Press Release

For Immediate Release
Contact: Jennifer Scott (202) 249-6512
Email: jennifer_scott@americanchemistry.com

CHEMICAL INDUSTRY OUTLOOK: SLOWER GROWTH AMID NEAR-TERM HEADWINDS

WASHINGTON (December 10, 2019) – U.S. chemical production expanded at a slower pace in 2019 due to trade challenges and slower growth in several key end-use markets for chemistry, according to the American Chemistry Council’s (ACC) Year-End 2019 Chemical Industry Situation and Outlook. Weakness in global manufacturing and uncertainty in trade policy will further moderate U.S. chemicals output growth in 2020. On the other hand, output from new capacity linked to the shale gas advantage will provide tailwinds.

“Due to slowing growth prospects across much of the globe and rising trade tensions, exports of chemicals and some chemistry-containing goods fell this year,” said Kevin Swift, ACC chief economist and Outlook co-author. Total U.S. chemicals trade is projected to contract by 3 percent to $242 billion in 2019, then recover by 1 percent in 2020. Exports will fall 2.5 percent to $137 billion in 2019 before expanding by 1.1 percent to $138 billion in 2020. U.S. chemicals imports will fall 3.9 percent in 2019, to $105 billion.

Industrial output decelerated sharply to a 0.9 percent gain in 2019 as trade tensions disrupted supply chains, energy investment eased, and slower growth in key trading-partner economies negatively affected demand for U.S. exports. Industrial output is expected to decelerate further in 2020 before strengthening in 2021, with growth of 0.5 percent and 1.4 percent, respectively. Growth in key end-use industries will be mixed for 2020, with the largest gains in construction materials, oil and gas extraction, refining, semiconductors, and aerospace.

U.S.-based chemical manufacturing has a competitive advantage in global markets due to abundant and affordable supplies of energy and feedstock. Since 2010, the industry has announced 340 projects cumulatively valued at $204 billion. Total chemical production volume (excluding pharmaceuticals) rose 0.6 percent in 2019 and is expected to grow by 0.4 percent in 2020 before strengthening to a 2.3 percent gain in 2021. Basic chemicals production is projected to increase by 0.7 percent in 2020 and 3.1 percent in 2021.

“American chemistry is expanding as shale-advantaged investments come online and additional capacity additions are planned,” said Martha Moore, senior director of policy analysis and economics at ACC and co-author of the Outlook. “The industry added high-paying American jobs for the seventh consecutive year. Continuing a tradition of innovation, companies remain dedicated
to providing the essential materials for a growing population and finding sustainable solutions for the future.”

Automotive and building and construction are key end-use markets for chemistry. U.S. light vehicles production eased from the robust pace of 2015-18, with sales expected to retreat to 16.9 million in 2019 and 16.5 million in 2020. Housing starts are set to edge higher to 1.26 million in 2019 and remain steady into 2020.

Solid growth in specialty chemicals continued this year. Many specialty market segments started to turn downward toward the end of 2019, with expected growth of 2.6 percent for the year. As end-use market demand eases further in 2020 and energy investment falls, a small decline of 0.4 percent in specialty chemicals production is expected. Specialties growth could resume as the industrial sector recovers in 2021 and beyond.

U.S. GDP is expected to grow 2.3 percent in 2019, down from a 2.9 percent gain in 2018. Trade-related uncertainty and a pullback in business investment have been only partially offset by favorable consumer spending. Deceleration to a 1.8 percent pace in 2020 is expected, with below-trend growth in 2021 as well. Long-term U.S. economic growth is projected to be more muted. The U.S. chemical industry will be a positive contributor as its customer industries recover and its feedstock advantage remains strong.

The business of chemistry is a $553 billion enterprise and one of America’s most significant manufacturing industries, accounting for more than 10 percent of all U.S. exports and 14 percent of the world’s chemicals. More than 96 percent of all manufactured goods are touched by products of chemistry.

Prepared annually by ACC’s Economics and Statistics Department, the Year-End 2019 Chemical Industry Situation and Outlook is the association’s annual review of the U.S. and global business of chemistry and the macroeconomy. It offers global and domestic chemical industry data related to production, trade, shipments, capacity utilization, end-use markets, R&D spending, capital spending, employment and wages.

To order a copy of the Outlook, please visit https://store.americanchemistry.com/collections/frontpage/products/business-of-chemistry-situation-and-outlook

###

http://www.americanchemistry.com/newsroom

The American Chemistry Council (ACC) represents the leading companies engaged in the business of chemistry. ACC members apply the science of chemistry to make innovative products and services that make people's lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible Care®; common sense advocacy designed to address major public policy issues; and health and environmental research and product testing. The business of chemistry is a $553 billion enterprise and a key element of the nation's economy. It is among the largest exporters in the nation, accounting for ten percent of all U.S. goods exports. Chemistry companies are among the largest investors in research and development. Safety and security have always been primary concerns of ACC members, and they have intensified their efforts, working closely with government agencies to improve security and to defend against any threat to the nation’s critical infrastructure.