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NPES news

THE ASSOCIATION FOR SUPPLIERS OF PRINTING, PUBLISHING AND CONVERTING TECHNOLOGIES

Postal Reform Effects Minimized for Graphic Arts

Few industries engage in the kind of symbiotic relationship shared by the graphic arts industry and the U.S. Postal Service (USPS). Consider that, at some point, the majority of printed products are mailed. At the same time, the postal system relies on the printing industry to supply much of its mail volume. The fate of each player depends in large part on the well-being of the other.

In this context, the signing of the Postal Accountability and Enhancement Act (PAEA) in December 2006 was beneficial for the graphic arts industry. It was a move that spelled reform for the postal system that industry experts agree was long overdue. Even so, the new postal legislation has caused no small amount of anxiety for those in the graphic arts industry.

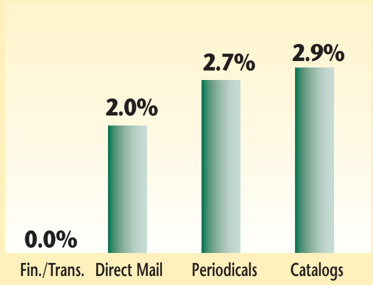
Combined with the rate increases anticipated for this year, how will the various elements of the new postal reform affect the demand for print? To find out, PRIMIR commissioned INTERQUEST, an industry consulting firm in Charlottesville, Virginia, to provide an executive overview of the postal reform legislation and recent rate case, and examine the potential impacts on the graphic arts industry. The resulting study, "*Effect of Postal Reform on the Demand for Print*," provided a complete review of the legislation elements plus impacts on key print products that are dependent upon the mailstream.

Summary of Impact on Print Markets

From 2007-2008, postal reform and rate increases will remove from the mailstream:

- 800-900 million catalogs
- 300-350 million periodicals
- 3 billion pieces of direct mail advertising
- but have very little impact on financial mailings

Relative % Reduction in Volume, 2007-2010



Source: PRIMIR Study "Effect of Postal Reform on the Demand for Print" by INTERQUEST

Financial/Transactional Printing

Work-shared financial/transactional mail accounted for about 53% of First Class letters and cards in 2005. It is no secret that the greatest effect on First Class financial/transactional printing volume comes from electronic diversion, such as automatic debit, online banking and electronic bills. According to the United States Postal Service (USPS), in the three years leading up to 2005, approximately four billion pieces of mail were eliminated from the First Class mailstream, and another four billion pieces will be removed between 2005 and 2008. In total, the USPS estimates that electronic diversion has reduced First Class Mail volume by 30% since 1988. While First Class financial/transactional workshared mail will continue to erode with a forecasted decrease of 8.6% over the next three years, there will be no apparent decline solely due to the recently enacted postal reforms. (Note: PRIMIR has launched a study to investigate the future of Financial/Transactional printing; the results will be revealed during the PRIMIR Spring Meeting held during the NPES 2008 INDUSTRY SUMMIT.)

Periodicals

Modifying a structure proposed by Time Warner Inc., rather than wholly accepting

continued on page 2

INSIDE:

Chairman's Perspective 2
2007 Frederick D. Kagy Education Award of Excellence 3
NPES to Introduce Financial Performance Survey in 2008 4
NPES 2008 Industry Summit 5
China Yields on Trade Subsidies in Face of WTO Case 6
GASC Priority Point System 7
Congress Passes AMT Patch........ 7
NPES Leadership Forums 7
News and Notes 8

chairman's perspective

Hank A. Brandtjen, III
NPES Chairman
President, Brandtjen & Kluge, Inc.

Proactive Inclusion

In accepting the chairmanship of NPES this past November, two words came to mind: *humbled* and *nervous*. I was humbled by the realization that I am following up on the incredible job done by my industry peers, whom I hold in such high regard. I was also a bit nervous, considering the challenges that lie ahead, and I hoped that I would be up to the task.

For those who know me, it is obvious I believe in NPES. I'll also be the first to admit that my support and belief in NPES is self-serving. Without question, my involvement in NPES has had a positive impact on me, as an individual, and on my company.

When Tom Saggiomo was chairman, his mantra was: "content, content, content." Tom correctly understood that our membership, and our involvement, was dependent upon the association's ability to deliver content that we could use.

