



# 4th Mechanical and Electrical Engineering Business Forum

*Riga, 24 November 2021*

# What we'll cover

---

1. Post-covid economic outlook
2. Europe's new industrial strategy
3. 2030: from crisis to opportunity

# Europe's largest industrial branch



Mechanical  
Engineering



Metal  
Technology



Electrical Engineering,  
Electronics, ICT

Annual turnover



**2,126**  
billion EUR

Direct employment



**11.33**  
million people

Annual exports



**567**  
billion EUR

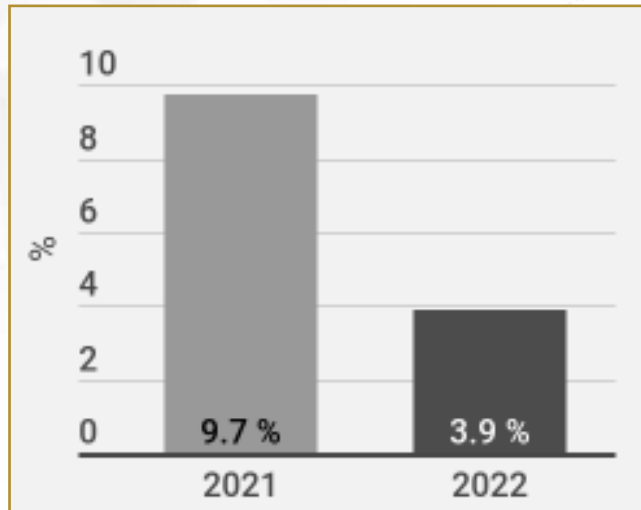
Our industries comprise of



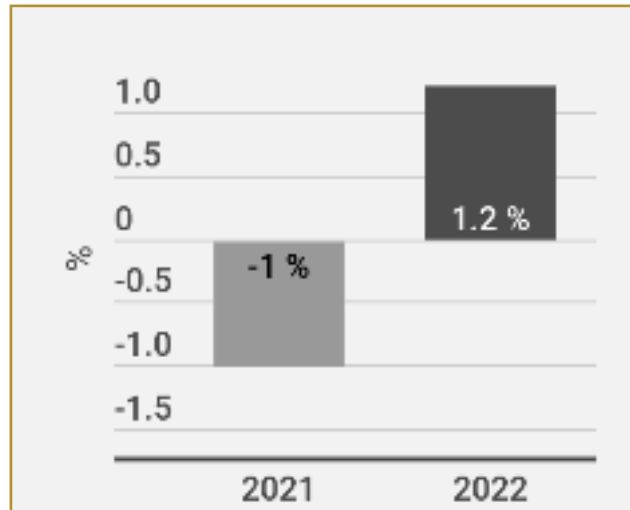
**770,000**  
companies  
the vast majority of which are  
SMEs and microbusinesses

