



**Federal President Frank-Walter Steinmeier  
at a gala reception to mark the 125th anniversary of the  
Mechanical Engineering Industry Association (VDMA)  
on 16 October 2017  
in Berlin**

Just imagine that we had met when your association was founded 125 years ago. All of us would have been a little more relaxed as we would probably have been on the road for three days, travelling by horse and cart to Berlin – at any rate not by car or high-speed train, let alone by plane. Maybe we would have read about the event in newspapers a few days later – but a livestream broadcast around the world? That was way beyond the power of imagination back then. And after the event, we would not have been able, even in our wildest dreams, to have conceived of enjoying a perfectly chilled beer from a high-tech beer pump. With this in mind, there are many, most tangible reasons to congratulate you – mechanical and plant engineers – and to express our gratitude for what this important industry has done over the past 125 years – without which our lives would be so much poorer. Thank you all very much.

Your association does far more than merely represent an industry that is steeped in tradition. You are shaping the future. This goes for the energy sector and education and innovation, as well as for digitisation and standardisation, and also for the work of development partners on the African continent. One thing is certain, which is that your voice and that of your association can be heard loud and clear and with self-confidence, and I can assure you that this is not only the case in Berlin.

I am therefore delighted to celebrate the 125th anniversary of the VDMA together with you and your guests here today. We are marking the 125th anniversary of a dynamic association that is firmly rooted in the 21st century. An association that represents a key German industry with credibility and responsibility. An association whose member companies are getting involved in their respective communities in many places in Germany and, to an increasing degree,

also at their locations abroad. An association that is playing a major role in helping to shape an effective social partnership in one of the most important industries, and which is aware of the fact that the social market economy is more than just a question of healthy corporate balance sheets. In a word, an association that is firmly bound up with the fate and future of our country.

And I can tell you that it is a pleasure to celebrate this occasion with such an organisation. Allow me to offer you my most heartfelt congratulations on your anniversary. I would like to congratulate everyone in attendance here today.

“Humans – Machines – Progress” is the motto that you have chosen for this special year. You could not have picked a more fitting heading. After all, technological, economic and social developments go hand in hand. The interaction between these developments is not always easy, however. Society sometimes locks horns with technical progress. Not everything that appears to make economic sense is deemed to be socially acceptable. Innovations often give rise to heated debates between fervent supporters and tenacious sceptics. Some prophesy an end to all our troubles in utopian visions of the future, while others live in fear of accidents and unemployment and, above all, the loss of the things we hold dear. Some also say that major innovations spur so-called “hype cycles” – the cycle of initial enthusiasm that gives way to disillusionment later on. We Germans in particular have often been said to have an ambiguous relationship with technical progress.

We are, on the one hand, conscious of the long history of German inventors and entrepreneurs, of scientists and engineers, of visionaries and technicians, who advanced and helped to shape our country. Progress around the world is therefore based to a large extent on technical innovations and developments from Germany.

On the other hand, Germans are reputed to have something of a penchant for scepticism and reticence, for reservations and perhaps also for excessive caution, and sometimes even for technological despondency. Pretty much every mechanical engineer is familiar with the sentiment that is ascribed to Kaiser Wilhelm II: “I believe in horses. Automobiles are a passing phenomenon.”

Perhaps we – and my experience from visits to many countries backs this up – are actually a little more circumspect in this country in our dealings with innovations, preferring to look before we leap. But when we look back at the 125-year history of your association, it is clear that Germany has never shied away from technical progress, and will hopefully never do so in the future. On the contrary, we ought to have learned one thing over these 125 years, namely that technological progress has become the powerhouse of our economy that is poor in raw materials but rich in inventive spirit. What is more,

many important innovations in recent years and decades, from basic research to highly specific industrial applications, come from Germany. Your industry has helped to contribute to this. Mechanical engineering continues to be one of the most important motors of technical progress in this country. You can be proud of this, and this is, I believe, how things should stay.

I talked about scepticism just now – and scepticism out there should never discourage you as mechanical engineers. So allow me say a little bit more about Kaiser Wilhelm II. The Kaiser was, surprisingly, quite quick to overcome his scepticism about automobiles. A few years down the line, he himself had become a car fanatic and speed demon – a passionate advocate of the automobile. Imperial scepticism gave way to imperial enthusiasm, as it were. Some passionate smartphone users among us may perhaps feel a little sheepish and recall our initial scepticism about whether mobile telephones, surfing on the internet and posting content would really catch on.

