

**PRESS RELEASE**

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**Machine tool industry expecting no upturn until next year**

**Frankfurt am Main, 9 August 2025.** – Orders received by the German machine tool industry in the second quarter of 2025 remained at the same level as in the same period of the previous year. Domestic orders fell by 14 percent, while orders from abroad rose by 7 percent. In the period from January to June 2025, orders fell by 5 percent. Domestic demand fell by 22 percent, while foreign orders were up 4 percent on the previous year.

"The main impetus in the first half of the year came from Europe, although demand levels have not yet picked up in the domestic German market," says Dr. Markus Heering, Executive Director of the VDW (German Machine Tool Builders' Association) in Frankfurt am Main, commenting on the result. The ongoing uncertainty caused by the US tariff policy and the many other crises is causing investors to take a wait-and-see approach. While the recently negotiated tariff rate of 15 percent applies, this will increase costs and significantly inhibit German exports to its largest market, the US. "US industry urgently needs our machines because no comparable domestic alternatives are available, yet small and medium-sized US companies in particular will not be able to pay the higher prices," says Heering.

By contrast, the medium term outlook in Germany is brightening. The approved increase in spending on defense and infrastructure as well as the recently adopted investment package could noticeably raise consumers' willingness to make new purchases. In any case, the ifo business climate index is signaling improved sentiment in the German manufacturing industry. The

international Purchasing Managers' Index PMI also shows that the slump in the industrial sector is bottoming out. Nevertheless, this is not the hoped-for turnaround.

"The recovery of the machine tool industry has been put back once again," explains Heering. "We do not anticipate a return to stable growth until 2026." Domestic demand in particular is expected to provide a boost, while foreign business is likely to be weaker than previously expected. "The tariff policy of the US is harming its own economy the most – which will not be providing any great impetus in the near future," says Heering.

Sales of machine tools in the first six months of this year were down 9 percent. Nevertheless, the sector is eagerly awaiting the EMO 2025 in September. "More than 1,500 exhibitors will be presenting a whole range of innovations designed to raise their customers' competitiveness. We are expecting this to provide crucial impetus," concludes Heering.

#### **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 2024, with an average of 65,300 employees (firms with more than 50 staff), the sector produced machines and services worth around 14.7 billion euros.

Picture:

Dr. Markus Heering, Executive Director of the VDW (German Machine Tool Builders' Association), Frankfurt am Main

Graphic: Order bookings in the German machine tool industry

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