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IFFA 2022 – Mechanical engineering in good position

The German manufacturers of machinery for meat processing and packaging as well as of alternative protein processing equipment were again able to significantly increase their production in 2021. The exhibitors are looking forward to meeting their national and international customers face-to-face at IFFA, which will be held in Frankfurt from 14 to 19 May 2022.

Frankfurt, 9. March 2022 – At the press conference for IFFA 2022, the German Engineering Federation (VDMA) announced that, according to provisional data from the Federal Statistical Office, German production of food processing and packaging machinery increased by 6 percent to just under 15 billion euros in 2021. This means that the industry turnover in the fourth-largest mechanical engineering sector has almost returned to the pre-crisis level of the year 2019.

"Sales of process technology for the meat and protein industry have remained stable with around 1.2 billion euros, contrary to the trend and despite the difficult conditions in the first Corona year 2020. In 2021, the growth in our industry is expected to be around 6 percent," says Klaus Schröter, Chairman of the IFFA Advisory Board and Chairman of the VDMA Meat Processing Machinery Division. Schröter sees the same growth potential for the packaging machinery sector.

German exports: Slight growth in difficult times

After a small decline in 2020 (minus 0.8 percent), German machinery manufacturers were able to realise a slight increase in export business again in 2021. In respect to the international business, the USA as the most important foreign market stood out in 2021 with an increase in demand of over 23 percent. Machines worth more than 100 million euros were exported from Germany to the USA in 2021.

"In the US food industry, it is very difficult to find qualified operators. This forces

companies to invest in modern technologies and automation solutions for a safe and stable production. And the Corona pandemic has even reinforced this trend," explains Klaus Schröter the dynamic development in the American market.

In addition to the U.S., there was also significant impetus from individual overseas markets, such as China, Brazil and Australia, just to name a few. German deliveries to many European countries, on the other hand, declined in 2021 and fell below the very high level of the previous year. For example, significantly fewer machines were delivered to France, Spain, the United Kingdom or Russia in 2021. All in all, the companies' foreign deliveries in 2021 increased by around 3 per cent above the previous year's high level.

World machinery trade grows - German companies lead the way

The international foreign trade in meat processing machinery (HS 843850) - taking into account export data from around 50 industrialised countries - increased by 1.4 percent to 2.2 billion euros in 2020. Of this, 28 percent came from Germany, 26 percent from the Netherlands and 6 percent each from the USA, China and Italy, then followed by Denmark, Spain, Poland, Austria and Slovakia with supply shares between 3 and 4 per cent. The top 10 sales markets for imported machinery in 2020 were USA, Russia, China, Netherlands, Canada, France, UK, Germany, Poland and Spain.

So far, the VDMA only has available the data for European foreign trade for the year 2021. According to what is known so far, at least the exports of the EU countries have increased by around 3 per cent. "Despite the travel and accommodation restrictions resulting from the Corona pandemic, the machinery manufacturers were able to serve their customers worldwide. But a great many projects have also been postponed due to the Corona pandemic and in some markets the investment backlog is likely to ease only slowly," Schröter comments on the global export development.

In this context, he sees good prospects for the supplier industry for 2022 and beyond, but also problems in the processing of orders due to bottlenecks in the global procurement markets.

Challenges: Supply chain disruptions and shortage of material

The most serious inhibiting factor on the economy in 2021 was the ongoing disruption of supply chains. According to the VDMA survey among its member companies, electrical components are most affected, followed by plastics and rubber as well as metals and metal products. On top of this, there are also disruptions in logistics and significant increases in transport costs.

"The order books are well filled, but the supply bottlenecks and shortages in material and procurement markets will continue to hamper production for some months. Also of concern is the price increase for energy and materials, which is a challenge for all machine builders in Germany and Europe," says Schröter.

Positive outlook in a dynamic market environment

Schröter sees the future prospects for the meat and protein supply industry as positive. "The global food industry is a dynamic growth market determined by demographic developments, nutritional trends, changing consumer habits, ever shorter product life cycles. The resulting demands of companies for safe, flexible and economical plant technology for production, processing and packaging are constantly posing new challenges for mechanical engineering."

Schröter sees the expansion of the IFFA's focus to include alternative proteins as a great opportunity for the supplier industry and the world's leading trade fair itself. "The technological know-how of the industry is equally important for the manufacturers of plant-based protein alternatives and by opening up IFFA we are attracting another customer target group," says Schröter, pointing out that in many cases the same process technologies are used and new fields of application often lead to product-specific technical adaptations and innovations.

Positive impetus for the 2022 business year and beyond is expected from the world's leading trade fair, IFFA, which will be held in Frankfurt from 14 to 19 May. "We are very much looking forward to the international supplier industry presenting its innovations and concentrated expertise at the most important industry platform and to all of us finally being able to discuss requirements and trends with the international trade audience again in a personal exchange," concludes Klaus Schröter, Chairman of the VDMA Meat Processing Machinery Department.

In case of any further questions, you are welcome to contact Beatrix Fraese, VDMA Expert for Markets & Economics: Phone: +49 69 66 03-1418, E-mail: beatrix.fraese@vdma.org.

The VDMA represents more than 3400 German and European companies in the mechanical and plant engineering sector. The industry stands for innovation, export orientation and is comprised of predominantly medium-sized companies. The companies employ around four million people in Europe, more than one million of them in Germany alone. Mechanical and plant engineering represents a European sales volume of around 800 billion euros. In the entire manufacturing sector, it contributes the highest share to the European gross domestic product with a value added of around 270 billion euros.