Assocomaplast

ASSOCIAZIONE NAZIONALE COSTRUTTORI DI MACCHINE E STAMPI PER MATERIE PLASTICHE E GOMMA
ITALIAN PLASTICS AND RUBBER PROCESSING MACHINERY AND MOULDS MANUFACTURERS' ASSOCIATION

June 2013
MM/sa/dg

2012 OVERVIEW
OF THE ITALIAN PLASTICS AND RUBBER PROCESSING MACHINERY INDUSTRY
(summary)

Excerpt from the full version presented on June 6, 2013 at the annual Assembly of ASSOCOMAPLAST Members.

SOURCES: ASSOCOMAPLAST, ISTAT and other statistical institutes of the mentioned countries
COPIES: on request and with the permission of ASSOCOMAPLAST management
FOR FURTHER INFORMATION Stefania Arioli (tel 02 82283728; e-mail: s.arioli@assocomaplast.org)

ASSOCOMAPLAST - Centro Direzionale Milanofiori - Pal. F/3 - P.O. Box 124 - 20090 Assago MI (Italy)
tel. (+39) 02 8228371 - fax (+39) 02 57512490 - e-mail: info@assocomaplast.org - www.assocomaplast.org
codice fiscale 80134430158

Evolution of the sector over the past decade

The performance of Italy's plastics and rubber processing machinery industry has in the last few years mirrored the cycles of the wider domestic and global economy, with a low point during the worst of the financial crisis in 2009, followed by an upturn in 2010 and 2011 – the latter to some extent running counter to the trend of other Italian manufacturing sectors.

The year 2012, which was expected to mark the definitive exit from the crisis – a hope unfortunately dispelled by the facts, since the first half of 2013 saw negative indicators persist and sometimes become worse – was nevertheless a period of consolidation and transition for our sector.

"Consolidation" because, as can be seen in chart 1, production output in value terms, as estimated by ASSOCOMAPLAST, remained the same as in 2011 at 4 billion euro. In point of fact, this value is not far below the all-time high of 4.25 billion recorded in 2007.

"Transition" because equipment manufacturers are having to rely on exports for an ever growing share of their business, in the face of flat sales on the domestic market which continues exceedingly weak. This is confirmed by the periodic business climate survey conducted by ASSOCOMAPLAST on a sample of Italian processors, who likewise report a steep downturn in the domestic market over the course of 2012, which has clearly curbed their propensity to invest in new machinery.

In consequence, as can be seen from charts 1 and 2, the rising curve of exports – which at the close of 2012 were up 6% compared to 2011 – has offset the stagnation of the domestic market, a situation that closely reflects that of the mechanical engineering industry (and others) as a whole.

It should also be noted that the export figures reported by ISTAT do not include the sizable share of Italian-made equipment sold to Italian contractors that, in their turn, supply foreign clients with turnkey plants incorporating those auxiliaries. In other words, machines initially sold within Italy, but whose final destination is an export market, are not considered in the computation of exports.

For what concerns the regional breakdown of Italian export destinations, a full summary is provided on page 9.

A point briefly worth mentioning here is the 2012 balance of trade for Germany, which saw exports rise just two percentage points, marking a steep deceleration during the year (after the +21% recorded in 2011 over 2010).

