



# **FEM - ORGALIME**

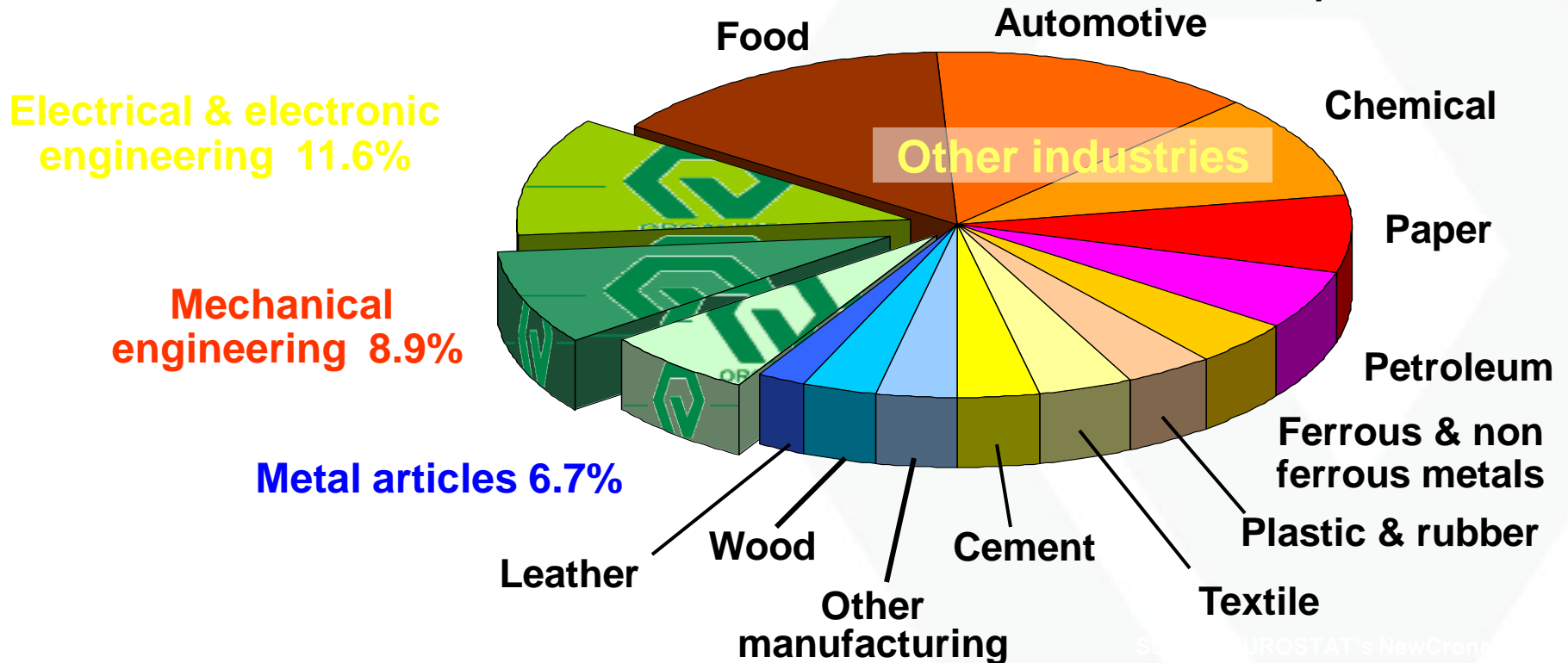




# Orgalime industry (EU 25)

## Comparative size of EU manufacturing

- *ORGALIME as the voice of European engineering*
- *represents 3 industrial branches*
- *that manufacture over 27% of EU total output*



