

PLASTICS EUROPE
Enabling a sustainable future

Quarterly report Q2/2026

European plastics manufacturers (EU27)

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CONTACT DETAILS

Eva-Maria Reiner
PlasticsEurope Deutschland e. V.
Mainzer Landstraße 55
60329 Frankfurt am Main
Germany
eva-maria.reiner@plasticseurope.de

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Robust growth despite energy price shock in the first half of 2026

The European economy strengthened in the second quarter of 2026 despite continued geopolitical uncertainty. Gross domestic product (GDP) in the EU27 increased by 1.4% year-on-year and 0.7% quarter-on-quarter, supported by stronger consumption, investment and net exports[1]. Ireland recorded the strongest quarterly GDP growth (plus 10.2%), while GDP stagnated in Belgium and France and declined slightly in Austria (minus 0.1%). Compared with the EU27, GDP growth in China and the United States was more moderate at 0.6% and 0.4% quarter-on-quarter respectively. Overall, EU27 GDP in the first half of 2026 was 1.1% higher than in the same period of the previous year. Consequently, growth proved resilient, even though the conflict in the Middle East and the related surge in energy prices continued to weigh on the European economy.

Industrial production in the EU27 also picked up in the second quarter, rising by 1.2% compared with the previous quarter and by 0.5% compared with the same period a year earlier. By contrast, industrial production in China stagnated, whilst the United States recorded stronger growth of 1.1%. Despite the improvement, EU27 industrial production in the first half of 2026 remained 0.5% below the level recorded in the same period of 2025.

Gross domestic product & industrial production EU27

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

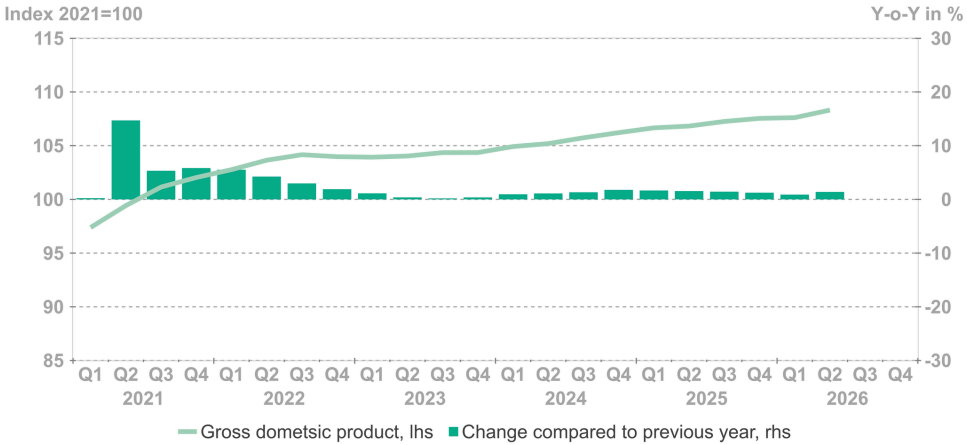
	2025 % to prev. year	Q2/26 % to prev. year	Q2/26 % to prev. quarter	Q1/26-Q2/26 % to prev. year
GDP	1.5	1.4	0.7	1.1
Industrial production	1.8	0.5	1.2	-0.5

Source: Eurostat, Macrobond, PED (September 2026)

[1] *Eurostat (2026): GDP up by 0.6% and employment up by 0.1% in the euro area. LINK*

Gross domestic product EU27

Constant prices, calendar and seasonally adjusted, quarterly data



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

Industrial production EU27

Calendar and seasonally adjusted, quarterly data



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

Industrial activity picks up, but sector performance remains uneven

Although industrial production in the EU27 picked up in the second quarter of 2026, it is too early to speak of a genuine recovery. The upturn was not reflected equally across the key customer industries of European plastics manufacturers. Production rose most strongly in electrical equipment compared with the previous quarter (plus 2.2%), and this customer industry also performed by far the best compared with the previous year (plus 3.8%). However, production of plastic products (plus 1.7%), chemicals and chemical products, and in the construction sector (each plus 1.4%) also recorded an increase compared with the first quarter of 2026. In contrast, production of food and beverages developed less dynamically. Only production in the automotive indutry developed negatively, decreasing by 0.2% quarter-on-quarter and by 3.6% year-on-year.