Technical progress is never simple and constantly challenges us anew. It causes us to rethink long-standing assumptions, sometimes makes us engage in difficult, social, also ethical questions – and forces us time and again to re-examine entrenched world views. This is occasionally perceived to be an obstacle by your industry – all in all, it remains a challenging task. Mr Welcker, you mentioned increasing red tape just now and also your perception that too many people have a hand in this debate. I can appreciate your sentiment to a degree – however, you will agree with me that we are facing technical developments today for which only a public and, hopefully, expert discussion will lead to genuine acceptance at the end of the day – a debate in which we are able to demonstrate the things that will help us to move forward. In a nutshell, technical progress always makes us rethink our views and requires us to learn new things. Technical progress is always also a challenge.

And we sense this most keenly today – in the increasing digitisation of our daily and professional lives, whose impacts we are experiencing more and more at home, at work and in the public domain. Some established companies must ask themselves whether, in the face of increasing and dynamic digitisation, their own business models will still be a recipe for success in a few years from now. We must also ask ourselves important social questions as digitisation is not just about gaining access to customers, increasing efficiency and reducing costs, but is also a difficult balancing act between privacy, freedom and security. We have not reached the end of these discussions. Indeed, the major social debate on our approach to digitisation has only just begun.

When I mention the challenges of progress, then we can also see these in our rural areas, which are well represented by small and

medium-sized enterprises this evening. We think of the small and medium-sized enterprises that are facing existential questions as a result of increasing digitisation and a lack of data transmission capacities.

And your industry is also feeling the challenges of progress in ever-more intensive global competition. Cycles of innovation are becoming shorter while customers are becoming more demanding and cost pressures are rising. Questions about values that impact us as a society arise at every turn, also in our approach to global competition. Political weights are shifting, data is becoming a power factor and this is no longer only a question of economic, but is also about political dependencies and loss of control. These values are also a matter of discussion in other parts of the world – and are answered there in a quite unique way, for instance with a view to the major digital companies in Silicon Valley. I firmly believe that we, in Germany and Europe, must formulate our own attitude and our own responses to this digital age, even when we find this difficult – responses that do not make us fall behind in competition, but which take into account our historical, cultural and ethical make-up.

Only when we as a society do not shy away from these major questions, when we have the courage to look our digital future squarely in the eye, will you, too, be able to master the challenges that your industry currently faces. I believe that this is about at least two things. This is, for one thing, about holding our own in the competition for markets, about continuing to be a world leader in order to safeguard prosperity and employment. It is also a question of getting sufficient qualified staff on board to make this possible in the first place.

I would like to encourage you this evening to genuinely take on these two challenges. An astonishing false prediction occurs to me in this regard. A high-level manager at a telecommunications company allegedly had the following to say in the early 1990s: "The internet is a gimmick for computer freaks; we don't believe it has a future."

Some businesspeople and company boards really did think like that. And it is probably safe to say that all those who did think that way aren't still in their jobs – if indeed their companies still exist. The future of entire branches of industry depends on being aware of innovations and recognising their importance at the right time. Over these past 125 years, you have often shown courage in embarking on new paths and coping with structural change, again and again winning new shares in global markets.

Today we are in a new game. We have even coined a new term – "digital disruption" – for the advances that have also been described as a new industrial revolution. I believe that the dimension of these changes should not be underestimated, particularly by an old-

established, technically-focused industry like yours. And from what I see, you do not underestimate it. For anyone who does not recognise the possibilities inherent in the spread of digital technology will be much more readily susceptible to these disruptive forces. And then economic failure might indeed be abrupt. The pressure from competitors on both sides of the Pacific is huge. Whether we are talking about artificial intelligence or embedded software, machine learning or data-driven business models, the digital revolution is dealing us a new hand – and German industry, no matter how many prizes it has in the trophy cabinet, must work hard to remain a world leader.

With so many small and medium-sized enterprises, your industry faces particular challenges. SMEs tend to tailor operations closely to their clients' needs; they simply cannot afford to run big R&D departments disconnected from production. On the other hand, you really do know your customers, often having worked with them for decades. You are used to meeting their needs, much more so than others. That is what gives German industrial SMEs their fantastic reputation. And, in my eyes, that is exactly what gives you a great opportunity: carry this reputation on into the digital world. Make use of this close relationship with your clients and your familiarity with their specific needs. Take this knowledge as the basis for developing new, service-based business models and play a decisive part in shaping Industrie 4.0 with German SMEs in the mechanical engineering sector! I really do hope that saying that German SMEs will still have a good reputation in the internet era won't just be an incorrect forecast quoted for the amusement of audiences in ten, twenty or fifty years' time. That is my wish for you, and for all of us, because that is the key to the future of our shared prosperity here in Germany.

