PLASTICS EUROPE
Enabling a sustainable future

Quarterly report Q1/2026

European plastics manufacturers (EU27)

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CONTACT DETAILS

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Cover: shutterstock_1081970570

Economic recovery hampered by the blockade of the Strait of Hormuz

The European economy started the new year on a subdued note: with gross domestic product (GDP) growth of 0.8% year-on-year in the first quarter of 2026 and just 0.1% quarter-on-quarter, the positive momentum seen in the final quarter of 2025 has slowed noticeably. The main drivers of this development were the Iran conflict, which escalated at the end of February 2026, and the resulting blockade of the Strait of Hormuz since March. As a result, global energy prices have risen significantly. Only Denmark recorded robust GDP growth of 1.5% quarter-on-quarter, while Ireland's GDP contracted by 7.0%. However, Ireland's pronounced GDP fluctuations continue to be largely driven by multinational companies and their intellectual property-related accounting practices. Compared with the EU27, China recorded significantly stronger GDP growth (plus 1.7% quarter-on-quarter), while the US economy grew by 0.5%.

Industrial production in the EU27 fell by 0.9% in the first quarter of 2026 compared with the previous quarter and by 1.4% compared with the same quarter of the previous year. The energy price shock and disruptions to international supply chains triggered by the Iran conflict are also likely to have been key factors in this development. As an energy importer, Europe has been particularly hard hit.

Gross domestic product & industrial production EU27

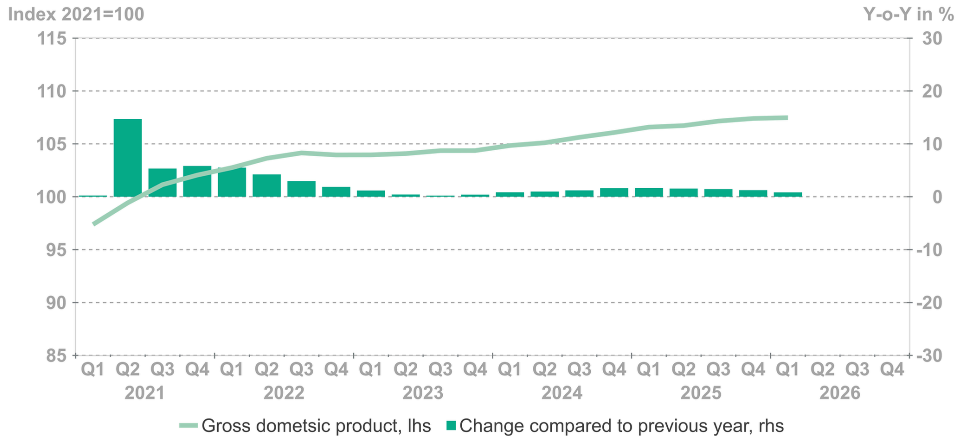
Constant prices (GDP), calendar and seasonally adjusted, quarterly data

	2025 % to prev. year	Q1/26 % to prev. year	Q1/26 % to prev. quarter	Q1/26-Q1/26 % to prev. year
GDP	1.5	0.8	0.1	0.8
Industrial production	1,7	-1.4	-0.9	-1.4

Source: Eurostat, Macrobond, PED (July 2026)

Gross domestic product EU27

Constant prices, calendar and seasonally adjusted, quarterly data



Source: Eurostat, Macrobond, PED (July 2026) *lhs: left-hand side; rhs: right-hand side*

Industrial production EU27

Calendar and seasonally adjusted, quarterly data

Source: Eurostat, Macrobond, PED (July 2026) *lhs: left-hand side; rhs: right-hand side*

Mixed but less dynamic start to 2026 for customer industries

Whilst industrial production in the EU27 continued its slight but steady quarter-on-quarter upward trend in the second half of 2025, the trend reversed in the first quarter of 2026. The new year also brought a reversal of the trend for all key customer industries of European plastics manufacturers. As a result, the picture remains mixed: Whilst production in the chemical and construction industries rose by 0.4 % quarter-on-quarter in the fourth quarter of 2025, it fell by 0.4% and 1.1% respectively in the first quarter of 2026. The electrical equipment sector, which had previously recorded the strongest increase (plus 2.0%), also saw a decline in the first quarter of 2026 (minus 0.6%). By contrast, the percentage change in production compared with the previous quarter in the plastic products and automotive industries rose from -0.4% in the fourth quarter of 2025 to 0.2% and 0.5% respectively in the first quarter of 2026. The food and beverage industry recorded the strongest growth at the beginning of the year, at 0.9% compared with the fourth quarter of 2025.

