

## CBI MARKET SURVEY

## THE CHEMICALS MARKET IN GERMANY

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**Report summary**

This CBI market survey discusses, amongst others, the following highlights for the market for chemicals in Germany:

- Germany is both the biggest consumer and producer of chemicals in the EU. Its chemical sector is very heterogeneous.
- Between 2001 and 2005, demand for chemicals showed a relatively weak average annual growth of 2.7%, amounting to € 122 billion in 2005. The average annual increase in the production output was 3% in the period 2001-2005. Production amounted to € 153 billion in 2005. In 2006, industrial demand increased at the higher rate of 7%. Production also increased significantly. However, it is forecasted that growth will be weaker in the next few years.
- Germany's total chemicals imports increased from € 6.5 billion in 2002 to € 9.3 billion in 2006. Its export value fluctuated between € 10.8 billion and € 12.1 billion during the same period.
- Developing country suppliers account for a considerable share of Germany's import of chemicals (8%) and it increased significantly during the last decade. It is expected that parts of the production process of German companies will move to developing countries.

This survey provides exporters of chemicals with sector-specific market information related to gaining access to The Netherlands. By focusing on a specific country, the survey provides additional information, complementary to the more general information and data provided in the CBI market survey covering the EU chemicals market.

As you will notice in this survey, much trend-related information is similar to that for the EU in general. Interview results showed that most of the major trends in individual countries are the same as the ones identified in the CBI market survey covering the EU chemicals market. This is due to the fact that the chemicals market is a very international market. Some countries export more than half of their chemical production. Moreover, the chemicals market is a very mature market, featuring commodities and many complex products which all have their own specific application. As this survey does not allow for the description of all of these individual products and is limited to four product groups<sup>1</sup>, trend information is also mainly limited to those trends which are relevant to the entire chemical industry. Therefore it is recommended that you read this survey together with the CBI market survey covering the EU chemicals market.

That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

**1. Market description: industrial demand and production****Industrial demand*****Total market size***

- Germany is by far the leading chemicals consumer in the EU, accounting for 21.6% of the total EU industrial demand (European Chemical Industry Council (CEFIC), 2006).

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<sup>1</sup> Inorganic chemicals, organic chemicals, dyes & pigments and oleochemicals.

- According to CEFIC, industrial demand for chemicals in Germany amounted to € 122 billion in 2005, representing an average annual growth rate of 2.7% since 2001, although this was relatively low compared to the EU average growth rate of 3.3%.
- According to the VCI, the Association of the Chemical Industry in Germany, the world market share of the chemical industry in Germany has been declining for years, namely from 10.5% back in 1991 to 8% in 2003. When turnover by foreign subsidiaries of German companies are included in the analysis, the global market share of German chemical businesses, however, has risen slightly since 1991. The internationalisation of production enables German enterprises to participate in the growth of foreign markets and to safeguard their global position (VCI, 2005).
- According to VCI, German industrial demand increased by 7% between 2006 and 2007.

**Table 1.1 Chemical demand indicators, between April 2005 and March 2006, change in %**

Indicator	% change
Domestic industrial demand <sup>1</sup>	4.5%
Total turnover	6.0%
Domestic turnover	4.0%
Foreign turnover	7.0%
Producer prices	3.6%

<sup>1</sup> Apparent domestic industrial demand = sales – exports + imports

Source: VCI (2006)

### ***Trends in industrial demand***

Despite the increased oil prices and higher levels of various interest rates, the global economy continued to grow, which enhanced the demand for chemical products. Foreign demand contributes an important impulse to the business of German chemical companies. In the second quarter of 2006, the total turnover of the German chemical industry reached the amount of € 40.9 billion. However, trends were less dynamic and impulses from foreign business were somewhat weaker in 2006.

Demand for paints and coatings is stable. The German market for these products is mature. Nevertheless, there was a small upward trend in 2003, 2004 and again in 2006, which was mainly driven by industrial demand. However, in 2006, consumer demand was also notably higher. This was the result of higher energy prices which caused many households to take measures to isolate their houses, which in turn caused a need to (re-)paint certain parts of the houses. This development was only temporally and future demand is expected to stabilise again. In fact, it is expected that any structural growth of the sector will have to come from exporting industries.