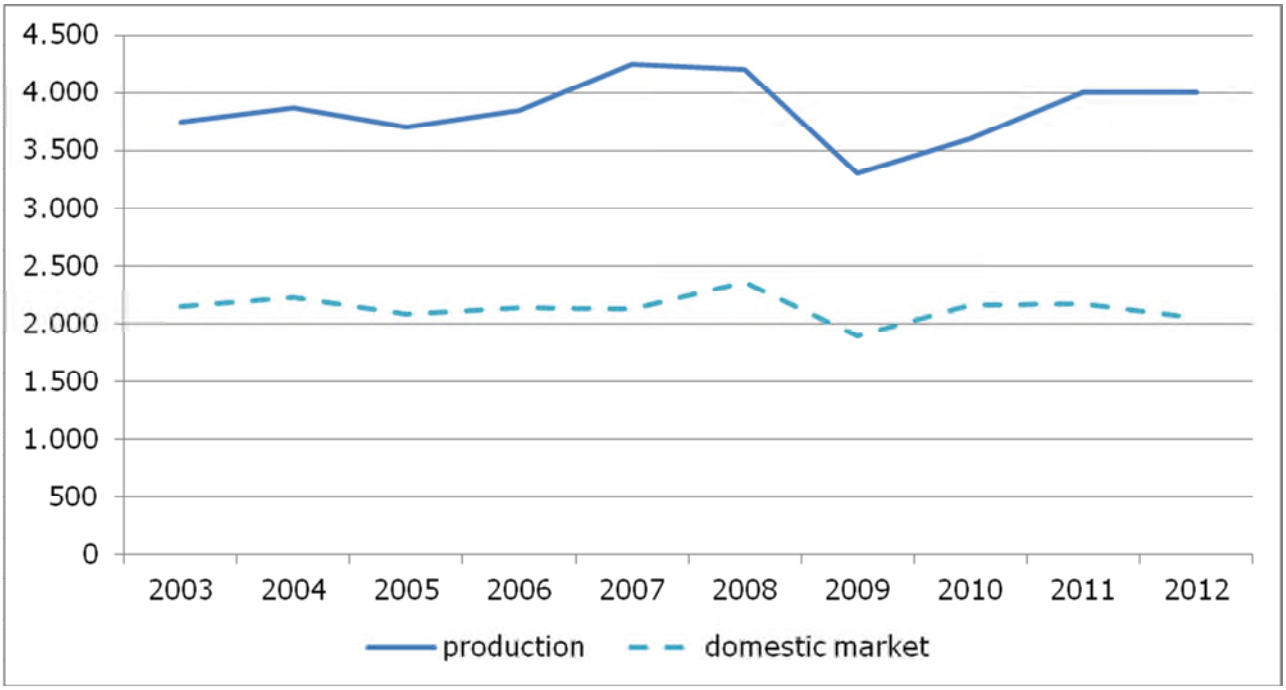
On the other hand, the Chinese advance shows no signs of slacking: notwithstanding growing domestic demand, which local manufacturers strive to meet at least for what concerns lower-tech machinery, exports last year rose more than 30 percentage points compared to the preceding year. That said, the still-robust 10% growth in imports (though it was 17% in 2011 over 2010) confirms continuing demand for "Western" grade equipment on the part of Chinese processors: it is in fact no coincidence that their chief supplier countries are Japan and Germany, which together account for 58% of total imports in this sector.

3.

Table 1 - Italian market of plastics and rubber processing machinery, equipment and moulds (million euros)

	2010	2011	2012	Δ% 12/11
production	3,600	4,000	4,000	-
export	2,010	2,430	2,575	6.0
import	570	605	625	3.3
domestic market	2,160	2,175	2,050	-5.7
trade balance (positive)	1,440	1,825	1,950	6.8

Chart 1 - 2003-2012 trend for Italian production and domestic market for plastics and rubber processing machinery, equipment and moulds (million euros)



4.

Chart 2 - 2003-2012 trend for Italian production and export
for plastics and rubber processing machinery, equipment and moulds (million euros)

