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NPES news

THE ASSOCIATION FOR SUPPLIERS OF PRINTING, PUBLISHING AND CONVERTING TECHNOLOGIES

The World of Print is Flat Too!

Part Quatre

COUNTRY OF THE MONTH: POLAND

If I were to ask you what is the fastest growing region of the world of print, you'd probably say Asia. With China and Indonesia both in the top 10 of the fastest growing country markets, that would make sense. However, Eastern Europe at a 51% growth over the period of 2006 to 2011 ties for first with the Middle East. In this issue, we focus on the largest of the recent new entrants into the European Union, Poland.

Poland - key statistics, 2006-11

Literacy rate: 99.6% (1990); 99.8% (2003)

	2006	2011	% Change 2006-11
Population (mn)	38	38	-0.4
GDP (US$bn)	$321	$461	43.8
Print mkt (US$mn)	3,005	4,579	52.4
- per capita ($)	78.05	119.48	53.1
Print machinery ($mn)	90	123	36.8
Inks (US$mn)	153	193	26.2
Substrates ($mn)	1,136	1,476	29.9
Consumables (US$mn)	22	34	516.7
Total (US$mn)	$4,406	$6,406	45.4

Source: PRIMIR "World Wide Market for Print" study by Pira International, 2007
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Poland is impressive not only in terms of its growth rate but also because it was a sizable print market at $3 billion in 2006 and is forecast to grow to $4.5 billion by 2011. This makes Poland an interesting export target for NPES members.

Poland is the second largest of the Eastern European print markets, with Russia being the largest. Since the year 2000, there has been effectively one complete cycle of economic development with GDP growth falling to around 1% in 2001 and 2003, but then recovering to peak at 5.5% in 2004. In the last couple of years, since Poland joined the EU, the economy has been growing at around 4-5% per annum. Future growth is forecast to be at least as good over the next five years, and possibly a percentage point higher as the country adapts to its new economic environment.

Poland has a highly literate population of 38 million which is now starting to decline as many workers take advantage of the opportunities to find work elsewhere in the EU. Given the growth in GDP

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INSIDE:

ABOUT POLAND

OVERVIEW

Located in central Europe, Poland lies on the Baltic Sea and has borders to the Russian Federation, Lithuania, Belarus, Ukraine, Slovakia, the Czech Republic and Germany. With an area of 312,683 square kilometers (120,728 square miles) Poland is one of the larger countries in Europe, slightly smaller than Germany. Its current population is approximately 38.5 million, and the capital is Warsaw with 1.7 million inhabitants. Literacy levels are high at 99.8%, with 98% of the population completing primary level education and 83% completing secondary level education in 2003. Life expectancy is 71.2 years for men and 79 for women. Overall GDP in 2006 was projected at US$321 billion, with GDP per capita at US$8,332.

Poland is a republic whose present constitution was enacted in May 1997. Communism fell in 1989 and since then there has been a successful transition to democracy with five general parliamentary elections and four presidential elections. The constitution provides for a president who is elected for a term of five years and is the head of state and commander of the armed forces, a prime minister who leads the Council of Ministers and a bicameral parliament made up of the Sejm (460 members) and the Senat (100 members). The current president is Lech Kacynski of the PiS (Law and Justice Party) and the prime minister is Jaroslaw Kacynski, also of the PiS.

DEMOGRAPHIC TRENDS

The population of Poland is estimated at 38.5 million, 48.5% of whom are male and 51.5% female. Population projections over the coming years show an expected decrease in the populace of approximately 6.6 million in the next 45 years, taking the number of Polish inhabitants down to 31.9 million by 2050. This represents a decrease of 17% over this time, which is a sizeable increase compared with other European countries. The median age of the population today is 36.5 years and this is forecast to increase to 50.8 by 2050; 16.8% of the population is currently over the age of 60 and this is forecast to increase to 37.9% by 2050.

chairman's perspective

Thomas Saggiomo
NPES Chairman
President, Agfa Graphics NAFTA

Listen....Learn...Lead

As we prepare for the final five months of 2007, many of us in the industry are making plans for GRAPH EXPO®. The show is a great platform for closing contracts that have been in the works and also offers the possibility to stoke the sales funnel for the fourth quarter. Another important aspect of the show is the potential to meet with many customers and industry participants at one location. This is a very efficient way of taking the pulse of the market.

