Russia: The end of the crisis

With sales of 84 billion euros in 2018, the Russian chemical industry is the ninth largest chemical producer worldwide. During the last years, the Ukrainian crisis had a strong impact on the chemical industry in Russia. Now, the long-term effects of the Ukrainian crisis seem to be overcome. Sales are rising again. Production increased as well - and thus follows its long-term trend. The chemical industry’s production rose on average by 5.6 percent annually over the past 5 years.

Also the domestic demand for chemicals has recovered from the crisis. In the past 5 years, the consumption of chemicals has increased by 4.1 percent per year and has thus amounts to a level of 87.5 billion euros.

The consequences of the crisis also had an influence on the investments in the Russian chemical industry for a long time: During the last 5 years, capital spending of the chemical industry fell on average by 3.7 percent per year. In 2018, investments amounted to roughly 4.7 billion euros, a decline of 4.6 percent in comparison to the previous year.

SPECIALIZATION IN INORGANICS

The Russian chemical industry specializes in the manufacture of inorganics. They account for almost 38 percent of the chemical industry’s turnover. Their share, however, has significantly fallen over the last decade. On the second rank are the petrochemicals, followed by the polymers and the fine and specialty chemicals. The Russian trade balance is clearly negative with a minus of 3.7 billion euros, where chemicals are concerned. Especially pharmaceuticals are imported in vast amounts. Trade surpluses could be realized within the inorganics and the petrochemical sectors.

MODEST TRADING RELATIONSHIP BETWEEN GERMANY AND RUSSIA

In 2018, the German chemical industry exported goods to the value of 4.7 billion euros to Russia. These account for 2.5 percent of the German chemical exports. Roughly 36 percent of the German exports to Russia were pharmaceuticals. On the other hand, only 1 percent of the German imports came from Russia. These were goods that amounted to a value of 900 billion euros. Hence, the German chemical trade balance with Russia was positive.

For German chemical and pharmaceutical companies, Russia has become more attractive during the past years. In 2017, the stock of direct investments of German chemical companies in Russia rose to 1.7 billion euros - with a majority of the direct investments in pharmaceutical companies. In total, 26 subsidiaries of German chemical businesses were active state-side. These subsidiaries employed 8,000 employees and generated a turnover of roughly 2.7 billion euros.