## **Production**

### ***Total production***

- Germany is the leading producer of chemicals in the EU, accounting for 25% of total EU production.
- In 2005, total German chemicals production amounted to € 153 billion, representing an average annual increase in production of 3% during the review period (CEFIC, 2005).
- According to VCI (2007), German production of chemicals increased by 4.3% between 2006 and 2007. In the first half of 2007, the turnover of the chemical industry recorded a growth of 8% compared to the same period in the year before. The VCI expects that the German chemical industry will continue to grow at similar rates in the coming years.
- Ranking behind the USA and Japan but before France, China and Italy, Germany is the third leading chemicals manufacturer worldwide. The chemical industry holds an eminent position within Germany's overall economy: the share of chemical companies in manufacturing industry sales amounted over 10%, hereby ranking the chemical industry

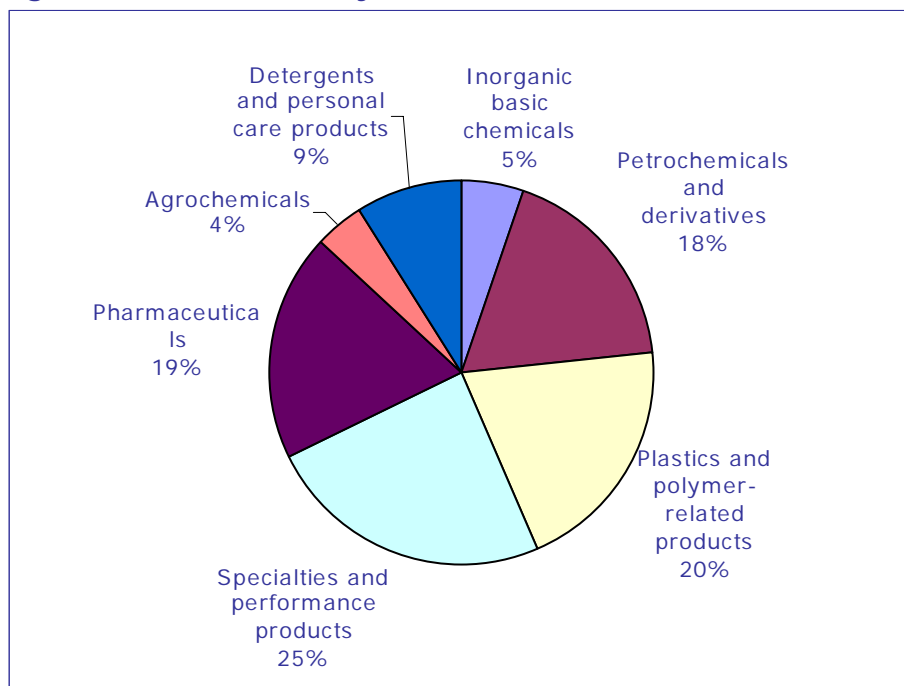
fourth among all manufacturing sectors, behind automobile construction, electrical engineering and mechanical engineering (VCI, 2005).

- According to the VCI, the market for consumer chemicals, pharmaceuticals and fine and speciality chemicals is currently doing particularly well in Germany.

### **Product groups**

The German chemical sector is very diverse and has major markets for many sub-sectors. The main sub-sector is formed by the specialties and performance products, which amounted to a share of 24% of total turnover in 2006.

**Figure 1.1 Breakdown by sector in % of total turnover in 2006**



Source: VCI (2006)

Germany has the largest pharmaceutical market of the EU. Domestic sales amounted to € 22,653 million in 2005. Sales of pharmaceuticals increased by 8% in 2005, according to the IMS retail drug monitor. It is one of the best performing sub sectors of the chemicals industry.

Many large German companies manufacture intermediates, using a host of more basic chemical intermediates. Germany is also a major manufacturer of resins, paints, coatings and polymers, which require additives and other performance and specialty chemicals. According to the Association of German Coatings Industries, production of paints and coatings amounted to € 4.9 billion in 2006. This is 2.7% more than in 2005.

### **Major players**

In 2005, there were nearly 1,900 chemical companies in Germany, of which 90% were small and mid-sized with less than 500 employees. These small and mid-sized companies employed almost two thirds of the chemical industry workforce and contributed to over one fourth of the total chemical industry sales (VCI, 2005). In June 2006, chemical companies in Germany employed a total of around 433,600 persons (VCI, 2006). The major players in Germany are described below.

