

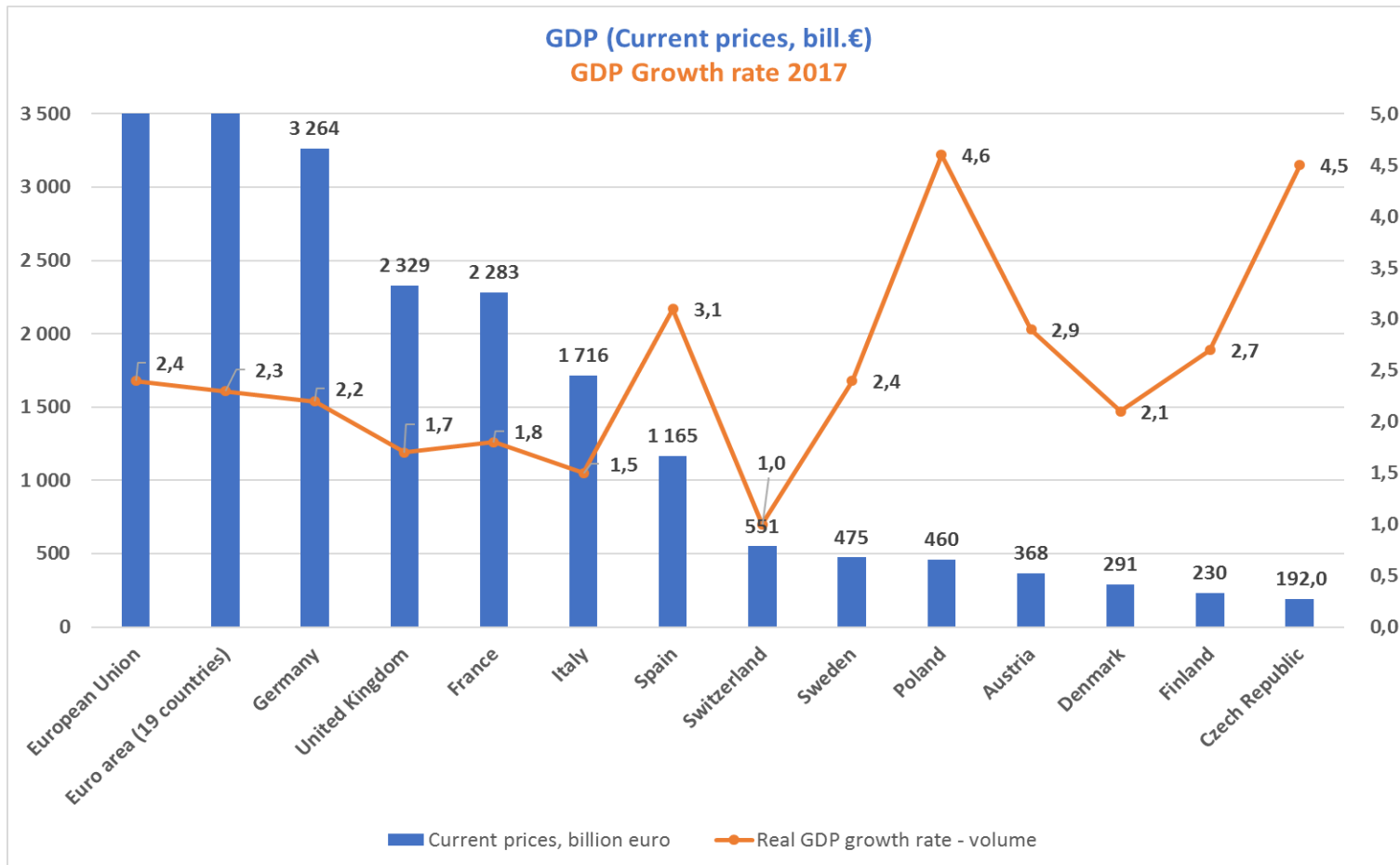
EUROPEAN SPRING FEDERATION



**INTERNATIONAL SPRING MAKERS CONFERENCE**  
**Düsseldorf**  
**April 18<sup>th</sup>, 2018**

# ECONOMIC SITUATION OF SPRING INDUSTRY **EUROPE**





Source: Eurostat

|                | GDP<br>growth rate |      |      | Inflation |      |      | Unemployment<br>rate |      |      |
|----------------|--------------------|------|------|-----------|------|------|----------------------|------|------|
|                | 2017               | 2018 | 2019 | 2017      | 2018 | 2019 | 2017                 | 2018 | 2019 |
| Germany        | 2,2                | 2,1  | 2,0  | 1,7       | 1,5  | 1,6  | 3,7                  | 3,5  | 3,2  |
| United Kingdom | 1,5                | 1,3  | 1,1  | 2,7       | 2,6  | 2,1  | 4,5                  | 4,7  | 4,8  |
| France         | 1,6                | 1,7  | 1,6  | 1,1       | 1,2  | 1,5  | 9,5                  | 9,3  | 8,9  |
| Italy          | 1,5                | 1,3  | 1,0  | 1,4       | 1,2  | 1,5  | 11,3                 | 10,9 | 10,5 |
| Spain          | 3,1                | 2,5  | 2,1  | 2,0       | 1,4  | 1,5  | 17,4                 | 15,6 | 14,3 |
| Switzerland*   | 0,8                | 1,7  | 1,8  | 0,3       | 0,5  | 0,6  | 4,8                  | 4,5  | 4,4  |
| Sweden         | 3,2                | 2,7  | 2,2  | 1,8       | 1,6  | 1,7  | 6,6                  | 6,4  | 6,3  |
| Poland         | 4,2                | 3,8  | 3,4  | 1,6       | 2,1  | 2,8  | 5,0                  | 4,2  | 4,0  |
| Austria        | 2,6                | 2,1  | 2,3  | 2,0       | 1,6  | 1,7  | 5,6                  | 5,5  | 5,4  |
| Denmark        | 2,3                | 2,0  | 1,9  | 1,0       | 1,4  | 1,7  | 5,9                  | 5,6  | 5,5  |
| Finland        | 3,3                | 2,7  | 2,4  | 0,9       | 1,3  | 1,7  | 8,6                  | 8,3  | 8,0  |
| EU             | 2,4                | 2,2  | 2    | 1,6       | 1,5  | 1,8  | 8,2                  | 7,7  | 7,2  |
| World          | 3,5                | 3,7  | 3,7  |           |      |      |                      |      |      |

