

## PRESS RELEASE

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### *VCI report on the business situation of the industry in Q2 2019*

## Slackness in German chemical business

- Production decrease by 0.7 percent against the previous quarter
- Rise in chemical prices by 0.6 percent
- Stagnating industry sales
- Forecast: no upturn expected in the 2nd half 2019

The 2nd quarter 2019 was disappointing for the chemical-pharmaceutical industry in this country – according to the most recent quarterly report published by the German chemical industry association VCI. Production and capacity utilisation in Germany's third largest industry dropped slightly. Consequently, sales stagnated even though the prices of chemicals and pharmaceuticals increased once more. The main reason for the subdued chemical business was industrial production in Germany which declined for the 4th consecutive quarter, causing a weaker domestic demand for chemicals. Most recently, fewer orders were also received from Europe, the industry's most important foreign market. Therefore, the export business improved only slightly in general.

VCI President Hans Van Bylen on the situation of the chemical-pharmaceutical industry: "The recovery of German industry overall, which was anticipated for the 2nd half of the year, is not materialising. At present, the companies are no longer expecting German and European chemical business to pick up. Only few growth impulses are likely to come from trading with the USA and Asia due to the geopolitical risks."

### Forecast

In this setting, the VCI now assumes for 2019 overall a production drop by 6 percent in the chemical and pharmaceutical industry. Chemical prices should rise by 1 percent in the present year. Thus, the industry's sales should fall by 5 percent to ca. 193 billion euros.

## Production

In the 2nd quarter 2019, chemical production decreased by 0.7 percent against the previous quarter. Production declined by 8.8 percent compared with the previous year, however, this figure gives an overly negative picture due to the much quoted special effect in the pharma sector. Capacity utilisation of the industry went down to 83.4 percent.

## Producer prices

From April to June 2019, the prices of chemical-pharmaceutical products rose by 0.6 percent, reflecting a price increase by 1.8 percent over the previous year.

## Sales

In the period under review, the industry's sales stagnated at 48 billion euros as compared with the previous quarter. Due to the weak situation of German industry overall, domestic sales dropped by 1 percent while foreign business improved by 0.8 percent. With a minus of 4.3 percent, the chemical-pharmaceutical industry clearly fell short of its level of the previous year.

## Employment

Employment in the chemical-pharmaceutical industry was stable in the 2nd quarter 2019. The industry's companies currently have 464,800 staff. This is an increase by 0.5 percent compared with the previous year.

## Please note:

The full version of the VCI's quarterly report **2/2019** (in German language) is available for download at [www.vci.de](http://www.vci.de) in the press section.

*The VCI represents the politico-economic interests of around 1,700 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 more than 90 percent of the chemical industry in Germany. In 2018, the German chemical industry realised sales of 203 billion euros and employed ca. 462,500 staff.*

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