



European Association for Machine Tools, Tooling and Related Technologies

CQ NEWS

JANUARY 2008

WELCOME FROM THE PRESIDENT



We are pleased to present our 19th CQ news; we did not quite manage to get 3 issues completed in one calendar year, but we are almost on target to meet our commitment to achieve this.

We saw a busy year for machine tools in 2007 and we hear good news from most of our members. Today all the machine tool builders in Europe are full, our members are happy with their business and many countries have reported double digit growth in the machine tool business. I hope this trend will go on through 2008 as well.

A major event we organised in the past few months was our international meeting at EMO. We had a good set of presentations given by CELIMO, JMTDA and AMTDA and a summary appears in this issue of CQ News. This event has become a traditional event for the Machine Tool Industry. We should bring more people to this event in the future for a better coverage of this global industry and we will be looking to develop these contacts in future.. We would like to thank Mr. Radermacher for the excellent arrangements for this meeting.

Also during EMO, we held a workshop with the Indian Machine Tool Manufacturers Association and a report of this is also included in this newsletter.

The Tooling Group held its meeting in Oslo at the end of October and, again, there is a report on the event in this edition of CQ News. The organisation and hospitality offered by MFG, led by Mr Eilertsen, was excellent and we would like to thank them for their contribution to this event. The new format for the meeting worked well and the Tooling

Group Chairman, Mr Boske, is keen that we develop this in the future.

We had our Executive Board meeting in Frankfurt on 7th December and you can find highlights of our discussions on page 5. Some of us also had the chance to visit the Euromold exhibition; it was well laid out, but the attendance was not very good.

I hope that you find something of interest in this issue of CQ News and wish all of you a happy new year; I hope that 2008 will bring all of us luck, happiness and lots of business!

DATES FOR 2008

The following CELIMO meeting dates have been agreed for 2008 - please note in your diary and plan to attend those which are appropriate to you (details of the Council meeting will be circulated as soon as they are available):

07 March - Board Meeting, MTA London

30 May - Annual Council Meeting, Luzern

26 September - Tooling Group, Netherlands

At the end of this newsletter, you will find a list of dates for exhibitions in Europe for 2008; we will update this each issue.

INTERNATIONAL MEETING AT EMO

During EMO, CELIMO hosted a successful meeting with 70 delegates from around the world. It included presentations on the market from 3 major associations:

- o Europe, given by the CELIMO Secretary, Geoff Noon
- o Japan, presented by Kaoru Tomita from JMTDA (Japan Machine Tool Distributors Association)
- o USA from Kent Lorenz, Chairman of AMTDA (American Machine Tool Distributors' Association).

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The main focus of our presentation was to emphasize the links between the CELIMO members and manufacturers, whether they are from Europe or elsewhere in the world. Over 60% of the sales of imported machine tools in the CELIMO countries comes from the other European countries. This generates strong links between CELIMO and CECIMO.

From the JMTDA presentation, it was interesting to hear of the different structure of the industry in Japan. The members of JMTDA mainly, although not exclusively, represent Japanese manufacturers and therefore also have exports; machine tool importers in Japan are usually members of the Japan Machine Tool Importers Association (JMTIA).

Traditionally, the distributors have not been involved in installation and service of machine tools (this comes directly from the manufacturers), although this is starting to change. In addition, the distributors are setting up overseas offices to provide a sales and maintenance service to Japanese transplants.

In contrast, Mr Lorenz mentioned that one problem for US distributors is that, through relationships with their customers, they get the opportunity to sell across the whole of US multi-nationals, but don't generally have their own overseas offices through which to support this business. Instead, US distributors are extending their activities up and down the supply chain, offering peripheral products and services by selling value added solutions. The US market is being characterised by a higher cost per unit of sales with increasing automation being used to offset labour costs and improve competitiveness.

Mr Lorenz also announced a new exhibition for the American market in 2009. This is being organised by AMTDA in Las Vegas, shortly before the next EMO, at the request of its members who want "something different".

