

Chemicals Trends Report

Monthly short summary, December 2011



EUROPEAN CHEMICAL INDUSTRY COUNCIL

EU chemicals sector posts 2.3 per cent growth through first three quarters of 2011 *September monthly production data show second monthly decline this year*

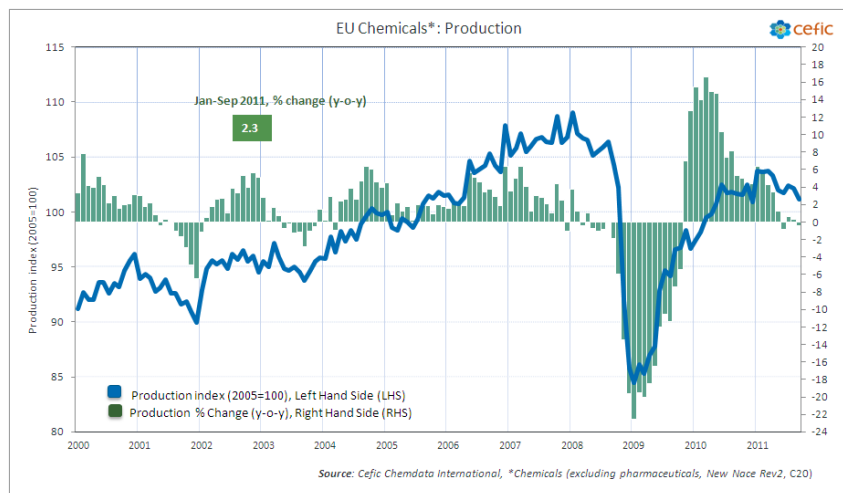
BRUSSELS, December 14, 2011 – EU chemicals production recorded a 2.3 per cent increase in the first nine months of the year, according to the latest Cefic Chemicals Trends Report. The monthly data for September showed a 0.5 per cent decline compared with September 2010, a modest downturn in EU chemicals industry production after an impressive first quarter 2011 and modest year-on-year monthly growth in July and August.

The year-to-date level of production through September 2011 indicates that EU chemicals production is 3.6 per cent below its 2007 peak. Data also show a near double-digit, year-on-year price increase in September, led again by an overall price increase in petrochemicals, up 13 per cent for the month compared with the year prior. The EU chemicals sector net trade surplus reached €27.7 billion through August, off by €3.3 billion when compared with the same eight-month period in 2010.

Cefic Chief Economist Moncef Hadhri said: “On a year-on-year basis for quarterly growth, the pace of EU chemicals industry output decelerated from 5.4 per cent growth in the first quarter 2011 to 0.2 per cent in the third quarter. The current production trend of the EU chemicals industry is in line with the current world economic climate, where overall confidence has worsened.”

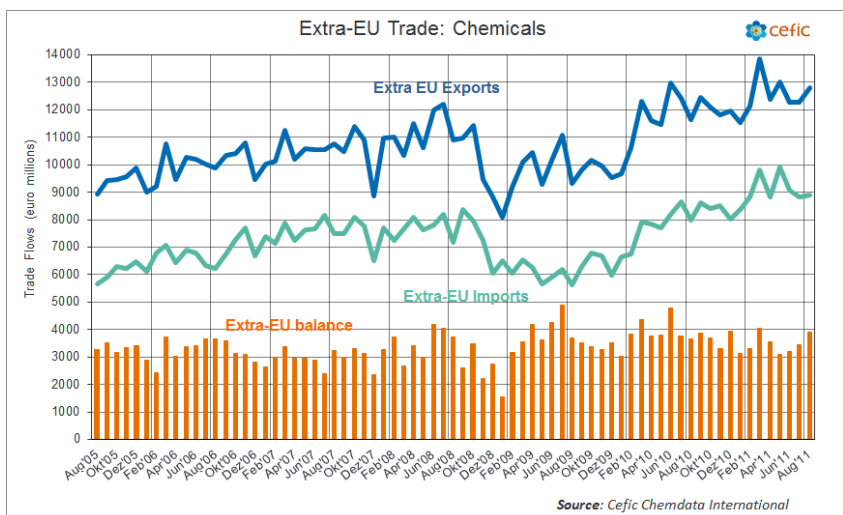
September 2011 chemicals output down compared with September 2010

The EU production index for September was down 0.5 per cent compared with September the year prior. Consumer chemicals jumped 6.7 per cent year-on-year in September. Basic inorganics production rose by 2.3 per cent in September compared with the year prior, while polymers output edged up by 0.1 per cent. Specialty chemicals and petrochemicals output fell by 5 per cent and 2.8 per cent respectively during the month as compared to the previous year.



