Assocomaplast
ITALIAN PLASTICS AND RUBBER
PROCESSING MACHINERY AND MOULDS
MANUFACTURERS' ASSOCIATION

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THE ITALIAN PLASTICS AND RUBBER MACHINERY INDUSTRY
2008 Survey (synthesis)

SOURCES: ASSOCOMAPLAST, ISTAT AND MENTIONED COUNTRIES' STATISTICAL INSTITUTES

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The economic evolution 2006-2008

In comparison with the estimates issued at the end of the last year, according to the final official data the performance of the Italian plastics and rubber machinery and moulds industry, 2008 was better than expected in terms of turnover and output, but significantly worse for export (which has always been the driving force of this industry).

According to last year expectations, the turnover should had stopped to 4,100 million euro, whereas it reached 4,200. However, compared with 2007's 4,250 millions, it has been registered a 1.2% decrease.

However, it must be stressed that, according to the results of the survey (referred to 2008) carried out by ASSOCOMAPLAST at the beginning of each year among its Members, the aggregate value of production was up by 2.2% compared to 2007 (with also a 2.7% rise in direct employment), so in countertendency with the trend of the total sector.

Considering the decline in foreign sales, it seems that the turnover has been balanced by sales to Italian processors, at least during the first half of 2008.

In fact, if the Italian import of foreign machinery and moulds decreased of 7.1% (compared to 2007) it could be due not only by a stagnation of the demand of local plastics and rubber processors but also by the recovery of "made in Italy" machinery purchase.

With reference to the export, last year it was down of 11% roughly, compared to December 2007.

From the sum of production+imports-exports we can theoretically define the value of the domestic market which in 2008 showed a clear recovery, up 9.7% in respect to 2007.

Obviously, considering the annual averages over the three year period from 2006-2008 (and not only 2008 on 2007), the five parameters considered continue to show some positive percentage variations, particularly concerning production and exports. But this is mainly due to the really good results registered in 2007 (the best performing year in this century, in terms of production and export)

Table 1 - Italian market for plastics and rubber machinery

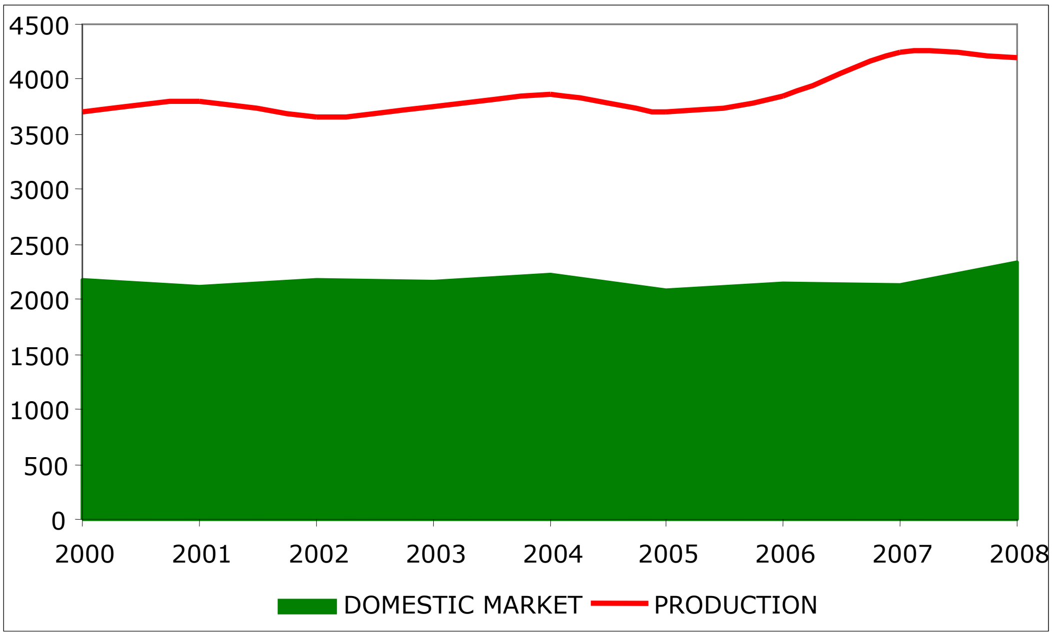
	2006	Δ% 06/05	2007	Δ% 07/06	2008	Δ% 08/07	average Δ% 06-08
Production	3,850	4.1	4,250	10.4	4,200	-1.2	4.3
Export	2,336	7.0	2,753	17.8	2,451	-10.9	3.9
Import	630	11.0	634	0.7	589	-7.1	1.3
domestic market	2,144	2.9	2,131	-0.6	2,338	9.7	3.9
trade balance (positive)	1,706	5.5	2,119	24.2	1,862	-12.1	4.8

In order to give a better view not only of the changes in 2008 but also of the trend of the past years, ASSOCOMAPLAST Secretariat has worked out the following graphs, which consider the statistical data from 2000.

