

# Fall and Rise...

## The structural changes in the East German chemical industry 1989 - 2007

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Association of the Chemical Industry – North East branch –

**[www.nordostchemie.de](http://www.nordostchemie.de)**



# ... quite a history

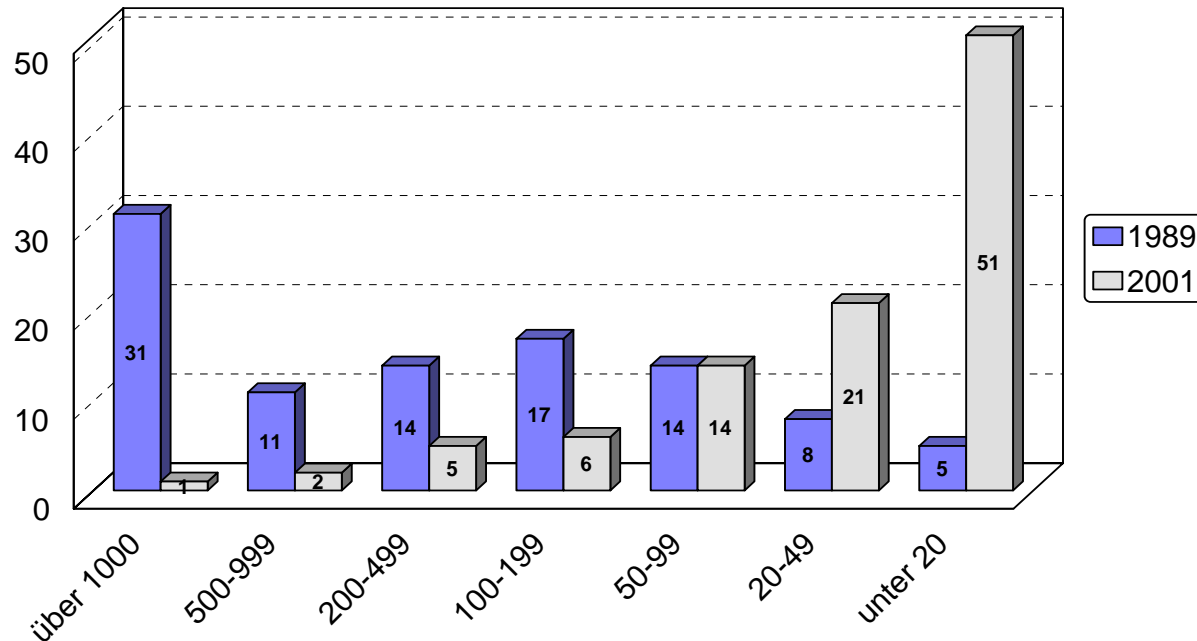


1991



# ...from people's own conglomerates to SME

Size of enterprises in the New Federal Countries (employees) in % - 1989 compared to 2001, only 13 years!

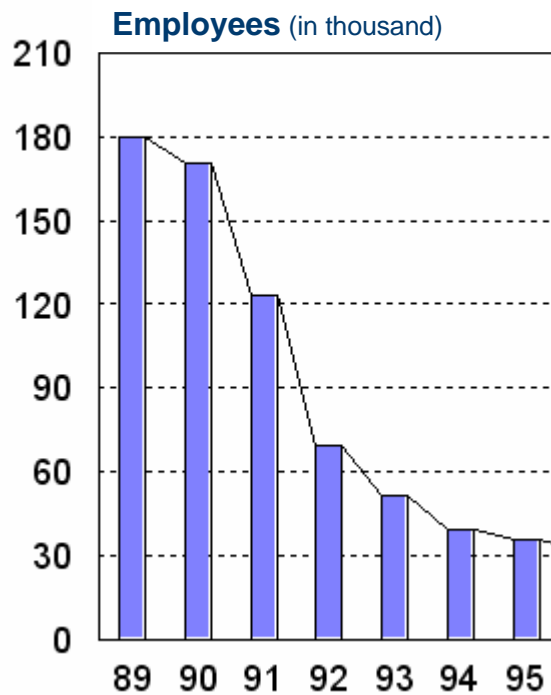


Quelle: Statistische Landesämter, VCI LV Nordost

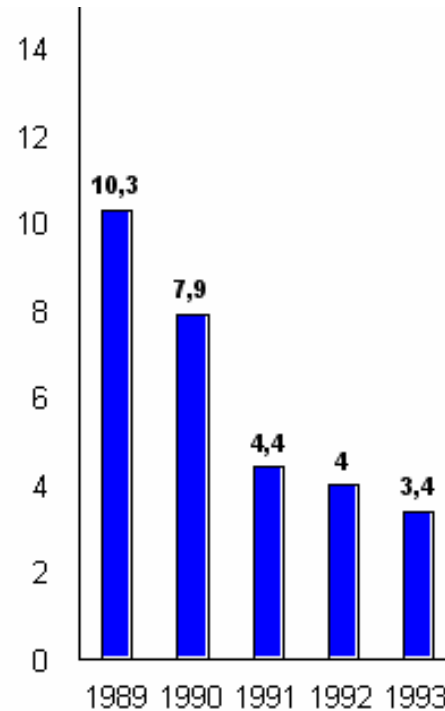
# ...free fall – no parachutes

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Reduction of employment and sales after 1989



**Sales in bn €**



# 16.000.000.000 € later...

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...a modern and highly effective chemical industry



