Strategic Vision 2030

European
materials
handling
federation

CONTEXT

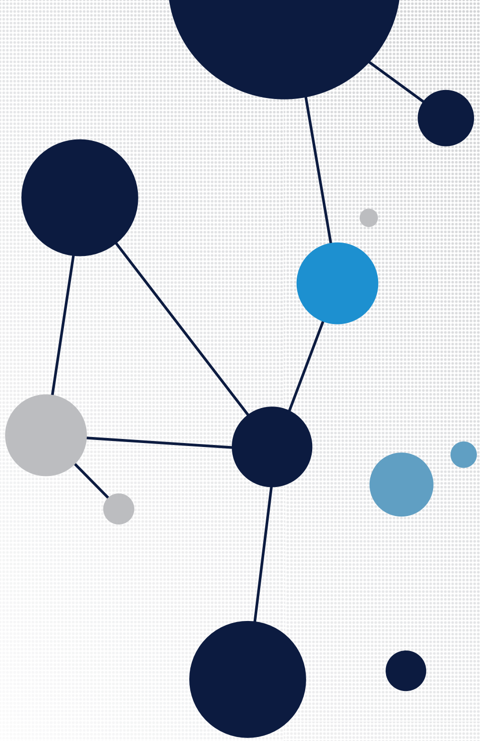
The last five years have generated global challenges of an unprecedented diversity and scale: COVID-19 crisis, war in Europe, growing protectionism, geopolitical instability, energy crisis, skyrocketing inflation, and EU regulatory overdrive. Companies in the European material handling sector are now operating in a more complex environment, with supply chain disruptions, higher energy costs and interest rates, and a lot more pressure from their international competitors, including on their domestic market.

The tsunami of EU regulations has worsened the situation, resulting in mounting cumulative burden of regulations - some of which have proved excessive - and disproportionate R&D efforts. Instead of focusing their efforts on developing innovative products, companies spend huge amounts of time and resources to comply with new requirements, many of which do not provide any competitive benefit against their international competitors. Some of our manufacturer estimate having spent close to 50% of R&D expenditure to comply with the exhaust emissions' regulation, only just one of the many new regulatory requirements. Meanwhile, market surveillance remains weak and insufficient.

The cumulative effect of changing global circumstances and ever-increasing EU regulatory requirements has caused a lot of harming to the European material handling sector. It is at a competitiveness disadvantage against global competitors which are not bound by the same level of stringent regulatory requirements. Our companies are quickly losing market shares, including on their own EU market, where they have been historically dominant.

Our industry feels unprotected and unsupported by the EU regulators who have failed to balance laudable political aspirations for a green transition with the industrial reality. For smaller companies in particular, it is simply impossible to cope with the number, variety and stringency of the regulations impacting them.

If the next legislative cycle does not take these concerns seriously, the EU industry will continue losing ground on its own market. It is a wake-up call for European political leaders, who need to put more focus on removing unnecessary regulatory obstacles and allowing industry to generate growth, innovate to deliver on green ambitions, and secure long-term industrial competitiveness. FEM looks forward to working closely with policymakers to achieve these goals.



The pursuit of the green and digital transition objectives by the EU does not have to be at the expense of its own industry

OUR EU ADDED VALUE

The European materials handling industry reaffirms its commitment to EU overarching objectives, which our companies have a crucial role to achieve by:

- *Delivering sustainable logistic systems in support of the green transition*
- *Developing innovative logistic process automation in support of the digital transition*
- *Generating jobs and growth in support of Europe's prosperity*

OUR VISION

Making the most of mega trends…

• Automation and digitisation

Demand for automated solutions is growing. Smart and connected products and services provide real-time data and insights, enable remote monitoring and control, and support predictive maintenance and optimisation. Automation optimises materials handling processes, with efficiency gains and costs reductions. Full or partial automation materials handling equipment and processes also allows addressing operators' shortages. FEM has integrated these trends in its own structure.

• Artificial Intelligence

Artificial intelligence generates new business models and services. It drastically increases the value material handling vendors can offer to their clients, with fully tailored systems, optimised in shortened periods of time.