Another way of getting market feedback is "hitting the road". Recently, I did just that. I took one of my regular excursions and spent one week on the road. Visiting with customers is one of the best ways to learn and understand what is happening in the marketplace. My visits spanned a number of cities and a variety of market segments. What I learned is that when 10 people look at the very same picture, often times you will get 10 different reactions. We know that our business is the 4th largest USA industry in terms of total size. We also know that we rank 50th in productivity per employee. Clearly, there is room for improvement. With that background, here are some other facts that I confirmed on my recent trip:

- The traditional print business is mature and there is pressure from alternative print processes and the Internet;
- There is never-ending price pressure from print buyers;
- Lead times are shrinking;
- There are fewer skilled operators available;
- Everyone is digital so the playing field is mostly even;
- There is less customer loyalty; and,
- Sustainability and overall environmental issues are everywhere.

While this is quite an impressive list of industry challenges, I suggest that there are no 'easy' businesses today. As long as the free market is alive and well, all businesses will have challenges and opportunities.

Now let's go back to my recent trip. I met a number of people and observed a clear pattern. For the most part, there were those individuals that had a pragmatic picture of the industry around them and were taking decisive actions to address their challenges. Unfortunately, I also met a few people who knew things had changed, but had not sufficiently prepared to tackle the challenges.

The astute people were asking the right questions:

- How can I produce faster?
- How can I reduce costs?
- How can I improve my overall business?

Although challenged as a communication mode, I remain convinced that there is a bright future in the world of print and for many of our customers. In order to prosper, business leaders must focus on a few important areas. I could spot the leaders:

1. They knew their business strategy and focused on customers and market segments that mattered most to the health and well-being of the business;
2. They employed the latest technology to make their enterprise efficient, productive and high quality;
3. They had passion for the business; and,
4. They cared about their employees.

This kind of behavior, coupled with a strong vision for success, is good advice for all individuals in business. Despite the ups and downs of the business cycles, the threats from new technology, and the changing demands from the market, companies with solid leadership always rise to the top and have a much better chance to prosper.

See you at GRAPH EXPO! ●

Lunch n' Learn at the NPES/PRIMIR EXCHANGE

NPES® Exchange PRIMIR℠

NPES members' staff and guests are invited to join us in the brand new NPES/PRIMIR EXCHANGE *(formerly NPES Member Lounge)* at GRAPH EXPO®, conveniently located below the show floor in Room S102c – just an escalator ride away! Open during show hours, September 9-12, this special *members-only* retreat provides:

- semi-private rooms for meetings with customers and prospects;
- Internet access in our PC Café;
- a nourishing lunch with a varied menu every day; plus,
- our brand new Lunch 'n Learn series – "bite-sized" learning opportunities with timely industry updates.

Luncheon purchases will be charged by scanning your show registration badge at the check-out register – so be sure to have yours handy. For your convenience, NPES will track your luncheon charges and invoice you after the show. Plan now to "Lunch 'n Learn" in the new NPES/PRIMIR EXCHANGE!

LUNCH 'N LEARN SCHEDULE

SUNDAY, SEPTEMBER 9

12:00-12:20 pm **Legislative Updates: Capital Investment, US Mail vs. Print, Chinese Taxes and Tariffs**
Mark Nuzzaco, NPES Director of Government Affairs, Reston, VA

1:00-1:20 pm **The Market for Bindery & Post Press Equipment**
Mark Hunt, Director of Marketing
Standard Finishing Systems
Andover, MD

MONDAY, SEPTEMBER 10

12:00-12:20 pm **Sustainability in the Printing Industry**
Don Carli, President, Nima Hunter, Inc.
New York, NY

1:00-1:20 pm **Impact of Postal Reform**
Doug Ehmann, Vice President
The Sheridan Group, Hunt Valley, MD

TUESDAY, SEPTEMBER 11

12:00-12:20 pm **Digital Printing in a Production Environment**
Dave Costa
State Street Consultants, Boston MA

1:00-1:20 pm **Taming the Dragon: "The Business" of Doing Business in China Today**
Ya-Ping Zhou, China Manager
NPES, Shanghai, Republic of China

WEDNESDAY, SEPTEMBER 12

12:00-12:20 pm **Sheetfed Lithography Trends**
Mark DeVito
RBI

1:00-1:20 pm **NEW Directions for Small Commercial and Quick Printers**
John Zarwan, President
J. Zarwan Partners, Charlottetown, Prince Edward Island, Canada

WORLD OF PRINT continued from page 1

forecast, the current level of GDP per head which stands at around US$8,300, will grow significantly by 2011, raising Poland into the top echelon of transitional economies.

