

Brussels, 11 May 2011

European engineering industries outlook 2011: High hopes despite political and economic challenges inside & outside Europe

Orgalime economists estimate the engineering industry's value of production in EU27 reached some €1 400 billion in 2009 and €1 510 billion in 2010. All major sub-sectors in Orgalime industry showed robust growth in 2010. The highest growth was registered in the electrical and ICT sector with growth close to 10%. Metal products grew by an estimated 6.7%, mechanical engineering by 6.1% and electrical and electronics including instruments and ICT by 9.7%. Overall, output of Orgalime industries increased by an estimated 7.5%, which was well above the long-term average growth rate of about 3%.

Commented Orgalime President Richard Dick: *"Despite the overall improvement, the industry still has some way to go before the level of production is back to pre-crisis level. We need to keep in mind that the output of the engineering industries, represented by Orgalime, fell by a dramatic 20% in 2009. Although optimism is higher for the next years, we can not rule out that political unrest in some countries, as well as shortage of components and rising input prices, will have negative effects on the business of European engineering companies."*

The expansion of Orgalime's industry in 2010 was mainly driven by exports, in particular to high growth economies in Asia and Latin America. Altogether Orgalime exports (inside and outside the EU) increased by 13% in volume in 2010. Employment, however, decreased for the second year running although many companies made clear efforts to try to keep their staff, so as to mitigate the problem of lacking skilled personnel for the expected rebound of the economy.

Orgalime Director General, Adrian Harris highlighted that *"the framework conditions for companies operating in Europe need to improve to prevent a drift of industrial investment and, in the end, jobs overseas. Our policymakers should be making tangible efforts that will convince companies that the EU is a prime investment location with a manageable and coherent framework. Our industry, whose technological innovations meet many challenges of our society and environment today, needs attractive markets and operating conditions in Europe too."*

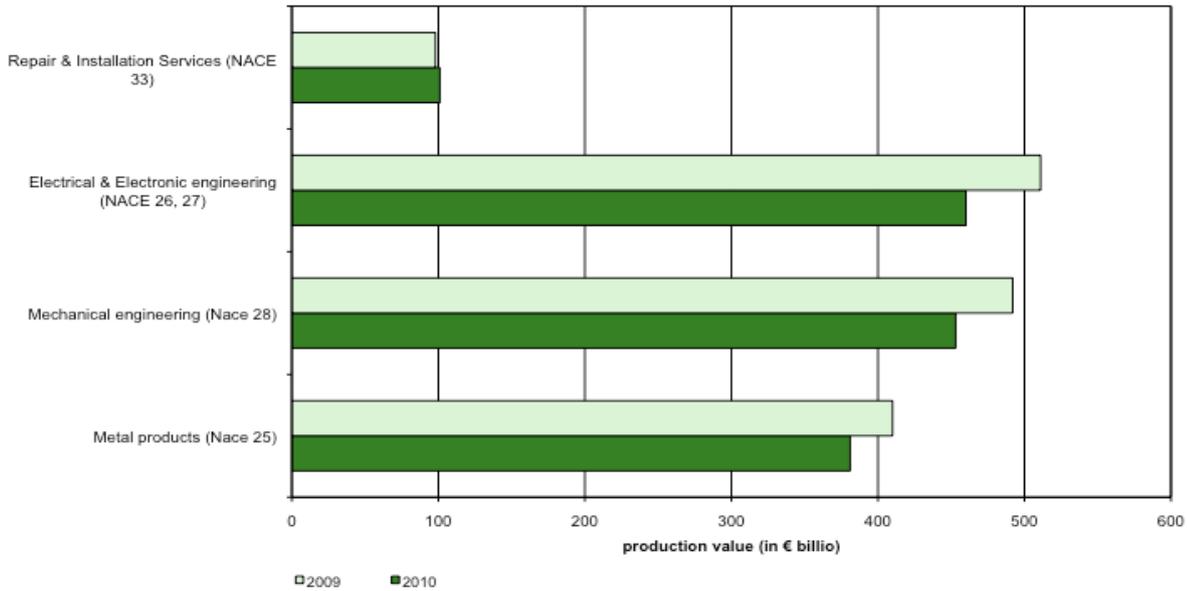
For 2011 Orgalime economists expect an increase in volume of production of about 7% and in some EU countries engineering, our industry hopes to recover pre-crisis levels of production in 2011 or 2012. However the picture strongly varies across sub-sectors and the outlook is not uniform throughout Europe: some countries are still struggling with hardly any growth or are burdened with the need of running a very tight budget in order to redress their financial situation.

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Notes for the editor: See over...

Orgalime, the European Engineering Industries Association, speaks for 32 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 22 European countries. In 2010 the industry employed some 9.7 million people in the EU and accounted for some €1,510 billion of annual output. The industry not only represents some 28% of the output of manufactured products but also a third of the manufactured exports of the European Union.

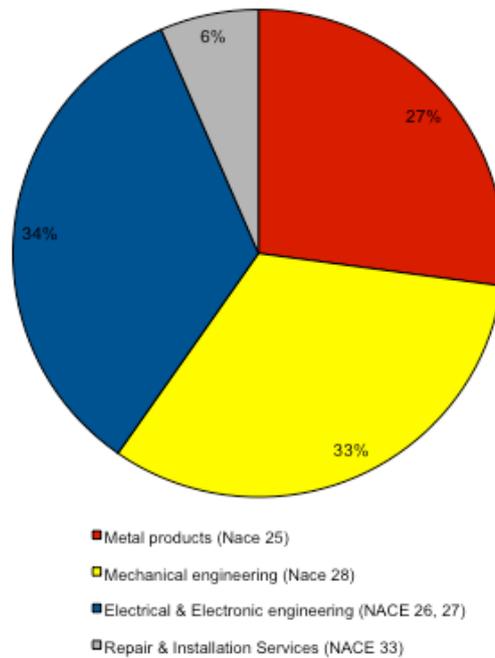
Orgalime Industry Sectors Output 2009/2010



European Engineering 2010 (according to available Eurostat data)

Output	€1 510 billion
Exports outside EU	€462 billion
Exports total	€1 142 billion
Fixed Investment	€46.5 billion
Employment	9.7 million

Orgalime Industry Sectors' Comparative size 2010 Total production value: € 1.510 billion



The European Engineering Industries Association