

Country Report China

Chemical industry data and facts

August 2022

China: largest chemical producer in the world

With sales of nearly 2.4 trillion euro, China was by far the world's largest chemical producer in 2021. The figure increased even further compared to the previous year. The USA followed in second place, with a significantly lower sales volume of around 706 billion euro.

China also obtained the top position in terms of chemical consumption, with more than 2.4 trillion euro. In 2021, China was thus once again the world's largest market for chemical-pharmaceutical products (40.7 percent global share), followed by the USA and Japan. Production has been steadily expanding over the past decade, with an average annual growth rate of 8.4 percent. In the last five years, the annual growth rate has slowed to 6.4 percent, which is still a respectable figure.

The chemical industry in China is also the benchmark in terms of investments. In a global comparison, no one has invested as much in its chemical industry than China. In 2021, investments amounted to more than 136 billion euro. This was an increase of 15.5 percent compared to the previous year.

SPECIALIZATION IN FINE AND SPECIALTY CHEMICALS

The leading division in China's chemical industry were fine and specialty products in 2021, accounting for more than 31 percent of total sales. Pharmaceuticals, which have gained further importance in recent years accounted for more than a quarter of total sales in 2021, closely followed in second place. Inorganics and detergents and personal care products accounted for the smallest shares, each with single-digit figures.

Despite dynamic growth in production, China is unable to meet its high demand for chemical and pharmaceutical products and is therefore a net importer of chemicals. However, the trade deficit shrank significantly in 2021 compared to the previous year, by almost 38 billion euro. Nevertheless, at minus 15.8 billion euro, it was still negative for China's chemical-pharmaceutical industry. Detergents and personal care products as well as polymers continued to be imported in large quantities. The remaining four divisions achieved trade surpluses.

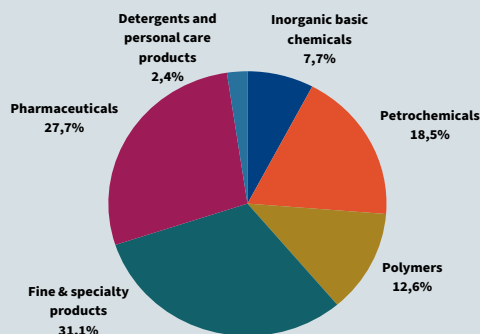
GERMANY'S MOST IMPORTANT TRADING PARTNER IN ASIA

The German chemical industry exported goods worth more than 11.5 billion euro to China in 2021. This was an increase of more than 17 percent compared to the previous year. In 2021, around 5 percent of German chemical exports went to China. Conversely, chemical goods worth more than 9.3 billion euro went from China to Germany, also a significant increase compared to the previous year. In Asia, China is Germany's most important trading partner.

German chemical companies are also active locally with sales and production facilities. Direct investments by German chemical companies in China amounted to around 7.7 billion euro in 2019. A total of 231 subsidiaries of German chemical companies were active in China. Together, they generated sales of 26.6 billion euro and employed around 52,000 people.

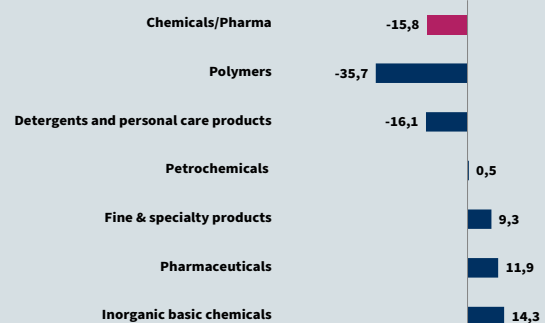
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Structure of China's chemical industry
shares in percent, 2021



Sources: Chemdata International, VCI

China's trade balance for chemicals
in billion euro, 2021



Sources: Chemdata International, VCI