



Welcome to the CELIMO International Meeting

EMO Hannover
Thursday 22nd September 2011



AGENDA

! International Presentations

- EUROPE, Geoff Noon, CELIMO Secretary
- USA, Van Crofts, AMTDA Past Chairman
- JAPAN, Hiroshi Usami, JMTDA Executive Director
- INDIA, Mr Shailesh Seth, former President, IMTMA



The Countries of CELIMO

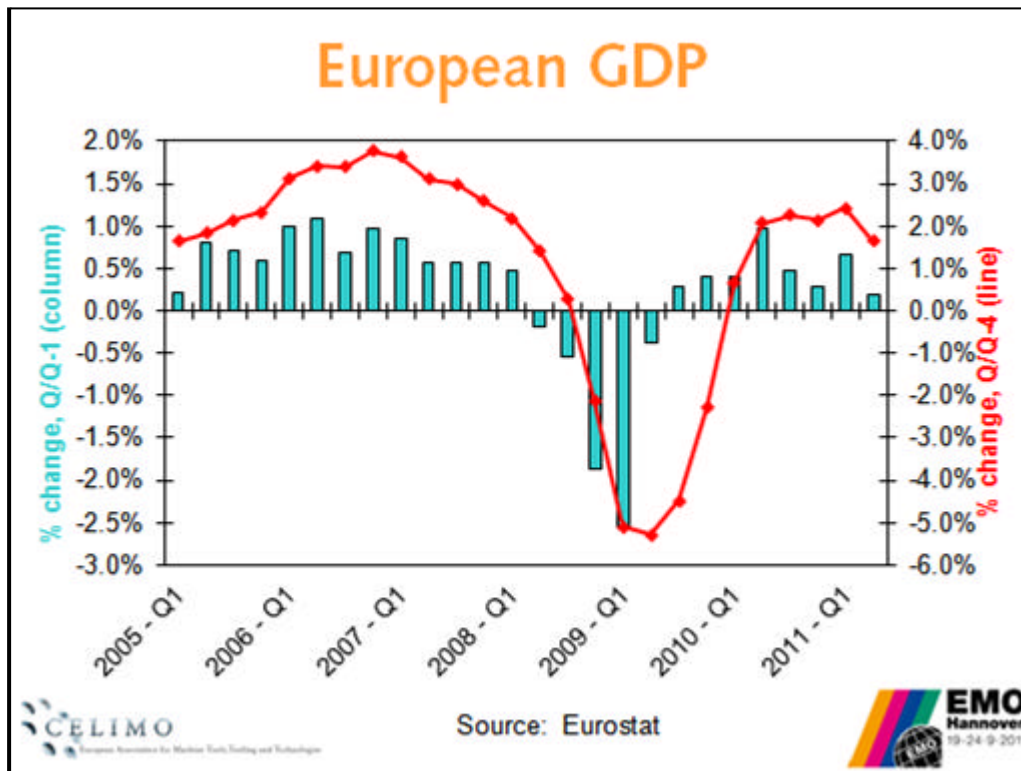
- **CELIMO covers 13 European countries**
 - Austria
 - Belgium
 - Germany
 - Finland
 - France
 - Italy
 - Netherlands
 - Norway
 - Spain
 - Sweden
 - Switzerland
 - Turkey
 - United Kingdom



We were delighted to be able to welcome the new Spanish Machine Tool Importers Association (AIMHE) into CELIMO last year, developing a contact we made at EMO in Milan in 2009. Spain had been one of the founder countries of CELIMO, so we were delighted to hear of the creation of the new Association there.