Advertising expenditure on above-the-line activities has grown as well since the year 2000, but print only has a modest 34% share of this total, one of the lowest levels anywhere in Europe. Internet usage is considerably higher in Poland than in many Eastern Europe countries and is forecast to exceed 50% by 2011.

The Polish print market is forecast to grow by 52.4% in current dollar terms in the next five years to reach US$4.58 billion by 2011.

Much of the growth in demand for print will come from the added stimulus of advertising expenditure. Very rapid growth and development of relatively new markets such as direct mail (up 279.3% by 2011), coupons (up 137.5% by 2011) and inserts (up 85.3% by 2011) will contribute significantly to demand by 2011. Other more 'conventional' sectors of the advertising marketplace, however, such as catalogs (up 32.5% by 2011), brochures (up 33% by 2011) and posters (up 42.1% by 2011) will grow somewhat slower, but still much faster than is likely in western markets.

Leading the way in the publishing sector will be the magazine market where demand is forecast to grow by 40.5% by 2011. Demand for directories will also show respectable growth, at 30% over the period, mainly because the potential threat from electronic media will be postponed somewhat. Demand for books, however, will show quite modest growth, up 22.3% by 2011 and demand for newspapers will only increase by 9.3% over the forecast period. To some extent, the market for publications and other commercial print will be boosted by exports to neighboring countries such as Germany.

Paper-based business communications are still widely used in Poland. Between 2006 and 2011, growth is still forecast for both business forms (up 23.4% by 2011) and financial and legal print (up 24.1% by 2011), although by the end of the forecast period, both markets are likely to experience growing pressure from electronic alternatives.

In the packaging sector, print demand is forecast to grow rapidly, faster than many graphic print markets, in fact, to increase by a total 62.8% by 2011. Exports to near shore markets will help to promote this growth, which will be fastest for flexible packaging (up 83.8% by 2011). Future demand for both corrugated cases and cartons is forecast to be healthy, at rates around 70% for the period.

In 2006, the market for equipment, consumable supplies and substrates totaled $1.4 billion and this is forecast to grow to over $1.8 billion in 2011—a 28.5% increase over that time period. Clearly, Poland provides NPES members with solid export growth opportunities in the coming years. ●

Greater Control of Minimum Resale Pricing Now Possible

U.S. Supreme Court Overturns 96 Year-Old Precedent

A closely divided U.S. Supreme Court has ruled that a manufacturer does not necessarily violate the antitrust law by establishing a minimum resale price for its products and enforcing the policy by terminating a wholesaler-distributor or other reseller who sells below the minimum price. In its 5 to 4 decision in *Leegin Creative Products, Inc. v. PSKS, Inc. d/b/a Kay's Kloset . . . Kay's Shoes,* the Court overturned its own 1911 decision in the Dr. Miles case that for 96 years had held vertical agreements establishing minimum resale prices to be per se violations of Section 1 of the Sherman Act. Instead, Justice Kennedy's opinion for the Court adopted the "Rule of Reason" standard used to judge other vertical restraints a manufacturer imposes on its distributors, and held that vertical resale price agreements can have either pro-competitive or anti-competitive effects, depending upon the specific circumstances in which they are formed. The Department of Justice and the Federal Trade Commission, as well as respected economic authorities supported this approach.

> **"the primary purpose of the antitrust laws is to protect interbrand competition, which is what gives consumers more options and brands."**

The Rule of Reason standard requires the finder of fact to weigh all of the circumstances of a case in deciding whether or not a particular restrictive practice imposes an unreasonable restraint on competition. Factors considered include: specific information about the relevant business and the restraint's history, nature and effect, as well as whether the business has market power, *i.e.,* the ability to raise prices above competitive levels.

