



Quarterly  
Report Q3/2022

European plastics manufacturers (EU 27)

DECEMBER 2022

## CONTACT DETAILS

Maximilian Nichterlein

PlasticsEurope Deutschland

Mainzer Landstraße 55

60329 Frankfurt am Main

Germany

[maximilian.nichterlein@plasticseurope.de](mailto:maximilian.nichterlein@plasticseurope.de)

Cover: shutterstock\_1081970570

# Challenging economic environment for Europe

Global economy continued to grow by 1 percent in the third quarter compared to previous one. The economy of China grew by 3.9 percent during the same time and was thus a major contributor to global growth. China showed a countermovement after the sharp decline in the second quarter, due to strict lockdowns, mainly in the Shanghai region. On the contrary, the developments in most countries were moderate.

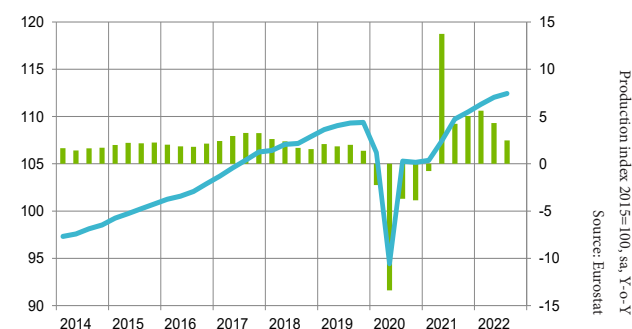
The European economy lost momentum in the third quarter. After an increase by 0.8 percent of EU27 GDP in the second quarter compared to previous one, it rose only by 0.4 percent in the third quarter. The economic environment was challenging in Europe. High inflation rates, the global economic slowdown, increased financing costs and the energy crisis slowed down the economy. For the four major

EU countries, we see moderate growth rates of the GDP compared to last quarter. Italy's economy grew by 0.5 percent, followed by Germany (+0.4 percent) and then France and Spain (+0.2 percent each).

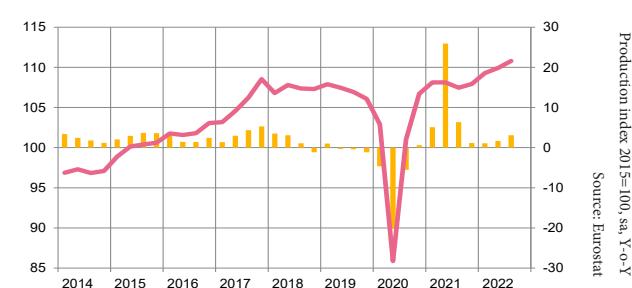
Global and EU27 industry production continued to increase. But the development within the sectors was different. The worldwide growth relied mainly on the automotive industry, electrical appliances, and pharmaceuticals. Energy intensive production of chemicals, glass or metal was reduced.

Despite the growth of the European industrial production by 0.8 percent compared to last quarter, the war in Ukraine and the energy crisis slowed down the development.

GDP development EU27



Manufacture development EU27



Source: Eurostat, Chemdata

## GDP & manufacture (seasonal adjustment)

|                   | 2021            |                 | Q3/22              |                 |
|-------------------|-----------------|-----------------|--------------------|-----------------|
|                   | % to prev. year | % to prev. year | % to prev. quarter | % to prev. year |
| GDP world         | 5,8             | 3,0             | 1,0                | 3,4             |
| GDP EU27          | 5,3             | 2,5             | 0,4                | 4,1             |
| Manufacture world | 9,5             | 3,7             | 1,2                | 3,2             |
| Manufacture EU27  | 8,9             | 3,1             | 0,8                | 1,9             |

