

Country Report China

Chemical industry data and facts

September 2024

China: largest chemical producer in the world

In 2023, the Chinese chemical and pharmaceutical industry generated sales of 2.9 trillion euros. In China, too, sales fell compared to the previous year – as they did almost everywhere. This was due to falling prices for chemicals. China remained by far the world's largest chemical producer. A good 40 per cent of global chemical and pharmaceutical sales are generated from China. The country also took the lead in chemical consumption, with 2.9 trillion euros. China is the largest market for chemical-pharmaceutical products, with a global market share of almost 40 per cent.

The production of the chemical-pharmaceutical industry in China was further expanded in 2023 with a growth rate of 6 per cent. This means that the momentum was back to the 2015-2020 average, but less dynamic than in previous decades. China continues to expand its capacities. Investments in property, plant and equipment in 2023 were down 2.5 percent from the very strong previous year. However, at EUR 155 billion, the Chinese chemical and pharmaceutical industry continued to invest more in its plants than any other country.

SPECIALIZATION IN FINE AND SPECIALTY CHEMICALS

China has clearly specialised in fine and speciality chemicals. In 2023, this segment accounted for one third of sales. Pharmaceuticals and petrochemicals followed, each accounting for around one fifth of sales. However, the share of both segments has recently declined. By contrast, the share of polymers in total sales has increased in recent years and exceeded 15 percent in 2023. Consumer chemicals (detergents and personal care products) are almost insignificant in China.

Despite the dynamic increase in production, the demand for chemical and pharmaceutical products from abroad is high. For many years, China was therefore also a net importer of chemicals. A special effect in 2022, but also the now high capacities combined with weakening domestic demand, are boosting exports and curbing imports. China's trade balance in chemical and pharmaceutical products has therefore been positive for two years. China is particularly strong in the export of fine and speciality chemicals.

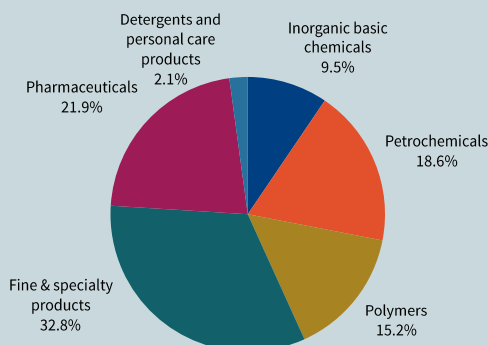
GERMANY'S MOST IMPORTANT TRADING PARTNER IN ASIA

In 2023, the German chemical and pharmaceutical industry exported goods worth around 10.7 billion euros to China. This means that 4.2 per cent of German chemical and pharmaceutical exports went to China. In return, chemical goods worth more than 8.3 billion euros came from China to Germany, around 4.7 per cent of all German chemical and pharmaceutical imports. After a decline in 2022, Germany's trade balance with China in chemical and pharmaceutical goods was once again positive.

German chemical and pharmaceutical companies are also active locally with sales and production facilities. Direct investment by German chemical and pharmaceutical companies in China totalled around 9.8 billion euros in 2022. A total of 237 subsidiaries of German companies were operating in China. Together, they generated a turnover of 34.1 billion euros and employed around 51,000 people.

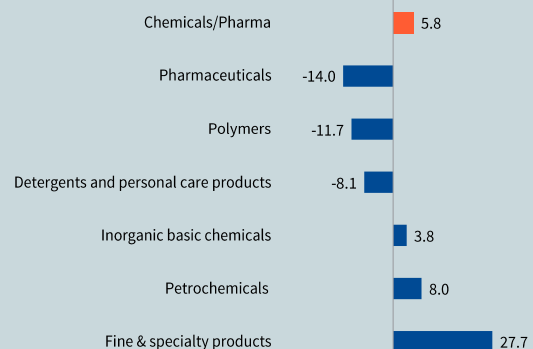
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Structure of China's chemical industry
shares in percent, 2023



Sources: Chemdata International, VCI

China's trade balance for chemicals
in billion euro, 2023



Sources: Chemdata International, VCI