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## **CECIMO PRESS RELEASE**

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### **Emerging signs of an upturn in the European Machine Tool Industry in 2010**

During the General Assembly that took place in Leipzig on 18<sup>th</sup> May, CECIMO's Economic Committee confirmed:

- The upturn in machine tool orders since the fourth quarter of 2009. Orders in the first quarter of 2010 are expected to confirm the upward trend
- A recovery led by the emerging markets in Asia. CECIMO pleads for better market access to these economies, especially the removal of non-tariff barriers
- Its full support to the EU key enabling technologies initiatives and the Free Trade Agreement with South Korea

Machine Tool Orders turned around in the fourth quarter of 2009 in CECIMO countries, after dropping by over 50% in the first quarter of 2009 (in comparison with the same period one year before) as a consequence of the financial crisis. Mr. Hauser, President of CECIMO, explains that "since order backlogs are still very low, it will take a few more weeks before the turnaround is clearly observed in sales".

Recovery in the European machine tool industry is driven by an increased consumption in the emerging markets, and notably from China. Despite the severe crisis in the sector in 2009, the global market share of machine tools exported from CECIMO countries rose from 55% to 61%. This proves the competitiveness of the European sector in global markets. CECIMO expects this trend to continue in 2010.

It will take more time for European consumption to recover, since capital investment in the traditional end-user industries is still low, capacity utilization is below average and credit is still difficult to get, especially for the smallest companies. The current financial instability associated with the sovereign debts of some European countries may also hinder the necessary cash flow that is required by industry to invest in modern and energy efficient production equipment.



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The geographical shift of the machine tool consumption toward the emerging markets of Asia and Latin America makes it therefore necessary for the European machine tool industry to obtain fair and non-discriminatory access to those markets.

“The economic crisis has unfortunately led to a revival of some national reflexes, demonstrated by a surge in small-scale national initiatives which are often more of a hindrance than a help to boosting the economy” states Mr. Brinken, Chairman of CECIMO’s Economic Committee. Such obstacles (like the recently introduced machine import regulations in South Korea) often take the form of additional costly local certification, or of some significant delays in getting import or export licences.

Free trade agreements, such as the EU-South Korea agreement, are expected to eliminate such non-tariff barriers. CECIMO is therefore a strong proponent of this agreement. Even though CECIMO understands the mitigated position of some sectors regarding the duty drawback and the safeguard clauses, CECIMO requests that the European council accepts a provisional implementation of the FTA before the European Parliament gives its final agreement.

CECIMO holds high expectations of two recent initiatives launched by the European Commission: the European Strategy for the key enabling technologies and the EU 2020 strategy that should include an EU industrial policy. CECIMO is directly involved in the key enabling technologies initiative through the involvement of Mr. Eguren, Vice President of CECIMO. He was recently appointed to the High level Group as the representative of the Advanced Manufacturing Systems sub-sector. As such, CECIMO is confident that the European Union will firmly establish the necessary regulatory framework to succeed in paving the way to the smart, green, inclusive, innovative and globally competitive machine tool sector of tomorrow.

**Notes to editors:** CECIMO is the European Association of the Machine Tool Industries in Europe. We bring together 15 national Associations for Machine Tool Builders which represent approximately 1600 industrial enterprises in Europe\*, over 80% of which are SMEs. CECIMO covers more than 97% of total Machine Tool production in Europe and more than 40% worldwide. It counts for over 150,000 employees and a turnover of 17 Billion Euros in 2009. More than half of the production is exported outside Europe\*.

\*Europe = EU + EFTA + Turkey

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