Source: EU  
\*OECD



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# German Spring Manufacturers Association

## VDFI

### Market

- The German economy grew by 2.2% in 2017
- The results of the survey among the VDFI members showed a growth rate of more than 6%.
- This growth is still based primarily on private consumer spending. The consumption was supported on the one hand by increased wages, and by low interest and inflation on the other.
- It is also noteworthy that the proportion of direct exports by our member companies is still increasing and meanwhile exceeds 40%.
- At the beginning of 2018, the order backlog and the utilisation of capacity rose slightly.
- However, only a few new employees were recruited in 2017, (+ 3.3%).
- The outlook for the future is regarded as positive.

### Spring material supply

- Availability and delivery time
  - Delivery delays have been reported in some segments. This seems to be caused by the suppliers of semi-finished products and capacity bottlenecks in production.
- Price:
  - With only a few exceptions, most reports inform of rapidly rising prices.



## United Kingdom

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### Market

- Economic growth in the UK has been slowing down since the start of the year, as higher consumer prices slowed down the private consumption growth.
- Based on a purely technical assumption of status quo in terms of trading relations between the EU27 and the UK, growth is still expected to remain low over the forecast horizon.
- Consumption growth is forecasted to be modest, in line with weak real wage growth, while uncertainty continues to impact on business investment.
- However, net exports are expected to provide some support to growth, and the labour market is projected to show continued resilience.

### Occupation

- Employment is expected to continue growing, though more slowly than in recent years, as productivity growth remains slow.
- The unemployment rate is projected to rise gradually from 4.5% in 2017 to 4.7% in 2018 and to 4.8% in 2019.

