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**German machine tool industry has its sights firmly set on South Korea**

**23 firms showcase their capabilities at the VDW’s symposium in Seoul**

**Frankfurt am Main, 26 March 2015.** – For decades now, South Korea, as an up-and-coming industrialised nation, has ranked among the most important markets of the future, not least in the high-tech sector. It is regarded as fiercely contested. Nonetheless, the country offers great economic potential. This has long since been taken on board by the German manufacturers of high-precision, high-performance machine tools, who aim to further intensify their business with South Korea in the future.

**270 customers familiarised themselves with the broad spectrum of corporate capabilities**

Following a successful first event in 2012, this year 23 German manufacturers of machine tools showcased their products, solutions and services at the Technology Symposium hosted by the VDW (German Machine Tool Builders’ Association) in Seoul on 17 and 18 March. 270 representatives from South Korean companies responded to the VDW’s invitation. They came predominantly from the automotive industry, the general mechanical engineering sector, and the metalworking industry.

The German firms participating were Alzmetall, DMG Mori Seiki, FFG-Werke, Grob-Werke, Heckert, Heller, Hermle, Index-Werke, Kapp Group, Leistritz, MAG IAS, Mauser-Werke, Open-Mind, Peiseler, Profiroll, Samag, Schütte, Siemens, Schwäbische Werkzeugmaschinen, Trumpf, United Grinding Group, Waldrich Coburg and Weisser.

**Welcker: South Korea – an important market with a lengthy tradition**

The symposium was opened by Carl Martin Welcker, the VDW’s Vice Chairman and Managing Partner of Alfred H. Schütte GmbH & Co. KG, Cologne. “German machinery manufacturers can look back on a lengthy tradition of trading relations with South Korea. It’s not only the quality and the sophisticated technological solutions, but above all the broad spectrum of specialised machines that will enable us as German vendors to continue to survive and flourish in the fierce competitive environment involved,” he said in his speech of welcome.

“The event was fully booked in next to no time,” said Klaus-Peter Kuhnmünch, who’s responsible at the VDW for organising the symposia, confirming the high perceived importance of the South Korean market for German manufacturers.

**One in six machine tools comes from Germany**

2013 and 2014 were boom years for South Korea. Last year, for example, machine tool consumption rose by 5 per cent to reach 3.6 billion euros. For 2015 and 2016, the VDW’s British forecasting partner, Oxford Economics, expects a significantly more vigorous dynamic, with growth rates of almost 10 per cent.

The most important foreign supplier is Japan, which accounts for up to half of South Korea’s imports. The German sector is the second-biggest supplier, and following a record year in 2013 meanwhile accounted in the following year for 17 per cent of total imports. For German vendors, the task now is to keep on tapping this huge potential. “South Korea is one of the most up-and-coming regions in South-East Asia. Despite the relatively strong domestic machine tool sector, we see firstly particular potential for marketing specialised systems technologies. These include, for instance, the process technology required for coating cylinder bores as a part of our turnkey competence for crankcase production lines. Secondly, we are also aiming to meet the expressed demand for complete machining on a single piece of kit with our range of five-axis milling/turning centres,” reported Andrew Parkin, Executive Manager for Asia at Gebr. Heller Maschinenfabrik GmbH in Nürtingen.

**In the Asian export rankings South Korea lies second**

South Korea has in recent years evolved into a significant growth market for the German machine tool industry. Starting from 25th place in the rankings for the most important sales markets and 162 million euros in 2008, German exports have risen by almost 13 per cent to most recently around 183 million euros last year. Currently, the country lies 15th in the export rankings, and is behind China, but well in front of India and Japan, the second-most-important customer in Asia. The most significant export technologies, besides parts and accessories, are machining centres, laser machines, grinding and gear-cutting machines.

What South Korea’s industrial customers appreciate most about German machine tools is their high levels of availability. For Tae-IL- Hyun, Project Manager at the South Korean component supplier Hyundai WIA from Uiwang, German machine tools are more flexible, faster and more accurate than their competitors’ products. “These positive characteristics also justify a higher purchase price,” to quote symposium participant Hyun.

**Keep an eye on South Korean competitors**

Nor are the South Korean competitors sleeping, e.g. in Germany. Meanwhile, South Korea ranks 5th in terms of German machine tool imports, with an import volume of almost 148 million euros last year, which corresponded to an increase of 48 per cent compared to the preceding year. “For orders from the low-tech category and in the medium segment, it’s primarily important not to lose sight of the competitors from South Korea in our own country. Here we must regain ground, so as not to cede the national sales market without a fight to the competitors from South Korea,” confirmed Dr. Benedict Korischem, Managing Director of Peiseler GmbH & Co. KG, Remscheid, when interviewed during the symposium.

**South Korea’s machine tool manufacturers have to change**

The VDW’s partner for organising the symposium was the German-Korean Chamber of Industry and Commerce in Seoul. To quote Executive Director Barbara Zollmann: “The VDW’s symposium came at the right time. South Korea has arrived at a turning point. The machine tool industry has to transform itself from a “fast follower” to a “first mover” if it wants to survive and prosper in the face of growing competition from Asia. This is conditional upon capital investment and innovations. German machine tool manufacturers can support South Korean firms in this process, and help them to obtain competitive advantages.”

**Ideal networking forum for the South Korean market**

Klaus-Peter Kuhnmünch from VDW rated the VDW’s symposium in South Korea as yet another success. “Our events are exclusive networking forums for our members, and offer direct access to top-ranking customers from the markets concerned,” he said.

**Background:**

For eleven years now, the VDW has been organising German technology symposia in important growth markets. They aim to assist the German machine tool industry to penetrate these markets and to showcase for the users there the sector’s professional competence and corporate capabilities. So far, symposia have been held in Brazil, China, India, Mexico, Poland, Romania, Russia, Thailand, Turkey and South Korea. In line with sustainability thinking, the symposia are repeated at certain intervals, as is the case this time in South Korea.

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**Picture captions**

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“Quality, sophisticated technological solutions, and a broad spectrum of specialised machines will enable us as German vendors to continue to survive and flourish in the fierce competitive environment involved,” is how Carl Martin Welcker, the VDW’s Vice Chairman, welcomed the 270 South Korean guests to the VDW’s Technology Symposium held in Seoul on 17 and 18 March.

(Source: VDW)

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The Technology Symposium was rounded off for the VDW’s delegation by a visit to Doosan Infracore in Seoul Incheon, where construction machinery and engines are produced. (Source: VDW)