DOW Schkopau



PCK Schwedt

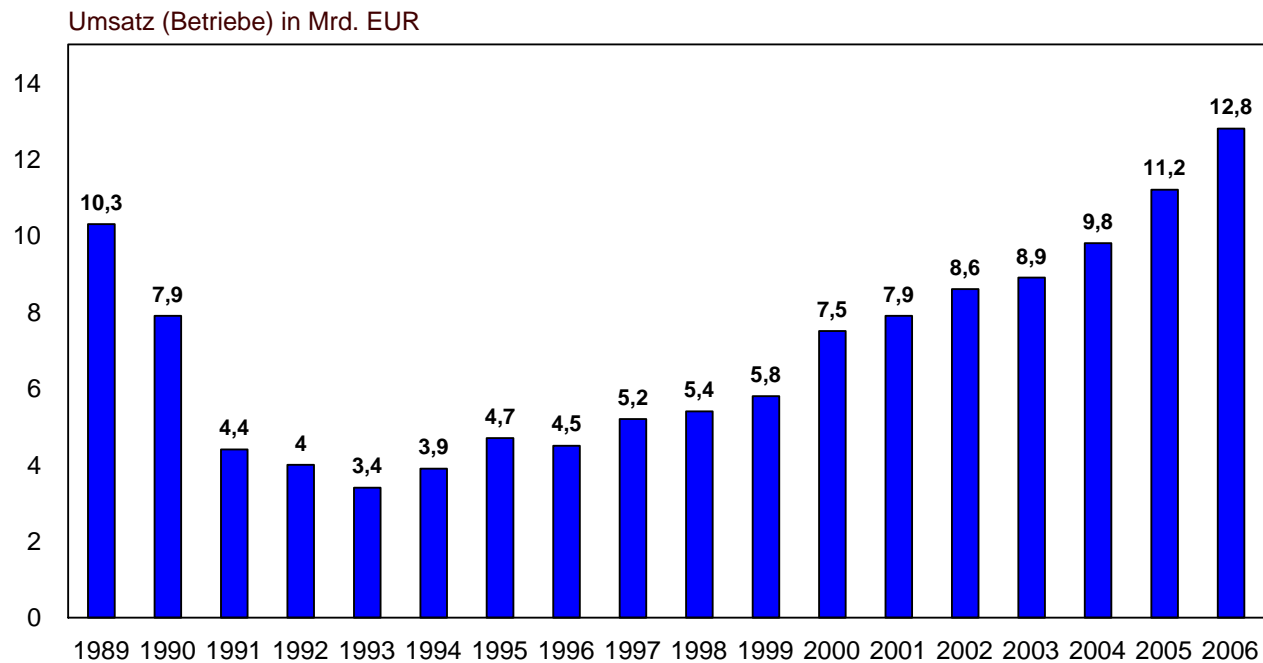


BASF Schwarzheide

May, 3rd 2007

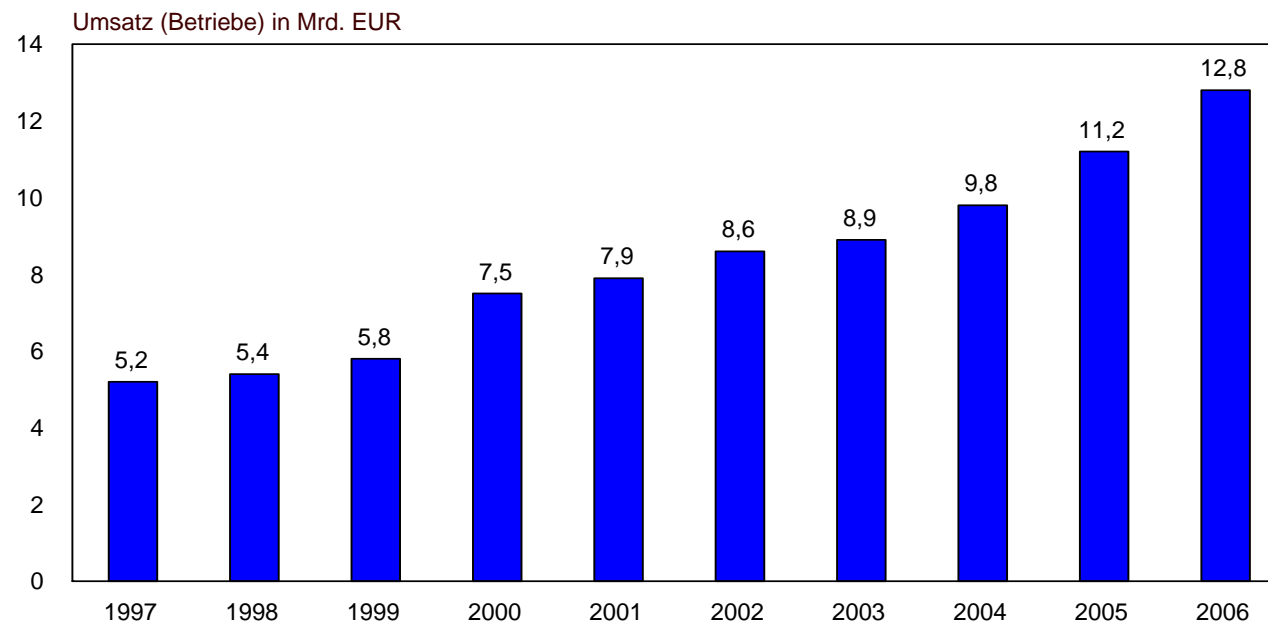
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## Sales in Chemical industry (New Federal Countries) from 1989 to 2006 – in bn €