Looking at the first half of 2026 as a whole, developments remained mixed. Electrical equipment recorded the strongest increase (plus 2.6% compared with the same period of the previous year), which is benefiting from ongoing digitalisation and the increasing use of AI.[2] Plastic products also expanded by 0.7%, while food products and beverages remained broadly stable (plus 0.1%). In contrast, chemicals and chemical products remained 2.7% below the level of the first half of 2025. Although the industry potentially benefited from temporary stock build-ups and supply chain disruptions affecting its Asian competitors linked to the Middle East conflict during the second quarter, structural challenges continue to weigh on performance. The automotive industry also remained under pressure, with production declining by 2.6% in the first half of the year compared with the same period of 2025, reflecting increasing competition from China.

Production of customer industries EU27

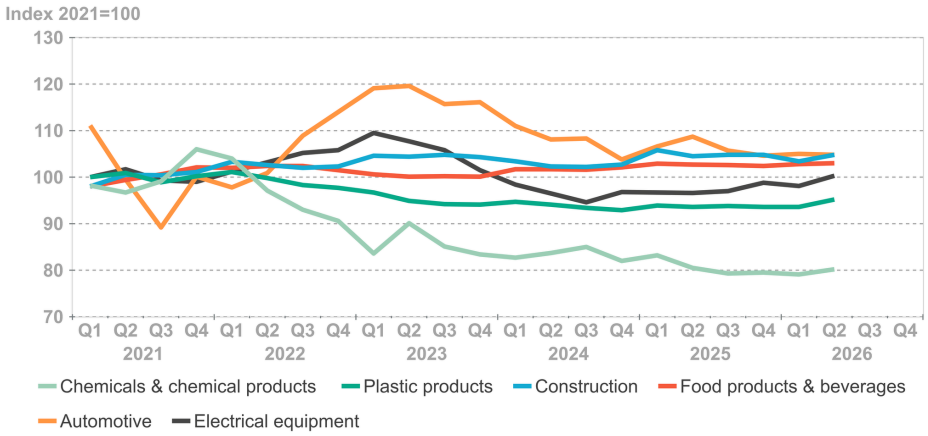
Calendar and seasonally adjusted, quarterly data

Customer industry	2025 % to prev. year	Q2/26 % to prev. year	Q2/26 % to prev. quarter	Q1/26-Q2/26 % to prev. year
Chemicals & chemical products	-3.3	-0.4	1.4	-2.7
Plastic products	-0.1	1.7	1.7	0.7
Construction	2.3	0.3	1.4	-1.0
Food products & beverages	0.9	0.3	0.2	0.1
Automotive	-1.3	-3.6	-0.2	-2.6
Electrical equipment	0.7	3.8	2.2	2.6

Source: Eurostat, Macrobond, PED (September 2026)

Production of customer industries EU27

Calendar and seasonally adjusted, quarterly data



Source: Eurostat, Macrobond, PED (September 2026)

[2] *McKinsey & Company (2026): The $7 trillion data center build-out: How industrials can capture their share. LINK*

Production shows temporary improvement as producer prices skyrocket

In response to the geopolitical uncertainty, some customer industries resorted to precautionary ordering and stockpiling. This was also reflected in the production of plastics in primary forms in the EU27, which rose by 1.6% in the second quarter of 2026 compared with the previous quarter. However, a look at the monthly figures reveals that this was merely a temporary effect. By June, production had already fallen back below the level seen before the escalation of the Iran conflict at the end of February 2026. Overall, the difficult market conditions persisted into the second quarter, meaning that production in the first half of 2026 remained 6.4% below the level recorded in the same period of 2025.