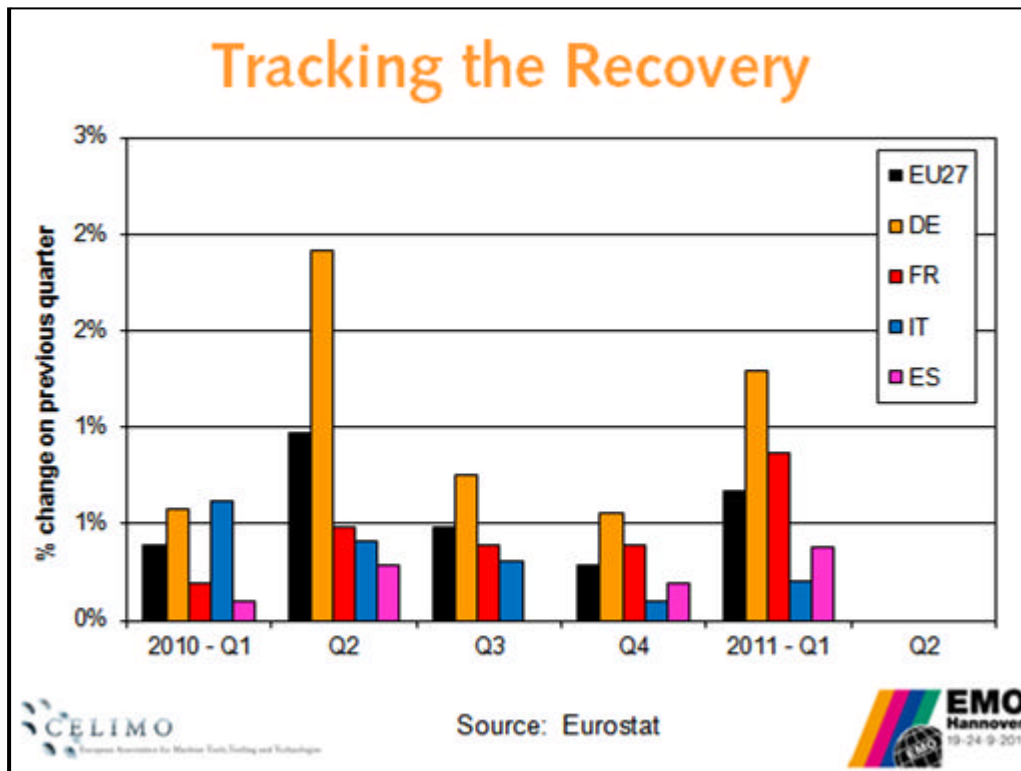


You can contact our member associations via our web-site. The members section has links to the association web-sites and we try to keep the site as fresh as possible with updates of news and information.



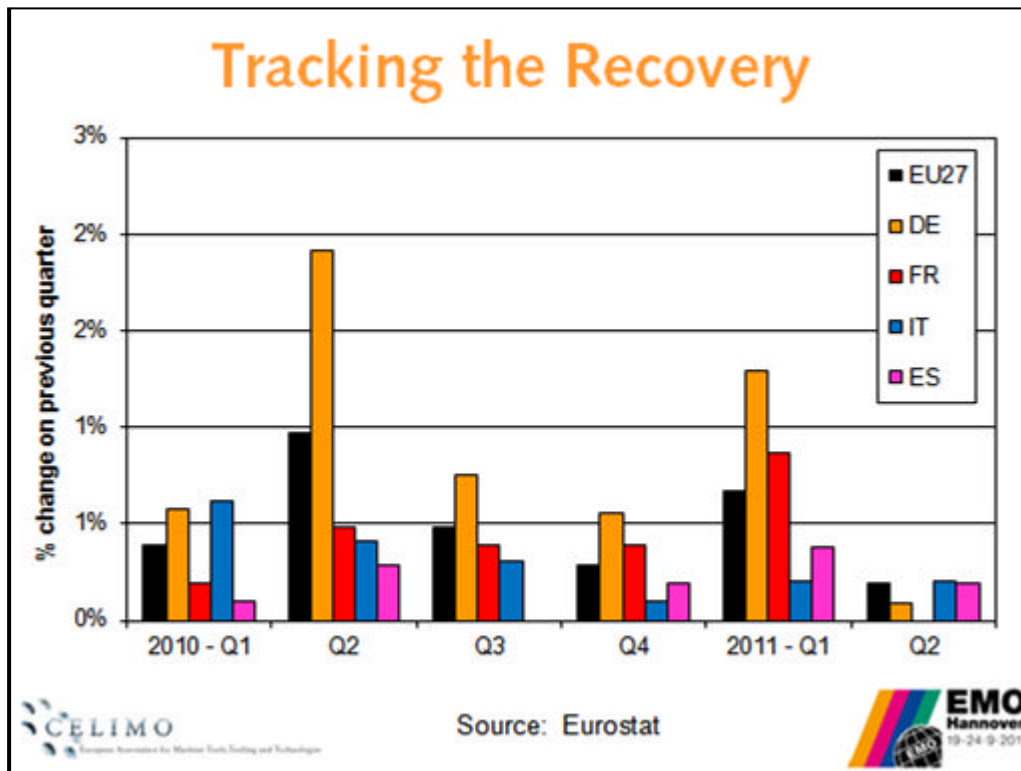
The chart shows the extent of the recession in Europe - it uses data for all of the EU27 countries put together.

