



European Chemicals Production Declines Sharply in 3Q 2026

EU and eurozone chemical output fell in Q3 2026, driven by high energy and feedstock costs, subdued downstream demand, and intense import competition.

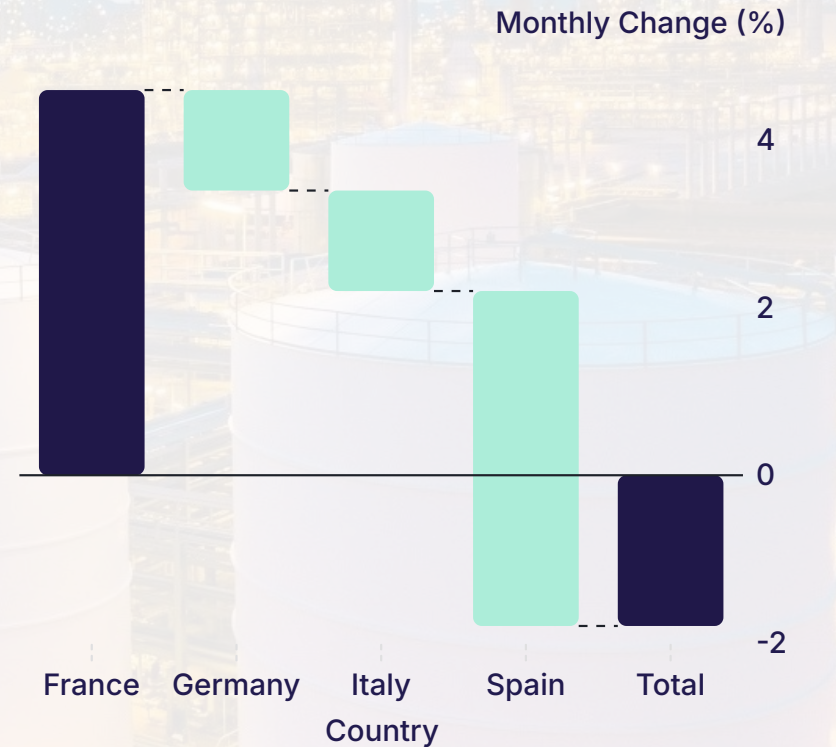
Global methanol demand declined by over 10% as Strait of Hormuz disruptions restricted Middle Eastern exports, driving prices higher and triggering significant demand destruction, particularly in China's MTO sector.

Middle East supply disruptions, elevated production and shipping costs, and shifting trade flows continue to squeeze European chemical producers' margins, while weak demand and persistent inflationary pressures limit near-term recovery prospects.



European Production Performance Declines

Spain Steepest monthly decline: -4.0% . Annual: -2.4%	Germany Monthly: -1.2% . Annual: -3.1%
Italy Monthly: -1.2% . Sharpest annual drop: -11%	France Standout performer: +4.6% monthly, +0.1% annually





Structural Pressures on European Chemicals

The chemical industry faces rising energy, feedstock, and shipping costs amid geopolitical tensions, weak downstream demand, and intense import competition.

Energy & Feedstock Costs

Elevated input costs
eroding producer
margins

Import Competition

Cheap imports
sustaining price
pressure despite supply
disruptions

Geopolitical Risk

Middle East conflict
driving up shipping and
production costs

❏ Despite Middle Eastern supply disruptions, continued import availability and inflationary pressures are squeezing margins and limiting near-term recovery prospects.



Global Methanol Demand Falls Over 10%

Global methanol demand has contracted by over 10%, against earlier 3% growth forecasts, amid Middle East supply disruptions and restricted exports through the Strait of Hormuz.

60%

China's Demand Share

China accounts for ~60% of global methanol demand and 50% of production

85%

Coal-Based Output

85% of China's domestic methanol production is coal-based

75%

Russian Origin

75% of Europe's methanol production originates from Russia

❏ Europe accounts for approximately 10% of global methanol consumption and 5% of production. Trade flows were already adjusting following the suspension of Russian imports prior to the conflict, compounding supply chain disruptions across acetic acid and other downstream industries.