



European Chemical Industry Council

# NEWS RELEASE

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***EU CHEMICAL INDUSTRY EXPERIENCING A MODERATE DECLINE IN 2008.  
PROSPECTS FOR 2009 MIGHT BE MORE SEVERE.***

**Brussels, 19 November 2008 - Cefic, the European Chemical Industry Council, expects output in the chemical industry (excluding pharmaceuticals) to decline by 0.6% in 2008. The downward trend will continue in the coming months. Expectations for 2009 are relatively more severe with a negative growth of 1.3% (Chart 1).**

For the first time since 2003, the EU chemicals industry's output (without pharmaceuticals) experienced negative growth in 2008. After a modest start in the first quarter, output has declined in the course of the year, especially since the third quarter. Chemicals used in industrial sectors and the key customer sectors are still seriously affected by the dramatic slowdown in EU economic activity and the sharp deceleration of world output and trade. A key element is the US financial crisis, which has adversely affected the key industrial sectors in the USA and the main competing areas in the world. During the second half of 2008, the effects of the financial crisis on the real economy have accelerated the downturn in the key customer sectors of chemicals such construction, automotive, and machinery and equipment, consequently impacting the chemical industry.

Looking ahead, Cefic expects a decline in output of 1.3% in 2009 for the EU chemical industry (excluding pharmaceuticals). Most chemical sub-sectors will show a downward trend and experience a more severe decline compared to 2008. Consumer chemicals are the only exception, where a modest recovery is projected for 2009 (Chart 2).

Prospects for the EU chemical industry remain relatively sensitive to some key downside elements linked to uncertainties about the spill-over effects of the financial crisis on the real economy and the deteriorating trend of industrial demand of the key customers of the EU chemicals industry,

### **Global Economic Environment**

The time of the booming world economy is already over. The world is now facing one of the greatest international financial crises of the past decades. The latest indicators show very clearly that world economic activity and the global business climate have worsened further in the third quarter of 2008, for the fourth time in succession (Chart 3). The decline is primarily the result of more unfavourable assessments of the current economic situation, but also the expectations for the coming six months have been revised downwards. The worldwide financial and real estate crisis and the latest turmoil in the stock market have clearly further slowed down the global economy. The global economy is poised for a serious downturn, whose effects Europe will not be spared. Cefic predicts zero growth for EU GDP next year, down from 1.3% in 2008. World GDP is expected to grow by 2.8% in 2008, anticipating even more severe economic slowing next year around 1.2% (Chart 4).

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