

P R E S S I N F O R M A T I O N

on the occasion of the annual meeting between the press and the board of the association

„Chemicals trading in March 2011 – crisis overcome but worries about the future“

The German chemical wholesale and foreign trading industry has come through the economic and financial crisis well and in 2010, sales and revenue almost reached the figures of 2008 again. In comparison to 2009, revenue increased by 20 % to 11.6 billion Euros, sales volume increased by about 15 % for stock-holding traders to 6.2 million tons. The profitability situation was very heterogeneous. Traders of speciality chemicals achieved satisfactory earnings, however industrial chemical traders saw a further decline in gross profits due to the steep rise in purchase prices. A positive signal, in contrast, is the decline in customer insolvencies. Also, the willingness of credit insurers to provide confirmations of cover on a larger scale again is another reason for optimism.

The industry is becoming increasingly concerned about the partial lack of availability of raw materials for the European market. Suppliers provide a wide spectrum of possible reasons for this: Increasing demand from the world market, shortages of crude oil derivative products, politically motivated supply bottlenecks (rare earths), plant outages and decommissioning. These reasons alone lead to clearly increased raw material prices and then there is a growing, additional speculation effect. Especially in the case of industrial chemicals, the traders could not pass on the price increases they had to pay fully to their customers - or only to a limited degree or with a time lag. Traders had to make special efforts in order to avoid production losses for customers due to a lack of raw materials. This was a special challenge for the chemicals trading sector last year.

On top of these challenges, the industry continues to have personnel and financial capacities tied up particularly in the implementation of the European chemicals policy. Currently, this involves to a large degree the introduction of the new classification and labelling regulations according to CLP as well as the new "extended" safety data sheets.

For 2011, the industry is expecting good demand. However, hopes are somewhat dampened by the unpredictable consequences of the developments in the Arab region and in Japan as well as the emerging capital cost increases.

Cologne, 16. March 2011