The Court majority did not agree that a manufacturer would burden consumers with inflated prices by using vertical price restraints to set too high a minimum resale price for its products. In reaching this conclusion the court found that allowing a manufacturer to control the minimum resale price may actually promote interbrand competition (the competition among the sellers of different brands of the same type of product) even though it may reduce intrabrand competition (the competition among wholesalers-distributors or other resellers selling the same brand.) A reduction in the latter form of competition was acceptable to the Court majority because, in their view, the primary purpose of the antitrust laws is to protect interbrand competition, which is what gives consumers more options and brands. Moreover, the Court felt that resale price maintenance will also encourage wholesaler-distributors to invest in distribution of new products and brands.

In contrast, Justice Breyer's dissenting opinion forecasted that the Court's ruling would likely raise the price of goods at retail and that it would cause considerable legal turbulence as the trial courts gain experience employing the Rule of Reason yard stick in resale price maintenance cases, which are considered among the most difficult and costly to litigate.

In conclusion, while the *Leegin* decision is a major change in antitrust jurisprudence, it should be emphasized that the Court's decision still leaves vertical minimum resale price restraints subject to antitrust challenge.

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

PrintED® Student Takes the Gold at SkillsUSA Championships

The Graphic Arts Education and Research Foundation (GAERF®) is pleased to announce that a student enrolled in a PrintED-accredited graphic communications program took top honors at the SkillsUSA Championships, an event that showcases the best career and technical education students in the nation.

Chrissy Shiflet, a high school student at Francis Tuttle Technology Center in Oklahoma City, OK competed against students from across the country to earn the gold medal in the graphic communications contest. Participants were judged in seven skill areas: digital workflow, electronic prepress, finishing, offset press operations, an oral professional assessment, production planning and a technical knowledge test.

Nearly 5,000 students participate every year in the SkillsUSA Championships. To be eligible, students must first compete at the local and state levels. Two representatives from each state—one at the high school level and one at the post-secondary—then advance to the national competition.

PrintED student and gold medalist Chrissy Shiflet, Francis Tuttle Technology Center-Rockwell Campus, OK, (front row, center) is recognized among graphic communications winners in the Skills USA Championships held in Kansas City, MO.

As an official event sponsor, GAERF provided $250 scholarships to each of the 38 graphic communications contestants to offset the travel expenses incurred in traveling to Kansas City.

"The SkillsUSA contestants represent the best of tomorrow's graphic communications workforce, and GAERF is proud to have been able to support them," said Ralph J. Nappi, GAERF president. "That the gold medalist hails from a PrintED-accredited institution was a gratifying bonus to our involvement in SkillsUSA. This is the second year in a row that a PrintED-accredited program has produced a national SkillsUSA winner at the high school level. It really confirms the quality of education and value of accreditation offered through PrintED."

Heidelberg USA awarded Shiflet a $1,000 scholarship, and travel and lodging to this year's GRAPH EXPO. In addition, she was given educational materials from PIA/GATF and is eligible to receive a $500 scholarship to attend Ferris State University or Pittsburgh State University. For her school, Shiflet has also earned the use of a Heidelberg Printmaster QM46 for one year. ●

NPES World Business Development Trip to Japan and China

Tokyo, Shanghai and Beijing, September 21-28, 2007

Japan and China are the world's second and third biggest print markets at $85 billion and $41 billion respectively. The world's second largest and fastest growing printing equipment market is China at $1.5 billion dollars. And, the quadrennial IGAS 2007, Tokyo, September 21-28 is the world's biggest printing industry trade show in 2007—a marketing "must" for NPES member companies seeking to enter the Japanese print market.

Member companies that act now can benefit from a new NPES-organized opportunity to explore and enter both the Japanese and Chinese markets. NPES will conduct a week-long business development trip to Japan and China, September 21-28, led by NPES Chairman Thomas Saggiomo and NPES President Ralph J. Nappi. Trip signature events include attendance at IGAS 2007 in Tokyo and the NPES World Environmental Printing Technology Conference in Shanghai.