# Strong recovery in 2021 but slowdown expected

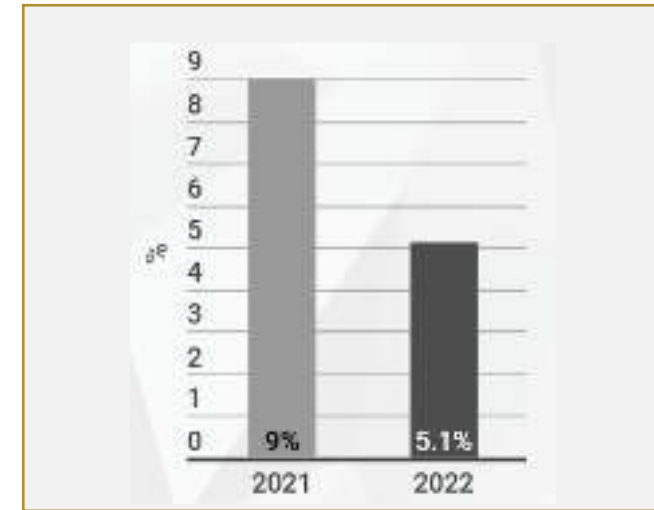
Turnover



Employment

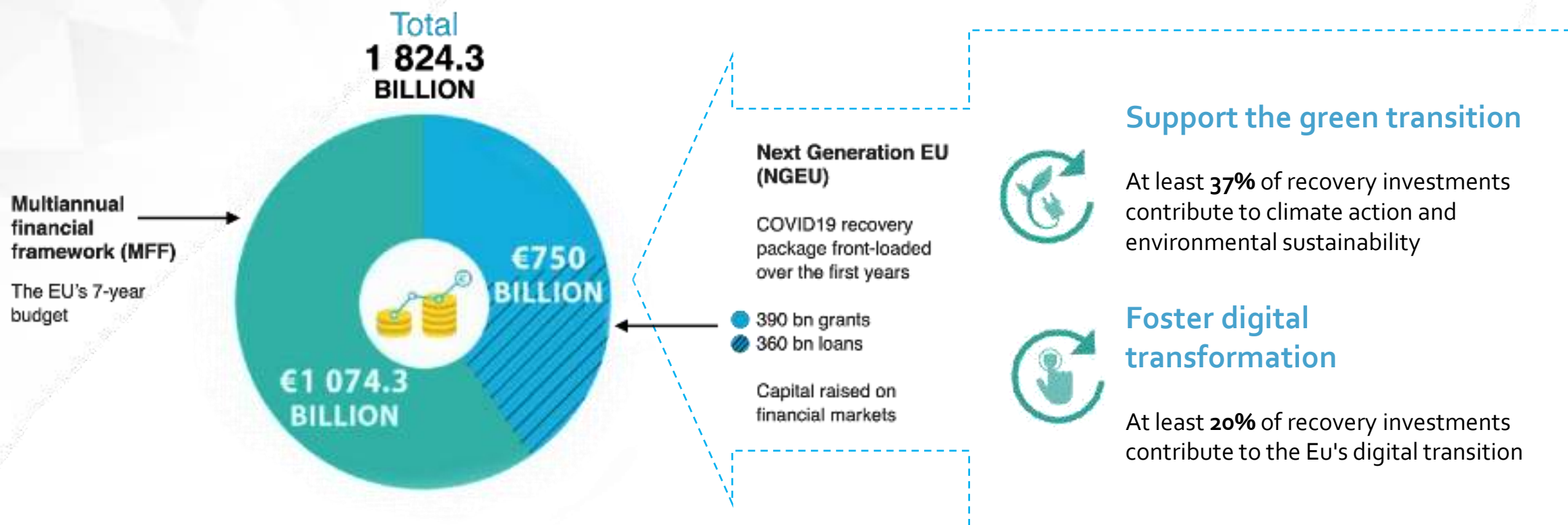


Investment



- Big upswing, as demand surged in 2<sup>nd</sup> and 3<sup>rd</sup> quarters: + 9.7% turnover growth forecast for 2021
- 4<sup>th</sup> quarter slowdown expected amid supply chain disruptions
- Despite strong demand, 2021 employment down 1% (phase-out of public support schemes)
- Solid recovery in investments, but remains below pre-crisis level in 2021
- Turnover growth is forecast to slow to +3.9% in 2022
- Lack of skilled labour a major brake on growth

