



**The European
Foundry
Association**

CAEF Council Meeting

2 October 2020

Purpose of our meeting

- Discussion of economic situation
- Raw materials
- Information exchange
- Energy
- Technical issues
- Etc.

Please take note of the CAEF
antitrust compliance guideline

- **Non-topics for our meetings:**

Prices

Quotas

Concrete customer relationships

Any measures with indirect effect on the topics mentioned above

Statistics have to respect these issues

Almost no problem:

Purchasing subjects

Raw materials statistics

Anonymous benchmark surveys

Current market situation (General aspects)

The statements may not be linked
to a concrete product or customer

- General statements on e.g. the following topics:
 - Production volumes / Orders in stock
 - Cancellation of orders
 - Raw materials availability
 - Status and development of energy price
 - Planned investments
 - Mid-term perspectives of production

Agenda

Welcome

1. Adoption of the minutes
2. Presidency 2021/2022
3. Report of the President of the Executive Committee
including election of the new Executive Committee
President and members of the EC
4. Situation of the General Secretariat, further procedure
Secretary General and prolongation „caretaker“-project
5. CAEF account 2019, budget 2020
6. Report on survey including short economic outlook

1 Adoption of the minutes

Council meeting 2019 in Zagreb

AudioSmart



The European
Foundry
Association

CAEF Council Meeting

2 October 2020

van de Sand Tillman

www.caef.eu

Besprechungschat

- Harris, Marion CAEF hat die Besprechung in CAEF Council 2020 umbenannt.
- Schumacher Max und 3 weitere Personen sind der Besprechung beigetreten.

Gestern

Heute

- 13:48 Besprechung gestartet
- van de Sand Tillman ist der Besprechung beigetreten.
- test
- Fynn Lohe 13:50 Klappt

Eine neue Nachricht eingeben



2 **Presidency 2021/2022**

2021 Spain
2022 France

3 Report of the president of the Executive Committee including election of new Executive Committee president and of members of the Executive Committee

CURRENT PROJECTS AND SURVEYS

In Progress

CAEF statement Automotive: European technology-neutral funding programmes

Contact with the European Commission

Surveys COVID-19

CAEF Yearbook 2019

BREF

FISI

NACE Revision 2.0

On Hold due to COVID-19 and Illness of Secretary General

Website development

Apprenticeship programme

Video statements

Environmental landing page at the website

1. IN PROGRESS PROJECTS

In Progress

CAEF statement Automotive: European technology-neutral funding programmes

Contact with the European Commission

Surveys COVID-19

CAEF Yearbook 2019

BREF

FISI

NACE Revision 2.0

1.1. CAEF statement Automotive: European technology-neutral funding programmes

Green Deal – future activity of the EC

Other programs that will be launched by the European Commission, to cover digitalization and industrial modernization

Attention to the Commission Staff Working Document Evaluation of the Industrial Emissions Directive (just launched in public discussion)
Directive 2010/75/EU

1.2. Contact with the European Commission

2 letters to the European Commission sent and answered, concerning the impact of the COVID-19

1.3. Surveys COVID-19

3 surveys sent to the CAEF members, concerning the effect of the COVID-19 at the foundry activities (last in September)

1.4. CAEF Yearbook 2019

New version of the of the CAEF Year Book 2019 just launched.
First time digitalized, not anymore paper printed

1.5. BREF

Data collection is ongoing

- Started 24 April – official deadline was end of September
- Seville bureau acknowledges problems in foundry industry due to COVID-19 pandemic

Thus, the deadline is handled flexible (probably end of October)

- The number of reference plants is decreasing: 245 (04.03.2020) → 237 (23.09.2020)

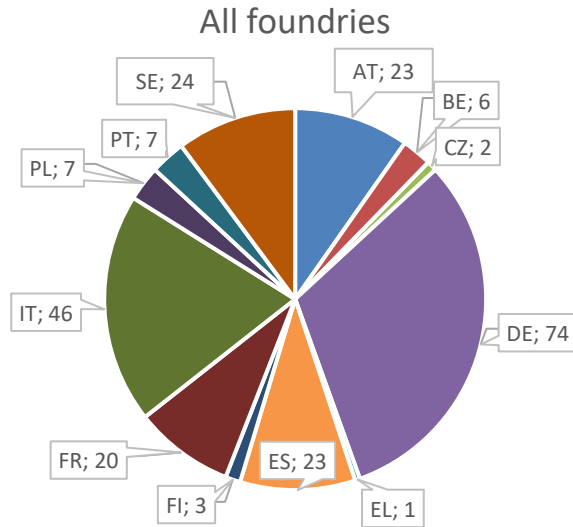
Questionnaires submitted to Seville from Austria, Belgium, Germany, Denmark, Spain, Finland, Italy, Sweden (by the countries environment authorities)

- Data analysis for Q1 2021 expected
- Seville Bureau is working on texts for the first draft of BREF document