Quelle: Statistische Landesämter, VCI LV Nordost für 1989, 2006 vorl. Zahlen

## Sales in Chemical industry (New Federal Countries and East-Berlin) from 1989 to 2006 – in bn €

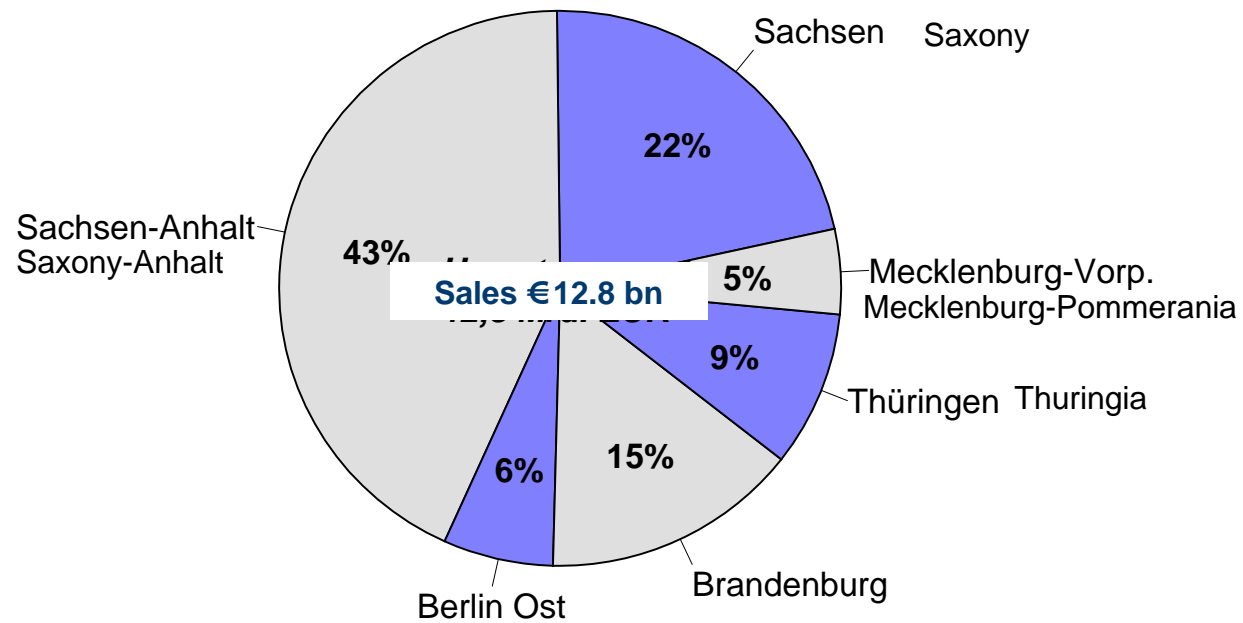


Quelle: Statistische Landesämter, 2006 vorl. Zahlen



## Sales in Chemical industry 2006

### Where is it done?

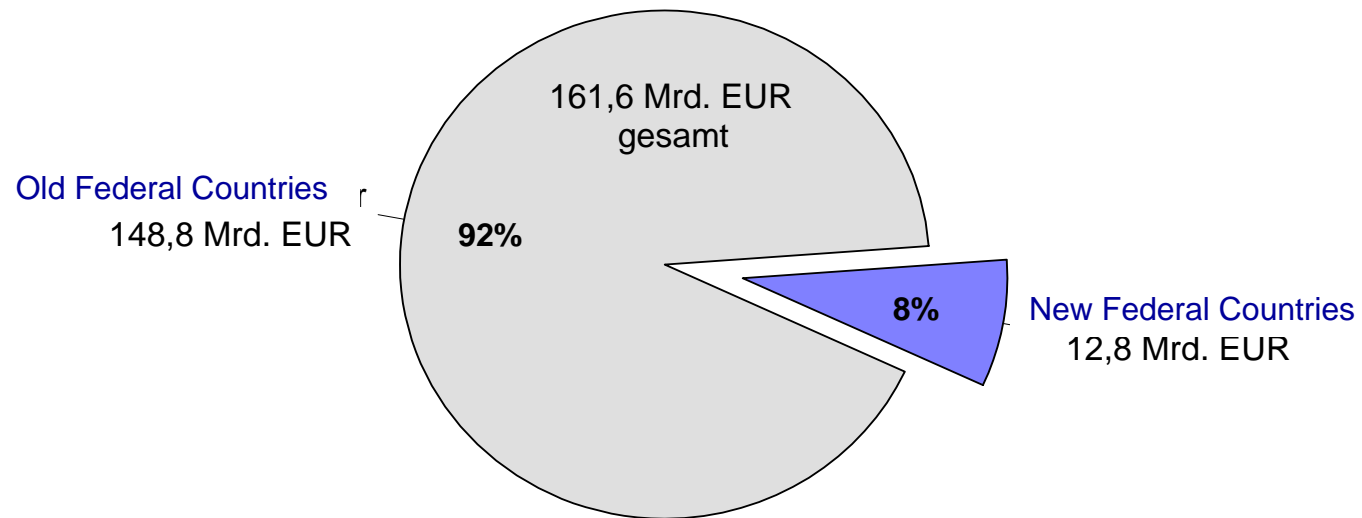


Quelle: Statistische Landesämter, 2006 vorl. Zahlen

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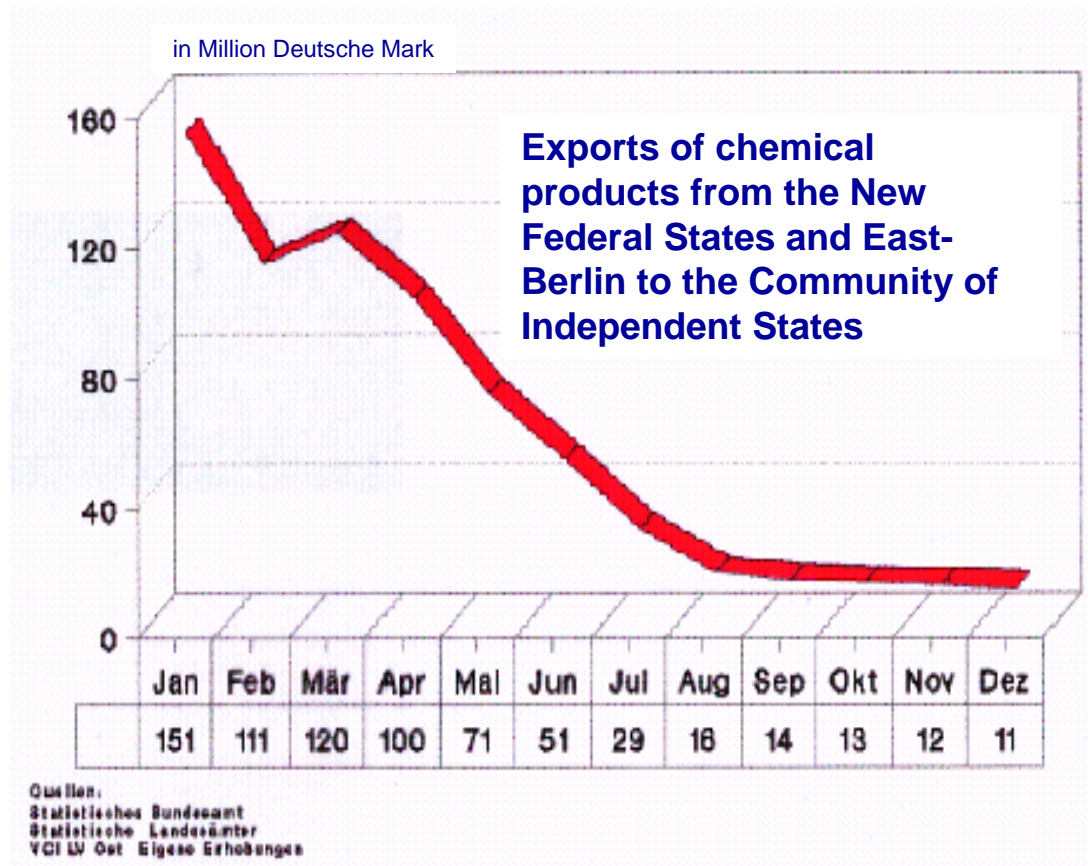
## Sales in Chemical industry 2006 East and West



Quelle: Statistisches Bundesamt, Statistische Landesämter, 2006 vorl. Zahlen

# Crash of traditional markets 1992 (GUS)

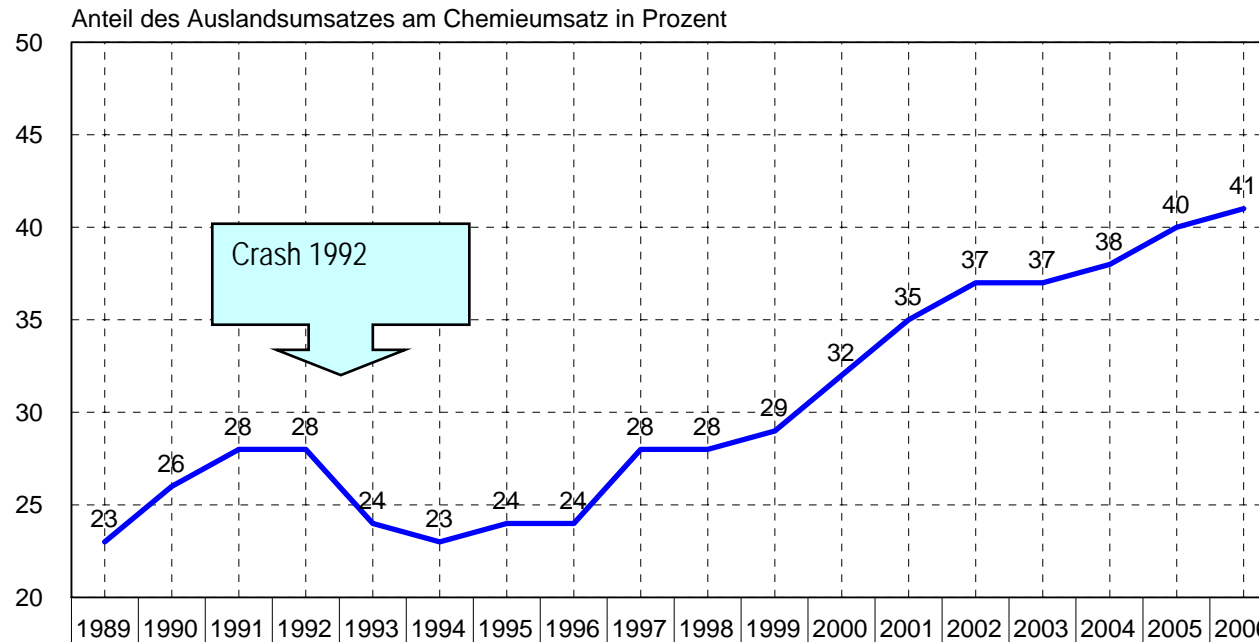
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# Exports of chemical products from the New Federal States