# Unprecedented EU recovery stimulus: a pivotal moment



# The crisis as a catalyst for “de-globalisation”?

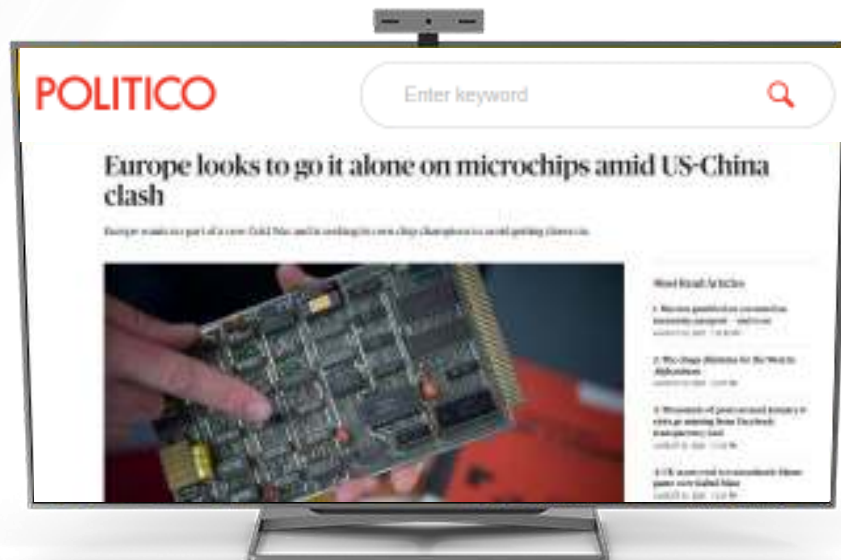




# Europe's new industrial strategy

---

# Industrial policy is back







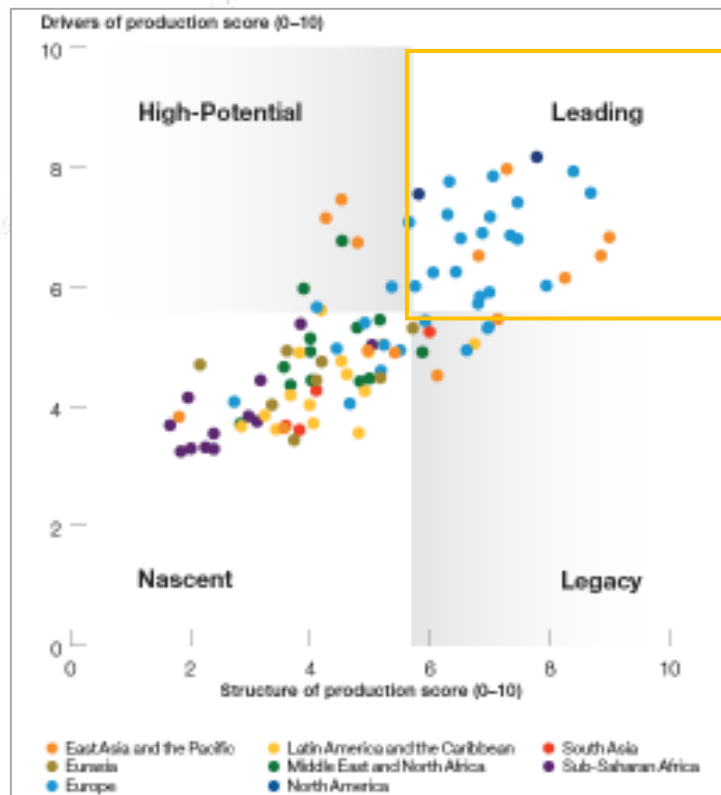
# Manufacturing at the heart of Europe's renewal

---



























# Advanced manufacturing is our strategic differentiator

Europe can be the primary beneficiary of the global 4<sup>th</sup> industrial revolution: convergence of OT and IT creates breakthrough innovations in both industrial products and production processes, and enables the emergence of new business models

