

Basic Chemicals Market - Global Industry Size, Share, Trends, Opportunity, and Forecast, 2019-2029

Segmented By Type (Organic Ammonia, Chlorine, Sodium Hydroxide, Inorganic Benzene, Ethylene, Propylene, Others), By End User (Chemical Industry, Pharmaceuticals, Food & Beverages, Polymer, Pulp & Paper, Textiles, Others), By Region and Competition

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Abstracts

Global Basic Chemicals Market was valued at USD 665.28 billion in 2023 and is anticipated to project robust growth in the forecast period with a CAGR of 4.75% through 2029. Basic chemicals, also known as commodity chemicals, are typically produced in large quantities and play a crucial role in various industrial and consumer sectors. Inorganic chemicals, which lack a carbon-hydrogen bond, and organic chemicals, which contain a carbon-hydrogen bond, are the two main categories of chemicals.

Organic chemicals, such as acetic acid, ethanol, phenol, urea, benzene, ethylene, and methanol, find applications in vinegar production, pharmaceuticals, paints & adhesives, and de-scalers. On the other hand, inorganic chemicals are used in pigmentation, semiconductor manufacturing, fuel production, medicine, and the chemical industry.

The growing demand for a wide range of consumer goods has significantly contributed to the expansion of the chemical industry in both developed and developing economies. Basic chemicals serve as raw materials or intermediates in the manufacturing process of various products, further fueling the growth of the basic chemicals market. Additionally, the influx of foreign direct investment (FDI) in the chemical industry has bolstered the growth of the chemical manufacturing sector, where a diverse range of

basic chemicals are utilized for product manufacturing.

For instance, according to a report published by the India Brands Equity Foundation, FDI inflows in the chemical sector reached USD 18.69 billion between April 2020 and June 2021. These factors collectively drive the demand for basic chemicals and contribute to the growth of the global basic chemicals industry.

However, it is important to note that exposure to certain chemicals can pose acute or long-term health hazards. Chemicals such as sulfuric acid, phosphoric acid, and nitric acid can be hazardous if the permissible exposure limit is exceeded. For instance, the Occupational Safety and Health Administration (OSHA) has set a legal airborne exposure limit of 1mg/m³ for an 8-hour work shift for sulfuric acid. Prolonged exposure to sulfuric acid can cause harm to the eyes, skin, teeth, and lungs. It is crucial to handle highly concentrated acids with care to avoid serious skin problems. These factors act as constraints on the growth of the basic chemicals market.

Key Market Drivers

Growing Demand of Basic Chemicals in Pharmaceutical Industry

Basic chemicals, also known as commodity chemicals, are produced on a large scale and serve as vital starting materials for a wide range of products across various industries. These chemicals encompass both organic and inorganic compounds, including ethylene, propylene, sulfuric acid, and chlorine, among others.

Within the pharmaceutical industry, basic chemicals play a crucial role in drug formulation and production. They are employed at different stages of pharmaceutical manufacturing, starting from the synthesis of active ingredients to the creation of final dosage forms. The ongoing COVID-19 pandemic and other health crises have significantly underscored the importance of pharmaceuticals, consequently driving the demand for basic chemicals utilized in their production.

Moreover, the continuous advancements in pharmaceutical research and development are paving the way for the creation of innovative drugs and therapies. Consequently, this development is further fueling the need for basic chemicals to support the production of these novel pharmaceutical products.

Furthermore, the growth of the generic drugs market is another factor contributing to the rising demand for basic chemicals. As generic drugs are bioequivalent to their brand-

name counterparts, they require the same basic chemicals for their production. This increased demand for basic chemicals within the pharmaceutical industry is not only shaping the global basic chemicals market but also stimulating manufacturers to innovate and expand their product offerings to cater to the specific needs of the pharmaceutical sector.

The convergence of these factors is significantly impacting the global basic chemicals market, driving its growth and propelling manufacturers to explore new avenues for product development and customization, all to meet the evolving demands of the pharmaceutical industry.

