



## CECIMO PRESS RELEASE

### **CECIMO announces a 35% market share in the global machine tool production in 2018 and put the spotlight on artificial intelligence and skills**

Rüschlikon, 18 June 2019 – During its General Assembly in Rüschlikon, CECIMO announced a turnover for 2018 of €27.5 billion, which is 9% higher compared to 2017. This secures a 35% market share in the global machine tool production. But slowing global trade and weakening business sentiment are heavy downside risks for the European machine tool manufacturers. On the policy side, the General Assembly debated artificial intelligence and skills for the machine tool companies. Skill mismatch is a complex, multidimensional and dynamic phenomenon. The panel discussion focused on the challenges for machine tool companies to acquire the necessary skills and build confidence and inhouse capabilities in artificial intelligence.

#### **Economic outlook and trends**

Industrial growth has slowed down in 2018 driven by global trade stagnation, geopolitical uncertainties and weaker business sentiment. We expect the industrial activity to slow down in 2019 and recover some momentum in 2020. This year, the European machine tool market is likely to expand slower than the US and Asia.

CECIMO's latest estimates for 2018 suggest yet another record machine tool production amounting to €27.5 billion, which is 9% higher than in the previous year. The global output grew at a flat rate of 1% and reached a volume of €79.7 billion in 2018. The production growth was dragged down by China, Brazil, Turkey and Canada posting two-digit negative growth rates.

Our clients in Europe registered a 1.8% production growth rate in 2018 and expect a flat growth this year. The global production of the machine tool purchasing industries around the globe posted a growth of approximatively 5% in 2018 and is expected to slow down to 2.3% in 2019.

Both European and world machine tool trade has slowed down a gear. Although the main US import tax measures are aimed at China, the European automotive sector is under risk. Industrial activity of other consumer sectors is slowing down as well. Last year, CECIMO manufacturers exported a volume of €21.7 billion worth of machine tools. We registered an export growth of 8.4% - slower than the one in 2017 (9.5%). Our main export destinations outside CECIMO membership were China (25.7%), USA (18.3%), Poland (8.1%), Mexico (4.7%) and Russia (4.6%). In 2018, the world machine tool trade accounted for 44.1 billion, and posted a slower growth rate of 6.9%, after a 9.5% rate in 2017.

Based on internal figures, CECIMO's machine tool consumption in 2018 is estimated at 18 €billion, 11.8% higher than in 2017. This year, our colleagues from Oxford Economics suggest a flat growth rate of 1% and a 4.2% recovery in 2020. The world machine tool consumption grew by 4% in 2018. This year, we expect a 2.3% growth and an acceleration of 3.5% in 2020.



A deceleration of the global trade, geopolitical risks and supply chain disruptions are weighting heavily on the European machine tool manufacturers. *“A strong global trade is absolutely necessary to support the industrial activity in Europe and the entire world. That is why, we need to make our best efforts to build a robust trade relationship with the US. A bilateral trade deal on industrial goods would be a great place to start”* says Mr Marcus Burton, the Chairman of CECIMO’s Economic Committee.

## **Artificial Intelligence and skills**

According to the World Economic Forum’s Future of Jobs [report](#) (2018), 54% of employees will require significant reskilling and upskilling by 2022. These findings are also reflected in a recent LinkedIn Learning [survey](#) which suggests that artificial intelligence is on the top 5 hard skills that companies need most in 2019. CECIMO at the General Assembly looked at how to meet the demands of the machine tool industry in artificial intelligence skills.

In his opening speech, Francisco Betti, Head of Advanced Manufacturing Industry, World Economic Forum, highlighted the unique role that machine tool companies play today to transform factories and business models. in the transformation of business models. He also stressed the criticality of talent and skills for the future of advanced manufacturing and to keep pace with the changes brought by artificial intelligence and other technologies, and the need for strengthened multi stakeholder collaboration.

**Skills for industry strategy 2030 are on top of the EU political Agenda but there is need for concrete commitments by political leaders in education and training, starting from a reassessment of the education systems.**

Filip Geerts, CECIMO Director General, called for *“a massive skills upgrade of the European workforce to catch up with the rapid transformation of industry. Developing and introducing Artificial intelligence in manufacturing requires special core skills, which need to be carefully fostered to secure EU’s leadership in this field”*.

**Companies need to invest in the professional development of their workforce overtime.**

In this context, the main challenge for the machine tool companies is to train mechanical, electronic and electric engineers in AI, Python for data science, essential mathematics for AI, data science research methods and so on. Employees need to be motivated to continuously learn and grow. Marc Ziegler, Partner at Porsche Consulting, presented the strategic partnership on AI and skills with “appliedAI”, an initiative of UnternehmerTUM, one of Europe’s largest Center for Innovation & Business Creation. He explained that *“transforming corporates into AI-driven companies requires a set of new dedicated roles that entail various new competencies – from data science to machine learning engineers.”*

**Finding the right talent is critical for the machine tool industry to capitalise on the opportunities that Artificial Intelligence offers.**

For example, according to [a study](#) by McKinsey, artificial intelligence could create an estimated potential value of \$500B to \$0.7T in predictive maintenance across the supply chain



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European Association of the Machine Tool Industries  
and related Manufacturing Technologies

management and manufacturing sectors globally. Dr Roland Feichtl, CECIMO President, stated that *"Machine tool companies who consider the option of building their own AI solutions will need to consider whether they have the capacity to attract and retain Artificial Intelligence talent to be able to integrate these technologies in their manufacturing processes"*. Thomas Schneider, Managing Director Research & Development at TRUMPF Werkzeugmaschinen GmbH + Co. KG, underlined the importance of artificial intelligence for achieving the next level of Industry 4.0. In this respect, Andreas Rauch, Head of Digital Business at GF Machining Solutions, described that "AI will be our natural path for Zero Defect Manufacturing and is the glue for future multi-technology solutions".

### About CECIMO

CECIMO is the European Association of the Machine Tool Industries and related Manufacturing Technologies. We bring together 15 national associations of machine tool builders, which represent approximately 1500 industrial enterprises in Europe (EU + EFTA + Turkey), over 80% of which are SMEs. CECIMO covers 98% of the total machine tool production in Europe and about 35% worldwide. It accounts for more than 150,000 employees and a turnover of nearly €27.5 billion in 2018. More than three quarters of CECIMO production is shipped abroad, whereas half of it is exported outside Europe.

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