

Industry Trends and Challenges in Latvia

Toms Grinfelds

Chairman of the Board

MASOC – Association of Mechanical Engineering and
Metalworking Industries of Latvia

Digital Transformation of the Engineering Industries in the Baltic Sea region
Conference in the framework of “Tech Industry 2018”

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Association of Mechanical Engineering and
Metalworking Industries of Latvia

www.masoc.lv

MASOC – Association of Mechanical Engineering and Metalworking Industries of Latvia

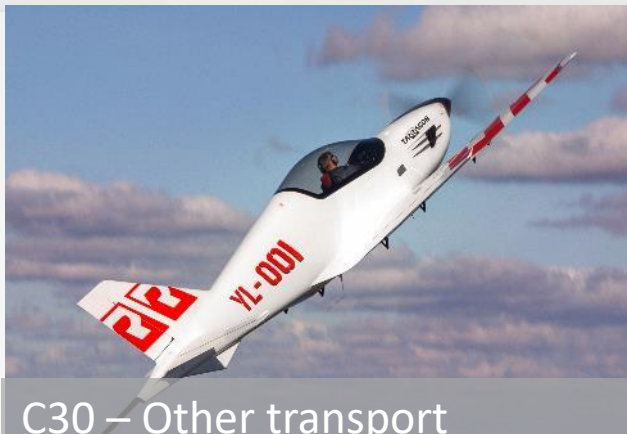
- Established in 1994 as informative and consultative centre for the specified industrial sector
- Voluntary, membership based organisation
- 165 members (companies, education and research institutions)
- Member companies produce over 70% of the sector's total output, over 50% of sector's employment
- Implements activities typical for trade associations and cluster organisations
- The main goals:
 - **To promote the competitiveness and growth of the sector;**
 - **To promote mutual cooperation**
 - **To promote professional growth of the specialists in the sector**



What is mechanical engineering and metalworking industry in Latvia?



