PRESS RELEASE
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VCI report on the business situation of the industry in the 4th quarter 2019

Persistent weakness in chemicals business

- Slight increase in production and sales in Q4/19; but much lower level than in the previous year
- Drop in prices by 0.5 percent
- Forecast: trend reversal did not materialise; increasing risks

Business in the German chemical-pharmaceutical industry temporarily improved somewhat in the 4th quarter 2019, according to the latest quarterly report of the German chemical industry association VCI. Thus, the downturn of the previous quarters did not continue during that period in Germany’s third largest industry. Production and sales improved slightly compared with the earlier months. However, there was no trend reversal in chemicals business.

The slight growth was far from enough to make up for the decline of previous quarters. German industry remains in recession, and the demand for chemicals is subdued. In the 4th quarter 2019, the industry’s domestic sales were clearly lower than last year. Moreover, meanwhile the risks to the economy have increased due to the corona virus. VCI director-general Wolfgang Große Entrup comments: “Another difficult year is ahead for the chemical and pharmaceutical industry in Germany. The export-oriented German industry generally and, in consequence, the chemical sector will feel the impacts of the corona epidemic. Politicians are urgently called upon to provide support measures for the overall economy.”

Forecast

The VCI has lowered its forecast for 2020 and now expects chemical production to decline by 1.5 percent. Volumes in the chemical-pharmaceutical industry as a whole are anticipated to stagnate at best. Expectations to the industry’s sales remain unchanged at 196 billion euros.
Production

In the 4th quarter 2019, chemical production rose by 1.6 percent over the previous quarter but fell by 2 percent against the previous year. Capacity utilisation in the chemical industry improved somewhat to 82.7 percent and was thus in the lower normal range.

Producer prices

Prices of chemical and pharmaceutical products dropped by 0.5 percent in the period under review. Prices fell by 0.3 percent against the 4th quarter 2018.

Sales

From October to December 2019, the industry’s sales went up by 0.8 percent to 45.4 billion euros over the previous quarter. Irrespective of the weak position of the overall industrial economy, domestic sales rose by 0.7 percent. Foreign business developed somewhat more positively (+ 0.9 percent). However, the industry’s sales clearly fell short of the level of the previous year (- 2.7 percent).

Employment

With 464,800 staff, employment was stable in the chemical-pharmaceutical industry in the 4th quarter 2019. This is an increase by 0.5 percent compared with the previous year.

Please note:

The integral text of the VCI quarterly report 4.2019 and related media documents (in German language) are available in the press sector at www.vci.de.

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. In 2019, the German chemical industry realised sales of ca. 196 billion euros and employed 464,800 staff.

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