Source: European Commission, European Economic Forecast, Autumn 2017



**France**

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## **FIM Ressort**

### **Market**

- The economy in France grew by 1,6-1.9% in 2017 (depending on statistics)
- Economic activity is forecast to accelerate in 2018, driven by strong private investment growth and in particular a strong recovery in the housing market.
- Growth is expected to remain solid in the coming quarters. The confidence indicators have reached their highest levels since the 2008 financial crisis.
- All in all, GDP growth is expected to reach 1.7% in 2018, and to slightly slow down to 1.6% in 2019 as spare capacities in the economy are reabsorbed.
- Over the past two years, several springmakers have merged to offer a broader range of products

### **Occupation**

- In line with the solid growth expected in France, the unemployment rate is forecast to decline to 9.3% in 2018, and 8.9% in 2019.

### **Spring material supply**

- Availability and delivery time
  - Extended delivery time for raw-materials.
  - Customers require shorter delivery time.
- Price:
  - Substantial price increase of raw material.



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# Italian Spring Manufacturers Association

## ANCCEM

### Market

- The beginning of the new year is showing a continuous increasing of the mechanical industry in Italy due to the growth of both domestic and export markets.
- In 2017 the mechanical industry increasing was +2,9% driven by producers of metal goods (+4,2%), machineries (+3,2%) and vehicles (+6,6%).
- Export increased of +6,3% reaching 216 Billion€.

### Level of occupation

- In 2018 has been introduced a exemption on salary tax, focused on young people (under 35 years).
- The aim is to reduce the unemployment rate which is actually totally round about 11,0%.
- Considering young work force (below 35 years old) the rate is round about 35%.

### Spring manufacturing

- Spring companies in Italy are facing a good increasing period.
- Total forecasted t/o for the sector in 2017 is 880Mln € with 185 companies and 4.300 employees circa.

### Spring material supply

- The prices of raw materials are increasing from 150 €/tons to 300 €/tons.
- Also the lead time is increasing especially regarding the oil tempered steel.





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# Asociación Española De Fabricantes De Muelles ASEMU

## Market

- Economic activity accelerated in the first half of 2017, underpinned by private consumption and exports.
- Real GDP posted a strong 0.9% expansion on a quarterly basis in 2017-Q2, finally exceed its pre-crisis peak.
- Growth is set to remain robust but ease going forward, driven by a slowdown in private consumption.

## Occupation

- The unemployment rate is forecasted to fall to about 14% by 2019
- Wage growth was remaining low in 2017 year despite the increase of inflation, partly due to a negative wage drift, and then gradually increase in 2018 and 2019.

## Spring manufacturing

- 2017 has been a good year in general terms.
- 2018 has begun with good perspectives.

## Spring material supply

- The delivery time is reported to increase.
- The prices of raw material are increasing in all qualities.



## Sweden

### Market

- Strong start of 2018. The high market demand within the Swedish tech industry remains.
- Orders from the export market are increasing and the domestic demand has only marginally slowed down.
- The used capacity within the industry remains on a very high level.

### Occupation

- The demand of skilled work force within the tech industry has been better met this last period, but the need for staff with engineering degree has instead risen in comparison to previous period.
- Level of occupation: ~ 90% (un-employment around 6.5%, January 2018)
- Wage evolution: 2.7%

### Spring manufacturing

- Markets for 'Automotive industry' and 'Handheld / small appliances' are damped.
- The main driving force on the Swedish market today is the machine industry.

### Spring material supply

- Good access to material, but the market now indicates +50 EUR/ton stainless.
- On pre-drawn wire the indication is similar with prices at SEK 0.50/kg beginning April 2018.

### General issues

- Stricter rules for employers regarding social & mental health protection.
- GDPR (General Data Protection Regulation)



## Switzerland

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### Market

- The Swiss economy's weak performance in the first half of 2017 (0.1% q-o-q in 2017-Q1, 0.3% q-o-q in 2017-Q2), the outlook for the whole year was revised down to 0.9%.
- The economy's slowdown in the first half of 2017 was led by low activity in most service sectors, manufacturing, financial services and leisure industries.
- Switzerland's economy is forecast to expand by 1.8% in both 2018 and 2019, supported by both exports and domestic demand.

