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**Order bookings for the German machine tool industry still on course**

**Frankfurt am Main, 27 August 2014.** – In the second quarter of 2014, order bookings in the German machine tool industry rose by 1 per cent compared to the second quarter of 2013. Domestic order bookings were 16 per cent up on the preceding year, whereas export orders fell by 7 per cent. For the first half of 2014, order bookings were 6 per cent up on the preceding year’s figure overall. Domestic order bookings rose by 18 per cent, while demand from abroad was down by 1 per cent.

“German machine tools were still in demand during the year’s first half”, comments Dr. Wilfried Schäfer, Executive Director of the sectoral organisation VDW (German Machine Tool Builders’ Association) in Frankfurt am Main. Demand from domestic customers in particular, he adds, has picked up perceptibly, whereas demand from abroad has slid into minus territory. “The general uncertainty due to numerous trouble-spots is causing foreign customers to hold back on new investment projects”, says Schäfer. This is being reflected particularly in the year’s second quarter, by falls in machine tool orders from countries outside the eurozone. In the eurozone itself, by contrast, there is a returning uptrend, with a plus of 13 per cent.

Sales finished the year’s first half with a black zero. “For the production output, we are nonetheless staying with the growth forecast of three per cent in the ongoing year”, emphasises VDW Executive Director Schäfer. However, he adds, this is an ambitious target, and conditional upon another recovery in demand from abroad.

In the first half of 2014, sales shifted towards the German market, mirroring the development in order bookings. Exports, by contrast, are showing signs of deceleration. One of the causes involved is the fall in deliveries to China, South Korea and India. “Business with Asia is proving more sluggish than we’d hoped”, says Schäfer. Nonetheless, international industrial production output and capital investment are expected to gain in momentum during 2014. The USA remains the growth driver for demand recovery among German manufacturers, while Europe is suffering from stagnation overall.

**Background**

The German machine tool industry ranks among the five largest sectors in the country’s mechanical engineering segment. It supplies production technologies for metalworking applications to all categories of manufacturer, and makes a crucial contribution towards progressing innovation and productivity in the industrial sector overall. Due to its absolutely key position for industrial production output, its development is also an important indicator for the economic vigour of the country’s industrial sector as a whole. In 2013, the German machine tool industry produced machines and services worth around 14.5 billion euros, and was employing about 71,600 people (annual average for 2013, firms with more than 20 staff). This corresponded to growth of 2 per cent.

Picture:

Dr. Wilfried Schäfer, Executive Director of the VDW (German Machine Tool Builders’ Association), Frankfurt am Main

Graphics: Order bookings and turnover in the German machine tool industry