C29 – Automotive



C30 – Other transport



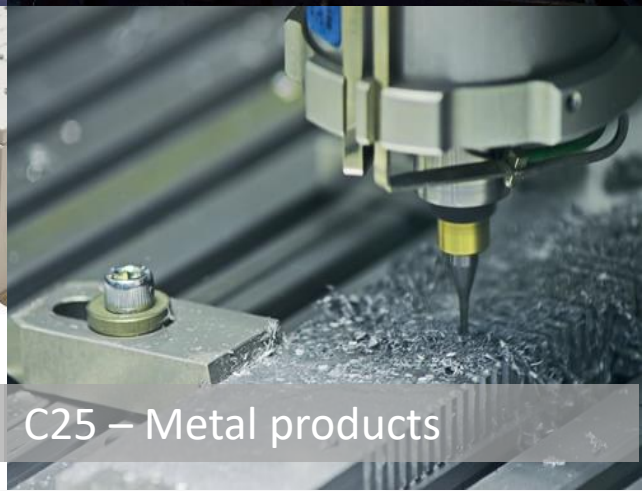
C24 – Production of metals



C28 – Machinery



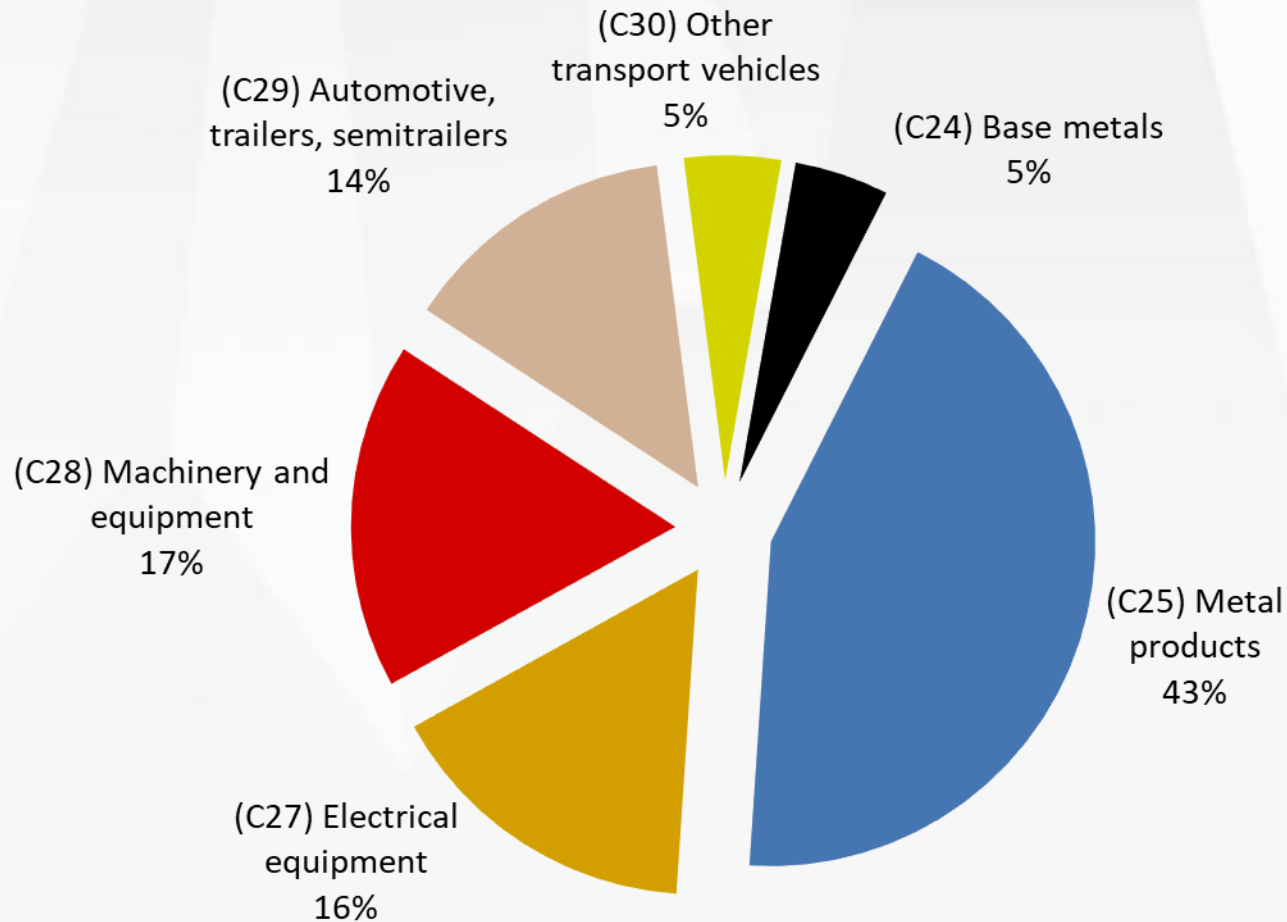
C27 – Electrical equipment



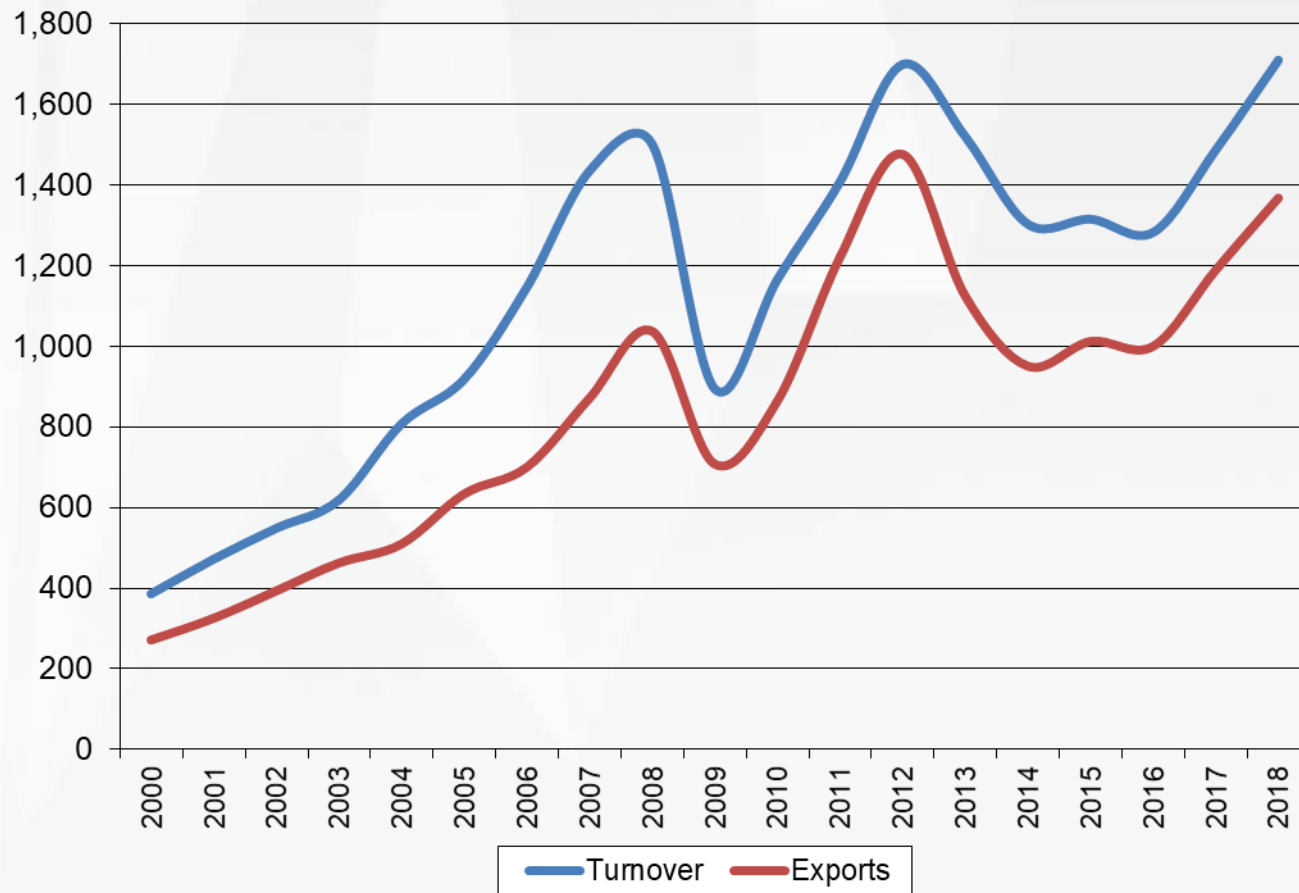
C25 – Metal products

The structure of the sector

% of total turnover, 2017



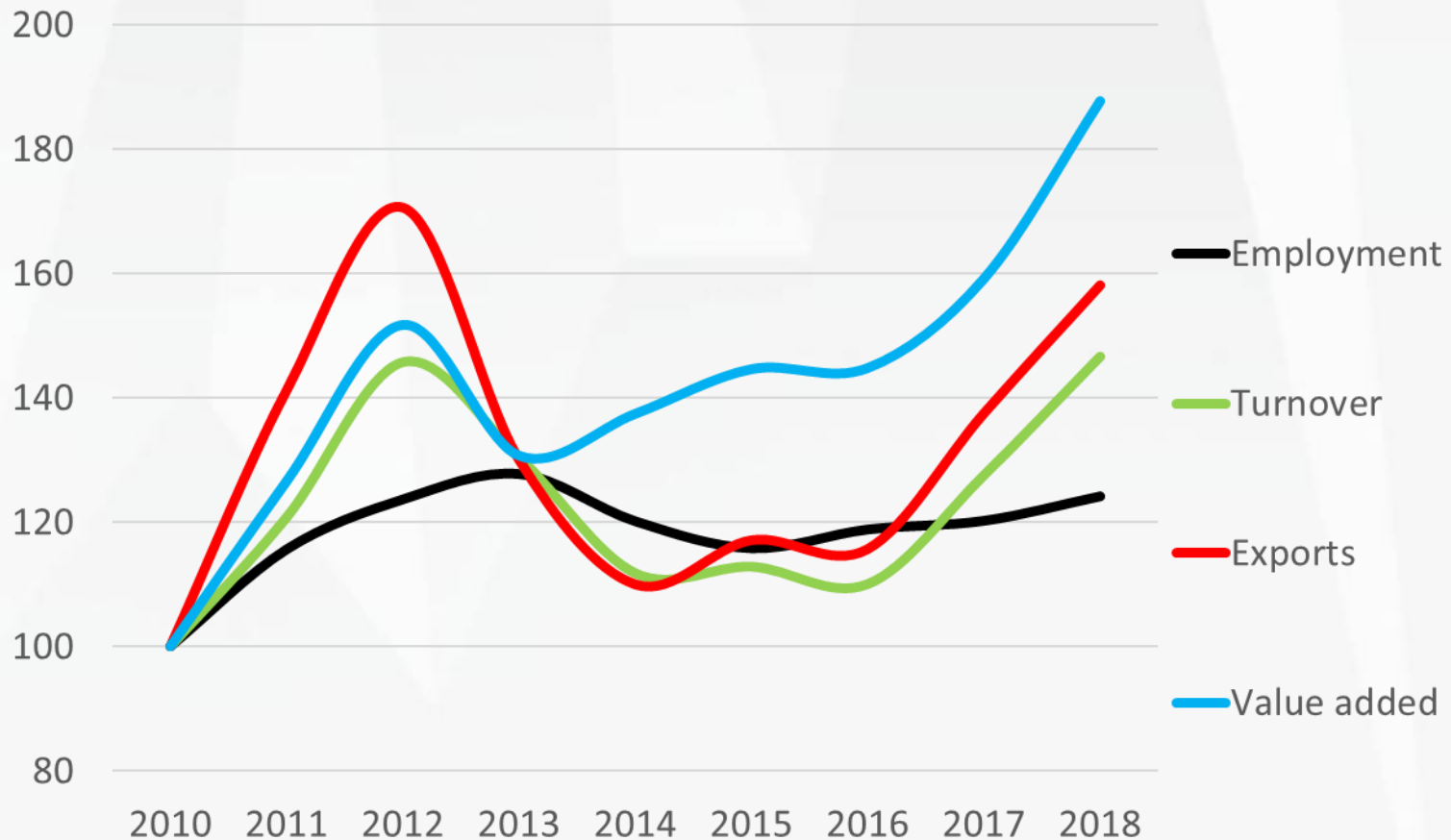
