

PRESS RELEASE

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Malaysia emerging as strategic alternative to China for German machine tool manufacturers

VDW Symposium in Kuala Lumpur facilitates market access

Frankfurt am Main, 17 July 2024. – Following the delivery difficulties, market lockdowns and logistics bottlenecks it experienced during the pandemic, the German machine tool industry is now looking intensively at how it can position itself more broadly on the global market. With its *Innovations in Production Technology – German Machine Tools* Symposium on 10 July 2024 in Kuala Lumpur, the VDW (German Machine Tool Builders' Association) helped its members gain a stronger foothold in new growth markets. "The Malaysian machine tool market holds a great deal of potential – more than 700 million euros. Up to now, Germany has accounted for around 8 percent of imports. There is still plenty of room for improvement here," says Klaus-Peter Kuhn münchen, who is responsible for organizing the VDW's international symposia.

Malaysia is the most important sales market for German production technology in the ASEAN region. Following the example of China, the Malaysian government is keen to generate more added value at home and create high-quality jobs. Rising levels of investment are expected in the aerospace, electronics, electrical engineering and medical technology sectors and among their suppliers. Eight German high-tech companies used the VDW Symposium to sound out their opportunities in the Southeast Asian market in the presence of a total of 110 Malaysian trade visitors. These companies were DMG Mori, Chiron, Grob, Hermle, Index, Open Mind Technologies, Schütte and United Grinding,

which also took part in 48 B2B meetings in addition to presenting their products and services.

All are keen to establish new footholds in Asia alongside their operations in China – and Malaysia stands to benefit here. The country is politically stable and it has a growing economy. It also offers a high degree of legal security and has a very good infrastructure. Carl Martin Welcker, Managing Partner of Alfred H. Schütte Werkzeugmaschinenfabrik, Cologne, explains: "We see the potential in Asia and it is now important to view Malaysia as a prime location in our efforts to diversify. The Asian market is highly competitive." says Tara Meite, Deputy Managing Director of the German-Malaysian Chamber of Industry and Commerce in Kuala Lumpur, speaking out in favor of doing business in the country: "Malaysian industry has plenty of well-trained specialists. These can be quickly retrained and deployed to meet the needs of German companies.

Germany exported machinery to the tune of 42 million euros to Malaysia in 2023. Machines for a wide range of special applications which are not available from any other supplier are in particular demand. "This applies to the automotive and aviation industries, for example," reports Oliver Prpic, Managing Director of Hermle SEA Co. Ltd, Thailand. Roland Merz, Sales Manager Asia, Chiron Group SE, Tuttlingen, adds: "Malaysian customers appreciate the high precision, reliability and special solutions offered by German machine tools. The higher price compared to Asian suppliers is by no means an obstacle here."

The VDW is expecting to see rising demand for machine tools in Malaysia. Kevin Chue, Business Development Manager at GPI Geopile Engineering SDN BHD, Kuala Lumpur, agrees. "I value German machine tools because they are very precise and flexible to use. The main focus is not on the price, but on the technology. We have a lot of experience with German machines and know that our production suffers when we use cheaper and more basic machines."

"Having the latest production technology is decisive when it comes to modernizing, expanding capacity and increasing the efficiency of industrial production in Malaysia. German manufacturers not only supply machines, but also offer

advice, financing, service, maintenance and training," says Kuhnmünch. Furthermore, they also distinguish themselves by engaging with their Malaysian customers in a long-term creative process, by sharing their experience and by playing an active role in supporting the modernization of Malaysian industry. "We like to train our apprentices on German machine tools. This enables them to operate almost any machine, especially German machines," concludes Fahrul Rizan Bin A. Halim, Deputy Managing Director of the GMI - German-Malaysian Institute, Selangor, Malaysia).

Captions

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As part of a panel discussion, Malaysian experts from companies, educational institutions and industry associations discussed the promotion of training in mechanical engineering modelled on the dual training system.

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Following the companies presentations, many of the 110 Malaysian participants took the opportunity to engage in bilateral dialogue with the company representatives.

Source: German-Malaysian Chamber of Industry and Commerce

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 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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