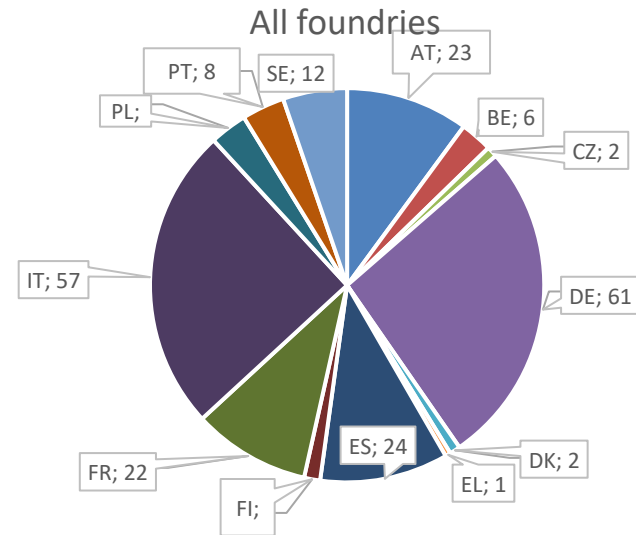
1.5. BREF

Number of reference plants

04.03.2020



23.09.2020



1.6. FISI

Currently reported on a monthly basis

1.7. NACE revision 2.0

On going, no yet inputs from the European Commission

2. ON HOLD PROJECTS

**On Hold due to COVID-19 and Illness of
Secretary General**

Website development

Apprenticeship program

Video statements

Environmental landing page at the website

2.1. Website Development

Permanently updated, easy to handle

2.2. Apprenticeship program

So far not a significant adherence
COVID-19 is not helping

2.3. Video Statements

Only a small adherence

2.4. Environmental landing page at the website

Still to be included

A European foundryman

Fourth generation in a family-owned company founded 110 years ago in Brescia

In the company since **1994**

Chairman of the **Italian Foundry Association** since 2013

Grew up fed with the **ideals of our continent**

First **European**, then Italian

Reason why of CAEF: my belief

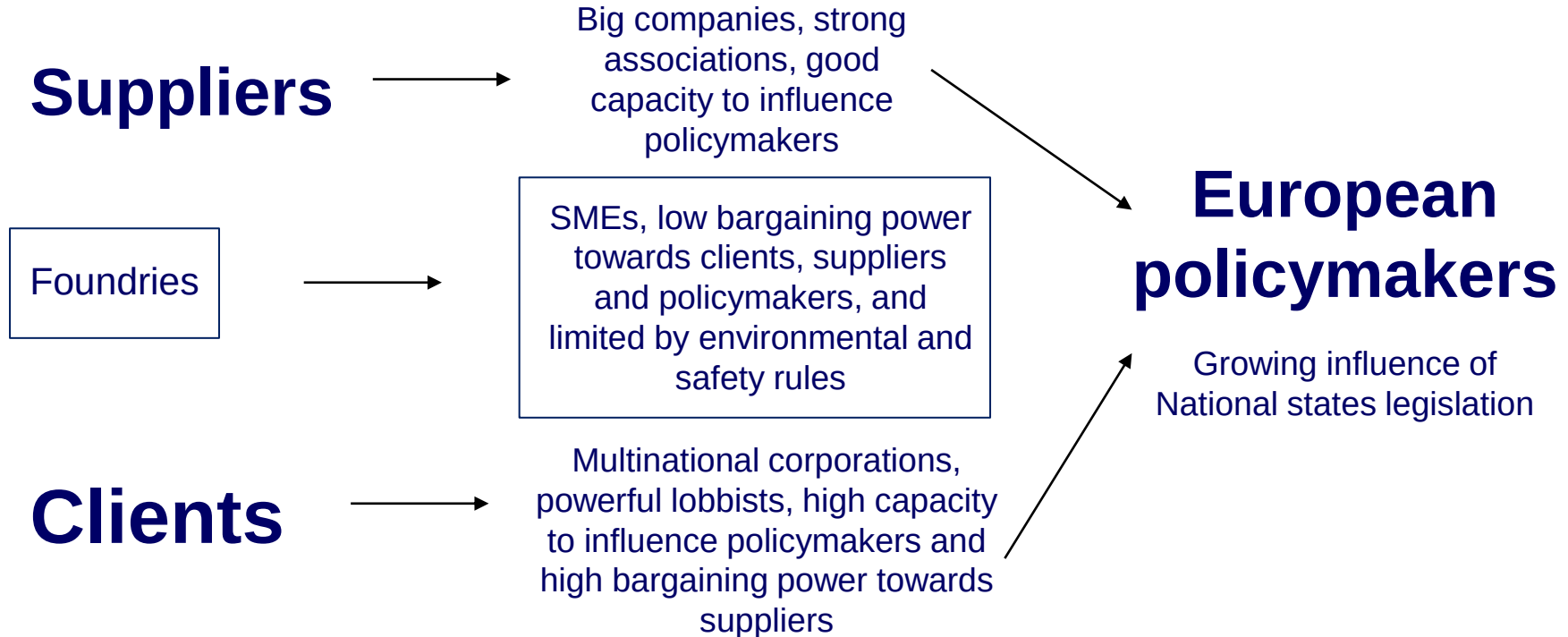
- Promote the **competitiveness** of the European Foundry Industry and its importance for regional **employment**
- Highlight its role within the European **mechanical industry** and promote and preserve the entire **regional value chain** in the competition with the rest of the world (with a win-win approach)
- Enhance our industry's reputation as “**solution provider**” for the Green revolution we are about to experience towards public opinion, policymakers and mass media

Foundries: a sustainable business

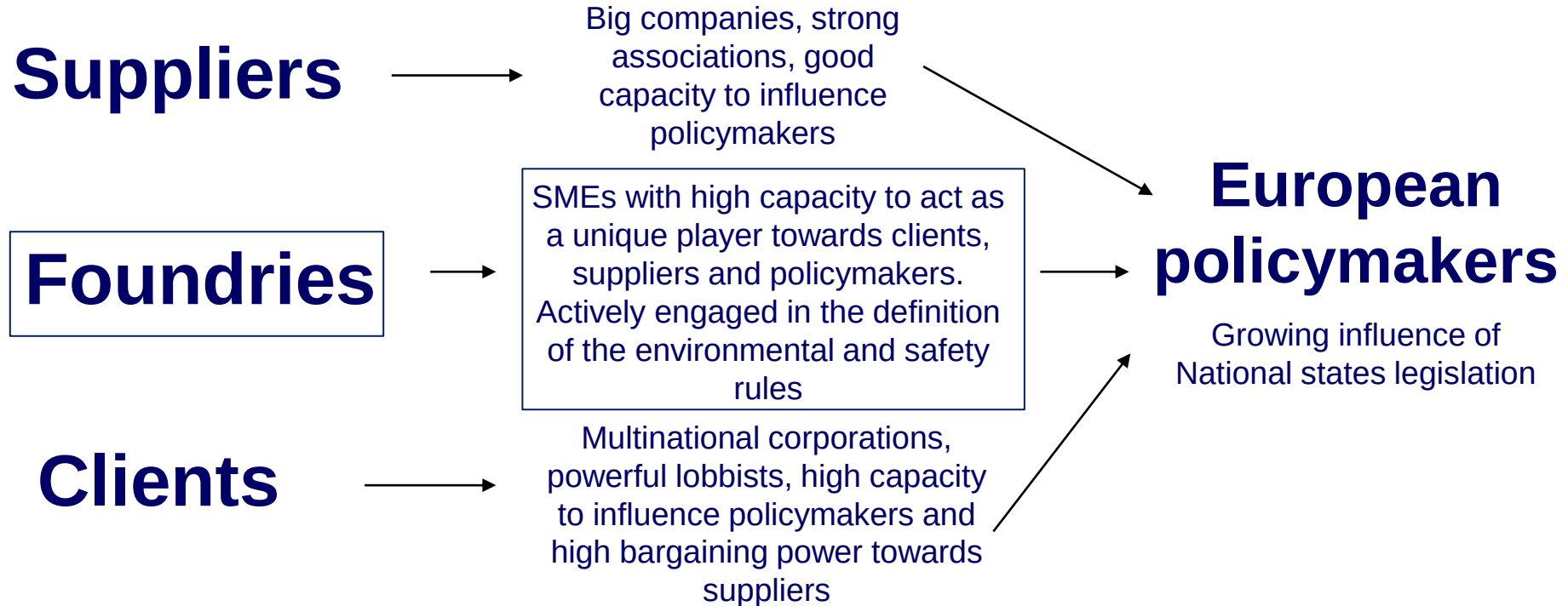
- **Family-owned** companies: we have a long-term view
- **Highly capitalized** companies: both in terms of capital goods and HR
- **Sustainable** companies: in the long-term, economic and ecological reasons tend to match and social support will arise

But this is not enough...

Foundries' situation in Europe **WITHOUT** a strong association



Foundries' situation in Europe WITH a strong association



Priority of EC 2020-23 mandate

- **Establish a new relationship** to the **public opinion** and **policy-makers** (in Brussels, at national and local level)
- Care more about our **reputation**: in the new framework settled by the Green Deal we should approach our stakeholders with a new consciousness of our role as **solution providers** (“Supporter” of zero-carbon technology solutions) and not as part of the problem
- **Consolidate** on a central base **the measures** already undertaken by national associations (such as Sustainability Reports, PEF, LCA, Communication strategies etc.) and facilitate information and data sharing between national associations

Core activities (1/2)

1. **Green Deal & Carbon neutrality:** eye the possible development of carbon border adjustment tax and other barriers and monitor the new BREF to participate in the rules-setting process in the environmental field
2. **Relationships and bargaining power inside the value chain:** claim the importance of our role by improving, in compliance with antitrust laws, the awareness of general conditions of sale as a common fair background for our private, free negotiations with customers and suppliers
3. **Digitalization:** improve the awareness of the importance of data, of intellectual propriety and of the fair NDA with counterparts

Core activities (1/2)

4. **Social Sustainability:** improve working conditions and nurture our HR to increase our attractiveness towards young talents
5. **R&D:** stimulate proper R&D activity among universities, research centers and foundries, to keep EU at the front edge of the metal-casting industry

To do this we must:

