



# Quarterly Report Q1/2021

## European plastics manufacturers (EU 27)

Contact:  
Maximilian Nichterlein  
PlasticsEurope Deutschland  
Mainzer Landstraße 55  
60329 Frankfurt am Main  
Germany

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

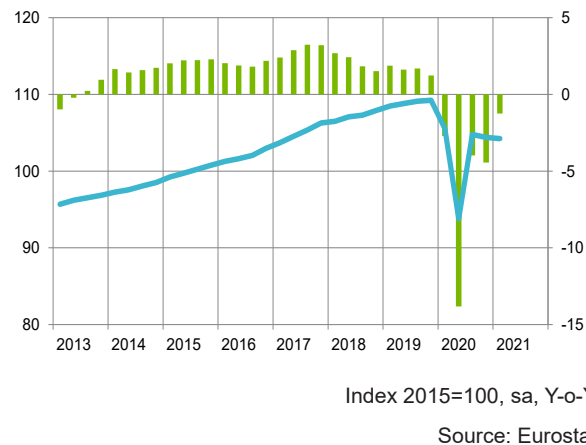
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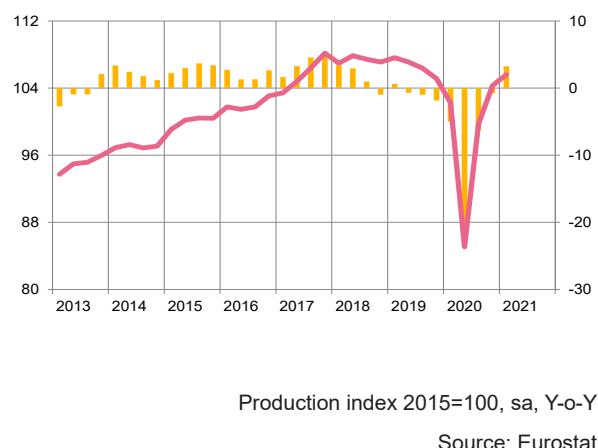
## World GDP increased - slightly decreased for the EU27

The global gross domestic product (GDP) continued to expand in the first quarter 2021. It increased by 0.6 percent compared to previous quarter. However, the growth rate slowed as the catch-up process is progressing well in many countries. The pre-crisis level, the fourth quarter 2019, was missed by less than 1 percent. The European GDP declined slightly by 0.1 percent compared to previous quarter. This was the second decline in succession. Renewed or extended containment measures against COVID-19 in many European countries were particularly hard for retail, services, and the travel industry. However, there was no drop of the GDP like in 2020. Lockdown measures were more targeted and less intense. European GDP declined by 4.6 percent compared with the pre-crisis level (Q4/2019). The catch-up process was significantly weaker than in many other regions, Europe lagged behind. Production of the European industry was not so strongly affected by the containment measures against COVID-19 and therefore continued to increase by 1.2 percent compared to previous quarter. For the first time, the pre-crisis level (Q4/2019) was exceeded by 0.5 percent. The European industry is an important factor for the recovery of the economy during the crisis. The worldwide increase of industry production was even more dynamic than in the EU27. World industry production increased by 3.3 percent compared to previous quarter and was 6.6 percent higher than the pre-crisis level (Q4/2019).

### GDP development EU27



### Manufacture development EU27



GDP & manufacture (seasonal-adjustment)				
	2020	Q1/21	Q1/21–Q1/21	
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
GDP world	-3.8	1.6	0.6	1.6
GDP EU27	-6.2	-1.2	-0.1	-1.2
Manufacture world	-2.8	14.6	3.3	14.6
Manufacture EU27	-8.2	3.3	1.2	3.3

Source: Eurostat, Chemdata

## Different developments of the customer industries

Production of the European automotive industry decreased significantly. Reasons were shortages of intermediate goods.

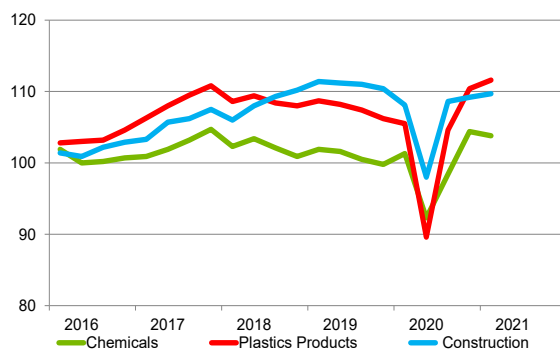
Development of production for the shown customer industries was different in the first quarter 2021 in the EU27.

Manufacture of food, plastics products, and construction increased its production moderately compared to previous quarter. The growth rate was significantly higher for the E&E industry, which benefits from the digitalisation process during the coronavirus pandemic.

Production of the chemical industry declined slightly but was still on a high level.

The European automotive industry had recently problems getting important primary products for its production. The worldwide shortages of microchips and semiconductors led to a significantly drop in production of more than 9 percent in the first quarter 2021 compared to previous one.