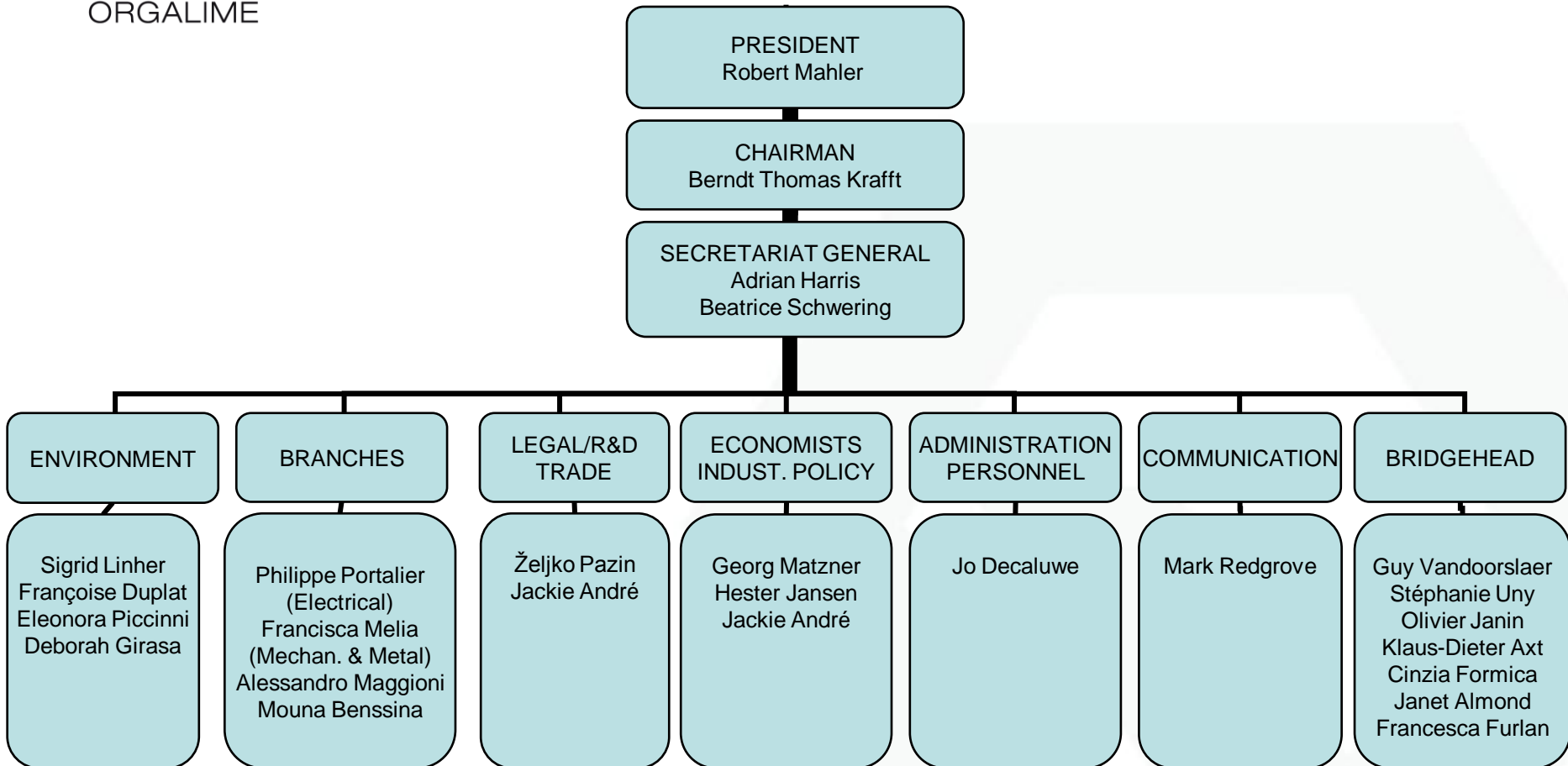


# Orgalime role and aims

- N°1 lobby on selected common issues
- Inform members about EU initiatives
- Coordinate and lobby positions of members - European Sector Associations and networks
- Provide a tailor made service for European Sector Committees – Associations in our industry -> 19 today
- Do specific work on General Conditions, guidelines for application of legislation, etc...



# Orgalime Secretariat today



A team of 19 own staff and 5 of our members to represent our industry in Brussels

# Orgalime issues today

## Competitiveness

- *Jobs & Growth Agenda*
  - integrated market
  - entrepreneurship
  - competition
  - lead markets for new technologies
- *Better Regulation*

## Energy + Environmental Policy Issues

- *EUP/ Energy efficiency*
- *WEEE / ROHS*
- *REACH*
- *IPPC*
- *Waste Policy*
- *Sustainable consumption*

## Technical Policy Issues

- *New Legislative Framework*
- *Machinery directive*
- *Low Voltage Directive*
- *EMC directive*
- *Construction products reg.*
- *Electromagnetic fields*
- *Pressure Equipment Dir...*

## Industrial policy

- „EnginEurope“ -> M.E.
- „Electra“ -> E.E.
- „Strengthening the link“ -> Metalworking

## Market + Trade Issues

- *Market access*
- *Market Surveillance*
- *Anti-Counterfeiting*
- *Raw materials*
- *Standardisation policy*

## Legal Issues

- *European Contract Law*
- *IPR*
- *Competition Legislation*
- *Product Liability*
- *Standard contracts*



# What are we doing for you today?

- Providing a fairly light service package including:
  - General Secretariat for FEM with essentially an administrative support
  - Collaborating for the follow up of directives
  - And some issues...