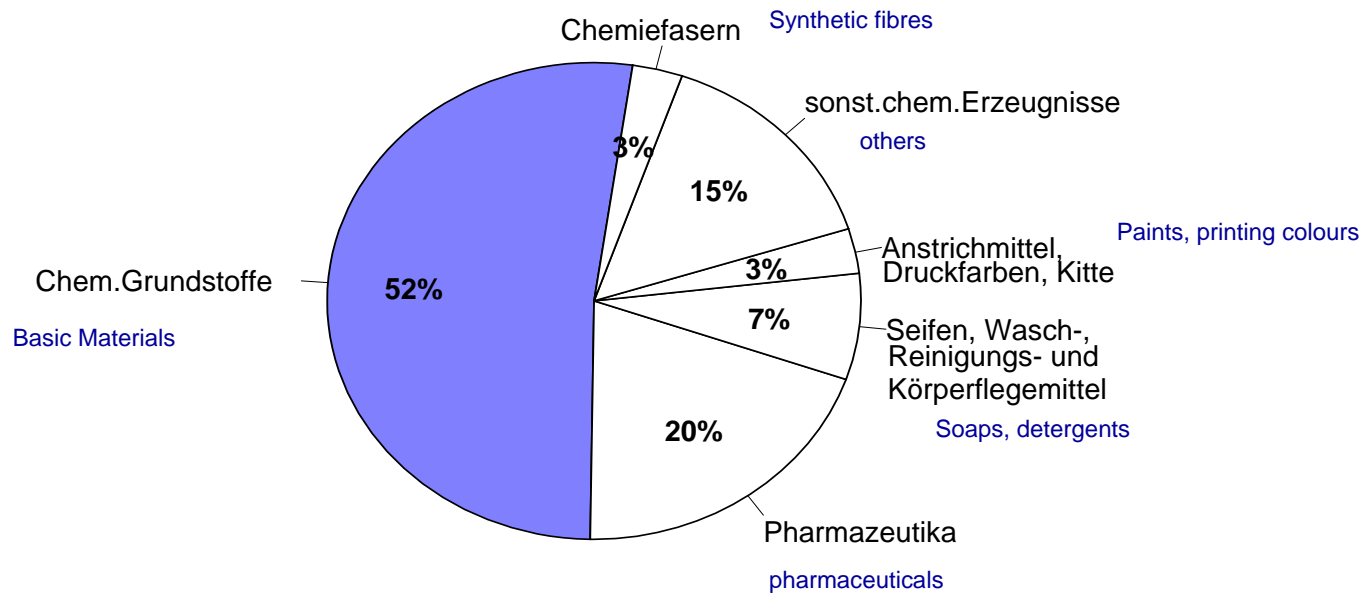


Quelle: Statistische Landesämter, VCI LV Nordost für 1989, 2006 vorl. Zahlen

# Exports

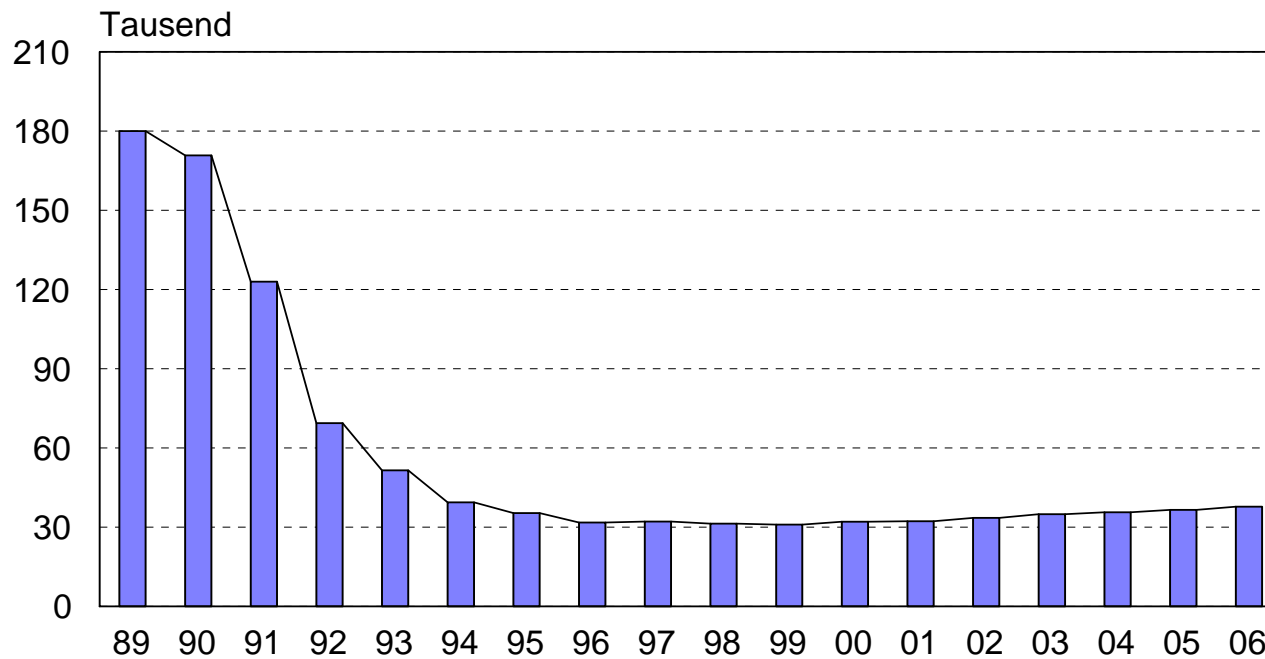
- Until 1994 2/3 of all exports went to Eastern Europe
- 1992 Crash of the Eastern European Markets
- Do or die: complete reorientation of markets and products

# Sales – divisions and industries 2004



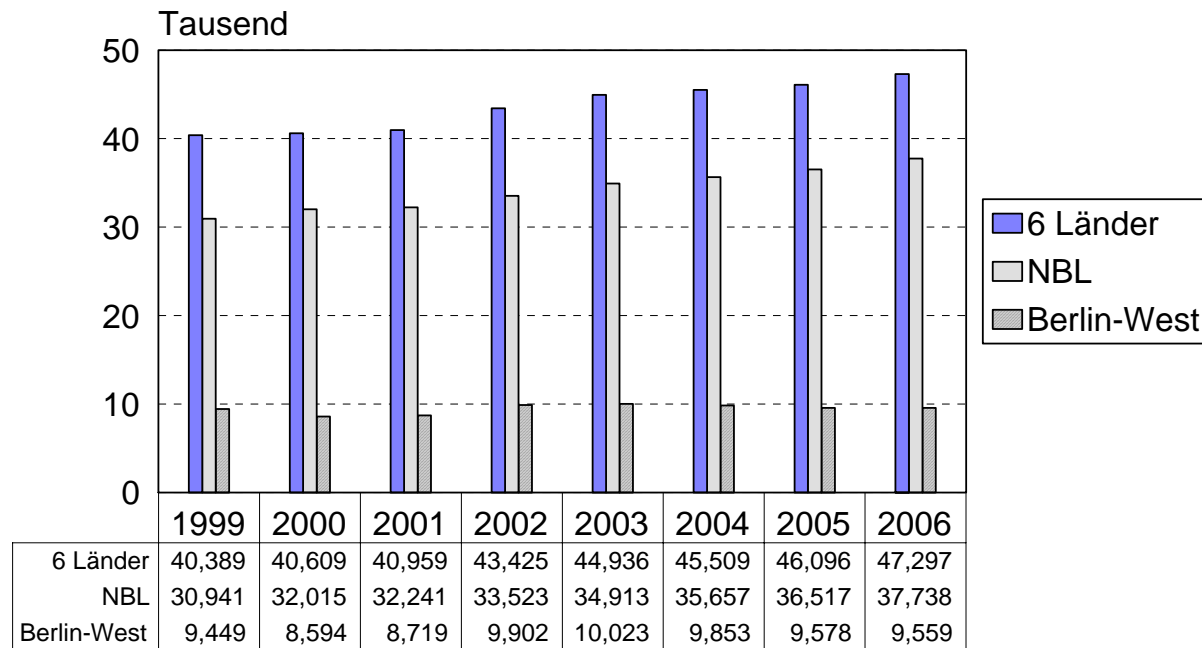
# Employees – New Federal States

1989 – 2006 (in thousand)



