

Press Release

The Light at the End of the Tunnel. The Machine Tools Industry on its Way to Recovery

Brussels, 8 June 2021 – During its online General Assembly, CECIMO, outlines that the optimistic forecasts for the recovery of Machine Tool (MT) demand, the expected investment growth, and the EU recovery fund, are generating positive outlook for the MT industry in the coming period. On the policy side, the General Assembly debated the future of the European data infrastructure. The discussion focused on manufacturing data spaces.

Economic Outlook and Trends

The COVID-19 pandemic has profoundly affected numerous industries and the Machine Tools industry was no exception. There is no denying that a return to pre-crisis levels will likely take several years, if not more. However, after a very challenging year, the European Machine Tool Industry sees the light at the end of the tunnel, as economic statistics suggest a steady recovery. The machine tool market is set for solid growth in 2021 across all major geographies. As CECIMO President Dr Hans-Martin Schneeberger pointed out during his introductory speech, the resilience and recovery of our sector are central topics of this year's CECIMO General Assembly.

In his opening speech Dr Hans-Martin Schneeberger stated that “*CECIMO looks to the future with positivity and hopes that our industry will come out of this crisis more resilient than ever.*”

Economic data gathered by our teams and thoroughly discussed during this year's Economic Committee Meeting, reinforces the idea of a return to pre-pandemic levels. The CECIMO Business Climate Barometer and responses from CECIMO companies highlight a positive business climate, with operating rates among many CECIMO companies **going above 70% (April/May 2021). With the growth of 4% in both regions, the EU and EZ in Q4 2020, and 1% in Q1 2021, the Industrial Production Index reached pre-pandemic levels that we saw in the final quarter of 2019.**

Based on internal figures, we did see a sharp decline in terms of production in the first half of 2020. CECIMO's total production in 2020 decreased by 26.7% compared to 2019 levels. But, with an output of €19.9 billion, CECIMO retains the leading position on the global MT market, with a 33% share at the end of 2020. The provisional figures for the first quarter of 2021 give us reasons for optimism, as orders for Machine Tools increased by 5% compared to the previous quarter and are 7% higher than in the same period 2019.

In terms of forecasts, in Oxford Economics' baseline scenario (April 2021), **world GDP is expected to rebound by 6% in 2021**, supported by the rollout of vaccines, combined with a large fiscal stimulus package in the US. **Global MT Demand is expected to grow by 15% in 2021 and 7.5% in 2022.** European MT consumption is expected to recover to pre-crisis levels by 2022. However, further measures in the first quarter of 2021 and an increase in the number of new cases, mainly in Europe, may delay the recovery.

Across sectors, the slowest recovery is expected in the Aerospace Industry. Oxford Economics expects business growth in the Euro area to accelerate substantially from the second quarter on as mobility begins

to return to normal. They expect Eurozone GDP growth of 4.2% in 2021 and 4.7% in 2022, with GDP recovering to pre-crisis levels in 2022. Investments are also expected to increase by 5.0% in 2021 and 4.7% in 2022. Export volumes should rebound by 7.9% in 2021, followed by an increase of 6.7% in 2022.

Filip Geerts, CECIMO Director General outlined that *“thanks to the improved Business climate, Machine Tools' order forecasts and the expected growth in Machine Tool consumption, the conditions are very good in terms of EMO Milan, and that the fair is going to be a big success.”*

National governments should implement their national plans to ensure that our companies remain competitive for the long term. Global trade relations, the lack of raw materials, of semi-finished products, are certainly challenges ahead. In that respect, Dr Hans-Martin Schneeberger emphasizes that *“stimulus funds should help manufacturers, including Machine Tool manufacturers, to adopt the dual transition and improve their productivity”*.

“Although we look forward to a challenging period, Europe's Machine Tool Industry must emerge from this crisis, even stronger, technologically superior and remain a leader in the global order. We support European policy makers in building more resilient and stable supply chains to protect European manufacturing companies and call on them to support and accelerate the recovery of the most vulnerable industrial sectors” says Mr Marcus Burton, the Chairman of CECIMO's Economic Committee.

Industrial data

The industrial data has tremendous potential to unleash remarkable benefits for manufacturing industry. The success of the manufacturing sector is deeply tied to data-sharing and its interoperability and availability across the EU. That is why the keynote session prior to the General Assembly was dedicated to the future of the European data infrastructure with a focus on manufacturing data spaces and the role of standards in enabling interoperability and trust in the market and its contribution to innovation-friendly legislation.

In this context, we had the pleasure to hear a keynote speaker Mr Thomas Hahn, VP GAIA-X, President BDVA. Industrial component and machine suppliers today, operate in a fast-evolving and challenging business environment. To be competitive they offer (new) digital services in order to open new revenue streams, improve customer loyalty, and improve their own product and value proposition. A good example, familiar to CECIMO, is the increased use of Additive Manufacturing, outlines Mr Thomas Hahn.

He added that digitalization, especially Industrial Data and Industrial AI, is the main lever to implement this. The use of Industrial Data and responsible and trustworthy Industrial AI will shift the balance of power in the shortest possible time. It is crucial to assess how we can assert and expand our European position very quickly.

“Europe can and must be the pacemaker because particularly in Europe the required domain know-how is available, and we can rely on a powerful network between SMEs, big companies, research & technology institutes and governments. From an industrial perspective, we need fast-track programs to exploit the opportunities! Initiatives (examples) like Industrie 4.0, Industrial Data and AI (BDVA) and Gaia-X (Cloud & Edge and Data infrastructure) will support us all to boost our businesses and to generate value and benefits for society” concludes Mr Thomas Hahn.

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 + UK+ EFTA + Turkey), over 80% of which are SMEs. CECIMO covers 98% of the total machine tool production in Europe and about 33% worldwide. It accounts for approximately 150,000 employees and a turnover of around 20 billion euros in 2020. More than three quarters of CECIMO production is shipped abroad, whereas half of it is exported outside Europe.

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