# Where are we / have we been working together

- **Top policy level:**
  - Orgalime Presidents' Board : meets twice a year – reserved to industry CEOs / Senior management : participation of John Meale as representative of FEM in meeting of the Presidents' Board with Commissioner Mandelson – Issues: trade + steel.
  - EnginEurope – industrial policy initiative
- **Issues at a practical level:**
  - EU Directives task force:
    - Noise emissions: successful lobbying of industry position with adoption of amendment in 6 months
    - Ongoing work on different issues – e.g. WEEE
  - Today: admission of FEM representative Mr. Gil Male to the Machinery directive editorial group





# EnginEurope

- Industrial policy -> getting the right framework conditions for companies = “EnginEurope”
- Format: joint working group: 4 CEOs ( 1 being Stig Gustavson – Konecranes), 6 representatives of national governments + Commission + Chairman F. Klocke
- Output: May 2007
- And now practical follow up...



# Mechanical engineering: follow up - highlights

- Internal market:
  - Harmonisation of product related workers' protection legislation – includes proposal for mobile machinery with respect to road safety regulations and of course noise emissions from machinery used outdoors.
  - Promoting identical regulations and standards everywhere
  - “Greening industrial policy” including energy efficiency
- External markets
  - Promote EU standards abroad
  - IPR protection a key - helpdesk is urgently needed in China (done), Taiwan, India and possibly other countries
  - Machinery industry to be included when negotiating FTAs



# Mechanical engineering: follow up - highlights

## ■ R&D

- Best to start at home: tax credits, innovation financing...
- Make R&D more accessible to EU SMEs
- And now where do we go with ManuFuture? Launch of a proposal for a Joint Technology Initiative in the pipeline

## ■ Skills shortages:

- International benchmarking (Member states, US, JP,..) on technical education and training
- “Blue card” including for skilled workers
- Moves to attract maths & science teachers...

# Other potential areas of interest?

- Reinforce FEM visibility → means:
  - Intensify PR communications on the European material handling industry
  - Develop FEM's vision on logistics concept for the future
  - FEM has a good brand, but needs to keep it up by providing more political input
    - On the right issue at the right time: e.g. Steel (see report)
    - With more coordination across the product sectors
  - Reinforce the development and dissemination of FEM recommendations / documents.



# Other potential areas of interest?

- Reinforce FEM's work on regulatory issues such as EuP
- Keeping the pace with global standardisation and best practice guidelines ( safety ,environment, energy efficiency, performance)
- Promote the integration of technologies into total logistics solutions, make an inventory of European research needs, set up research projects on a international scale and develop alliances with service providers in this area (software, communications, etc)
- Need for internationalisation in regulatory area -> global sectoral approaches?



# Steel – what's the issue?

- Issue brought up by many sectors
- Increasing complaints of our industry that:
  - There are supply problems for manufacturers
  - Contracts are not respected
  - Pricing variations of steel make it difficult to plan
- Orgalime has been active in this area for some time
- FEM (and others) discussed it in meeting with Commissioner Mandelson
- And then two anti-dumping cases brought up by steel industry & more in the pipeline



