



Press Release

Food Processing and
Packaging Machinery

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Optimistic industry attitude in the forefront of IFFA 2022

- Production plus of 7 percent in 2021 for German food processing and packaging machinery manufacturers
- Strong domestic demand, export market USA with peak growth
- Industry looks forward to international trade show IFFA from May 14-19

Frankfurt, 12 May 2022 – On the occasion of the press briefing with the daily and business press for IFFA 2022, the VDMA Food Processing and Packaging Machinery Association reports that German production of food processing and packaging machinery increased by 7 percent to 14.8 billion euros in 2021. This means that industry sales in the fourth-largest mechanical engineering sector have almost returned to the pre-crisis level of 2019, at a value of €15.3

"Sales of process technology for the meat and protein industry - the strongest exhibition area at IFFA - did not buck the trend in the first Corona year 2020. In 2021, machine production increased by a comfortable growth rate of 6 percent to around €1.3 billion," says Klaus Schröter, Chairman of the IFFA Advisory Board and Chairman of the VDMA Meat Processing Machinery Division.

2021: Strong domestic demand - exports reach peak level

Both in 2020 and 2021, machinery manufacturers enjoyed sustained high levels of investment activity in the domestic market. In 2021, domestic sales increased by 8 percent to 384 million euros. "Low interest rates, KfW (development loan corporation) funding opportunities for process and procedure conversions leading to energy and resource

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savings, and investments in automation solutions have provided significant impetus," Schröter commented on the business development in 2021.

In foreign business, the USA, which is in any case the most important foreign market, stood out in particular in 2021 with an increase in demand of over 23 percent. Machines worth more than 100 million euros were delivered from Germany to the USA in 2021. "In the U.S. food industry, it is very difficult to get qualified operators. This forces companies to invest in modern technology and automation solutions for a safe and stable production. And the Corona pandemic has even reinforced this trend," Klaus Schröter explains the dynamic development in the American market.

Deliveries to China also showed a double-digit growth. Demand from the EU-27, the most important sales region with a share of 39 percent, fell below the high level of the previous year. All in all, the companies' foreign shipments increased in 2021 by around 3 percent year-on-year and reached an all-time high.

Supply chains remain under strong pressure

However, the economy was seriously affected by the ongoing disruptions to supply chains and shortages on the materials and procurement markets in 2021, and the situation is not going to change. The war in Ukraine and China's zero-covid policy are further aggravating the situation. According to VDMA's April 2022 survey of its members, the supply situation has deteriorated significantly, especially for metals and metal products. Many companies do not expect the situation to ease in the coming months.

"Currently, the order books in our industry are well filled, but we cannot estimate how the ongoing material shortages and price increases for energy will affect business development this year," says Schröter.

Industry prospects and expectations for IFFA

The prospects for the food processing and packaging machinery sector remain positive, apart from the current difficult frame conditions. The global food industry is a dynamic growth market determined by demographic developments, nutritional trends, ever shorter product life cycles and cost pressures. Investments in safe, flexible and economical plant technology for production, processing and packaging therefore tend to be steady and less volatile than in other customer sectors of the mechanical engineering industry. In addition, the industry is broadly positioned and supplies over 100 countries,

more than half of which are outside Europe. At present, the Ukraine war is not yet affecting the order intake in the food processing and packaging machinery sector. Orders increased by 4 percent in March 2022, mainly driven by purchases from non-European countries.

The industry expects positive impetus from the world's leading trade show, IFFA 2022, which will be held in Frankfurt from May 14 to 19. "We are very much looking forward to the international supplier industry presenting its innovations 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 face-to-face exchange," says Klaus Schröter, Chairman of the VDMA Meat Processing Machinery Department.

Do you have any questions? Beatrix Fraese, Deputy Managing Director of the VDMA Food Processing and Packaging Machinery Association, will be happy to answer them: +49 (0)69 6603-1418, beatrix.fraese@vdma.org.

The VDMA represents more than 3,400 German and European companies of the mechanical engineering industry. The industry stands for innovation, export orientation and medium-sized businesses. The companies employ around four million people in Europe, more than one million of them in Germany. Mechanical and plant engineering represents a European turnover volume of around 800 billion euros. With a net value added of around 270 billion euros, it contributes the highest share of the entire manufacturing sector to the European gross domestic product.