Quelle: Statistische Landesämter, VCI LV Nordost für 1989

# Employees – East Germany (West-Berlin included) 1989 – 2006 (in thousand)

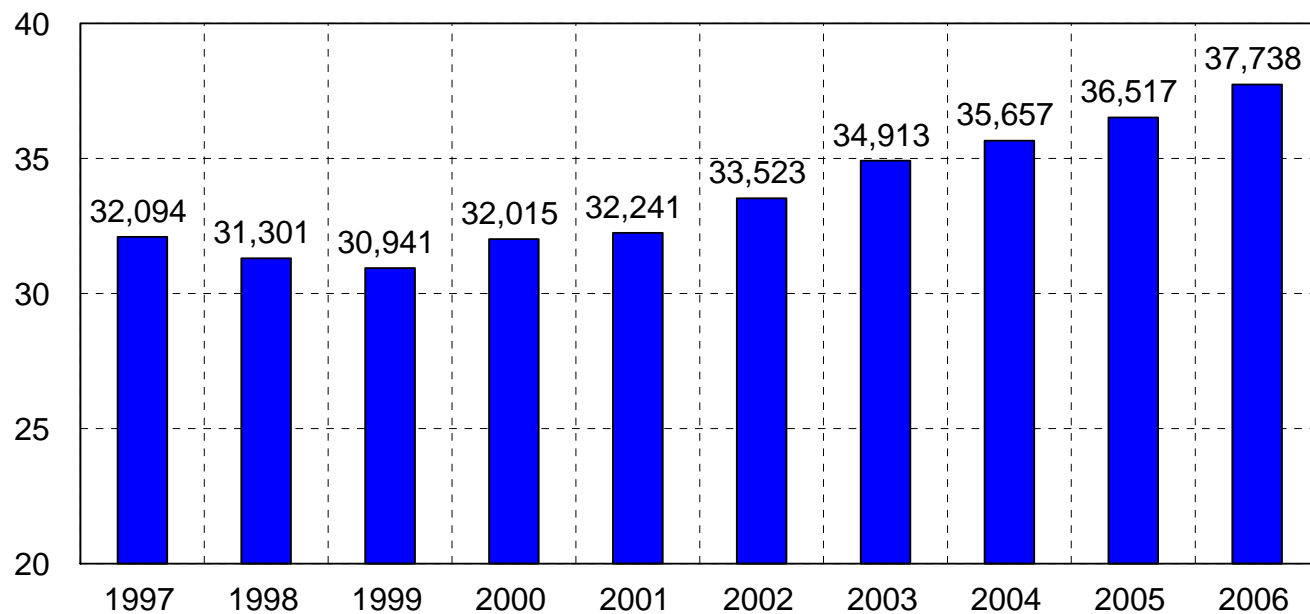


Quelle: Statistische Landesämter, 2006 vorl. Zahlen



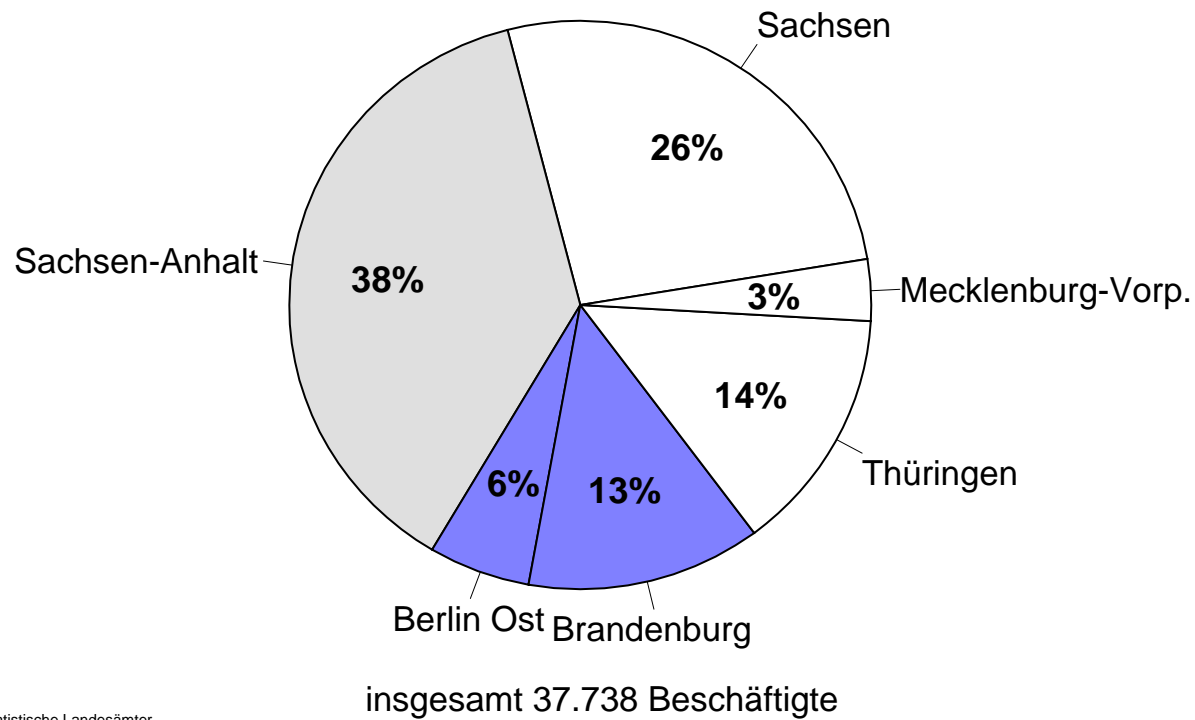
## Employees – New Federal States

1997 – 2006 (in thousand)



Quelle: Statistische Landesämter, 2006 vorl. Zahlen

## Employees – who works where?

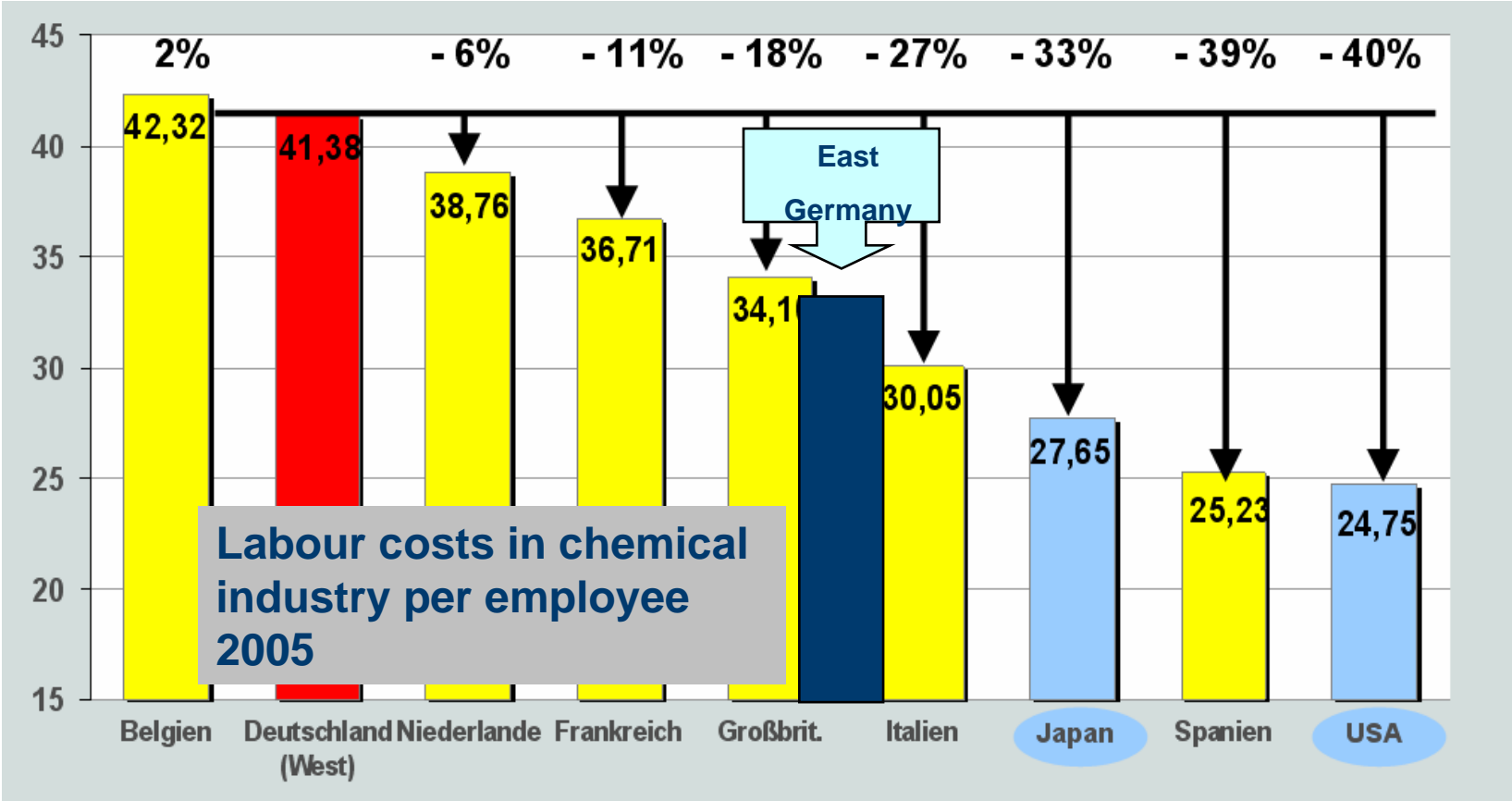


Quelle: Statistische Landesämter

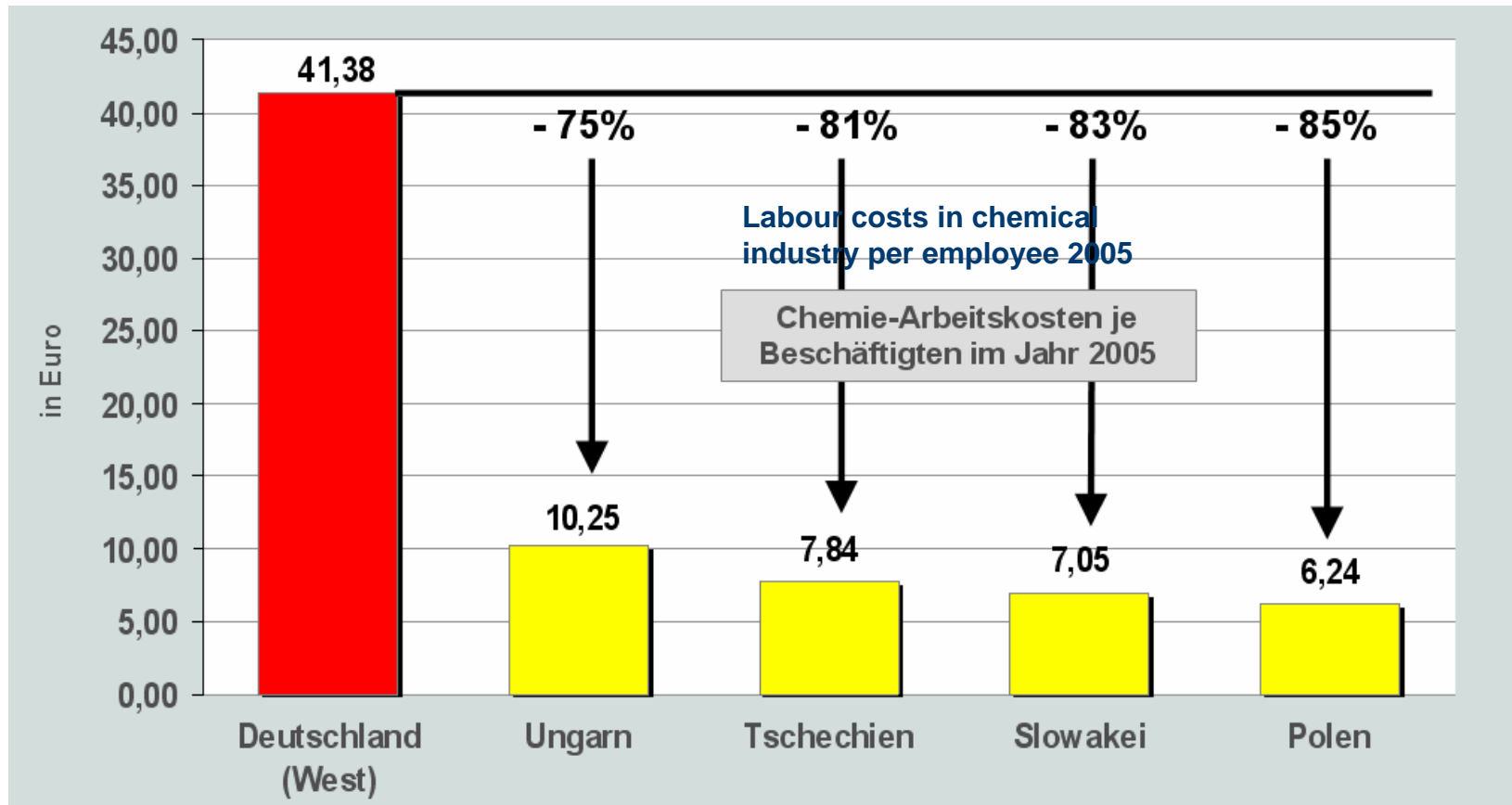
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# labour costs 2006 in €per employee



