

Coronavirus

Chemical Industry Provides Grounds for Optimism

Germany's chemical industry has seen of the worst of the Covid-19 crisis and is cautiously optimistic about the future according the German Chemical Industry Association.

- ▶ Confidence returning to sector
- ▶ Covid-19 slump bottoming out
- ▶ A positive signal for the economy

Confidence returning to sector

The mood in the German chemical industry is positive according to the German Chemical Industry Association (VCI). A temporary increase in demand for disinfectants and cleaning agents, medicines and soaps was not enough to stop a 6.1 percent annual downturn in sales for the first six months of 2020. Turnover was down to EUR 96 billion, with production levels also down 2.5 percent on the previous year's levels. The forecast for the whole year sees turnover fall by six percent, with production expected to be down by three percent.

Covid-19 slump bottoming out

Issuing its half-yearly results, the VCI sees cautious reason for optimism in the country's third-biggest industry sector, noting that companies in the sector have come out the other end of the slump significantly healthier than other industries affected by the global Covid-19 pandemic.

However, a return to pre-crisis industry levels is not expected before the end of 2021 according to a VCI membership survey. Around half of those member companies surveyed expect a recovery by the end of the coming year, with a further one in five companies believing that it will not be until the end of the following year.

The VCI survey results show that the chemical industry has “weathered the worst of the Covid-19 storm” according to Thorsten Bug, Senior Manager Chemicals & Healthcare in Germany Trade & Invest's Investor Consulting division.

The significant demand for disinfectant and cleaning agents at the outbreak of the coronavirus crisis was not enough to prevent a lockdown production and sales slump, but the medium- to long-term prognosis is positive.

A positive signal for the economy

This is important news because the signals from the chemical industry are of great importance for the entire processing industry. The sector supplies almost all industries with chemicals and plastics and tracks changes in demand early on, making it a good indicator of the global economic situation.

CHEMICAL INDUSTRY PROVIDES GROUNDS FOR OPTIMISM


There are plenty opportunities for investors in Germany's chemical industry. Please contact our industry experts in GTAI's Investor Consulting division for more information.


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Coronavirus / Chemical Industry / Materials Processing and Technologies Industries

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