

PRESS RELEASE

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VCI report on the industry's business situation in the 1st quarter 2020

Chemical industry: robust start in the crisis year

- Increase in chemical production by 3.2 percent against the previous quarter
- Minor rise in chemical prices by 0.2 percent
- Improvement by 0.6 percent in the industry's sales
- Forecast: A difficult year lies ahead for the industry

In the 1st quarter 2020, the chemical-pharmaceutical industry in Germany did not yet feel the full force of the corona pandemic. This emerges from the most recent quarterly report by the German chemical industry association Verband der Chemischen Industrie (VCI). Production and sales in Germany's third largest industry even went up. Mainly because of the strong demand for pharmaceuticals, various hygiene products and packaging materials, the industry was spared major setbacks still in March. All the same, a severe recession is expected, as a VCI membership survey shows. A decline in orders, disrupted supply chains and the lack of transport capacities are causing problems for companies.

In January and February 2020, the crisis initially made itself felt only in business with Asia, since the Chinese economy was shrinking due to the lockdown. From March onwards, the corona pandemic slowed economic growth and the demand for chemicals globally. Many parts of the European economy came to a standstill.

VCI President Christian Kullmann comments: "2020 is going to be a difficult year for the chemical-pharmaceutical industry. Companies will strongly feel the effects of the corona crisis in the coming months. 75 percent of VCI members are expecting a sales decline in Europe. Therefore, not only our industry but the entire German economy urgently needs an investment and growth programme – instead of new burdens. Furthermore, we need genuine and holistic sustainability strategies and not projects that are solely oriented to the ecological component."

Forecast

For the year 2020 as a whole, the VCI anticipates a significant drop in production and sales for the chemical-pharmaceutical industry in Germany. The association will publish a more precise forecast only after the 2nd quarter of the present year.

Production

In the 1st quarter 2020, chemical production increased by 3.2 percent against the previous quarter and grew by 0.9 percent over the 1st quarter 2019.

Producer prices

Irrespective of falling oil prices, the prices of chemical products remained stable in the period under review, as compared with the first three months of 2019.

Sales

From January to March 2020, the industry's sales rose to 49.5 billion euros, reflecting an increase by 0.6 percent compared with the previous quarter. Domestic sales grew vigorously by 3.3 percent while foreign sales fell by nearly 1 percent due to the corona pandemic.

Employment

Around 464,000 persons were working in Germany's chemical-pharmaceutical industry in the 1st quarter 2020, i.e. the employment level was stable in comparison with 2019.

Please note:

The integral text of the VCI quarterly report **1.2020** and charts from the VCI membership survey (all in German language) are available for download 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 in contacts with politicians, public authorities, other industries, science and media. In 2019 the German chemical industry realised sales of over 198 billion euros and employed around 464,000 staff.

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