



European Association for Machine Tools, Tooling and Related Technologies

CQ NEWS

AUGUST 2007

WELCOME FROM THE PRESIDENT



Hello and welcome to the mid-year edition of CQ News.

At our successful Council meeting in Brussels, we heard from most member countries of strong growth in their markets and that prospects for

2007 are generally positive as well.

An important event during the Council meeting was the election of a new Vice-President for CELIMO. Mr Franz Böhm, from Austria, has accepted this nomination and will serve as my deputy for the next year and will, hopefully, succeed me as President at the Council meeting in 2008. I was also pleased that we were able to elect two new Board Members during the Council meeting - Mr Martin Wirth (Switzerland) and Mr Gijsbert Bender (Netherlands). Both of them are well known in CELIMO and we welcome them to the Board.

This was balanced by the retirement from the Board of Mr Karel Deppe; his lively contributions to our discussions will be greatly missed and we thank him for his service to CELIMO over a number of years. The main item in this edition of CQ News is a report of the presentation given by Mr Deppe to the Council meeting in which he reflected on his years in the machine tool industry and the challenges which lie ahead for the future.

The last Board meeting focused on ways in which we can work more closely with CECIMO, which represents European Machine Tool Manufacturers (please see the report on the Board meeting later for a little more on this topic).

I am also pleased to tell you that the Board and Council approved some extra work from the Secretariat to support the CELIMO Tooling Group. This was at the request of the Group itself and its Chairman, Mr Boske. This year's meeting will be held in Norway on Friday 26 October and more details will be issued shortly.

We are looking forward to the International Meeting which will take place on Thursday 20th September on the fairground in Hannover during EMO.

We anticipate a large gathering of people from around the world to share together, to renew old friendships and to make new contacts. If you are attending this meeting, please make sure that our secretary knows you are coming.

I hope to see you in Hannover.

MEETING INDIAN MANUFACTURERS

Are you interested in meeting Indian Machine Tool Manufacturers? Their Association (IMTMA) have invited CELIMO members to an Interactive Meeting and Reception to be held during EMO. This will be on Thursday 20th September at 1700 on the fairground in Hannover. For more details of this opportunity to make new contacts from this growing industry, please contact the Secretary (see below).

COUNCIL MEETING REPORT

The draft minutes of the Council meeting have been sent to the Associations (these will not be confirmed, of course, until next year's Council meeting); among the items discussed were:

- ?? Election of a Vice President and new Board Members.
- ?? A presentation of our Annual Economic Report (copies are available from the Secretary).
- ?? The latest economic situation in the member countries.
- ?? The financial position and the budget for 2008.

As mentioned by the President, Mr Karel Deppe gave a presentation entitled "Quo Vadis Machine Tools" during the Council meeting; an edited summary of this presentation appears below.

In the afternoon, the Council meeting heard a presentation by Mr Chris Decubber on Manufacture. A summary of this presentation has been included with the draft minutes of the Council meeting which has been sent to all the associations and copies of the presentation are available from the Secretary.

On the Saturday, many of the delegates enjoyed an excellent visit to Brugge where we were treated to an Interactive Walk around this medieval town; this included a number of surprises, including a jester, a lace making demonstration and a musical interlude using copies of ancient instruments.

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Many thanks are due to Mr Buhlmann and Mr Skenazi who arranged this excellent event, with the support of their colleagues in the Belgian Association (INEMO).

QUO VADIS MACHINE TOOLS

1) **Some thoughts on the development of a strategic market:** Machine tools are rightly considered strategic goods. With modern machine tools our customers can produce cars, computer equipment, chip manufacturing machines, tools and dies for every conceivable plastic product, pumps, compressors, jet engines, air frame parts, you name it.

As distributors of manufacturing equipment we have an enormous responsibility. It is our task in life to introduce the latest manufacturing technology to our markets.

2) **Challenge 1 - To supply the equipment and the service that will allow our customers to keep manufacturing in our existing markets:**

Today the main challenge is to supply the equipment that will allow our customer base to keep manufacturing in our own countries. We live in a rapidly changing world, but especially the manufacturing world is going through a transition. Production is moving to low wage countries and new forms of cooperation between market parties are evolving.

3) **Lessons from the past:** Two examples of enormous changes in the past with great consequences for our trade. These two important developments changed the metal working world completely:

?? In the sixties the first NC and later CNC machine tools were introduced.

?? Roughly at the same time tungsten carbide tools came on the market

4) **New technology leads to new business models - the subcontracting market:** Maybe the most important change was the start of the professional job shop. When Kearney and Trecker introduced their Milwaukee Matics they suggested we offer these machines to jobshops - however we had no idea what jobshops were!