### Occupation

- The wage growth is expected to remain weak, continued moderate recovery in the labour market should support household incomes and private consumption.

Source: European Commission, European Economic Forecast, Autumn 2017



## Poland

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### Market

- The first half of 2017 showed a strong increase in private consumption and an accumulation of inventories, while investment activity remained weak.
- Faster wage growth, moderate employment gains and strong consumer confidence are set to sustain private consumption as the main growth driver.
- Investment activity is expected to gradually recover, largely due to a higher utilisation of EU funds.

### Occupation

- The unemployment rate is low and the employment gains are forecast to decelerate as wage growth strengthens.
- A tightening labour market is expected to lead to faster price increases, particularly in the services sector.

Source: European Commission, European Economic Forecast, Autumn 2017



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# Austrian Spring Manufacturers Association

## ASA

### Market

- The outlook for Austria's economy is favourable.
- Growth is expected to strengthen robustly in 2017 and should continue to expand at almost the same pace until 2019.
- Domestic demand, supported by dynamic investment, is expected to be the main growth driver.
- Strong growth in exports suggests that foreign trade should provide a boost to overall growth.
- Public finances are expected to benefit from favourable economic trends, despite the costs of recent government measures.

### Occupation

- After 6.0% in 2016, unemployment rate in Austria is expected to decrease to 5.6% in 2017 and to fall further to 5.4% in 2019.

### Spring manufacturing

- Level of occupation: high
- Wage evolution: high
- Health and safety regulations: The new governor promised to reduce regulations, but till now no improvement

### Spring material supply

- Delivery times are getting higher and suppliers are raising prices, delivery times for unusual types of spring wire are already extremely high.



## Denmark

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### Market

- Customer activity is on high level with a good activity in Denmark, export to Europe and USA.
- Customers are investing and production forecasts are good.
- In Denmark we are still increasing more automations projects with more use of robots etc. to become and be competitive comparing to East European Countries.

### Occupation

- We still have lack of educated employees, and especially very high educated persons.
- The employment rate in Denmark in 2017 is lower than in Sweden and Germany – on a level of 74,2 %.
- However in January 2018 in Denmark we had an unemployment rate of 4,1 per cent of the labour force – approx. 111.200 people.

### Spring manufacturing

- We expect that the employment – in the spring industry - is going to be unchanged or increasing during 2018.
- We are expecting the local wages – in the spring industry - are increasing with about 2,0 – 3,0 % during 2018.

### Spring material supply

- Material supply are unstable, and material costs have been increased.



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# Finnish Spring Manufacturers Association

## FSA

### Market

- During 2017 the industrial production in Finland increased by 4,8 % (Jan. 2017-2018) and the turnover by 7%.
- The Finnish economy has recovered from the drop in 2009 slower than most of the European economies.
- The economy suffers from the sanctions against Russia and the economic recession in Russia.
- However, in the end of 2016 there was a significant positive change concerning value of order books, turnover and recruitment activities in Finnish technology industry.

### Occupation

- The reported unemployment rate in January 2018 was 8,8% (0,4 percentage points lower than 2017).
- Despite over 230 000 persons without a job, it is difficult to find skilled labour force.
- The employers and labour organisations have agreed annual labour cost increases of 1,6% for 2018 and 2019.

### Spring manufacturing

- The development of spring demand and production show finally growing figures.
- The growth is slightly slower than in the general industry, we estimate an annual growth for spring manufacturing volumes by 2,5-3,5% for the coming two years.

### Spring material supply

- The prices of spring steel wire and especially stainless spring steel have increased during 2017.
- The delivery time have been longer and quality issues of stainless spring steel have increased remarkably.



## Czech Republic

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### Market

- During 2017 the industrial production in Czech increased by 4,5 %.
- Economic growth was supported by private consumption and the external sector.

### Spring manufacturing

- Spring sector in the Czech Republic is doing very well as the industry and especially automotive industry is on a very high level.



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**THANK YOU!**

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