• Sustainability

Our industry is rethinking its operations and the solutions it offers in order to reduce energy consumption and carbon footprint, and to foster a circular approach (e.g. through leasing/rental). Sustainability is both a challenge and an opportunity: it will progressively increase the demand for electrification, but also help companies to improve social responsibility and their contribution to climate goals.

Automation, AI and sustainability offer immense opportunities for our companies to develop innovative and competitive solutions

… if basic conditions are met

The European materials handling industry can only make the most of new developments if it is empowered by a supportive European policy framework with achievable regulations that serve their purpose.

Yet Europe's overregulation has the exact opposite effect. Whilst the US and China are leading the rush in AI innovation, Europe embraces a referee role that prevents its companies from competing. On the green transition, a Manichean and uncompromising EU vision could push some of its industries out of the global market.

The industry is facing an existential challenge, the extent and emergency of which are undisputable. Its economic impact poses a threat to Europe's model, welfare and ultimately its raison d'être. The EU needs to place industry at the heart of its policy objectives. The time is now.

FEM calls on a renewed EU policy agenda based on the following principles:

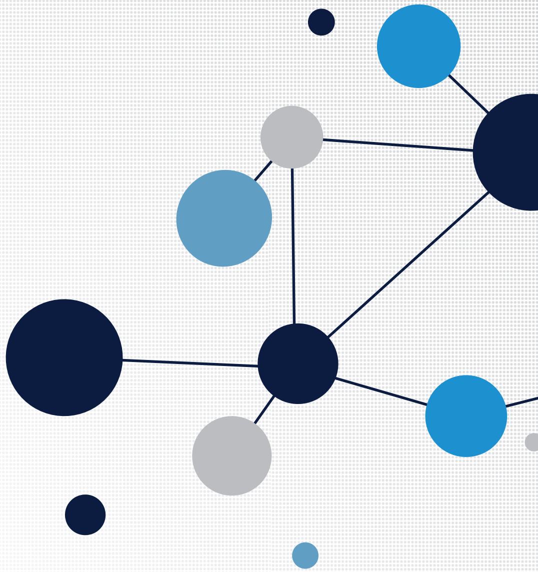
Stopping the regulatory tsunami: we ask EU policymakers to deliver on the reduction of the quantity of regulations. The focus should be on providing guidance and supporting manufacturers to implement existing requirements, to ensure a more stable and predictable regulatory environment. EU regulators must stop imposing excessive and highly stringent rules which clash with business reality and hinder competitiveness.

Rebuilding trust: in the past few years, the EU has had an ambiguous attitude towards the industry, on the one hand developing no less than three EU industrial policies/strategies, and, on the other, displaying an increasing level of distrust and interventionism. The process for developing harmonised standards or the increasing recourse to third party certification are two striking examples of that defiance. Policy makers should see the industry for what it is, as a trustworthy partner that is essential for the EU to achieve its twin transition objectives. A partner that also needs to be protected against unfair competition.

Enforcing compliance: we need to have the guarantee that compliance with regulations can be properly verified so that diligent companies are not penalised against rogue traders. This requires active and cooperative market surveillance authorities to tackle non-compliance in a pragmatic way with a focus on the most pressing requirements. Given the ever-increasing number and complexity of regulations, an effective market surveillance system is an absolute necessity.

Supporting industrial competitiveness: the EU has been unable or unwilling to look at the cumulative effect of all the legislation recently adopted or revised, and which is now harming innovation, investments and competitiveness. This must be duly considered when proposing new laws. We ask EU policymakers to foster an environment enabling the EU industry to stay competitive both internally and towards external partners, to ensure that European competitiveness is not disadvantaged in the face of global competition.

Providing financing support in strategic areas: the EU should create the conditions to facilitate investment in new infrastructure and to increase funding in strategic areas, such as chips, hydrogen quantum computing…



Our companies remain fully committed to the twin transition and can play their part provided they are put in the right conditions. After 5 years of intense regulatory activity that has taken its toll on innovation and competitiveness, the time has come for the EU to reboot the relationship with its industry. We expect the next EU cycle to be that of cooperation with and support to the industry. Europe's model is at stake.

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