The European economy was growing at nearly 4% per annum by the end of 2006 and we were already seeing the pace of this growth moderate during 2007; the recession then began in the 2nd quarter of 2008, with the first positive quarter-on-quarter trend coming five periods later in the 3rd quarter of 2009. As we came out of the recession, growth had accelerated to nearly 2½% at the start of this year, but the figures for the 2nd quarter were the weakest yet in the recovery phase.

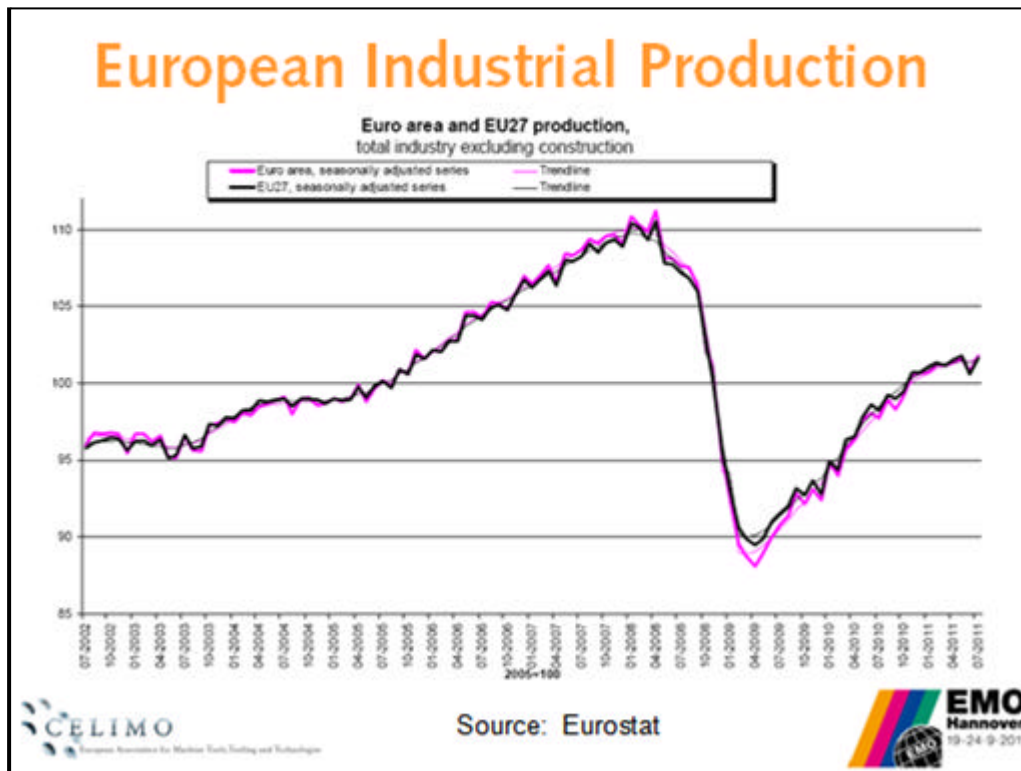


This chart tracks the quarter-on-quarter growth rates (the columns in the previous chart) for the EU27 and for 4 of the major economies. We can see the strong, if slightly patchy, performance of the German economy, with France also doing pretty well, especially in the 1st quarter of 2011.

Italy was doing quite well for the first 6-9 months of 2010, but the Spanish economy was struggling to see much recovery at all.