# Automotive industry continued to recover

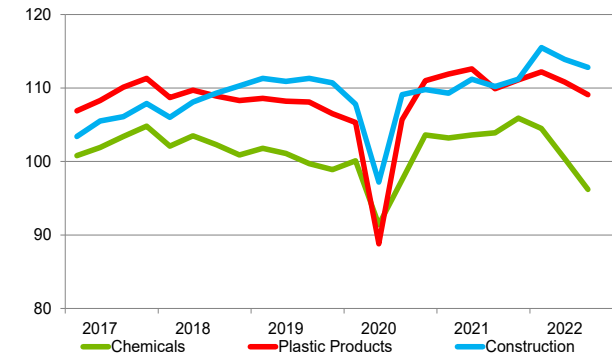
The development of the customer industries was different. Production of vehicles increased strongly in the EU27 in the third quarter compared to last one. The European automotive industry still had well-filled order books and was able to produce. The shortage of wiring harnesses as a result of the war against Ukraine was solved. There were also relaxations for the supply of semiconductor. Next to the automotive industry, production of E&E rose significantly in the EU27. Production of food and beverage increased only slightly.

On the other hand, production of chemicals fell strongly. High energy prices, especially in Europe, led partially to a shift of chemical production abroad. Also, overall demand for chemicals has continued to sink.

Increasing interest rates made house buildings less attractive. Therefore, construction decreased as well compared to last quarter.

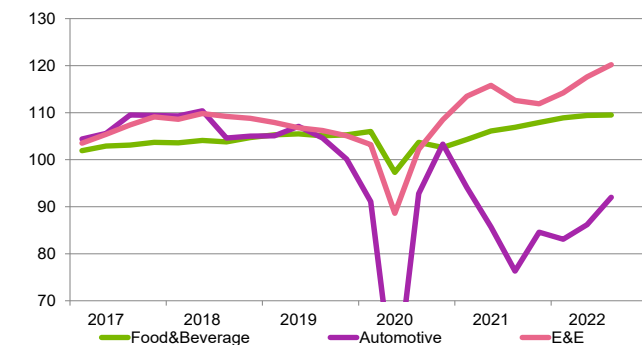
| Customer industries EU27 (seasonal adjustment) |                 |                 |                    |                 |
|--|-----------------|-----------------|--------------------|-----------------|
| Customer industry                              | 2021            |                 | Q3/22              |                 |
|  | % to prev. year | % to prev. year | % to prev. quarter | % to prev. year |
| Food and beverage                              | 3,8             | 2,4             | 0,1                | 3,3             |
| Automotive                                     | 1,0             | 20,6            | 6,8                | 2,0             |
| E&E  | 19,1            | 3,8             | 4,9                | -4,3            |
| Plastics products                              | 8,4             | -0,7            | -1,5               | -0,7            |
| Chemicals                                      | 6,1             | -7,4            | -4,2               | -3,1            |
| Construction                                   | 4,3             | 2,4             | -0,9               | 3,4             |

Customer industries EU27



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

Customer industries EU27



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

# Declining production - third quarter in a row

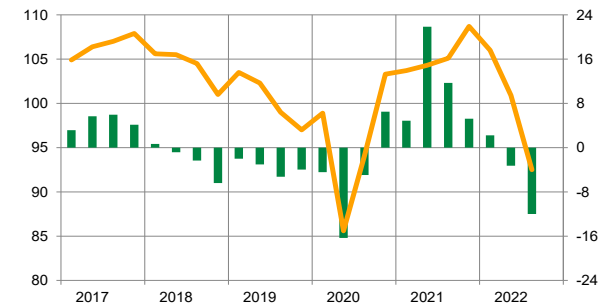
The downward trend of production of plastics in primary forms continued in the EU27 and even intensified in the third quarter. While production decreased by almost 5 percent in the second quarter compared to last one, it fell by 8.3 percent in the third quarter (qoq). Compared to last year, production decreased even by 12 percent. High energy prices and production costs, especially in Europe, made production less attractive. The increased production costs for the companies cannot always be passed on to customers. If possible, companies try to shift the energy intensive production abroad. Next to the energy crisis, we saw a slowdown in global economy and a general lower demand for plastics in primary forms.

