

PRESS RELEASE



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## **Economic Report**

### **German Adhesives Industry: Decelerated Growth in 2019 expected**

**In an economically challenging market environment, the German Adhesives Industry closed the 2018 financial year with an increase in sales. However, the industry failed to meet its growth forecast: in 2018, a nominal increase of 3% was recorded for all adhesive systems (adhesives, sealants, cement-based construction products, and adhesive-tapes), resulting in total sales of approximately 4 billion euros. For the 2019 financial year, IVK - the German Adhesives Association expects a deceleration in growth.**

"Despite a positive 1st half-year and a total growth of nominal 3% in 2018, the German Adhesives Industry fell short of expectations", explained Dr. Boris Tasche, Chairman of the Board of IVK. The reasons for this were a worldwide slowdown in industrial production and the corresponding decline in demand for adhesives in the second half of 2018. In addition, the German Adhesives Industry had to face challenges in the areas of availability of key raw materials, exchange rate effects, geopolitical risks, transport capacities and the shortage of skilled workers. In the light of the various macroeconomic market indicators, the total market in Germany for adhesives, sealants, cement-based construction products, and adhesive tapes amounted to approximately 4 billion euros.

## **Adhesive Production in Figures**

With a production volume of 955,000 tons of adhesives in 2018, the German Adhesives Industry exceeded the previous year's production by 2 percent. In particular, the product groups 'adhesives based on natural polymers' (+ 8%) and 'other/reactive adhesives' (+21%) achieved growth. In addition to the construction industry, the most important domestic and export key-customer markets are the manufacturing industry such as paper & packaging, wood & furniture, and mechanical- & plant engineering.

## **Forecast for 2019**

In the current fiscal year 2019, the German Adhesives Industry continues to see itself in a heterogeneous environment. The economic indicators, which recently have again been adjusted downwards, confirm the continuing decline in growth forecasts due to economic and geopolitical risks, such as the escalation of trade conflicts or the Brexit issue. In addition, global industrial production is slowing down, which is clearly reflected in the declining Global Industrial Production Index (IPX), which is also negative for German Industry. "Despite a stable raw material situation and a moderate increase in global GDP, the ongoing risks are boosting the increasing clouding of the key customer industries for adhesives. The climate and outlook in the adhesives industry therefore tends to be less optimistic than in the previous year," resumes Ansgar van Halteren, managing director of IVK.

## **Adhesives key-market segment "Electronics"**

The current slowdown in the automotive- and electronics industry will once again be clearly positive in the upcoming years with regard to the issues of e-mobility and CO<sub>2</sub> emissions. This assumption is based on a recent study published by the European Federation for Transport and Environment, which predicts a rapid increase in the production of innovative e-mobility concepts over the next five years on the basis of production plans drawn up by various car manufacturers\*.

A further indication of an increase in demand are the EU's 2020 emission reduction targets and standards for passenger cars, which will oblige car manufacturers to reduce emissions from all new cars by 15% until 2025, and by 37.5% until 2030\*.

Adhesives will continue to be an integral part of the process as they play a substantial role both in lightweight construction and in the field of electric car batteries. Regarding the thermal management of batteries, so-called gap fillers are not only performing sealing functions, they also dissipate the heat that is produced in the batteries and thus protect against possible overheating. In addition to e-vehicles, bonding technology is also the key technology for other mobility concepts, such as hybrid or hydrogen-powered models. Whichever direction the automotive industry takes in the upcoming decades, adhesives and sealants will play a decisive role and enable further innovative solutions for even greater safety, efficiency and sustainability.

\* Study: "Electric surge: Carmaker's electric car plans across Europe 2019-2015" (Published: July 2019, © 2019 European Federation for Transport and Environment AISBL).

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**About the German Adhesives Association:**

IVK - The German Adhesives Association represents the economic-political and technical interests of the German Adhesives Industry vis-à-vis the public, authorities, consumers and scientific institutions. IVK represents almost 150 manufacturers of adhesives, adhesive tapes, sealants and adhesives raw materials as well as scientific institutes and important system partners. IVK is - also in a global competitive environment - the largest and, with respect to the service portfolio offered, the world's leading association in the field of adhesive bonding technology. In total, the German Adhesives Industry employs more than 13,000 people.

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