

Quarterly Report 4.2023

Scarcity of good news

The German chemical-pharmaceutical industry ended the year 2023 with a sobering last quarter. In particular, the lack of orders due to the weak economic position of industry in Europe as well as intense competition brought a sales decline at home and abroad. Yet more cutbacks in production were the consequence.

VCI director-general Wolfgang Große Entrup comments on the current situation: „The year 2023 was a disappointment throughout – and good news for the location Germany remains far and few between. Not only the chemical-pharmaceutical industry but the whole domestic economy is suffering from sluggish business and structural problems. Speaking in metaphors, however, first hope springs after a long spell of drought. Since February, some individual companies have been reporting a slight improvement regarding orders, especially with orders from abroad. Now, this proverbial tender plant needs water, fertiliser and much light – also from politicians.”

Despite these cautiously positive signals, the VCI does not yet see any signs of an economic turnaround. The situation on the energy and raw materials markets remains tense. The persistent lack of orders combined with high production costs in Germany continue to weigh on business.

Forecast

For 2024 as a whole, the VCI anticipates that production will stagnate at a low level. With declining prices, the industry’s sales are likely to fall by 3.5 percent in the present year.

Production

Production fell by 2.3 percent against the previous quarter, reflecting a drop by 4.3 percent compared with the previous year. At 77.2 percent, the industry’s capacities were underutilised..

Producer prices

Producer prices dropped by 0.1 percent in a comparison with the previous quarter while chemical and pharmaceutical products were 5.3 percent less costly than one year earlier

Sales

Seasonally adjusted, sales of the chemical-pharmaceutical industry fell by 1 percent to a total of 51.3 billion euros. Sales declined by 11.9 percent compared with last year.

Employment

With roughly 477,000 staff, employment in the chemical-pharmaceutical industry remained stable.

Summary

- ◆ **Cutbacks in chemical production**
- ◆ **Falling producer prices**
- ◆ **Slight drop in chemical sales**
- ◆ **Outlook:** situation remains difficult
- ◆ **Please note:**

The integral text of the VCI’s Quarterly Report 4.2023 (in German language) is available for download in the press section at www.vci.de

Chemical business indicators in Germany

4rd quarter 2023

	changes in percent against	
	previous quarter	previous year
Production	- 2.3	- 4.3
excluding pharma	- 1.7	+ 1.2
Producer prices	- 0.1	- 5.3
Sales	- 1.0	- 11.9
domestic sales	- 0.1	- 15.6
foreign sales	- 1.4	- 9.6
capacity utilisation in percent	quarter 3/2023	quarter 4/2023
chemicals (incl. Pharma)	75.7	77.2

Sources: Destatis, ifo, VCI

Chemical business indicators in Germany

total year 2023

	change against previous year	absolute value
Production	- 7.9	-
excluding pharma	- 10.4	-
Producer prices	- 0.4	-
Sales	- 12.2	229.3 bn. €
Domestic Sales	- 16.3	85.2 bn. €
Foreign Sales	- 9.6	144.1 bn. €
Employment	+/- 0.0	477,000

Sources: Destatis, VCI