

**THE BUSINESS SITUATION OF THE GERMAN CHEMICAL
AND PHARMACEUTICAL INDUSTRY - EXECUTIVE SUMMARY**

QUARTERLY REPORT 1.2025

GOOD START DESPITE HEADWIND

The start in the business year 2025 turned out better than expected for the German chemical and pharmaceutical industry. In a persistently difficult economic environment, the industry's production and sales rose significantly against the weak previous quarter. With this interim spurt, the chemical-pharmaceutical industry made up for the slump of earlier months. Activities picked up in almost all sectors, relying on brisker business in Germany and abroad. In view of these developments, the appraisal of the current business situation improved most recently.

Business expectations have become gloomier: Many companies fear a setback in the coming months. The volatile tariff policy of the US administration reduces export opportunities for chemical companies and their customers. Moreover, goods from China destined for export to the USA might be increasingly diverted to Europe and intensify the import pressure. In addition, pharma enterprises are apprehensive of severe import tariffs on the important US market.

VCI President Markus Steilemann states: "Our hopes are pinned on the European single market, the home market of the German chemical and pharmaceutical industry. The opportunities are there. Now we have again a stable government which holds all the promising cards in its hands. During the first 100 days, the government must engage in a spectacular catch-up race, reduce structural shortcomings, and trigger the necessary reforms.

Especially, this includes clearly lower energy prices, fast bureaucracy reduction, and an urgently needed tax reform. These are the best bets for growth and prosperity which enable our industrial nation to once more hold its own in international competition. Now, everything is up to Merz and his fellow politicians."

Forecast

Irrespective of the good start of the year, the VCI maintains its forecast for the business year 2025. Production is likely to stagnate in the current year; a minor drop in the industry's sales is expected. If the tariff conflict does not escalate further and the German federal government launches a growth package as announced, the prospects for our industry could brighten already this year.

Production

In the 1st quarter 2025, production rose vigorously by 6.7 percent over the previous quarter and 0.6 percent over the previous year. Capacity utilisation climbed to 78.2 percent but thus remained below the profitability threshold.

Producer prices

Producer prices in the industry went up slightly, i.e. chemical and pharmaceutical products were 1.1 percent costlier than one year earlier.

Sales

Total sales in the chemical and pharmaceutical industry grew by 4.4 percent compared with the previous quarter, reaching 54.8 billion euros.

Summary

Production: downtrend halted – strong plus in early 2025

Producer prices: rise

Total sales: sales increase at home and abroad

Outlook: recovery remains uncertain

Please note: The integral text of the VCI's Quarterly Report 1.2025 (in German language) is available for download in the press section at www.vci.de

BUSINESS INDICATORS OF THE GERMAN CHEMICAL AND PHARMACEUTICAL INDUSTRY

1. quarter 2025

	change in percent against	
	previous quarter	previous year
Production	+ 6.7	+ 0.6
Chemicals	+ 4.7	- 0.9
Pharmaceuticals	+ 10.2	+ 3.1
Producer prices	+ 0.6	+ 1.1
Total sales	+ 4.4	+ 1.8
Domestic sales	+ 4.3	+ 2.2
Foreign sales	+ 4.5	+ 1.6
Capacity utilisation in percent	quarter 4/2024	quarter 1/2025
Chemicals & Pharmaceuticals	74.7	78.2

CAPACITY UTILISATION IN THE GERMAN CHEMICAL AND PHARMACEUTICAL INDUSTRY

quarters in percent



sources: Destatis, ifo, VCI