

Press Release

Emerging technologies - a catalyst for innovation and economic prosperity in challenging times

Brussels, 1 December 2022 – *During its General Assembly, CECIMO announced a turnover for 2022 of almost €25 billion, which is 10% higher compared to 2021. However, with global economies slowing down, and lower consumer and business confidence, we foresee less optimistic developments in global demand in the near future. On the policy side, the General Assembly debated the uptake of advanced manufacturing technologies to enhance economic competitiveness while making our industry digital, green and resilient.*

Economic situation and outlook

Given the challenging times that the European manufacturing sector is experiencing, we expect some level of positive growth in 2022. While European manufacturers are still experiencing supply problems due to the aftermath of the COVID-19 pandemic, the Russo-Ukrainian war brought with it new supply challenges, persistent inflation and a severe energy crisis in Europe. As central banks employ restrictive monetary policies to reduce inflation, manufacturers face lower funding opportunities. Moreover, if these measures remain in place, they might have a greater negative impact on the investment path globally.

Bearing in mind that the energy crisis is affecting mainly European manufacturers, keeping our industries competitive on the global stage is becoming a pressing challenge. As stressed by the President of CECIMO, Dr.-Ing. Heinz-Jürgen Prokop during the GA meetings: *"...policymakers need to ensure a favourable business environment in Europe to ensure investment growth and keep businesses in Europe."* We, therefore, urge the EU and national policymakers to accelerate the process of finding appropriate, long-term solutions to stabilise the energy market.

Regarding the latest CECIMO figures, after a rise of 11.5% in 2021, the latest CECIMO MT production estimates confirm a continuous recovery of our sector in 2022. New forecasts suggest that CECIMO MT production will increase further by about **10% in 2022 and reach almost 25 billion euros**. We estimate a similar growth path globally, where the level of MT production is expected to increase by approximately 12% compared to 2021.

According to the latest forecasts from Oxford Economics, a **strong growth in MT consumption amongst CECIMO countries is expected in 2022**, around 17%, then slowing to around 6.6% in 2023. After a strong recovery in 2021, global MT consumption is expected to show slightly slower growth of about 7% in 2022. The recovery of the main MT buying sectors, the catch-up effect and the high order backlogs are the main drivers of MT consumption and production growth in Europe in 2022.

In terms of trade figures, given the rebound in foreign orders, we expect **MT exports** to grow, and our latest forecast is about 10% growth in 2022. On the other side, in line with strong expectations of MT consumption growth in Europe, **MT imports** are expected to grow slightly faster, around 14.5% in 2022. The total trade balance should reach **a surplus of around 7.8 bn euros this year**.

While the CECIMO8 total orders index reached a record high in the first period of 2022, the following two quarters bring two periods of quarterly decline. However, it is important to note that the CECIMO8 Total Orders Index has **remained above 2021 levels in the third quarter of 2022. For the upcoming period**, with all the challenges faced by global economies, and consistent with our external forecast partner, HPO, we expect a decline in new orders in the first half of 2023. However, given the anticipated slowdown in inflation, softening supply, and energy prices, we predict more optimistic and **stable orders in the second half of 2023**. While we may see a drop in new orders, a certain level of positivity should be kept regarding **MT production and consumption in Europe**. In line with that, the Chairman of the Economic Committee, Marcus Burton, during the GA meetings addressed: “...a *significant backlog of orders, new investment incentives linked to the green and digital transition, and of course, the recovery of the purchasing sectors should be the main drivers of MT production growth in 2023.*”

Advanced Manufacturing: Leading the digital transformation in the EU

The state of manufacturing is constantly changing due to volatility in the global, economic, and political landscapes. Given the complexity of the current global situation, effective policymaking has gained even more significance. The 2022 CECIMO Fall Meetings’ main conference focused on advanced manufacturing and brought together industry players and policymakers to debate the future of our industry and its competitiveness. Issues like geopolitical challenges and the energy crisis were central to the discussion, but optimism prevailed, as speakers emphasized the opportunities the green and digital transition can bring to the sector. The conference addressed the importance of investing in technology-driven skills, data analytics, and artificial intelligence as key engines for smart manufacturing and the EU’s economic prosperity

Kerstin Jorna, Director General of the European Commission's Directorate-General for the Internal Market, Industry, Entrepreneurship and SMEs delivered a keynote speech in which she underlined that “...*the uptake of advanced manufacturing technologies will help European industry to become more competitive, digital, green and resilient. The Commission is closely working with industry to strengthen the business case for this, especially in the context of the transition pathways for our industrial ecosystems.*”

The discussion outlined numerous advantages of Advanced manufacturing technologies, such as helping companies unlock new business models, adapt to changes faster, and anticipate changes before they occur.

Bringing the perspective of the European business community, Martynas Barysas, Director for Internal Market Department at BusinessEurope underlined that “*strong and lasting European competitiveness in advanced manufacturing will only be achieved when we have a consistent, proportionate, and agile regulatory framework. Data sharing, cybersecurity, standards, and artificial intelligence will be the key drivers for the new industrial age. However, businesses are faced with complex legal initiatives, which for the time being cause more confusion, rather than offering a clear horizon for the industry.*”

This conference highlighted the importance of collaboration between the public and the business sector in order to steer innovation activities to tap into the full potential of advanced manufacturing. In that context, Klaus Beetz, CEO of EIT Manufacturing pointed out that “*achieving the green and digital transition will only be possible if all actors of the manufacturing industry and the political institutions talk to each other, learn about all challenges and opportunities, and collaborate to bring about change and reinforce the strengths of the European manufacturing industry.*”

With strong leadership and investment in innovation, the European manufacturing sector can emerge from the current crisis in a strong global position.

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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 + Türkiye), over 80% of which are SMEs. CECIMO covers 98% of the total machine tool production in Europe and about 1/3 worldwide. It accounts for approximately 150,000 employees and a turnover of around 22.6 billion euros in 2021.