Global “Future of Production” Readiness



18 of top 25 countries are in Europe

		Structure of Production		Drivers of Production	
Region	Country	Score	Rank	Score	Rank
Leading Countries					
	 Austria	7.46	9	6.79	19
	 Belgium	6.61	24	6.00	17
	 Canada	5.81	33	7.54	7
	 China	6.86	6	6.14	26
	 Czech Republic	7.84	8	6.01	26
	 Denmark	8.99	27	7.90	10
	 Estonia	5.75	34	8.00	27
	 Finland	7.00	14	7.16	11
	 France	8.87	18	8.89	14
	 Germany	8.68	3	7.58	6
	 Ireland	7.84	10	6.06	16
	 Israel	8.43	25	8.24	23
	 Italy	6.93	15	5.90	30
	 Japan	6.99	1	6.02	16
	 Korea, Rep.	8.85	2	6.61	21
	 Malaysia	6.01	20	6.61	22
	 Netherlands	6.82	26	7.76	5
	 Poland	8.83	19	5.83	31
	 Singapore	7.88	11	7.86	2
	 Slovenia	8.80	21	5.71	32
 Spain	8.05	29	8.23	24	
 Sweden	7.86	8	7.40	8	
 Switzerland	8.09	4	7.82	3	
 United Kingdom	7.05	13	7.84	4	
 United States	7.78	7	8.16	1	

# A new EU approach: industrial “ecosystems”



**orgalim**  
EUROPE'S TECHNOLOGY INDUSTRIES

- Systematic analysis of ecosystems
- KPIs and tracking of progress
- Development of “transition pathways” (green & digital)
- Identification of investment needs

