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Woodworking Machinery

## VDMA Woodworking Machinery: Outlook 2021 – Slightly optimistic, but no substantial improvement

**Frankfurt am Main, November 6 2020** – After 10 long years of growth, the sales boom for the woodworking machinery industry is coming to an end this year. In addition to the economic slowdown already indicated in 2019, the corona pandemic acts as a significant brake. By September 2020, around 20 percent less orders are on the books than in the previous year. "The pandemic has put an additional damper on those customer industries that were also previously in an economic downturn. However, we are also observing that some customer segments such as the small shop businesses, the sawmilling industry and the further processing businesses in the construction-related sector are still investing in times of the Corona crisis," explains Pekka Paasivaara, Chairman of the VDMA Woodworking Machinery Association, at the virtual general assembly.

### Prospects remain uncertain

The corona pandemic alone offers considerable potential for uncertainty about the future economic development. This is compounded by the incalculable risks of the approaching Brexit, as well as increasing trade restrictions, which are having an impact on the export-oriented machinery industry. All in all, VDMA anticipates a 15 per cent drop in production in the current year in Germany. "In addition to the sharp drop in orders, travel restrictions - to China, for example - continue to hurt the industry. We are only getting our service technicians to the customer with a delay. This further contributes to the drop in turnover as payments are delayed," Paasivaara continues.

For 2021, VDMA expects a slight recovery with an increase of 3 percent, despite all the restrictions that must be made at present to make a forecast meaningful. The level will thus remain well below that of previous years. "We

expect the current situation to stabilise. A substantial improvement is not expected in the foreseeable future. But there is reason to hope that we have passed the low point. The number of enquiries with concrete investment plans from customers has now risen significantly again, but uncertainty continues to slow down many decisions," says Paasivaara.

### **Foreign trade with losses**

In the first eight months of the current year, the export value of German woodworking machinery fell by 15 percent year-on-year to 1.3 billion euros. Among the top-10 export destinations, only Austria, Brazil and Lithuania were able to increase their exports. In the case of the latter two, the increase is the result of deliveries of individual large-scale plants. The two most important markets, China and the USA, suffered above-average losses of 18 and 42 percent respectively. The Chinese market is currently showing encouraging signs of recovery. This will have a positive impact on export figures in the coming months.

In the same period, German imports fell by 7 percent to 360 million euros. Of the most important supplier countries, only China was able to increase its imports by 11 percent to 114 million euros.

### **Optimism unbroken**

In these challenging times, further investments are being made in future viability of the machinery industry. The number of cooperations and acquisitions in companies and start-ups dealing with the manifold topic of digitisation is high. And in the VDMA, too, digitalisation is the focus of cooperation between companies in the various working groups. OPC-UA as the world language of production is being driven forward at full speed, as is the digitised exchange of data between tooling and machine.

Even if climate change is not currently at the top of the political agenda, the topic will pick up speed again. "It is a breakthrough for our customer industries and thus also for us machine suppliers that wood as a construction material is now receiving the recognition it deserves at all political levels. The positive contribution that wood as a renewable raw material can make to reducing the CO2-footprint, especially in the field of sustainable construction, is enormous. The woodworking machinery industry will do everything in its power to further develop this topic. So, we can look ahead optimistically", Paasivaara sums up.

The VDMA represents around 3300 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.