

MESSAGE FROM THE PRESIDENT



As we come to the end of the year, this is a traditional time to reflect on what has happened over the past 12 months and to look forward to

the new year with hope and expectation that business will improve. We have certainly seen signs of this during 2010, although given how bad 2009 was for almost everyone in our industry and for many of our customers, this was, perhaps, to be expected.

We are seeing clear signs of recovery everywhere, although the strength of the recovery does seem to vary between countries and sectors. The Aerospace sector almost avoided the recession, with only a small cycle in most countries; output in the Motor Vehicle sector has been recovering, but the picture here is more mixed and in almost all cases output is still well below the pre-recession levels.

Looking forward to 2011, we expect the recovery to continue throughout Europe, but with a different pace in the various countries. There are clearly some risks to these forecasts, not least from the problems in some parts of the euro-zone which might lead to weaker growth across the whole area, but we do not believe there is a threat to the currency, as it is not really in anyone's interest to leave the euro.

The past year has been an interesting one for CELIMO with a couple of "firsts". I would like to thank you again for electing me as your President - I am honoured to take on this role and proud to be the first Italian to be CELIMO President.

The other first was that the Tooling Group meeting took place in Budapest.

Hungary is not a member of CELIMO and this is the first time that one of our meetings has taken place outside of our "area". For a couple of years we have had guest attending the Tooling Group meetings - Mr Ervin Lutter is an associate of Mr Richard Boske, the previous Chairman of the Tooling. When we were looking for a host for the group meeting, he kindly offered to organise the meeting in Budapest and we would like to thank him for taking on this work without, of course, with the support of an association. This was an excellent meeting and you can read more about it elsewhere in this newsletter.

Finally, if you are reading this in 2010, can I take this opportunity to wish you a happy Christmas and, regardless of when you see this, I hope you have a busy and, more importantly, profitable year in 2011.

DATES FOR 2011

The following CELIMO meeting dates for 2011 have been agreed - please note in your diary and plan to attend if it is appropriate to you:

Friday 11th March - Board Meeting (London)

Thursday 26th May (afternoon) - Board Meeting, Amsterdam

Friday 27th May - Council Meeting, Amsterdam

Friday 7th October - Board meeting (venue to be confirmed)

Friday 11th November - Tooling Group Meeting in Germany

At the end of this newsletter, you will find a list of dates for exhibitions in Europe in 2011.

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NEWS FROM CELIMO MEMBERS

Norway: Our Norwegian member association, MGF, has a new Director and General Manager; Ms Anita Helene Hall has taken over following the retirement of Mr Paul Eilertsen who will be known to many of you having been in this role for many years.

UK: At its Annual General Meeting in November, Mr Bob Hunt retired as MTA President having served his two year term in this office. The meeting elected Mr Simon Pollard, owner and Managing Director of Kyal Machine Tools as its new President; the company is an importer of machine tools and other manufacturing solutions from European manufacturers in Austria and Germany.

OTHER ASSOCIATIONS NEWS

Japan: Another retirement to report is the (executive) President of the Japan Machine Tool Builders Association, Mr Toshiomi Shono, which was formally announced at their board directors meeting in November. His successor is Mr Yoji Ishimaru who took on the role, effective from 01 December 2010.

USA: The Association For Manufacturing Technology (AMT) and Deutsche Messe AG have announced a strategic partnership that will see Industrial Automation North America co-located alongside IMTS (The International Manufacturing Technology Show) in Chicago, in 2012. This event will showcase products and solutions for production automation, complementing IMTS's focus on machine tools, metalworking and precision manufacturing.

TOOLING GROUP MEETING

As mentioned in the President's Introduction, this year's meeting took place in Budapest. The highlights included:

- o A run through of the latest developments in the European economy. Growth in Europe resumed in the 3rd quarter of 2009 and by the start of 2010, European GDP was higher than it had been a year earlier. Although the trend for profitability has been upward for some time, investment remains stubbornly low and only the latest data (2nd quarter 2010) showed a positive figure.
- o Unemployment in Europe looks to have peaked and inflation is under control, but higher than expected in a recession.
- o Capacity utilisation is recovering, but remains below the level seen through most of the last decade.