Concerning the relation between production and domestic market during the last 9 years (graph A), it is clear that in 2008 the trend changed: if during the previous years the two curves had almost the same trend, in 2008 it was opposite, one decreasing (production), the other increasing (the domestic market).

As already mentioned, the significant decrease in export, has been balanced (at least partially) by the recovery of the domestic market and the Italian machinery and moulds manufacturers seem to have taken more advantage of this favourable situation compared to the foreign competitors.

Graph A - 2000-2008 evolution of Italian production and domestic market (million euro)



With regards to production and export (graph B), the trend for both curves is similar (they registered a negative result in 2008) but, if we consider the sales to foreign countries, this trend is much more pronounced.

The significant decrease of the export during the last months of 2008 has strongly affected the total value of the whole year.

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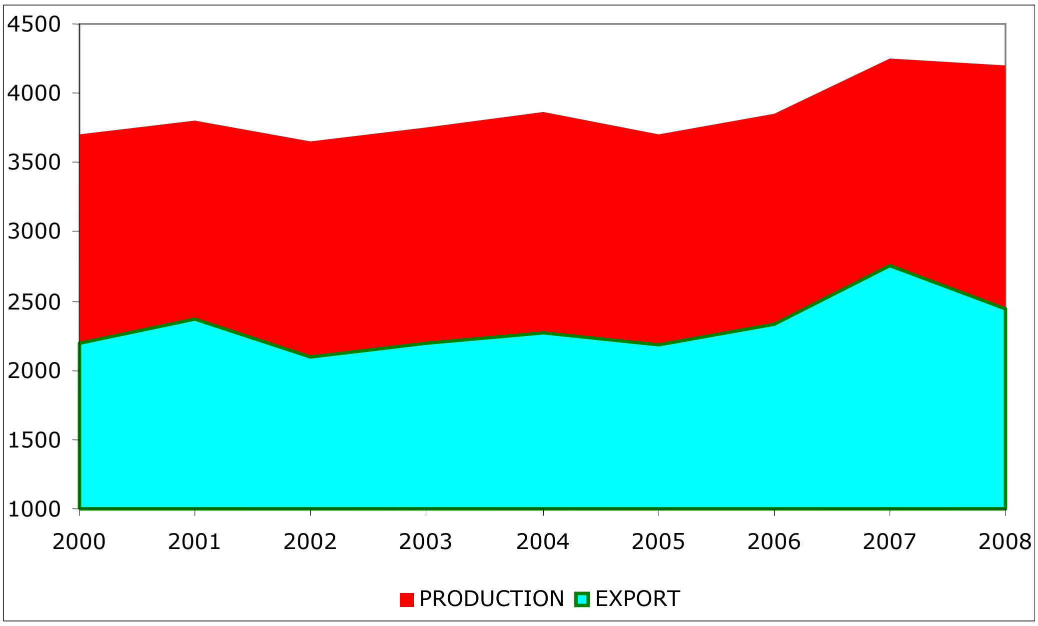
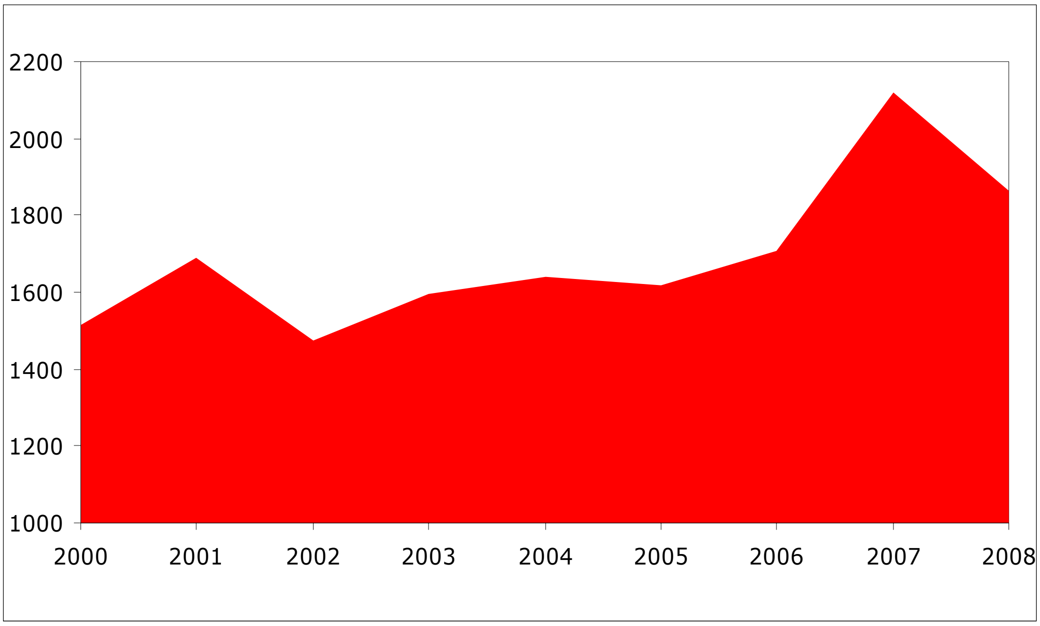
Graph B - 2000-2008 evolution of Italian production and export (million euro)



