PRESS RELEASE

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German machine tool industry anticipating further growth in production output during 2017
Commercially and technologically in good shape for the future

Frankfurt am Main, 2 February 2017 – The German machine tool industry is in an optimistic mood as 2017 gets under way. “For the current year, we are anticipating significant growth in production output of three per cent,” says Dr. Heinz-Jürgen Prokop, Chairman of the VDW (German Machine Tool Builders’ Association), speaking at the organisation’s annual press conference in Frankfurt am Main.

This assessment is based on international production output and global demand for machine tools, which are predicted by Oxford Economics, the VDW’s forecasting partner, to be set for healthy progress. The forecast is also corroborated by the comfortable order backlog from 2016. By November, orders on hand at German manufacturers had risen by seven per cent, driven by orders from abroad. Domestic orders continued at the preceding year’s good level. Overall, the German machine tool industry is benefiting primarily from high-volume, automobile-driven project business worldwide.
Record production output once again in 2016

The VDW’s forecast is based on the record year of 2016, when the German machine tool industry produced machinery worth 15.2 billion euros, corresponding to an increase of around one per cent. “This means our sector has once again achieved a record production output,” explains Heinz-Jürgen Prokop.

With a ratio of 66 per cent, exports fell by three per cent to their present approximately 9.1 billion euros, a decrease attributable to markedly subdued demand from China. Nonetheless, China remains the most important sales market for German machine tools. Almost a fifth of them went to the Middle Kingdom in 2016 as well.

In 2016, there were 69,000 men and women employed in the German machine tool industry as an average for the year. Capacity utilisation in Germany averaged 88 per cent over the year in question, repeating the previous year’s figure. The order backlog, at 6.9 months, was slightly up on the corresponding figure for 2015.

German manufacturers are export world champions again

In the context of international competition, too, German machine tool manufacturers continue to lead the pack. In 2016, they succeeded in becoming export world champions, well in front of Japan. Excluding parts and accessories, the manufacturers achieved an export result totalling 7.6 billion euros. Japan, the previous year’s champion, suffered heavy losses of more than a fifth, and finished at 6.3 billion euros. This slump is attributable to the weakness of the Asian sales market.

In terms of production output, Germany also ranks among the world’s front-runners. According to the provisional figures, Japan, with a minus of five per cent and 11.4 billion euros, is only just in front of Germany, with its 11.25 billion euros. The undisputed leader in terms of production output is and remains China, with 16.5 billion euros.
Technological trends offer opportunities

“2017 is characterised by a multitude of challenges, which offer opportunities for generating new competitive advantages and expanding our product portfolio,” explains Heinz-Jürgen Prokop. This, he says, applies most particularly in the field of digitally networked production operations and the solutions on offer for Industry 4.0. He sees very significant potentials in consistently holistic automation of the entire order processing procedures, andremedying disturbances in the process. High efficiency enhancements in the double-figure-percentage range are definitely conceivable with holistically networked solutions, and help customers to stay ahead of the pack in a competitive business environment. This is fundamentally conditional upon acquiring and analysing machine and process data. “To render this possible, we need a flexible IT infrastructure that’s affordable even for relatively small manufacturers, from the machine to the cloud,” emphasises Heinz-Jürgen Prokop, though he cautions that there are still obstacles to be overcome here. These include unresolved or not-yet-harmonised issues of networking in production operations, like standardisation of interfaces, data security, data sovereignty, liability issues, staff skilling, employment legislation, and lots more.

Keeping a close eye on e-mobility

Another major issue for the sector in the future will be electro-mobility. How the machine tool industry will be affected by this is in the final analysis still open, since not even the most urgent questions regarding the proportion of purely electric vehicles or the change in metal-cutting volume have as yet been clarified. The fact is, at least, that for a lengthy transitional period there will be a rather high proportion of hybrid vehicles. Their degree of complexity, due to the combination of internal combustion engines and electric motors, will continue to necessitate high metal-cutting volumes, according to German production researchers. One thing, however, remains undisputed: all firms that deliver their products to the automotive industry will inevitably have to engage with these issues. “The VDW is supporting its members here, and is currently analysing what developments must be anticipated in what timeframes, so as to provide the foundations for strategic business planning,” explains Heinz-Jürgen Prokop.
2017 is an EMO year

An abundance of new ideas and innovations for the production operations of tomorrow will be showcased at the EMO Hannover 2017. Following a four-year break, the world’s premier trade fair for the metalworking sector will again be held in Hanover from 18 to 23 September 2017, under the motto of “Connecting systems for intelligent production”. Almost nine months before the fair begins, the EMO Hannover 2017 is on course for record figures: 1,858 firms from more than 40 different countries have so far registered for this event, on a net exhibition area of almost 158,000 square metres. This auspicious response shows that the EMO Hannover over the long decades of its history has evolved into the world’s premier platform for innovations.

Summary: in good shape for the future

In conclusion, the VDW’s Chairman, Heinz-Jürgen Prokop, affirms that the German machine tool industry is well equipped to meet the challenges of the future. It is doing intensive work on weather-proofing itself for the storms of international competition. The vast majority of German machine tool manufacturers are preparing to meet and master the challenges ahead, maintain a worldwide presence whether this involves service support, sales or production, and are continuing to upgrade their structures abroad. Global demand for machine tools is rising, and the German manufacturers are at the forefront in meeting it, says Heinz-Jürgen Prokop. They are able to cover this demand, which creates direct benefits for them. The firms are integrating new technologies in their products and developing new solutions. “I am confident that in the future, too, we shall be right up there with the leaders in the premier league,” is the VDW’s Chairman’s concluding verdict.

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