- o It is a similar story for both industrial orders and output; both series have seen a recovery underway and while orders are back to the 2006 level, industrial production is only back to where it was in 2003.
- o Among the key end-user markets, Other Transport Equipment broadly escaped the recession, with the fall in activity less than 10%, but Motor Vehicles, Machinery and Metal Products all saw severe dips in output (with Motor Vehicles the worst at -40% from peak to trough). Recovery is underway in all of these sectors.
- o Broad outlines were given for each of the eight countries participating in the meeting, with some delegates giving extra information about their economy and the tooling sector in their countries.
- o There was an interesting discussion about the effect of the recession on the tooling market and, in particular, how the relationship between manufacturers and distributors has changed; the delegates had different perspectives on this question, which made for a lively debate. A summary of these discussions is in the minutes (see below).
- o Finally, the business part of the meeting concluded with a visit to Gravitas 2000; this is a Hungarian company manufacturing parts for the medical equipment, automotive and aerospace sectors.

The minutes and copies of the various presentations have been published to the delegates; if you would like a copy, they are available from your national association.

BUSINESS OPPORTUNITY

We have been contacted by MTI Welding Technologies, who are looking for dealers to represent them in Europe (except the UK where their European operation is based). Their initial targets are France and Germany, but they are interested in all other countries as well.

Full details of their product range are on their web-site (www.mtiwelding.co.uk); if you are interested in this opportunity, please contact Mr Richard Jones, Managing Director - e-mail to richard.jones@mtiwelding.co.uk or phone +44 (0)1384 277502

CELIMO DIRECTORY - CHANGES

Would you please note the following amendments and amendments to the details published in the latest CELIMO Directory (2009/12010).

Norway: Please delete Mr Paul Eilertsen and replace with Ms Anita Helene Hall as Director and General Manager

A new Directory will be published at EMO in September 2011 and we will be approaching potential advertisers in the Spring - please consider if you can support the Directory this year by taking an advert.

CELIMO WEB-SITE

Following the discussion at the recent Board meeting (see below), we are planning to introduce a new monthly economic briefing on the web-site. Please look out for this in the new year, although we will send a notification to the Associations when this is available.

If you know of any changes to the site that are needed, please contact the Secretary.

INTERNATIONAL EXHIBITIONS

IMTS: The Secretary attended AMT and represented CELIMO at the AMTDA International Meeting. This was an interesting exchange of views about the state of the industry around the world with presentations from China, Taiwan and Japan, as well as from the USA and our own contribution about Europe. Total registration for the event was 82,411 - the Americans count registrations (which have to be paid for) rather than actual visitors; there were 1180 booths covering 1,137,375 square feet (about 105,665 m²).

During IMTS, AMT held their “**Inspiration Day**”; this was a series of speakers who covered some key user industries for the manufacturing technology sector and two of these were particularly interesting.

The President of Airbus America spoke about the challenges facing the aircraft industry, especially the need to be sustainable in the future and to find alternatives fossil fuels. In the future, aircraft need to be more fuel efficient and part of this is a drive to reduce weight. Airbus have already identified about 1000 components which can be manufactured using Additive Layer Manufacturing (ALM), including the opportunities this opens up to include reinforcement material in components.

The Motor Vehicle industry was covered by the Vice-President of North American Manufacturing from Ford, who described how they are incorporating much more flexible manufacturing systems into their North American factories that will allow them to change the model and size mix - in the past, their US operations have been very much on the basis of one model per factory.

This, of course, is a trend that we have seen in Europe for some time. The other interesting news was that, in future, Ford cars are going to be much more common, regardless of where they are made; for example, the current Ford Focus models in Europe and America have only one component in common (the blue oval badge!), but the new model which is just being introduced will have 85% global commonality and will be made in factories in Mexico, China, Germany and Spain.

JIMTOF: Mr Gijs Bender attended this event and he reports his impression was that this was a good event which was busy at the start of the exhibition, although it appeared that most manufacturers had smaller booths than in the past. He also reported that there were more foreign manufacturers than usual, especially from Taiwan and Korea - normally these companies don't exhibit in Japan. Mr Bender noted that the Japanese manufacturers have problems because of the economic situation and the exchange rate. The Closing Press Release from JIMTOF notes that although there was a similar number of exhibitors compared to 2008; the total number of visitors (excluding double counting) was 114,558 (including 7,628 from overseas) which was about 20% less than in 2008, although this was affected by a typhoon which was in the area over the weekend.

