

Press release



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**Process Plant and
Equipment**

Process Engineering: The economy of "small steps"

Remarks of Dipl.-Ing. **Gottlieb Hupfer**

Chairman of the VDMA Process Plant and Equipment
Association
and
CEO of EnviroChemie GmbH, Rossdorf

Check against delivery.

Dear Ladies and Gentlemen,

I would like to welcome you to the Economic Press Conference of the DECHEMA: As Chairman of the VDMA Association Process Plant and Equipment, I am today going to report on the situation of the German engineering industry – and about the situation of process engineering in particular.

Sustainability as a central topic at the ACHEMA

The ACHEMA is the most important event for manufacturers of process engineering machinery and equipment in Germany. At the ACHEMA you will be able to experience the entire range of process machinery and equipment. The innovations made in this industry are mainly to be found among the principal topics such as energy efficiency, saving resources and sustainability.

Environmental awareness is not a novel subject in process engineering. The industry has always aimed at sustainability as a matter of course. The actual ecological awareness of the customers, however, has increased. To a growing extent they set store by eco-friendly processes – and at the same time appreciate that their benefits will be both ecological and economic. It is for this reason that more and more companies join the VDMA sustainability campaign Blue Competence.

Blue Competence was initiated officially in summer 2011. With the start of 2012, the campaign gained momentum as the first companies have been qualified as partners. Part of this qualification is the verification that the company has introduced sustainable production processes or produces products that are eco-friendly and save resources. Blue Competence is an opportunity for the partners to display their work motivation outside the company – sustainable handling of limited resources to the benefit of the people and the whole world.

General remarks about the economic situation in the engineering industry

A look at the data at hand so far shows: German machinery production grew by approximately €24 billion in 2011, reaching some €187 billion. Sales at home with nominal twelve percent have contributed almost as much as foreign exports to this

result. The production activity reached an average of 88 percent in 2011 (2010: 78.0 percent).

However, based on recent developments in the incoming orders, the ongoing considerable imponderabilities particularly in Europe, but also taking into consideration the lowered level of China's economy, VDMA downgraded their production forecast from four percent to zero percent in 2012.

In comparison to 2010, machinery exports increased by 30.6 percent in 2011. China shows a plus of 23 percent, the USA of 21.4 percent, Brazil of 22 percent and India of 18 percent. Exports into the Euro partner countries grew below average but still exceeded expectations. France leads the old EU countries with a plus of 15.4 percent.

The average figures of the entire engineering industry show a wide diversion in detail where the different industries are concerned.

How did the process plant and equipment section fare?

The German manufacturers of process plant and equipment have been able to raise their production volume by 13 percent reaching a value of €5.1 billion in the first nine months of 2011.

Exports of process plant and equipment reached a total of almost €4.6 billion in the last year. Compared to the previous year they rose by 15.5 percent and thus have almost reached the 2008 peak.

With the situation as insecure as has already been mentioned, the manufacturers of process plant and equipment do not expect large leaps ahead for the current year, but only small steps.

Exports

The ranking of the foremost export markets has hardly changed during the last year. The leading buyer of German process plant and equipment is China with exports to a value of €492 million, followed by the USA with €351 million and Russia with €278 million.

The exports of filtration technology (equipment for filtering and cleaning fluids) have risen by almost 16 percent compared to the previous year, reaching €1.9 billion in 2011. The share of this technology within the entire export of process plant and equipment is 43 percent. The largest buyer of this type of machinery is China with a share of 10 percent of all exports.

Heat exchangers are the second largest group. In 2011, heat exchangers to a value of €908 million were exported; that constitutes a plus of 3.4 percent in comparison to the previous year. The foremost export market for heat exchangers in 2011 was China with a share of €80 million, followed by the USA with €63 million. Among the Top 10 purchasing countries, the US share rose most significantly by almost 40 percent, and Korea by 86 percent.

Machinery, apparatus and equipment for mixing, kneading, comminution and similar procedures continued their growth curve in 2011 after a set-back in 2009. In comparison to the previous year, exports rose by 22.5 percent reaching €825 million. For this section, China is the foremost purchasing country. Exports to China have more than doubled from 2010 to 2011, reaching a volume of €125 million. Although exports to Russia dropped from €79 million to €66 million, the country still comes second before the US and France.

In result to a current query of the Process Plant and Equipment Association within VDMA almost 60 percent of the companies report back that incoming orders are increasing. The capacity utilization of the companies reached almost 90 percent in March.

The foremost purchaser of process plant and equipment is the chemical industry with a share of 20 percent, followed by the food and beverage industry with a share of just under 20 percent.

Process plant and equipment are widely used in many other industries as well. This is mirrored by the large diversity of the manufacturers' range. This diversity is not only shown in the different user industries but also in the range of purchasing countries.

At the ACHEMA you can experience first-hand what we can contribute.

Thank you.

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