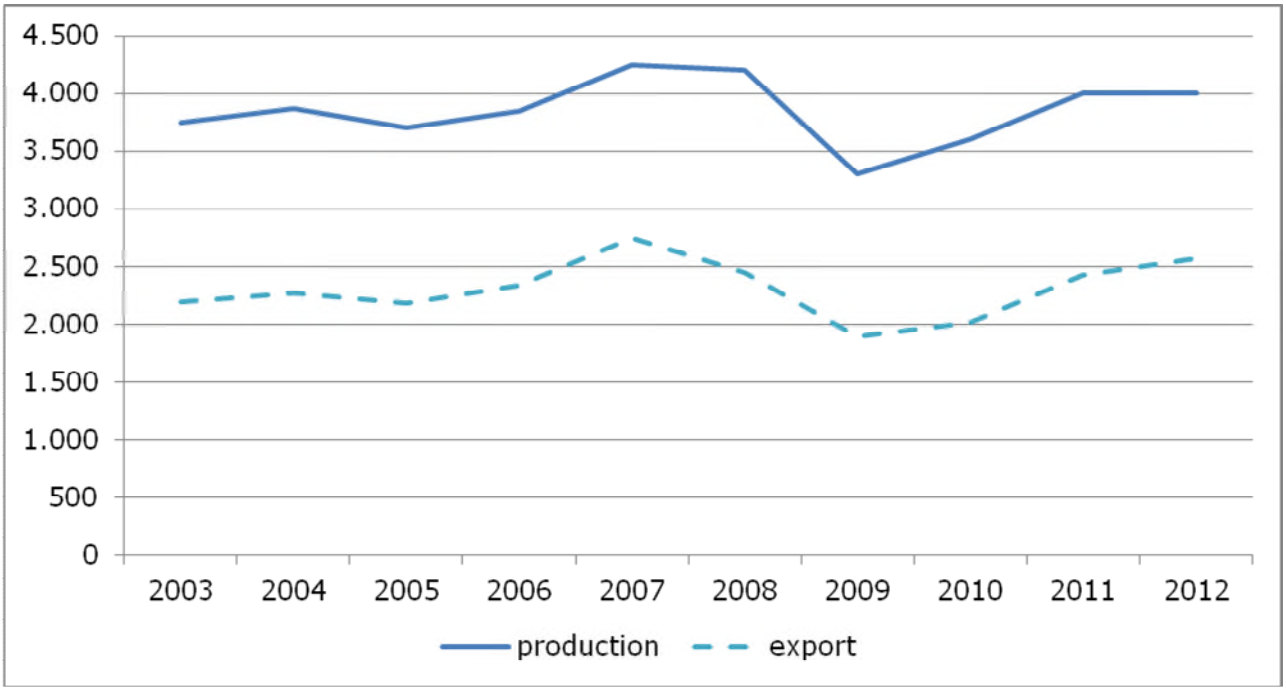
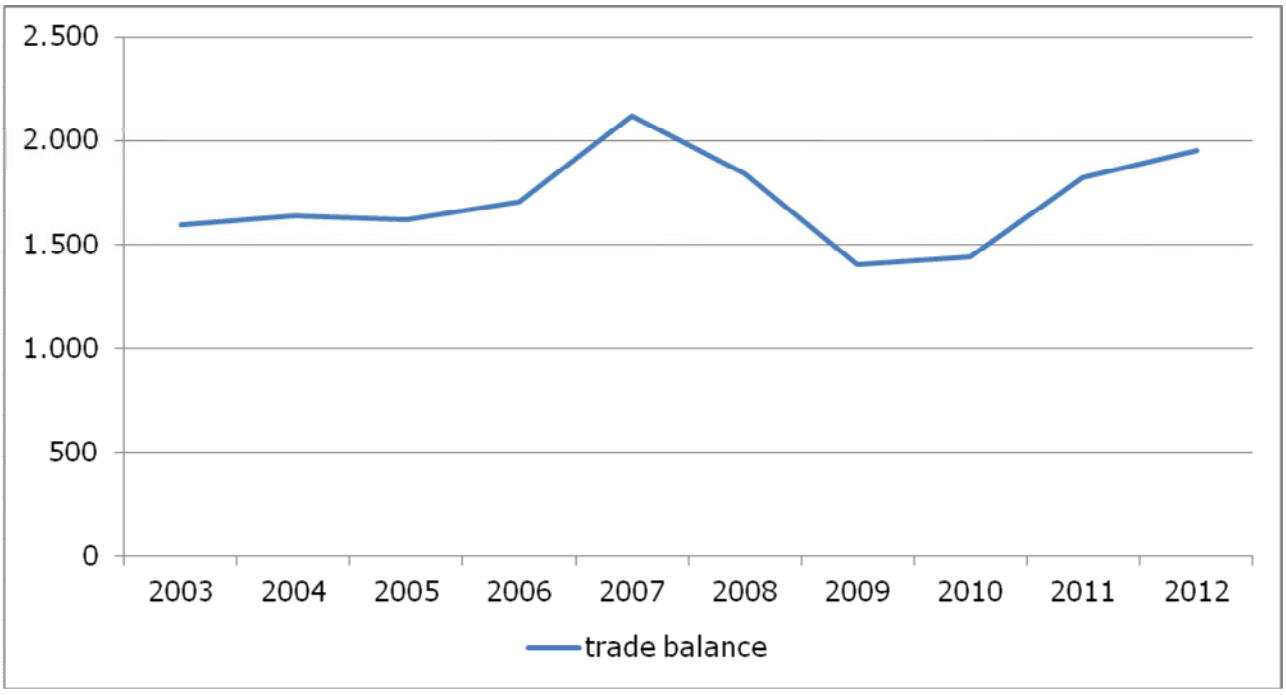


Chart 3 - 2003-2012 trend in Italian trade balance
for plastics and rubber processing machinery, equipment and moulds (million euros)



Italian foreign trade in the 2010-2012 three-year period

For the details of imports and exports, refer to table 2 which shows the aggregate values for trade flows in both directions.

Looking first at Italian imports – which have in recent years steadily advanced, despite the well-known stagnation of the domestic processing industry – we note an ever larger slice (and precisely 42% of the total in 2012) accounted for by moulds; out of these, 27% come from Germany and 19% from China. Over a ten-year time horizon, it is interesting to note how in 2003 these shares were, respectively, 42% and 2%.

