

PRESS RELEASE



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Innovationen erleben

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Economic Report

German Adhesives Industry: No reliable forecast for 2020 possible

The German Adhesives Industry recorded a 1.5 percent increase in sales in the 2019 financial year. A reliable forecast for the 2020 financial year is currently not possible due to the current socio-economic situation caused by the COVID-19 pandemic. Nevertheless, the German adhesives industry continues to be very well positioned in the European and international competitive environment.

"In view of the gloomy growth forecasts, the German Adhesives Industry has been operating in a heterogeneous and volatile economic environment in 2019," says Boris Tasche, Chairman of the Executive Board of the German Adhesives Association (IVK). In 2019, the adhesives industry was able to generate an overall growth rate of about 1.5 percent across all key market sectors, thus, achieving total market sales of 4 billion euros. The growth drivers were mainly the construction-related adhesive customer industries.

No forecast possible for 2020

After an overall satisfactory market development for adhesives in the first two months, the German Adhesives Industry was hit by the global coronavirus pandemic in March 2020, although the degree to which the various key markets were affected varied.

While manufacturers of products for the automotive industry and its suppliers were directly and fully affected by the immediate shutdown of this market segment, suppliers of adhesive systems, particularly in the areas of (food-) packaging, hygiene products, medicine, medical technology, pharmaceuticals and the electronics market segment, continued to record stable sales. Adhesive suppliers in the field of craftsman- and consumer goods sectors increasingly felt the effects of the current reluctance to consume.

"In this context of the current socio-economically volatile and fragile situation, it is currently not possible to give any reliable or even serious forecast on the economic development of the German Adhesives Industry for the year 2020," explains Ansgar van Halteren, managing director and board member of IVK.

Economic effects of the COVID 19 pandemic

The COVID-19 pandemic is not only a global health crisis, but it will also have a significant negative impact on the world economy with consequences that cannot yet be predicted. Despite the risk of international supply chains being disrupted by production stoppages or border closures, all key adhesive raw materials have been available in sufficient quantities since the beginning of the pandemic.

Since the development of the economy is directly linked to the development of the global infection rate, the greatest threat to the German Adhesives Industry is posed by renewed "hard" lockdowns and production closures due to suspected cases.

German Adhesives Industry in the European and international competitive environment

Irrespective of the possible economic effects of the COVID-19 pandemic, the German Adhesives Industry is meanwhile very well positioned, both in Europe and internationally. With a global market share of more than 19 percent, it is the world market leader, and in Europe the industry is in first place with an adhesive consumption of 27 percent and an adhesive production share of more than 34 percent.

Adhesives and sealants, adhesive tapes and system products generate annual sales of around 61 billion euros worldwide. The German adhesives industry, which is predominantly medium-sized, operates internationally: most of the companies produce in Germany and export worldwide. In addition, German adhesives companies serve the global markets from their more than 200 local production sites outside Germany.

With both business models, the German Adhesives Industry generates a turnover of almost 12 billion euros worldwide. More than 1.7 billion euros are exported from Germany, and German adhesive manufacturers generate another 8.1 billion euros in sales locally from their foreign production plants. The German market has a sales volume of 4 billion euros per year. Through the use of adhesive systems "Conceived in Germany" in almost all manufacturing industries and in the construction sector, the German Adhesives Industry generates an indirect added value of well over 400 billion euros in the domestic market; globally the added value amounts to more than 1 trillion euros.

This strong position directly derives from innovative technological developments for all key market segments and areas of application without exception, for which the

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adhesives industry offers practical and value-adding solutions as a system partner.

About the German Adhesives Association:

The German Adhesives Association represents the economic-political and technical interests of the German Adhesives Industry towards the stakeholders, authorities, consumers and scientific institutions. Approximately 150 manufacturers of adhesives, adhesive tapes, sealants and adhesive raw materials as well as scientific institutes and system partners have joined forces under the roof of IVK. The German Adhesives Association is – also in the global competitive environment – the world's largest and with regard to its broad service portfolio offered, at the same time, the worldwide leading national organisation in the field of adhesive bonding technology. In total, the German Adhesives Industry employs more than 13,000 people.

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