

# Overview of the Specialty Chemicals Industry

August 2021

## Abstract

Specialty chemicals can be single-chemical entities or formulations whose composition sharply influences the performance and processing of the customer's product. This report covers 28 specialty chemical segments categorized either as market-oriented products (used by a specific industry or market, such as electronic chemicals or oil field chemicals) or functional products (groups of products that serve the same function, such as adhesives, antioxidants, or biocides). There is considerable overlap in this method of characterization. Market-oriented groups often include numerous functional chemicals used by the same market, while functional chemicals typically are used by several different markets. This distinction is made for convenience in discussing strategic aspects of the business segments rather than because of a real difference in the products.

The specialty chemicals covered in the report are listed in the following table.

Classification of specialty chemicals segments by market and function	
Market-directed	
Construction chemicals	Nutraceutical ingredients
Cosmetic/personal care chemicals	Oil field chemicals
Electronic chemicals—Printed circuit board chemicals and semiconductor packaging materials	Plastics additives
Electronic chemicals—Semiconductors, silicon, and IC process chemicals	Printing inks
Feed additives	Rubber-processing chemicals
Food additives	Specialty paper chemicals
Industrial and institutional cleaners	Synthetic lubricants
Lubricating oil additives	Textile chemicals
Mining chemicals	Water management chemicals
Functional	
Antioxidants	Specialty coatings—High-performance anticorrosion coatings
Biocides	Specialty coatings—Radiation curable coatings
Catalysts—Emission control catalysts	Specialty coatings—Thermosetting powder coatings
Catalysts—Petroleum refining and chemical process catalysts	Specialty polymers—Engineering thermoplastics
Corrosion inhibitors	Specialty polymers—High-performance thermoplastics
Flame retardants	Specialty polymers—Specialty films
Flavors and fragrances	Surfactants
Specialty adhesives and sealants	Water-soluble polymers

Source: IHS Markit

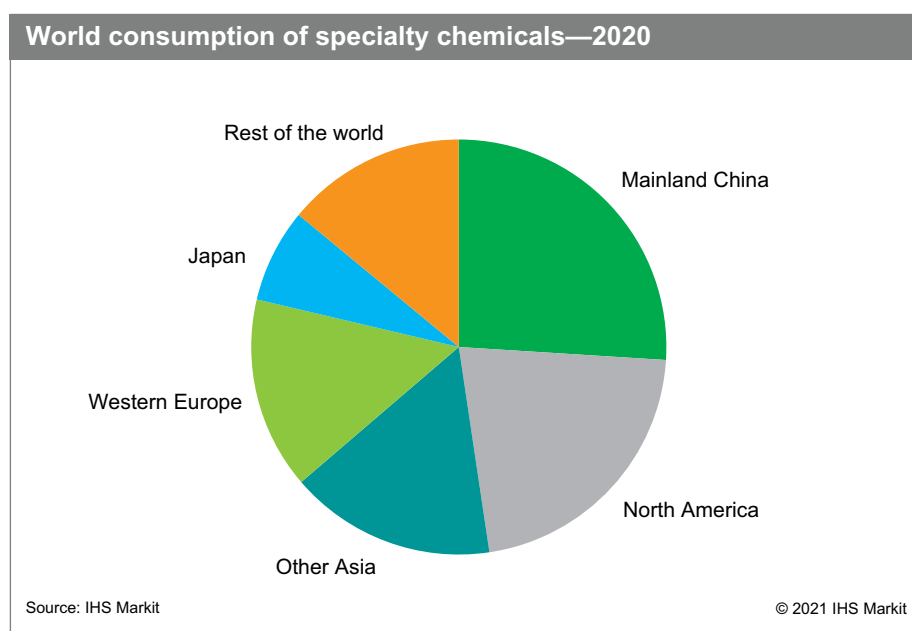
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Mainland China and North America are the largest markets for specialty chemicals on a value basis.

## Contacts

IHS Markit Customer Care • CustomerCare@ihsmarkit.com





In 2020, the world's five-largest specialty chemicals segments—specialty polymers, electronic chemicals, industrial and institutional cleaners, surfactants, and flavors and fragrances—had a market share of 38%. Each specialty chemicals business segment comprises several subsegments, each with individualized product, market, and competitive profiles.

Mainland China is the largest consumer of the following specialty chemicals: antioxidants, catalysts, construction, feed additives, printed circuit board and semiconductor packaging, plastics additives, paper chemicals, rubber-processing chemicals, specialty coatings, specialty polymers, textile chemicals, and water management chemicals.

North America is the leading consumer of biocides, corrosion inhibitors, cosmetic chemicals, food additives, industrial and institutional cleaners, lubricating oil additives, oil field chemicals, printing inks, surfactants, and synthetic lubricants. Western Europe is the leading consumer of nutraceuticals and flavors and fragrances. Other Asia has the highest consumption value for chemicals used in semiconductor fabrication.

In the past, specialty chemical companies sold their products on value. Their products represented only a small portion of the cost structure of their customers' products. Advances in supply-chain management, strategic sourcing, and e-commerce have increased transparency and customer awareness. As a result, the specialty chemicals industry is becoming more commodity-like in some areas as companies sell certain products on price rather than on performance. The specialty chemicals industry is now trying to improve its margins by implementing price increases to compensate for higher R&D, energy, and raw material costs.

Some specialty chemical companies are trying to raise barriers to entry into their markets by becoming more service-oriented. They are focusing less on products and more on support services and specific customers. Providing services alongside products has long been the way to do business in some specialty chemical sectors, including automotive coatings, fluid catalytic cracking catalysts, pharmaceutical ingredients, and water treatment. However, as more sectors wrestle with slowing growth rates and encroaching commoditization, more specialty chemical companies have increased the service component of their portfolios.

**For more detailed information, please see the table of contents listed below.**

**IHS Markit's Specialty Chemicals Update Program – *Overview of the Specialty Chemicals Industry*** is the comprehensive and trusted guide for anyone seeking information into this industry. This latest report details global and regional information, including



Industry structure,  
operating characteristics  
and regulatory  
environment



Products, functions  
and markets



Cost structure/  
profitability



Technology changes  
and emerging  
substitution practices



Quantitative market  
analysis and forecasts

## Key Benefits

**IHS Markit's Specialty Chemicals Update Program – *Overview of the Specialty Chemicals Industry*** has been compiled using primary interviews with key suppliers and organizations, and leading representatives from the industry in combination with IHS Markit's unparalleled access to upstream and downstream market intelligence and expert insights into industry dynamics, trade, and economics.

This report can help you

- Identify the competitive environment and key players
- Assess key issues facing both suppliers and their end-use customers
- Understand industry integration strategies
- Keep abreast of industry structure changes, regulatory requirements, and other factors affecting profitability
- Identify new business opportunities and threats
- Follow important commercial developments
- Recognize trends and driving forces influencing specialty chemical markets

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## IHS Markit Customer Care

CustomerCare@ihsmarkit.com

### **Asia and the Pacific Rim**

Japan: +81 3 6262 1887

Asia Pacific: +604 291 3600

**Europe, Middle East, and Africa: +44 (0) 1344 328 300**

**Americas: +1 800 447 2273**

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