As I became your new chairman, people began asking me what my mantra would be. While I know what I *want* to say, I am not quite sure *how* to say it. Simply put, I want our membership to be involved. The content is there – so use it! It frustrates me to have a conversation with an NPES member who asks about a solution to a business problem that they are facing when I know that if they just reached out to NPES the resources are *already* in place to help them.

Looking for market statistics? Want to know your market share? You can get this important information without ever leaving your desk; simply submit your data to receive and utilize the results. Or, get involved with the NPES Market Data Committee. My company sells niche equipment to the post press market. By getting involved with this committee, I now receive quarterly market information on the sales dollars and unit sales of the type of equipment we sell.

Want to know which export markets are growing and what steps you can take to be active there? Reach out to the NPES International Trade Committee; call or meet with your peers who have "been there" and "done that," and learn from their experiences. Then, put NPES to work for you; they can assemble a list of possible dealers for you, based on your criteria, and even set up meetings for you.

Do you understand how pending legislation in our nation's capital can have a direct and immediate impact on our businesses? Not exactly sure how changing depreciation laws can improve your business? The NPES Government Affairs Committee has put together a succinct, single page reference sheet that you can share with your customers that explains it.

Would you like to have an in-depth market study done on the future trends of the customer base that you sell to? Would you like to know if, and how, that customer base is changing? Recently I attended my first PRIMIR meeting (the Print Industries Market Information and Research Organization). To say I was impressed would be an understatement! At the meeting, a fellow member company wanted to know about the growth in his particular market over the next five years. Based on that request, PRIMIR will now conduct a study to answer that very question. How did the company get that study approved – a study they could never afford to conduct on their own? By being *involved* and raising their hand when asked "anything else?". Again, you need not be present at a PRIMIR meeting to submit a request for a study that will suit *your* particular needs.

As I said earlier, I was not quite sure what my mantra would be. After the NPES Annual Conference, I thought about: "Experience the Mojo." I also toyed with a way to say "show the horse the water and they will drink." Finally, with the help of Bruce Peterson, I've come up with my mantra: *proactive inclusion*.

For companies like ours, in such a fast changing environment, it is far better to be *proactive* than reactive. As a trade association, NPES' challenge is to reach out and make you aware of all of the resources that are available to you. You can help in this process by being proactive – so let us know how we can help *you*. ●

POSTAL REFORM continued from page 1

USPS suggestions, the Postal Rate Commission (PRC) recommended that periodical rates be applied to pieces and pounds — the existing method — as well as to bundles, stacks and pallets. However, because piece rates vary on machineability, and container rates depend on the point of entry into the mail system, the result is a complex rate structure with at least 55 elements.

In general, demand for periodicals is influenced by income and the rate of employment, the price consumers pay for periodicals, and the availability of substitutes on the Internet. General magazine readership has been on the decline for a number of years. (For a more in-depth discussion of periodicals and magazine printing volume, see PRIMIR's February 2007 report, "***Magazine Printing & Publishing, 2006–2011***.") Thus, mail-bound periodicals have declined steadily at a rate of 2.6% from about 2000 to 2005. According to the USPS, the proposed rates alone could reduce periodicals mail by about 3.5% in 2007.

Periodical printers and publishers have yet to fully assess what these rate increases and rate design changes will mean to their businesses. What is expected is that mailers will have to increase their use of co-mailing, co-palletizing and drop shipping. It'll be tougher going for smaller and medium-size publications, which may ultimately have to turn to consolidators — or even competitors — for help.

Direct Mail and Catalogs

Direct mail and catalogs fall into the postal category of Standard Mail, which actually encompasses a wide range of printed products. Direct mail advertising accounts for about 90% of the Standard Mail volume.

Standard Mail grew at a healthy 10% rate between 1980 and 1988. Though growth has slowed considerably since then, Standard Mail volume nevertheless increased from 14.8 billion to almost 54 billion pieces between 1980 and 2005. In 2005, Standard Mail became the postal class with the largest volume, surpassing

continued on page 3

POSTAL REFORM continued from page 2
even First Class Mail.

Standard Mail volume is dependent upon how an advertiser chooses to spend his marketing dollar. The cost of paper, printing and postage, therefore, play heavily into whether advertisers choose direct mail vs. other forms of advertising. Postage alone can easily comprise 30% of a direct-mail advertising campaign.

