Indian Market Reveals Burgeoning Trade Opportunities

February saw the successful completion of the latest NPES Trade Mission to India—in conjunction with the PRINTPACK INDIA 2017 show and the NPES Print Business Outlook Conference 2017. The overall trade mission provided access to the robust Indian print market—the third largest Asian market for printing equipment and consumables and one of the biggest and fastest-growing sectors within the Indian economy—with the goal of highlighting the new trade opportunities available to NPES members.

PRINTPACK INDIA 2017, held February 4-8, attracted 428 exhibitors and nearly 70,000 unique visitors to the India Expo Centre, Greater Noida, Delhi NCR. The NPES booth at the show allowed NPES members a home base during the show and multiple opportunities to visit other exhibitor booths to meet with manufacturers and service providers.

The NPES Print Business Outlook Conference 2017, themed “Power up Your Printing Business...Innovate, Integrate, Motivate,” drew more than 200 attendees from the printing, publishing and manufacturing sectors in India and neighboring countries to explore innovative technologies and services, new business opportunities and the latest global trends.

While PRINTPACK INDIA 2017 provided a dynamic introduction to the third-largest print market in Asia and one of the fastest-growing sectors in the Indian economy, the annual NPES Print Business Outlook Conference drew more than 200 professionals from the printing, publishing and manufacturing sectors in India and neighboring countries to explore innovative technologies and services, new business opportunities and the latest global trends.

NPES President Thayer Long speaking on the “Worldwide Market for Print 2.0—Global Opportunities in Packaging.”

Steven Schnoll, Managing Director, Schnoll Media Consulting, considered the future of print and focused his presentation on the dynamic new ideas and opportunities that digital technologies are opening up for creative solution providers.

Conference speakers included NPES members who examined technological advancements, opportunities and challenges in the global marketplace.

Konica Minolta was this year’s Platinum Sponsor, joined by Bronze Sponsors: Aleyant Systems, Bobst India, HP, Kodak, PrOvin Technos, Trelleborg and Ultimate...
Advocacy... It’s the Answer

Ever wonder why Section 179 Small Business Expensing is now a permanent part of the U.S. Tax Code… or why the Export-Import Bank is available to help U.S. exporters… or why the ICC profile specification, which is now standard ISO 15076-1, exists… or why some schools have graphic arts programs and others don’t? The answer is “Advocacy”—in each case simple to state, but not always easy to implement.

In fact, “Advocacy” is an integral part of everything NPES does on behalf of our members, as NPES weighs in to achieve results that benefit members and the larger printing and imaging industries.

While it is most often associated with government affairs representation in Washington, D.C., advocacy is equally important in developing industry standards, opening export markets, creating awareness of career opportunities in our industry, as well as a myriad of other activities that bring value to NPES members and the larger industry value chain.

Acknowledging the breadth of the advocacy function is one thing, but understanding how it works and who is needed to make it effective is essential for sustaining and enhancing its value. For example, many organizations engage a “Capitol Hill Fly-In” to bring their executives to Washington, D.C. to advocate for their causes with public policy makers. This has been a pivotal component of NPES’s overall Government Affairs strategy that has built ongoing relationships with lawmakers in states and congressional districts that are home to many of our members. Yet Government Affairs advocacy doesn’t end with the fly-in—it begins there. To be most effective, communication with elected officials and other public policy makers must continue afterward. This happens best when Members of Congress visit Association members’ facilities and offices to learn a company’s story first hand, and put a human face on the issues discussed with them in Washington. It’s also vital, as well, that NPES members communicate to their employees how government affairs advocacy is important to the success of their company and impacts their own livelihoods and well-being.

Effective advocacy is a two-part process whereby the association organizes action that is supported by member participation. One without the other doesn’t get the job done. Aristotle said, “nature abhors a vacuum,” so too with advocacy. If decision makers aren’t hearing your concerns, they will be hearing from others—input that may not be in your best interests. Do you want to be missing in action? Can you afford to be? Don’t take that risk.

When Competitors Cooperate

WRITING THE “RULES OF ENGAGEMENT”

In business, just as in life, it’s much easier to get ahead when you know “the rules.” It’s even better when you can help to write them!

Every year, perceptive competitors gain a real advantage when they help to write “the rules” that become International Standards for the printing and imaging industry. These global guidelines are essential for ensuring the quality, safety, and reliability that contribute to bottom-line cost savings and optimize return on investment.

If your company isn’t involved in the industry standards development process, here’s just a sampling of the unique and competitive advantages you are missing:

• The benefits of early access to insider knowledge and information;
• The ability to exert influence on technical content that can impact your products and your customers; and,

The opportunity to develop new markets for your products, services, and technologies.

How to get started? The door is always open! Find out today how to enhance your company’s competitive edge by participating in International Standards development from Debbie Orf, NPES Senior Director, ICC and Standards, at phone: 703/264-7200 or e-mail: dorf@npes.org.

