

Country Report United Kingdom

Chemical industry data and facts

October 2021

Pharmaceutical industry dominates in the UK

In 2020, Great Britain's sales of chemicals increased by 4.7 percent compared to previous year and amounted to almost 59 billion euro. The UK thus ranked fourteenth among the world's top-selling chemical nations.

Production of the chemical-pharmaceutical industry in Great Britain also grew dynamically in 2020. It rose by 9 percent year-on-year, significantly outperforming the medium-term trend. Over the past five years, production has grown by an average of 2.4 percent per year.

Demand for chemicals remained high in 2020, despite the difficult economic situation due to the coronavirus pandemic. UK's chemical consumption in 2020 was around 60.6 billion euro - rank 13th in the world. Investments in the sector fell slightly in 2020, amounting to over 3.9 billion euro.

FOCUS ON PHARMACEUTICALS

The UK specializes in the manufacture of pharmaceuticals. Almost 40 percent of Great Britain's chemical sales were generated in this sector in 2020. The share has been continuously expanded in recent years. Fine and specialty chemicals were another key area, accounting for almost 25 percent of sales. Basic chemicals (inorganics, petrochemicals, polymers), on the other hand, played a rather minor role.

The UK trade balance in chemicals was negative in 2020, at minus 1.6 billion euro. However, it improved by around 3 billion euro compared to previous year. Petrochemicals as well as fine and specialty chemicals achieved surpluses, while the remaining sectors showed negative figures. Polymers recorded the highest trade deficit. Pharmaceuticals accounted for 43.9 percent of UK's chemical exports. Pharmaceuticals also dominated imports, accounting for 43.9 percent of sales.

FOREIGN TRADE BETWEEN GERMANY AND THE UNITED KINGDOM FELL IN 2020

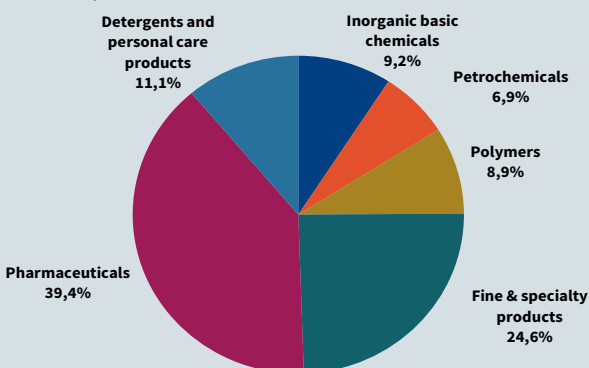
The German chemical industry exported goods worth around 8.2 billion euro to the United Kingdom in 2020. This corresponded to 4.1 percent of German chemical exports. Compared to previous year, exports decreased by more than 1.2 billion euro. Conversely, chemical goods worth around 6 billion euro came from the United Kingdom, a drop of more than 550 million euro compared to previous year. The German chemical trade balance with the UK was thus clearly positive.

German chemical companies are also active with sales and production facilities in the UK. Direct investments amounted to around 2.4 billion euro in 2019. A total of 38 subsidiaries of German chemical companies (excluding pharmaceuticals) were active in the UK. They employed around 6,000 people and generated sales of around 3 billion euro.

It remains to be seen how Brexit will affect trade in chemical products as well as the UK as an industrial location for European chemical companies in the future.

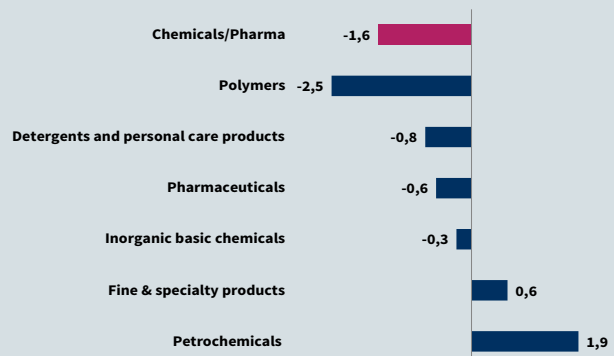
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Structure of UK's chemical industry
shares in percent, 2020



Sources: Chemdata International, VCI

UK's trade balance for chemicals
in billion euro, 2020



Sources: Chemdata International, VCI