

**UCIMU MEETING: EXCELLENT 2017 FOR THE MANUFACTURING INDUSTRY OF
MACHINE TOOLS, ROBOTS AND AUTOMATION. 2018 ALSO POSITIVE.****In the second quarter of 2018 the orders of machine tools grew (+2.8%).
Domestic orders are stationary (+0.5%). Foreign sales are positive (+3.6%)**

Massimo Carboniero, President of UCIMU-SISTEMI PER PRODURRE, stated: "With particular reference to the domestic market, the order index of the second quarter of 2018, back to a positive sign after the decrease of the first quarter, confirms the dynamism of demand expressed by Italian users, who started to invest again after the extension of the incentive measures for the whole year 2018. Obviously, we can no longer expect the increases registered last year, but the growth, even if moderate, shows that the market is still going up, stabilizing on record levels".

Cinisello Balsamo, 12 July 2018. A quite positive 2017 was the outcome of the Italian industry manufacturing machine tools, robots and automation systems, totalling a turnover of over 9 billion euro and highlighting an upturn for all main economic indicators.

Ranking fourth among manufacturers, Italy confirmed its third position among exporters; in addition, it stabilised its fifth place in the consumption ranking, as a testimony to the lively domestic demand that benefitted from the incentive provisions for competitiveness.

The forecasts for 2018 confirm that the positive trend will continue for the whole year. Production and exports will grow, but, exactly like in 2017, consumption, deliveries to the domestic markets and imports will register stronger increases, all of them double-digit rises, supported by the Super- and Hyper-Depreciation measures implemented by the Enterprise Plan 4.0.

This is, in brief, the picture of the situation illustrated by President **Massimo Carboniero**, this morning, on the occasion of the Annual Meeting of UCIMU-SISTEMI PER PRODURRE Member Companies, which was also attended by the President of Confindustria (Italian Industrial Federation), **Vincenzo Boccia**.

THE FINAL RESULTS OF 2017 (attached macro table)

In 2017, production, grown by 9.6%, reached 6,085 million euro. The outcome was due to the positive trend of the manufacturers' deliveries in the domestic market, gone up by 17.4% to 2,700 million, as well as to the good performance of exports, which, back to a positive sign, achieved 3,385 million euro, i.e. 4.1% more compared with the previous year.

In 2017, the main destination markets of the Italian offering were: Germany (343 million, -9.1%), China (342 million, +8.2%), United States (318 million, -9.8%), France (213 million, -5.1%), Poland (162 million, +17.8%), Spain (134 million, +15.3%), Mexico (122 million, +22.6%), Russia (8 million, +16.8%).

The result of consumption was very positive: for the third consecutive year, it registered a double-digit growth, achieving 4,464 million euro, i.e. 15.7% more versus 2016.

THE FORECASTS FOR 2018 (attached macro table)

The positive trend of the Italian industry of the sector will be confirmed even in 2018, as shown by the forecast data processed by the Studies Dept. of UCIMU. In particular, production will go up by 9.3% to 6,650 million euro. Consumption will attain 5,070 million euro, i.e. 13.6% more versus 2017, driving both the manufacturers' deliveries in the domestic market, expected to grow by 15.2% to 3,110 million, and imports (1,960 million, +11.1%).

Export will also keep on increasing: with a 4.6% rise it will reach the value of 3,540 million euro. The data recorded by the sales of machine tools overseas in the first three months of the year confirm the positive trend (attached Export Table). The export/production ratio, decreased owing to the recovery of Italian demand in 2014, will go down again, reaching 53.2%.

POSITIVE PERFORMANCE OF ORDERS IN THE SECOND QUARTER OF 2018

In the second quarter of 2018, the index of machine tool orders grew by 2.8% compared with the same period of the previous year, with an absolute value of 140 (base 2010=100). After the reduction registered in the first quarter, the domestic index showed a positive sign again, standing at +0.5% (absolute value 181.4), thus proving that the stop at the beginning of the year was due to the uncertainty about the extension confirmation of Super- and Hyper-Depreciation provisions. Foreign sales were also positive, marking a 3.6% upturn, with an absolute value of 128.5.

Massimo Carboniero, President of UCIMU-SISTEMI PER PRODURRE, affirmed: “We closed a really positive 2017 and the year 2018 should be just as favourable. As highlighted by the forecasts and by the latest data concerning the index of orders, both the foreign and the domestic markets are giving satisfactory results to the Italian enterprises of the sector”.