## Dynamic of price increase slowed down

Producer prices of plastics in primary forms

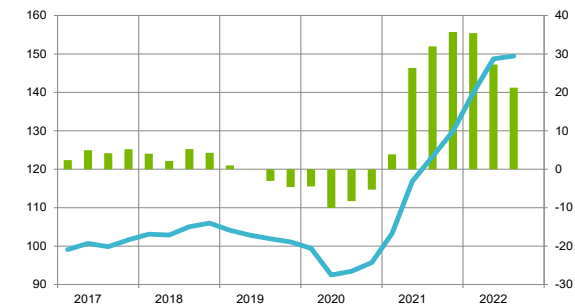
continued to increase for the EU27 in the third quarter. But dynamic slowed clearly down. While producer prices increased by 6.3 percent in the second quarter compared to last one, it only grew by 0.5 percent in the third quarter (qoq). Although, European gas prices doubled in the third quarter compared to last one. On the other hand, prices for Naphtha, an important feedstock for plastics manufacturers, decreased by 16.6 percent compared to last quarter, but have been still on a high level. The increased production costs for the plastic manufacturers cannot always be passed on to customers, also because of the lower demand for plastics. Therefore, the profit margin of many companies decreased, or the production was shut down in Europe, as it was not profitable anymore.

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)

|                 | 2021            |                 | Q3/22              |                 |
|-----------------|-----------------|-----------------|--------------------|-----------------|
|                 | % to prev. year | % to prev. year | % to prev. quarter | % to prev. year |
| Production      | 10,4            | -12,0           | -8,3               | -4,4            |
| Producer prices | 24,2            | 21,2            | 0,5                | 27,5            |

Source: Eurostat, Chemdata

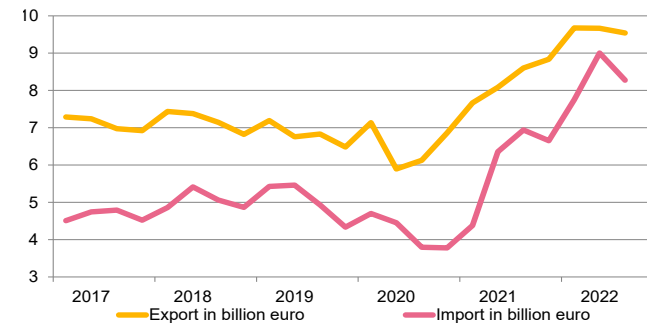
# Foreign trade declined - imports greater affected

The value of exports of plastics in primary forms slightly decreased in the EU27 compared to last quarter. They amounted to 9.5 billion euro. Exports had a positive development to North America. They stagnated or declined to the other regions. But exports were clearly higher than last year.

The value of imports of plastics in primary forms to the EU27 clearly decreased, by 8 percent compared to last quarter and amounted to 8.3 billion euro. Imports sunk from Asia and the rest of Europe, they stagnated for the other regions. High energy prices made

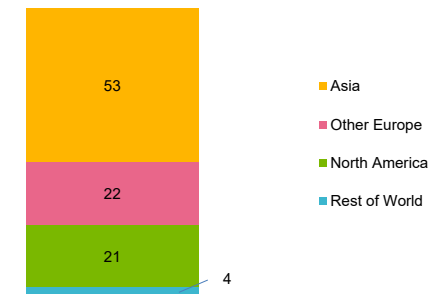
imports from Europe less attractive. Compared to last year, imports of plastics in primary forms increased strongly by 19 percent. They even rose by 34 percent from North America. Plastics made in North America was favoured, because of the lower energy prices and production costs. Plastics in primary forms reached a positive trade balance of more than 1.2 billion euro in the EU27 in the third quarter.