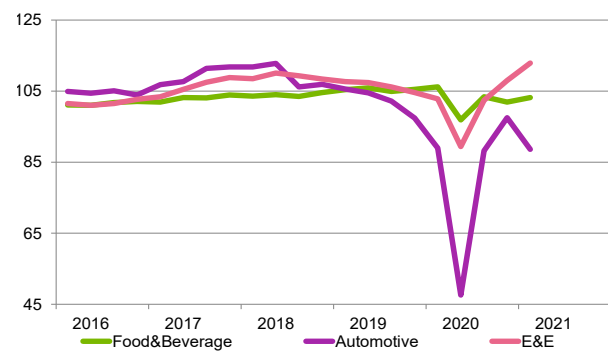
Customer industries EU27



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	Q1/21		Q1/21- Q1/21
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
Manufacture of food	-3.2	-2.8	1.3	-2.8
Automotive	-21.4	-0.5	-9.1	-0.5
E&E	0.1	26.5	10.5	26.5
Plastics products	-4.7	5.8	1.1	5.8
Chemicals	-1.8	2.5	-0.6	2.5
Construction	-4.5	1.5	0.5	1.5

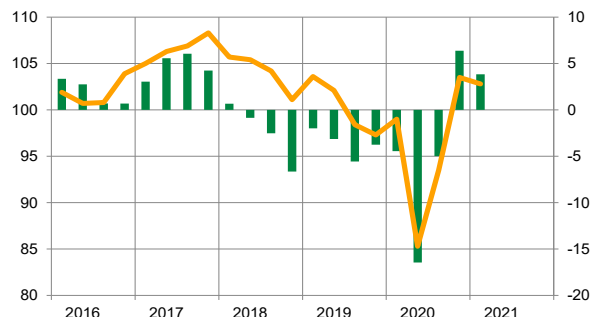
Source: Eurostat, Chemdata

## Plastics in primary forms

### High production level in the EU27

Production of plastics in primary forms in the EU27 decreased slightly by 0.7 percent in the first quarter 2021 compared to previous one. The worldwide demand for plastics was huge, but external effects had a negative impact on production. The winter storms in the Gulf of Mexico led to a sharp drop in chemical production in the US. Important primary products for the plastics manufacturers could therefore not be exported to Europe. Also, international supply chain problems, with high freight rates, long delivery times, or the blockade of the Suez Canal in March hampered the production of plastics in primary forms. Compared to last year, production grew by 3,8 percent.

### Production of primary plastics EU27



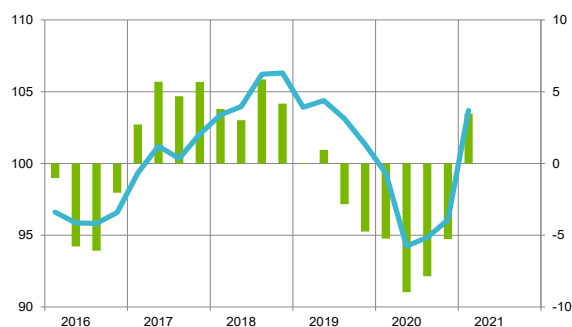
Production index 2015=100, sa, Y-o-Y

Source: Eurostat

### Producer prices continued to increase

A worldwide high demand for plastics and the ongoing price increase of Naphtha, the most important feedstock for the plastics industry, led to higher producer prices for plastics in primary forms in the EU27. It increased significantly by 7.9 percent in the first quarter 2021 compared to previous one. Producer prices also grew by 4.4 percent compared to last year. Since the end of 2018 producer prices for plastics in primary forms declined in the EU27 and reached its bottom during the coronavirus pandemic in 2020. But despite the recently ongoing increases, producer prices were still under the level of 2018.

### 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	2020	Q1/21	Q1/21- Q1/21
	% to prev. year	% to prev. year	% to prev. quarter	% to prev. year
Production	-5.0	3.8	-0.7	3.8
Price	-6.8	4.4	7.9	4.4

Source: Eurostat

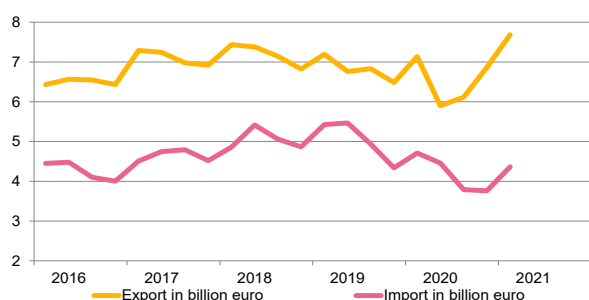
## Exports continued to rise strongly

High growth rate also for imports of plastics in primary forms to the EU27.

Exports of plastics in primary forms from the EU27 increased by 12 percent in the first quarter 2021 compared to last quarter and amounted to 7.7 billion euro. Exports grew for all regions – except Latin America – compared to last quarter. The growth was particularly large for North America and Asia. Most exports went to the rest of Europe (3.3 billion euro), followed by Asia (2.3 billion euro), and North America (1 billion euro).

