PRESS RELEASE
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Referendum in Great Britain / Impacts on the chemical-pharmaceutical industry

Brexit – bad for the chemical industry on both sides of the Channel

- Leaving the EU would be a fatal signal for the economic development in Europe
- Consequence: a drop in chemical exports and direct investments
- Current trade volume in chemical goods with Great Britain: 18.5 billion euros
- Investments of well over 2 billion euros by British investors in the German chemical industry

If the majority of British voters decides in the referendum on 23 June for their country leaving the European Union, that would have noticeable negative effects also on Germany’s third largest industry. The German chemical industry association Verband der Chemischen Industrie (VCI) arrives at this conclusion.

In case of a Brexit, the VCI anticipates in the mid-term a weakening of the chemical-pharmaceutical industry’s exports to Great Britain and a drop in direct investments on both sides of the Channel. VCI President Marijn Dekkers states: "We hope that a clear majority of British voters will want to remain in the EU. Especially now, at a time when the economy in Europe is undergoing a timid recovery, a withdrawal from the European Union would be a bad signal for the further economic development."

Great Britain is an important trading partner and one of the biggest markets in the EU for the German chemical-pharmaceutical industry. Last year, the industry sold goods worth 12.9 billion euros to Britain (7.3 percent of all exports). Specialty chemicals and pharmaceuticals accounted for the largest share. During the same period, German chemical companies imported goods to the value of 5.6 billion euros from the island (see chart). These mainly included pharmaceutical inputs and petrochemicals.
Great Britain is also immensely important as a production and distribution location. At present, 63 subsidiaries of German chemical companies are active in Britain. Overall, they employ around 6,000 staff and realise sales of 4.1 billion euros. The stock of direct investments on the island totals roughly 1.6 billion euros. British investors have invested well over 2 billion euros in the German chemical industry (see chart).

From the VCI’s perspective, the most serious negative economic effects of a Brexit would have to be borne by the British themselves. But a withdrawal from the European Union would bring losses in gross domestic product and falling exports also for the remaining EU Member States – and especially for German companies. Cross-border investments would be impaired too, so the VCI. The likely devaluation of the British pound and the uncertainty that comes with exit negotiations would give reason to German investors to reconsider their commitment to the location Great Britain and to possibly withdrawal capital. The distortions of financial markets triggered by a Brexit would be difficult to quantify.

Note: Files and data from the following charts are available at www.vci.de/infografiken (in German language)

Great Britain is an important trading partner and one of the biggest markets in the EU for the German chemical-pharmaceutical industry. Precisely 7.3 percent of exports of chemical products go there.
British investors have invested well over 2 billion euros in German chemistry. Direct investments on the island by German companies amount to 1.6 billion euros. In the event of a Brexit, a reduction in the stock of FDIs is likely on both sides of the Channel.

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 2015 the German chemical industry realised sales of around 189 billion euros and employed over 446,000 staff.

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Please note:
VCI news about the chemical industry is also available via Twitter (http://twitter.com/chemieverband)