Compared with the previous year, the construction sector also recorded a 2.0% decline in the first quarter of 2026. Like other sectors, the construction industry felt the effects of the escalating conflict in the Middle East, such as rising energy and transport costs, supply chains disruptions and growing uncertainty.

By contrast, the food and drink industry is typically one of the most cyclically stable sectors, as demand for food largely remains stable even in difficult economic times. Indeed, the production of food products and beverages recorded an increase of 0.4% in the first quarter of 2026 compared with the previous year.

Production of customer industries EU27

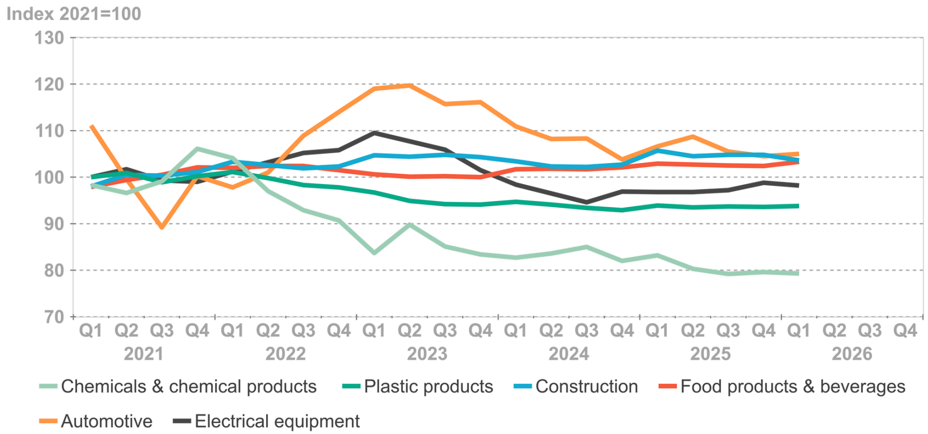
Calendar and seasonally adjusted, quarterly data

Customer industry	2025 % to prev. year	Q1/26 % to prev. year	Q1/26 % to prev. quarter	Q1/26-Q1/26 % to prev. year
Chemicals & chemical products	-3.3	-4.7	-0.4	-4.7
Plastic products	-0.1	-0.1	0.2	-0.1
Construction	2.2	-2.0	-1.1	-2.0
Food products & beverages	0.8	0.4	0.9	0.4
Automotive	-1.4	-1.5	0.5	-1.5
Electrical equipment	0.8	1.4	-0.6	1.4

Source: Eurostat, Macrobond, PED (July 2026)

Production of customer industries EU27

Calendar and seasonally adjusted, quarterly data



Source: Eurostat, Macrobond, PED (July 2026)

Energy price shock deepens industry challenges

EU27 producer prices showed a slight upward trend, at least compared with the fourth quarter of 2025, increasing by 0.3% in the first quarter of 2026. Nevertheless, producer prices were also 5.1% below the previous year's level. The closure of the Strait of Hormuz led to a sharp increase in energy prices worldwide, with crude oil and natural gas prices rising by 26.5% and 31.9% respectively compared with the final quarter of 2025. Consequently, the price of naphtha (an important feedstock for plastics manufacturers) also increased significantly (plus 22.4%) in the first quarter of 2026. Despite the significant cost pressure, there was no supply shortage in Europe. The majority of the oil produced in the Middle East is shipped to Asia. As a result, Asian plastics manufacturers in particular were forced to cut back on production due to the shortage of raw materials.