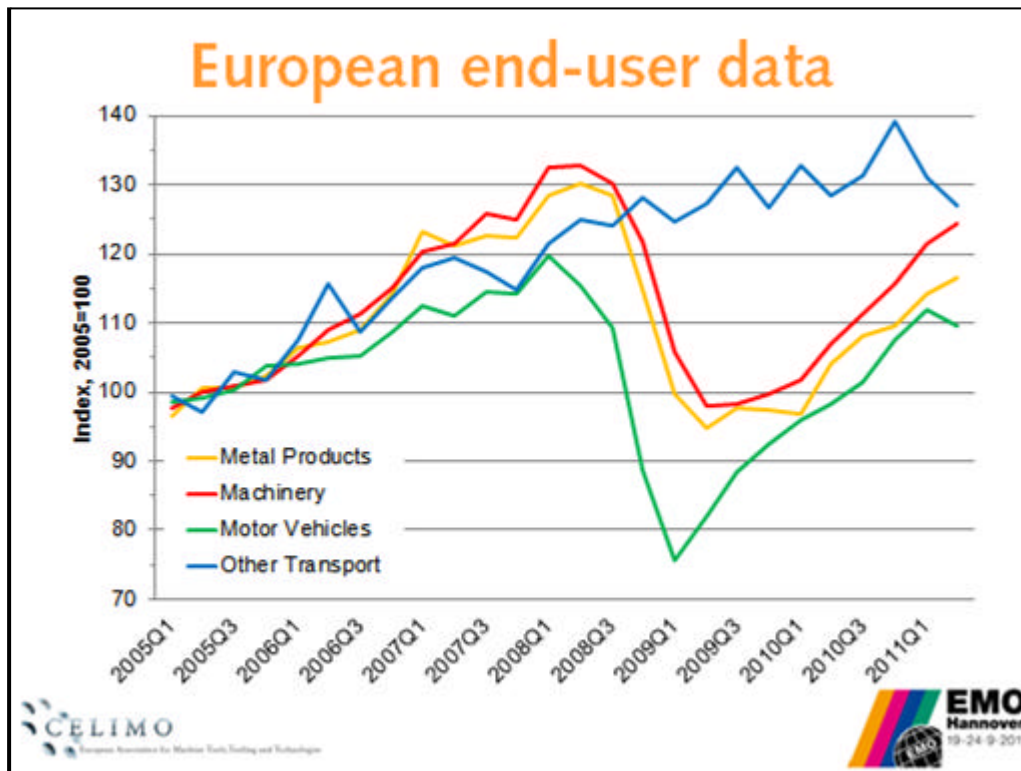


The we come to the figures for the 2nd quarter of this year, which saw a much reduced rate of growth in Germany and the French economy flat-lining. Combined with little improvement in other major economies, this dragged the growth rate for Europe as a whole.



