

PRESS INFORMATION

„Chemical Distribution in March 2020“

In 2019, the German chemical wholesalers and foreign traders reported a decrease in turnover of 7.1% to about 13.7 billion euros in comparison with the previous year. For the industrial chemicals sector, the decrease amounted to 8,6% and for the special chemicals trade the decline in sales was recorded as 6.4%, in comparison with 2018. Overall, 2019 made a modest start and unfortunately continued the downward trend. The reasons were, among others, price reductions in various business areas, such as, for example, the automotive industry. The trade war between China and the USA also contributed by putting pressure on prices. Fortunately, there was a slightly positive change in volumes with, in total, a plus of 1.7% in comparison with the previous year. The industrial chemicals sector again increased somewhat, whereby in contrast the specialties decreased in volume by 0.6 %, slightly diminishing the overall result. Again, one of the reasons here was the trade dispute between the USA and the resulting changes in the flow of goods. Additionally, the rigorous implementation of climate targets in China involved the closure of some companies.

In terms of the number of jobs, the industry continues to show growth (+0.5%) but it is slowed down by the lack of skilled workers. Especially positions for technical specialists were more difficult to fill. The investments in plant and warehouse modernization continue at a high level, among other reasons, in order to meet the demands of environmental protection and working safety. Stricter emission standards require investments in the truck fleet. The industry continues to invest in the expansion of digital infrastructures, as well as in the modernization of offices and buildings.

The transport policy signals from Berlin on rail transport met with a positive reception by the companies. The rail connections and siding areas, under the keywords “goods on the railroads”, still play an important part for many companies. To make these aspects more visible to policy-makers, the VCH has joined the initiative of the VDV (Association of German transport companies) called the „Rail Siding Charter“, then only in this way, can we jointly obtain improvements for everybody. The industry sees the challenges in the field of e-mobility critically – particularly for the transport of goods.

The chemical trade is continuing its efforts in the field of digitalization and accompanying the developments - starting with sales via online platforms, through digital marketing solutions, up to the optimization of internal processes. Thus, considerable potential lies in the automated communication and processing of customer requests.

A growing obstacle is the slow official implementation of new regulations, coupled with legal uncertainties caused thereby, and the very short implementation periods for the companies. For example, the provisions of the EU Explosives Regulation are to be applied from February 2021. The important, and vitally necessary, legally compliant implementation for the companies has not even started. The currently valid Regulation, published in 2013, has not been implemented at all.

Now that the first quarter of 2020 has still been a satisfactory start for a series of segments in chemical trading, the corona crisis and its consequences for the coming quarter years is now causing great concern. It is therefore all the more important to emphasize that chemical trading, thanks to its global network and good logistics concepts, is a reliable partner in the current situation with regard to the procurement and supply of raw materials for all sectors of industry.

Cologne 26th March 2020