

**SPEECH OF EUROMAP PRESIDENT, MR BERNHARD MERKI, AT THE  
EUROMAP PRESS CONFERENCE, BOLOGNA, OCTOBER 30<sup>th</sup> 2008**

Ladies and Gentlemen, welcome to this 'EUROMAP MEETS THE PRESS' event. I know that many of you have travelled very far to come here and I welcome you most sincerely. I am sure that you will find the next day's proceedings very informative and that you will have the opportunity not just to listen but also to ask many questions. I hope that your time with us is very fruitful, not only in the transference of news and knowledge, but also in forming enduring relationships. We are all here to network!

Just by way of introduction, I should say a few words about the EUROMAP organisation. We are the European trade organisation for plastics and rubber equipment and as such we represent the industry to all stakeholders ranging from governments to the media and to exhibition organisers. If I were to state our fundamental 'raison d' etre' it must be to promote the profitability of the plastics and rubber equipment firms in the European industry and with that comes promoting the health and profitability of all our customers no matter where they are in the world. Our members are the national associations for plastics and rubber equipment in the European states and we have our office in Frankfurt am Main in Germany. We were founded at the Hanover Fair in 1964 and today we represent

an industry with world- wide sales of some 17 Billion Euros, a total workforce of some 100.000 and a total number of companies of 3.683.

The first thing I want to tell you about is the current economic status of the industry and its prospects, although with the financial world in some turmoil, crystal ball gazing is an extremely hazardous business. Mr. Anceschi, the Vice-President of EUROMAP, will provide some detailed figures and give an outlook for 2008 and 2009 afterwards.

I don't think it would be a surprise to anyone here if I said that our income from new orders has certainly slowed in several regions. If we take Western Europe the ability of plastics processors, who are our immediate customers, to invest, is being impeded by a slowdown in some key markets notably automotive and construction. The fall-out from the current financial crisis is particularly suppressing building activity in Europe and in the past this has been so crucial in the pull-through of plastics construction products and domestic appliances. Car sales are also being affected and this has had a negative impact on demand for plastics and rubber technical components. Additionally processors have to grapple with raw material prices which stand at a historically high level together with mounting energy costs, costs which, very often, cannot be passed on because many of the major end -use customers impose 'cost-down' terms on their suppliers.

In the United States there had been longer-standing problems in the housing markets affecting demand for plastics construction products such as piping systems and plastic siding and this had been compounded by the deteriorating financial scene.

Nevertheless I do believe that as European manufacturers we have major strengths which will enable us to capitalise on future opportunities and help us maintain our leading position as global suppliers. In my view we are FIT FOR THE FUTURE and the challenges and opportunities it throws our way.

In the first place, we are continuing to serve a diversity of global markets with the EU 27 registering 28.2% of exports in 2007, China 10.6%, the rest of Asia 19%, the USA 9.6% and Russia 4.5%. This diversification not only exposes us to widely different processing industries worldwide it enriches our experience and adds to our knowledge. It also can provide a safety cushion if one particular region is underperforming.

Secondly, the overall performance, while disappointingly short of expectations, is still very good. In our most recent Business Trends Survey for example, carried out by EUROMAP in mid 2008, 83% of respondents declared satisfaction or better with their levels of sales turnover whilst satisfaction or better levels were also recorded for profitability by some 71%. We also found that 49 per cent of participants had hired additional staff in the first six months of 2008, in current circumstances a significant bid on the future.

We also have major opportunities which can be exploited further. In China for example, whilst the demand for standard machines is falling, there is still room for progress to be made with higher specification equipment. The Middle East is also an area of serious interest for us. It is growing massively in importance in the global plastics industry. Its gas reserves in particular have prompted the creation

of a highly competitive plastics raw material manufacturing industry and now the region is experiencing a growth in plastics processing partly stimulated by the extensive construction work being undertaken. So impressed are we by its potential that EUROMAP has commissioned a study of the region's prospects for machinery manufacturers and this will be published to EUROMAP members in 2009. India also will continue to present significant opportunities with expected annual growth rates of plastics processing of around 12.5%.

A truly major strength we have in global markets is our position at the leading edge of technology and our attention to quality. Our innovative capacity is built on our excellent appreciation of our customers' needs and our ability to introduce incremental improvements to our machines continuously in order to meet changing requirements. We are extremely fortunate in our co-operation with a top-class university and institutional infrastructure in Europe to help us do this.

The quality of our products is a cardinal strength. This is soon to be reinforced by a EUROMAP campaign – 'Pro Original'- to promote the value of purchasing original equipment. In some territories we have suffered at the hands of unscrupulous enterprises which have effectively stolen our intellectual property and this campaign will be our fight -back. Launched at this General Assembly it will be rolled- out by our member associations and it will feature the use, in carefully controlled circumstances, of a 'Pro-Original logo'.

I also believe very strongly that the European machinery producers' experience of serving their own sophisticated domestic markets in Europe provides skills which can be transferred by us to other regions of the world.

Just to give you two examples.

The first one arises out of the fact that the EU has, for decades, played host to a large number of global original equipment manufacturers with exacting standards. I am thinking here of suppliers to the automotive industry in particular. The daughter operations of these original equipment manufacturers in emerging economies are now seeking conformance, by local plastics processors, to the same rigorous standards applied in Europe.

The second example stems from the EU's industry's exceptionally advanced understanding of how the concept of 'Sustainability' applies to industrial products, e.g. waste management and energy products. This has had a beneficial impact on machinery manufacturers who have had to respond to their customers' needs by providing machines with greater energy efficiency, by supplying technology able to maintain product properties by using less material and also by making available a broader range of recycling equipment. This expertise can be utilised to excellent effect in non-EU markets.

If we pursue the theme of energy efficiency, which is crucial in respect both of mounting energy prices and in improving, even further, the environmental profiles of plastics products, this has been central to the EUROMAP programme in recent years. EUROMAP has created several Technical Committees to define, for some machine types, the precise conditions under which energy readings should be taken so as to establish authoritative standard measurements and presentations of energy efficiency.

Finally I should tell you that EUROMAP has a carefully worked out export strategy, through which these strengths can be deployed. The principal thrust of this will be to support, through formal EUROMAP patronage, key fairs across the globe each providing a launch-pad into key markets. The main event at international level, the “K-show” in Düsseldorf, sees a EUROMAP delegate in the K-Beirat. Other important supported shows are:

- ARABPLAST in Dubai
- IINTERPLASTICA in Moscow
- INDIA RUBBER EXPO in Kolkata
- PLASTINDIA in Delhi
- PLAST in Milan
- CHINAPLAS in Guangzhou/Shanghai
- NPE in Chicago
- TIPREX in Bangkok

We are an open organisation and we want you to know about our activities as they happen. Electronic communication is essential to us and I would really recommend that you become a regular user of our recently re-launched web site which is decked out in our new corporate style and logo. You can access updates of EUROMAP activities and also the details of our member associations and the individual companies from which they are constituted. This will be an extremely useful marketing tool for EUROMAP members in support of the export strategy. You can view it at this address: [www.euromap.org](http://www.euromap.org)

Once again many thanks for your attendance and I would now like to introduce Mr Luciano Anceschi, EUROMAP's Vice - President.

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