

**UCIMU MEETING: AFTER A SLIGHT DECREASE IN 2019
2020 MARKS A COLLAPSE OF INVESTMENTS
BUT ALREADY IN 2021 A RECOVERY IS EXPECTED**

Massimo Carboniero completed his term of office.

The president appointed for the two-year period 2020-2021 is Barbara Colombo (FICEP Spa, Gazzada Schianno -Varese)

Sesto San Giovanni, 1st October 2020. In 2019, the Italian machine tool manufacturing industry ranked fourth among manufacturing countries and fourth also among exporting countries, overtaken by China that stole its historical third place. On the contrary, its fifth position in the ranking of consumer countries remained unchanged, as a confirmation of the importance of the Italian market in the international scenario.

After a 2019 that was certainly not positive, the year 2020 marked a collapse of investments in machine tools, in Italy and abroad, but a consumption recovery is expected already in 2021.

This is in brief the framework described by the president of UCIMU-SISTEMI PER PRODURRE, **Massimo Carboniero**, this morning, on the occasion of the annual Members' Meeting of UCIMU-SISTEMI PER PRODURRE, which was also attended by **Carlo Bonomi**, president of Confindustria (Italian Industrial Federation) and by **Marco Fortis**, economist and vice-president of Fondazione Edison.

THE FINAL RESULTS OF 2019

According to the final data processed by the Economic Studies Department & Business Culture of UCIMU, in 2019, the output of machine tools only (i.e. excluding robotics and automation), amounted to 5,890 million euro, registering a 3.8% fall versus 2018. The outcome was mainly due to the reduction of manufacturers' deliveries on the domestic market, decreased by 6.5% to 2,526 million euro. A smaller downturn was recorded with regard to exports, reaching 3,364 million euro, i.e. 1.7% less than in the previous year.

In 2019, the main export markets for the Italian product offering were the United States (421 million euro, +19%), Germany (376 million euro, -4.7%), China (303 million euro, -11%), France (234 million euro, +2.8%), Poland (173 million euro, -24.5%), Spain (144 million euro, -0.1%), Russia (119 million euro, +19.4%), India (99 million euro, +17.4%).

Consumption highlighted a 7.5% decline, attaining 3,970 million euro, thus interrupting the growing trend showed over the last four years.

THE FORECASTS FOR 2020

Heavily hit by the health crisis broken out in the first months of the year, in 2020 the Italian industry of the sector has been experiencing a strong reduction for all main economic indicators.

Based on the forecasts elaborated by the Economic Studies Department & Business Culture of UCIMU, the output of machine tools only should drop by 34.6% to 3,850 million euro. Exports should go down by 27.2% to 2,450 million euro.

In particular, according to UCIMU processing of ISTAT data, in the period January-June 2020, the main markets of destination for the Italian supply were the USA (152 million euro, -18.2%), Germany (113 million euro, -39%), China (105 million euro, -36.4%), France (73 million euro, -39%), Spain (48.6 million euro, -28.4%).

The collapse of domestic consumption, expected to fall by 43.3% to 2,250 million euro, will have a strong impact on the deliveries of Italian manufacturers on the domestic market, whose value should not exceed 1,400 million euro, corresponding to 44.6% less than in 2019. At the end of the year, there should also be a significant import reduction, which should account for a value of 850 million euro, corresponding to 41.1% less than in the previous year.

THE FORECASTS FOR 2021

On the other hand, the forecasts elaborated (in September 2020) by the Oxford Economics Econometric Institute show a relevant recovery of investments in production technologies all over the world already from 2021.

In 2021, the world demand for machine tools should grow to 58.9 billion euro (+15.1%). The positive trend should constantly continue also in the following three years: 63.3 billion euro in 2022 (+7.5%), 66.4 billion euro in 2023 (+4.9%), 68.8 billion euro in 2024 (+3.6%).

With a 20.6% increase in consumption, which should achieve 16,555 million euro, in 2021 Europe should become the most dynamic area in comparison with the rest of the world. However, it is necessary to consider that Europe is also the area that suffered the most in the two-year period 2019-2020.

As regards Italy, after the heavy downswing reported in the two years 2019-2020, in 2021 machine tool consumption should start again to grow, totalling 3,111 billion euro, i.e. 38.2% more than in 2020.

“For this reason – commented the president of UCIMU, **Massimo Carboniero** – we need a reasoned plan of action to incentivise and support the investments in new production technologies. The process of digital transformation started about five years ago is certainly not accomplished and, on the contrary, it partially stopped in these months of health emergency. Indeed, it is important that the transformation should go on, also reaching the enterprises that remained excluded until today.