EU trade surplus through August buoyed by Rest of Europe exports

The EU net trade surplus with the Rest of Europe in the first eight months of 2011 reached €8.4 billion, more than 30 per cent of the overall trade surplus for the EU chemicals sector. The overall year-to-date EU chemicals net trade surplus reached €27.7 billion, down €3.3 billion compared with the same period in 2010. The EU-27 posted a €7.3 billion net trade surplus with the NAFTA region and a €4.1 billion surplus with Asia, excluding Japan and China. The EU sector ran a €1.8 billion net trade deficit with China.



Prices for petrochemicals, basic organics, continue climb

Petrochemicals prices climbed 13 per cent year-on-year during September. Basic inorganics increased by the same rate as petrochemicals while consumer chemicals prices continued to increase modestly, up 3.1 per cent year-on-year in September.

Ifo World Economic Climate deteriorates further (excerpt)

According to the results from fourth quarter 2011, the Ifo World Economic Climate worsened in the fourth quarter. The index is now significantly below its long-term average. The deterioration was due to less favourable assessments of the current situation and even more so to the expectations for the next six months. The results confirm the difficult situation of the world economy. In the opinion of World Economic Survey (WES), experts, worldwide, "lack of confidence in the economic policies of their own country" is seen as the most pressing current economic problem, followed by "public budget deficits" and "unemployment". "Inflation" fell from second to sixth place on the list of worldwide economic concerns.

Economic Sentiment Indicator (ESI) below its long-term average since March 2010 (excerpt)

In October, the Economic Sentiment Indicator (ESI) remained broadly unchanged in the European Union at a level of 93.8. Underlying this overall unchanged picture is a number of mixed signals across sectors. Further declines in industry and consumer sentiment were offset by increases in services, retail trade and construction.

Among the largest Member States, Germany (-0.8 points), the Netherlands (-0.6), and Poland (-0.6) reported decreases in sentiment, while France (+1.2) and Italy (+0.3) showed an improvement. Meanwhile, the readings for the United Kingdom and Spain remained broadly unchanged. The ESI stayed above its long-term average only in Germany.

Confidence in industry worsened by 1.1 points, on the back of a decrease in production expectations and in managers' appraisal of the level of order books. Managers' assessments of stocks improved marginally. Managers were also more pessimistic about their export order books, while their assessment of past production improved slightly in the European Union but deteriorated markedly in the euro area. Capacity utilization continued its downward trends in both the European Union and the euro area. At 80.0 per cent in the European Union and 79.7 per cent in the euro area, capacity utilization is below its long-term average.

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Notes to editor:

About the Chemicals Trends Report

The Cefic Chemicals Trends summary report is a condensed version of a full report (slides) issued each month to members of Cefic – the European Chemical Industry Council – which includes chemical industry associations and member companies. Both the short summary and full report (slides) provide a snapshot of the chemical industry performance in the 27 countries in the European Union and are based on available data released by Eurostat. The scope of the two-page summary report distils Eurostat data into four areas: chemicals production, trade, prices and total sales.

About Cefic

Cefic, the European Chemical Industry Council, is the Brussels-based organisation representing the European chemical industry. Created in 1972, it represents 29,000 companies that produce 21 per cent of the world's chemicals and employ 1.2 million people. To learn more about Cefic and nanotechnology, visit its website at www.cefic.org.

Cefic Facts & Figures - now available

Cefic released this week its annual [Facts & Figures report](#) that provides an analysis of the latest competitive trends in the European chemicals industry. The document provides more than 50 pages of the most up-to-date information based on currently available data about the sector, which produces 21.2 per cent of the world's chemicals, employs 1.2 million workers and contributes €491 billion to the EU economy. [Cefic Facts & Figures](#) is a much-anticipated publication released each year and is considered an important chemicals industry reference document used primarily by industry analysts, researchers, policymakers and chemicals companies. The EU chemicals industry is one of the European Union's most international, competitive and successful industries, connected to a wide field of processing and manufacturing activities. The output of the chemicals industry, which includes all 27 EU member states, covers a wide range of chemical products and supplies virtually all sectors of the economy. The industry also provides a significant contribution to EU net exports. To see the online version, go to <http://www.cefic.org/Facts-and-Figures/>.