The meeting concluded with comments from other delegates, including:

- CECIMO - the Secretary General, Mr Derek Palethorpe commented that this edition of EMO was the largest ever in terms of both space and number of exhibitors.
- Australia - inflation and unemployment are low and this has caused problems in getting skilled staff.
- China - the largest single country market for machine tools

- Hong Kong - we were pleased to welcome Mr Lee from Leeport who is one of the largest machine tool distributors in this part of China.
- India - a strong economy and a rapidly expanding market for machine tools.
- Romania - we heard from Mr Dogarescu who is hoping to form an association in Romania where there are currently about 50 machine tool distributors and demand is expanding rapidly now that they are within the EU.
- Russia - it was noted that there is a large base of old machines which needs to be updated; the new government is trying to encourage business development.

Copies of the presentations are available from the Secretariat; these includes notes taken during the presentations and a summary of the comments from the other delegates.

CELIMO/IMTMA WORKSHOP AT EMO

A new initiative during EMO was a workshop which was held jointly with the Indian Machine Tool Manufacturers Association (IMTMA). The attendance from CELIMO members was slightly disappointing, but a useful discussion still took place with delegates from both associations.

The IMTMA gave a presentation on their members capabilities, including market size, technology, competitiveness, the key areas of focus for the industry and various initiatives by the association.

Our President, Cuneyt Okcu, gave an introduction to CELIMO and then the Secretary, Geoff Noon, presented some thoughts on doing business in the European Union. This included highlighting the fact that Europe is a collection of a number of national markets and that, although many technical regulations are harmonized, there are still important differences between the countries, not the least of which is language. From this, it is clear that Indian manufacturers wishing to sell here would need a relationship with distributors in a number of countries and that CELIMO can help them to find the right partners.

Again, copies of the presentations are available from the Secretariat (see page 1 for contact details), although in this case, the IMTMA presentation does not have any speakers notes attached.

VISITOR PACKAGES FOR SIMTOS2008 (KOREA)

Another initiative which arose from meetings during EMO was the offer from the Korean Machine Tool Manufacturers Association (KOMMA) to organise packages for visitors to SIMTOS 2008.

These packages are for Importers of machine tools who already represent machines from Korea or who are interested in doing so. If you qualify, KOMMA is offering free accommodation for 3 nights, as well as a package for any association which wants to organise a group of members. One condition is that selected delegates must attend an official meeting held by the exhibition organiser.

If you would like more details of this package, please contact your association or the CELIMO Secretary (see page 1 for contact details).

TOOLING GROUP MEETING

The Tooling Group held a very successful meeting in Oslo at the end of October. Many thanks are due to the Norwegian association (MGF) and their Director, Mr Paul Eilertsen) for all the arrangements.

The meeting was the first to be held in the new format which the Tooling Group established last year. A structured economic presentation was given by the CELIMO Secretary, based on returns made by a few associations using a standard format; additional data was sourced from Eurostat to provide separate estimates of the market for metal cutting tooling and tool/work-holding equipment in the CELIMO countries. Because of the use of Eurostat data, this only covered the EU member countries, but Switzerland and Turkey provided their figures, so the data was almost complete.

This methodology gave estimates of the market for cutting tools, mainly for metal only but not exclusively due to the product classifications and for tool & work holding equipment - again, due to the classifications used, tool holding is included with work holding rather than the tooling with which it is used. We estimate that in 2006, the CELIMO market (excluding Norway and Sweden) for cutting tools was worth €4.5 billion and for tool & work holding equipment the market value (excluding Norway, Sweden and the Netherlands) was worth €1.5 billion.

However, because of the difficulties with the data (this is the reason why the Swedish and the Dutch figures are excluded from the totals), it is more important to focus on the trends in this data. These show that in 2006, the cutting tools market grew by +7%, while the market for tool & work holding equipment grew by +8%.

The economic presentation also included an overview of some key macro-economic indicators for the various economies; these were GDP, consumer prices and either manufacturing output or industrial production.