- Bayer is globally active, and capable of making most products in-house. The company is increasingly outsourcing basic products and intermediates. They buy from developing countries and they are also involved in cooperation with companies in developing countries.

Although the company manufactures some consumer products (Aspirin), its chemical activities are all business-to-business, while the (chemical) industry and distributors or agents are their main customers.

- Some of Bayer's chemical activities, including the former 'Bayer Chemicals' division, were spun off from Bayer in late 2004 as a new, publicly listed company: Lanxess. All of the activities of Lanxess are in the manufacture of chemical products for the business-to-business market. In early 2006, Lanxess grouped all of its fine chemical activities in the new company Saltigo. Saltigo is a 100% subsidiary of Lanxess. The company's customers are the (chemical) industry, as well as traders and distributors. The company is actively outsourcing some of its production to developing countries.
- BASF calls its strategy 'Verbund'. This means they strive for maximum integration. As a result, the company makes most of the more basic products in-house. Business relationships with developing countries are so far mainly focused on Asia. BASF is a very large company, which also has activities in consumer markets (mainly recording and media). All chemical activities are in the business-to-business market. The main customers of BASF Chemicals include other BASF divisions, other chemical companies, agents and distributors.
- Degussa is very active in seeking to further expand its business. Like many others, they want to increase their activity in the higher-value parts of the value chain. They are actively buying chemical intermediates from companies in developing countries. All of Degussa's activities are business-to-business. Their main customers include other industries, agents and distributors.
- Wacker has recently formed interesting co-operations and acquired a few companies. All of this has significantly improved their competitiveness in the fine chemicals area. They buy materials from developing countries to some extent. Wacker is not directly involved in consumer markets; it sells all of its chemical products to other industries, distributors and agents.
- Aventis buys a large range of intermediates for the manufacture of agrochemicals and pharmaceutical active ingredients. The company is interested in buying from and outsourcing production to developing countries. Aventis produces agrochemical and pharmaceutical active ingredients. These are then manufactured into end-products (e.g. various drugs) which are sold through distributors (like farmer co-operatives, pharmacies and hospitals) to farmers or patients.
- Boehringer-Ingelheim is a research-driven group of companies dedicated to researching, developing, manufacturing and marketing of pharmaceuticals. Their business consists largely of Prescription Medicines, Consumer Health Care, Biopharmaceuticals and Animal Health, with the focus on the production of innovative drugs and treatments which represent major therapeutic advances.

### ***Trends in production***

- It is forecasted by German distributors that the German chemical sector will show a positive trend, although increases will be weak. There are many indications that the chemical business cycle has already peaked and experts believe that growth of the global economy will slow down in the near future. In addition, tax increases decided for 2007 will have a restraining impact on developments in the chemical sector (VCI, 2005).
- The VCI observes a lot of changes in the global chemical industry that have an influence on the German chemical industry. Some of these factors influencing the Germany chemical industry are, for example, a strong emerging chemical industry in the Middle East, strong import pressure from Asia, rising gas prices, etc. Germany moved its fertilizer production to

Russia, because of lower gas prices. Furthermore, there are a lot of mergers in the German industry and companies have been obliged to decrease their staff for the past 15 years.

- Major growth impulses are coming from the manufacturing industry, which is the most important customer for German chemical products. European neighbour states are evolving, which results in growing markets as well as in increased competition. However, only simple low-tech chemicals are produced in these new EU member states. It is also expected that imports from China and India will increase, which will be further discussed under the heading Opportunities and threats.

### Opportunities and threats

The growing demand for chemicals offers increasing opportunities for producers of chemicals in developing countries. Experts discerned that parts of the production process of German companies have already moved to China and India. Because of the low production costs, it is more favourable to produce final products, such as vitamin pills, in these countries, than to export raw chemical ingredients to Europe for production in a European country. However, concerning the production of chemical products in developing countries, special attention needs to be paid to controlling the quality and to the various strict EU regulations, for example concerning the environment.

A difficulty in the chemical sector in Germany is that it is a very regionally oriented sector, with many regional linkages. It will be difficult for developing countries to compete with these efficient transport systems. The major opportunity can be found in simple chemical products, which are easily transportable and are non-perishable.