Exports and imports of primary plastics EU27



Export and imports in billion euro  
Source: Eurostat, Chemdata

Import regions of primary plastics Q3/2022



Import per region in percent  
Source: Eurostat, Chemdata

| Regions       | Exports of plastics in primary forms EU27 |                    | Imports of plastics in primary forms EU27 |                    |
|---------------|---|--------------------|---|--------------------|
|               | % to prev. year                           | % to prev. quarter | % to prev. year                           | % to prev. quarter |
| Extra EU27    | 10,9                                      | -1,3               | 19,2                                      | -8,1               |
| Asia          | 15,8                                      | -1,3               | 27,1                                      | -5,5               |
| Other Europe  | -1,9                                      | -6,1               | -4,4                                      | -16,7              |
| North America | 37,3                                      | 9,6                | 34,1                                      | -0,3               |

Source: Eurostat, Chemdata

## Cloudy outlook for the winter

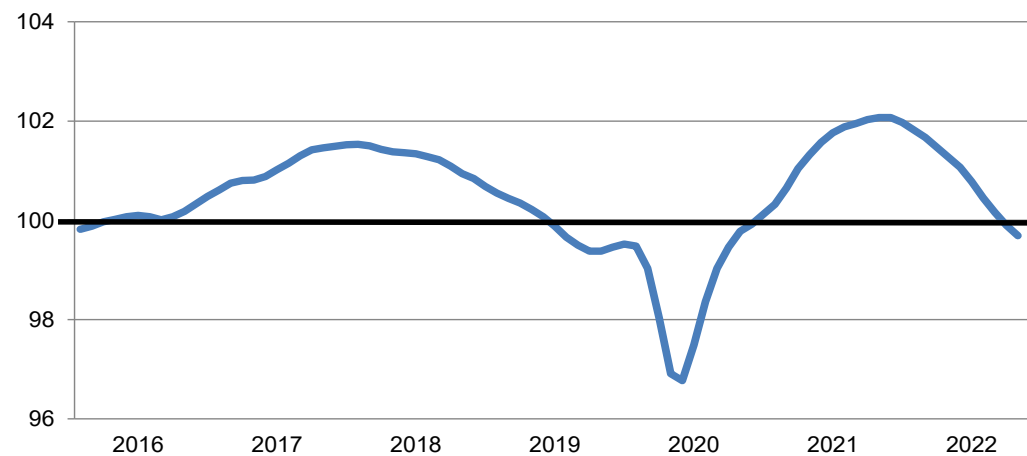
The outlook remains subdued for Europe and the world. High inflation, rising interest rates and geopolitical uncertainties slow down the economic activity, consumption and investments. The energy crisis continues to slow down economic growth and production in Europe. Although prices for gas decreased in Europe lately, gas is still a scarce good and on a high price level. Also, gas prices might rise again when gas storages are emptier, and the weather remains cold. There are also companies, that have problems to renew their electricity or gas contract at reasonable conditions. Gas prices in Europe will remain on a higher level compared to other regions, also because of the lower energy efficiency of LNG. Despite the higher prices, the industrial location Europa must remain attractive. Otherwise (energy intensive) production might leave the continent. But there are also positive aspects. Shipping traffic showed clear signs of relaxation lately, with less traffic jams in front of ports and cheaper freight rates. Also, prices for many raw materials decreased. The economic slowdown leads to a lower demand for raw materials and to cheaper prices. But overall, the mood in the European companies is restrained. Due to high

energy prices in Europe and subdued demand, production of plastics manufacturers will remain on a low level for the next months 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. For October, the BCI declined compared to last month and was with a value of 99.7 under the benchmark of 100. The outlook for the future became more pessimistic.

Business Confidence Index (BCI)



Source: OECD (2022), Business Confidence Index (BCI)

 @PlasticsEurope

 PlasticsEurope

PlasticsEurope AISBL  
Rue Belliard 40 • Box 16  
1040 Brussels • Belgium

 +32 (0)2 792 30 99  
[connect@plasticseurope.org](mailto:connect@plasticseurope.org)  
[plasticseurope.org](http://plasticseurope.org)

© 2022 PlasticsEurope AISBL • All rights reserved