Graph C concerning the trend of the trade balance (export-import) highlights that the important reduction of sales to foreign countries (roughly -11%) has changed the trend, positive since 2002 (with the exception of 2004). Even if also the import was negative (-7.1%), it has not counterbalanced the export reduction.

Graph C - 2000-2008 evolution of the Italian trade balance (million euro)



At a glance, considering the three graphs, it is clear that 2008 represents a break even point. And it couldn't be otherwise provided what has happened in the last months of 2008 and what is still happening now: something never experienced before.

The Italian sectoral trade in 2006-2008

After having analysed in the previous paragraph production, export, import, domestic market and trade balance as a whole, table n. 2 highlights the trend of import and export of the different type of machinery, components, moulds etc. (according to the customs codes).

Not taking into consideration the 2 most important export categories - "moulds" (accounting for over 21% of the total sales to foreign countries), -23.5% on 2007, and "parts and components" (just below 15% of the total) -4.5% - the decline of the remaining categories is "reduced" to -7.3%. On the contrary, import, not considering "moulds" (over 1/3 of the total) and "parts and components" (1/5), has decreased more that the aggregated data: -8.5% on 2007.

It is important to underline that in the first six-month of 2008 the Italian export (always excluding moulds and components) was up by 5.4%. So, it is clear that the economical and financial crisis started at the end of last year has strongly affected the export.

As for the two most important customs codes (in terms of value), it can be noticed the following.

Export of moulds (that is the most important statistical code and strongly decreasing), as far as 2008 has seen the more substantial sales, towards Germany, with 152.8 million euro that is 29.2% of the amount, France (54.3; 10.4%), Poland (35.1; 6.7%), Switzerland (28.8; 5.5%), Spain (26; 5.4%). With regards to import of the same products (decreased by 11.3% compared to 2007), the list is restricted to Germany, with a value of moulds sold to Italy up to 60 millions euro (30% of the total) and quite far from China (28.1; 13.8%), Switzerland (24.4; 12%) and France (21.6; 10.6%).

"Other machines" is the second export code (12.7% of the total) and decreased by 15% on 2007; the main destinations were Russia, over 31 million euro (10% of the total), China (nearly 28; 8.9%) Germany (17; 4.8%) and France (14.7; 4.7%).

Extruders occupy the third position, with 12.3% of the total export; their sales grew by 5% in comparison with the previous year (confirming the sales increase registered by our Members belonging to this specific sector). The main destination is Russia, with nearly 48 million euro (15.8% of the total), followed by Germany, 21.3 million (7%), Poland (17; 5.6%), France (16; 5.2%), Spain (about 13; 4.2%) and Brazil (12; 4%).

Blow moulding machinery export represented 6.1% of the total Italian sales to foreign countries, dropping by little more than 10% with respect to the previous year.
The main foreign customers for these machinery are United States, with a sum of 11.2 million euro, that is 7.5% of the total, followed by Mexico (10.6; 7%), Spain (9.4; 6.2%), Turkey (8.8; 5.8%), India (8.3; 5.5%) and China (8; 5.3%).

The Italian sales of machines for moulding and forming represent roughly 6% of the total export and increased by 5% on 2007; the main markets were Germany, with over 12.5 million euro (8.4% of the total), Saudi Arabia (11.7; 7.8%), Romania (10.2; 6.8%), United States (8.4; 5.6%), Spain (8.3; 5.5%) and Poland (7.4; 5%).