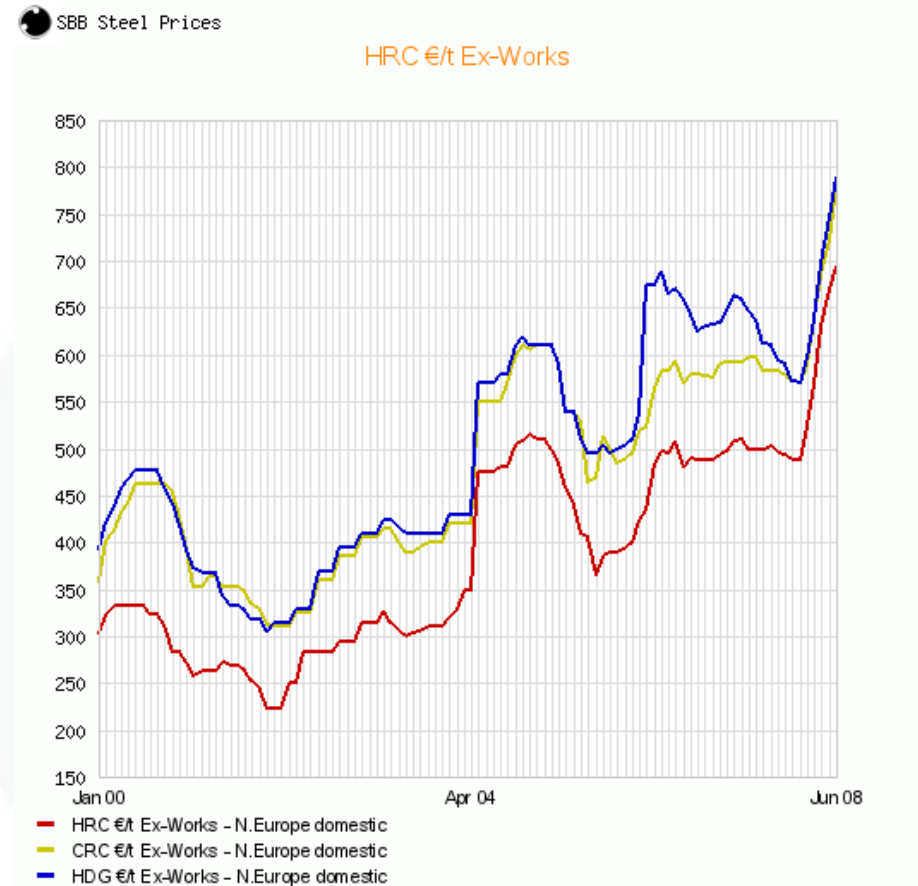
# Steel – what's the issue?

- Orgalime not against anti dumping (AD) instrument per se but:
  - We do not like it used for political purposes - > we are an export industry and do not want to get into a “tit for tat” situation: you penalise my steel – I penalise your cranes
  - We do not like AD used to control market supply of our raw materials
- Where is the problem?
  - Steel prices still on the rise (now stabilising, but for how long)
  - Imports are down
  - Steel industry EBIT levels higher than ever (and ours?...)
  - Lack of EU supply (& investment) at a time when our industry's output has been rising for several years

# Flat steel

2008:

- Q1 major price increases (+100/150 Euro/ton)
- Q2/Q3: additional major price increases (150 Euro/ton)
- Most long term contracts (one year) under pressure
- Very limited imports from third countries



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# Orgalime industry's situation

## 2007

- +5.8 % growth in Orgalime industry as a whole
- 250.000 more EU jobs created only in 2007
- Strongest sector mechanical engineering

## 2008

- Forecast +4% but clouds on the horizon:
  - General economic downturn due to financial market turbulence
  - Availability of raw materials at competitive prices
  - Investment trends stronger outside the EU than inside the EU



# On our side: what is the impact of AD cases today?

- Impact on the demand side
  - Price increases in Q2 + more in the pipeline
  - Panic buying/speculation earlier in the year
  - Impossibility to pass on fully price increases / stay competitive
- Impact on the supply side
  - Bilateral dialogues being used to put pressure on third countries to limit exports

# Now where are we?

- Fighting the AD with strong support of car industry
- Battles in the press
- No provisional duties imposed by Commission for Hot Dipped Galvanised but this is not the end....
- Are looking at next steps:
  - Do we go the same way as is happening in the US? i.e. accuse the steel companies of abusing their dominant position -> issues:
    - lack of respect of contracts
    - “managing the market”



# Think strategic=Think Europe

## Engineering industry

- 10.9 million employees
- +250.000 EU jobs in 2007
- European family owned SMEs with global reach
- In all EU countries
- Fundamental part of EU social/manufacturing fabric
- Labour intensive industry
- Investment up in EU >12% in 2007

## Steel mills

- 250.000 jobs (and decreasing...)
- Increasingly foreign- owned or “family-owned” giants
- In some EU countries
- Global-based investment decisions
- Capital intensive industry
- Minimal investment in EU