

2022 | Chemical & Renewable Energy Industry Outlook

A renewed focus on sustainability

As the chemical industry moves into 2022, strong demand for both commodity and specialty chemicals should keep prices robust throughout the year. The industry could face margin pressures amid raw material cost inflation, which will likely remain high through the first half of 2022.

One of the critical areas of focus for most US chemical companies in 2022 will likely be sustainability and decarbonization. Many chemical companies are expected to increase investment in research and development (R&D) capabilities and leverage advances in decarbonization and recycling technologies to lower their and their customers' carbon footprint, as well as reduce plastic waste.

Supply chain challenges are acute and still unfolding. There's no mistaking that manufacturers face near-continuous disruptions globally that add costs and test abilities to adapt. Purchasing manager reports continue to reveal systemwide complications from high demand, rising costs of raw materials and freight, and slow deliveries in the United States. Transportation challenges are likely to continue in 2022, including driver shortages in trucking and congestion at US container ports. As demand outpaces supply, higher costs are more likely to be passed on to customers.

New avenues are opening

The renewable energy sector is ready to branch out. The year ahead promises new growth paths for the renewable energy industry, potentially aided by supportive policies from an administration focused on combatting climate change.

In 2021, the renewable energy industry remained remarkably resilient. Rapid technology improvements and decreasing costs of renewable energy resources, along with the increased competitiveness of battery storage, have made renewables one of the most competitive energy sources in many areas.

Renewable energy growth is poised to accelerate in 2022, as concern for climate change and support for environmental, sustainability, and governance (ESG) considerations grow and demand for cleaner energy sources from most market segments accelerates.

Reference:

[2022 Chemical Industry Outlook | Deloitte US](#)