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## Press Release

16 March 2021

VCI report on the business situation of the German chemical industry in the 4th quarter 2020

# Strong 4th quarter for chemistry

- **Production increase by 7.4 percent over the previous quarter**
- **Rise in chemical prices by 0.4 percent**
- **The industry's sales climb by 8.1 percent**
- **Outlook: economic recovery among industrial customers**

The corona year 2020 ended with a positive 4th quarter for the German chemical-pharmaceutical industry, according to the latest quarterly report published by the German chemical industry association Verband der Chemischen Industrie (VCI). Compared with the previous quarter, production and sales went up significantly in Germany's third largest industry. The recovery of the previous months even accelerated, but finally that was not enough to bring about a positive outcome in the annual stock-taking for 2020 overall. Improvement in the strong 4th quarter was triggered by the rising demand for chemical products at home and abroad. The recovery among industrial customers of the chemical industry continued dynamically on all continents. They ordered large volumes of chemicals, also to replenish empty incoming warehouses.

Due to yet more extensions of the lockdown, the prospects for the near future have turned less optimistic in some chemical undertakings. According to a VCI membership survey, nearly every second company is expecting a setback in the 1st quarter 2021. Shortages of materials and logistics problems are making matters even more difficult for a number of enterprises. VCI director-general Wolfgang Große Entrup on the present situation: "If chemical business continues to develop positively over the year, the signs are good for our industry. However, major fluctuations in demand cannot be ruled out."

## Forecast

For the year 2021, the VCI is now expecting chemical production to grow by 3 percent. Prices are likely to rise by 2 percent, so that the industry's sales should improve by 5 percent to just under 200 billion euros.

## Production

From October to December 2020, chemical production climbed by 7.4 percent over the previous quarter and went up by 4 percent over the previous year. Capacity utilisation in the industry improved from 81.6 percent to 85 percent.

## Producer prices

In the 4th quarter 2020, prices of chemical products continued to recover and were 0.4 percent higher than in the previous three months – while remaining 1.7 percent below the level of the previous year.

## Sales

Developments in production and pricing also brought higher sales. In the period under review, the industry's sales rose by 8.1 percent quarter-on-quarter to 47 billion euros. However, sales were still 0.6 percent lower year-on-year.

## Employment

The number of jobs in the chemical-pharmaceutical industry was stable in the 4th quarter 2020. Despite the corona crisis and more uncertainties, chemical companies were able to keep on their workforce throughout the year. Currently, they have 464,000 staff.

## Please note

The integral text of the VCI's Quarterly Report 4/2020 (in German language) is available for download in the press section at [www.vci.de](http://www.vci.de).

*The VCI represents the politico-economic interests of over 1,700 German chemical and pharmaceutical companies and German subsidiaries of foreign businesses in contacts with politicians, public authorities, other industries, science and media. In 2020, the industry realised sales of nearly 190 billion euros and employed around 464,000 staff.*

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