The global surge in energy and raw material prices resulting from the Middle East conflict is also hitting European plastics manufacturers hard. Compared with the first quarter of 2026, natural gas prices rose by 14.3%, crude oil prices by 29.7% and, as a result, naphtha prices by even 30.2%. This brought an abrupt end to the decline in producer prices that had been observed since early 2025. Producer prices for plastics in primary forms rose sharply in the second quarter of 2026, up by 16.9% quarter-on-quarter and by 12.5% year-on-year.

Production & producer prices of plastics in primary forms EU27

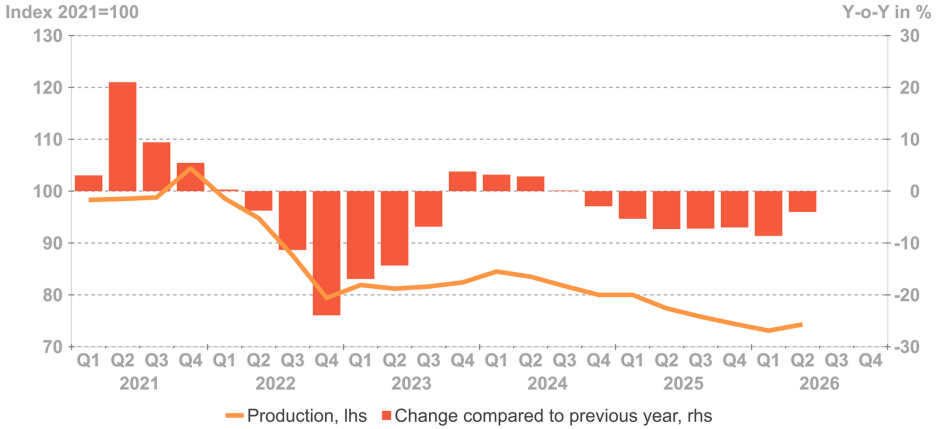
Calendar and seasonally adjusted (production), quarterly data

	2025 % to prev. year	Q2/26 % to prev. year	Q2/26 % to prev. quarter	Q1/26-Q2/26 % to prev. year
Production	-6.7	-4.0	1.6	-6.4
Producer prices	-3.2	12.5	16.9	3.6

Source: Eurostat, Macrobond, PED (September 2026)

Production of plastics in primary forms EU27

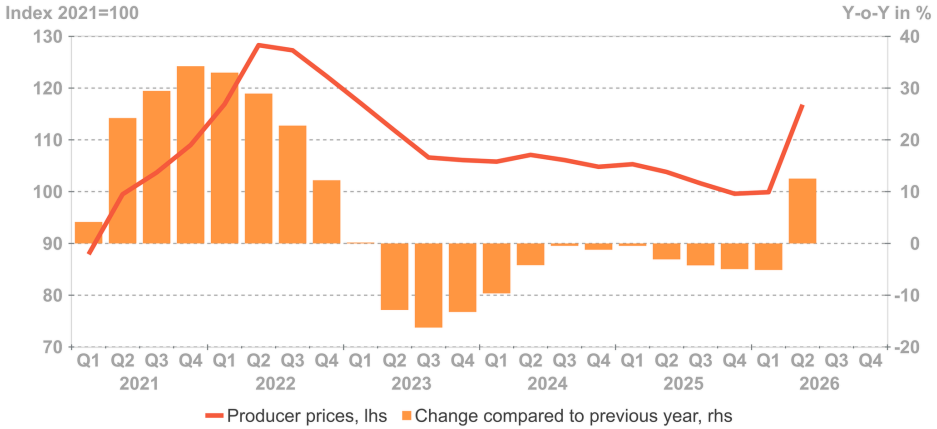
Calendar and seasonally adjusted, quarterly data



