

PRESS RELEASE

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2023 was a good year for German machine tool exports**Sector remains world export champion, America was market with largest growth**

Frankfurt am Main, 19 March 2024. – Last year, the German machine tool industry sold machines including parts and accessories to the value of EUR 9.5 billion abroad. That was 9 percent more than in 2022. "This means we have defended our title as world champion ahead of China and Japan," says Dr. Markus Heering, Executive Director of the VDW (German Machine Tool Builders' Association), Frankfurt am Main, commenting on the result.

Within the triad of Europe, America and Asia, exports to America grew the fastest, increasing by 18 percent. This was driven primarily by the US, the second largest sales market overall for the Germans, accounting for a share of 15 percent. The US purchased machines to the value of EUR 1.4 billion. This represents an increase of 19 percent. "Our members are feeling positive about current and future developments in the US market," reports Heering. "US customers have lower costs than their German counterparts as a result of the lower energy prices there. Furthermore, the automotive industry is currently investing in heavy-duty engines before stricter emissions regulations come into force in 2027. Mexico is also performing strongly. Many international companies are investing there because of the country's proximity to the US market," Heering continues.

Indeed, exports to Mexico rose by 28 percent, even more strongly than those to the US. This put the Central American country 9th in the list of the most important export markets. Accounting for sales of EUR 326 million, Mexico is the second most important market in the

American continent. By contrast, business in South America fell by 7 percent compared to the previous year.

Exports to China lower than in the peak years

German exports to Asia rose by 7 percent last year. Accounting for a share of 17 percent, China is the most important target country of all. Compared to the previous year, exports grew by 6 percent to a volume of EUR 1.6 billion but remained well below the last peak year of 2018. Many companies are finding it difficult to do business there. "The economy in China is weak and the country continues to decouple itself from foreign imports in its effort to achieve industrial autonomy," reports VDW Executive Director Heering. It is therefore important to diversify the markets to alternative growth markets instead, such as those in the ASEAN region. India is also gaining in appeal, says Heering. Numerous inquiries are currently being received from India, with companies reporting plenty of activities, projects, and contacts there. However, the Indian market remains extremely price sensitive. India is currently the 13th most important export market. German exports there have risen by a quarter.

European home market with slower growth

Within the triad, Europe is the largest sales region for German manufacturers, accounting for a share of more than 50 percent. The German market, however, remained weakest of all, posting an increase of just 6 percent and a volume of EUR 4.9 billion. "Although most Western European countries have seen growth, machine tool manufacturers are skeptical about Europe," explains Heering. New orders are declining due to the currently sluggish economy. This applies in particular to Italy, the world's third largest sales market for German exports, which is now significantly scaling back its subsidies. Switzerland, on the other hand, is viewed positively as a stable sales market. Accounting for a volume of EUR 430 million, it ranks fourth among the most important export markets overall. Compared to Germany, customers in Switzerland benefit from lower energy costs and longer working hours. These factors are having a positive impact on investment. Northern Europe is also viewed positively, as are sales to Turkey, which grew by 39 percent. "Turkey is attracting political attention right now due to its trade relations with Russia. On the other hand, many machine tool customers in Turkey generate revenue in euros from their export business. The Turkish lira is currently weak, allowing them to use these funds to invest in production technology," says Heering.

Exports account for 70 percent of the German machine tool industry's sales. The sluggish international demand for capital goods, which is also affecting German customers, is holding back business. "Economic experts are not expecting the market to pick up again until next year," concludes Heering.

Picture: Dr. Markus Heering, Executive Director of the VDW (German Machine Tool Builders' Association), Frankfurt am Main
Graphic: German machine tool exports 2023

Background

The German machine tool industry ranks among the five largest specialist groupings in the mechanical engineering sector. It provides production technology for metalworking applications in all branches of industry and makes a crucial contribution towards innovation and enhanced productivity in the industrial sector. Due to its key role for industrial production, its development is an important indicator for the economic dynamism of the industrial sector as such. In 2023, with an average of 65,200 employees (firms with more than 50 staff), the sector produced machines and services worth around 15.2 billion euros.

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