During IGAS and throughout the trip, participants will evaluate the two markets and meet, screen and sign-up new agents, distributors or business partners. At their side will be NPES Japan and NPES China market representatives to guide and support their efforts with a wealth of personalized, value-driven business services including:

- advance individual consultation to arrange a personalized business agenda;
- pre-planned visits to IGAS 2007 exhibitors;
- pre-arranged meetings in Japan, and then China, with prospective dealers and business partners;
- interpreter service in meetings with prospective customers in the NPES business development booth at IGAS;
- exhibiting and distributing company and product literature at the booth;
- guidance in preparing presentations for the NPES World Environmental Printing Technology Conference with table-top expo;
- guided industry visits to leading printers and manufacturers;
- introductions to Japanese and Chinese CEOs at networking receptions;
- interactive print market and business briefings;
- assistance with visas and hotel reservations; and,
- localization of marketing materials and conference presentations into Japanese and Chinese at cost.

Act NOW!

Visit www.npes.org and follow the links for a detailed agenda and signature events of this business building trip to Japan and China, and for registration information.

Apply now to reserve your space on the trip. For questions or additional information contact Mike Hurley at phone: 703-264-7212 or e-mail: mhurley@npes.org. ●

SOLD OUT GRAPH EXPO® 2007 Features Digital Applications on Special Themed Days

GRAPH EXPO, September 9-12, 2007, the largest and most comprehensive exhibition and conference for graphic communications technology in the western hemisphere is now sold out!

According to 2006 statistics from Bowker, the official U.S. agency for issuing International Standard Book Numbers (ISBNs) for all commercially sold books:
- 50% to 60% of active soft cover titles sell fewer than 2,500 copies per year;
- Using offset technology, the vast library of publishers' backlist titles are too expensive to produce and yield thin margins; and,
- Digital printing is being widely adopted by both large and small publishing houses and the book manufacturers they work with.

And there's more: the books on demand market is expected to grow to about 20 billion pages in 2006 to some 38 billion by 2009, according to David Davis of Interquest, a pioneer in digital market research.

Within the total 460,984 net sq. ft. of exhibit space and over 640 exhibits, some 130,000 net sq. ft.—two and a half times more than the next largest digital print show in the United States with over *double* the digital presses — will be exclusively focused on digital technologies, showcasing the production of digitally printed books and manuals, and powerful selling tools created by new print and mail technologies that combine direct marketing with transactional mail.

On Sunday, September 9, ***Books & Bound Documents Day*** will feature this rapidly growing segment of the printing industry with the largest and most complete demonstrations of how digitally printed books and manuals can deliver lucrative new opportunities to nearly all types of print providers.

On-the-floor demos will feature live running applications of the equipment and the software needed for printers seeking to tap into the burgeoning demand for digital book production and launch a new revenue stream for their businesses. Coordinated exhibitor presentations will cover the strategies and technologies for producing all types of books and manuals from directories, to training materials, to titles that are sold in retail stores and over the Internet.

Recent research conducted by InfoTrends reports that trans-promo is on the rise:
- Nearly two-thirds (63%) of consumers said they preferred a document using personalized statements with relevant and/or useful information compared to traditional statements.
- Over a third (36%) of companies responding to another survey said they are presenting marketing messages and transactional data in a single printed document, and another third stated that they plan to do so within the next 5 years.

On ***Marketing & Customer Communications Day***, Tuesday, September 11, visitors will see and explore the largest and most complete demonstrations of customer and marketing communications technology in North America. Here, printers seeking additional ways to add volume, revenue and profits to their business needs will learn how to leverage the lucrative intersection of transactional and promotional documents. Throughout the show floor, they will see and learn how to create and produce powerful bills, statements, direct mail postcards and customer communications that can shift personalized printing from a cost center to a profit center. It is here that they will learn where the opportunity lies and how to take advantage of it in their own businesses. For complete information visit: www.graphexpo.com. ●

Digital Transformations

The "digital revolution" is here. The only questions yet to be answered are: "How will it impact my businesses?", "How will it affect my customers' business?", and "What's the outlook for the future?"

Aptly themed "Navigating the Winds of Change", the NPES Annual Conference, November 3-5, 2007 at the Rancho Bernardo Inn, in San Diego, CA, will examine these key questions from an insider's perspective with featured presenter Tom Davidson, Project Director with Tribune Interactive. Tom has worked in the interactive division of Tribune Co.'s for more than seven years, and been involved in the media industry for over 30. He is currently focused on turning the Tribune's newspaper websites into 24-hour news channels for updated news, information, audio and video; and developing and launching new websites for Tribune.