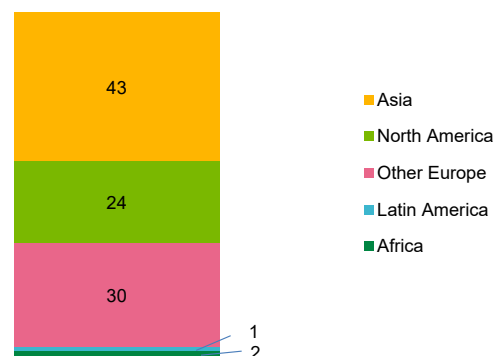
Compared to last year, overall exports from the EU27 increased by 7.7 percent. Imports of plastics in primary forms also increased significantly by 16.1 percent compared to last quarter and accounted for 4.4 billion euro in the first quarter 2021. However, imports declined by 7.4 percent compared to last year. In the first quarter 2021, the European plastics manufacturers had a positive trade balance of 3.3 billion euro.

### Exports and imports of primary plastics



Exports and imports in billion euro  
Source: Eurostat, Chemdata

### Import regions of primary plastics Q1/2021



Import per region in percent  
Source: Eurostat, Chemdata

Exports of plastics in primary forms EU27			Imports of plastics in primary forms EU27	
Regions	Q1/21		Q1/21	
	% to prev. year	% to prev. quarter	% to prev. year	% to prev. quarter
Extra EU-27	7.7	12.0	-7.4	16.1
Other Europe	5.3	6.4	-1.2	13.9
North America	8.7	26.9	-13.0	16.4
Latin America	25.9	-1.4	-38.9	-22.2
Asia	9.3	18.7	-5.8	18.0
Middle East	1.4	12.4	0.5	16.1
Africa	3.4	7.5	-25.9	30.8

Source: Eurostat, Chemdata

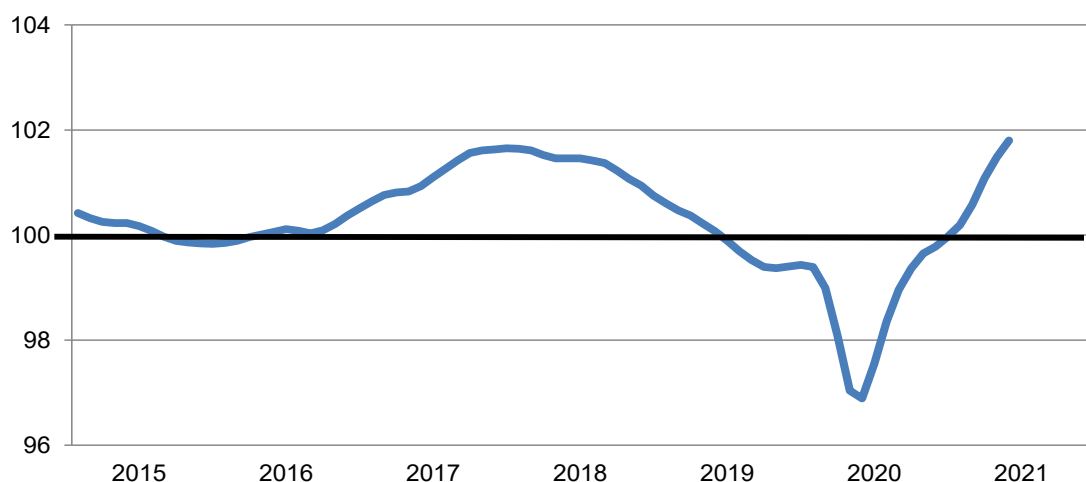
## Increasingly improving outlook - but still with risks

The global GDP continued to increase in the first quarter 2021 and was close to the pre-crisis level (Q4/2019). The European GDP declined slightly and missed the pre-crisis level by 4.6 percent. Renewed or extended containment measures against COVID-19 were the main reason for the decline in many European countries. But lockdown measures were more targeted and less intense. The highest danger for the economic recovery probably comes still from the coronavirus. But also, shortages of materials, for example wood or plastics, and international supply chain problems with high freight rates and long delivery times can have additional slowdown effects. The vaccination process continues to make big progress, especially in developed countries, and the case rates recently declined steadily in many European countries. Especially services, tourism and events should benefit from this and be able to recover significantly. But also, industry and trade should continue their recovery. Higher private consumption, new investments, as well as the increasing demand for EU27 exports should reinforce

recovery. But there are still risks, especially different mutations of the virus, with a higher spread rate or potentially reduced vaccination efficiency. The outlook is increasingly improving but still depends on the effectiveness of vaccination programmes, the infection rate and containment measures. Risks for the economic recovery will remain, as long as the coronavirus pandemic is not stemmed.

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 has increased steadily and amounted to a value of 101.8 in May 2021.

### Business confidence index (BCI)



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

PlasticsEurope AISBL  
Rue Belliard 40, box 16  
1040 Brussels  
Belgium

[info.de@plasticseurope.org](mailto:info.de@plasticseurope.org)  
[www.plasticseurope.org](http://www.plasticseurope.org)