- Improve our «**internal marketing**»: we need to be strong and perceived as useful to foundries
- Get the most out of our **communication tools**: website, social media, IFF...
- Bring our **NF colleagues** back on board: foundries need to act as a unique player
- Engage **National Associations** and coordinate them by means of a **general secretary** really depending from an active and committed **EC** and its chair
- Establish recurring **virtual meetings** and stimulate the existing **working groups** on specific issues
- Be physically present in **Brussels** in a way never adopted before to establish a constant dialogue with policy makers

Proposal

EC members

Filipe Villas-Boas
Niyazi Akdas
Roberto Ariotti
Witold Dobosz
Pam Murrell
Max Schumacher
retired
Jean-Luc Brillanceau
Hans Linnér

New EC members

Roberto Ariotti
S. Koray Hatipoglu
Filipe Villas-Boas
Witold Dobosz
Pam Murrell
Max Schumacher

Wilfrid Boyault
Ignacio de la Peña

4 Situation of the General Secretariat, further procedure Secretary General and prolongation of the “caretaker”-project

4 **Situation of the General Secretariat, further procedure Secretary General and prolongation of the “caretaker”-project**

Proposal Fynn Lohe as interim CAEF Secretary General



4 **Situation of the General Secretariat, further procedure Secretary General and prolongation of the “caretaker”-project**

Tillman van de Sand successor of Sophie Steffen



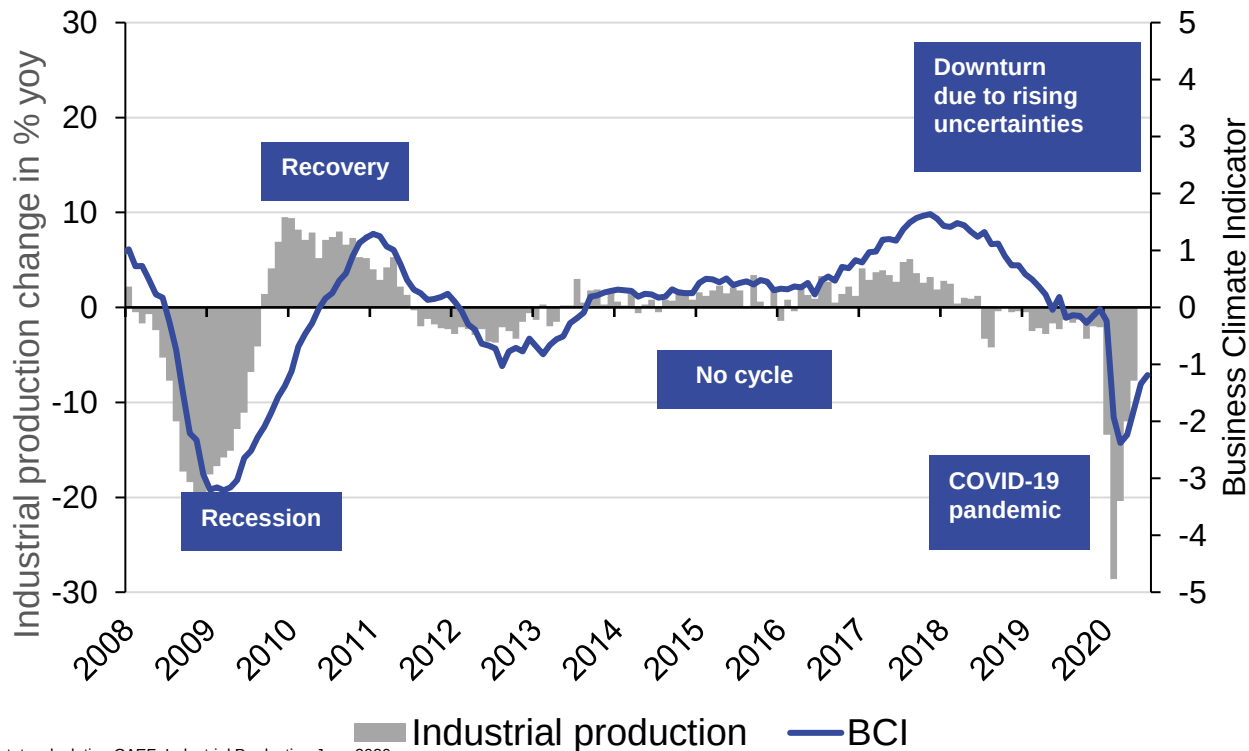
5 CAEF account 2019, budget 2020

6 Report on survey including short economic outlook



Indicators

Euro Area Business Climate Indicator (BCI) September 2020



Snapshot:

The Business Climate Indicator (BCI) recovers for the fourth consecutive month.

For the month September, there is no single driving factor in the calculation of the BCI. However, the outlook is slightly curbed by a more negative assessment of the stock of finished products.

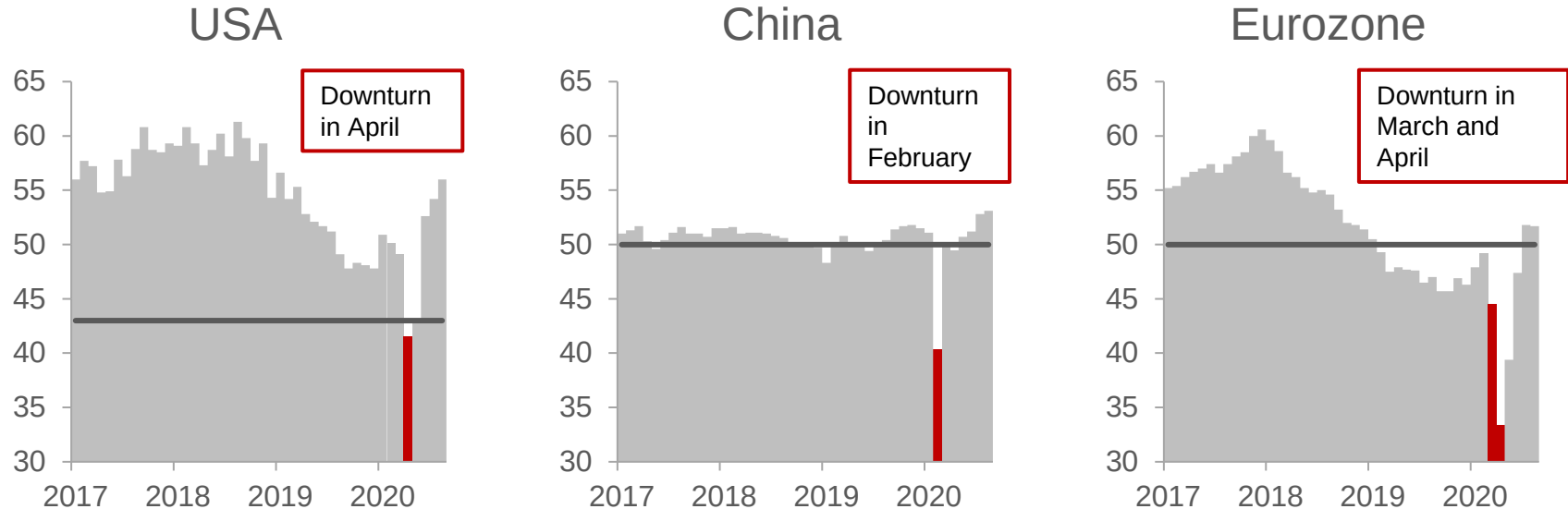
The increasing number of Covid-19 cases in Europe seems to hamper the prospects for a quick recovery.