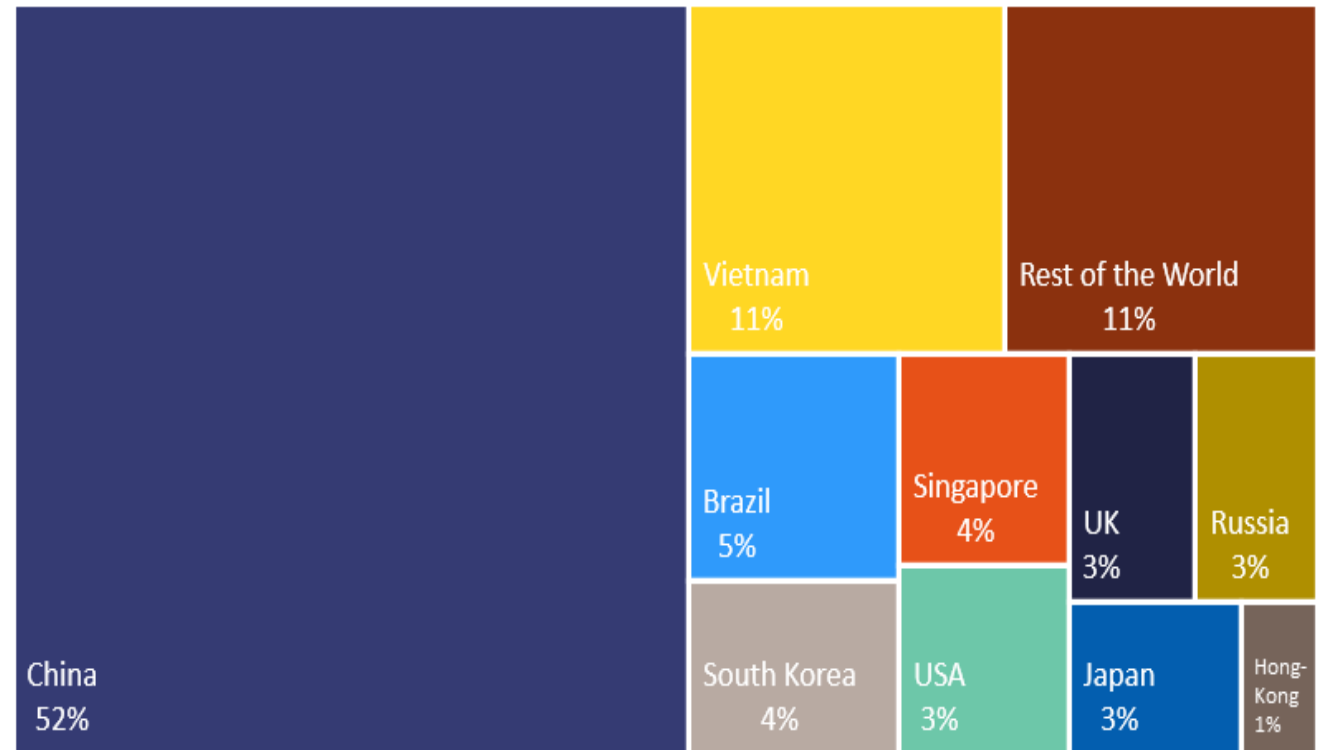


# The EU focus: "Strategic Autonomy"

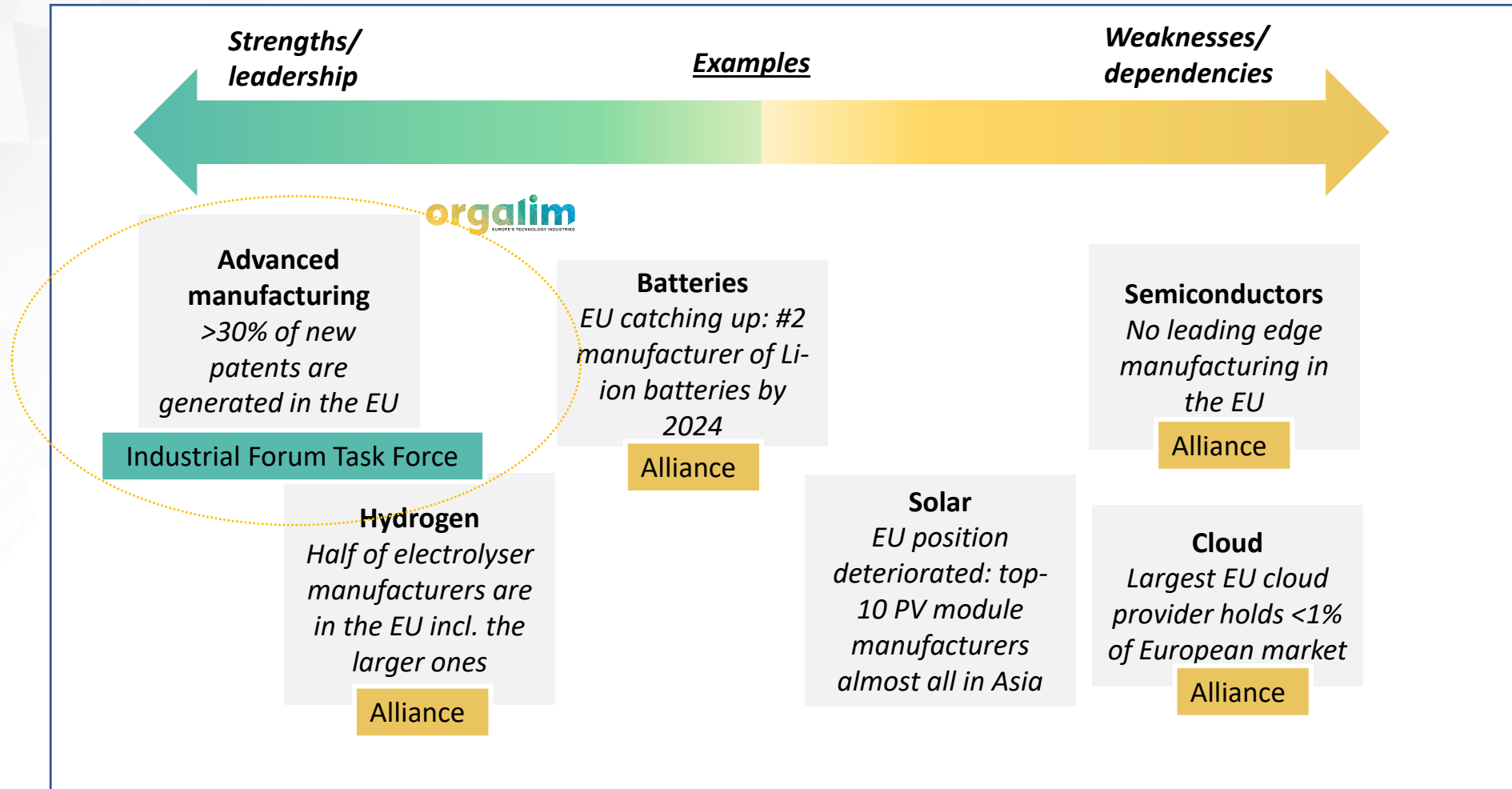
## EU mapping of "strategic dependencies"

