Changes and prospects for the metal working industry

own-initiative opinion of the European Economic and Social Committee

FIRST WORKSHOP ON
METALWORKING AND METAL ARTICLES INDUSTRIES
IN THE EU
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The metalworking sector

Introduction and current situation of the sector
Strategic importance
What the EESC proposes

Introducing the metalworking sector

- to be found almost **everywhere**
- flexible, innovative
- (relatively) **small**, pragmatic, service-oriented,
- despite recent European-wide study by the European Commission, still "**invisible**" to the "political" eye (e.g. Eurostat book)
- limited representation in the European Commission

Introducing the metalworking sector (2)

- European manufacturing base is faced with unprecedented challenges
- "hidden" fundamental **link** in the EU's manufacturing supply chain
- 400 000 companies, most of which (some 95%) employ < 50 people
- 4.2 million employees = **12% of total manufacturing employment**!

Introducing the metalworking sector (3)

- **job creating** industry: employment ↑ by some 8% between 2000 and 2006
- **value of production** (2008) = EUR 530 billion
- large **steel customer**: consumes two thirds of the EU raw steel
- pivotal role in the EU industrial fabric

Strategic importance of the metalworking sector

Fundamental link in the supply chain (automotive, aerospace, transport, mechanical engineering… steel profiles, vessels, fasteners…

Job creator

Value adder: 10% of total value added, 7.4% of output

« **Small** » major sector: small size is strength not weakness!

Big, but vulnerable **consumer of steel**: limited negotiating power

SME industry, niche function, limited consolidation possibilities

Strenthening the EU supply chain

Sandwich position

EESC proposals

(1) Visibility

The metalworking industry should not remain unknown to public authorities.

The metalworking sector has **less than one full staff** representation in the European Commission. Thereby the EESC recommends taking a more balanced approach to the allocation of resources in this respect.

EESC proposals

(2) The right framework conditions: Apply the "Think small first" principle

The **administrative burdens** of providing authorities with the data required under local and EU regulation is heavy.

The "**think small first**" principle should be taken into account in the application of the **EU 2020** strategy

Social policy environment should be enhanced for competitiveness, profitability and job sustainability

EESC proposals

(3) Skilled personnel

Small size of the average companies -> Measures to combat shortage of skilled personnel are key

maintain and if possible improve workforce (both in qualitative and quantitative terms)

The EESC calls upon the Commission to envisage a **European wide study on the education & technical skills needed in the metalworking industry.**

This could be an important reference document to enhance cooperation of the sector with technical universities and professional training institutions.

EESC proposals

(4) Innovation

More **research funds** should be dedicated to the metalworking branch and in particular into **material technologies** and **nanotechnologies**

In the structure of the **8th FP**, EU should enable access to projects for those SME's which do not, or only limitedly so, have human resources to forward innovation projects.

Importance of protection of **IPR**

EESC proposals

(5) Non-image

The metalworking sector suffers from a “non-image”. **Providing an adequate image** of the sector and its opportunities is a task for the industry, which would benefit also from the **support of authorities**

(6) Trade policy

DG Trade, DG Industry and Entrepreneurship should have sufficient knowledge of the metalworking industry and adopt a balanced approach when taking measures with impact on metalworking companies.

EESC proposals

(7) Clusters

There is a distinct interest to develop a vision on the metalworking sector from a variety of clusters, which are present throughout the whole of the European Union.

(8) SME champion

The SME aspect is the strength of the sector.

Policies should be devised, eventually using benchmarking tools, to accommodate the specific needs of European metalworking SMEs

EESC proposals

(9) Resources and energy

Securing availability of **resources at fair prices** is a key element for the metalworking industry.

Small company size -> no competition at labour costs level + no economies of scale with the suppliers -> **access to inputs** at competitive market conditions is essential, in particular raw materials and energy.

Stable electricity supply at competitive market conditions is vital.

EESC proposals

(10) Competition policy

Competition authorities should keep a close eye on **possible abuse arising from the comparative size of the industry** compared to that of its clients and in particular suppliers.

(11) Financing

The EESC would welcome a stronger emphasis on the need to provide **adequate liquidity mechanisms** for the manufacturing industry.

Improving access to finance and **export credits**.

Thank you for your attention!

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