

PRESS RELEASE

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German machine tool manufacturers score highly in South Korea

14 German vendors showcased innovative production technology in the metropolis of Busan

Frankfurt am Main, 11 July 2018. – In contrast to the German football team in the world cup match a few weeks ago, the German machine tool industry has scored highly in the tiger nation of South Korea. 14 prestigious German machine tool manufacturers met with keen interest on 3 July 2018 in the metropolis of Busan. 170 Korean customers, principally from the automotive industry and its component suppliers, and the mechanical engineering sector, attended the VDW's (German Machine Tool Builders' Association) symposium entitled "Innovations in production technology – machine tools from Germany".

"The Korean market is currently completing the transition from a *fast follower* to a *first mover*. So technological know-how is much in demand among Korean manufacturers," said Barbara Zollmann, Executive Director of the Chamber of Foreign Trade in Seoul. The Chamber of Foreign Trade was the VDW's cooperation partner for organising the symposium. "As a high-growth market and a potent automotive manufacturing location, South Korea is an extremely attractive proposition for our firms as well," added Klaus-Peter Kuhnmüch, who was responsible for the event at the VDW.

Dieter Schletterer, Head of DF/PD Divisions, Country Division Lead at Siemens LTD Seoul, confirmed: "The market potential in South Korea is

exceptionally high. The Korean market, particularly the export market, has grown by six per cent for us. The principal drivers are the electronics and aviation industries.”

Besides Siemens, the following companies used the symposium for exclusive presentations: Alzmetall Werkzeugmaschinenfabrik, Chiron-Werke, the Emag Group, FFG Europe & Americas, Gleason Corporation, Gebr. Heller, the Kapp Niles, Mauser-Werke, Open Mind Technologies, Profiroll Technologies, Samag Werkzeugmaschinen, J.G. Weisser Söhne Werkzeugmaschinenfabrik, and Zimmer & Kreim.

The presentations focused mainly on specialised capabilities for the Korean industrial sector, e.g. networking solutions in the Industry 4.0 environment. The Gleason Corporation, for example, is confident that in future Industry 4.0 applications will exert a crucial influence on the productivity, efficiency and precision-engineering of end-products, such as gears and complete drive solutions. “Our company’s development work focuses on continuous process optimisation for individual means of production, particularly for tools, self-learning systems and the networking of elements for smart factories,” said Udo Stolz, Vice President, Worldwide Sales and Marketing, at the Gleason Corporation.

The programme also covered developments in the classical fields of productivity, quality or sustainability in the manufacturing process.

Auspicious prospects for South Korea’s economy

For the South Korean economy, the British economic research institute Oxford Economics is forecasting growth of 2.9 per cent during the current year. Investments in plant and equipment are predicted to rise by 3.0 per cent. The Korean machine tool market, which last year ranked sixth in the world in terms of demand, at 3.4 billion euros, is set to grow by 2.1 per cent in 2018. The mechanical engineering, aircraft manufacturing, and the electronics industries are performing particularly well.

A verdict confirmed by the symposium's participants not least in their bilateral meetings. "We can safely state that the mechanical engineering and aviation industries are flourishing. This view was reinforced in conversations with representatives of Korean companies in these sectors during the symposium," is how Frank Holzheid, Head of Sales Industry at Kapp Niles, summarises his impressions – to quote just one of the participants.

Germany ranks second, after Japan, among the most important vendor nations, with a share of 15 per cent. Last year, more than 2,000 machines worth around 160 million euros were delivered. In the first quarter of 2018, German exports had already risen by a fifth. Deliveries consisted primarily of machining centres, laser technology, gear-cutting machines and grinding machines. Orders from Korean customers rose by eleven per cent in 2017.

"For us, business was down in Korea during 2017, it's true. However, the customer and market potentials are very high, not least for top-quality components," says Roland Merz, Sales Manager Asia at Chiron Werke.

What South Korean customers primarily appreciate about German machine tools is their engineering, their quality and their precision. "In regard to specialised machines, German companies are way out in front, and I am very satisfied with the result of the finished product. Korean machine tools cannot match the German quality of engineering," said Jang Hogil, for example, Team Assistant Manager Manufacture Engineering at CTR Motek.

"For the German mechanical engineering sector, however, South Korea is a challenging terrain", said Hartmut von Fugler, Managing Director of Emag Korea. Firstly, there is fierce competition, and secondly Korean customers expect intensive, professional service. This applies particularly for the automotive industry, which is accustomed to having a mechanical engineering expert fully conversant with the relevant technology delegated very swiftly in the event of an emergency. So Jinho, Manager at Hyundai Wia, concurred. "Communication between the Korean representatives of German machine tools and the German companies concerned is still difficult," he remarked. "The advantage there lies with firms who have their own subsidiary on the

spot,” added Klaus-Peter Kuhnmünc. In fact, twelve German firms offer service support and sales from inside the country.

“With their vast experience in the international automotive industry, the Germans are nonetheless very well equipped for offering Korean manufacturers extensive in-depth expertise and a broad portfolio of specialised solutions for each and every manufacturing problem,” said Klaus-Peter Kuhnmünc in conclusion.

VDW technology symposiums – exclusive presentation of German machine tool technology

The VDW has for years now been successfully offering technology symposiums in high-growth markets. In South Korea, events had already been held in Seoul in 2012 and 2015. They are the ideal platform for business relationships with Korean customers and for direct dialogue. Some companies have already participated in several of the VDW’s events in South Korea. These include Gebr. Heller Maschinenfabrik. “For us, the VDW’s symposium in Busan was excellent. We established numerous new contacts from the southern region of Korea, which we are now following up. Currently, we have three very specific inquiries from the symposium,” confirmed Andrew Parkin, Chief Representative Asia at Heller.

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 as a whole. Due to its absolutely key role for industrial production, its development is an important indicator for the economic dynamism of the industrial sector as such. In 2017, with most recently over 72,000 employees (status at the end of 2017, firms with more than 50 staff), the sector produced machines and services worth around 16 billion euros.

Picture caption

Almost 80 bilateral meetings had already been bindingly scheduled in the run-up to the VDW’s symposium.

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