The second aspect of the new format for this meeting was the presentations by the delegates on topics of interest. These included:

- A documentary about the concept of zero waste at all stages of industrial design (Mr Boske);
- A summary of the developments at VIMAG (the Dutch Association) (Mr Boske);
- The development of sales via the internet (Mr Wirth)
- The use of Video Conferencing in a business with a number of local branches (Ms Sundman);
- Company Developments (Mr Olsen);
- Work-holding solutions for machining parts of aircraft wings (Mr Neal)
- Additional economic presentations (Mr Eteymez, Mr Lamarche, Mr Lunghi and Mr Vincent).

The developments were well received and the Tooling Group is hoping make more of these positive developments in future years.

The meeting also featured a visit to a company that machines parts for the oilfield, defence and aerospace sectors. HTS Maskinteknikk was founded in 1982 and its main business is now in producing parts for oilfields and especially the valve systems on the sea-bed. Because of the inaccessibility of such locations, this work has to be carried out at a very high level of precision. There is extensive quality control and assurance (for insurance purposes, the paperwork has to be kept for 25 years!) and more than 10% of the employees in the company work in this area - the target is for zero failures.

The company is the world leader in manufacturing these valves and has 40-50% of the world market.

Our host was the Owner and General manager of the company, Mr Harald Thronsen. The Tooling Group would like to thank him for his time in taking us round and giving us an insight into the complexity of this operation.

Copies of the presentations (some are confidential) and documents from the Tooling Group meeting are available from the CELIMO Secretary (see page 1 for contact details).

EUROPEAN LEGISLATION

The following is the latest position with some key items of European legislation affecting our sector:

- **Electromagnetic fields (EMF):** The European Commission has proposed that application of this Directive should be postponed to 2012. Directives normally come into force one month after publication but, as we suggested in the previous update on this topic, there has been extensive lobbying by certain industries which has led to this recommendation for a postponement. These objections came mainly from the medical sector where the use of certain types of equipment such as MRI scanners would effectively have been banned under this legislation as it was originally passed. It is hoped that the amending work which will now have to take place will have spin-off benefits for applications such as arc welding and induction heating equipment.
- **Eco-Design for Energy Using Products (EU)** is the latest hot topic to emerge from the European Commission. This is a CE marking directive and relates to the life cycle of a product, not just its energy use. The Commission has published a framework directive from which specific product groupings will have their own "daughter" directives. This directive, originally aimed at high-volume appliances such as refrigerators and lighting equipment, uses certain impact-based criteria for including the priority products listed within its scope. Consultants to the Commission have recently recommended that Machine Tools, among other industrial goods, could be included. This is still at the discussion stage with stakeholder consultations scheduled to start in January as part of the Commission's 3-year plan. CECIMO has sent a letter of protest to the Commission and CELIMO will be considering what we can do to support this.
- If enacted and if machine tools are included as proposed, a range of harmonized standards will be needed and the impact on suppliers could be as big as that of the Machinery Directive nearly 20 years ago.
- **REACH:** Further to issue 18, the European Chemicals Agency has now published the fees it will charge to register various chemicals; these have proved to be rather more expensive than had been expected. This may mean that some chemicals could be withdrawn from the EU market because the cost of registering them is not economic given limited use. You are urged to keep in touch with your suppliers, or to ensure that your customers do this, to get early warning of any chemicals that might be discontinued. This is a 10 year process that will start on 1st July 2008 with those chemicals considered to be "most hazardous".
- **Revised Machinery Directive:** The new version is relatively friendly to the machine tool sector with the exception of partly completed machinery, e.g. machines where guarding is not fitted when the customers want to fit their own. From the end of 2009 you will not legally be able to move a machine into a customer's premises if it is capable of being used but is not CE-marked and meeting all relevant essential safety requirements - it will not even be allowed to move such a machine between sites within a company. As it stands, under the new directive, such machines will need to be disabled, e.g. by not fitting the drive system). A potential difficulty for suppliers is the new requirement for fastenings of fixed guards. These will need to be retained on guards or on the machine when the guards are removed.
- Another change under the new **Machinery Directive** affects the translation of instruction manuals. There is an existing exemption for instructions intended for specialized personnel. These can be in the original language which they understand. In the existing directive their use is limited to the supplier's own personnel, but in the new directive the specialists may apparently be from the customer or elsewhere if they are mandated by the supplier. Logistical problems could arise because there are no transitional arrangements covering the change-over. CE-marking documentation in accordance with the new directive is not accepted for products supplied before the end-2009 date of application.