Rising raw material prices are putting further pressure on European plastics manufacturers, on top of structural problems in the EU27 and the ongoing weak demand. Consequently, the downward trend, which persisted since the start of 2024, is continuing into the new year. Production of plastics in primary forms fell by 1.6% compared with the previous quarter and was even 8.5% below the previous year's level.

Production & producer prices of plastics in primary forms EU27

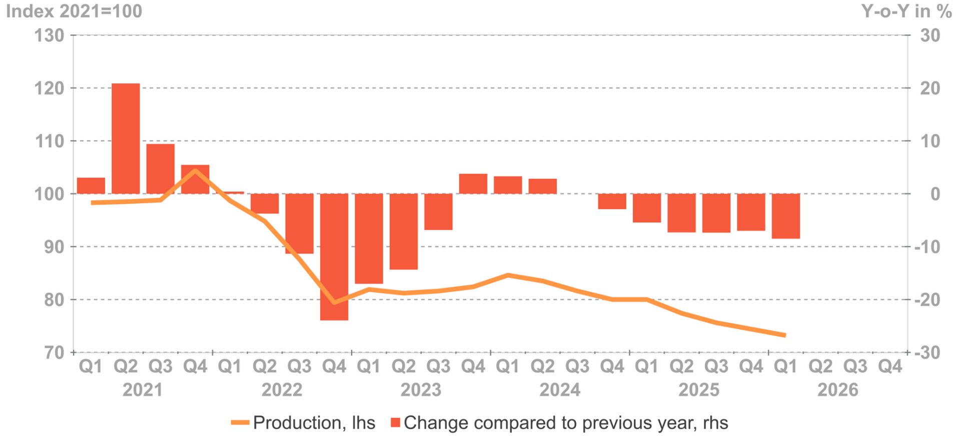
Calendar and seasonally adjusted (production), quarterly data

	2025 % to prev. year	Q1/26 % to prev. year	Q1/26 % to prev. quarter	Q1/26-Q1/26 % to prev. year
Production	-6.8	-8.5	-1.6	-8.5
Producer prices	-3.2	-5.1	0.3	-5.1

Source: Eurostat, Macrobond, PED (July 2026)

Production of plastics in primary forms EU27

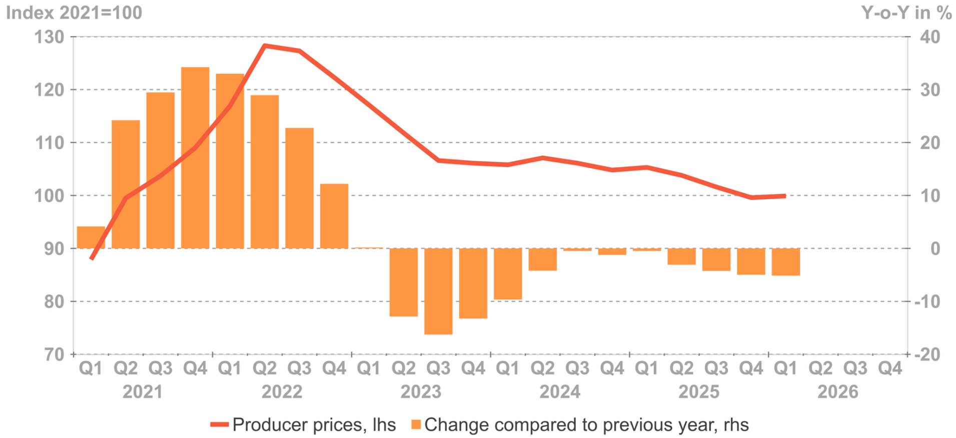
Calendar and seasonally adjusted, quarterly data



Source: Eurostat, Macrobond, PED (July 2026) *lhs: left-hand side; rhs: right-hand side*

Producer prices of plastics in primary forms EU27

Quarterly data



Source: Eurostat, Macrobond, PED (July 2026) *lhs: left-hand side; rhs: right-hand side*

Growing trade surplus amid a challenging environment

Foreign trade in plastics in primary forms improved in the first quarter of 2026: EU27 exports rose by 8.6% compared with the previous quarter, while imports increased by 5.9%. However, both remained well below the previous year's levels, with exports declining by 11.6% and imports by 15.0%. Whilst imports to all other regions under review declined, only imports from China increased by 9.9% quarter-on-quarter. China is a strong competitor, benefiting from massive capacity expansion and state-subsidised production, thereby putting Europe's industry under pressure. On the export side, all reviewed regions recorded growth except Japan (minus 3.5%). As exports grew more strongly than imports, the EU27 trade surplus increased by 17% compared with the fourth quarter of 2025, reaching €1.7 billion.

