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Chemicals Outlook

Chemicals outlook: Resilience through innovation and restructuring to ...

1

Global chemical production is projected to grow by 3.5% in 2025, slightly outpacing the expected global GDP growth rate of 3.2%. This growth will be supported by stabilizing demand and improved supply chains. Regional recovery will vary, with North America and Asia expected to perform better than Europe.

2

Specialty chemicals are forecasted to grow by 5% in 2025, outpacing overall chemical production. This growth will be driven by demand in energy storage, healthcare, and semiconductors, with strong interest in high-purity materials and advanced components as technology adoption accelerates.

3

A 15% increase in EV production in 2025 will significantly drive demand for battery materials, lightweight composites, and advanced coatings. As automakers prioritize energy efficiency and sustainability, the chemical industry will play a crucial role in supporting innovations in EV technology and production.

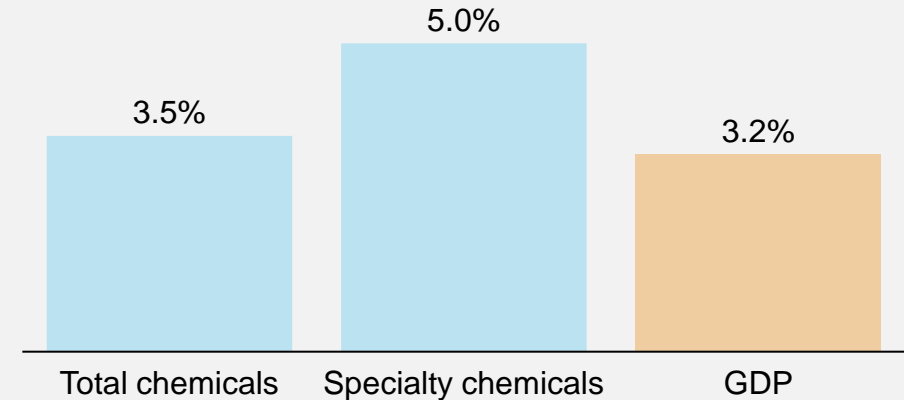
4

Following a slowdown in 2024 caused by high interest rates, capital expenditures are expected to rise by 4-6% in 2025. Growth will be led by investments in carbon capture, bio-based materials, and chemical recycling, with circular economy initiatives becoming a priority as companies respond to regulatory pressures and growing consumer demand for sustainable products.

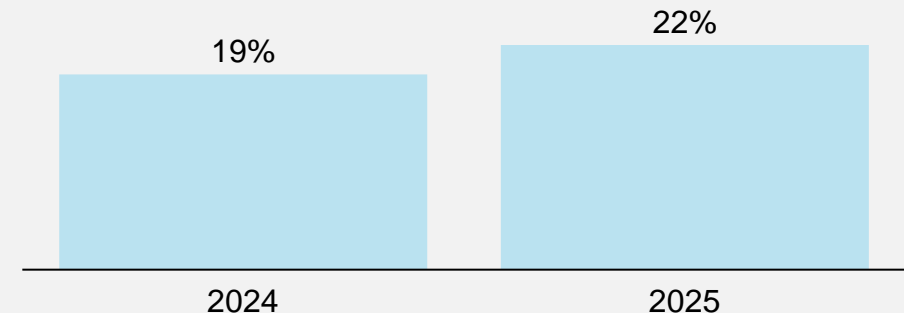
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Continued oversupply in petrochemicals, particularly in China, will prompt producers to focus on higher-margin specialty chemicals, rationalize assets, and close underperforming plants to better align capacity with demand.

Global chemical production and GDP growth rates 2025



EV share of new light-vehicle market Percentage



... Target growing markets fuels optimism for industry recovery

6

Investments in nearshoring and regionalized supply chains are projected to grow by 15% as companies mitigate geopolitical risks and enhance sourcing flexibility. North America and Southeast Asia are expected to see the largest gains in regionalized production.

7

With low operating rates persisting across many sectors, companies are focusing on operational efficiency. The adoption of AI and digital tools is expected to boost margins by 3-5% through optimized asset utilization and predictive maintenance.

8

AI will play a pivotal role in accelerating R&D and enabling the development of consumer-focused solutions in high-growth markets like eco-friendly packaging, personal care, and wellness products.

9

Geopolitical tensions are expected to continue disrupting trade flows. Proposed U.S. tariffs of 10% on imports from China and 25% on imports from Canada and Mexico could trigger retaliatory actions, posing significant challenges for U.S. polymer producers. Expect companies to focus on diversifying supply chains and expanding global production to mitigate associated risks.

10

Economic recovery is expected to drive a rebound in M&A activity, with a focus on high-growth segments such as specialty and performance chemicals. Asia and the Middle East are anticipated to lead this activity as companies in these regions continue expanding downstream capabilities.

Recent M&A activity in chemicals

Acquirer	Acquired	Anticipated closing date
		Apr-2025
		Mid-2025
		H2-2025
		2025
		2025

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