SPEECH OF EUROMAP VICE-PRESIDENT, MR LUCIANO ANCESCHI, AT THE EUROMAP PRESS CONFERENCE, BOLOGNA, OCTOBER 30th, 2008

May I add my own words of welcome to those of Mr Merki, especially since you are visiting my homeland, Italy, and the wonderful city of Bologna, a place where art, food and engineering happily mix together, as you will see.

I want to explore with you in greater depth one of the key areas indicated by Mr Merki, the economic trends for our industry. Bear in mind that of course the last full year for which we have statistics is 2007 and that the indications for 2008 and 2009 are based on a Trends Survey of expectations carried out among EUROMAP members in the middle of 2008.

To start with production. Our manufacture of ‘Core Machinery’, that is the main processing lines of injection moulding, blow moulding , extrusion and so forth, actually increased by 9.4% in 2007 compared to the previous year. Auxiliary and Peripheral Equipment also increased by 8.8%.These were good figures and show a solid growth performance. Flexographic Printing Machines was the only major machine category to witness a decline, during that time, by 2,8%.

This performance was encouraged by a strong export growth. Overall export sales by equipment manufacturers in EUROMAP countries rose by 11.4% in 2007 compared to 2006 with core machinery increasing at 16.8%. Looking at

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EUROMAP's role in the global export development of this major machine category, EUROMAP's share climbed to 54.9% - with Germany holding its rate unchanged and Italy's stake higher than in the year before. Japan and the US fell back while China's share in the global export business is continuously rising based on a more than 20% increase in export sales in 2007. To put it into a nutshell: 2007 has been an extremely prosperous year for our industry. The production reached the highest level ever and EUROMAP again performed very well in comparison with international competition.

However the situation we foresee for 2008 will be different. Growth on a global scale slowed down considerably as Mr. Merki pointed out already for Western Europe, the United States, China and other regions. This development is part of a cyclical downwards movement after several years of upswing. It, so far, has got nothing to do with the global financial crisis. The impact of the financial turmoil on our industry is unpredictable and will not be part of our speculation today.

Production in 2008 will still benefit by the orders taken in 2007 and the beginning of 2008. The use of production capacities in the first half of 2008 was at a high level. According to the EUROMAP Economic Survey, which gathers the statistics of all member associations, the overall forecast for 2008 in production is expected to increase by about 5% to a total of approximately 18.2 billion €. Core machinery with the biggest share (62.8%) should increase by 6%, moulds and dies come out at the last years level, auxiliary/peripherals should grow by almost 8% and flexographic printing by more than 11%. Production-wise 2008 will again be a very satisfying year for our industry.

Nevertheless, we can observe a decline in incoming orders. This affects all areas of our branch and will have an impact on the production in 2009. According to the judgement of ASSOCOMAPLAST and VDMA, together accounting for a share in production within EUROMAP of some 70%, a decline in the production of core machinery in the range of 3% to 5% is very likely in 2009.

Over a longer term, however, expectations for EUROMAP should be good for a number of reasons.

Firstly, whilst the international financial situation is likely to worsen and with it a reducing availability of cash to invest in the short term, we all have to have faith in an eventual stabilisation and recovery of financial markets which, in turn, will provide new business opportunities for us.

Secondly, lower cost competitors are experiencing escalations in their own costs due to wage demands and environmental clean up costs. This is most evident in China especially on the East Coast and is fuelled by the increasing number of environmental regulations promulgated by the government. There is also in China increasing seriousness in dealing with infringements of intellectual property.

Thirdly, the global plastics industry will continue to grow. The qualities of plastics products will become increasingly evident to customers and end-users especially through their light weight which presents opportunities to save fuel and is the key reason why the automotive industry has a large demand for plastics components and through their insulation properties which are the keys to constructing energy efficient buildings.

I think that a high measure of longer term confidence in our prospects is revealed by the employment trends in our industry. In the first half of 2008 a high proportion of respondents - 49%- hired additional staff, only short by 3 percentage points of the number of respondents reporting positively in the previous half year. In the coming months this number is still quite high with 31% expecting to recruit and with 58% not planning to make any changes. Our industry is based on engineering skills which mature over time and it is very encouraging to see our member firms even in these difficult times attending to this aspect of their manpower in such proportions. This will support the themes of quality and innovation described by Mr Merki.

Thank you.

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