Industrial production — BCI

Source: Eurostat, calculation CAEF, Industrial Production June 2020

Manufacturing Purchasing Manager Index (PMI) in large regions

August 2020



Index above 50 points = increasing economy
(dominated by industrial production and service)



Main Customer Industries

- Automotive Sector -

International Vehicle Markets

After a collapse in the 1st quarter 2020 sales stabilised in July
and decreased again in August

Region	Sales August 2020 Change 20/19 in %	Sales January – August 2020 Change 20/19 in %
Europe	- 15	- 33,0
Italy	0	
France	- 25	
Spain	- 10	
UK	- 6	
Germany	- 25	
USA	- 19	- 21
Japan	- 15	- 18
Brasil	- 25	- 36
India	- 14	- 37
China	+ 6	- 15

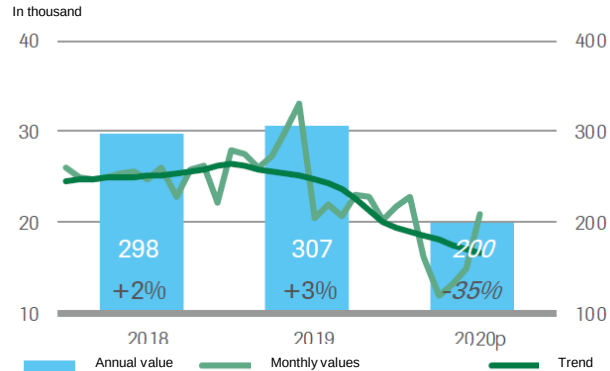
The Chinese
automotive market
increased for the
fourth consecutive
month in August.

Temporary Outlook 2020: International vehicle markets

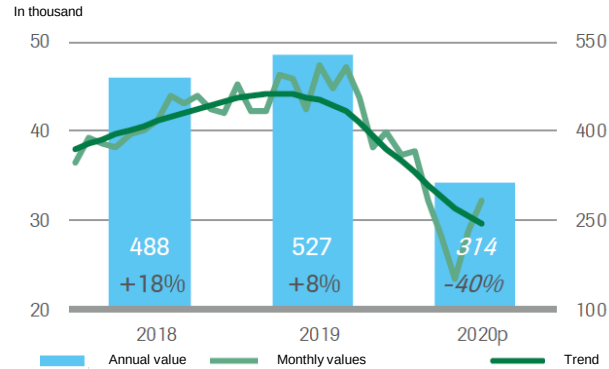
Region	New registrations (in %)	Production (in %)
World	- 17	- 16
Europe	- 23	- 21
Italy	- 35	- 29
France	- 23	- 21
Spain	- 30	- 24
UK	- 26	- 17
Germany	- 23	- 25
USA	- 18	- 15
Japan	- 8	- 12
Turkey	- 5	- 30
India	- 32	- 35
China	- 10	- 10

International Commercial Vehicle Markets – New registrations (>6 t)