Tom Davidson

Together, we will explore how the emergence of digital publishing technologies is and will continue to dramatically change traditional media. For example, in the past businesses such as newspapers, broadcast television, radio and niche magazines were built on the idea of scarcity. Since government regulations limited the number of broadcast licenses in a market; natural economic forces allowed one newspaper to dominate in most markets; cost barriers favored leading brands in the magazine world and locked out most competitors. In this former world, a media organization could enforce monopoly pricing and offer consumers *what* it wanted, *when*, *where* and *how* it chose. Today, cheap publishing technology has shattered this dynamic and we are rapidly shifting into a media landscape where consumers expect to get what, when, where and how *they* want it.

Don't miss this insightful presentation that will reveal the specifics of this digital shift, its implications for traditional media – and how NPES member companies can spot and exploit the opportunities this shift creates. Watch your mail for complete program and registration information. ●

Pat Janssen

One on One

Pat Janssen is a Senior Vice President of MacDermid, Incorporated. She previously was employed by BASF Corporation as President North America for the Graphics Division and Hercules Incorporated as Vice President for their Electronics and Printing Division.

You spend a lot of time on the road. What are you hearing from customers? What's on their minds?

We're hearing that the competitive nature of the industry has continued to increase, and the decision makers are changing in terms of who has power and influence on the print buying decision. Customers are very interested in learning from suppliers how we see the world changing, and sharing that information.

So your customers are asking you for market intelligence?

Yes. I find that in the relationship between the customer and the supplier, there is more interest in sharing information like this. We see the market from different vantage points, and they expect us to have an insight into the entire chain and the decision process.

It's becoming more and more important that suppliers like our company work to act as consultants to the printer, to help optimize their processes. Some of our recent product additions have been in areas in which we come in and work as a consultant, go to the printer and say, let's understand the substrate you are working with, how long are the runs, and so forth. You get all the details and make a recommendation on a package, including which blanket, which printing plates are selected.

We are expected to work with the printer in that regard but also beyond that. The relationship has changed over the years. It used to be that you came in with a narrow business view, that "I have my product and I work in this area...". Now, we look at ways for the customer to reduce waste, improve efficiencies and improve press speeds. We look at the whole process and we truly feel that our role has to be as a consultant. We have to make these recommendations.

We also work to keep customers informed in many areas. For example, NPES has been a great channel for us to work in, to bring information to the printer. I recently participated in a Government Affairs Committee meeting and learned a lot about current legislation, trade with China, and so on. It's important for us to take this kind of information and spend time with customers to provide them with those insights, because many of these things will impact the customer, things such as tort reform. These are areas in which we take the initiative and tell our customer, the printer, what we see going on from that perspective.

We are also involved in other industry areas where we spend time with the retail and consumer product companies, so we are able to provide that information back to the printer. Customers are extremely busy with what they are trying to do on a day-to-day basis, and they frequently don't have the opportunity to participate in some of these things. So as a consultant/supplier, we work to make sure that we have that information.

MacDermid particularly focuses on flexographic production. What is on the mind of the flexo printer today that is different from the concerns common to other specialists?

A major concern today in the U.S. market is with how much of the business is moving offshore, because goods are produced offshore and printing can also be done offshore and shipped in for packaging. Brand management is a very important issue as everything is becoming more and more global. McDonald's, for instance, wants that same color consistency and quality consistency from China to Canada and in the U.S.

In packaging, just look at how the manufacturing of goods is shifting. It makes sense that packaging would also be produced there and the item would be shipped into this country in its packaging. We have been fortunate to have a strong, growing economy, and there are still a lot of consumer products being purchased. There are a number of companies that are global in scope, who are printers on a global basis, but for the most part when the product is shipped, it tends to ship into the local printing network.

Are environmental issues more pressing in packaging or flexo applications?

The options are there for the person producing the printing plate to have solventless processes. With solvent-processed plates, there's a great installed base and it's very well operated. Today, though, printers can put in solventless processing, either through liquid photopolymers or thermally processed photopolymers. What this has done, I believe, is expanded printing to some companies who had not done printing in-house, because they did not want to put in a solvent process. Now they can do printing in-house and manufacturing of plates in-house.

In what other ways are flexo printers in a different technological situation?

