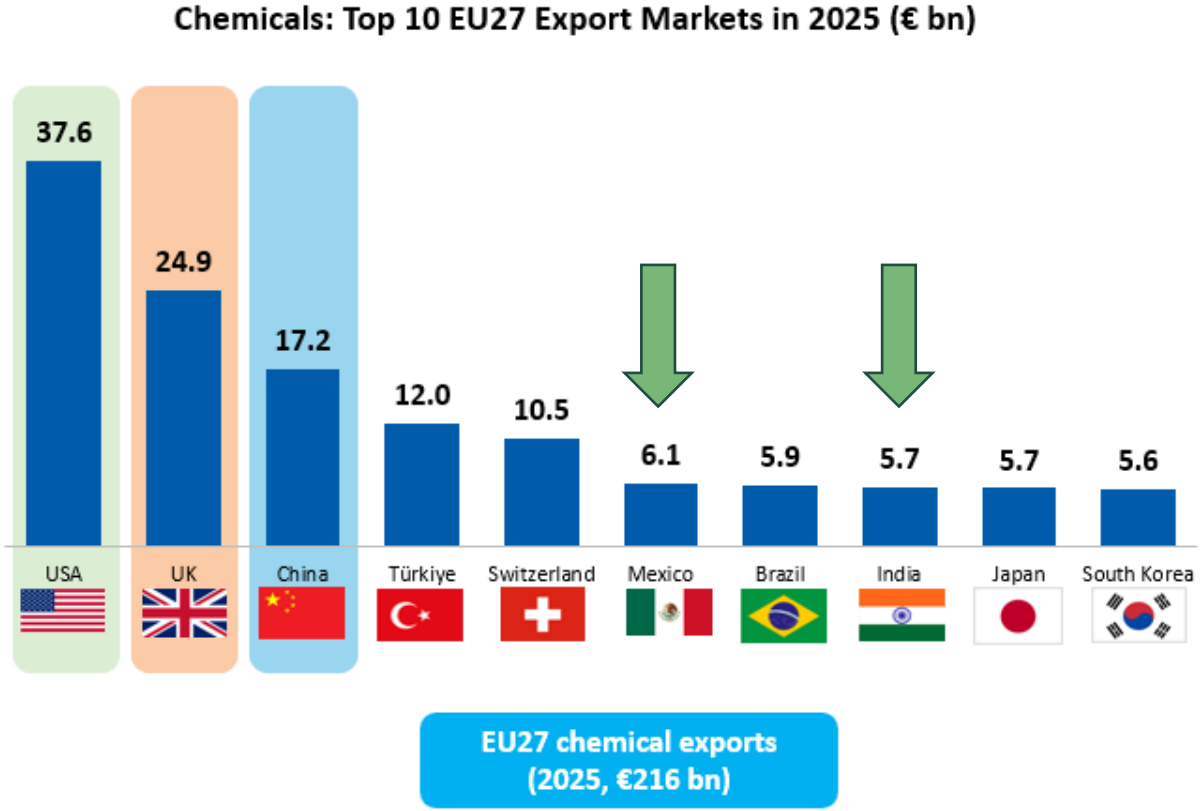


Higher nominal sales mainly reflect stronger producer prices, while production volumes remain significantly below historical levels.

Source: Cefic analysis based on Eurostat data, NACE 20 only, *Sales growth: 2026 vs 2025 (Jan-Aug)

The domestic market remains the backbone, but exports are becoming increasingly important