Though the basic rate structure of Standard letters remained unchanged, the most recent rate case did make several key adjustments to Standard Mail including:

- detached address labels now carry a 15-cent surcharge; and,
- drop shipment discounts were increased slightly.

Ultimately, the postal reform provisions will hit catalogs the hardest of all printed products, primarily due to the rates now being based on mail shape rather than weight. Some lighter weight catalogs will incur a higher increase than heavier catalogs due to these changes. Plus, catalogs that do not conform to the dimensions of USPS flats processing equipment will have to be modified.

Despite being the hardest hit, INTERQUEST concludes that even catalog mailers will be able to adjust to the rate increases. Carrier route pre-sorting and destination entry will help lessen the impact of the new rates. In addition, other strategies, such as decreasing page count, eliminating mailings and raising shipping charges for catalog items may help offset the rate hikes. Some mailers may change the size and shape of their catalogs to enable co-mailing with others.

Many printers and mailers will agree that the worst aspect of past rate increases was their unpredictability and the lengthy process. The new legislation provides relief in that aspect while at the same time provides some stability for the USPS. Mailers will obviously make format changes to afford them the best available rates for getting their product into the mailstream to postal patrons, and printers will be there to help their customers adapt. NPES member suppliers are well advised to stay abreast of postal changes and to take the lead in providing systems, products and services to ease the burden for printers and mailers as they make the transition. ●

NPES Marks 75th Year of Service to the Industry in 2008

This year, NPES The Association for Suppliers of Printing, Publishing and Converting Technologies celebrates 75 years of service to member manufacturers, importers and distributors who provide the equipment, supplies, systems and software used in every printing, publishing and converting process from design to distribution.

The association was founded as the National Printing Equipment Association in 1933. Its 26 charter members included manufacturers of printing presses, bindery equipment, typesetting machinery and specialty equipment. Today, virtually all industry products and processes are represented by NPES member companies, which range in size from under $1 million in annual sales revenue to more than $1 billion.

Throughout 2008, every issue of *NPES News* will feature one of the highlights from our association's distinguished 75-year history.

75th ANNIVERSARY

Frederick County Career and Technology Center Receives 2007 Frederick D. Kagy Education Award of Excellence

The Ben Franklin Society, honor society of the Printing Industries of America/Graphic Arts Technical Foundation (PIA/GATF), named the Graphic Communications and Printing Technology program at Frederick County Career and Technology Center in Frederick, MD the recipient of its 2007 Frederick D. Kagy Education Award of Excellence. Schools that receive the Kagy Award can choose up to $1,000 worth of textbooks published by the PIA/GATF Press.

The award was presented to Program Instructor John Augustine at the Ben Franklin Society Black-Tie Induction and Awards Dinner on November 9, 2007, in Chicago, IL.

Mr. Augustine has been the graphics instructor at Frederick County Career and Technology Center for the past 15 years, which has been PrintED accredited since 2006.

"PrintED played a key role in earning this award. I place a strong emphasis on this national accreditation, which makes it easier to receive the funding required to keep the program current and relevant," says Augustine. The program is accredited in *Introduction to Graphic Communications*, and *Press Operations*.

> **"PrintED played a key role in earning this award. I place a strong emphasis on this national accreditation, which makes it easier to receive the funding required to keep the program current and relevant."**
>
> *– John Augustine, Program Instructor, Frederick County Career and Technology Center*

The Graphic Communications and Printing Technology program at Frederick County Career and Technology Center exposes its students to all aspects of graphic design and printing. "My goodness, are we a well-kept secret! Once students find out about printing, they're hooked," states Augustine.

"Critical to the success of PrintED accreditation is its industry support," Augustine adds, emphasizing that PrintED graduates enter the workplace with verifiable skills and a certification that students can take with them anywhere in the country.