Exports & imports of plastics in primary forms

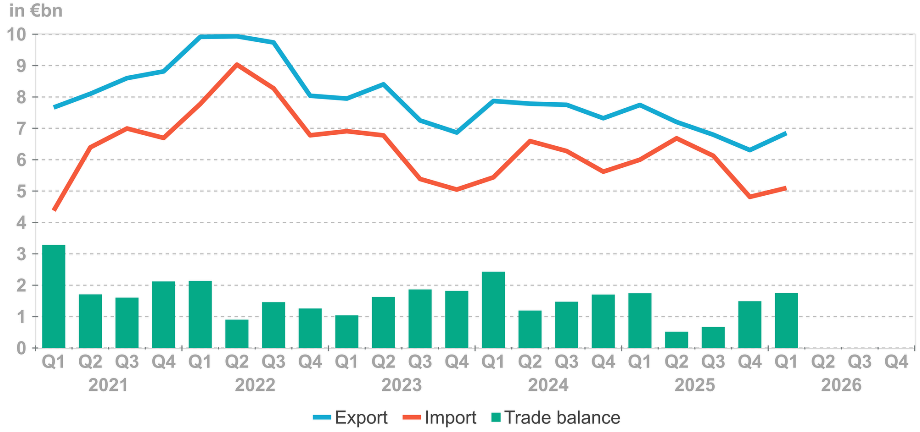
Quarterly data, in value

Region/ Country	EXPORT Q1/26 % to prev. year	EXPORT Q1/26 % to prev. quarter	IMPORT Q1/26 % to prev. year	IMPORT Q1/26 % to prev. quarter
Extra-EU27	-11.6	8.6	-15.0	5.9
United States	-13.6	18.1	-22.2	-1.4
China	-9.4	6.8	1.1	9.9
Japan	-18.0	-3.5	-14.6	-0.4
India	-6.0	20.6	-0.5	-3.2
Brazil	4.9	9.6	-28.1	-3.2

Source: Eurostat, Macrobond, PED (July 2026)

Trade balance of plastics in primary forms Extra-EU27

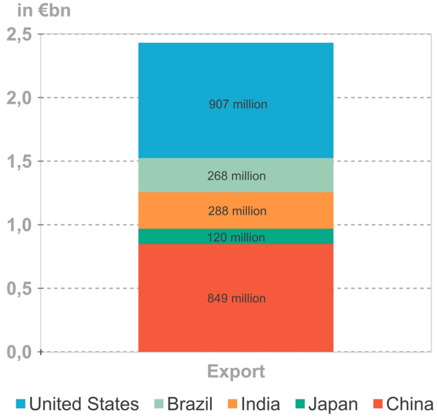
Quarterly data, in value



Source: Eurostat, Macrobond, PED (July 2026)

Foreign trade regions of plastics in primary forms EU27 (export)

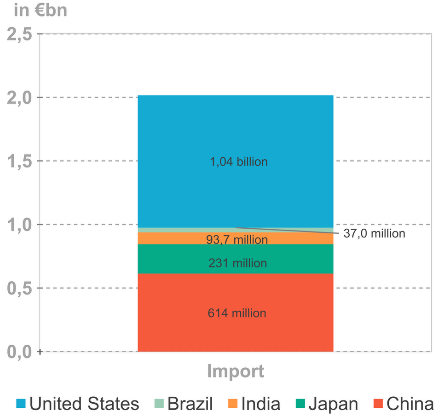
Q1/26, in value



Source: Eurostat, Macrobond, PED (July 2026)

