Machinery & Equipment Industry

Market Leadership Powered by German Engineering

Germany’s Machinery and Equipment (M&E) sector is the world’s leading supplier of machinery with 16 percent share of global trade. German manufacturers are also the world leaders in 19 out of 31 M&E sectors in global comparison.

The M&E sector is the second largest and most innovative industry sector in Germany. In 2018, mechanical and plant engineering was again the most important driver of German industry growth. Nominal turnover increased to EUR 226 billion – a new record that contributed considerably to the upturn in the German economy.

German M&E industry strength is driven by a combination of Germany’s proven engineering tradition, its position as a technology development leader, and a highly diversified industrial base. The country retains its role as a globally competitive and flexible R&D test bed thanks to M&E innovative strength.

The fourth industrial revolution is already underway thanks to the country’s ambitions Industrie 4.0 initiative. This landmark project is ushering in a new age of decentralized production that is transforming industry. Automation technology developments will consolidate Germany’s position as the lead provider and market for virtual systems and highly developed production systems.

Machinery and equipment is one of the technological motors that drives Germany as a high-tech nation and combines all of the key future technologies (including electronics, robotics, materials, and software). The domestic M&E sector is dominated by small and medium-sized enterprises from the thriving Mittelstand economy. These companies produce customized products and small production series to meet international manufacturing industry demand.
Impressive M&E industry and market data provide a timely reminder that the “Made in Germany” label still stands for the highest quality products and services in the world.

Germany’s M&E companies demonstrate their impressive position as leaders in “Integrated Industry – Industrial Intelligence” at the Hannover Messe 2019.

**Industry & Market Numbers**

**Leading Industry**

- Number 1 domestic industry sector by level and degree of innovation
- Number 2 domestic industry by turnover – generating EUR 226 billion in 2017 alone
- 6,500 companies and more than 1 million workers along the value chain
- 3.5% value added share of German economy gross value added

**Global Export Leader**

- 16% share of global machinery trade making it world’s leading supplier
- 79% of machinery turnover generated from international exports
- German manufacturers are the world market leaders in 19 out of 31 M&E sectors

**Innovation**

- EUR 6 billion R&D spending (2015–2017) – upward trajectory forecast to continue
- EUR 7 billion – German market for Industrie 4.0 solutions (2018 forecast turnover)

**Foreign Direct Investment**

- Number 1 FDI destination in Europe – around 700 M&E FDI projects (2012 to 2017)

*Source: VDMA 2018, FDI markets 2019, GTA FDI Competence Center 2019*
Industry Overview: The Machinery & Equipment Industry in Germany

Machinery & Equipment is the largest and most innovative industry sector in Germany, and so one of major strategic importance.
Mechanical Engineering: Industry Clusters in Eastern Germany

The machinery and equipment (M&E) sector is the most innovative and second largest industry sector in Germany.

Fact Sheet: The Robotics & Automation Industry in Germany

Germany’s robotics and automation (R&A) industry has enjoyed unprecedented success over the last decade.
Testimonials for Germany

Delta Shelving Systems GmbH - Stephen Eddowes, Managing Director

Stephen Eddowes, Eigentümer und GF, Delta Shelving Systems | © LEG Thüringen, Fotograf: Andreas Hultsch, Jan 2014

"My heart chose Germany. The German culture of quality and excellence is what "Made in Germany" is all about. In terms of surmounting relocation hurdles, Germany Trade & Invest has been absolutely first-class – 10 out of 10!" (2014)

Redpack Maschinen GmbH - Jeremy and Stuart Briston, Managing Directors

Jeremy and Stuart Briston, Managing Directors, Redpack Maschinen GmbH | © Redpack Maschinen GmbH/ GTAi

"As Europe’s largest consumer market at the heart of Europe, Germany offered an exciting place for our family run business to open a subsidiary. We found out that our quality and bespoke machines are well suited to the German marketplace where reliability, durability, low maintenance and safety standards are of paramount importance." (2014)
GA Pack GmbH - Hong Gang, Chairman of the Board

“Germany is traditionally known for improving on what is already good. We greatly value that German employees – much like the entire society – place an emphasis on quality, both in the result and in the process.” (2011)

Kingsbury Inc. – William R. Strecker, President and CEO

“As Kingsbury (USA) begins its second century of innovation, Germany represents a natural extension for growth throughout the European Union. Many of our OEM customers have home-base operations in Germany, and the technological skills of the German work force is well suited to our business.” (2014)
The opening of our new Mannheim facility is another step in achieving our global mission of providing custom coating solutions to our valued customers. We are excited to be centrally located in the heart of Europe and eager to serve both our strategic partners and acquire new customers in the region.” (2010)

MARKET - Exceptionally high domestic demand results from Germany’s strong industrial structure. The four biggest producing industries (chemicals, electronics, automotive, and food & beverages) are also the four most important client sectors for the M&E industry. In the region of 11 thousand companies – with a combined workforce of around 2.8 million – are active in these four sectors, generating combined turnover of around EUR 900 billion in 2017.

PERSONNEL - Germany’s universities and universities of applied sciences produce some of the most highly qualified employees in the business. Almost 30% of all university and college graduates have an engineering or applied sciences degree. Germany’s unique dual education system – combining classroom and on-the-job training – is specifically geared to meet industry needs, making it attractive to investors and a model for international success.

- Business Location Germany | Labor Market Availability
- Selected M&E Industry - Related Innovation Clusters in Germany

R&D - Manufacturers located in Germany work in close partnership with a network of around 100 mechanical engineering university faculties and numerous internationally recognized research institutes.

- R&D Framework
- Selected M&E Industry - Related Innovation Clusters in Germany
INCENTIVES - Germany offers a broad platform of incentives for all investors - regardless of whether they are from Germany or otherwise. There is a large selection of programs designed to support a wide variety of business activities at different stages of the investment process. Support ranges from cash incentives for the reimbursement of direct investment costs to incentives for labor as well as research and development.

Within the new High-Tech Strategy, the government offers special support for technology partnerships and provides R&D grants and loans. Germany’s INDUSTRIE 4.0 Future Project is one of the declared priorities in the new High-Tech Strategy. The Federal Government is providing comprehensive support to establish Germany as a lead market and provider of key technologies and as a future center for production.

- Business Location Germany | Investment Incentives

PHYSICAL INFRASTRUCTURE - We offer an extensive and comprehensive logistics infrastructure that integrates state-of-the-art transportation networks with the most modern telematics, IT, and telecommunications systems.

- Business Location Germany | Infrastructure

STABLE INVESTMENT ENVIRONMENT - Social, economic, and political stability provide a solid base for your corporate projects. Our judiciary and civil services are highly professional. Contractual agreements are secure and intellectual property is strictly protected in Germany.

- Business Location Germany | Legal System

Related Links

- AIA - Institute of Applied Computer Science - University of Karlsruhe
- BDI - Federation of German Industries
- DFG - German Research Foundation
- ECB*S - European Certification Boards Security, Fire & Life Safety
- Fraunhofer Society
- German Mechanical Engineers Learn from the Crisis and Pursue Proactive Strategies for the Future
- Helmholtz Association
- IGOS - Institute for Galvanic & Surface Technology (in German only)
- Institute for Robotics & Mechatronics
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