



# Quarterly Report Q4/2020

## European plastics manufacturers (EU 27)

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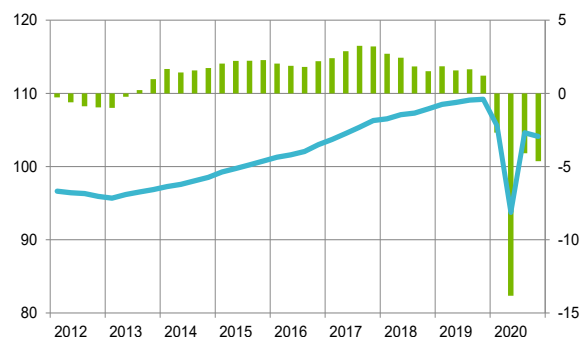
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## Ongoing global recovery - but weakened

Recovery of the global economy continued in the fourth quarter 2020. However, the dynamic slowed compared with the previous quarter. Global gross domestic product (GDP) increased by 1.1 percent in comparison with the previous three months. But global GDP was still 2.1 percent lower than last year. Rising infection rates in Europe at the end of the year made new or more stringent containment measures necessary. Especially the service sector and retail were affected by this, with a negative effect on the economic development. Compared with the previous quarter, GDP in the EU27 fell by 0.5 percent. The fourth quarter 2019 was missed by 4.6 percent. In 2020 the GDP of the EU27 declined by 6.3 percent compared to 2019.

Also, global industrial production continued to recover. But the pace of recovery slowed. Global industrial production increased by 3.2 percent in the fourth quarter compared with the third quarter. It was also 2.9 percent higher than last year. Emerging countries like China, Brazil, India, and Russia were responsible for this positive development. Industrial countries were mostly still under last year's level. Industrial production of the EU27 declined by 1 percent. But compared with the third quarter 2020 industrial production in the EU27 increased by 4.6 percent. Unlike in spring, the renewed containment measures only resulted in a dampening rather than a decline in industrial production. In 2020 industrial production of the EU27 declined heavily by 8.3 percent compared to 2019.

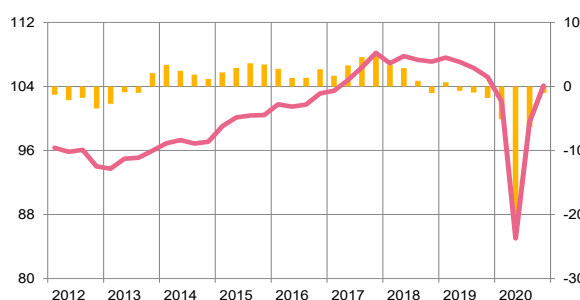
### GDP development EU27



Index 2015=100, sa, Y-o-Y

Source: Eurostat

### Manufacture development EU27



Production index 2015=100, sa, Y-o-Y

Source: Eurostat

#### GDP & manufacture (seasonal-adjustment)

	2020	Q4/20	Q1/20–Q4/20
	% to prev. year	% to prev. year	% to prev. year
GDP world	-4.0	-2.1	1.1
GDP EU27	-6.3	-4.6	-0.5
Manufacture world	-2.2	2.9	3.2
Manufacture EU27	-8.3	-1.0	4.6

Source: Eurostat, Chemdata

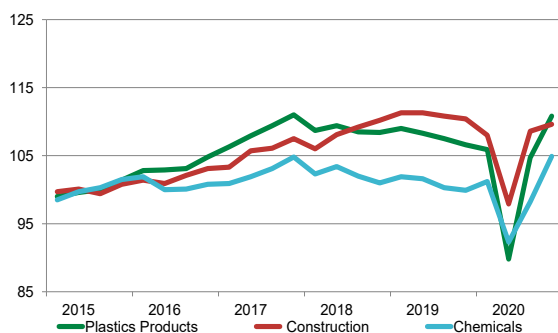
## High level of production for the customer industries

In the fourth quarter 2020, most customer industries in the EU27 reached a higher production level than before the outbreak of COVID-19.

Recovery of production in most customer industries in the EU27 has continued in the fourth quarter 2020. But the dynamic of the recovery slowed down. Only production of food and beverages declined compared to the previous quarter. The main reason were new or strengthened containment measures at the end of the year in many European countries with closed restaurants and bars. The automotive, chemical, and E&E industry as well as

the manufactures of plastics products reached a higher production level compared to the fourth quarter 2019, the quarter before the outbreak of COVID-19. Despite the ongoing recovery all customer industries recorded production declines in the year 2020 compared to 2019, mainly due to the sharp drop of production in the second quarter 2020. The European automotive industry was affected the most, the E&E industry the least.

