EUROPE MUST ACT NOW TO INVEST IN INDUSTRY 4.0

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A global race is underway to harness the power and productivity of Industry 4.0. Europe must act now and invest in its future or face being trapped in the past.

Industry 4.0 is the promise of a new industrial revolution which marries advanced manufacturing with digital innovation to enable new levels of automation and intelligent production. The application of such technologies helps ensure quality, efficiency and cost-effective manufacturing and, despite the initial financial outlay, is key to staying competitive.

Nations and companies that embrace these innovations stand to increase productivity massively. Europe desperately needs to harness the full potential of Industry 4.0 before it is too late.

Comprising over 2 million companies and responsible for 33 million jobs , the industrial sector is still critically important to the European economy and remains a key driver of growth and employment. However, the relative contribution of industry to the European economy is steadily declining and cannot keep pace with emerging

international industrial powerhouses like China and the US.

The rise of automation and smart factories is often tainted by the misconception that the next stage of industrial innovation will result in substantial job losses. This is yet to be proven and, instead, it has the potential to re-localise manufacturing that has been centralised in emerging economies with cheaper labour. Automation makes local production more affordable and, whilst the factory of the future might be less reliant on human labour, it still requires human oversight therefore creating the need for specialist talent in areas such as mechatronics and IT.

Whilst European industry as a whole lags behind the global adoption of Industry 4.0, different markets have developed at different speeds. The German market is perhaps the most mature, which is not entirely surprising given its strong industrial heritage in coal and steel, and, more recently, its automobile industry. Carmarking is by far Germany's biggest industrial sector, which is one of the largest employers in the world and well-known for its innovation and engineering prowess. It serves as an effective example of how harnessing Industry 4.0 has enabled niche industrial players to grow global platforms whilst maintaining local manufacturing.

European industry is made up of a patchwork of small and mid-sized companies. These are in the most vulnerable position. Consolidation threatens ambitions for international expansion, forcing companies to make the choice between being bought by their competitor or acquiring them for themselves. This trend of consolidation, like that of delocalisation, can be overcome by Industry 4.0 technology, which allows niche players access to the global marketplace whilst preserving their independence.

Although there are multiple factors which have contributed to the European industrial slowdown, such as rising labour costs, aggressive industry consolidation, and misconception around automation, governments have also fallen short of injecting the capital required to make the necessary investment to protect and prepare European Industry.

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