Of course, especially for what concerns China, it would be interesting to know how many of these moulds are of the "Made in China, designed in Italy" category, i.e., the result of production offshoring.

Table 3 reveals an increasing trend for imports from the United States, which as we shall later see is matched by an upswing of Italian sales to American processors, evidently due to the recovery of the US manufacturing industry, which seems to continue gaining ground as the months go by.

Other positive signals are those for imports coming from:

- China, with a +24% rise for moulds, which account for 65% of the total; unlike what is commonly believed, there is no current "invasion" of Chinese machines and, for example, injection machines were worth 1.6 million euro, down 17% compared to 2011
- France, with more purchases especially of flexographic printers and plants for mono- and multi-filament (respectively worth 3 and 2.3 million) while the value of blow moulding machines was practically halved, down to just over 700 thousand euro; moulds instead held firm at around 24 million
- Switzerland, with an increase for flexographic printers (from 2.1 to 3.3 million) and thermoforming machines (from 2.6 to 3.5 million)
- Poland, driven by the strong growth of moulds (which also account for 85% of the total), from 4.6 to over 12 million).

On the other hand, table 3 indicates a slowdown for machinery and equipment imports from Germany; this can be ascribed in particular to fewer purchases of injection machines, down 32% in 2012 from 2011 (from 34.4 to 23.5 million). Imports from Austria, too, have fallen overall, driven by a decline in blow moulders, while injection machines rose +29% to nearly 24 million.

Imports from the Czech Republic consist essentially of moulds, and it is precisely their decline which has determined the overall reduction.

Unsurprisingly, the downturn in inflows of machinery from Spain continues for the second year running.

With respect to Italian exports, which as we have noted are increasingly becoming the chief driver of the sector, it is worth briefly focusing on the trends for different categories of machines that account for most of the total, rather than on generic and/or aggregated results.

Although sales were up 9 points for extruders and 18 points for blow moulding machines – consolidating the already positive trends of the preceding years – in 2012 exports of injection machines were down 20% compared to 2011, thereby losing much of their original importance, also as a result of several long-established manufacturers going out of business or experiencing severe difficulties. In fact, injection machines now account for less than 4% of total machinery exports, compared to 12% a decade ago.

6.

The main destination countries for extruders (each accounting for between 22 and 26 million in value terms) were Germany, Russia, France and China, with double-digit increases compared to 2011.

The advance of blow moulding machines can be attributed, in particular, to much stronger demand from the United States (up from 11 to over 20 million, making the US by a wide margin the top destination market for this category of machines), Russia (up from 3 to 7 million) and Poland (up from less than 600.000 to 4.7 million), to mention only the most salient examples of year-on-year change.

Also in export flows, moulds merit a special mention, as they by now account for over a quarter of total exports, and ended 2012 with a 19 percentage point rise relative to 2011. In the case of moulds, we can notice a boom in sales to Serbia, up from 1.4 to over 21 million (probably partly attributable to the FIAT factory at Kragujevac), as well as stronger sales to Poland (+37%, to reach around 48 million) and the United States (+71% to reach 22 million).

It is worth noting that the trends shown in table 4 for the regional break-down of the sector's exports – and namely an increase in sales to Europe and North America set against decline in sales to South America and, even more so, to Asia (more pronounced in the Middle East, which however accounts for a much smaller share than the Far East) – have also been felt in the other competing manufacturing countries.

Table 2 - Italian import-export of plastics and rubber processing machinery, equipment and moulds (January-December - 000 euros)

	import			export		
	2010	2011	2012	2010	2011	2012
flexographic printing machines	19,132	22,773	15,937	117,643	119,287	128,965
plants for mono- and multifilaments	2,139	3,237	5,038	23,190	56,302	50,064
injection moulding machines	66,312	82,786	68,795	79,329	120,337	96,285
extruders	23,490	25,127	30,030	238,496	287,696	312,978
blow moulding machines	27,716	16,693	9,777	118,924	129,035	152,246
thermoforming machines	10,067	4,837	7,509	39,846	76,369	49,513
presses for tyres and inner tubes	2,288	1,514	2,221	17,790	32,780	28,918
presses	21,673	17,251	7,873	57,022	73,431	77,114
machines for moulding or forming	11,745	13,311	15,813	98,612	145,713	149,901
machines for reactive resins	590	1,044	1,483	27,262	30,023	35,596
machines for foamed products	5,009	5,503	5,023	17,913	30,743	28,859
equipment for size reduction	3,548	3,529	2,736	16,366	21,214	20,302
mixers	2,059	7,107	2,973	14,662	26,813	31,072
cutting, splitting and peeling machines	4,474	3,127	4,219	9,795	10,030	15,604
other machines	32,361	24,157	43,769	308,413	332,740	345,331
parts and components	130,822	138,203	138,521	302,037	351,781	353,733
moulds	207,260	237,071	261,999	524,766	585,396	696,985
total	570,685	607,270	623,716	2,012,065	2,429,690	2,573,466

7.

