

PRESS RELEASE

25 February 2015

VCI report on the business situation of the German chemical industry in the 4th quarter 2014

Weak end of the business year 2014

The business year 2014 brought ups and downs for the chemical-pharmaceutical industry in Germany and ended with a weak 4th quarter, according to the latest quarterly report by the German chemical industry association Verband der Chemischen Industrie (VCI).

Production, prices, sales and capacity utilisation in Germany's third largest industry dropped from October to December, as compared with the previous three months. The German economy continued to grow in late 2014, but this did not benefit the chemical industry. The underlying reason: with the falling oil price, customers were hoping for a further decline of chemical prices. Therefore, they placed fewer orders for the time being and postponed purchases of chemicals to the near future.

The VCI's director-general Dr Utz Tillmann on the business developments in the sector: "The economic recovery in the eurozone is going to last in the coming months. Against this backdrop, chemical companies are expecting moderate business growth in their major sales markets. Furthermore, the low oil price and the weak euro will give impetus to the economy. All the same, economic dynamics will remain low overall."

Forecast

For the year 2015 the VCI is expecting an increase in chemical production by 1.5 percent. As chemical prices are anticipated to drop by 2 percent, chemical industry sales are forecasted to fall by 0.5 percent to 192.2 billion euros.

Production

In the 4th quarter 2014 chemical production was 0.3 percent lower than in the previous quarter. A drop by 0.8 percent was recorded against the previous year. Capacity utilisation in the sector fell slightly to 83.3 percent but remained within a normal range.

Producer prices

The 4th quarter 2014 saw a marked drop in chemical prices by 0.9 percent compared with the previous quarter, ending a nine-month period of stable chemical pricing. Chemicals were 0.9 percent less costly in a comparison with the previous year.

Sales

Falling demand and lower prices brought a slight sales decline for the chemical-pharmaceutical industry in the 4th quarter 2014: sales dropped by 0.4 percent against the previous quarter and by 0.2 percent against the previous year.

Employment

At present, the chemical-pharmaceutical industry has 444,500 staff in Germany. This means that employment in this sector rose by 1.5 percent from October to December 2014, as compared with the 4th quarter 2013.

Please note:

The full version of the VCI's quarterly report 4/2014 (VCI-Quartalsbericht 4/2014; in German language) is available for download at www.vci.de in the section "Presse".

The VCI represents the politico-economic interests of over 1,650 German chemical companies and German subsidiaries of foreign businesses. For this purpose, the VCI is in contact with politicians, public authorities, other industries, science and media. The VCI stands for over 90 percent of the chemical industry in Germany. In 2014 the German chemical industry realised sales of more than 193 billion euros and employed 444,500 staff.

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