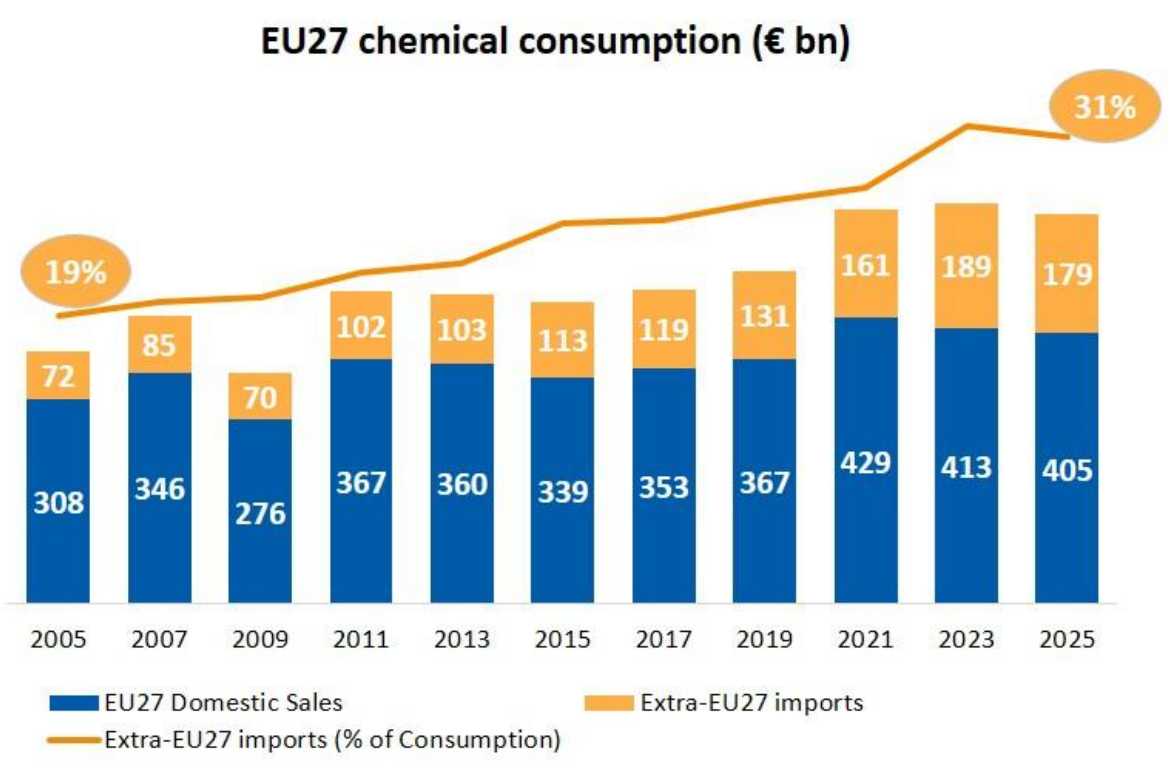


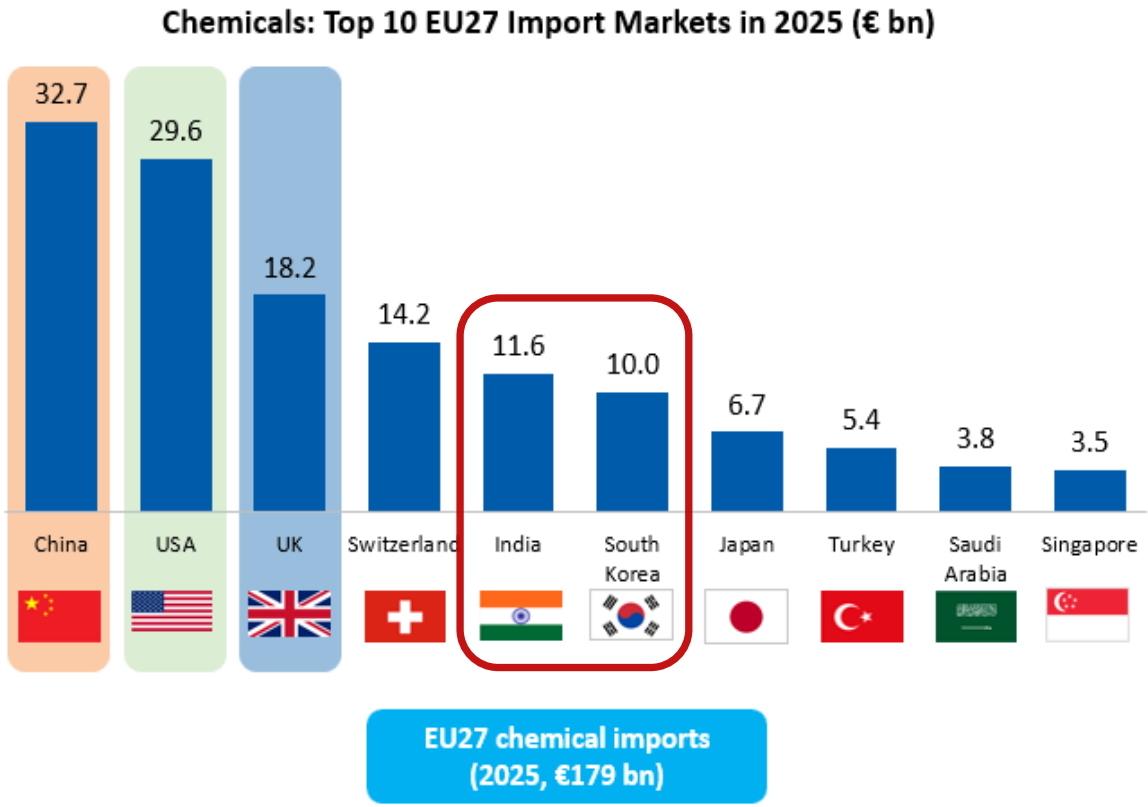


China recorded the largest structural gain between 2005 and 2025, climbing from 7th to 3rd place as its share more than doubled from 3.5% to 8.0%. Mexico and India entered the top 10, while Russia and Norway dropped out.