Visit the NPES Standards Workroom online at: www.npes.org/programs/standardsworkroom.aspx
The Conference drew more than 200 attendees from the printing, publishing and manufacturing sectors in India and neighboring countries to examine current issues and discuss the latest trends and developments facing today’s global printing industry.

Technographics. The conference was also supported by the All India Federation of Master Printers Association (AIFMP), and PRIMIR, the research arm of NPES. Media Partners included All About Newspapers, PRINT & PUBLISHING and PrintWeek India.

Exploring the Indian Printing/Packaging Industry, the Trade Mission visited two plants: Uflex Ltd., India’s largest flexible packaging company, and the Hindustan Times newspaper, the fifth largest circulated newspaper in India. Then, following the business discussions and meetings, rounding out the experience delegates found several opportunities to appreciate the culture, the food and the history as the trade mission concluded with a visit to the Taj Mahal, considered one of “the seven wonders of the world.”

Up next this year are NPES Trade Missions to Indonesia, Mexico and China. For more information, contact Pernilla Jonsson, Senior Director NPES Global Programs, at phone: 703/264-7200 or e-mail: pjonsson@npes.org.

Raymond Duval, (c, rear), Director Solutions Sales, Ultimate TechnoGraphics, demonstrates the product capabilities and solutions his company offers for attendees visiting the NPES Booth at PRINTPACK INDIA 2017.

Steven Schnoll engaged the audience with a dynamic presentation on strategies, creative opportunities and transformative digital technologies opening up for the future of print in an increasingly digital world.
According to the research, the demand for print packaging will demonstrate robust growth over the next several years, bolstered by continued economic growth, development, and positive demographic shifts around the world.

Global Opportunities in Packaging

Augmenting PRIMIR’s industry research lineup for 2016 its newest study, the “Worldwide Market for Print 2.0: Global Opportunities in Packaging (2011-2020),” examines the current state and outlook for the global print packaging market. Including a historical assessment of the global print packaging market between 2011 and 2015, the study projects its development from 2016 to 2020 by examining, in 26 countries that span all global regions, five key print packaging industry segments: corrugated, folding carton and paperboard, flexible, labels & tags, and other print packaging.

According to the research, the demand for print packaging will demonstrate robust growth over the next several years, bolstered by continued economic growth, development, and positive demographic shifts around the world. In 2016, the print packaging market totaled $244 billion across the 26 major markets in this study, with the U.S. being the largest market at $78 billion, closely followed by China at $69 billion (Exhibit 1). Globally during the period 2016–20, the print packaging market is projected to grow at an average annual rate of 5.2%.

Among the study findings, the global print packaging market is concentrated with the top five markets accounting for 80% of this total market, and the U.S. and China together account for 60% of this market. Developed markets will see steady, though muted, growth while emerging markets are catching up, supported by rising incomes, increased urbanization, growing middle classes, and shifting consumer preferences. The overall print packaging market in emerging markets will grow at an average annual rate of 6% — more than twice the 2.6% rate forecast for developed markets between 2016-20. However, the print packaging industry will remain fragmented, despite ongoing consolidation in developed markets.

Between 2016–20, flexible print packaging will be the fastest-growing segment at an average annual rate of 5.6%. And by 2020, the lightweighting of packages and advancement of digital printing on flexible packages will drive even greater global market share for this segment. The corrugated segment, the largest and most mature market, will be the slowest-growing print packaging segment in 2016-20, although at a vigorous annual average growth rate of 4.5%. The continued rise of e-commerce and trends such as digital printing for high-quality

Exhibit 1

Print packaging market in 2011, 2016 and 2020

Note: Share of the sum for all 26 countries in this study. Average CAGR in local currency terms. Source: EIU.
marketing packaging will support this growth. During the same period both the labels & tags and the folding carton print packaging segments will grow at an annual average rate of 5.2%. The growth of labels & tags is due to the rise of digital printing and small-batch products. Rising incomes and urbanization in emerging markets are driving the growth in the folding carton segment.

There are four other key takeaways from this research. Consumers in developed markets (specifically in the U.S.) are buying from a wider variety of brands and product types and sizes, and are focusing more on health, wellness and environmentally friendly products. In China, the rising middle class will continue to support the consumer market. Big-brand products will continue to dominate the market, but smaller-batch, local products are growing rapidly. Bright spots are found in the emerging Asia-Pacific markets, particularly India, Indonesia and Vietnam, and while Africa also provides great potential, it comes with a higher degree of political and economic risk.