“In this sense, the **Recovery Fund**, now launched by Europe, is the best opportunity to choose the way to growth and development in our country. We ask the Government authorities to carefully evaluate the use and allocation of resources destined for our country. As required, these resources should be used for development measures, but they should really be rationally employed, giving priority to provisions that really incentivise the growth of the economic system in our country. This applies to the **measures for innovation and competitiveness**. Also in the years after 2020, it is necessary to continue with the Transition Plan 4.0, which actually allows tax credit on machinery acquired in the current year”.

COMMENTS AND PROPOSALS OF INDUSTRIAL POLICY

Package of Provisions with regard to Technologies 4.0

Ideally, the **Transition Plan 4.0** should be changed into a **structural provision**. Also through Confindustria, we ask to abandon the “logic of intermittency” by which to date the applicability of all measures in favour of the enterprises has been defined.

The “stop and go” regarding the possibility to include the measures for competitiveness in the Budget Laws or in the Decrees created ad hoc in the present year, has however reduced their effectiveness.

Nevertheless, if this were not possible, it is necessary that the applicability of the measures included in the provision should last at least three years, better if extended to five years.

Only in this way, we will actually enable the enterprises to really plan their investments to upgrade and digitalise their factories. And only in this way, we will allow the enterprises supplying technologies 4.0 to have a more homogeneous distribution of workload.

In any case, it is essential to increase the upper expenditure limit on which tax credit should be applied and to re-adjust tax credit rates for purchases of new machinery, as well as for new machinery adopting technology 4.0. In particular, for purchases of new machine tools – i.e. for those that were subject to Hyper-Depreciation in the past – we ask to double the tax credit rate, currently set at 6%.

This is necessary, because the transformation of the Italian manufacturing industry is a gradual event. There are companies that have already achieved a high level of digitalisation, whereas others mostly need to modernise the machines in operation in their factories. We must accompany the enterprises in their growth, regardless of the level of innovation they have attained, as the upgrade of machinery may activate a digital transformation later on.

Professional Education and Training 4.0 and Young People

Indeed, new technologies impose new know-how and drive a real revolution not only of production, but also of processes. All this is related with an **update of the staff employed in a company**.

Much more than in other economic systems, Italy is based on a system of SMEs that are mainly family-owned and family-run. Therefore, **the human factor is even more decisive for the success of an enterprise**. In this connection, we, the machine tool manufacturers, propose to re-examine the provision on professional education and training 4.0. The calculation of tax credit should include not only the work cost of the employees involved in professional education and training for the hours of refresher courses, but also the cost of trainers, i.e. the most onerous component, especially for small- and mid-sized companies.

Besides continuous training, it is also important to consider basic education and, in particular, technical basic education, whose importance is often underestimated.

In a country that is affected by a 30% youth unemployment, in our sector it is still difficult to find young human resources trained to operate on state-of-the-art machines: qualified technologists in mechatronics, electronics, information technology and experts in production technologies. This is a very serious school deficit, which must definitely be bridged. Our Government authorities should absolutely work on the **improvement of ITS (Technical High Schools)**, looking at the very successful experiences of Germany.

Internationalisation and Fair Trade System

If innovation is the first driver of development in our companies, the second one is **internationalisation**. This is an issue that is closely linked to digital transformation today, capable of enabling useful functions and services for our enterprises, which have always been big exporters.

Even if digital technologies are enabling systems of the internationalisation activity – I am thinking, for example, of remote assistance and predictive maintenance – it is true that this activity cannot disregard a direct presence in the markets and a meeting opportunity among people. Not everything can be done on a web chat.

The lockdown and, now the mobility restrictions imposed by the health emergency, are strongly affecting the business of companies on the foreign markets: this is a serious damage for a sector that exports more than 50% of its national output. Therefore, in compliance with the health rules, we asked to consider a possible revision of the procedures that should be followed in case of business trips abroad, today strongly hindered by the necessity to respect quarantine periods when coming back from foreign countries. The absence of employees for 14 days becomes a difficult problem to be managed, as it risks paralysing a company activity due to lack of personnel.

In this way, in addition to the problem of the crisis concerning the demand for investments due to the context, there is also an impossibility to carry out the ongoing work. With regard to trade fairs, we appreciate the support granted by the Government authorities through the **Pact for Export**, by which SACE and SIMEST are supporting the enterprises, also promoting outright grants for those who decide to take part in trade fairs in Italy and abroad.

Considered as the main marketing tool for the sector enterprises, all exhibitions planned in the first part of 2020 have been suspended or cancelled. The first trade show dedicated to the machine tool field will be **BI-MU, scheduled to take place at fieramilano from 14 to 17 October**, which should, above all, be a way to affirm the strength of Italy in the international scenario of the sector.

Sesto San Giovanni, 1st October 2020

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