

Germany: Leader in textile machinery manufacturing

by Dr. Noor Ahmed Memon.

Germany is the largest national economy in Europe, the fourth-largest by nominal GDP in the world, and fifth by GDP (PPP). Since the age of industrialisation and beyond, the country has been a driver, innovator, and beneficiary of an ever more globalised economy. Germany's economic policy is based on the concept of the social market economy. The country is a founding member of the European Union and the Eurozone. Germany is the third largest exporter in the world exports account for more than one-third of national output. In 2013, Germany recorded the highest trade surplus in the world worth \$270 billion, making it the biggest capital exporter globally. Among the top 10 biggest economies in the world, Germany is the only country with a stable Triple-A (AAA) credit rating.

Around 120 of the most important manufacturers of German textile machinery and accessories from all sectors of the trade are affiliated within the VDMA Textile Machinery Association. The largest parts of the companies are medium-sized firms and stand for approximately 90% of the entire sector volume.

According to VDMA figures, in 2013 export of German manufacturers of textile machinery and accessories stood at 3.06 billion euro. The statistics regarding the export of German textile machinery exports are given in Table 1.

Spinning machinery remained the largest sector of German textile

Table 1: Export of German Textile Machinery

Year	Value (Million Euro)
2007	3,850
2008	3,037
2009	1,813
2010	2,689
2011	3,310
2012	3,120
2013	3,065

Source: German Textile Machinery Association, VDMA.

Table 2: Export of German Textile Machinery (Category - wise)

Machinery	Euro Million			
	2010	2011	2012	2013
Spinning	1006	1,396	1,410	1,488
Weaving	201	207	203	201
Knitting and Hosiery	838	1,004	710	748
Finishing	644	730	807	628
Total	2,689	3,310	3,120	3,065

Source: German Textile Machinery Association, VDMA.

machinery trade with an export value of euro 1,488 million in 2013 from euro 1,410 million in 2012. The growth of knitting (hosiery) machinery was also increased to 5%, to reach euro 748 million from euro 710 million in 2012. Germany sold euro 628 million of finishing machinery and Euros 201 million of weaving machinery in 2013. The export of German Textile Machinery is given categorically in Table 2.

According to a forecast by Global Industry Analysts (GIA), the global market for textile machinery is poised to reach US\$22.9 billion by 2017. The market is defined by a marked shift in demand from traditional machinery to more advanced technologies. Fuelled by increasing investments in textile production, the Asia Pacific region remains the greatest and fastest growing market for textile machinery.

The VDMA member companies offer solutions for the entire textile chain. The portfolio covers machinery and accessories for spinning, nonwoven, weaving, knitting, hosiery and finishing (washing, bleaching, dyeing and drying).

Success stories – sustainability meets profit

Efficient production is a major topic for Pakistan's textile industry. Volatile energy and raw material prices and corresponding calls from retailers and consumers have turned sustainability from a loosely used watch-word into a real competitive factor.

The member companies of the VDMA Textile Machinery Association

are well prepared to give Pakistani textile producers profound answers on how to increase energy or material efficiency and so to combat cost pressure and to fulfill the needs of the market. VDMA is regularly publishing success stories from member companies. The success stories themed „Sustainability meets profit“, to be found under machines-for-textiles.com/application-reports include examples of sustainable machines and components as well as sustainable textile products that have been manufactured with the help of machines from VDMA members.

The success examples are presented in the framework of the VDMA sustainability initiative Blue Competence. Blue Competence is the international trade mark for sustainable solutions of the machinery and equipment construction sector - across the entire spectrum of industrial applications. Blue Competence explains and positions the machinery manufacturers as the technical problem-solvers regarding the requirements of the society of today and of the future in saving energy, material and resources.

Board of Directors of VDMA Textile Machinery Association

Fritz P. Mayer, Managing Associate of Karl Mayer Textilmaschinenfabrik GmbH, Obertshausen has been elected for the second time as Chairman of the VDMA Textile Machinery Association in Frankfurt on 6 May 2011.

Mrs Regina Brückner, Managing Associate of Brückner Trockentechnik GmbH & Co. KG, Leonberg and Karlheinz Liebrandt, Co-owner of Liba Maschinenfabrik GmbH, Naila are Vice-Chairmen.