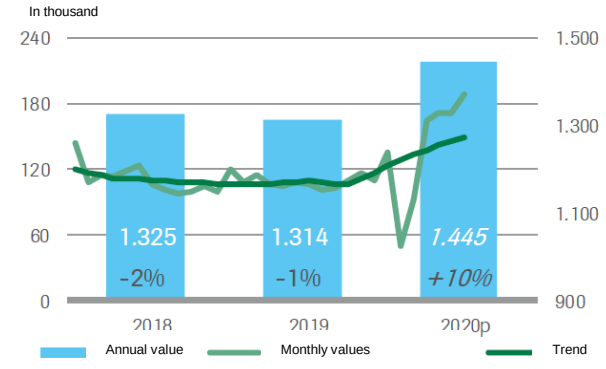
Western Europe



USA



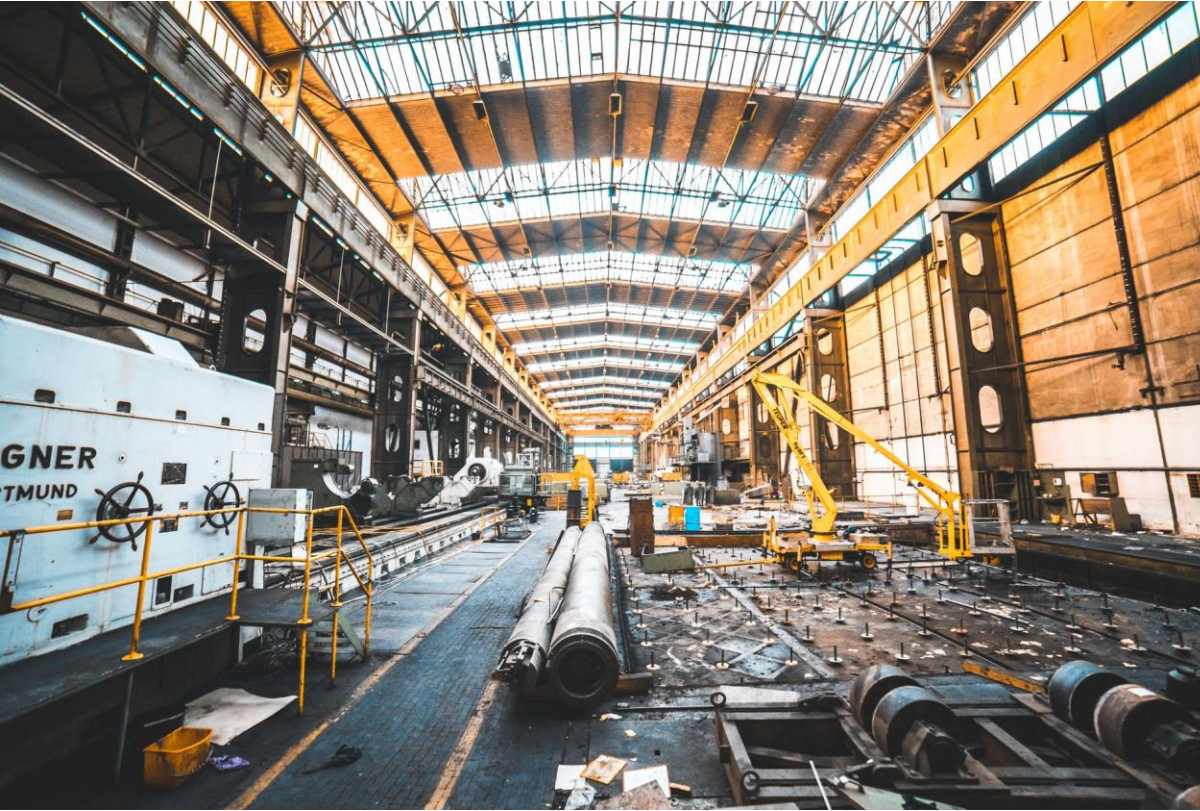
China



July 2020/2019:	+/- 0%
Jan.-July 2020/2019:	- 37%
Forecast 2020:	- 35%

July 2020/2019:	- 32%
Jan.-July 2020/2019:	- 30%
Forecast 2020:	- 40%

July 2020/2019:	+ 78%
Jan.-July 2020/2019:	+ 28%
Forecast 2020:	+ 10%

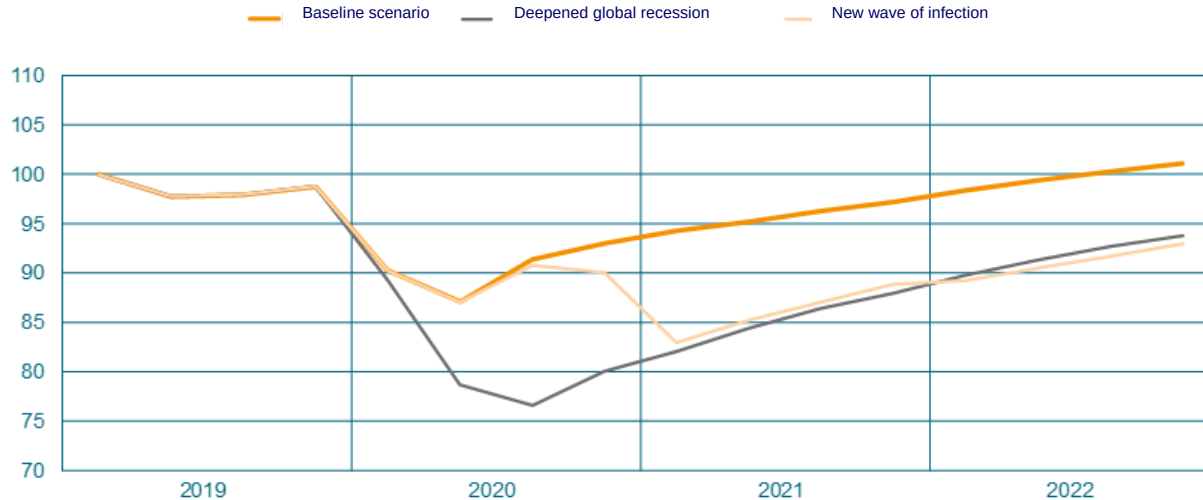


Main Customer Industries

- Engineering Sector -

World: International Engineering (Forecasts by Oxford Economics)

Index 2019Q1 = 100



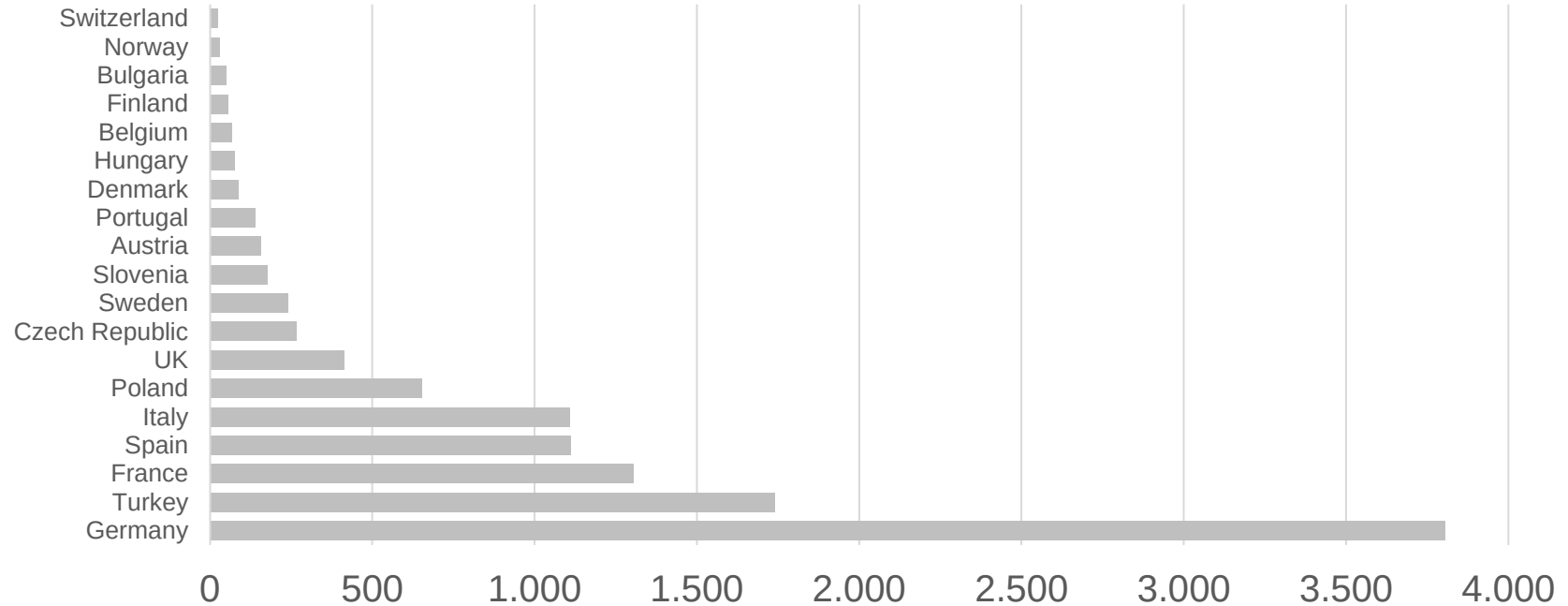
Quelle: Oxford Economics (8. Juni 2020)

For the global mechanical engineering industry, Oxford Economics predicts in the baseline scenario a decline in production of 8 percent this year and growth of 6 percent in the coming year. A return to pre-crisis levels is not expected until mid 2022.



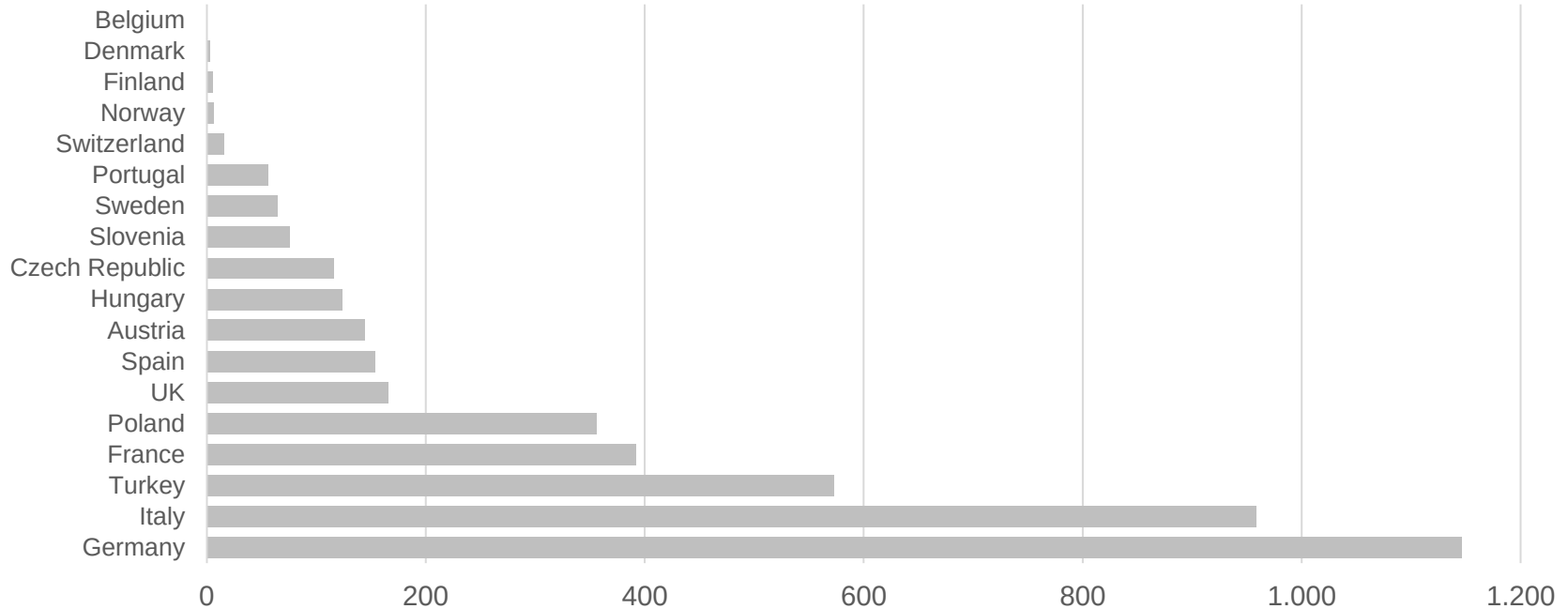
European Foundry Industry 2019

European Iron and Steel Castings 2019 (in 1000 tons)



