

Mechanical Engineering Industries

IMPORTANCE OF THE INDUSTRY

The euphoria of the 1988-1990 period with its annual 6% growth in volume is definitely over. For this industry in France, 1991 saw a harsh reversal, with a drop in volume of 4.5%. The decrease was 2% in value, with sales of 317 billion FF (\$64,3 billion).

In addition, this sector was directly hit by the halt in industrial investment, thus losing 13,000 jobs last year, for a total work force of 532,000. The major difficulties are due to the slowdown of the domestic market, down 7%, and the outlook for 1992 remains grim.

The mechanical engineering market is composed of the following segments: metal works (42%), industrial equipment (28%), precision equipment (10%), handling and construction equipment (9%), machine tools (6%), and farm equipment (5%).

Equipment manufacturing and metal works are the two principal sectors suffering from the recession, but manufacturers of public works, textile and printing, and farm equipment, and sub-contracting have all had a particularly bad year. However, the precision equipment industry managed to stay out of trouble, gaining close to 4%. Equipment for oil and gas has also experienced a relative recovery, and the tunnelling sector is fully booming.

The mechanical engineering industry is represented on the Stock Market by the following companies: Alstom, CMB Packaging, Legris, Essilor, Strafor Facom, Dynaction, Jeumont Industrie, Merlin Gerin.

The machine tool sector, composed of small and medium businesses (PMI), and generating total sales of close to 70 million FF (\$14 million) with a total workforce of less than 10,000 workers, has seen its production decrease by 15% in 1991. Despite apparent purchases worth 12 billion FF (\$2,4 billion - 6th largest in the world), domestic production is valued only at 8 billion FF (\$1,7 billion).

This industry has nevertheless weathered the recession better than the competition, due to its restructuring over the past several years, from which European size companies have emerged. This race for competitive size was won by the Brisard group which now earns half of its sales of 3 billion FF (\$600 million) in machine tools. In the area of special equipment where the big names are Citroen Industrie, Renault Automation and Polymatic, partnerships of manufacturers are multiplying.