# ... and a glimpse to the East

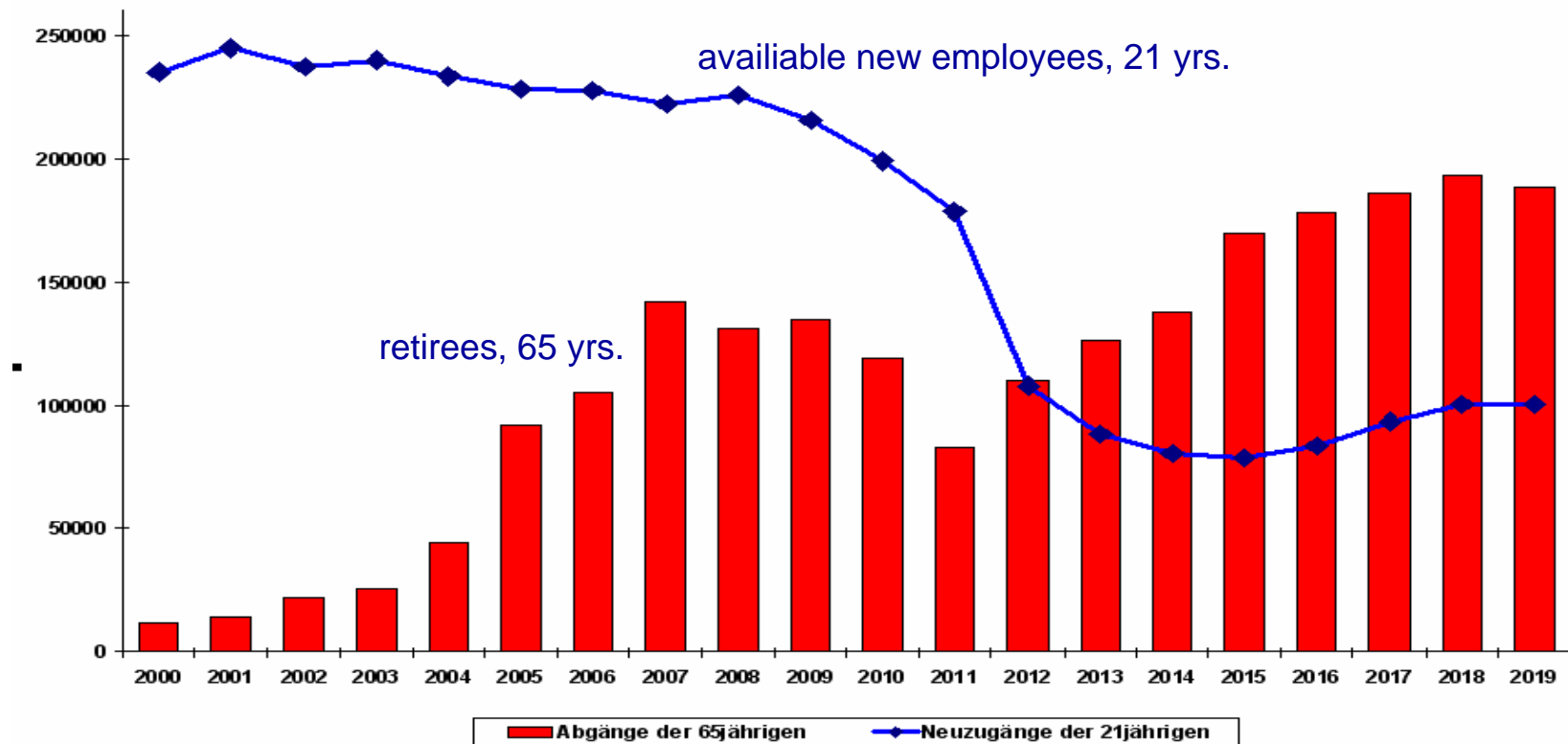


# Employment

- Radical decline of employment from more than 180.000 employed in 1989 to a 30.000 in 1999
- Since 1999 continuous built-up of employment
- Strong service industry (Outsourcing, „Chemiepark“ philosophy)
- High level of vocational training: **6%!**, „demographic trap“ has hit in 2007, more than 700 new trainees per year since 2003

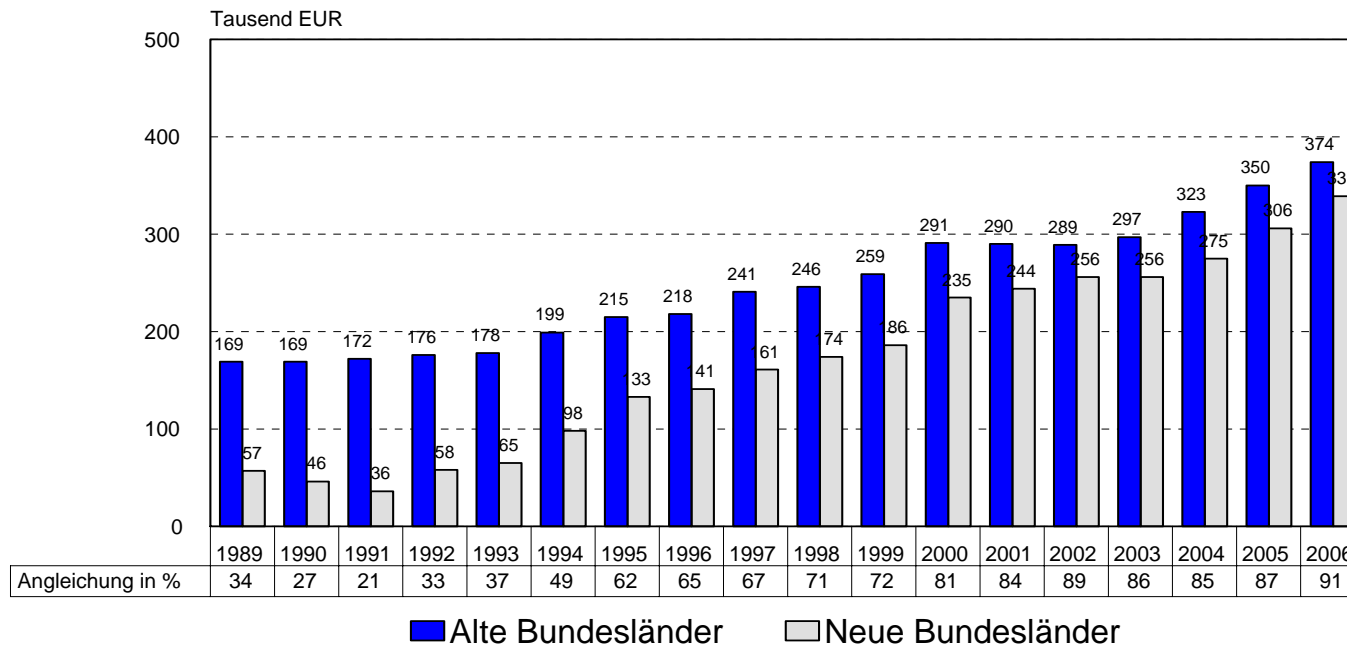
# ... what we call the „demographic trap“

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Quelle: Statistisches Bundesamt, FS 1, Reihe 4.1.1, 1999; Statistische Jahrbücher, Berechnung des zsh