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

Producer prices of plastics in primary forms EU27

Quarterly data



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

Foreign trade improves, while the trade surplus narrows

Foreign trade in plastics in primary forms continued to improve in the second quarter of 2026. EU27 exports increased by 17.6% quarter-on-quarter (plus 11.6% year-on-year), whilst imports rose by 30.2% (minus 0.6% year-on-year). Export growth was recorded across all reviewed regions, while imports increased particularly strongly from China (plus 41.7%), highlighting the continued competitive pressure facing European plastics manufacturers. As imports grew more rapidly than exports, the EU27 trade surplus declined from €1.7 billion in the first quarter to €1.4 billion in the second quarter of 2026. Looking at the first half of 2026 as a whole, exports were only slightly below the level of the same period of 2025 (minus 0.5%), whereas imports declined by 7.4%.

Exports & imports of plastics in primary forms

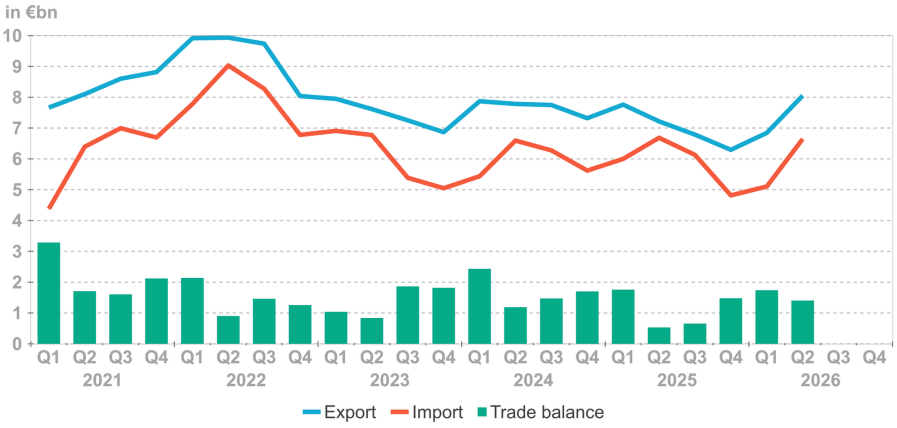
Quarterly data, in value

Region/ Country	EXPORT		IMPORT	
	Q2/26 % to prev. year	Q2/26 % to prev. quarter	Q2/26 % to prev. year	Q2/26 % to prev. quarter
Extra-EU27	11.6	17.6	-0.6	30.2
United States	-1.3	10.9	-11.9	29.0
China	3.7	11.2	22.4	41.7
Japan	2.7	26.6	-19.6	19.5
India	17.7	18.3	-11.7	2.1
Brazil	53.8	21.0	-52.2	2.6

Source: Eurostat, Macrobond, PED (September 2026)

Trade balance of plastics in primary forms Extra-EU27

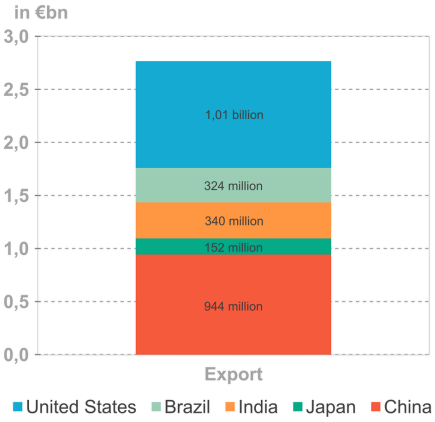
Quarterly data, in value



Source: Eurostat, Macrobond, PED (September 2026)

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

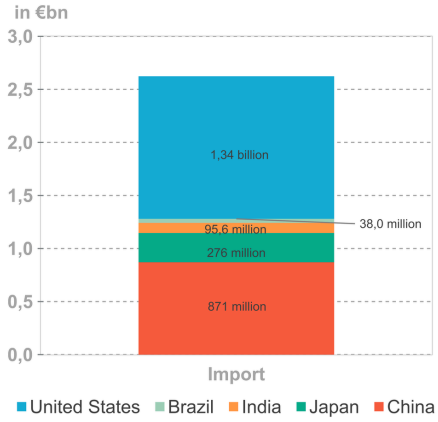
Q2/26, in value



Source: Eurostat, Macrobond, PED (September 2026)

