

PRESS RELEASE

From Sylke Becker
Telephone +49 69 756081-33
Telefax +49 69 756081-11
Email s.becker@vdw.de

Economy in United Arab Emirates is growing again International economic momentum slowing – Global growth in machine tool consumption remains robust in 2019

Dubai, 12 February 2019. – According to the autumn forecast of the British economic research institute Oxford Economics, the global economy is expected to grow by 2.8 per cent in 2019. Investments will increase by the same order of magnitude. Industrial production and machine tool consumption will be significantly higher, with growth of 3.2 and 3.6 per cent, respectively. EMO Hannover 2019 will be taking place from 16 to 21 September against this economic background.

"The global economy is not growing as dynamically as it did last year," says Christoph Miller, Managing Director EMO Hannover of the EMO organiser VDW (German Machine Tool Builders' Association) at the EMO press conference on 12 February in Dubai. "However, this slow-down after the turbulent years of growth means that companies can once again concentrate on strategic issues and make decisions regarding their future investments," continues Miller. EMO Hannover 2019 represents the ideal platform for this. With its theme "Smart technologies driving tomorrow's production!", the upcoming leading global trade fair for metalworking will be providing information on the current state of modern production technology, on solutions for future production with regard to networking and digitalisation as well as on new services

which arise from combining conventional processing technologies with modern data analysis methods.

The projected economic figures are below those of the 2017/2018 results. However, they still signal strong growth. The main driving forces are Asia, with a 4.5 per cent increase in gross domestic product, followed by the Americas with growth of 2.2 per cent, and Europe at 1.7 per cent. In terms of capital expenditure and machine tool consumption, Europe is leading the group of three, with growth of 3.8 and 4.7 per cent respectively. Disproportionately high increases in consumption are expected in eastern Europe in particular. Hungary, Poland, the Czech Republic and Slovakia remain successful industrial locations that are developing well and attracting investment. The economic boom in Germany, Europe's largest market and the home of EMO Hannover, is peaking with a time lag. German machine tool consumption is expected to grow strongly again by 5.2 per cent in 2019.

Asia will be the second largest international customer next year, with growth of 3.3 per cent, followed by the Americas with an increase of 3.0 per cent. In Asia, smaller countries such as Vietnam and Indonesia are posting high growth rates, but the Indian subcontinent is also consuming levels of machine tools which are significantly above average. In the largest market, China, machine tool consumption is following the more moderate trend of the whole of Asia and will continue to exert a strong influence with its high volumes in the coming years. US demand in 2019 is still disproportionately high, even if the boom, induced by the government's tax cuts and attractive depreciation conditions, is now slowing considerably.

Of the nine key customer industries worldwide, it is the precision mechanics and optics sector, the automotive industry, the electrical engineering/electronics industry including power generation, the aircraft industry and the other transport sectors (above all rail transport and shipbuilding) that are investing at above-average levels.

"Let me turn now to the state of the machine tool industry in the EMO host country Germany," says Miller. Production and exports have reached new record levels in 2018. According to preliminary figures, the industry has produced over 17 billion eu-

ros worth of machinery and services. It exported about 70 per cent of these. Nevertheless, the long upswing is coming to an end here, too. Incoming orders showed a slight downturn for the first time in the third quarter. On the one hand, the global economy is slowing, with growth having stalled in the markets outside the euro zone. On the other hand, domestic demand in the second half of 2017 simply skyrocketed, as was evident at EMO Hannover. The particularly strong demand in the last few months of the year represented a very high target to match for total incoming orders in 2018. And finally, current global developments – including the spread of trade conflicts, increasing protectionism, rising oil prices, high inflation in various emerging markets, unchecked debt etc. – are unsettling customers, especially small and medium-sized enterprises.

Nevertheless, employee numbers, too, reached a record level of 75,000, and at the end of 2018 capacities were being almost fully utilised, at 95 per cent. "In terms of machine capacity utilisation and with a view to component availability from suppliers, easing off will relieve the strain on the companies and employees and give them space to set the necessary course for the future," says Miller. "In view of the major challenges facing industry – such as automation, Industry 4.0, changed manufacturing processes and jobs – companies are well advised to plan their investments wisely, for example at EMO Hannover 2019."

The economy in the United Arab Emirates is growing again

The economy in the United Arab Emirates (UAE) grew again last year after weak growth in 2017. According to the British economic research institute Oxford Economics, it rose by 2.3 percent in 2018. The economic researchers expect a further 2.9 percent growth in the current year. Previously, government investment activity had almost come to a standstill. This was due to the sharp decline in the price of oil. According to observations by GTAI - Germany Trade & Invest, orders for megaprojects in the oil sector are now being awarded again. In addition, a three-year economic program *Tomorrow 2021* was announced.

Oxford experts therefore expect industrial production in the UAE to rise by 2.2 percent year-on-year in 2019. Investments are even expected to rise by 3.6 percent. However, machine tool consumption, an important indicator of the industry's modernization efforts, fell by 17 percent to 132 million euros in 2017. A recovery can be expected for 2018 and 2019 due to the improved forecasts.

The required machinery will be imported in full. With a share of 11 percent, Germany is after China and Italy the third most important supplier. In 2017, German deliveries fell by almost a third due to the general economic situation; in the first three quarters of 2018, they halved again. It was mainly parts and accessories as well as sawing machines that were ordered by UAE industry. However, business will improve again in the current year. This is signalled by incoming orders from the United Arab Emirates, which rose sharply by 92 percent in the first three quarters of 2018.

Users of machine tools from the Emirates are well advised to prepare their upcoming investment decisions by visiting EMO Hannover 2019. According to import statistics, from the most important supplier countries for domestic industry, China, Italy and Germany more than 1,000 manufacturers alone had already registered for EMO Hannover by the beginning of December 2018. "This means that many important business partners are definitely represented in Hanover," says Miller from VDW.

"All in all, the economic environment in which EMO Hannover 2019 will take place promises good business for visitors from the UAE" concludes Miller. Almost 80 production specialists travelled to Hanover for the past EMO Hannover in 2017.

EMO Hannover 2019 – the world's premier trade fair for the metalworking sector

From 16 to 21 September 2019, international manufacturers of production technology will be spotlighting smart engineering at the EMO Hannover 2019. Under the motto of "Smart technologies driving tomorrow's production", the world's premier trade fair for the metalworking industry will be showcasing the entire bandwidth of modern-day metalworking technology, which is the heart of every industrial production process. The fair will be presenting the latest machines, plus efficient technical solutions, product-supportive services, sustainability in the production process, and much, much more. The principal focus of the EMO Hannover is on metal-cutting and forming machine tools, production systems, high-precision tools, automated material flows, computer technology, industrial electronics and accessories. The trade visitors to the EMO come from all major sectors of industry, such as machinery and plant manufacturers, the automotive industry and its

component suppliers, the aerospace sector, precision mechanics and optics, shipbuilding, medical technology, tool and die manufacture, steel and lightweight construction. The EMO Hannover is the world's most important international meeting point for production technology specialists from all over the planet. The EMO Hannover 2017 attracted almost 2,230 exhibitors from 44 different countries, and around 130,000 trade visitors from 160 nations. EMO is a registered trademark of the European Association of the Machine Tool Industries CECIMO.

You will find texts and images relating to the EMO Hannover on the internet at: www.emo-hannover.de/bilddatenbank. You can also follow the EMO Hannover using our social media channels



http://twitter.com/EMO_HANNOVER



<https://de.industryarena.com/emo-hannover>



www.linkedin.com/company/emo-hannover



<http://facebook.com/EMOHannover>



<http://www.youtube.com/metaltradefair>