The effect of injection moulding machines on the total export, at the end of 2008, have decreased under 5%, having lost more than 32% of the sales abroad with respect to the previous year; this result is connected with the huge "crisis" of the injection moulding machinery manufacturers. The main destination markets are Germany, with a value just over 11 million euro (less than 10% on the total), closely followed by France (8.4%), Greece (7 million, 6.3%), Brazil (6.2%) and Russia (5.7%).

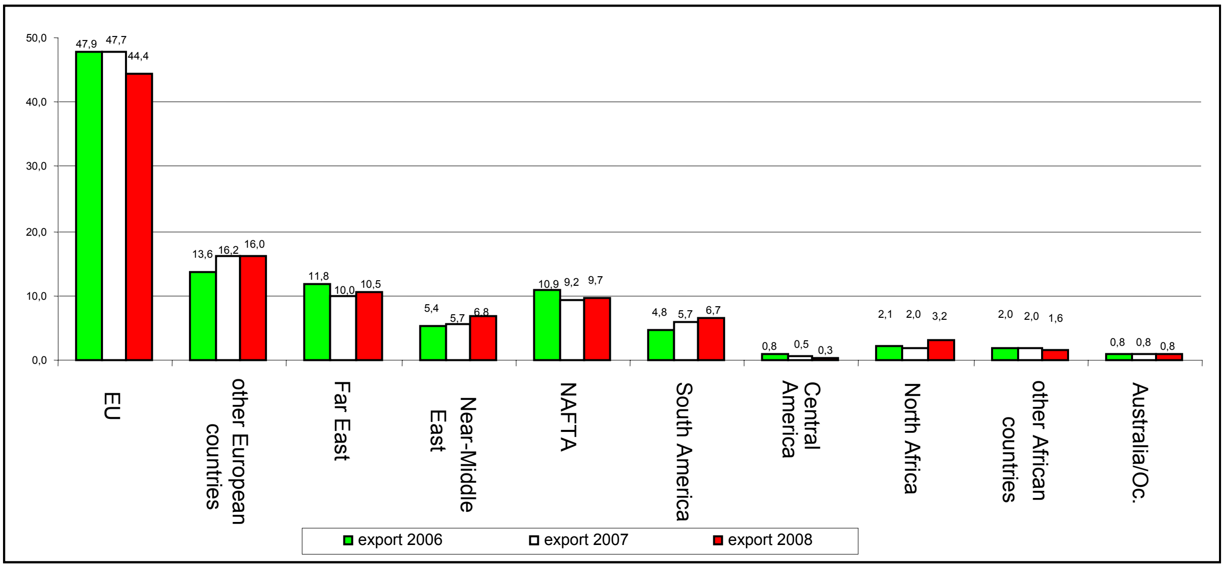
On the contrary, the import for this type of machines reached a surprising +18.5% on 2007, representing 12.5% of the total import (third customs code in value). The supplier of Italian moulders were above all German manufacturers: 26 millions euro, that is more than 35% of the total Italian import of these machines. The Austrian were in second position (16 million euro; 21.7%) followed by Japanese 6.5 million euro), French (approximately 5.8) and Swiss (nearly 5.7).

Table 2 - Italian import-export of plastics and rubber processing machinery, equipment and moulds

	Import			Export		
	2006	2007	2008	2006	2007	2008
calenders and laminators	248	368	975	65,528	80,707	74,963
flexographic printing machines	20,144	18,537	12,108	124,361	119,336	125,368
plants for mono and multifilaments	1,746	12,300	8,440	66,270	39,521	50,662
injection moulding machines	88,006	61,961	73,429	239,025	166,633	113,007
extruders	36,968	45,920	33,631	220,134	288,637	302,513
blow moulding machines	24,903	15,955	20,034	103,038	167,188	149,950
thermoforming machines	17,004	13,354	13,050	34,866	30,364	34,964
presses for tyres and inner tubes	8,732	4,320	5,344	21,013	33,568	21,128
presses	18,856	44,646	23,316	40,570	124,409	102,153
machines for moulding or forming	10,538	9,639	18,416	92,789	141,609	148,636
machines for reactive resins	1,165	1,701	1,886	34,528	42,196	34,109
machines for foamed products	5,900	5,634	6,929	23,802	39,876	35,491
equipment for size reduction	5,643	2,907	4,846	21,200	22,491	30,421
mixers	4,307	5,254	4,801	22,900	22,996	24,064
cutting, splitting and peeling machines	4,908	8,873	4,857	6,372	7,251	10,418
other machines	26,891	39,501	34,181	302,974	365,633	310,812
parts and components	117,843	114,015	119,765	326,302	377,440	360,562
moulds	235,842	229,373	203,425	590,146	682,717	522,147
total	629,645	634,258	589,433	2,335,818	2,752,572	2,451,368

From a geographical point of view (considering only the aggregate values of the export), no important changes have been registered. The only changes higher than one per cent point have involved the EU (-3.3% from 2007), the Near-Middle East (+1.1%), South America (+1%) and North America (+1.2%).

