



Press Release 23 April 2008
Chemical Industry Federation of Finland

Outlook deteriorates in the Finnish chemical industry

So far, chemical industry companies in Finland have managed to escape the consequences of the US economic recession. There are no clear signs of slower growth in the Finnish chemical industry. Still, the expectations of the chemical industry companies are falling.

Good pace of 2007 difficult to maintain

Output of the Finnish chemical industry grew by almost 4.5% in 2007. This pace may turn out to be difficult to maintain in 2008, especially if the consequences of the US recession reach Finland. The expectations of the Finnish chemical industry fell during the winter.

According to the latest survey, production growth in the Finnish chemical industry will continue, but the increase in personnel will come to a halt.

Uncertainties in pulp and paper chemicals

Weak demand for paper in Europe and North America and high wood prices in Finland curb production in the Finnish pulp and paper industry, which is the most important customer of the Finnish basic chemicals industry. Rising export duties of Russian wood will exacerbate the situation further. The Finnish pulp and paper industry has already been forced shut down pulp

and paper capacity in Finland and if this trend continues, it will have a negative affect on the Finnish demand for pulp and paper chemicals.

Slowing growth in paints and colouring materials

The production of paints and colouring materials in Finland has been bolstered for years by the good situation in the construction, metal product and engineering industries and exports. Now there are signs that the upward trend in demand will be disrupted. In spite of the decline in the number of new building permits in Finland, the demand for paints and colouring materials is expected to remain at a satisfactory level.

Recovery in plastic products industry

Output of the Finnish plastic products industry declined by almost 4% in 2007, mainly because some major producers of plastic components for the electronics industry transferred a large part of their production abroad. Output of the plastic products industry has been increasing since the summer of 2007. So far, growth in construction has boosted the demand for plastic construction materials. Now the growth in construction has started to stall. The demand for plastic packaging materials is still quite strong.

Additional information is available from:

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The outlook is based on material from the Economic Outlook of the Finnish chemical industry, which was published on 25 March 2008. The Finnish chemical industry covers petroleum and coal products, chemicals and chemical products and rubber and plastic products.