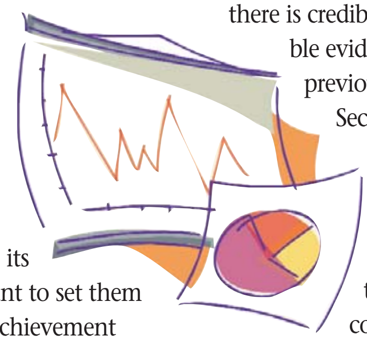
About the Frederick D. Kagy Education Award of Excellence

Established in 1992, the Frederick D. Kagy Education Award of Excellence honors the distinguished career of Frederick D. Kagy, professor emeritus at Illinois State University. One of the most active and influential leaders in the field of graphic communications and technology education, Dr. Kagy was an inspiration to thousands of former students and professional colleagues. ●

NPES to Introduce Financial Performance Survey in 2008

Benchmarking can be a powerful tool for moving toward world class manufacturing and NPES will be launching a new survey in April 2008 to help members assess their financial performance in relation to their peers.

Many owners of closely held businesses believe that they are so closely involved with all facets of their operation that there is no need to participate in an industry benchmarking study. However, if your company wants to increase profitability and continue to grow in today's competitive environment, you have to realize that sometimes even your best instincts may not be enough, and without an industry benchmark, they're only instincts. It is essential that you take the time to analyze industry best practices and build them into your company's business plans.



As your company establishes its performance goals, it is important to set them within practical and workable achievement levels. Obviously, impractical and unachievable goals won't be met and, in fact, might as well not be set in the first place. So, how do you know if your goals are practical and achievable? By comparing your performance to reputable industry performance targets.

Benchmarking Assesses What is Most Important

Determining managerial effectiveness and facilitating change are two of the primary roles of executives in manufacturing. Benchmarking can be a tool to support both of these important roles. Data empowers and stimulates business owners to address real issues and find solutions where results can be measured. When clear, systematic, comparative data is available, it is difficult for managers and their employees to dispute weak performance or inefficient processes.

The NPES study will evaluate the degree to which a business is successful. This benchmarking analysis identifies and assesses the critical measures to help manufacturers thrive.

Benchmarking Challenges Long-Held Beliefs

Benchmarking studies provide a comprehensive and comparative evaluation of performance, serving to identify strengths and weaknesses. Many manufacturers have a tendency to overestimate their strengths and underestimate their weaknesses. Little progress can be made when performance evaluation is left to a debate based solely on experience and subjective evidence.

When owners and managers review benchmarking results, inevitably two types of conclusions are reached. First, some of the results reinforce what managers already believe, based on their previous experience and training. The difference is that now there is credible, comprehensive, comparable evidence to support what was previously opinion or supposition. Second, owners and managers are predictably presented with results that challenge their long-held beliefs. These results are typically questioned because the evidence is contrary to long-held assumptions. Once the credibility of the results has been established, managers face the challenge of integrating the new information into their overall view of performance. These results typically have the greatest impact on the improvement process.

Credible results provide evidence for managers to rethink their assumptions about strengths and weaknesses. It requires them to incorporate new insights into a revised perspective of problems and opportunities. In either case, benchmarking results challenge managers to address the most critical issues.

Benchmarking Informs Decision-Making

Few businesses have unlimited resources to invest in all aspects of their operation. Each year managers are faced with making resource allocation decisions. One of the major barriers is the inability of managers to shift resources from historically established operating procedures. Benchmarking studies can provide information that details the level of performance as well as highlight important factors. Identifying low performance factors that have great impact on profitability allows managers to focus their attention and deploy their resources in the most efficient and effective manner. It prioritizes for the decision-maker where an investment of resources will have the greatest impact on improving performance.

A Financial Performance Survey is a *profitability,* or cost of doing business, study of NPES members designed to obtain, understand and analyze "best practices" for Suppliers of Printing, Publishing and Converting Technologies. More importantly, the Financial Performance Report (FPR) is designed to help NPES members improve their own financial performance.

What's In It For You?

The NPES Financial Performance Survey will include two reports as part of the study:

1. *Industry Performance Report*—an industry-wide summary report profiling the financial and operating performance of NPES members. Management commentary is provided in the report to explain what the various statistics and ratios mean and why they are important. The results profiled in the Industry Performance Report are based on income statement, balance sheet, and operating data provided by NPES members.

2. *Individual Financial Performance Report*—each participant that returns a completed questionnaire will receive an individual Financial Performance Report (FPR) analyzing their company. This report compares your company's results to industry standards, to others in your sales classification and to others in the same line of business category. In order to protect your confidential data, Mackay Research Group sends this report directly to you.