The executive board for the three-year period until 2014 is composed of:

- ❖ Fritz P. Mayer, (Chairman) Karl Mayer Textilmaschinenfabrik.
- ❖ Regina Brückner, (Vice-Chairman) Brückner Trockentechnik.
- ❖ Karlheinz Liebrandt, (Vice-Chairman) Liba Maschinenfabrik.
- ❖ Johann Phillip Dilo, Oskar Dilo Maschinenfabrik.
- ❖ Michael Ebeling, Lindauer Dornier.
- ❖ Siegfried Eibner, proCtec.
- ❖ Roland Hampel, A. Monforts Textilmaschinen.
- ❖ Stefan Kroß, Oerlikon Barmag.
- ❖ Rainer Mayer, Mayer & Cie.
- ❖ Eric Schöller, Groz-Beckert.
- ❖ Peter Schulz, Rieter Ingolstadt.
- ❖ Heinz-Peter Stoll, H. Stoll.
- ❖ Verena Thies, Thies.
- ❖ Heinrich Trützschler, Trützschler.



Fritz P. Mayer, (Chairman) Karl Mayer Textilmaschinenfabrik, Regina Brückner, (Vice-Chairman) Brückner Trockentechnik and Karlheinz Liebrandt, (Vice-Chairman) Liba Maschinenfabrik.

Pak-German Trade Relations

Germany is one of the European countries, who play a vital and an influential role in country's upcoming political events, others being Saudi

Table 3: Pak - German Trade
Value: US \$ Million

Year	Export	Import	Balance of Trade
2006-07	712	1,205	- 493
2007-08	826	1,322	- 496
2008-09	803	1,072	- 269
2009-10	830	1,075	- 245
2010-11	1,216	947	+ 269
2011-12	1,151	1,175	+ 24
2012-13	1,024	974	+ 50

Source: State Bank of Pakistan Annual Reports.

Arabia, China, United States, and the United Kingdom.

Trade between Pakistan and Germany is conducted in freely convertible currency in terms of the Trade Agreement signed in 1957. Germany is Pakistan's largest trading partner within the European Union, accounting for 20% of Pakistan's total exports to the EU and 21% of Pakistan's total imports from the EU.

The total trade volume was over US\$ 2.0 billion between the two countries during the year 2012-13. Pakistan's exports to Germany have increased from US\$830 million in 2009-10 to US\$1.02 billion in 2012-13. Imports from Germany have decreased from US\$ 1.17 billion in 2011-12 to US\$ 0.97 billion in 2012-13. During the past seven year's balance of trade remained in Germany's favour except the year 2010-11 and 2012-13. Pak-German trade is given in Table-3

Germany is a good market for Pakistani textile products especially readymade garments, bed wear cotton fabrics and knitwear. The main items of exports included cotton fabrics, towels, synthetic textiles, carpet and rugs, cotton yarn, bed wear, cotton bags and other made-ups textiles, besides textile and clothing articles.

Germany also imports a variety of other products from Pakistan, which include, leather clothing, leather gloves, sports goods and surgical instruments textile and other products from Pakistan. Export of textile and other products from Pakistan to Germany are given Table-4.

Due to the good order situation, VDMA Textile Machinery adjusted the 2013 sale in Pakistan. Export of German textile machinery in Pakistan increased from euro 29.04 million in 2012 to euro 39.46 million in 2013, thus showing an increase of 36%. Spinning machinery remained the largest seller of German textile machinery with an export value of euro 26.78 million in 2013 from euro 19.43 million in 2012.

The growth of finishing machinery was also increased to 113%, to reach euro 7.51 million from euro 3.53 million in 2012. Germany sold euro 2.75 million

Table 4: Export of textile and other products from Pakistan to Germany (Major Items)
Value : US\$ 000

Items	2012-13	2011-12
Cotton fabric	94,948	94,128
Readymade garments	221,687	281,010
Cotton yarn	7,038	8,841
Knitwear	103,463	99,208
Textiles made-ups	20,188	28,501
Bedwear	142,781	170,062
Towels	28,093	27,745
Tent and canvas	1,095	1,408
Synthetic textiles	3,880	13,274
Rice	6,202	8,467
Leather textile	18,247	14,795
Leather garments	85,851	79,174
Leather gloves	18,496	19,405
Footwear	21,044	20,328
Sport goods	37,520	40,684
Carpets and rugs	7,975	12,127
Surgical instruments	37,832	39,322
Fruits	30,458	14,426
All other items	137,202	178,095
Total	1,024,000	1,151,000

Source: Trade Development Authority of Pakistan.

of knitting and hosiery machinery and euro 2.42 million of weaving machinery in 2013 to Pakistan. Category-wise export of German Textile Machinery to Pakistan is given in Table 5.

Export of German textile machinery (Main items) in Pakistan increased from Rs4.65 billion in 2011-12 to Rs3.66 billion in 2012-13, thus showing increase of 60%.

Major machinery items export of German Textile Machinery to Pakistan is given in Table-6.