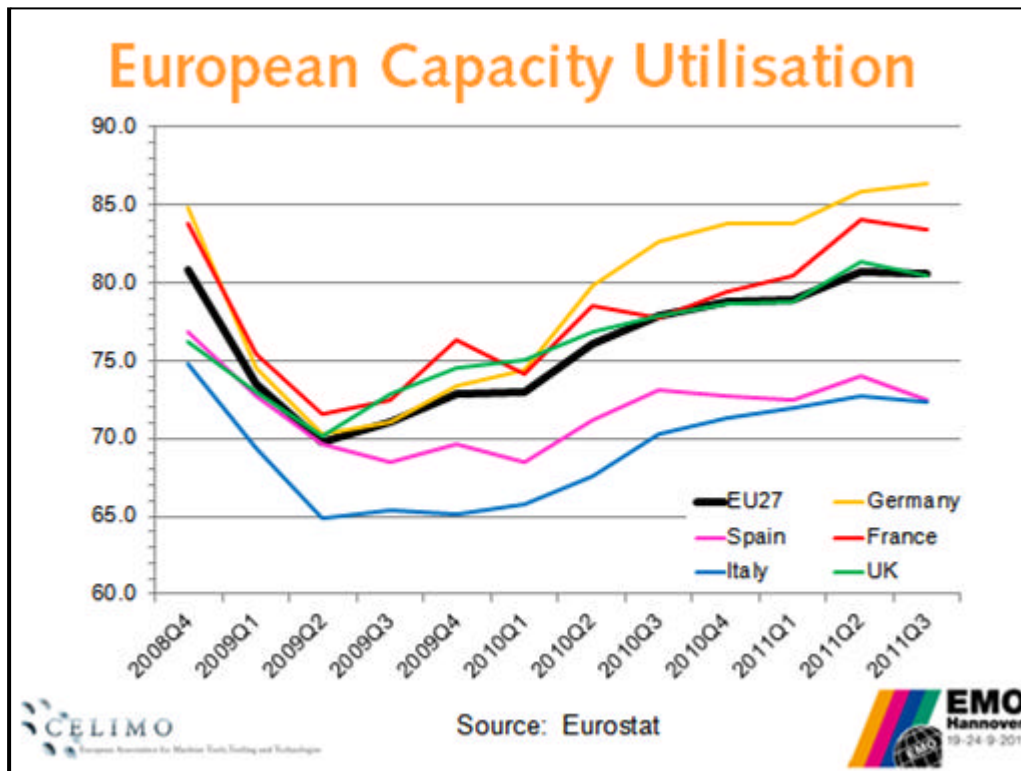
The peak to trough decline in total industrial output during the recession for the euro-zone (pink line) was about -21%; the EU27 as a whole did not do quite as badly, only falling by about -19%, but it was still a very significant decline.

The recovery phase has been steady rather than spectacular with some temporary dips along the way; indeed it looks as though June saw one of those dips, but output recovered in July for both regions.



This chart shows the trends in output for 4 key end-users sectors for the EU27 as a whole. “Other Transport” includes Aerospace, Railway Equipment and Shipbuilding and some other activities - most things except motor vehicles in fact.

The Other Transport sector in Europe did not see the recession at all and although the past 6-9 months have seen turnover falling, it still remains at a high level. Of the other three sectors, the largest peak to trough fall was in Motor Vehicles (-37%) and output here is only back to the 2006 levels, as it is for Metal Products where the recovery has been more modest; output of the Machinery sector has recovered well, but is still only back to 2007 levels and is still -6.5% below the pre-recession peak



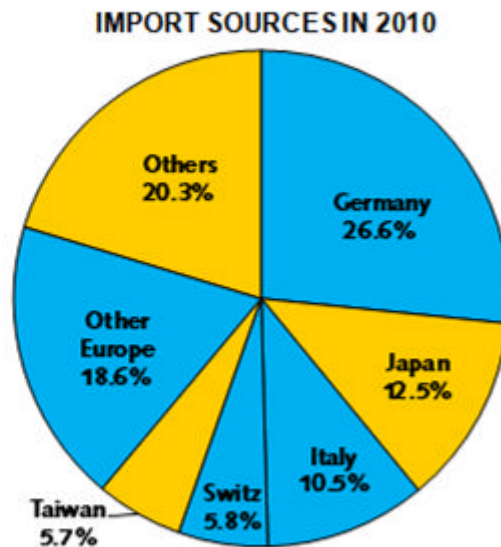
The chart shows the a measure of capacity utilisation rates in the European Union and five of the major economies. Although the data is only available back to the final quarter of 2008 it does clearly show the trough of the recession, as well as where the recovery has been concentrated.

In Germany and the UK, the index is above the level at the end of 2008, as it was for France until the dip in the latest period; as a result mainly of this, so is the index for the whole of the EU27. Spain and Italy continue to struggle for growth.

The recovery in this indicator is good news as it suggests that end-users will need to invest to expand their capacity.

