

SWOT ANALYSIS EU METALWORKING AND METAL ARTICLES SECTOR

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Close relationships with customers and geographical proximity of supply networks and related industries, making it easy to adapt promptly and flexibly. 	<ul style="list-style-type: none"> ▪ The large number (80%) of small enterprises (10-50 employees) in the industry brings limited bargaining power to much bigger suppliers and customers, which diminishes the range of possibilities to control its fate.
<ul style="list-style-type: none"> • High degree of differentiation, specialization and functional flexibility, giving the sector the ability to adapt to changes in customer preferences and deliver tailor-made products/services. 	<ul style="list-style-type: none"> ▪ High level of dependency on imported raw material (iron, steel) increases vulnerability against availability and price fluctuations.
<ul style="list-style-type: none"> • Strong position in high-end markets with its high quality products. 	<ul style="list-style-type: none"> ▪ Labor intensity in the sector is causing high labor costs – Increasing labor productivity is thus a central feature in improved competitiveness; 40% of labor productivity is generated by R&D with a skilled labor force.
<ul style="list-style-type: none"> • Technology intensity and a strategic focus on innovation in large and medium-sized companies (av. 250 people). 	<ul style="list-style-type: none"> ▪ Demand for skilled engineers can be expected to continue to rise due to increasing complexity in products and pressures to accelerate innovation. But as only few people know how modern, technology-intensive, eco-relevant, high-skilled and future oriented the metalworking industry is and few schools offer inspiring programs relevant to the sector, recruitment problems arise, likely to lead to shifts in production to outside the EU in the future.
<ul style="list-style-type: none"> • Efficient use of input materials and expertise in recycling. 	<ul style="list-style-type: none"> ▪ Small enterprises have limited access to finances, restricting their capacity to engage in long-term investments, focus on more than one single industry, develop R&D activities, handle increasing costs of local (accounting) administration and EU environmental regulations and engage in mergers.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ○ Increasing clusters, mergers, acquisitions and strategic partnerships to create larger companies for engaging in R&D, innovative activities and for building market power through increased economy of scale and access to new markets. 	<ul style="list-style-type: none"> ⇒ Demographic changes, the decreasing number of students in technical education programs and the resulting skills shortages create a structural barrier to competitiveness.
<ul style="list-style-type: none"> ○ Improved market surveillance and enforcing ISO and regulation requirements to importers of products in the EU can contribute to the competitive position in high-end markets. 	<ul style="list-style-type: none"> ⇒ Rigid labor market regulations in some EU countries can hamper the capacity of the sector to adapt to changing markets and keep companies inside the country.
<ul style="list-style-type: none"> ○ A modern intellectual property rights system that encourages investment in R&D and reduces counterfeiting activities. 	<ul style="list-style-type: none"> ⇒ Increased imports and competition from outside, coupled with an increased risk of offshoring to reduce cost.
<ul style="list-style-type: none"> ○ Higher energy efficiency solutions can drive innovation and reduce production costs. 	<ul style="list-style-type: none"> ⇒ Rising costs of raw materials lead to large clients offshoring outside the EU.
<ul style="list-style-type: none"> ○ Increase the use of new technology for better products/services. 	<ul style="list-style-type: none"> ⇒ The current weak system of property rights and protection of patents and inventions in the EU could slow down export, R&D and reshoring.
<ul style="list-style-type: none"> ○ Innovation networks and collaboration between companies, education and customers for access to new technical, hands-on and application-oriented knowledge and soft side innovations in which lifelong learning is a central means. 	<ul style="list-style-type: none"> ⇒ The metalworking industry and its needs are often invisible to national decision makers, largely because of the dominance by small sized companies (being politically weak). Regulations are often written with the well-known large companies in mind, posing threats for the smaller enterprises.