Chart 4 – Main source countries for Italian imports of plastics and rubber processing machinery, equipment and moulds (% share out of total)

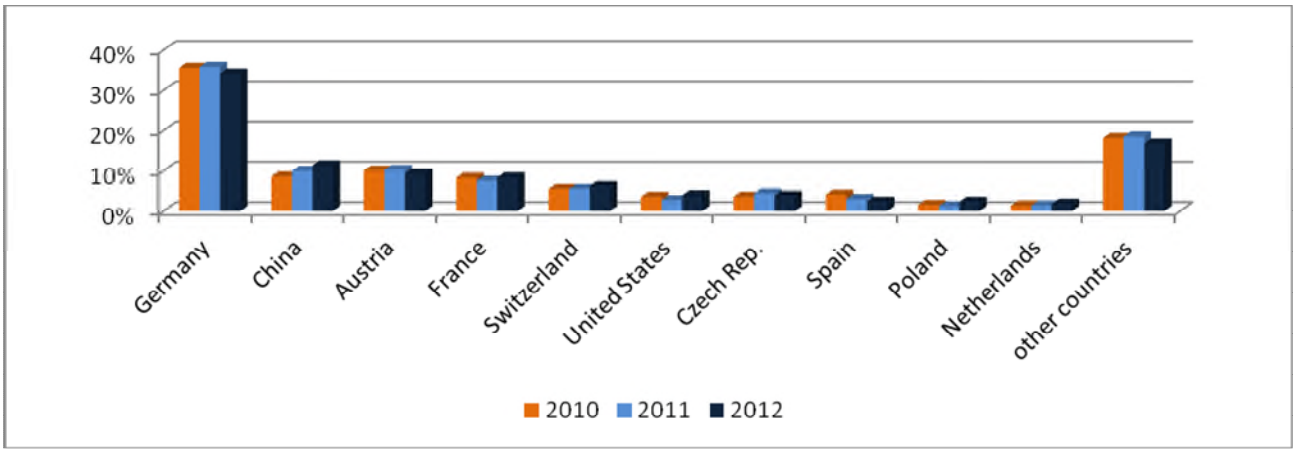


Table 3 - Main source countries for Italian imports of plastics and rubber processing machinery, equipment and moulds (000 euros)

	2010	% out of total	Δ% 10/09	2011	% out of total	Δ% 11/10	2012	% out of total	Δ% 12/11
Germany	202,898	35.6	40.7	217,253	35.8	7.1	212,995	34.1	-2.0
China	49,088	8.6	17.4	60,510	10.0	23.3	70,735	11.3	16.9
Austria	57,411	10.1	56.9	62,017	10.2	8.0	57,995	9.3	-6.5
France	47,300	8.3	6.7	45,875	7.6	-3.0	51,988	8.3	13.3
Switzerland	31,220	5.5	-20.5	33,397	5.5	7.0	38,615	6.2	15.6
United States	20,044	3.5	2.6	16,317	2.7	-18.6	23,989	3.8	47.0
Czech Rep.	20,101	3.5	25.6	26,308	4.3	30.9	23,332	3.7	-11.3
Spain	23,034	4.0	11.8	17,894	2.9	-22.3	14,403	2.3	-19.5
Poland	8,703	1.5	38.6	7,373	1.2	-15.3	14,202	2.3	92.6
Netherlands	7,631	1.3	30.7	8,361	1.4	9.6	11,253	1.8	34.6
other countries	103,255	18.1	5.8	111,965	18.4	8.4	104,209	16.7	-6.9
world	570,685	100.0	20.9	607,270	100.0	6.4	623,716	100.0	2.7

8.

