The downturn in the chemical-pharmaceutical industry lasted in the 3rd quarter 2019 – according to the most recent quarterly report published by the German chemical industry association VCI. From July to September, production in Germany’s third largest industry dropped slightly compared with the previous quarter. The industry’s sales declined sharply, also due to falling prices for chemicals. As a result of the persistently difficult business situation of industry overall, there was another downswing in the domestic demand for chemical products. The automotive industry and other chemicals-intensive sectors developed weakly. Hardly any growth impulses came from foreign business. Sales were poor, particularly in the core market Europe. Moreover, exports to Asia were lower too.

VCI President Hans Van Bylen on the state of the chemical-pharmaceutical industry: “The current situation is not easy for chemistry. Our main customers in both German and European industry are faced with major challenges. This is also reflected in the developments and projections of important customer sectors.”

For 2019, the VCI maintains its forecast of a production decline by 6 percent in the German chemical-pharmaceutical industry. With chemical prices rising slightly overall (+ 1 percent), the industry’s sales are anticipated to drop by 5 percent to around 193 billion euros.

PRODUCTION
In the 3rd quarter 2019, chemical production fell 0.6 percent against the previous quarter. The much quoted “special effect” for pharmaceuticals caused a disproportionately strong decline by 10 percent compared with the previous year. Capacity utilisation in the industry dropped to 81.7 percent.

PRODUCER PRICES
In the period under review, prices of chemicals were 0.1 percent lower than in the previous quarter. However, they were still 0.7 percent above the level of the previous year.

SALES
With slightly lower prices, the industry’s sales fell from July to September: by 2.4 percent against the previous quarter and 8.2 percent against the previous year. Here, the above-mentioned special pharma effect made itself felt as well. Domestic and foreign business were similarly disappointing due to the weak demand for chemicals from customer industries.

EMPLOYMENT
Employment in the German chemical-pharmaceutical industry continues to amount to 464,800 staff and thus remained stable in the 3rd quarter 2019. This is an increase by 0.5 percent over the previous year.