Certainly, packaging market segments include a flexo focus, and packaging does not have the competition from electronic media. Flexo printers are challenged to deliver innovative packaging solutions for the end user. This is really a great advantage for that segment. There's some shift in where printing occurs, but there certainly is not a major loss of printing to those other media. There is, however, another interesting thing that's happening in packaging, and that is the principle of sustainability. Wal-Mart in particular is starting to focus on the sustainability of packaging, and the reduction of packaging. You used to get a package in a box, and the box was printed, or the label on the jar was printed. Now, we are working toward a reduction in packaging and toward packaging sustainability. This is a major initiative with a lot of retailers, and Wal-Mart always leads the charge.

Is that also leading to more printing being done on films and substrates other than on board?

More package printing is being done on film for that reason, but also because so many products now are left in an outside environment. For example, fertilizer used to come in a paper bag, but now everything is in plastic, mostly because of the mega-stores and the outdoor environment in which they store these products. They have to have a package that will meet the requirements of that environment.

Is the convergence of packaging with commercial printing really happening?

The difficulty for commercial printers getting into package printing – where many, many have a strategic initiative to do so – is the converting. What happens is that many companies that are doing printing are doing packaging as well, but the converting would be a capital intensive investment for anybody else to move into. But there are some areas where the commercial printer today can transition into the area of having both offset and flexo presses, and some printers are trying to do the work in offset totally, in the folding carton area or something like that.

How often do you see the two kinds of production in the same shop?

I would estimate it's a small number, probably less than ten percent. But when I speak to commercial and offset printers, many, many of them are looking into this. NPES conducted a study that actually had respondents submit projections of how many wanted to add flexo to their shops. It's because of the loss of the traditional commercial print business to other media, combined with the fact that it's a more secure business and has different dynamics and different cycles and still uses the basic skill base of that company in terms of understanding the printing process.

A common perception of the flexo market is that it is dominated by older equipment. That's sometimes seen as the downside of a virtue, that the machines run dependably for a long time. How true is that perception?

People are buying new flexo presses, and certainly the new presses that are being installed are being endowed with some additional features to be able to use the newest technologies. There are indeed new presses being installed, and advances in the technology. A tremendous number of customers are going to digital workflow now. It's really moving rapidly, growing at over 10 percent a year. It's a way of reducing costs and improving quality, with the brand consistency as a big driver, because you get a more consistent process throughout.

From a marketing perspective, the end-user recognizes the value of their brand, as well as the fact that they have expanded with so many franchises and global opportunities. All of that has bonded so much that they absolutely insist on having that consistency. Even if you look at USA Today, it's the same looking paper everywhere you go. And with digital workflows, you can also realize a reduction in the number of employees you need. ●

NPES World Business Development Trip to Russia

PoligraphInter 2007, Moscow, October 16-20, 2007

Russia is the second-fastest growing print market in the world, with revenue projected to increase 69% from 2006 -2011 to $7.1 billion. The quadrennial PoligraphInter 2007, Russia's premier industry business event, is a marketing "must" for NPES member companies seeking to enter this top international sellers market.

Member companies can now seize the moment with a new NPES-organized opportunity to explore and enter the growing Russian print market. NPES will conduct a business development trip to Russia, October 16-20, which includes attendance at PoligraphInter 2007, whether as an exhibitor or visitor. Participants will evaluate the market and meet, screen and sign-up new agents, distributors or business partners. Throughout the trip, NPES Russia will be at their side, guiding and supporting their efforts with a wealth of personalized, value-driven business services including:

- advance individual consultation to arrange a personalized business agenda;
- choice of cost-saving exhibitor options;
- prime central exhibitor space in the NPES Pavilion;
- pre-show advertising and a full page Pavilion ad in show directory;
- pre-arranged personalized meetings with potential dealers;
- interpreter service in touring the show and meeting prospective customers;
- assistance in getting a visa and reserving a hotel;
- interactive briefing on the market and doing business in Russia;
- industry visits as desired; and,
- localization and printing of marketing materials into Russian at cost.

Act NOW!