Chart 5 – Italian exports of plastics and rubber processing machinery, equipment and moulds by region (Δ % year on year)

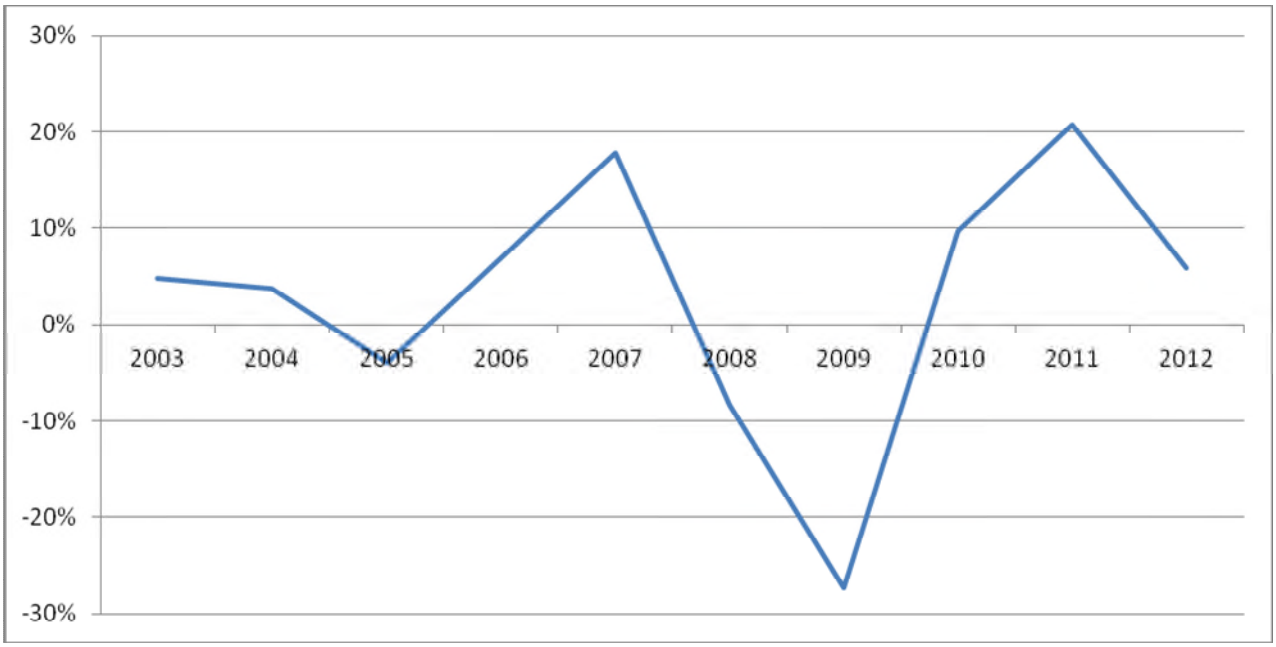


Chart 6 - Italian exports of plastics and rubber processing machinery, equipment and moulds by region (total % for 2010-2012)

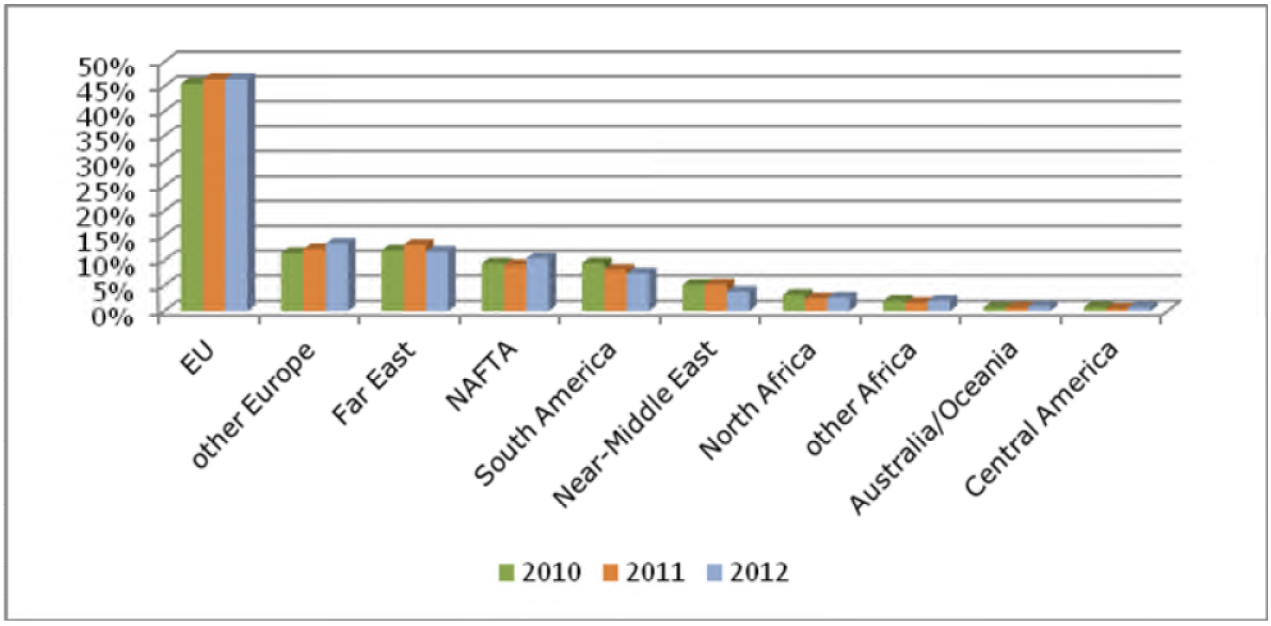


Table 4 - Italian exports of plastics and rubber processing machinery, equipment and moulds by region (million euros)