Source: Cefic Chemdata International, NACE 20 only.

Import intensity has stabilised, but at a historically high level



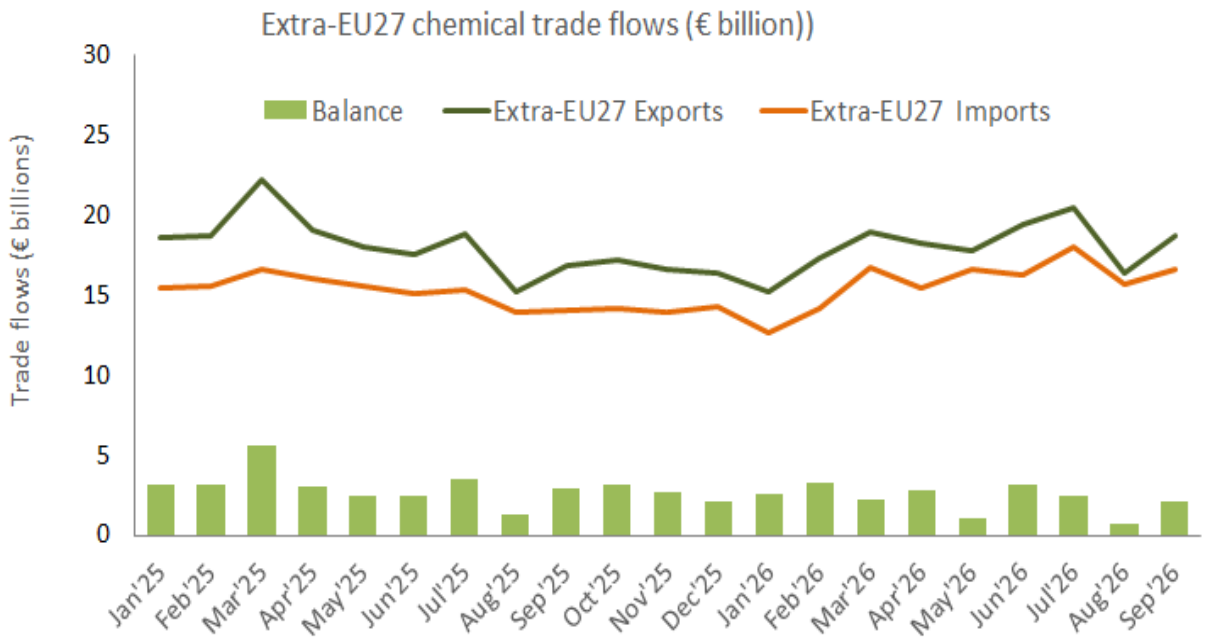


China was the largest structural gainer between 2005 and 2025, rising from sixth to first place as its share increased from 4.7% to 18.3%. India and South Korea also gained ground, while Russia dropped out of the top 10.

Source: Cefic Chemdata International

Downstream chemicals increasingly underpin the EU27 trade surplus

Chemical segment	Pre-crisis average, 2014–2019 (€bn)	Trade balance 2025 (€bn)	Change vs pre-crisis average (€bn)
Other organic basic chemicals	-3.3	-23.7	-20.4
Polymers	7.7	2.2	-5.5
Basic inorganics	-2.5	-2.1	0.3
Specialty chemicals	24.4	30.2	5.9
Consumer chemicals	17.9	28.9	11.0
Total chemicals	45.2	36.5	-8.7



Europe remains competitive in specialty and consumer chemicals, but persistent upstream losses are weakening the industry's overall trade position.

euro bn	Exp	Imp	Balance
2025 (Jan-Sep)	165.1	137.6	27.5
2026 (Jan-Sep)	162.5	142.0	20.6
Delta	-2.5	4.3	-6.9
2026/2025	-1.5%	3.2%	

Source: Cefic analysis based on Eurostat data, NACE 20 only

Summary: Structural pressures continue to constrain European chemicals

- Business confidence has improved moderately and inventories have declined, but weak demand, high energy costs, low capacity utilisation, rising import penetration and continued Chinese capacity expansion remain major constraints on output and investment.
- European gas prices reached around nine times US levels in October 2026, while EU27 chemical capacity utilisation remained 6.1 percentage points below its long-term average.
- Chemical production remained 11.1% below pre-crisis levels, and the extra-EU27 trade surplus narrowed as upstream value chains continued to lose competitiveness.
- Restoring competitiveness will require a stronger European industrial base, competitive energy costs, better investment conditions and continued access to global markets

Structural pressures continue to constrain European chemicals

