

**THE UCIMU INDEX IN THE FIRST QUARTER: A SLIGHT DECREASE IN MACHINE TOOL ORDERS (-3%)
DOMESTIC ORDERS -15.9%; FOREIGN ORDERS +5.3%**

In the first quarter 2022, the index of machine tool orders processed by the Economic Studies Department & Business Culture of UCIMU-SISTEMI PER PRODURRE marked a **slight decrease (-3%) compared with the period January-March 2021**. The absolute value of the index stood at 164 (base year 100 in 2015). The outcome was due to the reduction in the collection of orders in the domestic market, which was partially counterbalanced by an increase in overseas orders.

In particular, **on the foreign front, the collected orders grew by 5.3%** compared with the same period of the previous year. The absolute value of the index was 163.2.

On the contrary, **the index of the orders collected in the domestic market registered a 15.9% fall** compared with the same period of the previous year. The absolute value of the index was 164.4.

Barbara Colombo, president of UCIMU-SISTEMI PER PRODURRE, pointed out: "Business in foreign markets is essential for Italian manufacturers. Therefore, despite the difficulties caused first by the pandemic and then by the war, it is necessary to develop our business overseas, not only to recover the ground lost over the last two years. The current situation should lead the Italian machine tool manufacturing enterprises to reconsider the order of priority of markets. Even if it is important to keep on exploring new areas of destination for the "Made in Italy" of the sector, today it is fundamental to be present and develop business in traditional markets, in particular in Europe and in the United States. This should occur with a view to gaining market shares in the areas, whose economies will be more easily concerned with commercial relations in the near future".

"On the domestic front, the slowdown recorded by Italian manufacturers in their national market was due to two reasons. On one hand, the data are compared with the results of the first quarter 2021, which was extremely positive. On the other hand, it could reasonably have been generated by the users' decision to anticipate their purchases in the last quarter to enjoy the incentives 4.0, whose rates established in the last Budget Law (2021) were higher than those of the current one (2022)".

"After all, - continued the president of UCIMU-SISTEMI PER PRODURRE – even if the fall is rather small and the order collection is presently showing very high performances, as proven by the absolute value of the index, manufacturers are starting to worry about a possible cooling down of the propensity to invest due to the uncertainty caused by the war between Russia and Ukraine".

"The ongoing conflict is already bringing about great harm to the production activities of our enterprises, which must dramatically extend their delivery times of machinery, as they in turn have to wait for supplies of electronic components and materials, such as nickel, steel and cast iron".

"All this – stressed **Barbara Colombo** – risks causing problems to our customers who have to wait for the delivery of machines beyond the fixed term. Moreover, the lead time between the placement of an order, the delivery of a machine and the issuing of its invoice is 9-12 months today versus the usual 6-8 months. In such a long time lapse and in such an uncertain context, the price changes of raw materials may heavily affect the production cost of a machine, thus reducing the margins for machine tool manufacturing enterprises. In addition, the phenomenon of inflation is more and more evident and may act as a multiplier of prices, to the further detriment of profits deriving from production activity".

"In order to avoid that, at a certain point, we the manufacturers may decide not to accept any more orders or that our customers may decide to wait until the situation is clearer before sending their orders – continued **Barbara Colombo** – immediate Government intervention is required. For this reason, UCIMU-SISTEMI PER PRODURRE, together with other associations, ASSOFERMET, ANIMA and ANFIA, representing the most affected sectors, asked the Government authorities for a meeting to consider possible actions to mitigate the effects derived from the ongoing war".

“In particular, we ask for immediate intervention to arrange a working table with the Ministry of Economic Development, of Foreign Affairs and of International Cooperation, for the **definition of new supply channels for raw materials** as an alternative to the usual ones, which are now interrupted owing to the current situation. Moreover, in order **to ensure a correct operation in the production chains that use metals** – representing a very important share of the European industry – we think that **a temporary suspension of the EU measures should be taken into account**. Established in 2018 in response to the US customs duties on the imports of steel from Europe, these measures **set fixed quotas with regard to imports of iron and steel materials from third countries, imposing duties on the excess parts, thus highly penalising the players of the European manufacturing industry**”.

“In addition, although for several weeks the Government authorities have already been working on the definition of measures that may mitigate energy costs for private citizens and enterprises, we ask them to apply a maximum limit to energy costs not only in relation to renewable energy, but to all energy sources used by companies in their production activity”.

“Even if we are aware that it is necessary to support the “green” transition, we are compelled to stress how, in such an emergency situation as the present one, it is essential first of all, to ensure that the manufacturing industry - the first pillar of the economic system in our country and all over Europe - can continue its activity under the best possible conditions”.

“We mustn’t let our companies exit from the market owing to unbearable costs or stop because they are not able to carry on their production. It would be an irreparable social harm. Therefore, we believe that the “green” measures established by the European Union should be modified. First of all, in relation to the transition to electric motor. It should be clear that we do not require any disruption, but a re-scheduling of the transition from endothermic engine to electric motor, taking into account that the current situation is already very complicated”.

Cinisello Balsamo, 21 April 2022

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