The research offers these essential recommendations for print packagers, converters, brand owners, and manufacturers:
- Invest in key markets: emerging markets are where growth will be concentrated from 2016-20.
- Stay ahead on green packaging: consumers are looking for a recyclable product, package, and a reduced footprint over its entire production.
- Seek value along the supply chain: adding consulting to the list of products and services, lightweighting of packages and development of machine-to-machine technologies.
- Keep up with trends and technologies: customized and short-run print packaging is rising; print packagers will be using more digital print packaging; and, adopt more smart packaging for your products.

For more information about this study contact: Rekha Ratnam, Senior Director, PRIMIR Market Research at phone: 703/264-7200 or e-mail: rratnam@npes.org.

**Government Affairs**

2017 Is “Perfect Storm” for Powerful Pro-Growth Tax Reform

NPES READY TO ADVANCE PERMANENT 100% EXPENSING OF CAPITAL INVESTMENT

The broad outlines of President Donald Trump’s tax reform proposals, combined with Republican control of both houses of Congress, present a “perfect storm” of opportunity to enact a long-held top NPES government affairs priority of making 100% first-year expensing of capital investment a permanent feature of the U.S. Tax Code. Trump’s plans also appear compatible with reducing tax rates for both large corporations and small businesses, regardless of how they are organized under the tax law. Unified Republican government for the first time in 88 years will greatly enhance the chances of this outcome, but will inevitably still require some compromises.

Making 100% first-year expensing a permanent part of the U.S. Tax Code is at the very top of NPES’s 2017 legislative agenda, and it is the central and essential organizing principle of President Trump’s tax reform legislation that is expected in the first 100 days of his administration. The ability to immediately write-off capital investment, combined with lower tax rates on businesses, are two sides of the same tax reform coin, which is designed to drive economic growth and create tens of millions of new jobs. If enacted, this kind of pro-growth tax reform will be a huge boon to U.S. manufacturing, and a magnet for domestic as well as foreign direct investment, greatly improving the United States’ competitiveness in global markets.

NPES has strongly advocated permanent 100% first-year expensing for many years, and during 2016 laid the groundwork for organizing the Capital Cost Recovery Coalition (CCRC), an effort to fully engage capital goods suppliers, like NPES member companies and their customers, in a concerted effort to bring this linchpin of tax reform and economic growth to fruition.

NPES also strongly supports repeal of the Estate Tax, which is another component of the President’s tax reform plan. Eliminating the so-called “Death Tax” would greatly reduce the cost of succession planning for smaller family-owned businesses, many of which are found in the printing industry and among its suppliers. But, NPES cautions that a repeal of the Estate Tax must also include retention of the “step-up in basis” rule. Step-up in basis is the upward adjustment of the value of an appreciated asset for tax purposes upon inheritance. Its purpose is to minimize a beneficiary’s capital gains tax, which if left unaddressed could completely undercut the value of repealing the death tax, especially for smaller estates.

Finally, NPES will also remain vigilant in preserving the full and immediate deduction of advertising expenses.

For more information, contact Vice President NPES Government Affairs Mark J. Nuzzaco at phone: 703/264-7235 or e-mail: mnuzzaco@npes.org.
The biggest risk to export success is not taking the first step! Especially given the benefits of expanding your revenue potential beyond the U.S. marketplace and leveraging all the trade assistance and export program resources available through NPES. Current revenue growth opportunities in the expanding print packaging markets around the world are well researched and documented. The recent NPES/PRIMIR & VDMA “Worldwide Market for Print 2.0: Global Opportunities in Packaging” study, recently released to all members, and accompanied by a dynamic Excel dashboard highlighting specific packaging segments in 25 countries worldwide, is the most comprehensive, timely and accurate source of intelligence to help you gain global competitive insights.

Combine these NPES resources with the lineup of NPES Global Trade Programs planned from March through August in Indonesia, China and Mexico—and, there is no reason to miss the high potential for business activity and profits you can achieve.

Here are some highlights of the “Worldwide Market for Print 2.0-Packaging” (WWMP) findings for these key countries:

**INDONESIA**

The Indonesian print packaging industry is projected to be the third fastest-growing market globally at an average annual rate of 0.1% over the next four years. With a market valued at U.S. $1.6bn in 2016, the Indonesian print packaging industry is set to continue expansive growth underpinned by an expanding middle class, increasing consumer demand for household goods and retail products, competitive local companies, and cheaper raw materials.

Following this demographic shift, flexible and corrugated packaging revenues made up roughly two-thirds of total packaging demand in 2016. Additionally, Indonesia’s e-commerce transactions are expected to grow from U.S. $12bn in 2014 to U.S. $130bn by 2020, reflective of growth in a corrugated segment projected to grow at a 9.4% clip in the forecast period. The flexible packaging and labels & tags segments point towards the strongest growth over the forecast period with average annual growth rates of 10.8% and 10.5% respectively, as demand for higher value-added processed food, beverages and household goods picks up across primary sales channels.

