



VDM international report



METAL TRADE IN TIMES OF PANDEMIC

In February, the first signs of corona appeared in the sky, slowly and almost unnoticed. Business was still running routinely, a good business year 2020 was still expected, and the association meetings were also carried out normally, although there were already the first worry lines. When the evening event of the Qualitätsgemeinschaft Kabelzerleger took place on 20 February in the "Lachende Kölnarena", which was filled with almost 18.000 people, we were glad that the VDM had a small separate lounge with its own toilet. The virus had already become an issue. In the first half of March, the first events of the METAL ACADEMY were cancelled on request of the venues. In the middle of March federal states began to announce measures to contain view, including lockdowns.

The VDM team switched to "home office" on 17 March, which worked surprisingly well. Thanks to our specialist Frank Becker, all employees were quickly put in a position to access the VDM server remotely. From than on, telephone and video conferences became part of daily working life. VDM President Petra Zieringer launched TaskForce COVID 19 on 22 March, consisting of the VDM board of directors and two other members of the board. It now meets several times a week via video conference and informs the members daily with the newsletter INFORMATION ON TOMORROW. Together with our sister association WGM we created an information website (www.vdm.berlin, then link to COVID 19) within one week, on which current information about COVID 19 is systematically made available almost daily and which numerous other associations have joined. Together with the associations BDE, BDSV and bvse, we contacted Federal Environment Minister Svenja Schulze and successfully lobbied for the recycling industry to be classified as systemically relevant even in times of corona and thus be allowed to continue its work. A very practical help is the VDM initiative "offer-search", within which we have been able to arrange for several thousand protective masks. Metal trade thrives on communication. Normally, the VDM offers six regional meetings and a general meeting every



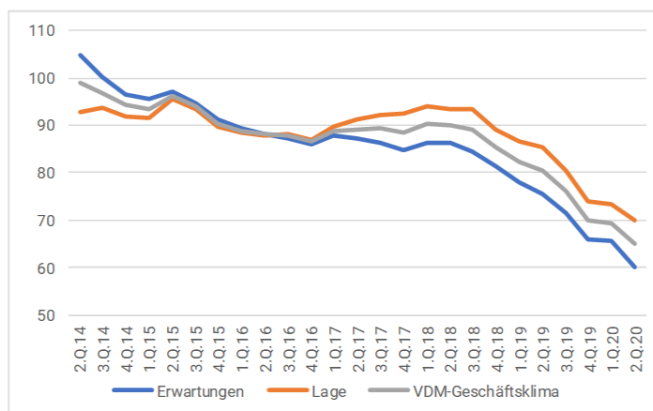
year, which are attended by some 2.000 participants. This made it all the more painful to have to cancel the meetings in Cologne and Freiburg and the general meeting in Berlin. When there will be another meeting day is currently still completely open. A number of international events have also been cancelled, for example IFAT in Munich, BIR in Istanbul, ISRI in Las Vegas or the EuRIC meeting in Helsinki. We currently expect that the next VDM events will take place again in autumn 2020 at the earliest.

We have learned together in recent weeks to explore new ways of communication. Who among us - with the exception of group employees - has been working via video conferencing so far? The current situation has forced us to use this medium - and it works. The first VDM webinar on the subject of "Sales slump - and now?" was held on 2 April, and a second webinar on the Waste Shipment Ordinance was immediately booked out. Even if personal communication with our members is our favourite, we will still have to break new ground, at least temporarily. Let's look at it positively: Corona will speed up digitisation noticeably.

The effects of the corona crisis on the metal industry are

very different. By the end of April (editorial deadline), the picture was roughly as follows: Metal trading was difficult, not at least because of the low prices on the LME in some cases. On one hand, there was a lack of scrap from the collection points, and on the other hand large customers - such as the automotive sector - broke away. Business nevertheless continued, albeit at a significantly reduced level. International trade also continued, albeit with some difficulties. There were problems in the area of logistics, with missing containers and trucks and long waiting times at the borders being the main problems. The recycling industry worked through many of the contracts that still existed in March, and in April things became much quieter. Fortunately, all companies adapted to the current situation quite quickly and introduced the necessary safety precautions (multi-shift system, hygiene systems). Since Easter, short-time work has increased significantly. It is pleasing that all companies are able to operate, the system-relevant waste disposal sector is working well in the metal sector. The production situation is mixed, with the copper industry certainly performing better than the aluminium sector. Overall, it can be said that the situation is tense but improving.

VDM BUSINESS CLIMATE INDEX: COVID 19 stops turnaround



The VDM Business Climate Index fell sharply at the beginning of the second quarter of 2020. Companies are very critical of both their current business situation and their business prospects.

We had actually expected a turnaround of our index. After important indicators - such as the production index or the index of incoming orders in the manufacturing sector of the German economy - had risen, in some cases quite sharply, at the beginning of the first quarter of 2020, the decline in our index had also slowed down noticeably: Although the companies that assessed their business situation and prospects negatively were still in the majority, their number had decreased noticeably.

In view of this and against the background of continuing optimistic economic data, we had firmly assumed that the VDM Business Climate Index would rise at the beginning of the second quarter of 2020.