Turnover and exports



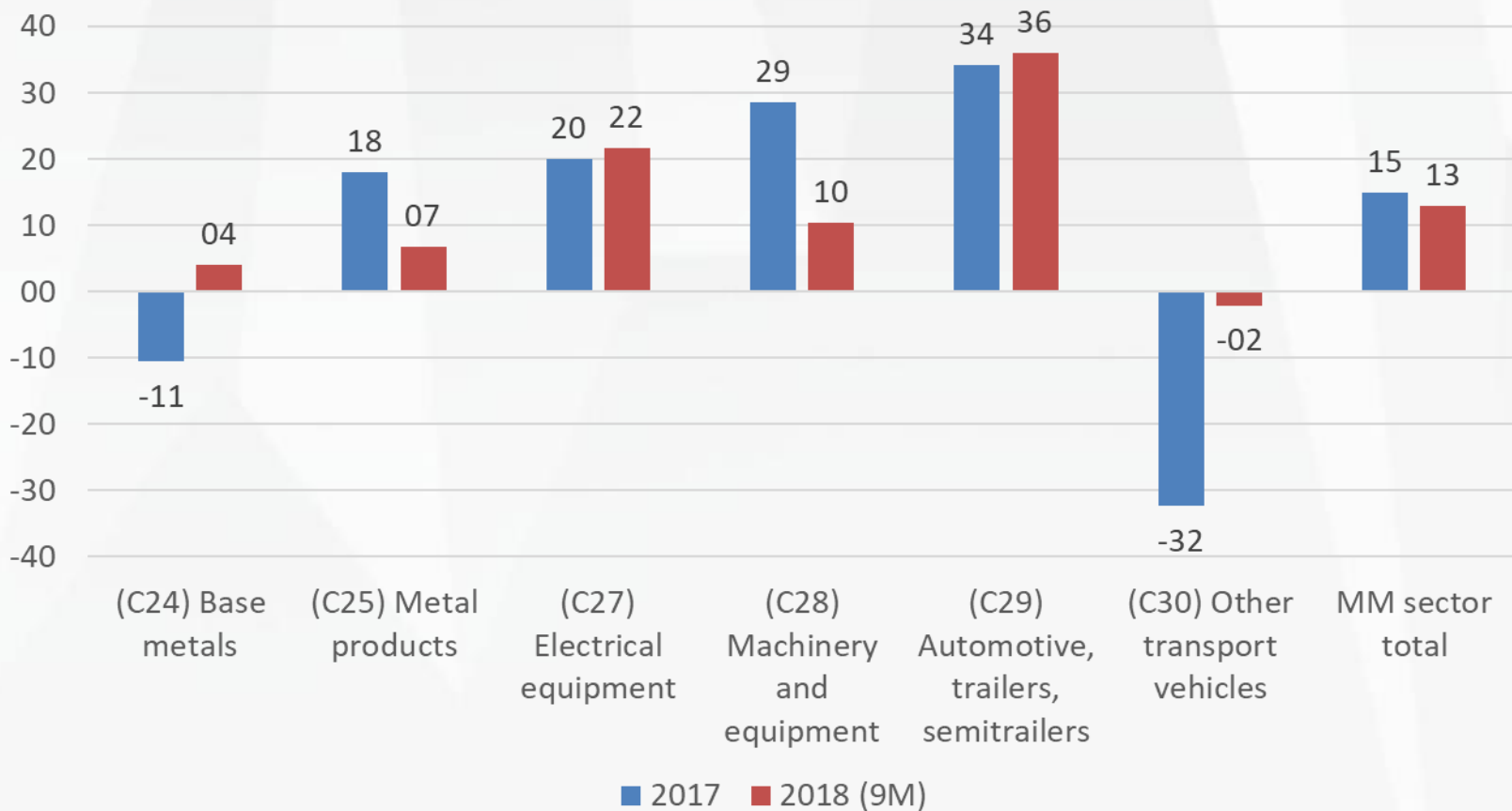
Mechanical engineering and metalworking (C24, 25, 27, 28, 29, 30)
Source – Central statistical bureau of Latvia
2018 – estimate by MASOC

Key indicators

Mechanical engineering and metalworking, 2010=100%



Change in turnover, %



Key challenges

- Lack of skilled workforce
 - More than 70% of companies surveyed indicated lack of specialists as the most important problem (survey by MASOC, March 2018)
- Rising labour costs
 - According to official statistics and surveys made by MASOC, the salaries increase about 8-9% annually in the MM sector
- Energy prices
 - The energy prices are higher than in other BSR countries
- Productivity
 - Improving, but still behind EU figures



Main challenge

Lack of qualified specialists

Solutions

HR
development

- Co-operation with technical universities
- Training and further education
- Attraction and motivation of young people - TehnoBuss

Import of
specialists

- 17% of companies have attracted foreign specialists
- Figures are low compared to other countries in the region

