

European manufacturers economic situation underscores calls for swift action to adopt a truly European Recovery Plan alongside a robust MFF

The upcoming Council meeting on Friday, 19 June 2020, takes place in the shadow of a looming pronounced economic slowdown and major uncertainties. In this light, European Tech and Industry employers refresh their call for a focused and well-coordinated European recovery plan to ensure the strategic goal of a competitive, sustainable and innovative industry that provides quality jobs and sustains social Europe is reached.

Unprecedented challenges for the European economy...

The consequences of COVID-19 on our economies, people and health care systems have been evident for all. The lockdowns across Europe and beyond have, to varying degrees, left a lasting impact on our economies and societies. In this light, Ceemet has launched a sectoral analysis to investigate the impact on the economies, and in particular our sector, of COVID-19.

GDP figures across Europe took a nosedive of 3.5% in the first quarter of 2020 and from our economic analysis, in the second quarter, the decline in GDP will be much more pronounced. Furthermore, there is a stark difference in some Member States between an early and a delayed recovery. That difference can be as pronounced as over 6% of GDP in some countries.

Private sector employment also fell dramatically, with many labour markets currently characterised by much higher numbers of short-term work, some of which could turn into unemployment, depending on the depth and length of the economic shock that will follow the symmetric shock. The number of employees affected by short-term work in the MET industries has soared in recent months. Ceemet estimates that 6 million of the over 17 million directly employed workers in our sector were in short term unemployment due to the economic lockdowns in the EU Member States, these figures are considerably higher than during the 2009 crisis. Furthermore, we estimate that in the next 18 months (June 2020-December 2021) 1 million jobs could be permanently lost due to the current crisis and its economic effects.

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ABOUT Ceemet

Ceemet represents the metal, engineering and technology-based industry employers in Europe, covering sectors such as metal goods, mechanical engineering, electronics, ICT, vehicle and transport manufacturing.

Member organisations represent 200,000 companies in Europe, providing over 17 million direct and 35 million indirect jobs.

Ceemet is a recognised European social partner at the industrial sector level, promoting global competitiveness for European industry through consultation and social dialogue.



...and in particular for the MET Industries

Industrial output fell across the board in recent months, with certain sectors such as automotive and aeronautics being particularly badly affected. In several countries, MET production is currently about 40% below the pre-corona level of January/February 2020.

Exports too have declined dramatically, and in some countries the trends shown are strikingly similar to the 2009 financial crisis. Furthermore, demand for manufactured products, in Europe, and globally, will not return to pre-crisis levels for the foreseeable future. Our sector could see production return to only 90%. It could take us as long as 18 months to get back on the path that we left in March 2020. Furthermore, we do not envisage a return to normal operations after this crisis, at best we would arrive at 90, or possibly 95%, of pre-crisis output. This is unlike the V recovery scenario in the 2009 crisis, this will be a more pronounced recession with a longer recovery period.

The essentially important functioning of supply chains in the MET industries was one of the major challenges affecting the production processes at the beginning of the pandemic. In some cases these problems have subsided as the general lockdowns begin to lift. So, while problems from the supply side still exist they are no longer a major reason for production stoppages. However, coordinated European action is needed in order to safeguard supply chains and ensure their continued functionality.

The number of employees on short-term work eclipsed the figures achieved during the 2009 financial crisis. Furthermore, with an expected reduction in demand of up to 50% in some countries, and bankruptcies in companies which will create liquidity problems in the economy as a whole, we see a recipe for economic challenges far beyond what has been experienced in living memory.

The MET industry's analysis as reason to act swiftly

Although the conclusions of this analysis cause concerns about the future, a coordinated and determined relaunch of Europe's economy after COVID-19 holds the potential to put Europe in the leading position in the world, whether politically, socially, ethically or economically.

EU leaders have to show determination and the ability to act by getting ready to agree in July 2020 on the European Recovery Plan and a robust next Multiannual Framework. This is about being big on the big things, in the end it is about the future of the unique European Project.

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