Source: CAEF

European Non-Ferrous Metal Castings 2019 (in 1000 tons)



Source: CAEF



European Foundry Industry 2020

CAEF COVID-19

3rd survey



17 September 2020



12 participants

Austria, Belgium, Finland, Germany, Hungary, Italy,
Netherlands, Poland, Portugal, Spain, Turkey, UK

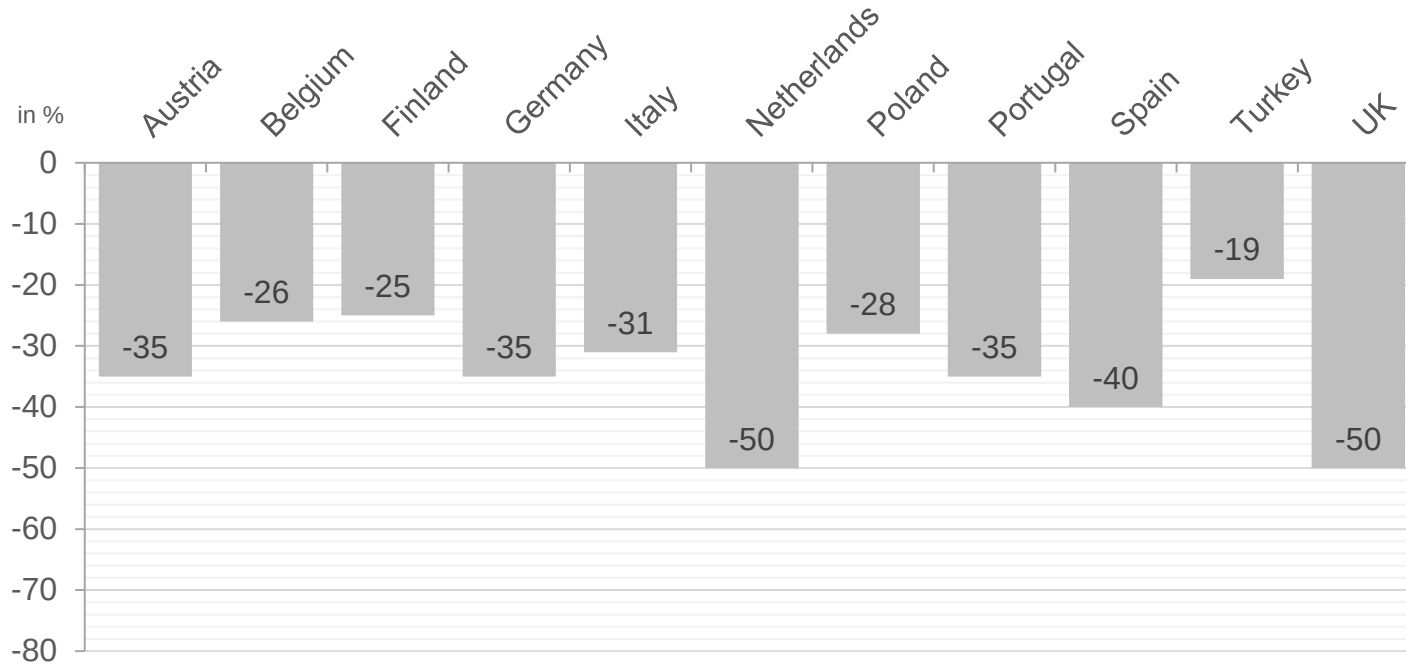


Questions

orders
production
capacity utilisation
implementation of capacity adjustments
short-time work
measures
expectations for the future

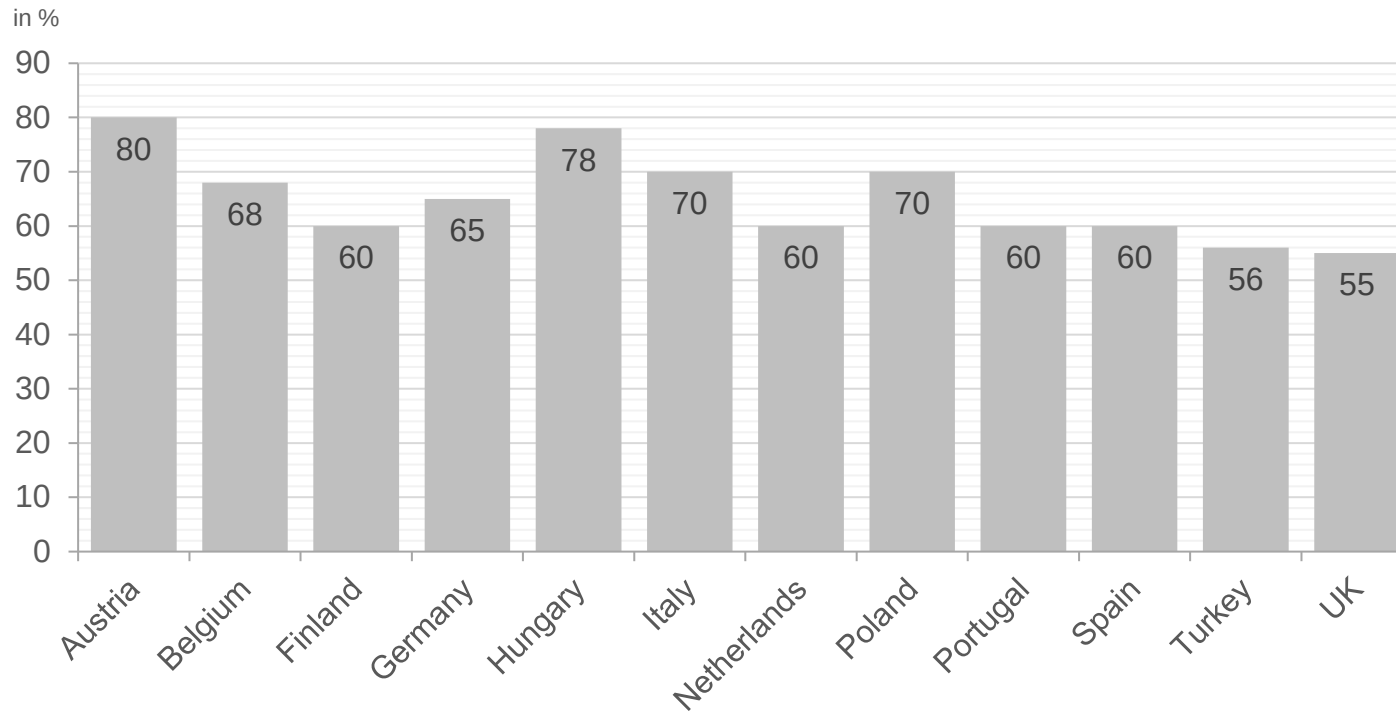
First half 2020 compared to first half 2019

Percentage change in production of casting components (tons)