“With particular reference to the domestic market - continued **Carboniero** – the last order index of the second quarter of 2018, back to a positive sign after the decrease of the first quarter, confirms the dynamism of demand expressed by Italian users. As we had supposed, the reduction was mainly due the decision of customers to pass their orders in advance, at end of 2017, when the effectivity of the Super- and Hyper-Depreciation provisions was certain. After the initial stop, the Italian users almost immediately started to invest again, when the provisions were confirmed for the whole year 2018. Obviously, we can no longer expect the increases registered last year, but the growth, even if moderate, shows that the market is still going up, stabilizing on record levels”.

“This last data collection proves the validity of the instruments for competitiveness and also the need of the Italian manufacturing industry to invest in new technologies. Nobody invests in state-of-the-art manufacturing systems if it is not necessary and the survey of FONDAZIONE UCIMU-Eumetra, presented at the end of June, highlights that 50% of the **Italian metal and mechanical enterprises made investments in new machines in 2017**”.

“The point is that not all companies are aware that they have to innovate their production plants. **Small- and mid-sized enterprises need time to evaluate and start investments and this applies even more to Industry 4.0 that carries real organization revolutions, more difficult to imagine and to implement**”.

COMMENTS AND PROPOSALS OF INDUSTRIAL POLICY

Measures for competitiveness

“We ask the authorities of the new Government to **extend the effectivity of the Super- and Hyper-Depreciation provisions**, maybe adjusting the coefficients, but leaving enough time for the enterprises to make their purchase decisions. Moreover, in the long term, Super-Depreciation should become structural to accompany all Italian enterprises – of all sizes, but mainly small-sized companies that are the less structured in terms of 4.0 - in a process of constant and periodical upgrade. If this were not possible, we ask to introduce at least a system of free depreciations, also because coefficients have not been modified since 1988 and they certainly do no longer mirror the pace of renovation required by the market nowadays”.

Education and Training

“In addition, it is necessary to accompany this introduction process of new technologies with an equal commitment focused on the real resource of enterprises: people. For this reason, we ask to improve the provision dedicated to professional education and training, as defined in the Enterprise Plan 4.0. In our opinion, **the 40% tax credit**, currently applied only to the work cost of the employees involved in professional education and training, **should be also extended to the cost of courses and of required trainers**, which is usually the heaviest expense for small- and mid-sized companies. We must incentivize the enterprises to update the skills of their staff. With regard to young people, the work should continue on ITS, the institutes of high-technical education and training after the high-school diploma, whose geographical presence should become more widespread”.

Employment

“**With regard to employment** – stated **Carboniero** – we think that the contents of the “Dignity Decree” are anachronistic. We need a context that could ease the access of young people to the labour market as much as possible and that could allow the enterprises to invest in new resources with the right peace of mind. **To stimulate the**

enterprises to take on new employees and to offer open-ended contracts, it is necessary to intervene on the reduction of tax wedge, with full tax abolition and social contributions relief for the first years of employment and certainly not with the elimination of fixed-term contracts and the revision in the field of tax litigations that will create new, additional bureaucracy for enterprises”.

Relocation versus internationalisation

We need a free and open market, more than before, and a strong European Union for a strong Italy. We ask our Government authorities to reason on the real nature **of the Italian industry that needs strategic alliances among countries and support to foster the development not only of the enterprises, but of the whole society”.**

“In this sense, **the reasoning on the relocations included in the “Dignity Decree”**, which we hope may be amended by Parliament, appears to be a dangerous deterrent for those who intend to develop their business. **Italian enterprises need to grow and develop to be present in the foreign markets.** Only in this way, they can remain competitive. The decree does not distinguish between relocation and internationalization with the due precision”.

“One thing is the complete shutdown of production activity in Italy, with a consequent loss of employment, due to its transfer to a country where conditions and costs are more favourable. A different thing is the transfer of a part of production or even the opening of production facilities of Italian enterprises in other countries, without affecting the employment in Italy. **These last operations should be incentivised, not penalised”.**

“**Secondly, the increase in rules and restrictions - concluded Carboniero – will do nothing but discourage the foreign players that are already working in our country or intend to.** This means fewer opportunities to create new work places and fewer business opportunities for the Italian enterprises that are suppliers of the foreign players having their own factories in Italy”.

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