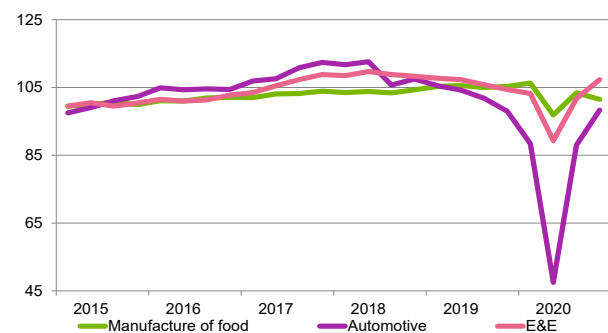
### Customer industries EU27



Production index 2015=100, sa

Source: Eurostat, Chemdata

### Customer industries EU27



Production index 2015=100, sa

Source: Eurostat, Chemdata

### Customer industries EU27 (seasonal-adjustment)

Customer industry	2020		Q4/20	Q1/20- Q4/20
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
Manufacture of food	-3.1	-3.6	-1.8	-3.1
Automotive	-21.3	0.3	11.7	-21.3
E&E	-0.2	11.5	16.7	-0.2
Plastics products	-4.7	3.9	5.8	-4.7
Chemicals	-1.8	5.0	6.8	-1.8
Construction	-4.4	-0.7	1.0	-4.4

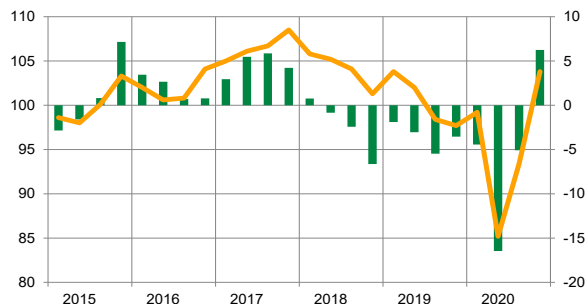
Source: Eurostat, Chemdata

## Plastics in primary forms

### Unexpected high production level

The ongoing recovery of the European customer industries and the still increasing demand for plastics outside the EU27 led to a significantly increase of production of plastics in primary forms in the fourth quarter in the EU27. Compared to previous quarter production increased by 11.1 percent. The production level was higher than before the outbreak of COVID-19 and on the level of the first quarter 2019. Such a strong recovery was not expected in the middle of the year. But despite the strong fourth quarter, production declined by 5.1 percent in 2020 compared to 2019.

### Production of primary plastics EU27

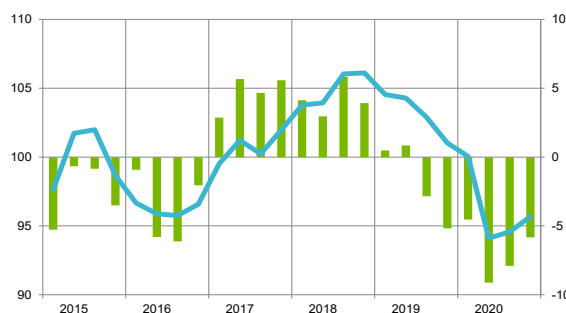


Production index 2015=100, sa, Y-o-Y  
Source: Eurostat

### Prices still clearly under previous year

Worldwide high demand for plastics and the recovery of crude oil prices led to a price increase of plastics in primary forms. The price for Naphtha, the most important feedstock for the plastics industry, continued to recover in the fourth quarter after the low in spring 2020 and increased by 3.4 percent compared to previous quarter. The price of plastics in primary forms increased by 1.6 percent compared to previous quarter. It was still 5.8 percent under the level of last year. There has been still an oversupply on the crude oil market.

### Price of primary plastics EU27



Price index 2015=100, sa Y-o-Y  
Source: Eurostat

#### Production & price of plastics in primary forms EU27 (seasonal-adjustment)

	2020	Q4/20	Q1/20- Q4/20
	% to prev. year	% to prev. year	% to prev. year
Production	-5.1	6.2	-5.1
Price	-6.9	-5.8	-6.9

Source: Eurostat

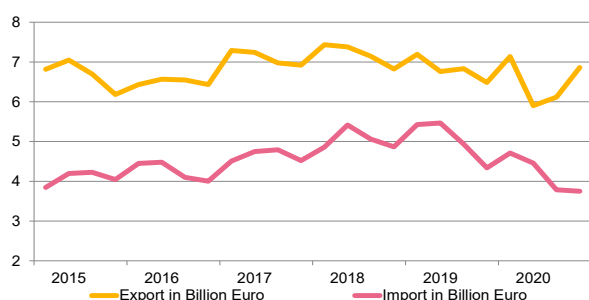
## Exports continued to rise strongly

### On the contrary: imports continued to fall

Exports of plastics in primary forms from the EU27 increased by 12.2 percent compared to previous quarter and amounted to 6.9 billion euro in the fourth quarter 2020. The demand grew in all regions compared to previous quarter. Most of the exports went to the rest of Europe (3.1 billion euro), followed by Asia (2 billion euro) and North America (0.8 billion euro). Compared to last year overall exports increased by 5.8 percent. Exports declined for the regions North America and Middle