Growing Demand of Basic Chemicals in Food & Beverage Industry

Basic chemicals, such as citric and acetic acid, play a critical and multifaceted role in the food and beverage industry. They are indispensable in every step of food processing, from preservation to packaging, ensuring the safety and quality of the final products.

For instance, acids like citric and acetic acid are not only used for pH adjustment but also as natural preservatives, extending the shelf life of various food items. These acids effectively inhibit the growth of harmful microorganisms, keeping the food fresh and safe for consumption.

Moreover, additives derived from basic chemicals serve as versatile ingredients that enhance the sensory attributes of food products. These additives contribute to the appealing flavors, vibrant colors, and delightful textures that consumers crave. They bring out the best in culinary creations, making them more enticing and enjoyable.

Urbanization and changing consumer lifestyles have significantly impacted the food industry, leading to a growing preference for ready-to-eat and processed foods. These convenient food options heavily rely on the utilization of basic chemicals for their production. Basic chemicals enable the efficient manufacturing and mass production of these food products, meeting the demands of modern consumers.

Stricter food safety regulations imposed worldwide have compelled food manufacturers to prioritize the use of approved chemicals in their production processes. These regulations ensure that the food products meet stringent safety standards and are free from harmful contaminants. By adhering to these regulations, manufacturers can provide consumers with safe and trustworthy food choices.

The rising demand for basic chemicals in the food and beverage industry has a profound impact on the global basic chemicals market. This demand not only fuels the growth of the market but also serves as a driving force for manufacturers to innovate and expand their product offerings. Manufacturers strive to develop new and improved basic chemicals that cater specifically to the unique needs and requirements of the food and beverage industry. This constant innovation ensures that the industry remains at the forefront of technological advancements and provides consumers with safer, tastier, and more diverse food options.

Key Market Challenges

Volatility in Price of Raw Materials

Basic chemicals, also referred to as commodity chemicals, are produced in large quantities and serve as crucial starting materials for a wide range of products across diverse industries. These chemicals encompass both organic and inorganic compounds, including ethylene, propylene, sulfuric acid, and chlorine¹.

To facilitate the production of basic chemicals, a diverse array of raw materials is required, such as crude oil, natural gas, minerals, and metals. However, the prices of these raw materials are subject to frequent fluctuations influenced by various factors, including geopolitical tensions, disruptions in the supply chain, shifts in demand and supply dynamics, and changes in regulatory policies.

The volatility in raw material prices poses a significant challenge for chemical manufacturers. Not only does it impact their production costs, but it also creates uncertainties surrounding profit margins, making it challenging for companies to plan and make informed strategic decisions.

The fluctuations in raw material prices can result in increased production costs, which may eventually be passed on to consumers, potentially affecting market demand and consumer behavior.

Furthermore, price volatility in raw materials can cause disruptions in the supply chain, leading to delays or even cancellations of orders, thereby impacting the overall market dynamics.

The uncertainty associated with raw material prices can also have a significant impact

on investment decisions pertaining to new projects and technologies, thereby hindering the overall growth and development of the market.

It is crucial for chemical manufacturers and industry stakeholders to closely monitor and manage these price fluctuations, in order to mitigate potential risks and navigate the dynamic landscape of the basic chemicals market effectively.

Key Market Trends

Surge in Stringent Environmental Regulations

Basic chemicals, also known as commodity chemicals, play a crucial role as essential inputs across various sectors due to their large-scale production. These chemicals encompass a wide range of organic and inorganic substances, including ethylene, propylene, sulfuric acid, and chlorine.

In recent years, there has been a growing global concern regarding environmental sustainability. As a result, governments worldwide have started implementing stricter environmental regulations. The primary objective of these regulations is to reduce the emission of harmful pollutants, promote energy efficiency, encourage waste reduction, and foster the use of renewable raw materials.