### Useful sources

- Association of the German coating industry: <http://www.lackindustrie.de>
- ChemIndustry.com, (<http://chemindustry.com/index.html>) is of interest, for chemical information as well as finding companies in Germany.

## 2. Trade channels for market entry

Just like The Netherlands, Germany is the home base of leading companies in the trade and distribution of chemicals.

### Trade channels

In general, the same trade channels apply to Germany as in the rest of the EU. These channels have been described extensively in the CBI market survey covering the EU market for chemicals.

Focusing on Germany, there is a number of routes which lead from a producer of chemicals to the final customer. Open market places are not generally used in the chemical sector. The main distribution channels are distributors, agents and traders. In addition, e-business has become increasingly popular in the chemical industry.

The distributor plays a key role in the chemical sector. Distributors take care of all of the marketing. They search for customers and they are responsible for the logistics. Especially for end-users, who need a lot of different performance chemicals, it is efficient to buy them from one source. Distributors obtain various materials from a variety of different companies and can offer complete packages of all the products that producers need. Although the payment risk is low, the downside is that the producers does not gain customer contact and/or market knowledge, because these 'belong' to the distributor. He also takes part of the added value, so the producer has a lower margin.

Agents sell the product on behalf of the manufacturer. When they have sold a product they pass on the order to the manufacturer, who then supplies the product to the buyer. The manufacturer invoices the client, and pays a commission (pre-arranged percentage of the sales



value) to the agent. Most agents will also take care of the logistics (for a fee). A typical problem when working with agents is that the agent is torn between being loyal to his principal (the manufacturer) and his clients.

Traders are only interested in buying and selling products. They never see any product, and sometimes they resell products within the hour. They are normally only interested in larger quantities of material. Their margin per tonne is low and hence they need high volumes to generate sufficient money.

The following overview presents the leading companies in the chemical sector in Germany.

Leading chemical companies	Website
Bayer	<a href="http://www.bayer.com">http://www.bayer.com</a> , <a href="http://www.lanxess.com">http://www.lanxess.com</a> , <a href="http://www.saltigo.com">www.saltigo.com</a>
Degussa	<a href="http://www.degussa.com">http://www.degussa.com</a>
Wacker	<a href="http://www.wacker.com">http://www.wacker.com</a>
Aventis	<a href="http://www.aventis.com">http://www.aventis.com</a>
Boehringer-Ingelheim	<a href="http://www.boehringer-ingelheim.com">http://www.boehringer-ingelheim.com</a>

### Trends

E-business, is increasingly used by large chemical corporations, but it was not clear whether it is playing a relevant role in Germany. However, the chemical industry is considered among the best suited for e-commerce because it is fragmented and covers a variety of widely used products; has global reach; and includes multiple companies which, as each others' customers and suppliers, will benefit from being connected. Today, there are more than 40 third-party sites for buying and selling chemicals, and many more offer related services, technology, or information.

### Useful sources

Information about distributors in the (chemically) most important countries in Europe can be found at the website of the European Association of Chemical Distributors (<http://www.fecc.org>). The site provides links to the websites of the various national Associations of Distributors. Those sites have lists of their member companies, including details and often links to their individual websites.

- Verband Chemiehandel <http://www.vch-online.de/>

E-business marketplaces can be found in the CBI market survey covering the EU market.

## 3. Trade: imports and exports

### Imports

Germany is the second largest EU importer of chemicals and the largest importer of the product groups 'dyes and pigments', 'inorganic chemicals' and 'oleo chemicals'. Germany's total chemical imports increased from € 6,520/ 4,207 thousand tonnes in 2002 to € 9,299/ 4,676 thousand tonnes in 2006. The increase in imports of all product groups between 2002 and 2006 was in line with the increase in industrial demand (+2.7% annually between 2001 and 2005). Germany's main supply country is Belgium, accounting for 25% of the import share (€ 2,329 million) in 2006, followed at a distance by the UK and The Netherlands. Interesting developments in the supply of chemicals to Germany are the strongly increased supplies by the three leading suppliers (13%, 16% and 13% annually respectively). EU countries still account for 75% of imports. Developing countries have a share of 8% in German imports, similar to the EU average (7%). Imports from these countries increased from € 491 million/ 526 thousand tonnes in 2002 to € 758 million/ 482 thousand tonnes in 2006. Currently, Germany's main developing country suppliers are China (€ 316 million in 2006) and India (€ 220 million).

