

Country Report United Kingdom

Chemical industry data and facts

October 2024

Pharmaceutical industry dominates in UK

The United Kingdom's turnover in chemicals and pharmaceuticals in 2023 was 77.2 billion euros. This put the United Kingdom in 14th place worldwide. In the last 5 years, the industry's production has grown by around 2.8 percent per year. During the pandemic year of 2020, the industry did not experience any slumps. It was only at the beginning of 2021 that growth slowed somewhat.

The UK's chemical consumption in 2023 was around 86 billion euros – 13th in the world. Investments in property, plant and equipment in the sector remained at around 3 billion euros in the last three years.

FOCUS ON PHARMACEUTICALS

The UK specialises in the manufacture of pharmaceuticals. This sector accounted for almost 45 percent of sales in the UK's chemical and pharmaceutical industry in 2023. This share has increased almost continuously in recent years. Fine and speciality chemicals were another focal point, with a share of almost 20 per cent of sales. By contrast, basic chemicals (inorganics, petrochemicals, polymers) played a rather subordinate role. By international comparison, however, the consumer chemicals sector was relatively large, accounting for almost 12 per cent.

The UK trade balance in chemicals and pharmaceuticals was clearly negative in 2023, with a deficit of €8.6 billion. In 2022, however, the trade balance deficit was as high as €17 billion. This means that the 2023 balance improved compared to the previous year. Compared to the years before 2021, however, the balance has developed very negatively overall. All sectors recorded a deficit except pharmaceuticals. Pharmaceuticals accounted for 44 per cent of the UK's chemical exports. Pharmaceuticals also dominated imports, with a share of 37 per cent.

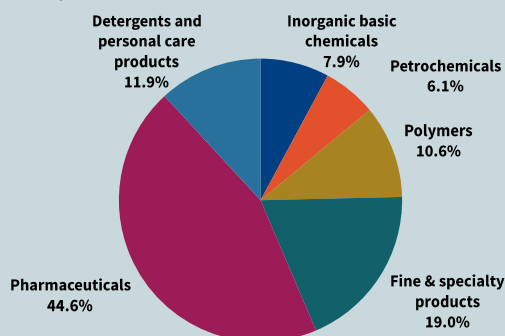
UK'S IMPORTANCE AS A TRADING PARTNER IS DECLINING

In 2023, the German chemical and pharmaceutical industry exported goods worth around 9.5 billion euros to the UK. This represented 3.8 per cent of German chemical and pharmaceutical exports. Conversely, chemical goods worth around 4.8 billion euros came from the UK. This was 2.7 per cent of total German chemical and pharmaceutical imports. The German trade balance with the UK was thus clearly positive. With the decision in favour of Brexit, the importance of trade with the UK decreased almost continuously.

German chemical companies are also active locally with sales and production facilities. Direct investments by German chemical and pharmaceutical companies in the UK amounted to around 2.6 billion euros in 2022. This means that almost 2 per cent of the industry's direct investments went to the UK. Compared to the years before the Brexit decision, the direct investment stocks of German chemical and pharmaceutical companies in the UK have doubled. A total of 36 subsidiaries of German chemical and pharmaceutical companies were active in the UK in 2019 (new figures are not available for this). They employed around 6,000 people and generated sales of around 3 billion euros.

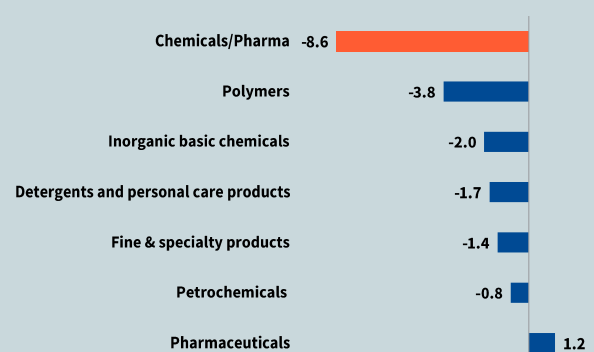
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Structure of UK's chemical industry
shares in percent, 2023



Sources: Chemdata International, VCI

UK's trade balance for chemicals
in billion euro, 2023



Sources: Chemdata International, VCI