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Woodworking Machinery

VDMA Woodworking Machinery: Record level of demand, challenges in production conditions

- **Production up 17 per cent in 2021**
- **Strong growth in the export market USA**
- **Margins under massive pressure**

Weimar, 13 May 2022 – The gap between global demand and the production of woodworking machinery is widening. In the first quarter of 2022, and even in March, which was already overshadowed by the Ukraine crisis, companies experienced another double-digit surge in demand at record levels. At the same time, turnover grew by only 4 per cent, not a surprising result given the manifold problems in the industry.

"We don't have enough components and material, and what is available is getting more and more expensive. The soaring purchase prices are a major problem for manufacturers whose order calculations for larger projects are now turning out to be much too low," explains Markus Hüllmann, Chairman of the VDMA Woodworking Machinery, at the 2022 Members' Meeting in Weimar. "This is hitting some companies hard. And on top of that, some machines are not even finished due to missing components, or delivery to the customer is then stuck due to various logistics problems."

Good year 2021

Nevertheless, the trade association is satisfied with the past year. In 2021, the declines of the weak first Corona year 2020 were more than made up for. Production rose by 17 per cent to 3.4 billion euros. Exports grew by 8 per cent to 2.3 billion euros, clearly outpaced by the growth of the domestic market, which exceeded the billion euro threshold for the first time. Consequently, the export ratio fell to 68 per cent.

In terms of exports, the two top markets, China and the USA, are tied at around 260 million euros, after China purchased 18 percent less German woodworking machinery compared to the previous year, while the USA purchased 28 percent more. Austria (+24 percent), Poland (+3 percent) and France (+9 percent) follow in third to fifth place.

Exports to the region of Russia, Ukraine and Belarus accounted for around 5 percent of total exports in recent years. The foreseeable loss of a considerable share in this group of countries will be easy for the majority of German manufacturers to cope with; however, a few are affected more than average here - especially equipment suppliers in the primary processing stage. The current corona lockdown in Shanghai and other regions of the People's Republic of China, where a number of manufacturers have production facilities, is likely to slow down this important market and also exacerbate the bottleneck in the supply of electronic components. In terms of exports, there are therefore several question marks behind important countries, for which, however, replacements can be found in other regions, at least in part.

Forecast uncertain

The unpredictable overall situation in the mechanical engineering sector hardly allows for solid forecasts at present. The order books are still well filled, but the aforementioned problems on the purchasing side are serious and will probably continue to hamper the industry, in some cases significantly, into next year. However, growth in turnover and exports for 2022 should be possible due to the high order backlog.

Prospects basically good

There are many reasons for the enormous willingness to invest that can be observed globally in the wood processing industries. Wood processing is benefiting from a worldwide trend towards sustainable products and resource-saving construction. The manufacturers of woodworking machines have solutions for a more efficient use of wood as well as for the serious shortage of skilled workers in many markets. The new possibilities of digitalisation and automation in machines and systems are far from being exhausted in the wood and furniture industry. The industry is therefore quite optimistic about the future, even if the current problems are making everyday life in the companies more difficult than ever before.

The VDMA represents around 3400 German and European companies in the mechanical engineering industry. The industry represents innovation, export orientation, medium-sized companies and employs around four million people in Europe, more than one million of them in Germany.