**Table 3.1 Imports by Germany and leading suppliers to Germany, 2002 - 2006, € billion / share in % of value**

Product	2002 € mln	2006 € mln	Leading suppliers in 2006 (share in %)		Share in German imports
Total chemicals	4,633	6,958	Intra-EU:	Belgium (25), UK (13), The Netherlands (12).	75%
	2,032	2,542	Extra-EU excl DC:	Switzerland (7), USA (5), Japan (3)	17%
	491	758	DC*:	China (3), India (2), Jamaica (1), Brazil (1)	8%
Dyes and pigments	478	420	Intra-EU:	Belgium (14), UK (8), The Netherlands (6)	47%
	395	482	Extra-EU excl DC:	Switzerland (16), USA (10), Japan (3)	31%
	165	195	DC*:	China (9), India (8), Mexico (2), Brazil (1), Thailand (1), Indonesia (1)	22%
Inorganic chemicals	237	355	Intra-EU:	The Netherlands (24), Ireland (16), France (6), Belgium (6).	71%
	167	146	Extra-EU excl DC:	USA (5), Japan (1).	7%
	114	112	DC*:	Jamaica (16), China (2), Kazakhstan (2), Peru (1), Brazil (1).	22%
Oleo chemicals	1,029	1,233	Intra-EU:	The Netherlands (25), France (16), Belgium (12).	89%
	144	158	Extra-EU excl DC:	Switzerland (7), USA (3), Japan (1).	11%
	3	6	DC*:	Turkey (0.1), Argentina (0.1), China (0.1)	0.4%
Organic chemicals	2,889	4,950	Intra-EU:	Belgium (31), UK (16), The Netherlands (10).	76%
	1,325	1,756	Extra-EU excl DC:	Switzerland (7), USA (5), Japan (3).	20%
	208	445	DC*:	China (3), India (2), Brazil (1).	7%

Source: Eurostat, 2007

\*Developing Countries

Like in Belgium (the leading EU importer of chemicals), developing country suppliers to Germany are mostly represented in inorganic chemical imports (22%) and dyes and pigments (22%). Imports of dyes and pigments remained relatively stable between 2002 and 2006. This is similar to the development of total EU imports. However, intra-EU trade decreased while extra-EU trade increased, indicating an increased importance of extra-EU imports. Among the most important suppliers, the USA (+10% annually) and India (+14% annually) showed the largest growth. France lost much of its import share, as their supplies to Germany decreased by 16% annually.

Inorganic chemicals imports amounted to € 501 million/ 1,285 thousand tonnes in 2006, an increase of 24% compared to 2002, which was entirely realized in 2006. Here, The Netherlands surpassed Ireland and Jamaica, to become the principal supplier to Germany. This might signify that more is exported by The Netherlands itself, or that more products are re-exported by The Netherlands. While The Netherlands and Ireland increased their exports to Germany by 28% and 6% annually respectively, Jamaica (-5% annually) showed a significant decrease. The decreased imports from Jamaica explain the decreased role of developing countries in this product group.

Imports of oleo chemicals amounted to € 1,391 million/ 1,121 thousand tonnes in 2006, which signifies an annual increase of 4% since 2002. Among the leading suppliers, imports from The Netherlands and France showed large increases of 11% and 9% annually respectively, while

imports from the two other leading suppliers, Belgium (-2%) and Italy (-11%) decreased. Although imports from developing countries (+15% annually, between 2002 and 2006) are increasing much faster than overall imports, the share of developing countries remains negligible.

Imports of organic chemicals, the largest product group reviewed, showed a strong increase of 12% annually between 2002 and 2006. This increase was mainly the result of increased intra-EU trade. Imports from Belgium and the UK increased particularly fast, by 16% and 22% annually respectively. Imports from developing countries increased by 21% annually, but their share in imports remained limited to 7%.