EUROPEAN LEGISLATION

The following is an update on some of the key pieces of European legislation which impact on our sector. Further information on all of these is available on request from the CELIMO Secretary, via your association.

- o **Eco-Design (formerly the Energy Using Products) Directive:** This is the area where the current developments are focused. The Eco-Design Directive was passed in 2009 and we expect its provisions to come into effect for machine tools in 2014. It will apply to all machine tools placed on the EU market, with manufacturers or their representatives in the EU making a self declaration of conformity as part of the CE Marking of their products.

As part of this CELIMO is developing a Self-Regulation Initiative (SRI) for the industry in Europe and CELIMO intends to play a full part in this process. The SRI, if accepted by the European Commission, should result in a process that is more industry-friendly than if the Commission were to impose its own rules. In parallel with the SRI, the Commission has commissioned work from the Fraunhofer Institute to establish what those rules might be. Some of the Fraunhofer task reports are already available.

In order for the SRI to be accepted in place of their rules, a high level of coverage of the European market is required, hence the importance of CELIMO's involvement.

This directive concerns the use of energy across the whole life cycle of the product, although analysis has shown that for machine tools, about 85% is in the use phase (as opposed to construction or disposal), so this is where the SRI will focus.

This could be a useful marketing tool for manufacturers, especially in those countries where there is a "green" focus in society. We understand that the Japanese authorities are already looking at something similar and there is also an International Standard (ISO) being developed in this area.

You can find more details about the proposals being developed by the Fraunhofer Institute at <http://www.ecomachinetools.eu/typo/reports.html>.

- **Machinery Safety Directive:** During June, the European Commission published the 2nd edition of its official "Guide to application of the Machinery Directive"; there is a link to download the document in the "documents" section of the CELIMO web-site at www.celimo.com.

The new edition includes a number of new annexes, so it is worth having a look at the new document.

Waste Electrical & Electronic Equipment (WEEE) and Restriction of Hazardous Substances (RoHS): The European Parliament has voted positively on the recast proposals for the RoHS directive. Whilst Orgalime has complained that the recast fails to resolve difficulties such as the overlap with REACH, machine tools remain outside the scope of RoHS thanks to the exclusion of large-scale stationary industrial tools. At time of writing we still await the EP vote on the recast proposals for WEEE

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

STATISTICS

CELIMO Trends Survey: The report of the survey for the 3rd quarter of 2010 is available. A reminder that this is only available to those associations who participate in the survey.

CELIMO EXECUTIVE BOARD

The Board met earlier this month; the topics on the agenda included:

- The future of exhibitions, picking up from the discussion at the Council meeting - the Board is working on these themes and this will be a major topic for the 2011 Council meeting;
- Feedback on recent events around the world including IMTS and JIMTOF and the development of technology and cross-company ownership which seems to be developing in the world;
- Plans for a monthly economic update to be posted on the CELIMO web-site - we hope that this will include a short report on a couple of countries each month and a brief summary of the latest data for our sector from Eurostat;
- Plans for the CELIMO activity at EMO;
- A new discussion topic on the importance of service activity to manufacturers, importers and distributors.

EXHIBITION DIARY

Here is a list of exhibitions in Europe during 2011; this is led of course by EMO which returns to Hannover in September.

Czech Republic: MSV, 03-07 October 2011, Brno

Denmark: HI INDUSTRI, 06-09 September 2011, Herning

Estonia: INSTRUTEK, 16-18 November 2011, Tallinn

France: INDUSTRIE, 05-08 April 2011, Lyon

Germany: USETEC, 06-08 April 2011, Cologne

Germany: 19-24 September 2010, Hannover, EMO, www.emo-hannover.de

Germany: EUROMOLD, 30 November-03 December 2011, Frankfurt

Hungary: MACH-TECH, 17-20 May 2011, Budapest

Italy: BI-MEC, 16-19 November 2011, Milan

Poland: MACH-TOOL, 14-17 June 2011, Poznan

Romania: TIB, 05-09 October 2011, Bucharest

Russia: METALLOBRABOTKA, 23-27 May 2011, Moscow

Slovakia: INTERNATIONAL ENGINEERING FAIR & EUROWELDING, 24-27 May 2011, Nitra

Spain: MAQUITEC, 01-05 March 2011, Barcelona

Sweden: TEKNISKA MÄSSAN, 04-07 October 2011, Stockholm

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