Almost 2,000 Pakistani students are currently studying in German institutions to pursue higher education. After the United States, China and Saudi Arabia, Germany also plays an influential role in the domestic politics of Pakistan. The interest of German economists in the South Asian region has engaged the country in economic diplomacy with Pakistan. This is the reason that Germany is the largest trading partner of Pakistan in Europe. It is also the fifth biggest source of foreign investment in the country. Several German multinational companies have been making lucrative businesses in Pakistan for decades.



Dr Cyril Nunn,
German Ambassador
in Pakistan.

According to German Ambassador Dr Cyril Nunn at Pakistan Textile Exporters Association, Germany will facilitate Pakistan to get maximum benefits from GSP Plus and in this connection extensive vocational training program would be launched to further improve the quality and quantity of exportable surplus from Pakistan.

He said that GSP Plus status is an opportunity to Pakistan for improving its relations with the European Union in terms of not only trade but also economic and political relations. Pakistan would have a competitive edge in the EU markets and this facility will contribute to the reduction of poverty and promotion of sustainable development by giving a boost to the trading industry.

Germany is one of the important trade partners of Pakistan and several German and EU based companies are interested to invest in Pakistan in different trade fields, both countries

Table 5: Export of German Textile Machinery to Pakistan

Machinery	Value Euros 000			
	2010	2011	2012	2013
Spinning	17,305	19,058	19,431	26,783
Weaving	5,127	1,172	1,515	2,424
Knitting and Hosiery	3,166	1,940	4,560	2,750
Finishing	4,178	3,516	3,530	7,507
Total	29,776	25,686	29,036	39,464

Source: German Textile Machinery Association, VDMA.

have potential to increase the trade volume. It is expected that Pakistani exports to EU would increase \$ 1 billion annually with GSP plus scheme.

Germany is also helping Pakistan to overcome its energy related issues. To minimise the energy wastage, a program under GIZ funded by German government has already been launched in Pakistan and there would be more big investments in Pakistan by different German companies in the coming months, particularly in energy sector.

According to Dr Nunn, the Pakistan government revised its growth rate from 3.6% to 5.1% for 2013-14, which may be taken as first indicator of GSP plus facility.

He said the GSP plus facility might shift textile business from Vietnam to Pakistan in the years ahead. According to him, the signs of growth can also be witnessed in other fields as well, covered under the GSP plus facility for Pakistan.

He further said more cooperation between Germany and Pakistan could be ensured by removing impediments in export credit guarantee, security situation, vocational training for skill enhancement, energy supplies and implementation of social compliances by Pakistan.

Presently, Germany is the eighth largest investor in Pakistan and

several German multi-nationals are operating in Pakistan. Germany has also extended active support to Pakistan's initiatives with the EU for providing greater market access to Pakistani exports to EU.

The EU supports the integration of Pakistan with the global economy by granting Pakistan's exports to the EU reduced tariffs under the EU's Generalized Scheme of Preferences.

As a result, more than 78% of Pakistan's exports enter the EU at preferential rates. Around 80% of the textiles and clothing articles imported to the EU from Pakistan enter the EU at a preferential tariff rate. Around a quarter of these imports are bed linen, table linen and toilet and kitchen linen. Textiles and clothing account for around 75% of Pakistan's exports to the EU. Pakistani exports to the EU have increased modestly in terms of value – despite the elimination of quotas, including on imports of Chinese textile and clothing products.

The EU and Pakistan have set up a Sub-Group on Trade to promote the development of two-way trade. The Sub-Group on Trade - set up under the auspices of the EU-Pakistan Joint Commission - is the forum for discussions on trade policy developments more broadly and also aims to tackle individual market access issues which hamper trade between the two parties.

References

1. German Textile Machinery Association (VDMA)
2. State Bank of Pakistan-Annual Reports
3. Trade Development Authority of Pakistan
4. Federal Bureau of Statistics, Government of Pakistan. ♦

Table 6: Export of Textile Machinery from Germany to Pakistan (Major Items)
(Value : Rs . Million)

Machinery	2012-2013	2011-2012
Carding Machines	1,576	765
Combing Machines	14	101
Drawing / Roving Machines	756	123
Blow Room Machinery	493	202
Preparing Textile Fibre	158	23
Weft Winding Machines	139	1
Cone / Bobbin Winding Machines	62	37
Textile Winding Machines	137	390
Textile Fibre Machines	108	224
Weaving Machines (Shuttleless)	134	19
Circular Knitting Machines	151	111
Flat Knitting Machines	51	19
Embroidery Machines	59	48
Other Circular Knitting Machines	63	18
Auxiliary Machines	91	75
Top and Flat Card Clothing	170	178
Card Clothing	121	132
Spindles Flyers Ring Travellers	33	177
Spindles Textile Machines	41	65
Spinning Rings	43	49
Total	4,400	2,757

Source: Federal Bureau of Statistics, Government of Pakistan