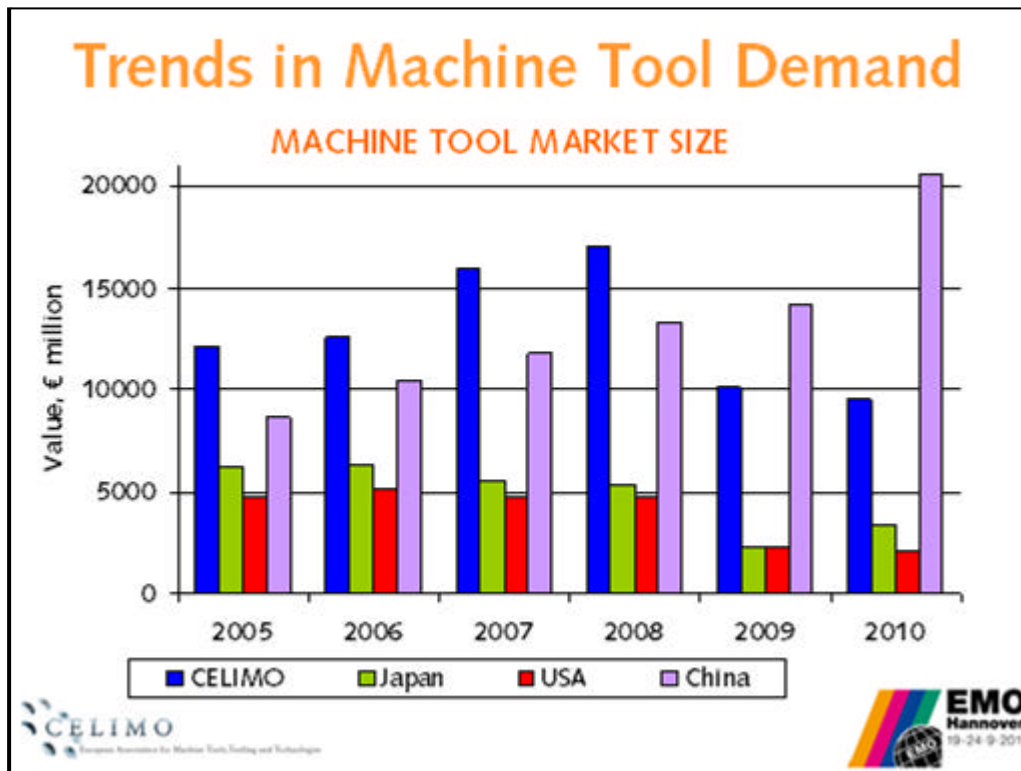
The Source of Machine Tool Imports

- Germany is the most important source of imports into the other CELIMO countries
- The European countries account for over 60% of imports
- Japan and Taiwan are the other major sources



For machine tools (we don't have the data for the other sectors), 61.5% of the business of the CELIMO Associations Members (that is, total machine tools imports into the CELIMO country markets) come from other European countries which makes our Members important partners of the manufacturers they represent.

Of the "others", the USA, China and South Korea are the largest source countries.

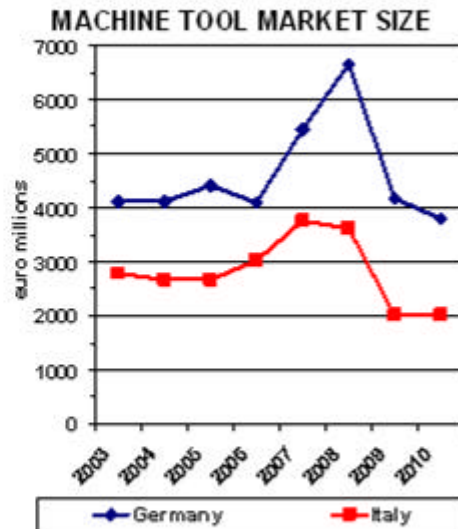


This chart places the size of the market for machine tools in a global context. The CELIMO area was overtaken by China as the largest market during the recession. Perhaps more correctly, this should be called the “Western recession” (including Japan in the definition of “Western”), as neither China or India saw a decline in their machine tool market.

We will hear more later about the USA, Japan and India, so I shall concentrate my comments on Europe.

Key European Markets

- The two largest machine tool markets in CELIMO are Germany and Italy.
- They have seen a similar pattern through the recession; timing within the market explains the dip in 2010.
- Germany accounted for 40% of the market in the CELIMO area in 2010.

