

Chris Buxton
CEO – British Fluid Power Association
(Incorporating BFPDA)

CETOP General Assembly
April 2015
Hanover Messe

June 2014

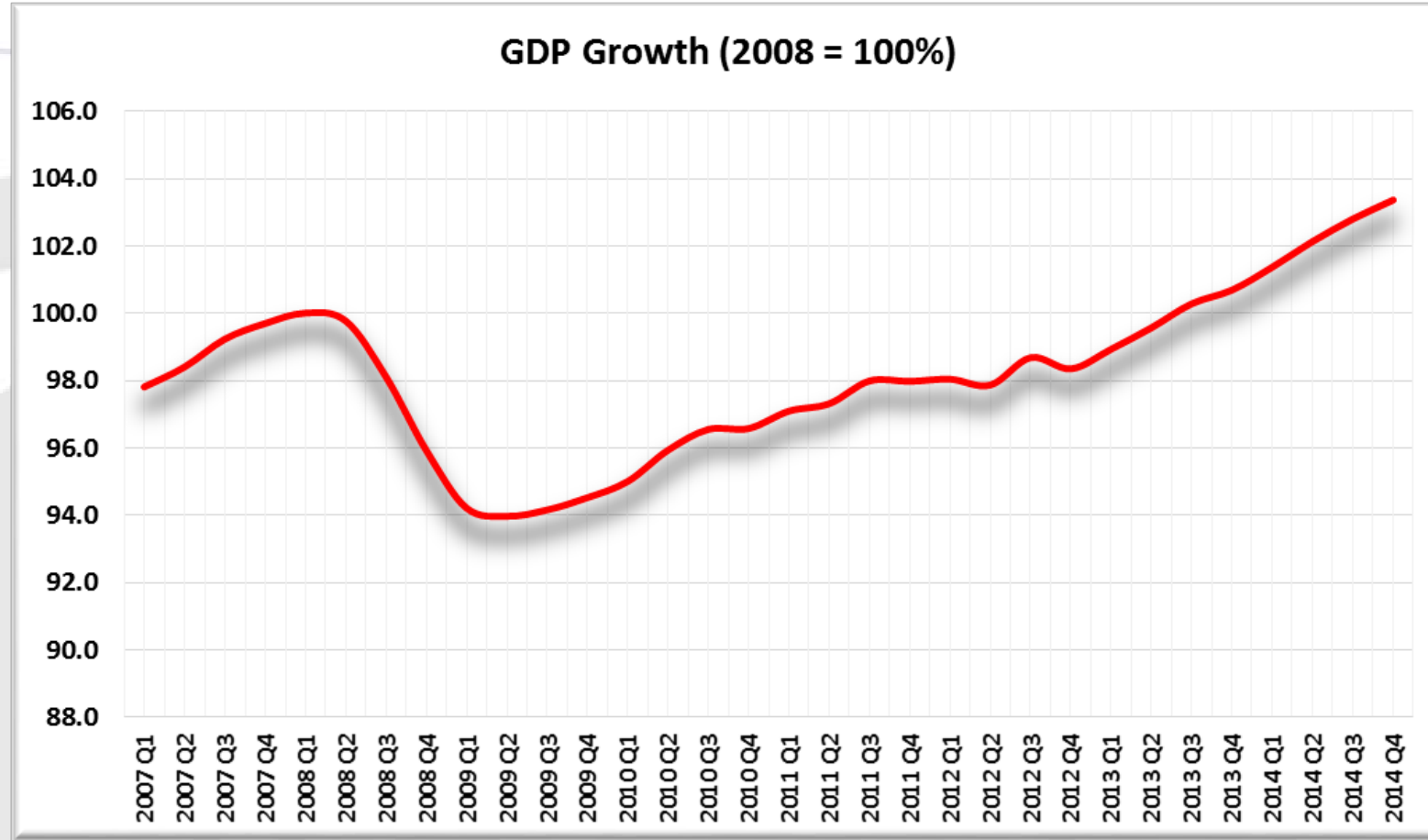
“UK manufacturing in 2013 was very healthy and is currently growing faster than it has done in at least two decades!”

April 2015

“In 2014 the UK economy closed the year with eight successive quarters of GDP growth. Overall in 2014 growth in GDP was 2.8%, the fastest calendar year growth rate since 2006!”