- The Commission's Machinery Working Group has published some interim notes on this, and is currently working on the full official guidance to accompany the new directive. Hopefully, this will address all anticipated difficulties when it is published in 2008.
- **Low Voltage Directive:** The European Commission's 3rd Edition Guidance has now been published, clarifying some areas of overlap with the new Machinery Directive.

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

STATISTICS

Tooling and Tool/Work-holding statistics:

We have already mentioned the data which is available in conjunction with the Tooling Group meeting.

CELIMO Trends Survey, 3^d quarter 2007:

The report has been sent to the Secretariat of those Association's who participated in the Survey. The 3^d quarter saw machine tool business lower than in the 2^d period of the year, largely because of the summer holidays, but it was still nearly 10% higher than in the same quarter of 2006. Although a recovery is expected for the final period of the year, the level is only just above that of the 4th quarter in 2006, suggesting that demand may be levelling off. Data collection on the survey for the 4th quarter of 2007 is underway.

CELIMO EXECUTIVE BOARD MEETING, DECEMBER 2007

The Board met at the end of the year; among the topics discussed were:

- The proposals for the new CELIMO web-site and the development work that has taken place.
- The financial statement for 2007 and the budget for 2008
- A review of the International Meeting and the CELIMO/IMTMA workshop held during EMO
- Plans for the CELIMO Council meeting and host countries for future years (2009 in Austria and 2010 in Sweden).

CELIMO WEBSITE

We are working on a new version of the CELIMO web-site which will be easier to keep up to date. The contents will include:

- Contact details for each Association with a link to your members list.
- News - the latest issue of CQ News will be here, with an archive of previous issues also available.
- Meetings - agendas, papers, reviews, booking forms, etc for the Council Meeting, Tooling Group Meeting and EMO International Meeting.
- Calendar of events to include relevant exhibitions in Europe, with web-links
- A list of Board members so you can contact your representatives
- Useful links - web-site addresses of other Associations and any other organisations which might be useful

Your ideas for other features would be welcome - please let the Secretary know if you think there is anything else that should go on the web-site or if you have any useful links that we should include (note that this will not include individual company sites, it is for sites of general interest only).

CELIMO DIRECTORY

A new edition of the CELIMO Directory was published at the EMO Exhibition in September. Our thanks to FDM and Mr Radermacher who arranged the printing and mailing of the Directory.

If you would like a copy of this document, please contact your Association Secretariat; For Secretary's, we still have a few copies which are available on request.

CHANGES AT CELIMO MEMBER ASSOCIATIONS

Finland: After many years as Secretary of the Machine Tools Section of TKL, Mr Lauri Maki has taken part-retirement. He is succeeded in his role with the machine tool section by Ms Tarja Hailikari (e-mail tarja.hailikari@tkl.fi); she has a strong background in association work and over the next few weeks will be taking over from Lauri. Please note this change in your copy of the Directory.

UK: MTA has now appointed Mr Graham Dewhurst as the new Director General; he previously held this post in an acting capacity, so please update your copy of the Directory (the contact details are unchanged). Graham has a background in the manufacturing technologies sector having worked in MTA member companies since 1988.

CHANGES AT CECIMO

In October 2007, CECIMO elected a new President; he is Mr Javier Eguren who is currently the CEO of the Nicolás Correa Group in Spain.

With effect from 1st February 2008, CECIMO will have a new Secretary General. This is to be Mr Filip Geerts who comes to CECIMO from Agoria, the federation of the technology industry in Belgium. He is described as a professional in international, EU and national public and regulatory affairs with a focus in the technology industry.

EXHIBITION DIARY

As part of our work for the new web-site, we have compiled a list of exhibitions world-wide. The following are taking place in Europe in 2008 - it is a busy year!