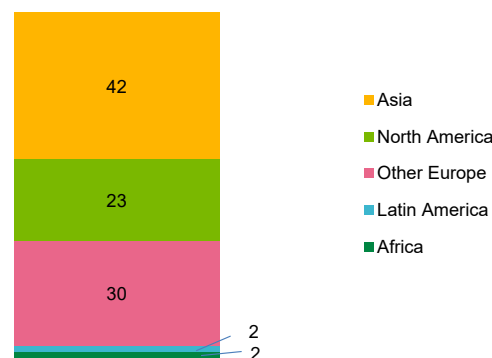
East. Imports of plastics in primary forms declined by 0.9 percent compared to previous quarter and amounted to 3.7 billion euro. Especially the regions North and Latin America exported less to the EU27. Compared to last year imports declined by 13.5 percent. Higher exports and lower imports in the fourth quarter 2020 had a positive effect on the trade balance of plastics in primary forms, which accounted for more than 3.1 billion euro.

### Exports and imports of primary plastics



Exports and imports in billion euro  
Source: Eurostat, Chemdata

### Import regions of primary plastics Q4/2020



Import per region in percent  
Source: Eurostat, Chemdata

Regions	Exports of plastics in primary forms EU27		Imports of plastics in primary forms EU27	
	Q4/20		Q4/20	
	% to prev. year	% to prev. quarter	% to prev. year	% to prev. quarter
Extra EU-27	5.8	12.2	-13.5	-0.9
Other Europe	8.8	9.8	-2.4	6.2
North America	-1.2	10.0	-19.4	-6.9
Latin America	35.3	44.2	-14.3	-12.5
Asia	2.1	12.1	-15.3	0.5
Middle East	-2.6	4.4	-15.4	3.3
Africa	4.1	13.6	-38.1	-32.3

Source: Eurostat, Chemdata

## Cautiously optimistic view into the future

In 2020, the world experienced a global economic crisis due to the coronavirus pandemic. Despite the economic recovery starting in the second half of 2020, the global GDP sunk by 4 percent compared to 2019. The decline was even higher for the GDP of the EU27, which amounted to 6.3 percent.

Brazil, the United States, India, or Europe still fight with high infection numbers. During the winter months at the end of the year 2020 infection rates rose dynamically in Europe leading to new or strengthened containment measures in almost all EU member states.

Containment measures are still in force and will probably remain in the second quarter 2021.

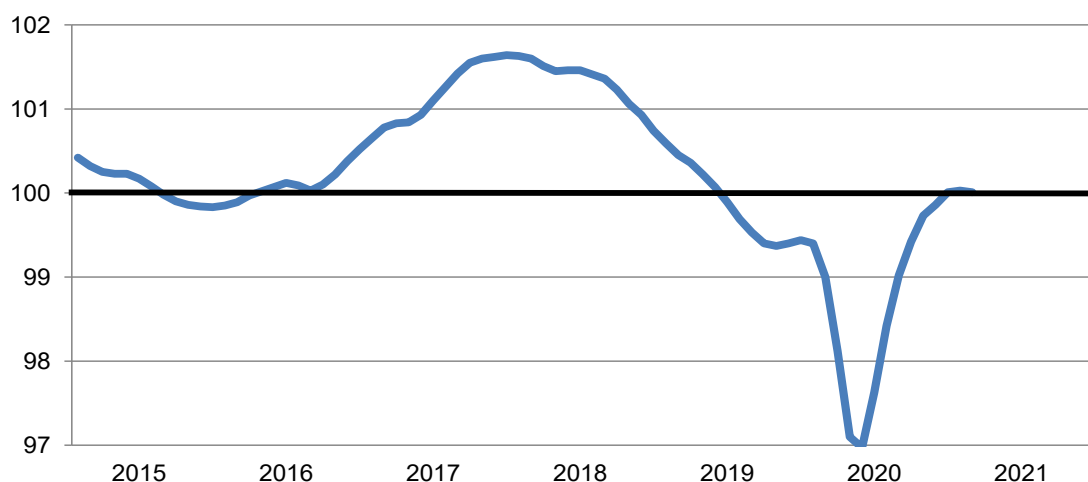
This will continue to have a negative impact on the economic activity. The European industry should suffer a rebound at the beginning of the year. Even more affected will be the service industry and retail. However, positive signals are coming from vaccines. More and more vaccines are being approved and production capacities increase. It will take some time before containment measures can be eased

through extensive vaccination and lower infection rates. But economic growth should be strong over the year. Throwbacks are still possible, and it will still take some time for the economy of the EU27 to reach the pre-crisis level.

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 increased again and amounted to a value of 100.01 in February 2021.

Business confidence index (BCI)



Source: OECD (2021), Business confidence index (BCI)

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