

CECIMO welcomes the opportunity to express the views of the European Machine Tool industry in the public consultation on “**EU 2020: a new strategy to make the EU a smarter, greener social market**”.

Like in most economic sectors, 2009 was a very difficult year for the European Machine Tool industry. Orders of new machines dropped by 60%, production fell by 37% year on year. Despite some recent positive indicators on business confidence as well as the good impact of some national stimulus plans on the capacity utilization of our end-user industries (especially in the car industry), CECIMO expects a difficult 2010, both in terms of production and employment levels.

As well as taking some short-term emergency measures to fight against low demand and unemployment, a long-term industrial strategy must be defined. The European machine tool industry supports the idea that the exit from the current crisis should be the point of entry into a new sustainable social market economy, led by innovation and knowledge.

Machine tools are the “mother machines”, at the source of the whole manufacturing process of any industrial product. As such, the European Machine Tool sector also backs the key objective of the EU Commission to maintain a strong industrial base in Europe.

Therefore, innovation will be key to exit the crisis and maintain a strong European industrial base. Innovation is not only about upgrading the technological base, but also about having new policy incentives that enable and facilitate the transformation of the industry.

### **Upgrading the technological base**

CECIMO has been active in the initiatives of the European Recovery Plan since its launch at the end of 2008. The introduction of the € 1.2 billion *Factories of the Future* (FoF) private public initiative is indeed key for the machine tool industry. The participation of CECIMO in the FoF platform and in the Manufuture platform is the guarantee that European enabling technologies will have their place and their say in the definition and orientation of the EU funded projects of tomorrow.

Investments in research should indeed not be limited to the downstream of the manufacturing value chain. The manufacturing technologies' sector is also a strong provider of cutting-edge technologies. The current technological leadership of the European machine tools must be maintained so that our machine tools continue to be the reference products that global customers seek for and are ready to pay a premium for. The technological leadership is the key competitive factor of the European machine tools.

### **Maximization and acceleration of the practical benefits and research for SMEs**

Although more than 85% of the European Machine Tool manufacturers are SMEs, the ratio can be different in some countries (in Eastern Europe for instance). Therefore, and despite agreeing that SMEs should be facilitated into taking part to European research projects, CECIMO is also asking the European Commission to review the definition of a Small and Medium-Sized Enterprise in order to boost the participation of as many European Machine Tool companies as possible (and even those of more than 250 employees) in the European R&D projects.

Additionally, the adoption of a single European patent is necessary to encourage innovation in the machine tool sector by reducing the overall costs of the patent application.

### **Industry-led voluntary agreements to facilitate the transformation of the industry**

A recent and innovative CECIMO initiative was the launch of the self-regulatory initiative in order to meet the requirements of the eco-design directive.

CECIMO welcomes the EU strategy to promote industry-led voluntary agreements. This is a good way to guarantee an effective and pragmatic definition of the methodology, the respect of the intellectual property protection of our machines. This is achieved through an innovative modular approach (from the beginning of the process) which guarantees a stronger commitment of the industry in the implementation of the directive and the good functioning of the Single Market.

### **Sustainable machine tools to for a sustainable European manufacturing industry**

CECIMO EuP Steering Committee and CECIMO EuP Energy Efficiency Working group, composed of experts, researchers and design engineers will conduct the Self-regulatory initiative to meet the requirements of the eco-design directive.

A good coordination with the standardization bodies such as ISO & CEN will also be necessary in order to define the right methodologies of measurement. More generally, CECIMO supports the revision of the European standardization system into a system that incorporates the progress made in R&D and the innovation within the manufacturing sector.

### **New business models to achieve economic sustainability**

The promotion of technology will not be the only initiative to provide the sustainable European manufacturing industry of 2020. An integrated industrial policy that also promotes the socio, economic, financial and trade mechanisms will serve the sustainable growth of the European industry.

Economic sustainability can be achieved by new business models that situate the machine tool manufacturer even closer to the customer. As the customer is seeking for a solution more and more (a combination of products and services), the whole supply chain management of the manufacturer needs to be re-adjusted, from the value proposal to the management methods or the organizational structure. The EU 2020 industrial strategy must therefore integrate this new paradigm to be efficient.

The financial sustainability of the European machine tool sector will only be possible if the industry also benefits from the adequate financing and funding that all other innovative enabling sectors can have access to in order to further develop according to the 2020 strategic key priorities. For instance, CECIMO is in favour of increasing the use of investment tax credits at national levels in order to stimulate the modernisation of the European industrial base and the pursuit of investments in the area of energy efficient technologies.

## **Social sustainability based on Flexicurity, Life-long learning and the development of new skills**

The European machine tool manufacturers, mainly SMEs, did their best to find innovative and flexible working solutions to avoid making redundancies as much as possible. Social sustainability is to be further achieved through the training of personnel and the dissemination of knowledge across companies.

Such initiatives, like part-time work combined with training, should be benchmarked and studied further at a European level in order to build on them on the longer term and find the sustainable working solutions of tomorrow in the European Manufacturing industry.

CECIMO agrees that “ensuring that our workers have the skills to contribute to the knowledge-based economy is a necessary, but not sufficient condition. Supply and demand needs to be matched better”. This is especially true in mechanical engineering. Our manufacturers find it more and more difficult to find the necessary skills for achieving the innovation and sustainability objectives of our industry. Vocation for mechanical engineering must be promoted and developed all across Europe. This is a potential risk for our industry since the vocation is much more developed in Asia for instance.

## **An efficient Market surveillance for a sustainable Internal Market**

CECIMO supports the new and stronger rules for market surveillance in the revised Machinery Directive that came into effect at the end of December 2009. It is compulsory to have a harmonized system of market surveillance in all the European countries in order to provide a level playing field for our machine tools builders.

## **A better access to the growing markets**

Asia accounts for 60% of the global consumption of machine tools in 2010. CECIMO forecasts that it will account for 70% in 2015. It is therefore required that our manufacturers be given a strong access to the growing markets of today and tomorrow, starting with China and India.

CECIMO supports the signature of bilateral free-trade agreements as a general principle, because it is a way to increase market access for our manufacturers. However, some Intellectual Property Rights' rules need to be better enforced at a global level. Furthermore, the EU Commission should increase the monitoring of some possible protectionist measures

taken by some countries in order to protect their domestic manufacturers and therefore distort the playing field.

CECIMO welcomes the signature and adoption of the Lisbon Treaty. One key consequence of the Lisbon Treaty is the co-decision power conferred to the European Parliament for trade issues. However, CECIMO regrets a low awareness or knowledge of the manufacturing dossiers by some MEPs, and asks the EU Commission to think of a possible solution in order to share manufacturing knowledge among all the major EU stakeholders that have a direct or indirect decision making power over the European machine tool builders.

As a conclusion, it may be worth mentioning that Europe is the homeland of the machine tool industry. We must keep this key enabling industry in Europe in order to meet the objectives of the EU 2020 strategy and have a European knowledge-based, competitive, growing and employing manufacturing industry.

CECIMO, the European Association of the Machine Tool Industries, represents the position of the European machine tool industry at global and European levels. CECIMO has 15 national Associations of machine tool builders which represent over 1400 companies generating 44% of the world machine tool production.