Unfortunately, however, the corona virus thwarted our plans. Depending on how long the virus affects economic

activity both internationally and nationally, the index could fall further. However, we expect that the pandemic will be overcome in the coming weeks and that we will start the third quarter of the year with solid and positive expectations. Here, catch-up effects could spark a strong economic revival.

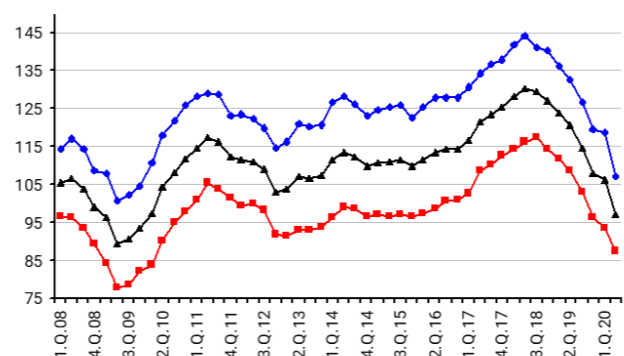
WGM BUSINESS CLIMATE Semi-finished metal trade in free fall

The WGM business climate index plunged to a veritable crash at the beginning of the second quarter, after the continuous downward trend of the past two years had initially slowed down considerably at the beginning of the year. The index currently loses 9.2 points compared to the previous quarter. Thus, the corona crisis is probably also responsible for the highest downward dynamic between two reporting periods since the beginning of the survey.

We had actually expected a turnaround of our index. Important indicators - such as the production index or the new orders index for the German manufacturing industry - had risen at the beginning of the first quarter of 2020, in some cases quite substantially. Accordingly, although metal semi-traders, who had a negative assessment of their business situation and prospects, were still in the majority, their number had decreased noticeably.

Unfortunately, the corona virus put a damper on the industry. Both the situation and the expectations are predominantly gloomy in the trade with aluminium and non-ferrous metal semi-finished products, and the expectations are even 100 percent pessimistic in both trading sectors. Depending on how long the virus affects economic activity internationally and nationally, the index could fall further. In its forecast scenarios, the Kiel Institute for the World Economy (IfW), for example, assumes that vehicle construction - a key customer of the semi-finished metal trade - will experience a phased production cutback of up to 70 percent.

The IfW experts expect that GDP will fall by 4.5 percent this year - assuming the economic lockdown eases already at the end of April. If the recovery did not set in until three months later, the forecast experts believe that GDP could even shrink by 8.7 percent. It is also clear, however, that this year's development represents "a blatantly exceptional situation". Next year at the latest, the economy should pick up noticeably again due to dynamic catch-up effects.



REINFORCEMENT IN VDM ENVIRONMENT & RECYCLING DEPARTMENT



Daniel Hoffmann has been a member of the VDM team since 1 April 2020 and strengthens the Environment & Recycling Department on the technical side.

Mr Hoffmann is a graduate in industrial engineering and has many years of experience in the metal recycling sector. He has worked not only in technical maintenance, as an environmental coordinator, waste management

officer, immission control officer or environmental, energy and quality management officer, but also as an occupational safety specialist.

In the future, Mr. Hoffmann will be in charge of the VDM Quality Association for Cable Dismantling. His area of responsibility also includes topics such as radioactivity, measurement and calibration law, traffic and logistics, occupational safety, plastics and the Federal Immission Control Act.

YOUNG METAL TRADERS ON THE WAY TO A BACHELOR OF SCIENCE (B.SC.)

Introductory seminar "Metal study plus"

Without qualified and motivated employees nothing works in a company. Therefore it is necessary to keep them in the company. Especially in view of demographic change, this already plays a major role for personnel decision-makers.

As a special further training and development opportunity for committed employees, VDM has been offering the new study programme "Technical Business Administration Metal Trade B.Sc." in cooperation with WGM since 1 January 2020. This is an online distance learning programme lead-

ing to a Bachelor's degree, which is offered in cooperation with the Fresenius Online Plus University of Applied Sciences.

Ten interested parties have already taken part in our kick-off event, a three-day introductory and orientation seminar "Metallstudium plus", which took place in Berlin from 27-29 January 2020, to gain a first insight into industry-specific content such as the functioning of international metal markets or the London Metal Exchange (LME). Information, tips and tricks for individual time management and scientific work, interspersed with playful and entertaining interludes, rounded off the seminar programme and gave the participants the opportunity to get to know each other better so that they could learn and act together during their later studies.

All participants had one thing in common: their professional commitment and their desire for more; more personal progress in the company and in personal education. Following the seminar, some participants have already "put their money where their mouth is" and registered with the Fresenius University of Applied Sciences to begin their studies on 1 February 2020.

This study programme is available as a dual study programme alongside your job. You can find the brochure on this programme and further information at www.vdm.berlin

HOCHSCHULE
FRESENIUS
UNIVERSITY OF APPLIED SCIENCES

IN KOOPERATION
MIT

VDM
Verband Deutscher
Metallhändler e.V.
Kabel Recycling Produktion

WIRTSCHAFTSVERBAND
GROSSHANDEL
METALLHALBZEUG E.V.
WGM

BACHELOR VOLLZEIT UND TEILZEIT ONLINE

TECHNISCHE
BETRIEBS-
WIRTSCHAFT
METALLHANDEL
(B.SC.)

FERNSTUDIUM

NEXT GENERATION UNIVERSITY
SINCE 1848