Consequently we sold the first NC machines to Philips and other large names, until in the mid-60's ex-Philips people and others started small businesses based on NC and later CNC technology. The sub contracting market was born and rapidly became our main customer base. At the start we, the dealers, had to explain how the machines worked. We had to convince the management that they worked and had to train their people to get the machines up and running.

However the jobbers or subcontractors had to explain to us how they were going to fill their machines with parts to be made.

We proudly played a major role in the innovation of the metalworking industry in our countries.

Some of our colleagues considered it a whim or recognized their importance too late; they are all out of business a long time already. Worse is that some of our larger shipyards and other large manufacturing companies thought that these high-tech tape controlled machines were for laboratories and universities and they are also out of business.

Some of our colleagues thought they could leave the service to the manufacturer. That worked until the Japanese came with their competitively priced machines. The dealers that took up these machines and took care of the service were all very successful, many others did not survive.

In that same period the tooling dealers had to help their customers with the introduction of carbide tools, new toolholders, presetters, rapid change work piece changers etc. The serious tooling dealers too were respected consultants during many years.

Germany in my opinion is the number one metal working market in Europe. More than ten years ago, the CNC machine tool market had evolved into a mature market. Of course there was constant innovation, but no leaps forward, no breath taking big improvements.

The tooling for CNC machinery at a certain moment of time was considered a commodity by most of the customers, but not by most of the tooling dealers. Then the first illustrated catalogues came out and the companies that issued these silently took an impressive market share and when the Internet came, they were fully ready for it.

Many tooling companies saw the light too late and kept hanging on to their so called exclusive contracts, employing numerous expensive salesmen. In Holland where everything happens a few years later I have seen some famous old names dwindle and the newcomers with their German catalogues prosper.

My message is that we have to learn from these changes in the past and see how this applies to the changes we are confronted with today.

5) **Manufacturing will move away from our markets.** Manufacturing is moving away from our markets in Europe unless we can provide and service systems that work many, many hours per day and many hours unattended.

6) **Modern machine tools are of great importance to our national economies. Are our national governments and Brussels aware of that?** Machine tool manufacturers and their respective dealers/representatives have to realize how important metal working is for our national economies.

If our governments do not know that, we should not complain, but we should blame ourselves for not telling our governments.

I know from my own experience that governments are not very much inclined to listen, but there lies an important task for each of us, our national Associations and for CECIMO and CELIMO.

7) What kind of schools and training do future workers and engineers need to keep our customers in Europe: We will have to inform our governments what kind of education our future metal workers need. When we wait until they find out it will be too late for our customers and for us.

8) Improve availability of the machinery through new service concepts: Service and availability of our equipment will become more and more important. A customer who uses a machine 20 hours per day cannot wait until late tomorrow before the minor problem with his machine is solved. He will lose some 24 or 30 hours capacity. When you call that 3 or 4 day you will understand that that is much too long.

New service concepts with colleagues/competitors and local or regional service companies have to be invented. The alternative is moving to the Czech Republic.

9) Be prepared to share the investment risks with your customer: Our customers expect us to carry part of their investment risks. The famous Mr Lopez of Volkswagen introduced this a long time ago already. Our initial reaction will be to refuse that. When newcomers or colleagues/competitors start to accept it, we will have to follow or go out of business.

10) The challenge: Finally I challenge you to look around in your companies, your markets and other markets. Brainstorm with your staff, your suppliers, your colleagues and competitors. Talk and listen to your customers about their wishes, their ambitions and their needs.

11) Einstein - the theory of general relativity: Our world is changing, everybody says it is changing rapidly. However my private interpretation of the theory of relativity says that it is rather difficult to see these relative changes when you are in the middle of it and part of it.

12) Discussion: There was a good discussion following Mr Deppe's presentation; a record of this is included in the Council meeting minutes. This revolved around the following issues:

?? the strengths and weaknesses of the manufacturing sector in Europe and the importance of focusing on what we do best (high technology content).

?? the emergence of near monopolies in industries such as steel production; it was felt that that the best form of regulation is strong competition in a market.

?? The increasing importance of service activities and the needs of customers for support in the production process.

?? Mr Deppe reflected on recent work he has done with customers and his view that some of the demonstrations which had been given were poor. He also felt that 24 or 30 hour response times were too long.

?? Mr Weber reported trying out a rental scheme which includes service, based on a form of leasing contract. The customer buys the use of the machine for a period of time. In response to a request about what happens if the market declines, he noted that each customer is different, but there is often a minimum requirement to the level of business they guarantee. The cost of the machine is usually paid for over 2½ or 3 years; the customer pays more than they would in a purchase as this replaces the financing costs.

CELIMO DIRECTORY

A new edition of the CELIMO Directory will be available at the EMO Exhibition in September.