New products
with higher
VA

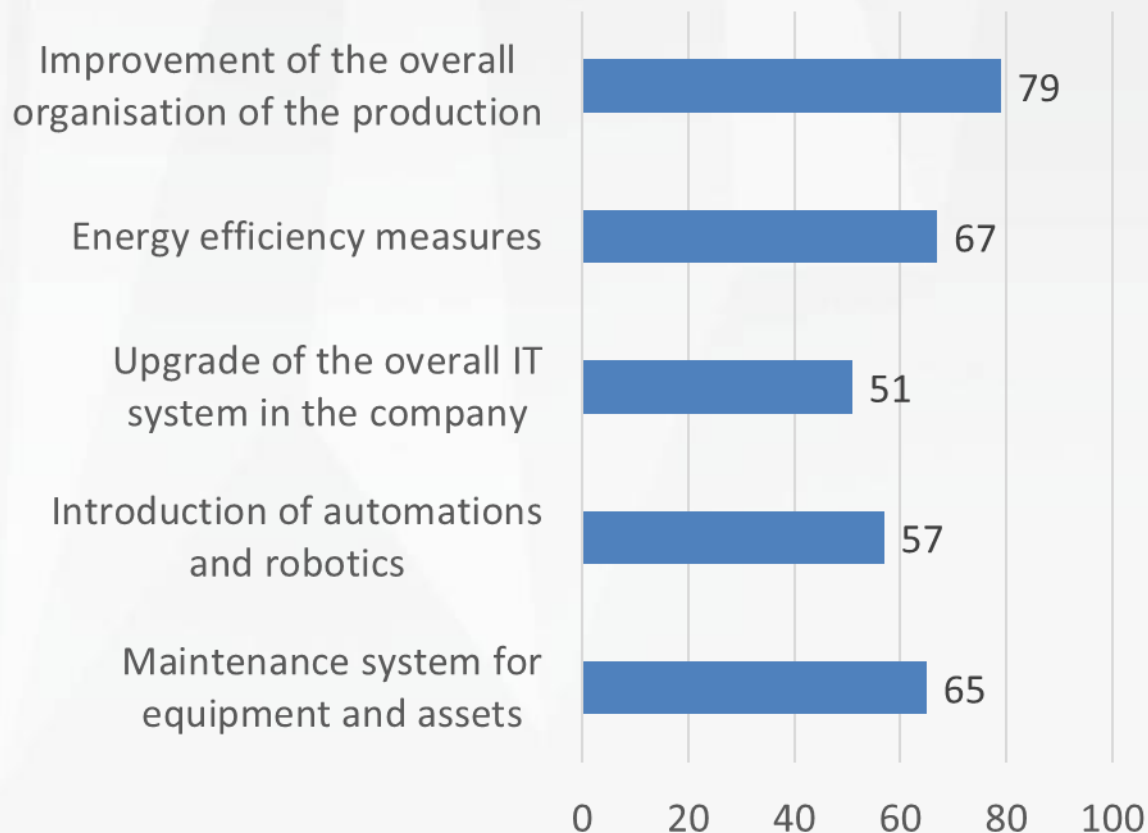
- Moving from subcontracting to product development
- MASOC Competence centre project

Productivity
and efficiency

- Automation and robotisation
- Resource planning
- Maintenance
- Production management systems (LEAN, etc.)