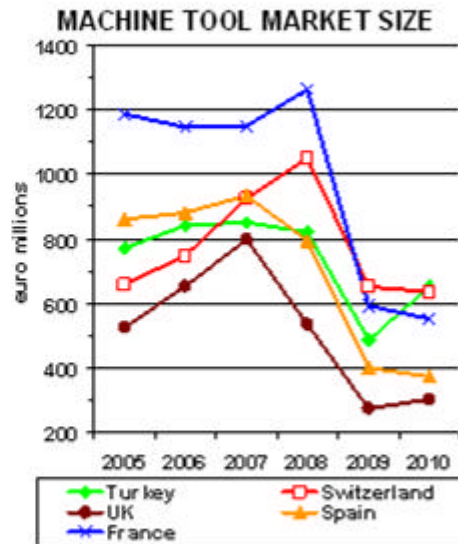


The market for machine tools in Germany and Italy cycled through the boom and the recession. The German market is generally high-technology equipment which has longer lead times, which explains why the market was still falling in 2010.

The cycle in Italy was a little ahead of Germany with the peak in 2007, with the reduction starting in 2008 rather than 2009.

Medium-sized Markets

- The French, UK and Spanish markets showed a large fall in the recession and remain significantly below the 2005 level.
- The Swiss market had grown strongly before the downturn and is now close to where it was in 2005.
- Turkey is now the 3rd largest market in Europe and the only one to see growth in 2010.

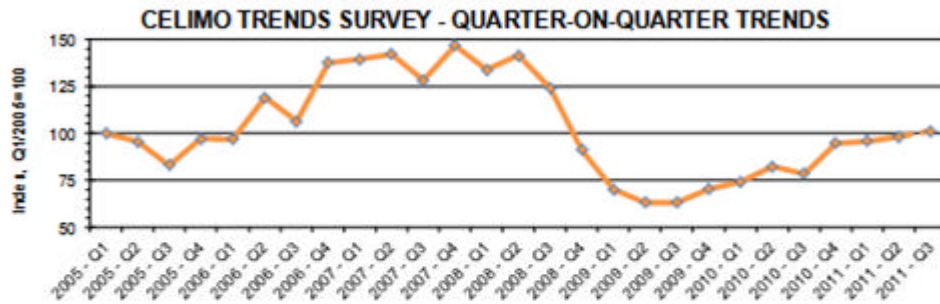


Behind this are five medium sized markets, although with varying trends through the recession and recovery.

The French, UK and Spanish markets all suffered similar fates with a large fall in the market during the recession and only the UK showing any recovery during 2010; they all remain well below the size they were in 2005.

The Swiss market did not fall as much in percentage terms in 2009 and thanks to growth before the recession, the level in 2010 is close to the 2005 point. Turkey, which in 2010 was, just, the 3rd largest market in the CELIMO area, was the only country to see significant growth last year.

CELIMO Trends Survey



- The CELIMO Quarterly Trends tracks the market for machine tools
- Growth in 2011 has been slower than through 2010.
- It remains to be seen whether we avoided the seasonal dip in the 3rd quarter



Our Quarterly Trends Survey tracks the market for machine tools.

During 2010, there was growth of +35%. If the prediction for the 3rd quarter is correct (and if it is, this will mean no repeat of the usual seasonal dip in the summer months, perhaps hidden by a positive trend), then growth in the first nine months of 2011 will have been just +7%; it would take growth of +25% in just the final quarter to match the pace of growth in 2010, although this was achieved in the final period of 2006.

Summary - The Outlook for 2012

- High level of uncertainty
- Strong performance by the capital goods sector, but can it continue ...
- ... given the worries about debts in the Euro-zone ...
- ... and its impact on confidence?
- There are also risks from the global economy



The current economic situation is characterised by a high degree of uncertainty. Within the euro-zone, the recent months have seen increasing uncertainty about the Spanish and Italian economies, as well about the viability of the rescue packages, especially for Greece. While this is not a major economy, failure of just one member of the euro-zone could trigger a more wide-spread collapse of vulnerable economies.

At the very least, confidence would take a hit and investment would be the first to suffer, especially if there were a further credit squeeze.

Outside of Europe, there are risks from other economies, including the USA and even China, which would have a detrimental effect on Europe.