

# Quarterly Report Q3/2021

European plastics manufacturers (EU 27)

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## CONTACT DETAILS

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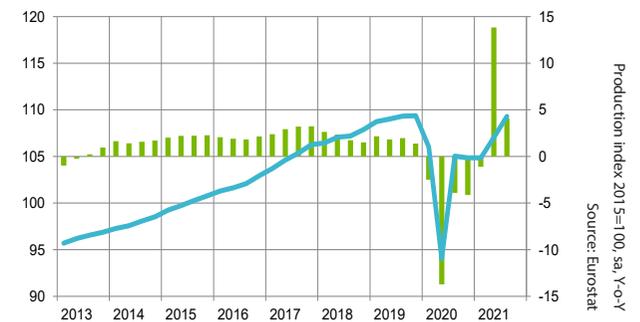
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# Slowed economic recovery – Decline in industrial production

Global economy continued to recover in the third quarter, but the growth of global gross domestic product (GDP) weakened. It only increased by 0.3 percent compared to previous quarter. The development of the EU27 GDP was more dynamic. It grew by 2.1 percent compared to previous quarter. The economic development was positive in all European countries. Austria, France and Portugal had the highest growth rates in the EU27. Growth of global and EU27 GDP was mainly driven by the service sector. The gastronomy benefited from fewer containment measures against the coronavirus. It was also easier to travel again, which increased the demand for flights and hotels. On the other hand, world and EU27 manufacturing had to reduce its production despite good demand for industrial products and full order books. Reasons were continuing problems in the global supply

chain, bottlenecks in primary products and sharp rising energy prices lately. Therefore, production of world industry continued to decrease by 1.5 percent in the third quarter compared to previous one. Production of EU27 industry was 0.2 percent lower than previous quarter. The European automotive industry recorded again a strong decline in production. The shortage of semiconductors, which are an essential material for the automotive industry but also other electronic devices, has been still relevant, with no significant relaxation in sight the next time. World and EU27 GDP both exceeded their previous year's value. While global GDP already exceeded the pre-crisis level (fourth quarter 2019), European GDP almost reached the pre-crisis level and missed it by only 0.1 percent.

GDP development EU27



Manufacture development EU27



GDP & manufacture (seasonal adjustment)

	2020		Q3/21	
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
GDP world	-3.8	3.9	0.3	5.7
GDP EU27	-6.1	4.1	2.1	5.3
Manufacture world	-2.8	5.1	-1.5	11.4
Manufacture EU27	-8.2	6.3	-0.2	10.7

Source: Eurostat, Chemdata

# Weak quarter for customer industries

Development of the shown European customer industries was heterogenous in the third quarter 2021. Production of chemicals and of food and beverages increased moderately compared to previous quarter. While the demand for chemicals has been still high, especially outside of Europe, food and beverage benefited from fewer containment measures against the coronavirus.

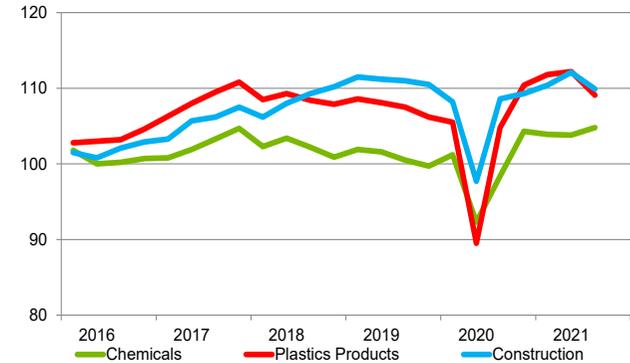
E&E, construction, manufacturers of plastics products and the automotive industry declined production compared to previous quarter. The European automotive industry

was affected the most, as there has been still a massive shortage of semiconductors. Reasons for production declines for many customer industries were continuing problems in the global supply chain, bottlenecks in primary products and sharp rising energy prices lately. Nevertheless, production level was higher than last year for all shown customer industries, except the automotive industry.

