

# Quarterly Report 4.2022

## Brighter mood, persistent worries

The downturn in the chemical-pharmaceutical industry continued in the 4th quarter of 2022 which saw a further slump in production and under-utilisation of capacities. In the last three months of the past year, falling demand from industrial customers and declining producer prices also brought a sales decrease in Germany and abroad.

However, the outlook for the future has brightened somewhat in Germany's third largest industry. Meanwhile, the major drop in energy and raw material prices in recent months has stabilised the situation where the bottom seems to have been reached. Unlike the pandemic or the global economic crisis, this time there will be no powerful recovery. In international comparison, high energy costs, the lack of orders and location problems speak against it.

VCI director-general Wolfgang Große-Entrup comments on the current situation: "The energy crisis reveals that Germany has an enormous location problem. Whether this is about energy, infrastructure, skilled labour, digitalisation or an efficient, well-performing public administration: resorting to the metaphor of soccer, we believe to be playing at the top of the table while we are fighting against relegation. Only a restart of the industrial policy can keep us in the premier league in the race for the markets of the future. The following applies in this effort: less is more. Less regulation for more transformation. Our response to the US IRA should be an RRA – a regulation reduction act."

### Forecast

For 2023 overall, the VCI expects a drop in production by around 5 percent. With falling prices, the industry's sales are likely to decline by around 7 percent in a year-on-year comparison. A precise forecast is still difficult due to the volatile underlying conditions.

### Production

Production decreased by 5 percent against the previous quarter. In a year-on-year comparison, this corresponds to a decline by 14 percent. Capacity utilisation in the industry dropped once more and was most recently at 76.5 percent.

### Producer prices

Producer prices fell again for the first time since Q2 2020, namely, by 0.3 percent compared with the previous quarter. This means that chemical and pharmaceutical products were still almost 18 percent more costly than one year earlier.

### Sales

The falling demand and lower producer prices also led to a drop in sales from October to December 2022. On a seasonally adjusted basis, total sales in the chemical-pharmaceutical industry declined by 3.7 percent to 59.2 billion euros.

### Employment

The number of the industry's staff went up in 2022 by 0.5 percent over last year. At present, around 475,560 persons are employed in the chemical-pharmaceutical industry.

### Summary

- ◆ **Production:**  
Strong decrease
- ◆ **Producer prices:**  
Decline for the first time in 9 quarters
- ◆ **Sales:**  
Decline by 3.7 percent
- ◆ **Forecast:**  
Further drop in production expected
- ◆ **Please note:**  
The integral text of the VCI's Quarterly Report 4.2022 (in German language) is available for download in the press section at [www.vci.de](http://www.vci.de)

### Chemical business indicators in Germany

4th quarter 2022

	changes in percent against	
	previous quarter	previous year
<b>Production</b>	- 5.0	- 14.0
excluding pharma	- 11.6	- 23.6
<b>Producer prices</b>	- 0.3	+ 17.7
<b>Sales</b>	- 3.7	+ 4.9
Domestic Sales	- 1.9	+ 4.2
Foreign Sales	- 4.8	+ 5.4
<b>capacity utilisation in percent</b>	quarter 3/2022	quarter 4/2022
chemicals (incl. Pharma)	+ 79.3	+ 76.5

Sources: Destatis, ifo, VCI

### Chemical business indicators in Germany

total year 2022

	change against previous year	absolute value
<b>Production</b>	- 6.6	-
excluding pharma	- 11.9	-
<b>Producer prices</b>	+ 21.7	-
<b>Sales</b>	+ 16.6	265 bn. €
Domestic Sales	+ 18.6	104 bn. €
Foreign Sales	+ 15.4	161 bn. €
<b>Employment</b>	+ 0.5	475,560

Sources: Destatis, VCI