World Machine Tools

Industry Study with Forecasts for 2014 & 2019

Study #2739 | April 2011 | $5900 | 296 pages
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## INDUSTRY STRUCTURE

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Best prospects will be found in the developing world, especially in China and India. North America will post respectable gains, while Japan and Western Europe lag the global average.

World demand to rise 9.4% annually through 2014

World demand for machine tool products -- encompassing metal cutting machine tools, metal forming machine tools and machine tool accessories -- is projected to increase a strong 9.4 percent per year through 2014 to $121 billion. The best prospects will be found in the developing world, especially in China and India. Growth in North America will post respectable gains, but only because 2009 was such a bad year for the dominant US market. Japan and Western Europe will continue to see gains that considerably lag the global average.

Metal cutting machines to outpace forming machines

The global market for metal cutting machine tools is projected to expand 8.6 percent per year through 2014 to $61 billion, with growth aided by a recovery in key end-use markets in the developed world. Metal cutting tools will continue to account for a majority of the total machine tools market in 2014. World demand for metal forming machine tools is projected to increase 8.3 percent per year through 2014 to $23 billion. The global market for machine tool accessories is forecast to increase 11.6 percent annually through 2014 to $37 billion, easily the fastest growth expected in any of the major machine tool market segments over the span. Newer metal cutting and metal forming tools last longer and need less frequent replacement, reducing their growth potential. In recent years, machine tool users have found it economical to accessorize existing tools with attachments such as cutting tools, dies, jigs and the like in an economically uncertain and competitive environment.

Transportation market to post strongest gains

Although the industrial machinery and equipment market will continue to account for the largest share of demand in 2014, the transportation sector will post the strongest gains. Transportation sector growth will be aided by recovery in motor vehicle production levels from a depressed 2009, especially in the developed world. Demand will also be aided by a healthy commercial aircraft production industry. Gains in the electronic equipment market will benefit from increasing per capita incomes in developing countries that will enable consumers to purchase electronic products. In developed countries, a significant number of electronic products are now almost considered to be basic necessities.

Several hundred firms manufacture machine tool products around the world, the majority falling in the small or mid-sized categories. The largest machine tool producing nations (in descending order of 2009 output value) are China, Germany, Japan, Italy, the United States, South Korea, Taiwan and Switzerland.
ASIA/PACIFIC

Japan: Demand by Type & Market

Machine tool demand in Japan is projected to increase 4.1 percent per year through 2014, a slower forecast growth rate than the global market as a whole over the forecast period. It represents a significant improvement over the 1.2 percent growth rate during the 2004-2009 period.

Metal cutting tools account for an even higher share of the total market for machine tools in Japan than in most other countries. Laser, EDM and related products are especially important in Japan’s metal cutting tool sector, with demand for those products projected to reach $4.3 billion in 2014 (accounting for over two-thirds of the total Japanese machine tool market).

Machine tool use is significant in all key markets in Japan. The country is a world-renowned center for the manufacturing of all types of industrial machinery as well as of motor vehicles and electronics. Demand growth through 2014 will be exaggerated by the fact that 2009 was a weak year for the Japanese manufacturing sector due to recession in key export markets. Transportation equipment holds the strongest growth prospects through 2014 due to recovery in the country’s massive motor vehicle industry.

Japan is home to a number of major machine tool producers that are also ranked among the world’s 20 or so leaders. The most important of these are JTEKT and Amada. Other significant participants (in order of 2009 importance) include Mori Seiki, Okuma, Makino Milling Machine, Komatsu, Mitsubishi Heavy Industries, Aida Engineering and Toshiba Machine.
Sample Profile, Table & Forecast

COMPANY PROFILES

Shenyang Machine Tool Group Company Limited
17 Kaifada Road
Shenyang Economic & Technological Development Area
Shenyang, Liaoning 110142
China
86-24-251-9999
http://www.smtcl.com

Sales: $872 million (2009)
Employment: 13,460 (2009)

Key Products: drilling machines, lathes, turning centers, turning and milling centers, milling and boring machines, machining centers, and other equipment; and machine tool castings.

Shenyang Machine Tool Group is a producer of computer numerical control (CNC) and conventional machine tools, and related components. The Company is majority owned by the municipal government of Shenyang, Liaoning, China.

The Company’s CNC and conventional machine tools include drilling machines, lathes, turning centers, turning and milling centers, milling and boring machines, machining centers, and other equipment. Shenyang Machine Tool Group also makes machine tool castings. The Company’s products are used in the automotive, wind power, aerospace, mining, shipbuilding and nuclear power industries.

Drilling machines are made by Shenyang Machine Tool Group in CNC and conventional types. CNC drilling machines include ZK series standard, GDC and GDCD gantry-type, and SUC series deephole models, while conventional drilling machines include radial types sold through 2014, the transportation and industrial machinery markets will post the fastest growth, but both sectors will be rising from a weak 2009 base. The transportation sector was especially hurt in 2009 due to a devastating year for the motor vehicle industries of many developed countries, especially the US and Japan. A generally favorable outlook for commercial air transport manufacture will also benefit the transportation market.”

--Section III, pg. 29

TABLE VI-8
JAPAN -- MACHINE TOOL SUPPLY & DEMAND
(million dollars)

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<tr>
<th>Item</th>
<th>1999</th>
<th>2004</th>
<th>2009</th>
<th>2014</th>
<th>2019</th>
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<td>Population (million persons)</td>
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<td>127.7</td>
<td>127.3</td>
<td>125.8</td>
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<td>GDP/capita</td>
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<td>32,390</td>
<td>32,370</td>
<td>35,490</td>
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<td>Gross Domestic Product (bil 2008$)</td>
<td>3838</td>
<td>4136</td>
<td>4121</td>
<td>4465</td>
<td>4760</td>
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<td>% fixed investment</td>
<td>27.4</td>
<td>24.4</td>
<td>20.9</td>
<td>21.3</td>
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<td>Gross Fixed Investment (bil 2008$)</td>
<td>1050</td>
<td>1010</td>
<td>862</td>
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<td>6450</td>
<td>6800</td>
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<td>3830</td>
<td>3650</td>
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<td>10100</td>
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