For more information about participating in the survey, contact Kip Smythe at e-mail: ksmythe@npes.org. ●

About the author: John Mackay is President of Mackay Research Group, a survey research organization that specializes in profitability and compensation research for manufacturing trade associations. Contact him at e-mail: john@mackayresearchgroup.com or phone: 720-890-4255.

NPES Members Gain Wide Range of Business Protection Tools

Through a partnership with Sentry Insurance, NPES is pleased to offer an exclusive member benefit program in which your company may qualify to access a full range of property and casualty protection.

Sentry Insurance is among the largest and strongest mutual insurance companies in America. With assets of $7.8 billion and a policyholder surplus of $2.2 billion, Sentry Insurance a Mutual Company has earned a rating of A+ by A.M. Best.

This insurance program is specifically tailored to meet the needs of NPES members by offering a full range of coverages including:

- Building
- Personal Property
- Crime
- General Liability
- Auto, and
- Workers' Compensation.

SENTRY INSURANCE

By dealing directly with Sentry Insurance representatives brokers are eliminated, resulting in the most efficient level of service. And, in continuing to build a strong relationship with Sentry, we hope to help all participants contain their insurance costs. In addition to Sentry Insurance's dynamic array of products, excellent customer service is a hallmark of the organization.

For more information about how *your* business can benefit from the NPES business insurance plan through Sentry Insurance contact Randy Dombrowski at phone: 1-800-624-8369, ext. 7272, e-mail: Randy.Dombrowski@sentry.com, or visit Sentry Insurance online at: www.sentry.com. ●

NPES 2008 Industry Summit

PRINT OUTLOOK® • PRIMIR℠ • NPES®

MARCH 31-APRIL 3, 2008 • NEW YORK

Back by NPES member demand, NPES will launch the **2008 INDUSTRY SUMMIT**, a three and a half-day mega-event that brings together **PRINT OUTLOOK 08** with three other key sessions: the **PRIMIR Spring Meeting**, **NPES Market Data Committee Meeting** and **NPES Board of Directors Meeting**. The co-location of these events at a single venue enables members to enhance their industry knowledge and maximize their networking opportunities while minimizing their time away from the office.

PRINT OUTLOOK 08, slated for April 1-2, is the ideal educational and networking experience for industry executives and managers with a stake in marketing, sales finance, research, manufacturing, and operations. Attendees will benefit from this conference by getting answers they need about the state of the economy, pivotal trends in the marketplace and information on business prospects for the future.

Barbara Pellow

Andrew Paparozzi

Previewing the powerhouse of confirmed speakers are:

- ***Barbara Pellow***, Infotrends on "*The Role of Marketing in the Future of Print*";
- **Andrew Paparozzi**, NAPL Chief Economist on "*The Outlook for Commercial Printing*";
- **Ronnie Davis**, PIA/GATF Chief Economist on "*The Outlook for Ancillary Non-Print Revenues*";
- **Bruce Biegel**, The Winterberry Group on "*The Role of Direct Mail in Direct Marketing*";
- **Roman Hohol**, Director of Marketing, AMEC on "*The Outlook for Newspapers and Magazines*";
- A Print Buyer Panel hosted by **Suzanne Morgan**, President, Print Buyers On-Line who will explore "*Print's Role in the Modern Media Mix*"; and,
- **Gary Jones**, Director, Environmental, Health & Safety Affairs for PIA/GATF, with a special presentation and workshop on "*Sustaining Print in a Dynamic Marketplace*".

Members can further hone their competitive edge by participating in the PRIMIR Spring Meeting immediately following PRINT OUTLOOK. Each year, PRIMIR conducts several of the industry's most comprehensive research studies on topics of critical strategy concern to manufacturers, suppliers and printers. Be there at the Spring Meeting for an insider's view of the newest PRIMIR studies:

- *Trends in Financial and Transactional Printing*
- *Mega Printers' Impact on the North American Print Market*

WATCH YOUR MAIL FOR COMPLETE DETAILS.

China Yields on Trade Subsidies in Face of WTO Case: Good News for U.S. Exporters

The People's Republic of China has agreed to end a number of trade-distorting subsidies in order to settle a case filed against it in the World Trade Organization early last year by the United States. The announcement at the end of November of this settlement by United States Trade Representative Susan Schaub is good news for NPES members and other manufacturers exporting from the United States, as well as an improvement to the entire global trading system.