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

Q2/26, in value



Source: Eurostat, Macrobond, PED (September 2026)

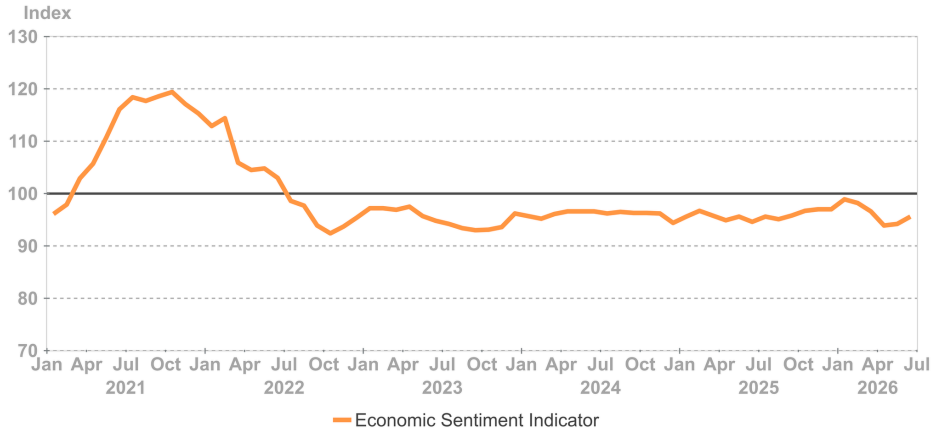
Middle East conflict weighs on economic sentiment

SUMMARY

The European economy remained resilient in the second quarter of 2026 despite continued geopolitical uncertainty and the sharp increase in energy prices caused by the conflict in the Middle East. Economic growth and industrial production strengthened, although industrial activity remained below the level recorded in the first half of 2025. The improvement was reflected in several key customer industries of European plastics manufacturers, particularly electrical equipment and plastic products, while the automotive industry continued to contract. Temporary factors such as precautionary ordering and stockpiling supported production of plastics in primary forms in the EU27. However, difficult market conditions persisted and production remained well below the level of the first half of 2025. At the same time, the sharp rise in raw material and energy prices led to a surge in producer prices. Moreover, foreign trade improved, with exports and imports increasing markedly. Nevertheless, imports grew faster than exports, resulting in a smaller trade surplus than in the first quarter of 2026.

Economic Sentiment Indicator EU27

Seasonally adjusted, monthly data



Source: Eurostat, Macrobond, PED (September 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 fell to 94.6 index points in the second quarter of 2026, its lowest quarterly average since the fourth quarter of 2023. Although confidence improved towards the end of the quarter, rising from 93.9 points in April to 95.7 points in June, economic sentiment remained well below its long-term average, reflecting the economic headwinds caused by the Middle East conflict. According to the sectoral breakdown, confidence improved in industry, services, retail and among consumers in June, whilst construction was the only sector reporting a deterioration. Among the major European economies, Germany remained the weakest performer at 91.5 points, while France also stayed well below the long-term average at 92.5 points. In contrast, the Netherlands saw its indes rise by 4.1 points in June to reach 101.6 points, making it the only major economy to remain above the long-term mean of 100.

Overall, the latest indicators do not point to a sustained recovery. Although the ESI rebounded during the third quarter of 2026, it remained below its long-term average. At the same time, the production index for plastics in primary forms fell below its second-quarter level already in July, suggesting that the temporary improvement has faded. Furthermore, the Memorandum of Understanding signed between the United States and Iran in June 2026 failed to deliver a lasting settlement. Against this backdrop, a turnaround for European plastics manufacturers still appears unlikely.

Plastics Europe

Plastics Europe AISBL
Rue Belliard 40 • Box 16
1040 Brussels • Belgium

☏ +32 (0)2 792 30 99
connect@plasticseurope.org
plasticseurope.org

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