A message for the Secretariats. Thank you to all those who have returned their details, but if you have not done so yet, please ensure that we get these as soon as possible so we can ensure that the up to date information is in the directory.

INTERNATIONAL MEETING AT EMO

Members of CELIMO Associations are invited to the International meeting being held on the morning of 20 September on the fairground at Hannover. We have invited associations from around the world to this meeting; the aim is to provide an opportunity to network within the industry - you never know who you might meet!

There will be presentations on the current situation in Europe, the USA and Japan and an opportunity for other nations to share their views on the industry. For further details, please contact the secretariat of your Association, or e-mail us at celimo@mta.org.uk (please tell us what country you are from so we can link you up with your national group).

STATISTICS

Economic Report: The Annual Economic Report was presented to the Council meeting. Following on from the meeting, the report has been updated and copies were sent to the National Associations.

Trends Survey: Data collection is underway for the survey covering the 2nd quarter of 2007 and we hope to have this report available by the end of August and certainly before EMO.

EUROPEAN LEGISLATION

Following on from the report in CQ News 17, this is an update on the current situation with some key items of European legislation:

- **Revised Machinery Directive:** Proposed guidance and interpretations of the new directive are being developed by ORGALIME. These proposals will be discussed with the European Commission with a view to them being adopted as “official guidelines”. It is hoped that this will avoid the problem of different interpretations of the legislation in different countries, although whether it will avoid cases of inconsistent implementation across the EU remains to be seen.
- **Low Voltage Directive:** The Commission has stated on its web-site that following consultation with users, the dominant view is that no changes are needed to this directive. However, it is not clear that they have decided not to make any changes and it still seems that they will “review” this legislation at some point in the future.
- However, they are encouraging standards organizations to look at the scope of the **Low Voltage Directive** and, for us, its overlap with the Machinery Directive. The latest guidance suggests that industrial goods will be covered by the Machinery Directive and household goods (including domestic appliances) will come under the Low Voltage Directive, EXCEPT, that Power Tools (which in some cases can equally be used in either domestic or industrial work) will be under the Machinery Directive.
- **REACH:** This regulation is now in force across the European Union - all 850 pages of it! The European Chemicals Agency, which is based in Finland will, over the next 10-11 years, register all substances, including all engineering materials - this will involve lots of forms! This mainly affects suppliers of these materials, but for CELIMO members, especially any supplying coolants and other chemicals, will need to be confident that, once the material becomes liable for registration (this process does not start until June 2008), their suppliers will continue to support the product (including getting it registered) for the European market.
- **Metric Units:** The European Commission has now proposed that the continued use of subsidiary units (which in this case means imperial or US measurements) in addition to metric units will be allowed. This is now proceeding through the European Parliament and we await further news.
- **Electromagnetic fields (EMF):** This Directive will be applied from August 2008. It concerns EMF radiation in the industrial workplace and

covers any forms of wireless transmission. There are a number of issues with the legislation as it stands - for example it would ban the use of body scanners in medical applications and also cause problems for certain arc welding and induction heaters. It will need some careful guidance and a CEEMET/ORGALIME position paper on this topic has been developed. The main problems appear to be the measurement of EMF in factories and no proven medical effects to support the threshold levels.

- **New Approach Review:** The European Commission has made some proposals on accreditation and market surveillance. This appears to be mainly about strengthening compliance with regulations which lie behind the CE mark, as well as other European legislation. More news will follow as this develops.

More details of web-links on these various topics are available from the Secretariat.

CELIMO EXECUTIVE BOARD MEETING, MAY 2007

The Board met, as usual, the day before the Council meeting. As well as preparing for that event, among the topics discussed were:

- ?? Discussions with CECIMO about areas in which the two organisations can cooperate; the Board concluded that image, skills and education can be brought together as one issue and is probably the most important area of interest equally to manufacturers and distributors.
- ?? The proposals for the new CELIMO web-site.
- ?? The International Meeting to be organised during EMO.
- ?? The new CELIMO Directory, due for publication at EMO.
- ?? The financial situation and the budget for 2008

CELIMO WEBSITE

We are working on a new web-site for CELIMO that will be easier to keep up to date.

The main purpose of the site is to provide a resource for anyone looking for distributors of machine tools, tooling or related equipment in Europe. However, we will also be using it to provide you, the CELIMO members, with a resource, so we would like to know what you would find useful on the new site.

If you have any ideas or suggestions, please e-mail us at celimo@mta.org.uk and we will see what can be done.

We would also like to thank Mr Christian Jester, our former Treasurer, who has been doing what he can to help keep the existing site running, even though he has been away from this post for a couple of years now - your help has been appreciated.