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VDMA Woodworking Machinery: High production level could be maintained in 2019

Frankfurt am Main, May 4. 2020 - According to figures from the Federal Statistical Office, German manufacturers of woodworking machinery reached a new production record of 3.37 billion euros last year with a small plus of 0.6 percent. While declining growth rates of 14, 5 and 2 percent were achieved in the first three quarters, production in the fourth quarter was down 10 percent. This reflected the lower order activity of the previous months in Germany. "Overall, we can be very satisfied with the results for 2019. However, whether we will be able to maintain the minus 10 percent forecast in September last year for the current year 2020 is more than questionable at the present time," said Dr. Bernhard Dirr, Managing Director of VDMA Woodworking Machinery, against the background of the challenges facing the industry in the corona pandemic.

Exports down by 3 percent

Last year, the export value of German manufacturers fell by 3 percent to 2.40 billion euros compared to the previous year. Above all, the losses in the three top markets China (-3 percent), USA (-16 percent) and Poland (-19 percent) contributed significantly to the negative development.

German imports also fell by 5 percent to 556 million euros.

Outlook into the unknown

The extent of the expected turnover losses is hardly foreseeable at the present time and therefore cannot yet be roughly quantified. In any case, the challenges to which the woodworking machinery as well as the entire mechanical engineering industry will have to adapt will probably extend well beyond 2020. Fortunately, production is still at a relatively high level. On the positive side, the supply chains - with a few exceptions - still run quite well in Germany. However,

the supply of parts from abroad, for example from Poland or Italy, is proving difficult in some cases.

The high level of capacity utilisation applies above all to companies active in systems and plant construction. In most cases, capacity utilization is still assured for the coming months. However, there are significant delays in the on-site installation of the machines to be delivered due to international travel restrictions. In the case of the standard machine manufacturers, it can be assumed that the order backlog will be processed shortly. Almost all of these companies are already using short-time working to a greater or lesser extent. If orders continue to fall short to a degree, as has been the case since mid-March, this will have a massive impact on business activity into the coming year.

"The basically high global demand for wood products makes us optimistic. Be it the increased trend towards industrial timber construction or affordable furniture for the emerging economies. We are working with the material of the future. Hence, we are not worried about the industry. Growth will return," Dirr is sure.

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.