Press information

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Marine equipment suppliers in Germany see ray of hope on the horizon

- German Engineering Federation (VDMA): decline in orders in maritime sector in 2017
- Sales down slightly to €11.1 billion
- General situation in mechanical engineering industry and digitalization are encouraging signs

Hamburg, July 13th 2017 – Marine and offshore equipment suppliers in Germany have to make considerable efforts also this year to respond to the continuing weak demand from other countries and growing competition in global shipping markets. Companies will definitely benefit from developing new markets, product innovations and digitalization and networking as opportunity for the future.

“Our high-tech sector with its more than 65,000 employees has still not seen the end of the decline in incoming orders, but there is a ray of hope on the horizon. We can say this because of the flexibility of marine and offshore equipment suppliers, as well as the good economic data from the German machinery and plant engineering industry that is now becoming apparent,” explains Dr. Alexander Nürnberg, Chairman of VDMA – Marine Equipment and Systems. “Overall mechanical engineering increased its forecast for machine production in real terms to plus 3% in 2017. However, this certainly does not apply to the maritime area on average. Although last year sales declined only slightly to €11.1 billion, incoming orders slumped significantly by 14%. We predict that there will be no major improvement for the sector as a whole also in 2017,” says Nürnberg.

However, individual maritime markets and segments are definitely optimistic: for ferries there is high demand in the short and medium term, and the same applies for electrical engineering systems and components, which with the ongoing process of automation are absolutely vital for the smooth, efficient operation of ships and plants.
“It is to be hoped that in the medium term the gratifying economic developments in the mechanical engineering industry will also have a positive effect on the entire maritime sector,” emphasizes Nürnberg.

Market further consolidating

Meanwhile the shipping market is continuing to consolidate, new business models are changing the supply situation and established models are losing significance. “The growing digital possibilities have to be intelligently used in the interaction between operators, shipyards, equipment suppliers and beyond,” explains Martin Johannsmann, executive board member of VDMA – Marine Equipment and Systems. “Learning from one another across sectors” is thus the motto of the equipment and system suppliers. Their solutions are in demand in shipbuilding as well as associated areas in the maritime environment such as logistics, port technology and energy.

Application of digital solutions

There is currently a great deal of discussion about Industry 4.0, but implementing and profitably applying networked production and services involve considerable hurdles for many companies. This process is proceeding fast and continuously in the maritime sector. “Today we supply from the data generated by a whole variety of sensors on board vital information for the entire shipping sector,” explains Martin Johannsmann in describing a new business model from his company environment. “In Finland, the autonomous unloading of cargo ships is already beyond the research phase and now undergoing practical testing, thanks to integrated systems from our company group,” adds Alexander Nürnberg. Another example: port cranes from German makers supply information worldwide on equipment operating condition and performance optimisation as well as the condition of the cargo being transshipped, cooperating with upstream and downstream logistics systems. “Companies that are not alive to this development will be among the losers of digitalization,” warns Johannsmann. In the production of maritime technologies, competitive advantages are also realised via intelligent automation solutions. New sensor technology, data evaluation algorithms and interface definitions (OPC UA) have to be integrated.

Maritime energy transition must begin now

The digital solutions contribute significantly to the achievement of economic and environment-friendly goals in shipping. This involves the use of electric hybrid propulsion systems, as already deployed on ferries, to reduce environmentally harmful emissions. And in overseas transport the set climate objectives can be realised with the intelligent use of alternative fuels, which can successively replace fossil fuels on ships. “E-fuels” will play a particularly
important role in this respect. Makers of large engines and the VDMA are thus advocating a maritime energy transition. It is important here to think beyond the internal combustion engine in itself and consider the overall propulsion system.

Digital service

According to a survey by the Fraunhofer CML, nearly all (93%) operators (shipping companies) anticipate a broadly based digitalization of their maintenance processes in the next few years and expect proposals for solutions from industry. An initial VDMA study found that precisely particularly successful companies in after-sales business focus on developments from the area of Industry 4.0, namely remote services and condition based maintenance, as well as management of services via management information systems. “The second study we commissioned, which is currently running, is concerned with digital service. From this we expect specific ideas for our sector,” explains VDMA Managing Director Dr. Jörg Mutschler.
Key indicators for marine and offshore equipment suppliers in Germany

Employees: 65,000  
Sales (2016): €11.1 billion (2015: €11.7 billion)  
Export rate: 78%


Different developments in export markets: Other European countries are the main export market for German equipment suppliers for the first time again for years (claiming 37% of exports, previous year: 31%). The explanation for this is the stable order situation for leading European shipbuilding companies in their special segments. The long-standing frontrunner Asia follows with 34%. The most important Asian countries China and Korea roughly retained their shares of exports of German suppliers, China accounting for 21% and Korea close on 10%, whereas the share for the rest of Asia in 2016 fell significantly from 6.5% to 3.5% compared with the previous year's period. Trade with North America also declined proportionately, from 11% in 2015 to only 9% in 2016.

Ship newbuilding orders at low level: Merely 223 oceangoing ships totalling 4,951m gt were ordered worldwide in the first quarter of 2017 (1st quarter of 2016: 172 with 6,759m gt), including 19 in South Korea (8), 66 in PR China (35), 5 in the Philippines (2), 28 in Japan (53) and 51 in EU-28 (23), including 1 in Germany (1). Global orders on hand for vessels came to 4,840 (5,807) units as of the 1st quarter of 2017.

VDMA – Marine Equipment and Systems is part of the German Engineering Federation (VDMA), the largest industrial association in Europe. With over 240 member firms, VDMA – Marine Equipment and Systems represents the interests of the highly export-oriented suppliers of marine equipment and systems for the global shipping, shipbuilding and offshore oil and gas markets.

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