# Sales development – „Old“ vs. „New“ countries



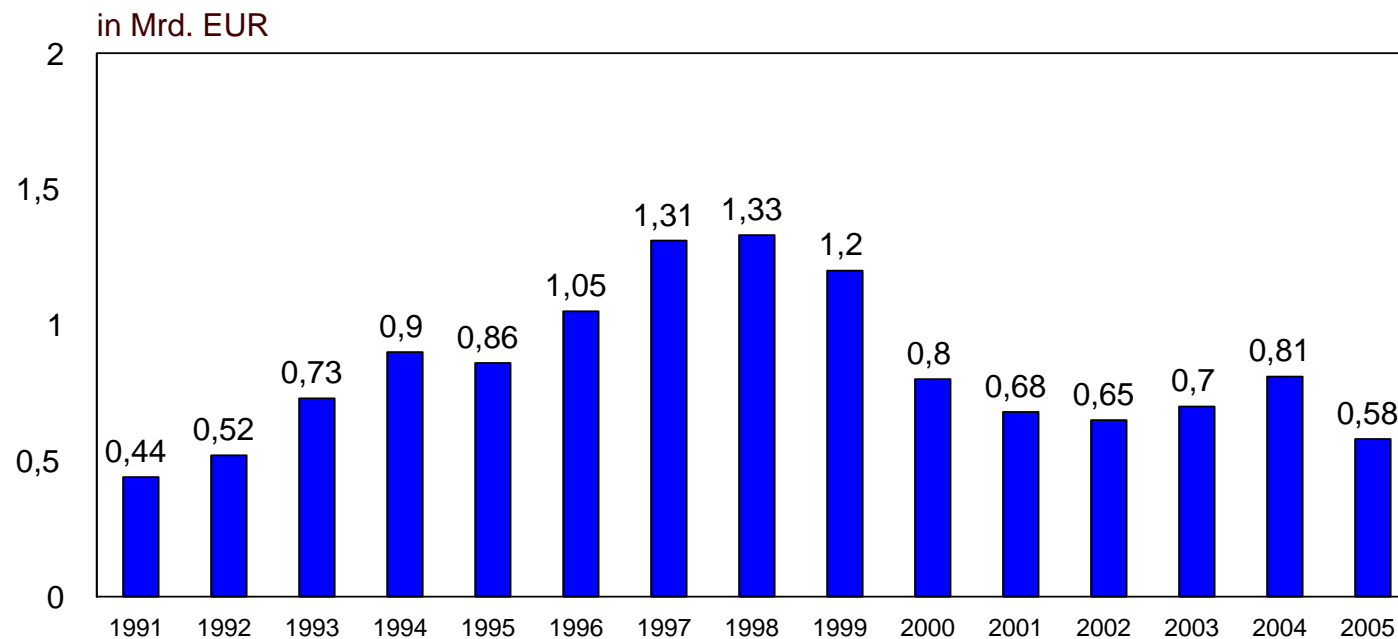
Quelle: Statistische Landesämter, VCI LV Nordost

## Productivity (Sales per employee)

- 1991: 22% of Western Chemical Industry
- Productivity growth much faster than in the West
- Adaption process slows down



## Investments for chemical plants – New Federal countries 1991 – 2005 (bn €)



Quelle: Statistisches Bundesamt bis 1999, Statistische Landesämter ab 2000

# Investment

- since 1998 more than 16 bn €
- Quota of investments 2-5 times higher than in the West
- Decreasing propensity to invest since the major projects are completed

## Research and Development in chemical industry

### Quota of sales and employees in 2005

2005	Germany	New Countries and East Berlin
<b>Sales</b> in million €	152.833	11.161
R&D spending in million €	8.530	189
<b>Share of R&amp;D on sales</b>	<b>5,6%</b>	<b>1,7%</b>

Employees in chemical industry	440.812	36.518
R&D employees	40.700	2.017
<b>Share of R&amp;D staff</b>	<b>9,2%</b>	<b>5,5%</b>

Quellen:

Statistisches Bundesamt, Statistische Landesämter: Umsatz, Beschäftigte (Betriebe) Chemie

EuroNorm: FuE-Zahlen Ostdeutschland

Stifterverband für die deutsche Wissenschaft: FuE-Zahlen Chemie Deutschland 2005 Planzahlen

# Research and Development

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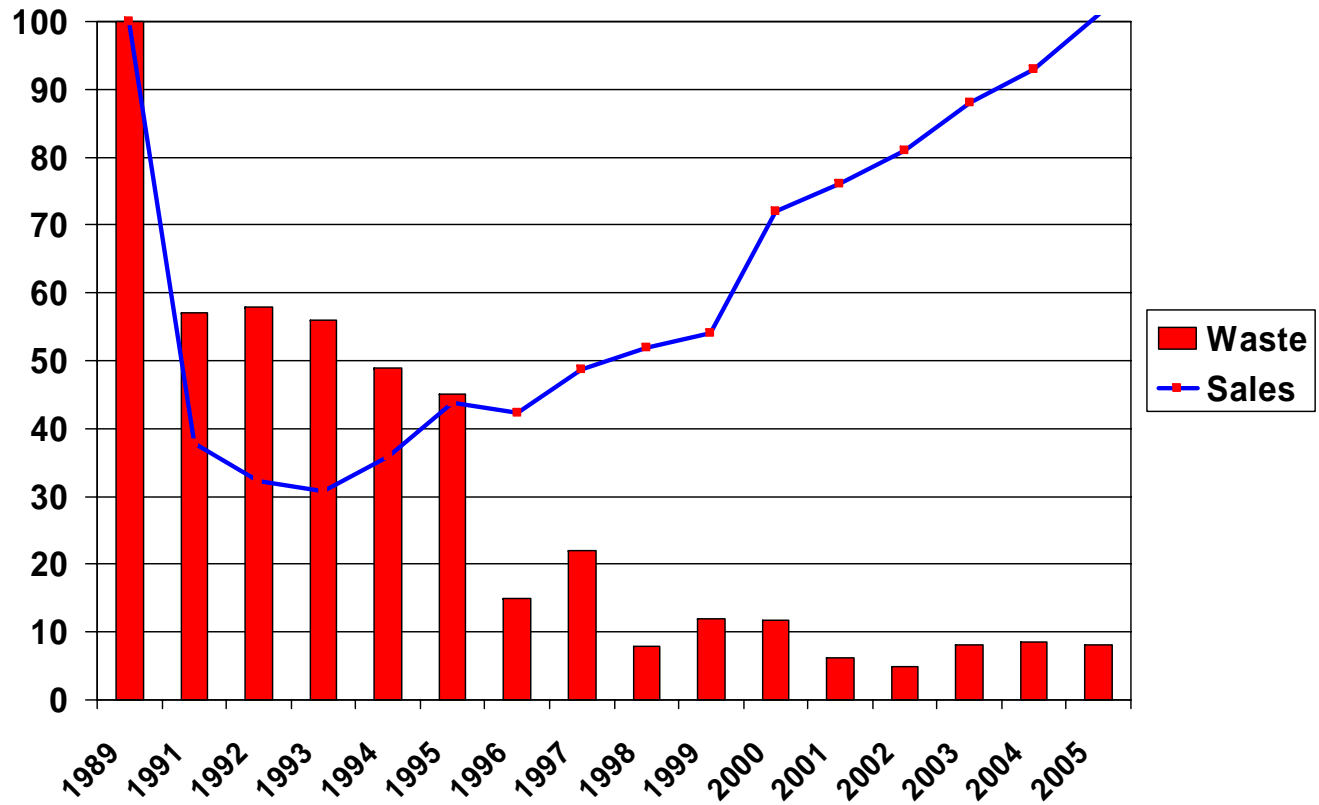


- R&D used to be organised as central service units in the GDR, high pressure on adaption after reunification
- Significantly lower level of R&D activities than in the Western chemical industry
- We need a higher level of promotion for R&D
- New input through cluster process, plastics industry and biotech industry