Customer industries EU27 (seasonal adjustment)				
Customer industry	2020		Q3/21	
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
Food and beverage	-3.0	4.0	1.1	3.8
Automotive	-21.3	-18.0	-10.1	7.7
E&E	-0.1	22.7	-2.9	24.9
Plastics products	-4.7	4.1	-2.8	11.1
Chemicals	-1.9	6.5	0.9	7.0
Construction	-4.6	1.2	-1.9	5.7

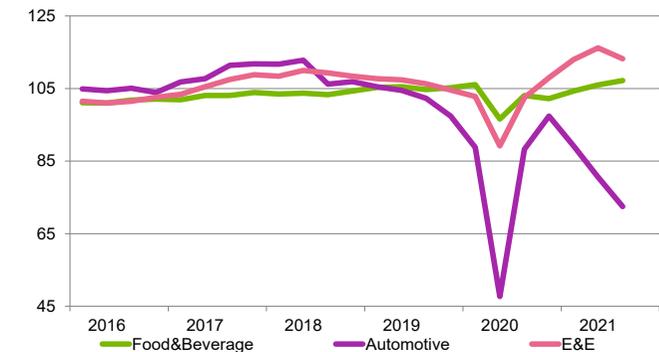
Source: Eurostat, Chemdata

Customer industries EU27



Production index 2015=100, sa  
Source: Eurostat, Chemdata

Customer industries EU27



Production index 2015=100, sa  
Source: Eurostat, Chemdata

# Production and prices continue to rise

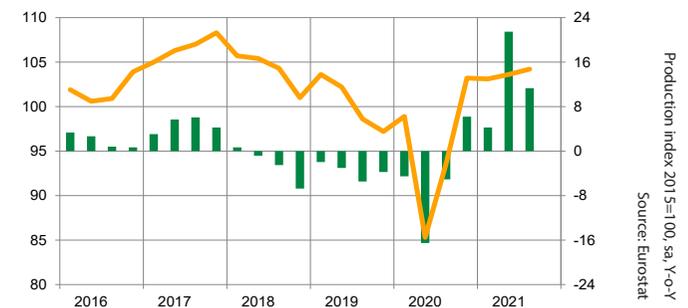
Despite the weakness of many European customer industries in the third quarter, production of plastics in primary forms still increased slightly by 0.6 percent compared to previous quarter in the EU27. One reason for the increase was the high demand for plastics also outside of the EU. Exports of plastics in primary forms have continued to rise. The production level of plastics in primary forms has been the highest for the last three years and was 11.3 percent higher than last year. The worldwide demand for plastics is high, but external effects, i.e. global supply chain problems, bottlenecks in primary products and sharp rising energy prices, dampen production.

## Expensive primary products

The worldwide high demand for plastics

continued as well as the price increase of important precursors for plastics manufacturers. Prices for naphtha, the most important feedstock for the plastics industry, grew by more than 14 percent in the third quarter compared to previous one. Both resulted in higher producer prices for plastics in primary forms in the EU27. But the dynamic decreased lately. Producer prices for plastics in primary forms grew by 4.2 percent compared to previous quarter. They were also 32.5 percent higher than last year. The coronavirus pandemic led to a price decline of naphtha and of plastics in the third quarter 2020.

Production of primary plastics EU27



Production Index 2015=100, sa, Y-o-Y  
Source: Eurostat

Price of primary plastics EU27



Production Index 2015=100, sa, Y-o-Y  
Source: Eurostat

Production and price of plastics in primary forms EU27 (seasonal adjustment)

	2020		Q3/21	
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
Production	-5.1	11.3	0.6	11.9
Price	-6.8	32.5	4.2	21.2

Source: Eurostat, Chemdata

# Positive foreign trade development

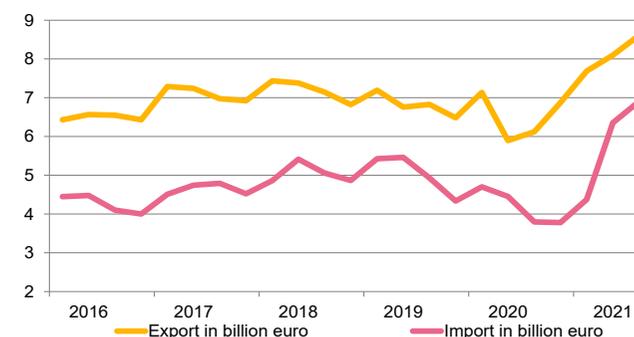
Ex- and imports of plastics in primary forms continued to grow in the EU27 – imports for the third time in a row, exports even for the fifth time. Exports amounted to 8.6 billion euro, a plus of 6.4 percent compared to previous quarter. Exports increased to all regions compared to previous quarter, especially high for North- and South America. 46 percent of all exports went to the rest of Europe, followed by Asia with a share of 27 percent.

last quarter and amounted to more than 6.9 billion euro. All regions – except Africa – benefited from this development. Compared to last year, exports (plus 40.6 percent) and imports (plus 82 percent) increased heavily in the EU27. In the third quarter 2020 foreign trade was on a low level due to the coronavirus pandemic and the resulting global economic crisis.