General Economic Outlook – UK

April 2015



General Economic Outlook – UK

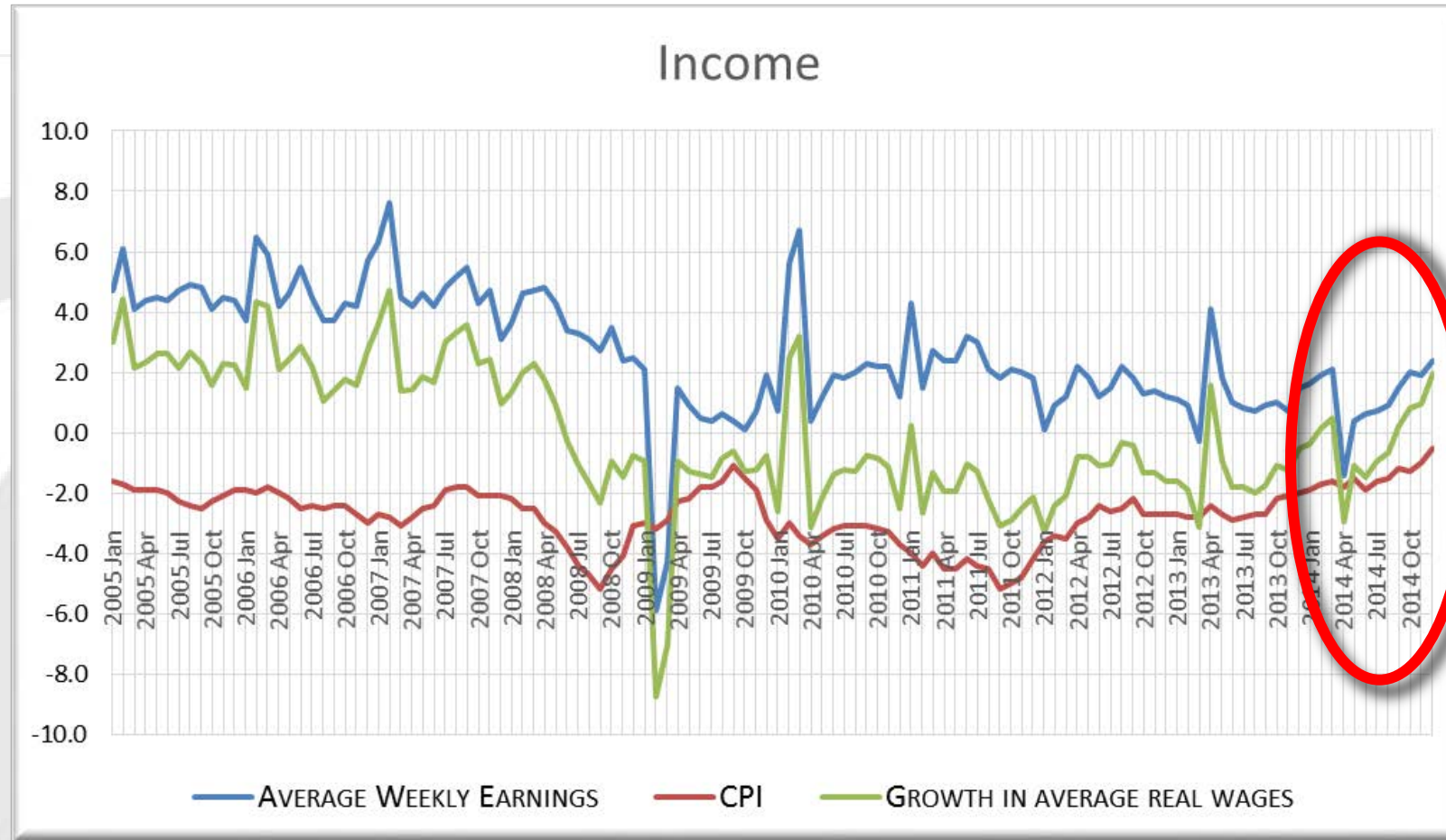
Manufacturing is at the core of the recovery:-

Manufacturing now accounts for ~ 11 % of UK GDP

- **Contributes > £140 billion per year**
- **Employs more than two million people**
- **Worlds 2nd largest Aerospace industry** (*£12 Billion per year – 75% export*)
- **Highly successful Automotive industry** (*>1.5 Million vehicles + >2.5 Million engines p.a. – 80% Export*)
- **11% of SME's are planning to 're-shore' from the Far East and Eastern European regions**

