

Statement to the press

Dr. Utz Tillmann, director-general of the German chemical industry association Verband der Chemischen Industrie (VCI)
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(Check against delivery)

Ladies and Gentlemen:

The German chemical industry can look back on a successful business year 2011: production rose by 2.2 percent and sales improved by 7.7 percent to well over 184 billion euros.

This trend positively impacted employment too: last year, German chemical companies hired around 12,000 new personnel. This corresponds to an increase by 3 percent to currently 427,000 staff. There are two reasons for job creation: the good economic situation and demographic change in our society. Companies are preparing for a future where qualified staff will be hard to find. Consequently, they are acting now to secure suitable people early.

However, chemical business weakened considerably in the second half of 2011, with chemical production in Germany falling from month to month. The 4th quarter did not bring the hoped-for turnaround, either.

But the mood in our industry has been picking up again since December 2011. Meanwhile, confidence has returned to chemical companies. The economic picture further brightened in the first months of the present year, and business expectations are once more positive.

We seem to have passed the turning point: chemistry – being Germany's third largest industry – mostly had a good start into the new year. Production is back on the increase.

We assume that upward forces will prevail in the coming months. But chemical companies continue to take a rather short-term approach in the operating of their plants – due to persisting, major risks to the global economy. These include, for example, the debt crisis in the European Union and further developments of costs for raw materials and energy. In particular, we are observing the mineral oil price which gives reason for concern to some of our member companies.

As regards output, it should be difficult to achieve further improvements over 2011 on the annual average: in the present year, chemical production in Germany needs to grow vigorously from quarter to quarter so that – statistically speaking – no negative production figures are recorded for the overall year 2012 in the end.

Against this backdrop, we are expecting chemical production 2012 to remain at the high level of 2011. With a likely increase by 1 percent, prices for chemicals will rise less strongly. Also chemical industry sales are forecasted to increase by 1 percent to a total of 186 billion euros. After two years of successful catching-up efforts, chemistry has more than made up for the dramatic production decline and is taking a growth pause this year.

The special role of chemistry in the value chains

Germany's strength lies in its traditionally grown, interconnected structures in the industrial landscape. In Germany, the contribution from industry to the gross domestic product is higher than in any other modern industrial nation and accounted for nearly 22 percent in 2011. The past has shown that success is only possible within a joint network where all players work together: key industries in Germany – such as carmaking, mechanical engineering and the electrical and metal industries – are linked with each other through manifold supply relations. This network makes them globally competitive.

The greatest challenges of the future include, inter alia,

- better research and energy efficiency,
- expansion of alternative energies,
- adequate supplies of foodstuffs and goods to the growing world population, and

- coping with demographic change.

Solutions to all of these challenges require processes and products from industry.

The chemical industry has a special role in the search for solutions. As a motor of innovation, chemistry sets the pace for and gives impulses to the interconnected network of industries that I have described earlier. Already now, German chemical companies are well-established in many fields of the future, and they are trying to close existing gaps in other areas.

There will be a growing need for chemistry to provide innovative and tailored solutions of high quality. I am sure that we will see novel ideas and starting points for fresh solutions at the forthcomingACHEMA 2012. Together with our customer industries, they will bring many market chances for chemistry in Germany. We want to and we will use these chances.

Furthermore, it is worth noting that our industry depends on sound and reliable framework conditions which we will continue to advocate in the political discussion. By way of example, I would mention just two of our current top issues. Firstly, the Energiewende or energy turnaround. We finally need a navigation system for this transition so that we can drive forward the expansion of grids and the construction of power plants. Secondly, in order to strengthen the potential for innovation in Germany, fiscal incentives for research need to be introduced also in this country. This step is long overdue.

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