Imports of plastics in primary forms to the EU27 increased by 8.7 percent compared to

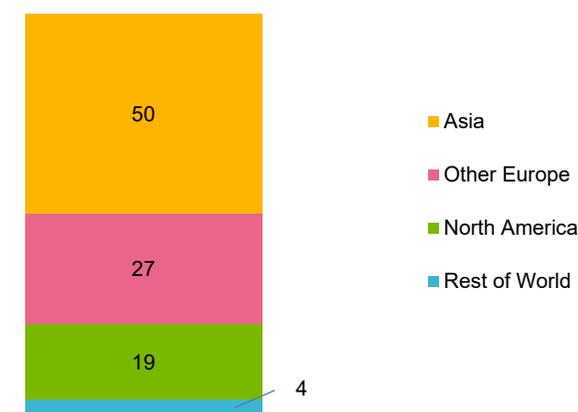
Regions	Exports of plastics in primary forms EU27		Imports of plastics in primary forms EU27	
	Q3/21		Q3/21	
	% to prev. year	% to prev. quarter	% to prev. year	% to prev. quarter
Extra EU27	40.6	6.4	82.0	8.7
Asia	35.7	2.2	115.4	15.6
Other Europe	38.6	6.8	74.1	0.4
North America	65.4	11.1	38.9	6.0

Exports and imports of primary plastics EU27



Export and imports in billion euro  
Source: Eurostat, Chemdata

Import regions of primary plastics Q3/2021



Import per region in percent  
Source: Eurostat, Chemdata

Source: Eurostat, Chemdata

# Economic recovery with risks

While global GDP already exceeded the pre-crisis level (fourth quarter 2019) in the second quarter 2021, European GDP was only 0.1 percent below. But the occurrence of infection has risen recently again and has the potential to slow down economic recovery. The mutation omicron and the cold season in Europe already led to extended restrictions in many countries to contain infections. This is especially hard for the service industry, which expects further restrictions and therefore less business. The share of people fully vaccinated against COVID-19 is still too low to defeat the virus. This is true for many European countries but especially for many developing countries. Problems in the global supply chain remain as well as bottlenecks of primary products. Recently sharp rising energy prices, especially in Europe, burden the industry but also households additionally.

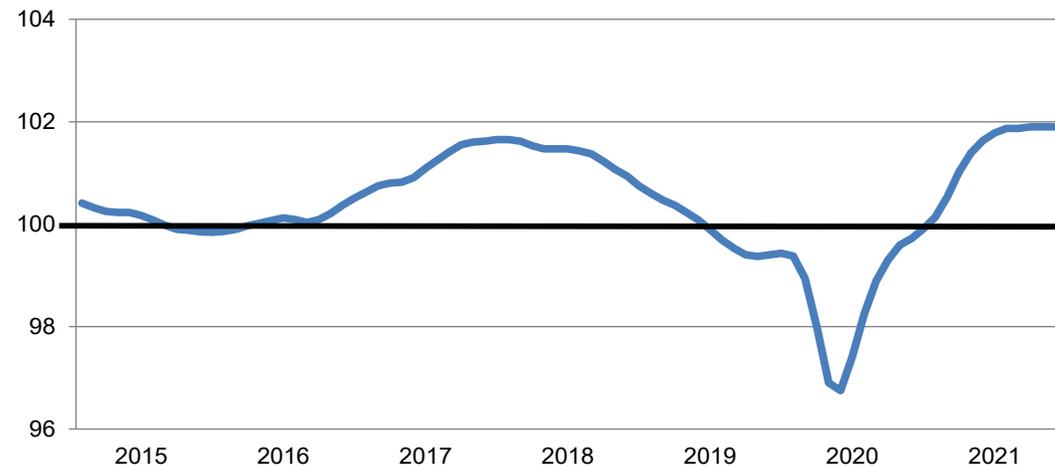
But despite all those problems there are also positive signs that the economic recovery maintains in 2022. The pandemic will be further contained with vaccines and medicines in Europe and worldwide. The demand for many goods and services is still on a high level and many companies have full order books. As soon as there is a further relaxation of global supply chains and availability of intermediate products, the built-up

demand can be met. Also, energy prices should slow down again after the cold season in Europe.

The business confidence indicator (BCI) by the OECD provides information on future developments, based upon opinion surveys on developments in production, orders and stocks of finished goods in the industry sector. It can be used to monitor output growth and to anticipate turning points in economic activity. Numbers above 100 suggest an increased confidence in

near future business performance, and numbers below 100 indicate pessimism towards future performance. In May 2020 the BCI reached its lowest value during the coronavirus pandemic. Since May the indicator has increased steadily and exceeded the benchmark of 100 in January 2021. In November 2021 the BCI stagnated compared to last month but was with a value of 101.9 well above the benchmark of 100.

Business Confidence Index (BCI)



Source: OECD (2021), Business Confidence Index (BCI)

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