	2010	% out of total	Δ% 10/09	2011	% out of total	Δ% 11/10	2012	% out of total	Δ% 12/11	average Δ% 10-12
EU	916,317	45.5	4.8	1,129,659	46.5	23.3	1,196,215	46.5	5.9	11.0
other Europe	232,756	11.6	-10.0	300,916	12.4	29.3	346,945	13.5	15.3	10.3
Far East	243,759	12.1	24.2	321,216	13.2	31.8	305,439	11.9	-4.9	15.9
NAFTA	189,650	9.4	29.0	221,111	9.1	16.6	269,110	10.5	21.7	22.3
South America	190,085	9.4	55.3	198,567	8.2	4.5	191,133	7.4	-3.7	16.0
Middle East	103,825	5.2	-1.1	127,733	5.3	23.0	99,336	3.9	-22.2	-1.8
North Africa	64,178	3.2	-1.9	61,078	2.5	-4.8	68,504	2.7	12.2	1.6
other Africa	40,753	2.0	10.9	39,852	1.6	-2.2	52,255	2.0	31.1	12.5
Australia/Oceania	14,529	0.7	59.4	17,304	0.7	18.6	24,195	0.9	39.8	38.3
Central America	16,149	0.8	-11.1	12,255	0.5	-24.1	20,333	0.8	65.9	3.8

A quick glance at table 5 does not reveal any major changes in the top ranked destination countries for Italian exports of machinery, moulds and equipment for plastics and rubber.

In fact, Germany continues to be the number one trading partner, confirming the appreciation of "Made in Italy" equipment even among our chief competitors, although it must be said that a large share (57% of the total) of Italian sales to German processors is accounted for by moulds. Even so, looking at the principal machinery categories for primary processing, we note that Italian sales to Germany of extruders (over 26 million euro) easily surpass the flow in the opposite direction (18.5 million), just as the value of blow moulding machines exported to Germany (5.5 million) surpasses the value of those imported by us (less than 5 million). On the other hand, German equipment makers record an amply positive balance of trade for injection machines: those made in Germany and sold to Italy were worth a total of 23.5 million, against 4.4 million for the Italian-made ones sold to Germany.

The next ranked destination countries are France, United States and China, who occupy the top positions but with different dynamics:

- for the first two, the overall trend is positive; in the case of France, we note especially a stronger flow of extruders (to exceed 25 million); for the United States, as mentioned previously, there are rising sales of blow moulding machines
- the Chinese market instead records a slowdown. Increased sales of extruders (up from 16 to nearly 22 million), plants for mono- and multi filaments (from less than 4 million to over 13 million) and moulds (from 5 to 15 million) did not offset the losses of other machinery categories.

Lower down in the 2012 rankings we find some special cases. For example, Brazil, which after a period of strong and consistent growth has fallen a number of places in the past two years, with a gradual thinning of export flows, particularly due to a decline in extruders. In contrast, 2012 sees Serbia appear for the first time among the "top 20" export destination, thanks to the aforementioned exponential growth in sales of moulds.

10.

Table 5 - Main destination countries for Italian exports of plastics and rubber processing machinery, equipment and moulds (000 euros)