Austria: 7 to 10 Oct 2008, Vienna, INTERTOOL, www.vienna-tec.at

Belgium: 13 to 16 Feb 2008, Brussels, METAPRO, www.metapro.be

Bulgaria: 29 Sept to 04 Oct 2008, Plovdiv, MACHINE BUILDING., www.fair.bg/en

Croatia: 22 to 26 Apr 2008, Zagreb, BIAM, www.zv.hr

Czech Republic: 13 to 16 May 2008, Brno, WELDING, <http://node0.bvv.cz>

Czech Republic: 15 to 19 Sep 2008, Brno, MSV, www.bvv.cz

Czech Republic: 23 to 25 Oct 2008, Prague, TOOLTEC, www.incheba.cz

Denmark: 7 to 10 Oct 2008, Fredericia, EFFICIENT PRODUCTION, www.fagmesser.dk/effektivproduktion/

Finland: 15 to 18 Apr 2008, Helsinki, FINNTEC, www.finnexpo.fi

France: 4 to 8 Mar 2008, La Roche-sur-Foron, SIMODEC, www.rochexpo.com

France: 31 Mar to 01 Apr 2008, Paris, INDUSTRIE, www.industrie-expo.com

Germany: 23 to 26 Jan 2008, Hamburg, NORTEC, www.hamburg-messe.de

Germany: 31 Mar to 01 Apr 2008, Düsseldorf, METAV www.vdw.de

Germany: 31 Mar to 01 Apr 2008, Düsseldorf, TUBE, www.tube.de

Germany: 9 to 13 Sep 2008, Stuttgart, AMB, www.messe-stuttgart.de

Germany: 21 to 25 Oct 2008, Hannover, EUROBLECH, www.euroblech.de

Germany: 3 to 6 Dec 2008, Frankfurt, EUROMOLD, www.euromold.com

Germany: 3 to 5 Dec 2008, Frankfurt, TURNTEC, www.turn-tec.net

Italy: 6 to 9 Feb 2008, Pordenone, SAMUMETAL, www.samumetal.it

Italy: 21 to 24 Feb 2008, Bari, BI-MU MEDITERRANEA, www.bimu-mediterranea.it

Italy: 3 to 5 Apr 2008, Parma, CONTROL ITALY, www.senaf.it

Italy: 14 to 17 May 2008, Bologna, LAMIERA, www.lamiera.net

Italy: 3 to 7 Oct 2008, Milan, BI-MU / SFORTEC, www.bimu-sfortec.com

Netherlands: 11 to 15 Mar 2008, Utrecht, TECHNI-SHOW, www.technishow.nl

Norway: 22 to 25 Sept 2008, Lillestrøm, Tekniske Messen, www.messe.no

Poland: 9 to 12 Jun 2008, Poznan, MACH-TOOL, <http://machtool.mtp.pl/en>

Poland: October 2008, Krakow, EUROTOOL, www.targi.krakow.pl

Portugal: 12 to 15 Nov 2008, Porto, EMAF, www.exponor.pt

Romania: 7 to 11 Oct 2008, Bucharest, TIB, www.tib.ro

Russia: 6 to 31 May 2008, Moscow, METALLOBRABOTKA, www.metobr-expo.ru

Slovenia: 13 to 16 May 2008, Celje, WELDING & CUTTING, www.ce-sejem.si

Spain: 3 to 8 Mar 2008, Bilbao, BIEMH, www.bilbaoexhibitioncentre.com

Sweden: 6 to 9 May 2008, Göteborg, VERKTYGSMASKINER, www.swefair.se

Sweden: 21 to 24 Oct 2008, Stockholm, TEKNISKA MÄSSAN, www.tekniskamassan.se

Switzerland: 18 to 22 Nov 2008, Basel, PRODEX, www.prodex.ch

Turkey: 14 to 19 Oct 2008, Istanbul, TATEF, www.tatef.com

United Kingdom: 21 to 25 April 2008, Birmingham, MACH, www.mach2008.com

Ukraine: 26 to 29 Feb 2008, Kiev, INTERTOOL, www.msi-fairs.com

If you know of any other events that we have missed off of this list, please let the Secretary know so that we can update the list.