Foreign trade regions of plastics in primary forms EU27 (import)

Q1/26, in value



Source: Eurostat, Macrobond, PED (July 2026)

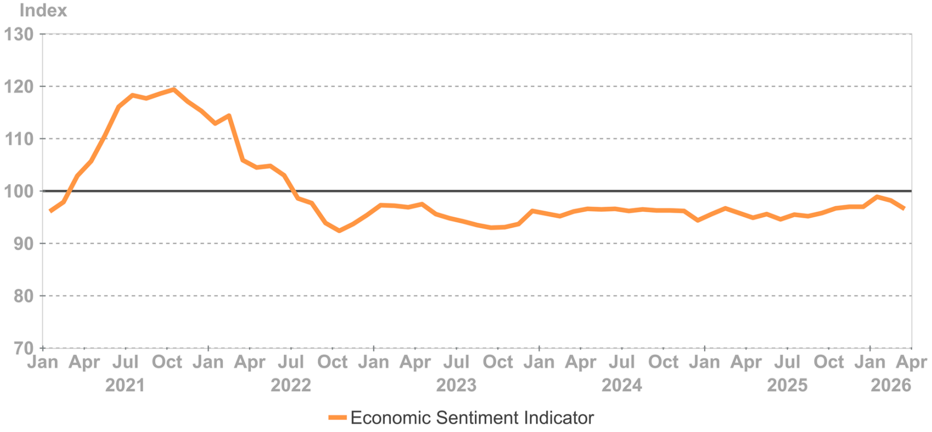
No turnaround, as global uncertainty continues

SUMMARY

The difficult economic environment continued to weigh on plastics manufacturers in the EU27 in the first quarter of 2026. Economic growth slowed, while industrial production declined. The escalation of the Iran conflict, the closure of the Strait of Hormuz and the resulting energy price shock added further pressure to an already weak European economy. This was reflected in the mixed performance of key customer industries, with construction, chemicals and electrical equipment recording declines, while other sectors showed only limited growth. Consequently, the first quarter did not bring a turnaround for the European plastics manufacturing. Production of plastics in primary forms continued to decline, while producer prices increased slightly due to higher energy and feedstock costs, although they remained below their year-earlier level. Foreign trade improved, with the trade surplus rising further. Nevertheless, exports and imports also remained well below their year-earlier levels, highlighting the ongoing challenges facing European plastics manufacturers.

Economic Sentiment Indicator EU27

Seasonally adjusted, monthly data



Source: Eurostat, Macrobond, PED (July 2026)

The Economic Sentiment Indicator (ESI) of the European Commission is a composite indicator that gauges overall economic confidence in the EU27. It is based on the weighted average of the balances of survey replies from five sectors – industry (weight 40%), services (30%), consumers (20%), retail (5%), and construction (5%). The ESI is standardized to a long-term mean of 100. Readings above 100 indicate above-average economic sentiment, suggesting optimism about economic conditions and vice versa.

The average ESI for the EU27 reached 97.9 index points in the first quarter of 2026. Although economic sentiment remained below its long-term average, it was still higher than in the previous quarter. However, the escalation of the Iran conflict and the resulting surge in energy prices weighed increasingly on confidence towards the end of the quarter. In March, the ESI fell to 96.6 points, 1.6 points below the February level. While confidence improved slightly in industry and construction, sentiment deteriorated among consumers, retailers and service providers.

At country level, Germany's ESI declined only slightly to 92.9 points in March but remained the lowest among the major European economies. France recorded a much stronger decline of 3.7 points compared with the previous month, while the Netherlands and Italy also lost economic sentiment, falling to 100.8 and 100.7 points respectively. Despite these setbacks, both countries remained above the long-term average.

Overall, economic sentiment in the EU27 remained subdued in the first quarter of 2026 and continues to signal a fragile economic environment. The ongoing Iran conflict and the lack of a lasting stabilisation in the Middle East are maintaining a high level of global uncertainty. Against this backdrop, the situation for European plastics manufacturers is likely to remain challenging, and a turnaround in the coming months appears unlikely.

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