### Exports

Germany is ranked third among EU exporters. Its chemicals exports amounted to € 12,065 million/ 5,415 thousand tonnes in 2006. Between 2002 and 2006, exports fluctuated between € 10,763 million and € 12,065 million. Most of the exports are destined for extra-EU countries (55%). The best performing export product group was that of oleo chemicals (+5% annually). Exports of inorganic chemicals and dyes and pigments decreased by 4% annually.

Germany's main export destination is the USA, accounting for 23% of exports. Its main developing country market is China, accounting for 3% of total exports. China turned into a much more important export market between 2002 and 2006, with supplies to this country increasing by 14% annually. In contrast, France became much less important with exports decreasing by 7% annually.

### Opportunities and threats

Germany is an important player in the EU market of chemicals; it is ranked the second largest EU importer and the third largest EU exporter of chemicals. Moreover, imports of chemicals are increasing at an even higher rate than the EU average, confirming the growth of the market.

The developing countries which have mainly profited from the increased imports are China and India. These are also the countries to which some large German companies have (partly) outsourced their production. This indicates favourable conditions for the production of chemicals in these countries and these countries should therefore be regarded as important competitors.

### Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int>. Go to: trade statistics.
- Eurostat, the official statistical office of the EU - <http://epp.eurostat.cec.eu.int>  
Go to: 'themes' on the left side of the home page - 'external trade' - 'data – full view' - 'external trade - detailed data'.

## 4. Prices and margins

### Prices and margins

Prices for chemicals increased by 3.6% in the second quarter of 2006, compared with the second quarter in 2005. Table 4.1 presents the producer price index for various chemical sub sectors.

**Table 4.1 Change in % of producer price index between April 2005 and March 2006**

Type of chemical	% change
Inorganic basic chemicals	5.2%
Petrochemicals and derivatives	6.7%
Plastics and polymer-related products	3.7%
Specialties and performance products	3.9%
Pharmaceuticals	0.3%
Agrochemicals	7.5%



Type of chemical	% change
Detergents and personal care products	1.0%

Source: VCI (2006)

The price increases took place in almost all chemical sectors, except pharmaceuticals. The major price drivers were the high costs for crude oil, naphtha, natural gas and electricity. According to estimates by the VCI, the Verband der Chemischen Industrie e.v., price increases for raw materials and energy could burden the German chemical industry with extra costs of around € 2.4 billion in 2006 as a whole, compared with the year 2005. Compared with the first quarter of 2006, prices for the most important primary chemicals of the petrochemistry sector rose on a broad basis.

The VCI expects that cost pressure for raw materials and energy will continue to lead to rising producer prices for chemicals. Based on the annual average 2006, prices for chemicals are forecasted to increase by 3% compared with 2005.

Table 4.2 shows the development of the prices for various chemical ingredients.

**Table 4.2 Spot prices for naphtha and contract prices for primary chemicals  
€ per tonne (change compared to previous quarter in %)**

Product	2005 IV	2006 I	2006 II	2006 III
Naphtha	428 (3.6%)	442 (3.3%)	471 (6.6%)	
Ethylene	825 (28.9%)	785 (-4.8%)	865 (10.2%)	900 (4.0%)
Propylene	810 (26.6%)	785 (-3.1%)	825 (5.1%)	830 (0.6%)
Benzene	600 (-4.0%)	643 (7.2%)	711 (10.6%)	850* (19.5%)
O-xylene	770 (26.2%)	710 (-7.8%)	782 (10.1%)	840* (7.4%)
P-xylene	839 (14.9%)	812 (-3.2%)	852 (4.9%)	950* (11.5%)

Source: VCI, 2006

\* Montly prices (July)

### Useful sources

- The prices of most commodity chemicals can be found relatively easily. Useful sources are, for example, <http://www.europeanchemicalnews.com> and <http://www.icispricing.com>
- For information on EU producer prices, consult <http://www.cefic.org>.
- The prices of fine and specialty chemicals are more difficult to obtain. They are not published and can vary widely from one application area to another. Obtaining reliable price information in these segments often requires asking a distributor, or asking a producer for a quotation.
- The Federal Statistical Office of Germany can also be a source of information - [http://www.destatis.de/e\\_home.htm](http://www.destatis.de/e_home.htm).

