

German high-tech sector holds up: trade group

March 2 2009, by Deborah Cole

Germany's high-tech industry expects to buck the economic crisis this year with sales stagnating but not sinking, its chief lobby group said on Monday on the eve of the giant CeBIT trade fair.

Turnover in information technology, telecommunications and digital consumer electronics will hold steady at about 145 billion euros (183 billion dollars), the BITKOM industry organisation said in the northern city of Hanover.

"For the time being, the high-tech industry is holding its own in the crisis," group president August-Wilhelm Scheer told reporters.

"The sector looks pretty good compared to other industries."

The press conference came one day before the CeBIT, the world's biggest high-tech fair, opens its doors with California Governor Arnold Schwarzenegger as its guest of honour.

Both he and German Chancellor Angela Merkel will hold speeches later on Monday before touring the fairgrounds together Tuesday morning.

While in Hanover, the Austrian-born governor will also pick up an award from the American Chamber of Commerce in Germany for "his exceptional commitment to the global issues of environment and energy."

Despite the industry's brave face, the CeBIT is starting under a cloud this year.

Some 4,300 firms from 69 countries are to display the latest gadgets and innovations at the CeBIT -- a quarter fewer than last year due to the global economic slump, organisers said.

BITKOM said the German high-tech industry would perform worse than the global sector as a whole, which is expected to boost sales about three percent to 2.416 trillion euros.

Taken alone, the German computer industry can expect a 1.5-percent increase in sales to about 67 billion euros, thanks in part to heavy state investment as part of two government stimulus packages worth more than 80 billion euros launched in the last three months.

Merkel's government has earmarked 500 million euros for information technology, in addition to spending on computers for schools and a major expansion of broadband networks in cooperation with Germany's 16 states.

Scheer said new computer equipment was also a crucial tool for companies restructuring in the crisis or trying to slash energy costs with "greener" hardware.

The telecommunications sector, however, will see a 1.2-percent decline in sales to about 65 billion euros. BITKOM blamed EU initiatives to cut costs for consumers as well as stiff price competition.

It said calling fees sank 3.3 percent last year in Germany, Europe's biggest economy.

BITKOM said things were also looking bleak in the consumer

electronics field after several boom years, with sales expected to slip 2.5 percent to about 12 billion euros.

It said it was looking for a boost next year from online television, known as IP-TV, as well as home entertainment systems, in which devices are inter-connected via a local network, and high-definition television, which is to launch in 2010 in Germany with the broadcast of the Winter Olympics.

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