**CHINA**

The second largest market in the WWMP study will grow strongly from 2016-20 and narrow the gap with the U.S. The print packaging industry in China grew at a 7.9% annual rate in local currency terms in 2011-2015, a rapid pace—particularly given its large market size of $69bn, but will moderate to a still-strong rate of 5.9% per year from 2016-2020 to $83.8bn. China’s corrugated print packaging segment is the largest in the world partly because of its export-dominated economy. Corrugated accounts for $29bn of the print packaging total revenue in 2016. By 2020, this number will grow to $35bn and the rising middle class will continue to support China’s consumer market. Even though it is the second largest market in this study according to experts, the print packaging industry in China is antiquated, as a lot of the machinery used there is old (about 10-20 years old). This means that the Chinese print packaging industry, particularly corrugated machinery, cannot keep up with the quality of printing that is happening in the world without making new investments in equipment and technology.

Folding carton machinery in China is relatively more modern, since folding carton is very closely related to goods like toys, and electric appliances, which are exported to more sophisticated markets. Due to these global market and consumer demands, there will continue to be a greater need for industry to keep up with the print packaging trends, technologies and demand.
endors and their customers in the graphic arts industry share a common concern: “Where am I going to get new employees to replace the ones I have who are retiring or leaving?” This dilemma is of increasing importance as the existing workforce ages and educational institutions that offer graphic arts curriculums are under pressure to maintain their existence.

As a supplier to graphics service providers you may feel this macro concern is not your issue, or think someone else will take care of it for you. The question is: who and how?

We Act on Your Behalf

Among the organizations that actively promote the graphic arts industry and encourage young people to consider it as an attractive career option is The Print and Graphic Scholarship Foundation (PGSF). How does our outreach impact you? A recent analysis showed that nearly 15% of our graduates over the past ten years now work on the vendor side of the industry. PGSF offers industry companies, like yours, a variety of recruitment tools and materials including our Careers in Graphic Communications guide book, Career Poster, and Directory of Schools, each available on our website and in print.

The Future Is Now

Our important work requires the support of the industry it serves. Fact: PGSF survives on fewer than 100 annual donors, and that includes all individuals and companies combined.

Through more donors who can provide even a few hundred dollars each, PGSF can continue to attract the new talent necessary to drive our industry forward. For companies, and individuals, making a donation is fast and easy, online at: www.pgsf.org.

SAVE THE DATES!
PRIMIR 2017 SUMMER MEETING
June 19-21 • Philadelphia, PA

“PRINT REVOLUTION: PROFITABLE NEW ROADS TO SUCCESS”
In 2016, sheetfed offset presses shipments rose 16% and printing equipment increased 5% to $234 million and $362 million respectively.

Market Intelligence News

In 2016, sheetfed offset presses shipments rose 16% and printing equipment increased 5% to $234 million and $362 million respectively (compared to $204 million and $346 million in 2015). Graphic arts supplies shipments fell 6% to $546 million ($580 million in 2015). While in 2015, the market for production digital presses grew 5% to $2.1 billion, digital presses decreased 18% in 2016 to $1.7 billion.

The bright side in recent years has been total market shipments, with steady increases starting from 2010 (besides a slight dip in 2012 and a slight increase in 2015). This was due to increases in shipments of digital presses. Typically, there has been a strong correlation between the rise in digital press shipments and the decrease in offset presses due to the shift of some offset work to digital presses. However, there was steady growth of offset presses throughout 2015. In 2016, there was stronger growth and shipments are the highest they’ve been since 2009 (besides a jump in 2013).

With offset presses’ continuing growth, the observation may be made that traditional press manufacturers are forming successful alliances and partnerships to integrate digital and other features into their equipment. Even though dollar volumes are millions vs. billions, shipments of digital presses are declining. Previous patterns of strong starts and weak finishes (offset presses began strong, and declined by year-end, while digital presses started slow and ended strong) are currently not occurring. Offset presses started and ended strong in 2016, while digital presses, though lower than usual, remained steady throughout the year. We have been monitoring these trends closely throughout 2016 and it will be interesting to see if offset presses continue an upward trajectory, and what effect that will have on digital presses in 2017. See Figure 1 for more details on these trends.

NPES News is published bi-monthly by NPES.

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DID YOU KNOW?

In an age of smartphones and the Internet, you might think the days of paper calendars are numbered, but data suggest otherwise. The sales of appointment books and planners grew 10% from 2014-15 to 2015-16 to $342.7 million, and decorative and other calendars increased by 8% to $65 million.

— NPD Group study, 2016

NPES tracks monthly shipments across 80 different categories of printing equipment [imaging/pre-press, pressroom and bindery/finishing] and graphic arts supplies [film, plates, proofing products and the related chemistry]. The production digital color press data includes light and heavy production equipment sold to the commercial and in-plant printing industry, but does not include sales of production devices to the office market unless it goes to the in-plant printing facility within the organization.