DIGITALISATION

Areas for improvement

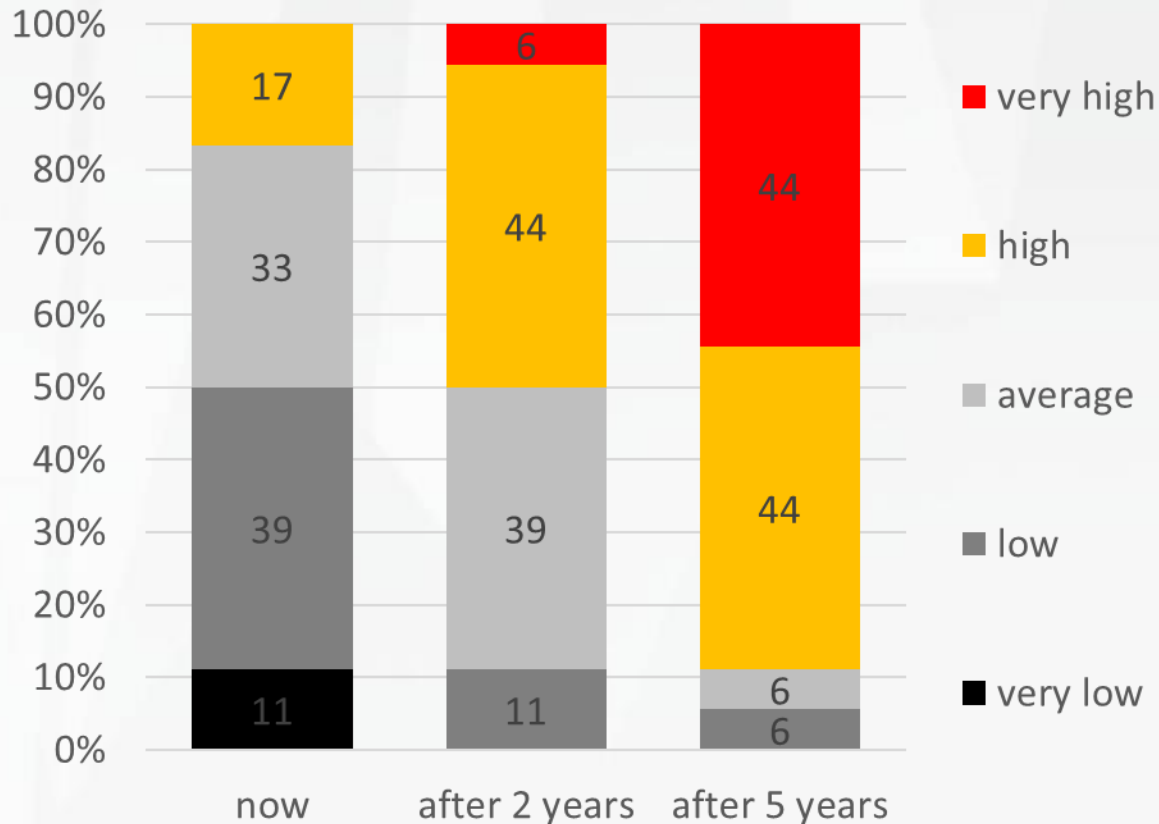


Selected areas where companies are planning to introduce new measures to improve the productivity and efficiency.