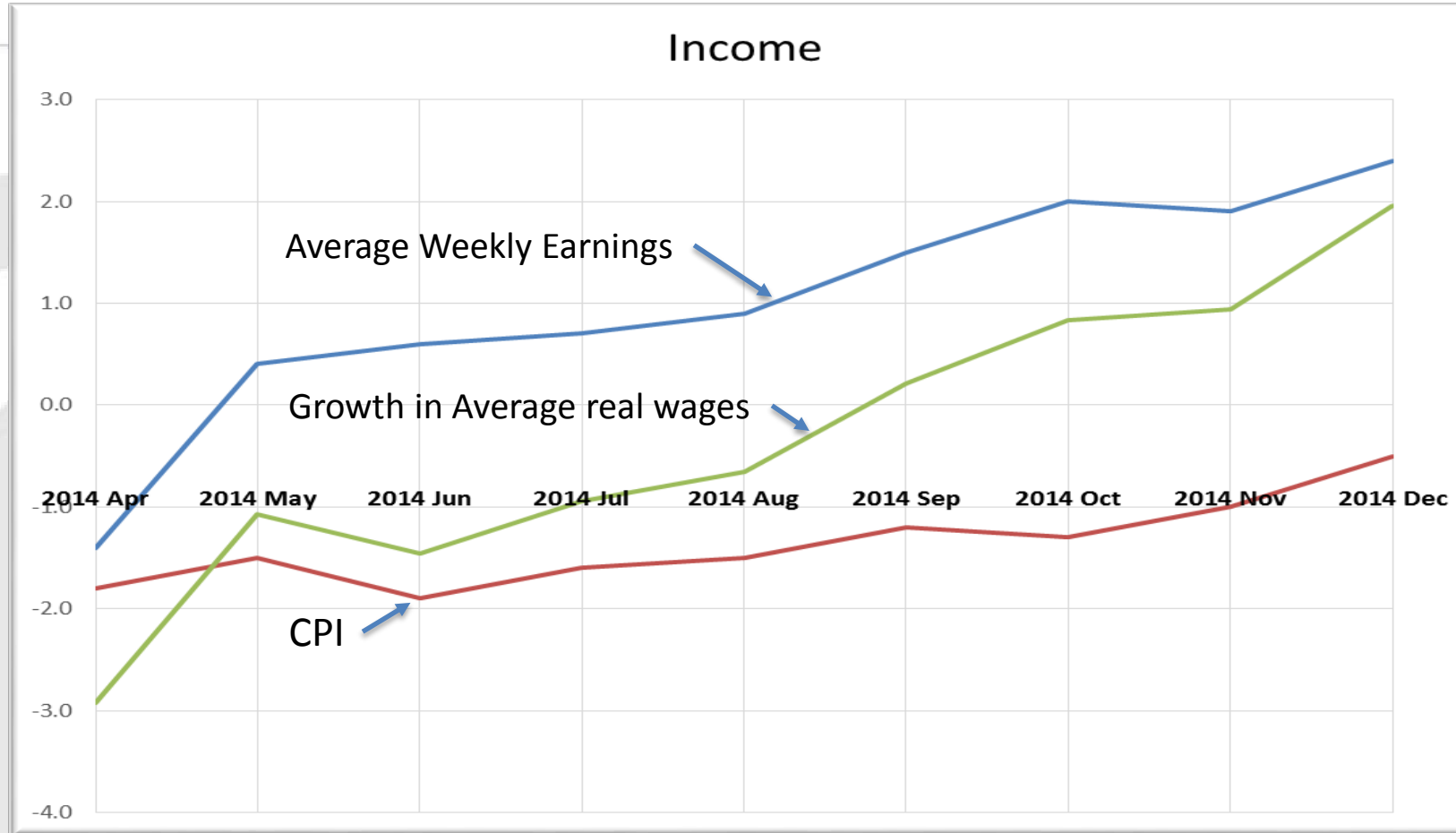
General Economic Outlook – UK

Earnings are now ahead of inflation:-



General Economic Outlook – UK

Earnings are now ahead of inflation:-



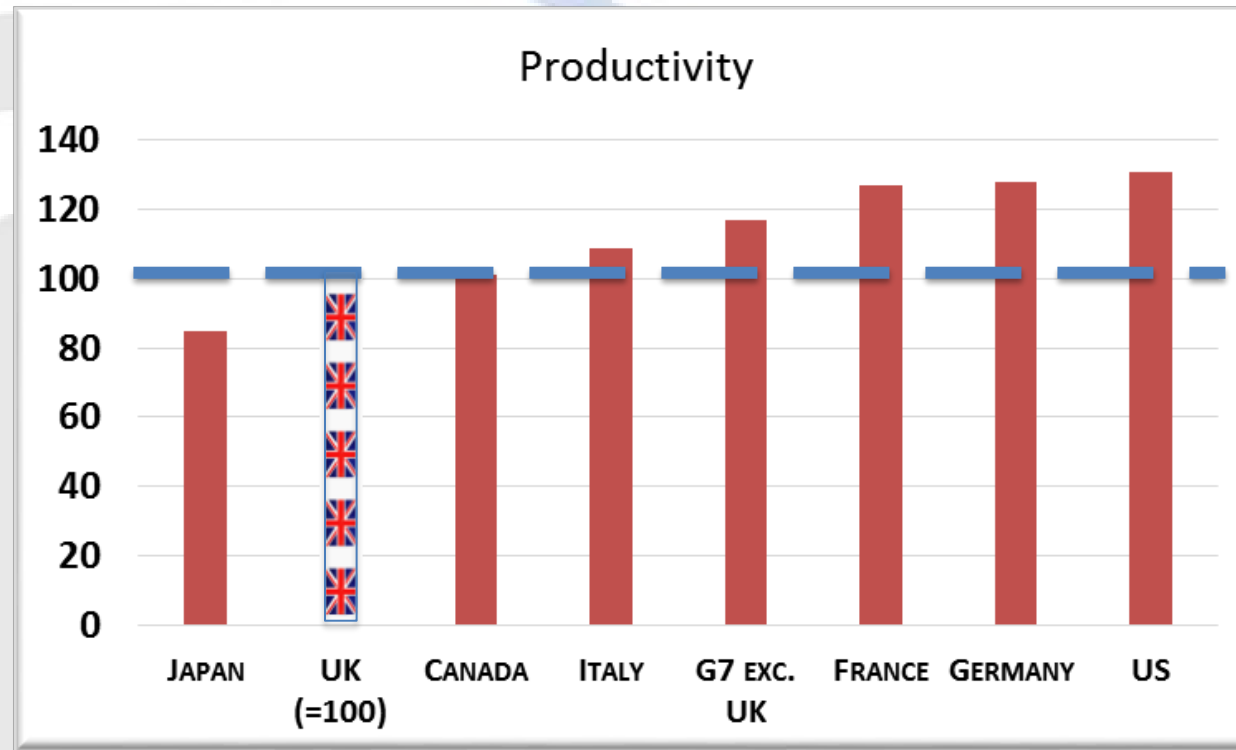
Challenges:-

- **Skills shortages & Productivity**
- **Export – behind on government targets**
- **The deficit is shrinking but still needs to be reduced**

General Economic Outlook – UK

Challenges:-

- Skills shortages & Productivity



Challenges:-

- **Skills shortages & Productivity**

- 80% manufacturers are experiencing recruitment difficulties and two thirds of those say this is because candidates lack technical skills
- 146,200 job vacancies (22%) 2013 were unfilled because of inadequate skills, compared with 91,400 (16%) two years earlier. (UKCES SURVEY)
- 100,000 STEM graduates are needed a year just to maintain the status quo (The Royal Academy of Engineering)
- In the UK some 23,000 engineers are graduating every year.
(But India is producing eight times as many, and China 20 times as many.)
- 830,000 graduate-level STEM experts and 450,000 technicians will be needed by 2020

General Economic Outlook – UK

We have a national election on the 7th May 2015... (EU Membership??)



Fluid Power (General trends):-

- General feedback from members is very positive.