And I can already see many encouraging signals. I saw many of you just recently at the EMO Hannover metalworking sector trade fair, where I learned and saw how you are working – together, and for everyone's benefit – on your own standard for the exchange of tool data. Examples like this are encouraging and demonstrate that not only are there many opportunities, but that the German mechanical engineering industry is also aiming to remain a world leader.

But of course for that – and here I come to the second major task I want to talk about this evening – you need staff with the appropriate skills. Raw materials and jobs are not the only things that are scarce today: so are constructors, engineers, entrepreneurs and, not least, skilled workers. Your association's members, too, are among those on the lookout for technical experts and smart businesspeople. Although Germany has a tried-and-tested vocational training system – the dual system is not only the backbone of our country's technical industry, but is increasingly becoming a successful export to our partners abroad – we do need to ask ourselves whether vocational

training is still properly respected and valued here. Because it is becoming more and more difficult for companies to find enough trainees and apprentices. Not that I need to tell you that! This, I believe, is a situation Germany cannot afford.

And not only for economic reasons. The close cooperation between experienced skilled workers, strong companies and educational institutions within the dual system of vocational training results in much more than just competitiveness and innovativeness. Vocational training links companies with the people of the towns where they are located and is crucial in ensuring that the companies put down roots and develop and maintain ties with the community, especially in rural areas. This is by no means something to be taken for granted. We should all do more to underpin vocational training, to make it more attractive and to ensure it gets the appreciation it deserves. As Federal President I will be giving this my emphatic support. Indeed it will be one of my focuses in the coming years.

But these are not the only challenges ahead. Professions and job descriptions will have to be adapted, and there is a real battle for young skilled workers even after they have finished their vocational training. Whereas there used to be dozens of technicians competing for one job, in some fields today you might have three employers fighting over a skilled worker, with or without experience. So I am very pleased at the initiative your industry has launched on recruitment and training. I recently had the opportunity to visit the "Nachwuchsstiftung Maschinenbau". It was good to see what this foundation is doing and to chat with the young people. I thought it was really great. You are supporting the next generation in so many different ways, showcasing the industry's attractions and introducing young people to the different technical professions. And you are doing so with success. The mechanical engineering sector has a good reputation, is interesting for young people and guarantees excellent training. The young people come, and they stay. 75 percent of trainees, way more than the average, are taken on by the companies in your sector. You must have done a great deal right over the past 125 years. Let me express my appreciation for that as well.

Permit me to close with a few personal remarks. Like millions of others, I am greatly indebted to the mechanical engineering industry. When I was a young man, I was determined to go off on a long trip under my own steam. I was heading for the South of France. And let me say this: we would not have got any further than my home in Lippe, and certainly wouldn't have made it to Provence, on our own. We might have got as far as Bielefeld or Paderborn, but that would have been it. So I had to get a car. And, in the spirit of Franco-German good-neighbourliness, we set off south in a 2CV. I hope the younger members of the audience still know what that is. I do not know whether the car contained any German parts or whether it was built

with the help of the German mechanical engineering sector. But I do remember that it had relatively few parts, so that you could repair them by yourself. And unfortunately you had to, every weekend.

It has long been clear to me, however, that when it comes to industrial supply chains, not only in the automotive sector, it is no longer really feasible to think in terms of categories like "German" or "French". The days of purely national linkages in industry are long gone. We now think across borders, indeed we must think across borders. All the more reason I hope that we in Germany do not coast along ignoring the momentum coming out of France just now, but build on it with a flair of our own – both in business and in politics.

The conditions for doing exactly that are in place. The Mechanical Engineering Industry Association (VDMA) already has over 160 non-German members from across Europe. I am extremely gratified at that, and I would like particularly to extend a very warm welcome to our European friends here this evening.

And on that note, ladies and gentlemen, Mr Welcker, representatives of the German mechanical engineering industry: congratulations on the VDMA's 125th anniversary! I wish you all a wonderful celebration this evening and all the very best for the future, with all its challenges but especially with all the tremendous opportunities it brings.

Thank you.