1. "Dependency": high concentration of imports and limited production in the EU
2. Bottom-up screening found 137 products in sensitive sectors (6% of EU total import value of goods) for which the EU is highly dependent
3. Origin of dependencies: More than 50% originate in China

## Dependencies by origin (% of imports)



# EU strategic capacity: leveraging our strengths





# 2030: from crisis to opportunity

---

# Promising Lead Markets for our industries

---



# Where things can go wrong

---



**“Europe first”**



**Short-termism**



**Regulatory burden**

# A regulatory “tsunami”

Q1 2022	Q2 2022	Q3 2022	Q4 2022
Legislative proposal on Construction Products	Legislative proposal for a revision of the Urban Wastewater Treatment Directive	Legislative Proposal for revision of the Product Liability Directive	Legislative proposal to review REACH Regulation
Delegated Act – Outdoor Noise Directive tbc	EU Taxonomy Regulation: 2nd DA for environmentally sustainable activities	Legislative proposal on the right to repair	Legislative proposal to review the RoHS Directive
Legislative proposal on sustainable products policy including a revision of the Ecodesign Directive + Digital Product Passport	Legislative proposal to review Packaging and Packaging Waste Directive	Legislative proposal on carbon removal certification	A regulatory framework for certification of carbon removals
Legislative proposal for a Regulation on substantiating environmental claims using the Product/Organisation Environmental Footprint (PEF/OEF) methods	Public consultation on a proposal to review the Waste Framework Directive	Legislative proposal European Cyber Resilience Act	Legislative framework for the harmonised measurement of transport and logistics emissions
Empowering the consumer for the green transition	Proposal for a revised vertical + horizontal block exemption Regulations	Publication by ECHA of the dossier on the restriction of PFAS	Review of the CO <sub>2</sub> emissions standards for heavy-duty vehicles
Legislative proposal to review the Industrial Emission Directive (IED)	Action plan on digitalising the energy sector	Recommendation on improving the provision of digital skills in education and training	Restriction on microplastics
New strategy on international energy engagement	Legislative proposal for European chips act	Recommendation on the enabling factors for digital education	Measures to reduce the release of microplastics in the environment
Single Market Emergency Instrument	New joint Communication on a partnership with the Gulf	Facilitating small and medium sized enterprises’ access to capital	Revision of the Union customs legislation

# Looking Forward

Post Covid 19 “era”  
of industrial policy

- **More government** in the private sector
- **More EU** (and national) regulation
- **More regional supply chains**
- **Higher inflation**

Our industry is at the  
core of the ***Green &  
Digital transformation***

- **Strong strategic position** for our political objectives
- Solid political foundation, occupying **key roles in key areas of influence**
- But: structural disadvantage vs other industry sectors

**We need to invest at all levels to remain  
“fit for the new era”**



**SHAPING A FUTURE THAT'S GOOD.**

---

Thank you



[www.orgalim.eu](http://www.orgalim.eu)



[@Orgalim\\_EU](https://twitter.com/Orgalim_EU)



[Orgalim](https://www.linkedin.com/company/Orgalim)