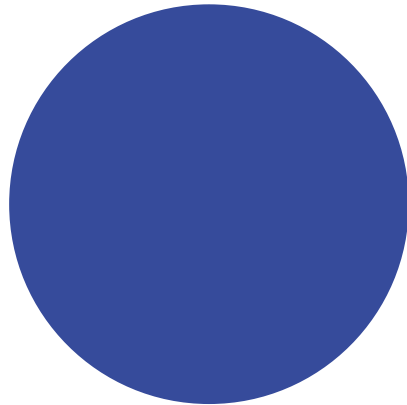
Current Situation

Current level of capacity utilisation



Current Situation

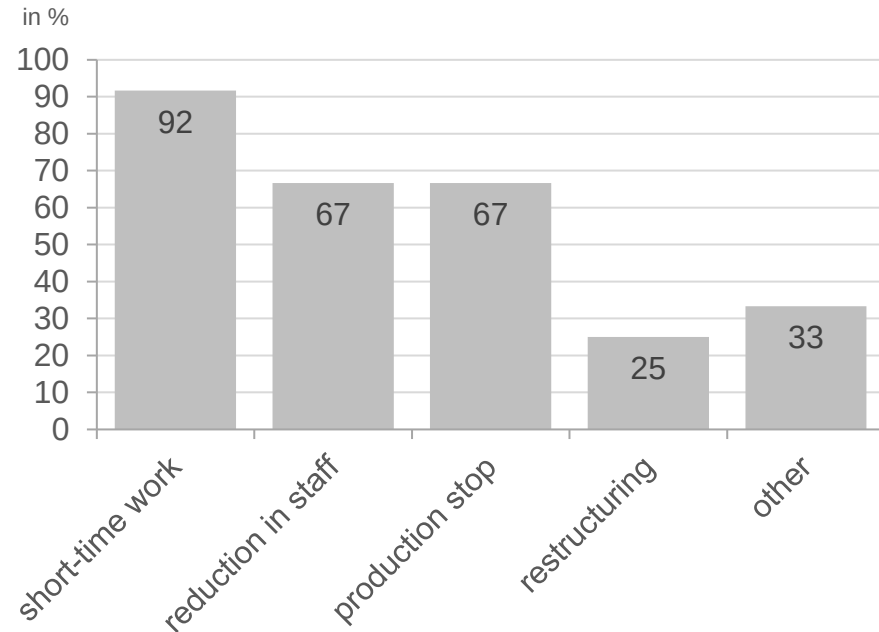
Are the foundries already implementing capacity adjustments?



■ Yes ■ No

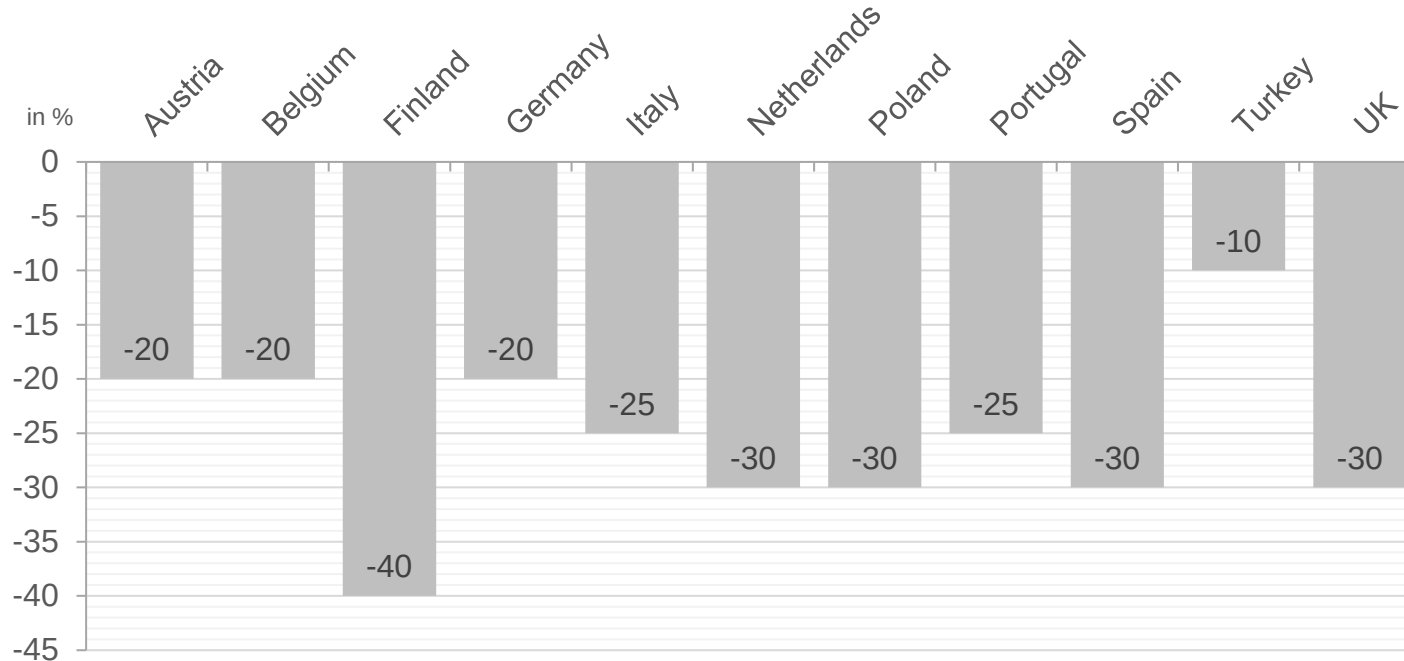
Current Situation

Which forms of capacity adjustments are they implementing? (in %)



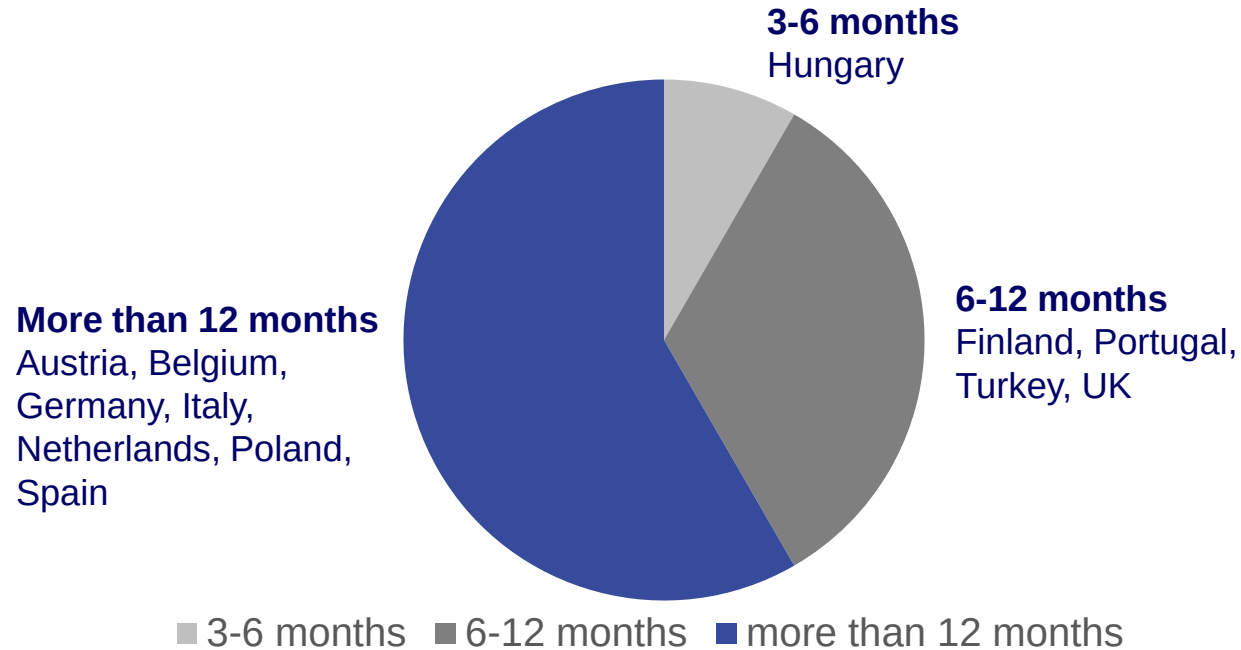
Expectations

By what percentage do you expect the foundries production (tons) to decline in 2020?