- Reports of a slow start to 2015 after a very good end to 2014 but pipelines are now very strong
- Exchange rates into the euro-zone are having a negative impact but help imports
- Russia is now 'dead!'
- Threats of the oil price hitting enquiry levels not yet realised in the Off-shore sector but anticipated to arrive! Some members report requests for price reductions from OEM's
- MINT nations picking up
- China slowing slightly as they move up the price:quality curve
- Food sector growing in the pneumatics sector (Automation)
- Mobile construction finally beginning to show signs of recovery
- Opportunities anticipated in Fracking and Nuclear (But 'slow-burn')
- No claims of any problems with access to funding but skills remain an issue

General Economic Outlook – UK

Fluid Power Statistics:-

Year on year figures in Millions of Euro's:-

	2013	2014	2015	2016	2017
Hydraulics	832	888	940 (F)	975 (F)	1013 (F)
		6.7%	5.8	3.7	3.9
Pneumatics	204	225	236 (F)	244 (F)	251 (F)
% change		10%	4.9%	3.4%	2.9%
TOTAL	1036	1113	1175 (F)	1219 (F)	1264 (F)
% change		7.4%	5.6%	3.7%	3.7%

In conclusion;

**“A very positive
and optimistic
situation!”**



A Final word...



Incorporating  **BFPA**
BRITISH FLUID POWER ASSOCIATION

 **BFPDA**
BRITISH FLUID POWER DESIGN ASSOCIATION

 **bcas**
BRITISH COMPRESSED AIR SOCIETY LIMITED