China maintains a number of subsidies that benefit Chinese companies and companies in China with some amount of foreign investment (commonly known as foreign-invested enterprises or FIEs). These subsidies are contingent on various criteria and include income tax reductions and refunds, value-added tax exemptions and refunds, discounted lending rates, and exemptions from mandatory worker benefit contributions. Some of these measures violate WTO rules that identify two kinds of subsidies that are regarded as so trade distorting that they are prohibited. They are: 1) financial incentives that either encourage firms to export their products, or 2) financial incentives that encourage firms to purchase domestic instead of foreign goods. Both types of incentives violate the WTO Agreement on Subsidies and Countervailing Measures, and those in the latter category are also inconsistent with the 1994 General Agreement on Tariffs and Trade and the WTO Agreement on Trade-Related Investment Measures.

These subsidies unfairly tilt the international trade playing field, and make it difficult for U.S. manufacturers, especially small and medium-sized enterprises, to compete. And since these subsidies apply across manufacturing sectors, they can inhibit U.S. exports of a huge range of products in China, as well as provide an inequitable advantage to China's exports around the world.

Because the United States is committed to fairness in the international trading system, it had sought to negotiate the elimination of these subsidies, which China had agreed to discontinue by the time it joined the WTO in 2001. Unfortunately, China did not live up to its agreement, necessitating the initiation of the WTO case after negotiations failed.

According to information from the National Association of Manufacturers, Chinese subsidies agreed to be eliminated by January 1, 2008 include:

Import Substitution Subsidies

1. Foreign Invested Enterprises (FIEs) that buy new domestic equipment instead of new imported equipment receive VAT refunds on the domestic equipment purchased.

2. FIEs that purchase domestic equipment receive an income tax refund equal to 40% of the value of the domestic equipment purchased.

3. Local companies (whether FIE or wholly-Chinese) that buy domestic equipment for purposes of "technology upgrading" receive an income tax refund equal to 40% of the value of the domestic equipment purchased.

Export Subsidies

4. FIEs that utilize "advanced technology" to produce products for export have their tax rate cut in half.

5. FIEs that export more than 70% of their products have their tax rate cut in half.

6. FIEs that export 100% of their production receive an income tax reduction.

> **The announcement of this settlement... by United States Trade Representative Susan Schaub is good news for NPES members and other manufacturers exporting from the United States, as well as an improvement to the entire global trading system.**

7. FIEs that utilize "advanced technology" to produce products for export, and that were established or expanded using profits from existing FIEs, receive income tax refunds equal to 40% of the income tax paid on the reinvested profits.

8. FIEs that export more than 50% of their products, or that utilize "advanced technology" to produce products for export, are exempt from mandatory payments that help the Chinese government pay for worker benefits. (Article 3 of the Provisions of the State Council on the Encouragement of Foreign Investment.)

9. Local companies (whether FIE or wholly-Chinese) that export 100% of their production receive VAT and tariff exemptions with respect to imported equipment used to produce their products.

10. Local companies (whether FIE or wholly-Chinese) that export 100% of their production receive preferential income tax treatment.

11. Local high technology companies (whether FIE or wholly-Chinese) that export 100% of their production pay reduced income tax rates.

12. Local companies (whether FIE or wholly-Chinese) that provide start-up capital to local companies that export 100% of their production receive tax credits and deductions in proportion to the capital provided.

Although the elimination of these subsidies does not remove or reduce the Chinese tariffs and taxes imposed on imports of certain types of printing technologies, a problem NPES has been working with U.S. and Chinese government officials to resolve, it will improve the overall competitiveness of U.S. exports in the Chinese domestic market. For more information contact NPES Government Affairs Director Mark J. Nuzzaco at phone: 703-264-7235 or e-mail: mnuzzaco@npes.org. ●

GASC Priority Point System Puts Members First

Through the years, the Graphic Arts Show Company (GASC) has used a first-come, first-served process for assigning booth space for events such as GRAPH EXPO® and PRINT®. Over the years, many exhibiting companies expressed their views about this method, noting that it did not reward past participation and it lacked transparency.

