

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

QUARTERLY REPORT 2.2025

SEVERE SETBACK IN CHEMICAL BUSINESS

The 2nd quarter 2025 was disappointing overall for the German chemical and pharmaceutical industry. Production, sales and prices partly significantly declined. The hoped-for trend reversal in domestic business did not materialise. Quite the contrary, the order shortage even worsened. Many industrial customers cut back on production and were reserved about ordering chemicals. Foreign business in chemicals and pharmaceuticals also declined which, however, had been foreseeable: Early 2025 saw pull-forward effects in the important US business. Exports were ramped up temporarily in anticipation of tariffs.

The difficult current situation of the industry is reflected in capacity utilisation which dropped sharply in Q2 2025 to just 71.7 percent – the lowest level since 1991. This means that capacity utilisation is far below the profitability threshold. No short-term improvement is in sight. Business expectations are clearly less positive than before.

VCI director-general Wolfgang Große Entrup comments: “The second quarter was another endurance test for chemical companies. Weak demand, falling sales and production far below the pre-crisis level – at present, this is the reality in our industry and also in large parts of other industries in Germany. Geopolitical crises and the political zigzag course are playing with fire in the economy. Uncertainties are immense in chemical and pharmaceutical enterprises and paralysing business. The urgent efforts of the Chancellor on the international stage were correct and important. In the second 100 days, the government must launch the spectacular catching-up race as promised –by taking a hands-on attitude together to reduce the large mountain of bureaucracy and remedy the structural shortcomings at our location. The only thing that counts now is bold, swift and decisive action.”

Forecast

Irrespective of the setback, the VCI maintains its forecast: Production in the chemical and pharmaceutical industry will stagnate in 2025 as a whole. A decline by 2 percent is expected for chemicals. With falling prices, total sales in the industry should go down by 1 percent to 221 billion euros. At present, there are no signs of a turnaround, neither in domestic nor in foreign business.

Production

In Q2 2025, production decreased significantly by 3.8 percent against the previous quarter and was thus 3.1 percent lower than one year earlier. Capacity utilisation slumped to 71.7 percent.

Producer prices

Producer prices came under ever stronger pressure, with prices in the industry falling by 0.6 percent compared with the previous three months. This means that they were 0.2 percent lower than one year ago.

Sales

Total sales in the chemical and pharmaceutical industry declined by 5.2 percent against the previous quarter. At 52.2 billion euros, they were 2.7 percent lower than twelve months earlier.

Summary

Production: major setback

Producer prices: under pressure

Total sales: weak business at home and abroad

Outlook: recovery once more delayed

Please note: The integral text of the VCI's Quarterly Report 2.2025 (in German language) is available for download in the press section at www.vci.de

BUSINESS INDICATORS OF THE GERMAN CHEMICAL AND PHARMACEUTICAL INDUSTRY

2. quarter 2025

	percentage change against	
	previous quarter	previous year
production	- 3.8	- 3.1
chemicals	- 2.7	- 5.1
pharmaceuticals	- 5.6	+ 0.7
producer prices	- 0.6	- 0.2
sales	- 5.2	- 2.7
domestic sales	- 4.1	- 2.1
foreign sales	- 5.8	- 3.1
capacity utilisation in percent	quarter 1/2025	quarter 2/2025
chemicals & pharmaceuticals	78.2	71.7

CAPACITY UTILISATION IN THE GERMAN CHEMICAL AND PHARMACEUTICAL INDUSTRY

quarters in percent



sources: Destatis, ifo, VCI