## 5. Market access requirements

As a manufacturer in a developing country preparing to access Germany, you should be aware of the market access requirements of your trading partners and the German government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns

### Legislative requirements

Adherence to national legislation in EU countries is compulsory for all products traded within the country concerned. Therefore, as an exporter in a developing country you have to comply with the legislative requirements which are applicable to your products. For information on legislation for chemicals, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select your market sector, and the EU country of your interest in the category search, click on the search button and click on legislative requirements for an overview of all documents on legislation in your country of interest.

### Non-legislative requirements

Social, environmental and quality-related market requirements are of growing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements applicable to chemicals, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select your market sector and the EU country of your interest in the category search, click on the search button and click on your subject of interest under non-legislative requirements for an overview of all documents on the subject concerned in your country of interest.

### Packaging, marking and labelling

For general information on packaging, refer to the CBI market survey covering the EU market. You can download information on requirements on packaging, marking and labelling in specific EU markets from <http://www.cbi.eu/marketinfo>.

### Tariffs and quota

For information on import tariffs, please refer to the CBI market survey covering the EU market for chemicals.

### Useful sources

- CBI Database – <http://www.cbi.eu/marketinfo>
- Taric Homepage – [http://europa.eu.int/comm/taxation\\_customs/dds/en/tarhome.htm](http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm)
- Directorate General XXI – [http://europa.eu.int/comm/taxation\\_customs/common/publications/info\\_docs/taxation/index\\_en.htm](http://europa.eu.int/comm/taxation_customs/common/publications/info_docs/taxation/index_en.htm)

## 6. Business practices

### Selecting a suitable trading partner

Finding a trade partner in Germany does not particularly deviate from the general EU method as described in the CBI market survey covering the EU market. German importers of chemicals generally have contact with agents and distributors, but not direct contact with companies in developing countries. Searching for new suppliers is mainly done through visiting international trade fairs.

- The major chemical trade fair in Europe for the market segments under review in this survey is ChemSpec (<http://www.chemspeceurope.com>). The ChemSpec exhibition is held in a different European city every year in June. It is organised by DMG World Media of the UK.
- POWTECH is an International Trade Fair for Mechanical Process Technologies. It most recently took place in Nürnberg, March 27 - 29, 2007 - <http://www.powtech.de>
- Achema is an international chemical engineering, environmental protection and biotechnology exhibition, plus congress. It will take place in Frankfurt, May 11-15, 2009 – <http://www.achema.de>

- Drinktec is an International Fair for Beverage and Liquid Food Technology. It will take place in Munich, September 14-19, 2009 – <http://www.drinktech.de>

### Reaching an agreement with your trade partner

There are no specific terms of trade for chemicals. The general information on marketing presented in the EU market survey (chapter 14), is also applicable to Germany and does not differ among the various EU countries.

### Sales promotion

Common practices of trade promotion should not differ considerably from other European countries. Although most German are able to speak English, it is of course preferable if export/sales personnel of your company is capable of speaking some German. In general, good care should be taken of existing contacts, applying prompt, constant and reliable communication. Letters of inquiry should always be replied to. An essential tool used in sales is a detailed and up-to-date customer database.

Exporters should realise that the Internet is an important medium. A number of users/traders of chemicals stated that they use the Internet in order to find new suppliers.

Visiting or even participating in a trade fair can be an efficient tool for communicating with prospective customers. It can also be a valuable source of information on market developments, production techniques and interesting varieties.

**Trade Fairs** which could be of interest are:

- The major chemical trade fair in Europe for fine and specialty chemicals is ChemSpec (<http://www.chemspeceurope.com>). The ChemSpec exhibition of 2008 will be held at 18 and 19 June in Munich.
- Paint, Finishing and Facade: <http://www.farbe-online.de/?Sprache=EN>
- Surfacts-Karlsruhe: <http://www.kundrmesse.de/Messeinformationen.76.0.html>

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focusing on the sectors of chemicals.

A **trade association** which could be of interest is VCH (Verband Chemiehandel) (<http://www.vch-online.de>).

### Trade press

- Pharmazeutische zeitung - <http://www.pharmazeutische-zeitung.de>
- Mart-Intern- <http://www.markt-intern.de/ressorts/p/index.htm>
- Apotheken Magazin- <http://www.apotheken.de/index.php?fkt=6&clearsess=1>

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