

Ucimu: Machine Tool Orders Fell In Second Quarter Of 2020 ^[1]



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UCIMU: Machine Tool Orders Fell in Second Quarter of 2020

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As expected, there was again a decrease in the index of the orders collected by the Italian machine tool manufacturers in the second quarter of 2020. In particular, according to the data processed by the Economic Studies Department & Business Culture of UCIMU-SISTEMI PER PRODURRE, in the period April-June, the index registered a 39.1% downturn compared with the same period of 2019. The outcome was due both to the reduction in the orders collected by Italian manufacturers on the domestic market (-44.7%) and to the fall reported on the foreign market (-37.8%). This is the actual figure. Nevertheless, it should be considered that this survey is partly distorted because the period of reference also includes the month of April, in which the enterprises were completely shut owing to the lockdown.

“In the month of April – affirmed Massimo Carboniero, President of UCIMU-SISTEMI PER PRODURRE – the machine tool manufacturing enterprises, as well as a good part of their customers, remained closed, stopping both their production and trade activities. All this has strongly affected the overall performance of the quarter, which shows a difficult situation for the operators of the manufacturing industry”. “The uncertainty generated by the pandemic and its asynchronous spread in the different areas of the world – added the President of UCIMU-SISTEMI PER PRODURRE – complicates matters and, undoubtedly, slows down investments in production systems, but we, the Italian manufacturers, are receiving some small signs of recovery, especially from the domestic market”.

“After all, according to the data processed by UCIMU, based on the econometric survey of the renowned Oxford Institute of Economics, after the slowdown of the current year, in 2021, investments in new production technologies should rise again. The demand for new machine tools in Italy is thus expected to grow by 31.5% versus 2020, exceeding 3.5 billion euros. Even Europe should be more dynamic, increasing consumption by 19.5% to nearly 18 billion euro. Asia, with China in front, should have the new impetus, registering a 35.3% demand growth, corresponding to 34 billion euros, and so should America, expected to invest 11 billion euro in new production systems, i.e. 31% more than in 2020”.

“With these indications - commented Carboniero - we really hope that the worst is over and that the next months can be characterized by a trend reversal, preceding the recovery expected in 2021. Also owing to this, UCIMU is working intensely on the organization of the 32nd BI-MU, scheduled to take place from 14 to 17 October. It will be the first exhibition of the year for the operators of the sector and, considering the time positioning, it can still benefit from the incentive measures provided for in the Transition Plan 4.0 until the end of the year”.

“On the other hand, with reference to the Transition Plan 4.0, the tax credit, chosen as incentive formula replacing Super- and Hyper-Depreciation is undoubtedly valid and appropriate. Nevertheless, it risks not having the desired effects, as the change has not been communicated in a clear way and because the effects of this plan may be limited due to the general atmosphere of uncertainty. Therefore - added President Carboniero - the measures of the plan should become structural, such as to cover at least a period of three years, in order to allow the enterprises to plan their investments over time, recreating an atmosphere of trust aimed at stimulating the improvement of competitiveness of the Italian manufacturing industry”.

“We ask the Government authorities to work on the factors that are strategic for the Italian industry: technological innovation and internationalization, human resources and cost of labor, finance, and capitalization. These are actions to be undertaken right away, concretely, for a real relaunch plan of Italian economy”. “Indeed, strictly connected with the theme of innovation and growth is that of internationalization, for which a structured Government plan is necessary to incentivise the enterprises to define concrete programmes. This would allow them to be present in the international market directly or, if their business size limits their capacity of action, through the participation in networks of enterprises, in order to share the out-of-pocket expenses of such activity”.

“Due to the deep change we are experiencing, the enterprises also need skilled people that keep up-to-date according to the new work contents. This should occur within the companies and in the schools, encouraging the achievement of intermediate knowledge between high school diplomas and university degrees, strengthening the Superior Technical High Schools. In addition, considering the high unemployment rate of young people, (29.3% in January 2020), in order to facilitate their entry into the work world, a considerable reduction of the tax wedge should be granted for at least five years from the moment a young employee has been taken on”.

“The last aspect to be considered to ensure competitiveness for the system of Italian enterprises is that of financial soundness, a very serious problem that has arisen over the last few months. The enterprises have remained closed for a long time, without being able to produce, invoice and receive payments. The measure adopted by the Government authorities, aimed at financing the enterprises with available cash guaranteed by the State and provided by banks, is an appropriate tool to solve this temporary problem, as long as it

immediately comes into effect and is as simplified as possible. The application for a loan should be released from all bureaucratic passages that uselessly extend timing and, if possible - as other countries have done - including a non-repayable financing fund”.

“After all, once we have used a stopgap measure for the emergency, we cannot forget that the financial soundness is a crucial structural issue. For this reason - concluded Massimo Carboniero - I think, we should consider initiatives ad hoc to encourage the capitalization of enterprises, so that the companies may be able to face a possible, future crisis with “broader shoulders”. One of the consequences of the global recession in 2009 was the shutdown of many enterprises, also valuable ones, which were acquired by foreign competitors for a small fraction of their value: this must absolutely not happen again”.

Cinisello Balsamo, 21 July 2020

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