	2010	% out of total	Δ% 10/09		2011	% out of total	Δ% 11/10		2012	% out of total	Δ% 12/11	average Δ% 10-12
Germany	310,992	15.5	10.3	Germany	352,669	14.5	13.4	Germany	376,578	14.6	6.8	10.1
China	121,532	6.0	52.8	France	156,632	6.4	31.9	France	173,731	6.8	10.9	12.3
France	118,773	5.9	3.1	China	147,968	6.1	21.8	United States	159,378	6.2	32.9	25.8
United States	112,310	5.6	40.3	United States	119,942	4.9	6.8	China	138,552	5.4	-6.4	20.3
Brazil	98,245	4.9	80.5	Russia	112,686	4.6	60.2	Russia	132,765	5.2	17.8	14.7
Spain	87,456	4.3	3.9	Poland	107,512	4.4	41.1	Poland	119,356	4.6	11.0	18.2
Poland	76,181	3.8	5.5	Turkey	96,117	4.0	33.9	Turkey	89,617	3.5	-6.8	10.0
Turkey	71,789	3.6	6.6	Brazil	90,064	3.7	-8.3	Spain	87,578	3.4	2.0	1.3
Russia	70,351	3.5	-20.0	Spain	85,845	3.5	-1.8	United Kingdom	86,034	3.3	33.2	16.6
United Kingdom	67,472	3.4	24.4	Mexico	73,420	3.0	35.5	Mexico	83,900	3.3	14.3	18.7
Mexico	54,205	2.7	8.0	India	67,252	2.8	63.1	Brazil	81,170	3.2	-9.9	14.3
Switzerland	48,214	2.4	0.4	United Kingdom	64,595	2.7	-4.3	Czech Rep.	61,737	2.4	9.5	19.0
India	41,229	2.0	-7.7	Czech Rep.	56,361	2.3	63.0	India	52,829	2.1	-21.5	5.8
Czech Rep.	34,571	1.7	-5.7	Rumania	53,621	2.2	82.2	Rumania	52,587	2.0	-1.9	28.7
Saudi Arabia	33,355	1.7	4.0	Austria	43,653	1.8	51.9	Austria	46,156	1.8	5.7	18.6
Argentina	31,473	1.6	154.7	Saudi Arabia	42,063	1.7	26.1	Saudi Arabia	37,826	1.5	-10.1	5.6
Rumania	29,423	1.5	19.3	Slovakia	39,833	1.6	123.9	Serbia	36,070	1.4	572.8	77.1
Austria	28,731	1.4	3.9	Switzerland	38,831	1.6	-19.5	Switzerland	35,388	1.4	-8.9	-9.7
Belgium	27,845	1.4	-19.2	Argentina	33,485	1.4	6.4	Slovakia	31,136	1.2	-21.8	33.8
South Africa	25,275	1.3	41.7	Belgium	32,439	1.3	16.5	South Africa	28,459	1.1	54.6	16.8
total 'top 20'	1,489,423	74.0	10.1	total 'top 20'	1,814,988	74.7	22.5	total 'top 20'	1,910,847	74.3	7.8	9.6
other countries	522,642	26.0	8.7	other countries	614,701	25.3	15.9	other countries	662,619	25.7	0.9	5.8
world	2,012,065	100.0	9.8	world	2,429,690	100.0	20.8	world	2,573,466	100.0	5.9	12.0

Prospects for 2013

Every year, it becomes more difficult to make predictions about how the industry will perform, due to the many variables in play and the climate of deep uncertainty that characterises not just Italy but also much (if not all) the European Union.

Looking at the macro data, the light at the end of the tunnel still seems very far away (or perhaps it might be more accurate to say it can't be seen at all…): according to EUROSTAT estimates, in the first quarter of 2013, GDP in the euro zone fell by 0.2%, and by 0.1% in the 27-member EU.

France, for the second quarter running, recorded a decline in its GDP and thus technically entered a recession.

In Germany, GDP rose 0.1% compared to the preceding quarter but (for the first time) fell by 0.3% year on year.

As for Italy, our country's economy has been in the red for 7 consecutive quarters, and more precisely since June 2011.

Against this desolate backdrop we can, however, point to some positive signals: a Government that everyone hopes will prove stable, but most of all the possibility (now practically a certainty) that Italy can finally come out of purgatory, i.e., exit the "punitive" excessive deficit procedure imposed in 2009.

These factors, if not accompanied by long series of reforms, will certainly not be able to restore confidence in the country in short order; still, they could be two important bases on which to build a future recovery.

As mentioned in the preceding pages, it is true that the domestic market is by now a marginal – or anyhow minor - part of the industry's sales, however it is not reasonable to expect the plastics and rubber processing equipment sector to continue growing in a situation of deep recession and political paralysis (in other words, if the nation as a whole ceases to function…).

Exports continue to be the "saving grace" of the sector: the +6% rise recorded last year is a result that few would have foreseen at the start of 2012.

The dynamics of individual foreign markets have changed (Brazil is seeing a slowdown, as also is China, while the United States are instead in a recovery, thanks to a reindustrialization process and the exploitation of shale gas, etc.) but it is hoped that the overall result will hold firm.

A 2013 that matches the performance of 2012 is not an impossible goal.

Even German manufacturers, the chief competitors of the Italians, seem convinced that – though in the midst of ups and downs – the overall results of last year can be repeated again this year.