Based on NPES members' feedback, GASC responded with a new priority point system for assigning booth space, unanimously approved by the Show Policy Committee at its October 2007 meeting, which will be engaged beginning with PRINT 2009. This process will also be engaged for GRAPH EXPO shows starting in 2010. There will be two priority point systems for GASC shows, one for PRINT and one for GRAPH EXPO. The upcoming GRAPH EXPO 2008 show, which is currently 95% sold out, is the last show to utilize the old process.

Currently, all contracted participants of PRINT 2001 and PRINT 2005 have received information about their company's point total, which equals their company's accumulated points over the past two PRINT shows. As in the past, NPES members will benefit from the early NPES member advantage space reservation period.

For more information, the GASC sales team is at your service at phone: 703-264-7200. ●

Congress Passes AMT Patch on Last Day of Session

Overcoming opposition by leading House Democrats, on the last day of the 2007 legislative session the U.S. House of Representatives agreed with the Senate to amend the Tax Code to spare more than 20 million taxpayers from having to pay the Alternative Minimum Tax (AMT) on 2007 income, without raising other taxes to pay for the estimated $50 billion in revenue forgone by this action as insisted upon by congressional Republicans and President Bush.

Originally enacted in 1969, the AMT was intended to insure that the wealthiest Americans did not escape paying some income tax. But, since the taxable income threshold for triggering the tax has never been adjusted for inflation, the AMT now impacts a growing number of affluent but not wealthy middle income taxpayers, which in 2006 numbered about four million. However, without a change in the AMT formula that number would have dramatically increased to 25 million in 2007.

A permanent repeal of the AMT is part of House Ways & Means Committee Chairman Charlie Rangel's tax code overhaul package, which is a much more long-term debate.

For more information contact Mark Nuzzaco, NPES Government Affairs Director, at phone: 703-264-7235 or email: mnuzzaco@npes.org. ●

New for 2008: NPES Leadership Forums

Members Helping Members

Without a doubt, NPES' greatest asset is our members. Over and over again, actively involved NPES members tell us that the most important benefit they receive from their membership is the knowledge they've gained from networking with other members – our industry's *real* experts! These lessons learned through years of 'in the trenches' industry and business experience don't come from a seminar but, rather, by spending time with those who do what you do, with similar goals and challenges, who generously share their successes, failures and best practices.

We want NPES members to be the most successful in our industry. However, as an association, our challenge was how to leverage our membership's collective knowledge and provide opportunities to share this expertise with all NPES members. Finally, we've found a way for NPES members, like *you*, to succeed in the way that you've told us works best – by members helping members!

Introducing NPES Leadership Forums

Each day brings new challenges, often forcing the big 'to do' items – developing a long term business plan, researching new market segments, staying on top of technology, finding your niche in the global market, and figuring out how and when to exit the business – further down your priority list. Ideally, what you need is time away from the office, access to factual data, and the opportunity to receive candid 'reality check' feedback so that you can finally tackle your specific business issues.

About the Forums

NPES Leadership Forums are comprised of eight to 10 NPES members of similar, but non-competing businesses. Forums meet three times a year, carving out dedicated time to focus on the *business* of your business. During these confidential and constructive sessions, Forum members will share and compare financial information, best business practices, leadership skills, and their unique perspectives on our fast-paced, ever changing industry. Imagine bouncing your ideas and toughest decisions off nine industry experts! Essentially, a Leadership Forum will function as your company's very own surrogate 'advisory board.'

As NPES Chairman, **Hank Brandtjen**, president, Brandtjen & Kluge, Inc. expressed, "I know all too well the saying, 'It can be lonely at the top'. From spending time discussing complicated decisions, such as how to re-structure our sales efforts, to the mundane issues, such as holiday party traditions, how nice it is to gain insights from others who have 'been there, done that!'"