The chemical industry, including the basic chemicals sector, is significantly affected by these regulations. Manufacturers are now obligated to comply with rigorous guidelines concerning waste disposal, emissions, and resource utilization. Meeting these regulations often requires substantial investments in new technologies, equipment, and processes, thereby leading to increased production costs.

By adhering to these environmental regulations, the chemical industry is not only addressing environmental concerns but also promoting sustainable practices. This commitment to compliance fosters a more responsible and sustainable approach to chemical production, ensuring a healthier and cleaner future for our planet.

Segmental Insights

Type Insights

Based on the category of type, the others segment emerged as the dominant player in the global market for basic chemicals in 2023. Phenol, an important and widely used

organic chemical compound in the pharmaceutical sector, plays a crucial role in various applications. One such application is the treatment of muscle spasticity, where phenol is injected into muscles to alleviate the condition. Additionally, phenol finds significant use in ingrown toenail surgery, contributing to the growth of the global market.

In the healthcare sector, vaccines hold utmost importance in preventing the spread of diseases. However, it is essential to ensure proper storage of vaccines to enhance their effectiveness. Improper preservation of vaccines can lead to the development of bacteria and subsequent vaccine contamination. To address this challenge, phenol is employed as a vaccine preservative. By inhibiting the growth of bacteria and preventing microbial contamination, phenol safeguards the potency and safety of vaccines.

End User Insights

The chemical industry segment is projected to experience rapid growth during the forecast period. The increasing demand for a diverse array of consumer goods, ranging from everyday household items to advanced technological products, has led to a significant surge in the growth of the chemical industries. This trend is observed in both developed and developing economies, where basic chemicals play a crucial role as raw materials or intermediates in the manufacturing process of a wide variety of products. As a result, the basic chemicals market in the chemical industries is experiencing remarkable growth, driven by the need to meet the evolving demands of consumers worldwide.

Regional Insights

Asia Pacific emerged as the dominant player in the Global Basic Chemicals Market in 2023, holding the largest market share in terms of value. The chemical industry sector in China is experiencing significant growth and continues to outpace other major chemical producing countries. This growth can be attributed to various factors, including increased investments, intense competition, and the presence of a large number of chemical manufacturing companies.

As a result, the demand for basic chemicals in the Asia-Pacific region is expected to soar. Moreover, the industry's shift towards the specialty-chemical manufacturing sector, coupled with growing consumer demand and the increasing superiority of China's industrial output, further contributes to the rising demand for basic chemicals in the Asia-Pacific region. This trend highlights the region's potential as a thriving hub for the chemical industry.

Key Market Players

Borealis AG

BASF SE

Eastman Chemical Company

Ineos Group Ltd

Tokyo Chemical Industry Co. Ltd.

Mitsubishi Chemical Corporation

Solvay SA

Shin-Etsu Chemical Co. Ltd.

Sumitomo Chemical Co. Ltd.

LyondellBasell Industries Holdings B.V.

Report Scope:

In this report, the Global Basic Chemicals Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Global Basic Chemicals Market, By Type:

- o Organic Ammonia
- o Chlorine
- o Sodium Hydroxide

- o Inorganic Benzene
- o Ethylene
- o Propylene
- o Others

Global Basic Chemicals Market, By End User:

- o Chemical Industry
- o Pharmaceuticals
- o Food & Beverages
- o Polymer
- o Pulp & Paper
- o Textiles
- o Others

Global Basic Chemicals Market, By Region:

- o North America
 - ? United States
 - ? Canada
 - ? Mexico
- o Europe
 - ? France

? United Kingdom

? Italy

? Germany

? Spain

o Asia Pacific

? China

? India

? Japan

? Australia

? South Korea

o South America

? Brazil

? Argentina

? Colombia

o Middle East & Africa

? South Africa

? Saudi Arabia

? UAE

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Global Basic Chemicals Market.

Available Customizations:

Global Basic Chemicals Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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