China: The world’s largest chemical producer

With sales of just under 1.6 trillion euros, China was by far the largest chemical producer worldwide in 2018 – China’s sales volume was more than twice as high as that of the USA. Also, where the consumption of chemicals is concerned, China ranks first globally with ca. 1.6 trillion euros. This makes China the world’s largest market worldwide for chemical-pharmaceutical products.

In the past 5 years, production rose by 8 percent annually. Growth rates for both sales and production were far above average in an international comparison. But it is worth noting that growth rates dropped from year to year.

In a global comparison, nobody exceeds China where investments in one’s own chemical industry are concerned. In 2018, investments were roughly 107 billion euros.

FINE AND SPECIALTY CHEMICALS IN A DOMINANT ROLE

For quite a while, China’s industry no longer specializes solely in chemicals. In particular, pharmaceuticals have gained in importance over the past 10 years. Meanwhile, they account for almost 24 percent of sales and therefore are the second largest sector in the chemical and pharmaceutical industry. The largest sector with a share of almost 30 percent is still the fine and specialty chemicals sector. The share in sales of petrochemicals is 20 percent. Irrespective of an increase in production, China cannot cover its own high demand for chemicals and pharmaceuticals and is a net importer of chemical products. Regarding chemicals, China’s trade balance is negative by 67 billion euros. In 2018, slight trade balance surpluses were only achieved in the inorganic chemicals and the fine and specialty chemicals sectors.

THE MOST IMPORTANT PARTNER IN ASIA

In 2018, the German chemical industry exported goods worth over 8.9 billion euros to China, accounting for some 4.5 percent of chemical exports from this country. Conversely, chemical products to the value of 5.3 billion euros came from China to Germany, accounting for 3.7 percent of German chemical imports. Meanwhile, China is Germany’s largest trading partner in Asia.

German chemical companies increasingly build local distribution and production operations. In 2017, the stock of direct investments of German chemical companies in China was roughly 6.5 billion euros. Overall, 232 subsidiaries of German chemical businesses were active in China. Their sales combined totalled ca. 24 billion euros; they employed 52,000 staff.

Sources: Chemdata International, VCI