Expectations

What time horizon do you expect for the foundries to return to normal capacity utilisation?



CAEF COVID-19

Council Questionnaire



1 October 2020



18 participants

Austria, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Hungary, Italy, Netherlands, Poland, Portugal, Slovenia, Spain, Sweden, Turkey, United Kingdom



- **Urgent topics for foundry industry**
- **Green Deal**
- **Areas for improvement**

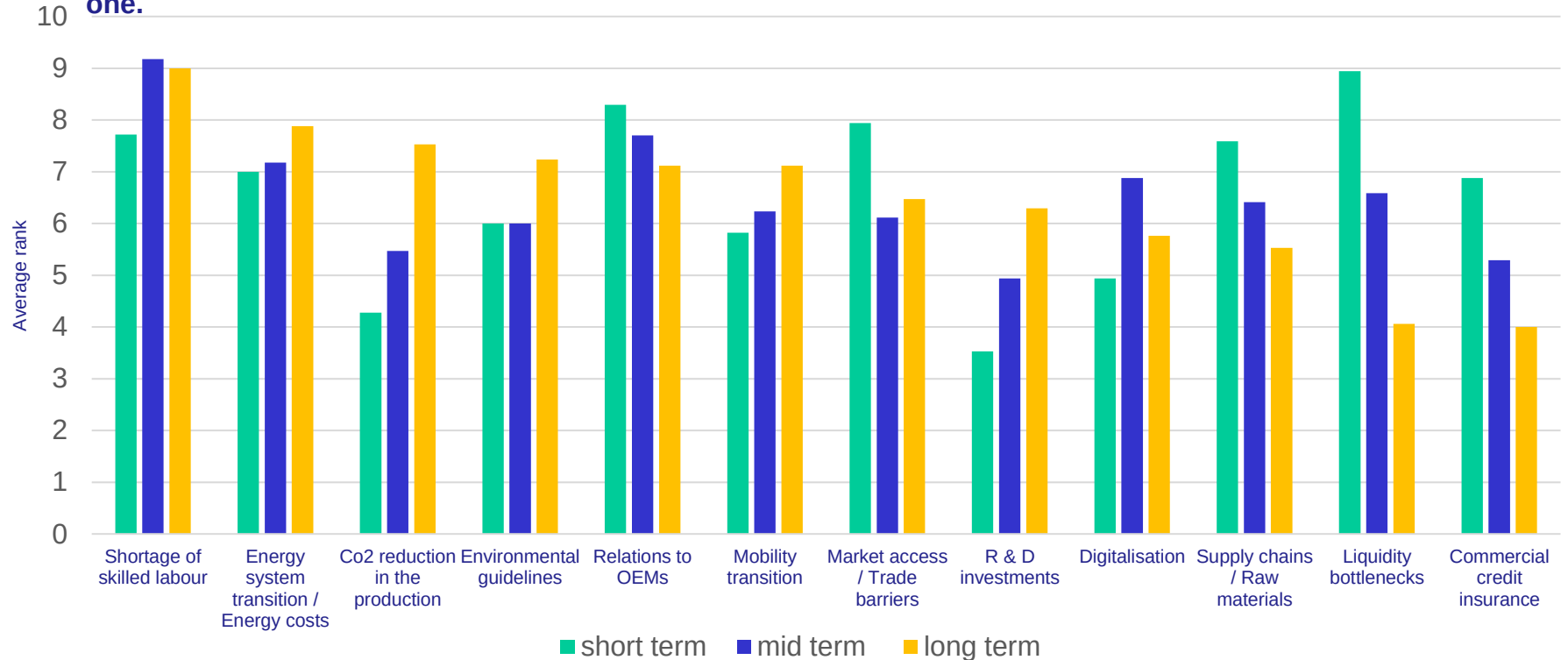
Questionnaire

Please rank the topics according to their importance for the foundry industry, starting with the most important one.

Rank	Short term (next 12 months)	Mid term (1-3 years)	Long term (3 years +)
1	Liquidity bottlenecks	Shortage of skilled labour	Shortage of skilled labour
2	Relations to OEMs	Relations to OEMs	Energy system transition / Energy costs
3	Market access / Trade barriers	Energy system transition / Energy costs	Co2 reduction in the production
4	Shortage of skilled labour	Digitalisation	Environmental guidelines
5	Supply chains / Raw materials	Liquidity bottlenecks	Relations to OEMs
6	Energy system transition / Energy costs	Supply chains / Raw materials	Mobility transition
7	Commercial credit insurance	Mobility transition	Market access / Trade barriers
8	Environmental guidelines	Market access / Trade barriers	R & D investments
9	Mobility transition	Environmental guidelines	Digitalisation
10	Digitalisation	Co2 reduction in the production	Supply chains / Raw materials
11	Co2 reduction in the production	Commercial credit insurance	Liquidity bottlenecks
12	R & D investments	R & D investments	Commercial credit insurance

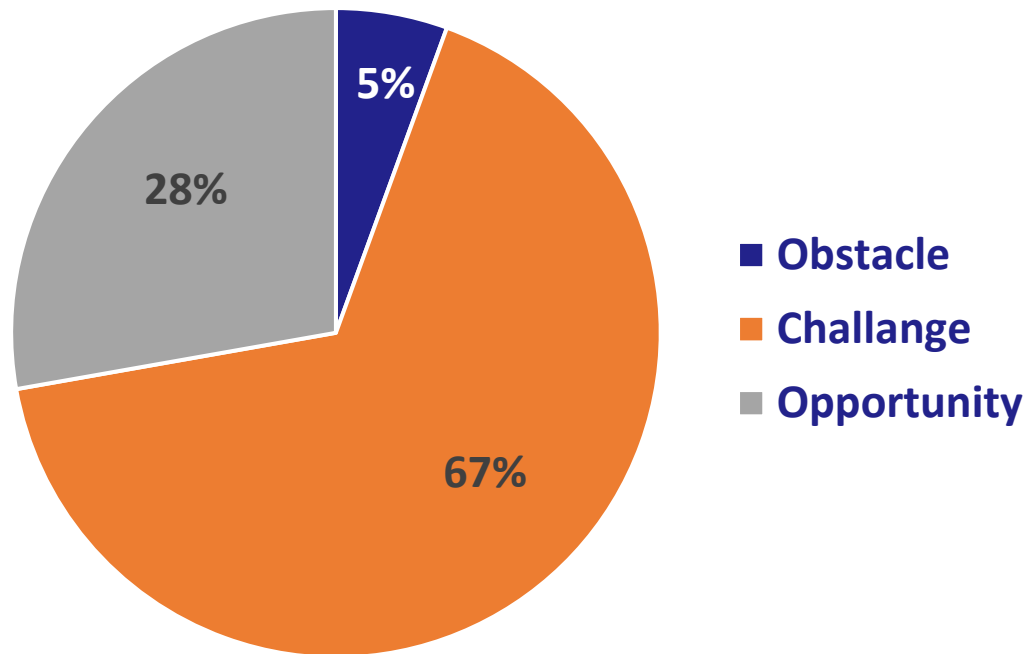
Questionnaire

Please rank the topics according to their importance for the foundry industry, starting with the most important one.



Questionnaire

Do you see the "European Green Deal" as an: Obstacle / Challenge / Opportunity?



Questionnaire

Name three main areas of your association's work, which you would like to improve in the next 2 years.

Mentions (out of 18)	Topics
14	(Social) Media visibility / image profiling
8	Coordinating / assisting R&D for environment solutions
7	Strengthen education / attractiveness for new employees
7	Improve relations to members
6	Improve relations to other associations / networks
5	Improve relations to governments / lobbying



**The European
Foundry
Association**

Thank you.