Graph D - Italian export of plastics and rubber processing machinery, equipment and moulds by areas (% out of total)



As far as the countries are concerned, here below there is the top ten for import and export, on a three years basis (2006-2008)

Table 3 - Main countries of origin of the Italian import of plastics and rubber machinery (000 euro)

	2006	%	Δ% 06/05	2007	%	Δ% 07/06	2008	%	Δ% 08/07
Germany	234,194	37.2	0.5	223,921	36.6	-4.4	189,440	32.1	-15.4
Switzerland	61,366	9.7	23.8	66,676	10.9	8.7	62,124	10.5	-6.8
China	28,200	4.5	50.7	36,482	6.0	29.4	50,252	8.5	37.7
Austria	52,322	8.3	73.8	45,005	7.4	-14.0	48,742	8.3	8.3
France	66,439	10.6	21.4	49,922	8.2	-24.9	47,733	8.1	-4.4
United States	22,834	3.6	-3.2	23,483	3.8	2.8	27,878	4.7	18.7
Czech Republic	21,218	3.4	130.7	22,151	3.6	4.4	19,209	3.3	-13.3
Spain	13,988	2.2	-4.0	9,781	1.6	-30.1	18,903	3.2	93.3
Japan	7,055	1.1	-4.0	11,130	1.8	57.8	12,726	2.2	14.3
Poland	6,611	1.0	54.5	11,258	1.8	70.3	10,756	1.8	-4.5
other countries	115,418	18.4	-4.6	134,449	18.3	-3.1	101,670	17.3	-9.1
world	629,645	100.0	11.0	634,258	100.0	-2.8	589,433	100.0	-3.6

Table 4 - Main countries of destination of the Italian export of plastics and rubber machinery (000 euro)

	2006	share %	2007	share %	2008	share %
Germany	309,299	13.2	378,320	14.1	287,114	11.7
Russia	108,594	4.7	206,523	7.5	178,300	7.3
France	134,780	5.8	149,789	5.6	161,037	6.6
United States	146,621	6.3	152,787	5.7	132,230	5.4
Poland	111,345	4.8	113,428	4.2	116,978	4.8
Spain	129,887	5.6	136,807	5.1	109,394	4.5
China	142,494	6.1	127,526	4.7	103,838	4.2
Mexico	70,714	3.0	71,433	2.7	76,693	3.1
Brazil	45,264	1.9	51,138	1.9	74,388	3.0
Turkey	81,748	3.5	97,300	3.6	73,707	3.0
other countries	1,055,072	45.1	1,267,521	44.9	1,137,689	46.4
world	2,335,818	100.0	2,752,572	100.0	2,451,368	100.0

The following table reports the Italian trade balance (according to the official data released by ISTAT) with the main competing countries manufacturers of plastics and rubber machinery and moulds.
Without going into details, it is important to underline that the trade balance is positive with respect to almost all the direct competitors, except Austria, Japan and Taiwan.

Table 5 - Italian trade balance with the main competitors (000 euro)

	2006	Δ% 06/05	2007	Δ% 07/06	2008	Δ% 08/07
France	69,179	1.4	99,866	44.4	113,304	13.5
United States	124,007	-12.9	129,304	4.3	104,352	-19.3
Germany	65,194	3.8	154,398	136.8	97,674	-36.7
China	113,092	-11.9	91,044	-19.5	53,586	58.9
Switzerland	-4,850	-269.5	4,492	192.6	5,930	32.0
South Korea	16,364	895.5	11,665	-28.7	5,266	-54.9
Japan	5,050	371.4	-5,412	-207.2	-2,752	49.2
Taiwan	7,113	774.2	1,995	-72.0	-4,602	-130.7
Austria	-18,691	-167.4	-9,135	51.1	-20,484	-124.2

Perspectives for 2009

It is really difficult, or even impossible, for reasons clear to all of us, to make any forecast for the current year.
The silence of many economists (Is the worst over? Have we reached rock bottom? When should we expect a recovery?) or rather, their (extreme) caution should alert us about the complexity to foresee (or, al least, suppose) the very short-term future.
Nevertheless, from the beginning of April on, some authoritative opinions have hypothesized that the worst has been reached and the situation (as for production and export) seems having at least became stable with some recovery symptoms.