% of companies surveyed

Source – sector survey by MASOC, March 2018

Level of digitalisation

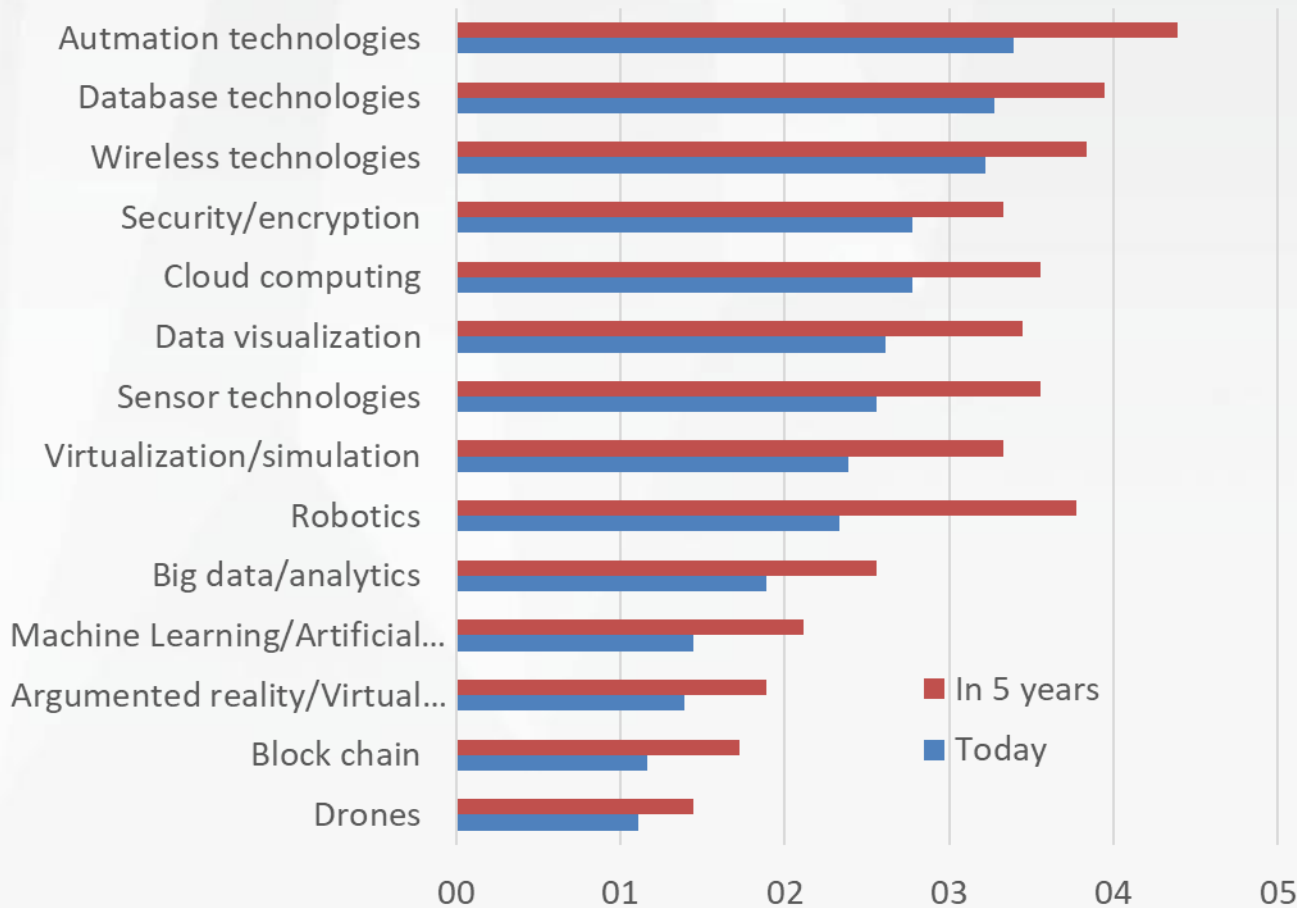


Self assessment of the digitalisation level by companies in MM sector

Source – survey by LIKTA & MASOC within Diginno project

October 2018

Importance of selected digital technologies



Assessment of the importance (1-5) of selected technology fields by surveyed companies in MM industry.

Source – survey by LIKTA & MASOC within Diginno project October 2018

Mechanical Engineering Competence Centre

- Project initiated by MASOC
- General objective – to support industrial research and development of new products and technologies
- First round 2016-2018
 - 27 research projects
 - About 6M EUR invested in R&D, 3M EUR of which from ERDF
- Three main focus areas:
 - Automated production systems
 - New material technologies
 - Transport technologies
- Second round 2019-2021
 - Overall framework project has been prepared and pending evaluation
 - R&D project ideas of companies identified
 - Even bigger focus on cross-sectorial projects, integration of IT and digitalisation

NACIONĀLAIS
ATTĪSTĪBAS
PLĀNS 2020



EIROPAS SAVIENĪBA
Eiropas Reģionālās
attīstības fonds

IEGULDĪJUMS TAVĀ NĀKOTNĒ



MAŠĪNBŪVES KOMPETENCES CENTRS
MECHANICAL ENGINEERING COMPETENCE CENTRE



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