NPES Leadership Forums offer a one-of-a-kind professional development experience for industry veterans and management's promising 'up-and-comers' alike. For complete information, contact NPES President Ralph Nappi at phone: 703-264-7200, e-mail: rnappi@npes.org, or contact NPES Associate Director of Marketing & Communication Teresa McCain at e-mail: tmccain@npes.org. ●

news and notes

NPES CALENDAR

January 2008

NPES Regional Meeting
January 23 • Teaneck, New Jersey

NPES Regional Meeting
January 25 • Dayton, Ohio

NPES Regional Meeting
January 28 • Irvine, California

NPES Regional Meeting
January 30 • Chicago, Illinois

February 2008

NPES Regional Meeting
February 1 • Quincy, Massachusetts

ICC Meetings
February 18-20 • Munich, Germany

ICC/fogra Symposium
February 21 • Munich, Germany

March 2008

TC130 Working Group 5
March 3-7 • Phoenix, Arizona

Joint CGATS SC3, CGATS SC4, USTAG TC 130 WG3/WF4
March 26-28 • Mesa, Arizona

NPES Industry Summit
March 31-April 3 • New York, New York

NPES Industry Summit
NPES Executive Committee Meeting
March 31 • New York, New York

NPES Industry Summit
Market Data Meeting
March 31 • New York, New York

April 2008

NPES Industry Summit
PRINT OUTLOOK 08
April 1-2 • New York, New York

NPES Industry Summit
PRIMIR Spring Meeting
April 2-3 • New York, New York

ISO TC 130 Working Groups 1-4
April 14-19 • Paris, France

June 2008

ICC Meetings
June 24-27 • Tokyo, Japan

July 2008

Joint CGATS SC3, CGATS SC4, USTAG TC 130 WG3/WF4
July 14-16 • Minneapolis, Minnesota

September 2008

TC130 Working Groups and Plenary
September 22-27 • The Netherlands

HURLEY'S TRADEWISE DO TELL INTEL

American Manufacturing Alive and Kicking

Contrary to widespread belief that the United States isn't making anything anymore, American manufacturing is alive and kicking, with **U.S. factory workers producing and exporting record amounts**, both in quantity and in dollar value.

In fact, since 2001 the U.S. economy has grown at an average 3.5% annual rate, but manufacturing has risen even faster, at 4% a year. The U.S. is the world's leading manufacturing nation, with output in 2005 valued at $1.5 trillion, **accounting for almost 25% of all goods produced each year**, and has maintained its annual world market share since 1982 despite the stunning rise of emerging nations.

When it comes to productivity, the U.S. is a world leader, and manufacturing is the reason. Between 1987 and 2005, U.S. factory productivity grew by 94%, about two and a half times faster than productivity in the service sector. The rising productivity of U.S. factory workers, coupled with cutting edge product innovation and design, is what keeps U.S. factories competitive with low-wage overseas sites, with fewer workers needed to manufacture a growing amount of output.

Meanwhile, **the U.S. is selling record amounts of American goods overseas because of rising living standards abroad**, the high quality of U.S. made products, and the rising value of the euro, yen, pound and other currencies.

Exports are expected to rise 9.5% in 2008 and 8.4% in 2009, on top of a 7.3% increase in 2007. The payoff for the U.S. $14 trillion economy is huge: In the third quarter of 2007, net exports offset the damage to GDP growth from residential real estate woes and the meltdown in mortgage-based securities, and turned around the trade deficit.

The trade turnaround comes as the U.S. loses its accustomed role of global economic locomotive. That distinction now belongs to the faster-growing markets overseas. The dollar, already at a record low against the euro and other currencies, will almost certainly be down for the count through 2008. The upside is that **U.S. made goods ranging from airplanes to machine parts are priced right for eager buyers abroad**, resulting in a strong surge of export trade for U.S. manufacturers at least into 2010 as currency exchange rates work their way into the global economy.

In 2007 while falling housing prices and mounting credit woes sapped the domestic economy, international sales of American goods and services into the robust global economy surged. It is calculated that overseas revenues for S&P 500 companies have jumped from 32% in 2001 to 48% in 2007, and as much as 80% of earnings growth of U.S. companies came from abroad in 2007. **The trend of rising exports is expected to continue in 2008**. Net export growth has been generating a point or more of GDP growth, offsetting the ailing domestic economy—a welcome benefit of the potent force of globalization.

The weak greenback bolsters American competitiveness and **translates into higher sales and earnings for U.S. companies**. For U.S. manufacturers, with U.S. consumer demand remaining subdued in 2008, it makes sense to continue favoring business leveraged to global growth. Up until the past year or two, the U.S. consumer was the driver of the global economy. That is no longer the case. A growing number of U.S. manufacturers are looking at the entire world, especially at emerging markets showing strong global growth, to make up for slowing domestic demand by expanding sales in the global market. ●

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