# Environment

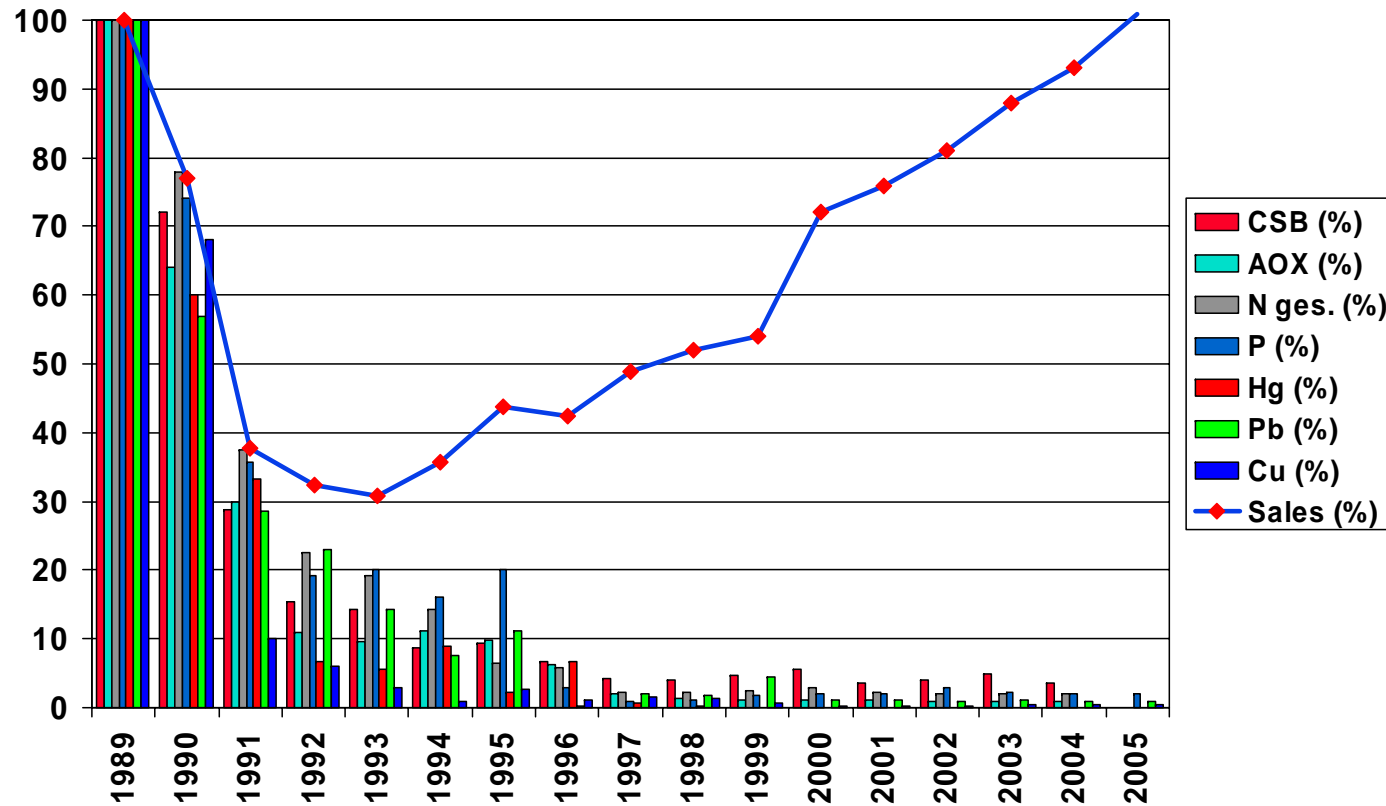
- Reduction of emissions: 95% since 1998 (Shutdown of plants, stop for carbide chemistry...)
- CO<sub>2</sub>-reduction of 25 million tons p.a. to now 6 million t p.a.

# Environment – waste vs. sales



# Sales up – water pollutants down!

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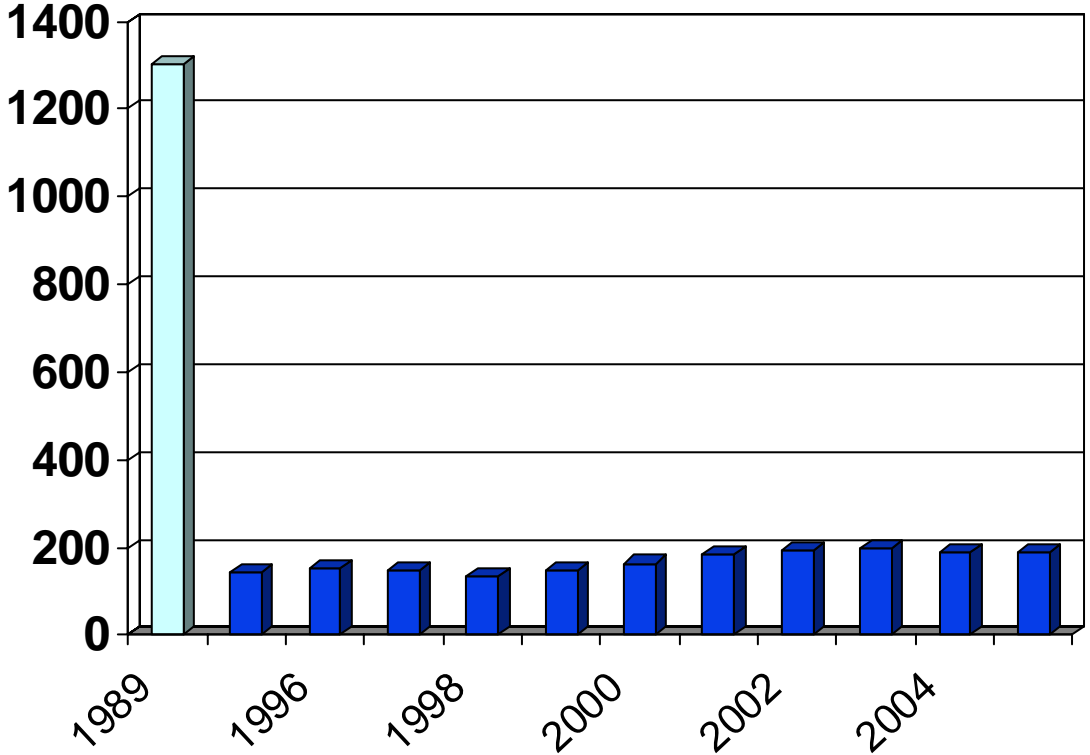


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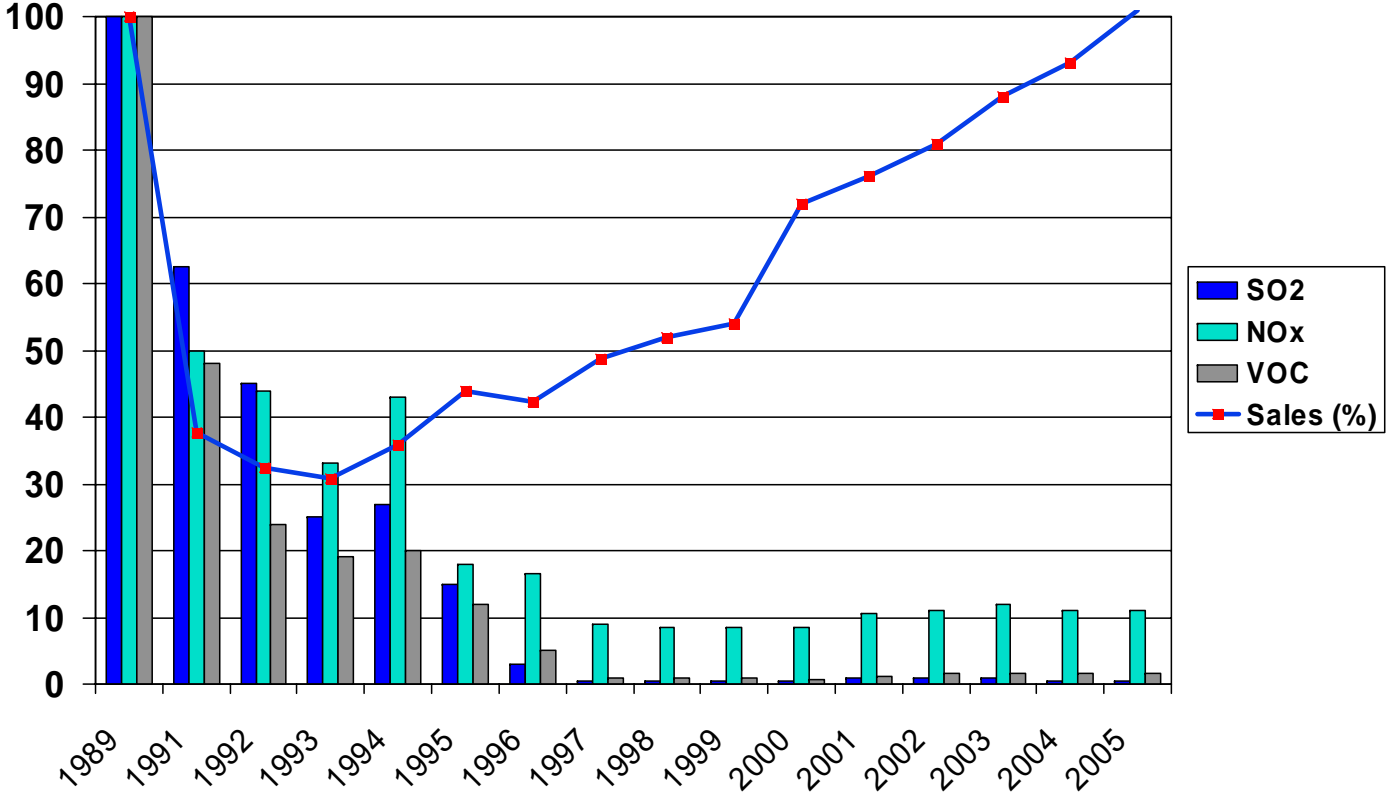
# water consumption since 1989

in million liters





# air pollutants vs. sales



# Thanks!

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