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## drinktec 2017 - Growing beverage consumption fuels international machinery trade

*The demand for machinery and equipment for the production, filling and packaging of beverages remains high, reaching a new record in 2015. Already prior to the drinktec, which will take place from September 11 until 15, 2017 in Munich, the industry awaits drinktec in an optimistic mood.*

### Global demand for machinery remains high

In the year 2015 the international demand for food processing and packaging machinery rose by 6 percent to reach a value of 38 billion euros. Within 10 years, machinery sales thus rose by 52 percent. Not many segments of the international mechanical engineering industry can look back on a similarly dynamic development.

VDMA estimates that approximately one third of the world trade were sold to the beverage and liquid food industry.

One also has to take into account equipment and components from other statistical areas that are classified under different headers, such as stretch blow moulding machinery for PET bottles, heat exchangers, pumps, logistics solutions and automation components. The total investment of the beverage and liquid food industry is therefore likely to be much higher, since the total demand also includes machinery obtained in the respective local market.

### Germany remains foremost supplier country

With an average export rate of 87 percent and a share of the world trade volume of 21 percent (2015), the German companies of the food processing and packaging engineering industry are internationally leading.

In some sub-sectors, particularly in the fields related to drinktec, the German manufacturers' international export shares are much higher: They provide, for example, 50 percent of the worlds' exported brewing machinery and 30 percent of the packaging machinery.

After Germany, Italy is main supplier of food processing and packaging machinery and equipment. This is followed at some distance by USA, China,

Switzerland, the Netherlands, France and Japan with shares of 8 to 3 percent of the international foreign trade.

### **The markets – International trade by regions**

In 2015 40 percent of the global exports of food processing and packaging machinery were sold in the European countries. 31 percent of this amount was delivered to the European Union. The second most important sales region is Asia with a share of 22 percent. This is followed by North America with 13 percent, Latin America with 10, Africa with 8 and the Middle East region with 5 percent.

The list of top 10 markets was headed - as in most previous years – by the United States. They are followed by China, Germany, France, Britain, Russia, Mexico, Canada, Poland and Indonesia. But also, for example, Brazil, Iran, South Africa, Nigeria, India and Thailand among others demonstrated an increasingly stronger demand impetus in 2015. All in all, equipment for manufacturing and packaging food and beverages is sold in more than 100 countries worldwide.

The level of investment in the highly industrialized countries is considerable, the dynamic demand impulses, however, arise from the non-European markets. As a general tendency it can be seen that in recent years the importance of the individual sales regions has shifted in favour of Asia and Latin America. The VDMA expects this shift to progress gradually as the importance of individual markets in Asia, Latin America and even in Africa will continue to increase in the future.

### **Positive outlook through rising global consumption**

The VDMA sees the prospects for suppliers to the beverage and food industry positively: The world's population is growing, the expenses for beverages and food are rising, and especially in emerging economies, there is a pent-up consumption demand.

This assumption is confirmed by data from the British market research institute Euromonitor International: For the product category soft drinks Euromonitor predict an increase by 18 percent in global sales by 2020.

Asian is the largest market for soft drinks and a further increase of 29 percent is expected. A growth rate of 14 percent for Latin America is predicted and in the Middle East / Africa region the consumption – starting from a much lower level – is estimated to rise by 44 percent. For 2020 the global sales volume is estimated to reach 790 billion litres.

The global trade volume of alcoholic beverages is also forecast to grow by 9 percent and will amount to 270 billion litres in the year 2020. The highest growth rates are expected in Latin America with 15 percent and Asia with 11 percent.

The rising consumption will trigger investments in the expansion or modernization of production capacity. In most countries where the beverage production is still growing dynamically, the technology demand cannot be met by local suppliers and the machinery and equipment must be procured on the international market.

In the developed markets of Western Europe and North America volume sales will grow at a significantly slower rate or will partly stagnate due to the high levels of beverage consumption. At the same time, the expenditure on drinks here will still rise according to forecasts of Euromonitor International. This means, a quality enhancement will determine these markets. Health trends, the desire for new tastes and the wish for a variety of pack sizes and shapes influence consumer behaviour significantly. Seasonal products gain in importance, so do specialties. The product life cycles are getting ever shorter. The beverage industry must respond to this development. Where investments in developed markets are concerned, the focus is on solutions to increase the flexibility and the economic and overall system efficiency.

At drinktec in Munich (11 to 15 September 2017) the machinery manufacturers will present their solutions for the many challenges of the beverage and liquid food industry, for every company size and every performance group. Drinktec is the world's largest platform with the highest density of experts – the place to be for everyone who is involved in the beverage or liquid food business.

In alignment with the global development of the beverage and liquid food industries, the exhibiting industry expects an even higher internationality and a further increase in the number of visitors in particular from the fast-growing markets such as China, Brazil, Mexico, India, Indonesia, Thailand, Vietnam and Iran.

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### **VDMA – The German Engineering Federation**

The VDMA based in Frankfurt am Main represents the interests of almost 3.200 companies in the capital goods industry and is thus the largest industry association in Europe. With a turnover of roughly 220 billion Euro (2015), it is one of the leading industry sectors in Germany and the largest industrial employer with a workforce of more than 1.000.000.

The VDMA Food Processing and Packaging Machinery Association represents the largest group of exhibitors at drinktec and supports the organizer, Messe München, as a conceptual partner in all market relevant issues.

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