The deadline for NPES members interested in participating in this business-building trip to Russia is August 31. For complete details and registration information contact Mike Hurley at phone: 703-264-7212 or e-mail: mhurley@npes.org. ●

NPES CALENDAR

September 2007

EXECUTIVE OUTLOOK®
September 8 • Chicago, Illinois

GRAPH EXPO®
September 9-12 • Chicago, Illinois

GASC Board of Directors Meeting
September 10 • Chicago, Illinois

GAERF Board of Directors Meeting
September 10 • Chicago, Illinois

Market Data Meeting
September 13 • Chicago, Illinois

NPES Pavilion and Business Development Booth
IGAS 2007
September 21-27 • Tokyo, Japan

ISO TC 130 Working Groups 1-5 and Plenary
September 24-29 • Tokyo, Japan

October 2007

NPES Pavilion and Member Kiosks
PolygraphInter 2007
October 10-16 • Moscow, Russia

Joint CGATS SC3 (Metrology), SC4 (Process Control)
US TAG
October 15-17 • Grand Rapids, Michigan

NPES Business Development Booth
IPEX South Asia 2007
October 24-27 • New Delhi, India

ICC Meetings
Oct. 31-Nov. 3 • Albuquerque, New Mexico

November 2007

NPES Annual Conference
November 3-5 • San Diego, California

December 2007

PRIMIR℠ Winter Meeting
December 3-5 • Norfolk, Virginia

January 2008

NPES Regional Roadshow
January 23 • Teaneck, New Jersey

NPES Regional Roadshow
January 25 • Dayton, Ohio

NPES Regional Roadshow
January 28 • Irvine, California

NPES Regional Roadshow
January 30 • Chicago, Illinios

February 2008

NPES Regional Roadshow
February 1 • Boston, Massachusetts

ICC Meetings
February 18-20 • Munich, Germany

ICC/fogra Symposium
February 21 • Munich, Germany

HURLEY'S TRADE-WISE DO TELL INTEL

Russian paper manufacturing, printing and publishing business grew 7% in 2006. Its growth had a positive influence on the Russian economy which grew 6.8% compared to 6.2% in 2005.

Graphic Arts industry grows faster than other industries in Russia. In 2006 Russia's manufacturing sector recorded a 4.4% increase. The graphic arts industry outperformed other industries in Russia, as shown below:

Production*	Amount Increase	Percent Increase
Magazines, million items	1800	22.6
Paper pulp, million tons	1.2	3.2
Paper, million tons	2.0	2.3
Paperboard, million tons	1.7	9.9
Newspaper, million items	-8200	-6.9
Books & brochures, million items	6200	10.5

**On average the sector grew 7% with the exception of newspaper production.*

What equipment was popular in 2006? Russian suppliers and representatives of foreign vendors report the following:

Heidelberg: Most in demand was Printmaster PM 52, with sales of 49 units. The B2 format leads among offset presses. Sales of press cutters led the finishing sector with Polar 78XS most popular. Among prepress equipment the lion's share of sales was CtP, especially the s Suprasetter 74.

NISSA:

Segment	Leader
Prepress:	CtP Kodak Magnus
Finishing	Quickbinder, die-cutting press SBL 1050 SE
Digital printing	HP Indigo, Kodak Versamark VX 5000

Variant: This company became a leader in rebuilt equipment, with 48 printing units sold. In narrow-width flexography Mark Andy was a leader.

Terra Print: The leaders of offset presses sales were Shinohara and Adast. Nagai press cutters led the finishing sector, likewise Baum hot melt machines and Setmaster. The absolute leader was Toshiba digital print systems with more than 50 system installations.

Poligraficheskiye Systems: The most popular in prepress sector was Screen CtP-systems, with sales of 10 systems. There was an increased demand on Itotek press cutters. As for presses the absolute leaders are 4- and 5-unit Adast-707.

VIP-systems: The most popular product was Eurocutter one-blade cutters Eurocutter, with 4 units sold in the last half of 2006.

YAM International: The most popular product was Komori presses, particularly the Spica 429 and Lithrone S29, some ready for UV-printing. In the prepress sector the most popular was Fujifilm Luxel V6 with B2 format. Small and medium Russian printing houses gradually are starting to use CtP.

Among the Goss web offset presses the most popular was Goss Community, with sales of 78 print units and three contracts for outfitting of presses which had been installed earlier.

INTERNATIONAL BUSINESS AT GRAPH EXPO 2007

Free International Business Development Conferences, Consultations and Networking

Member companies interested in developing new business in Latin America and India can begin by attending the Pan-American and Indian Breakfast Conferences and Business Networking Forums during GRAPH EXPO, September 10 and 11 respectively, Room S103bc, in McCormick Place South.

For information about other big emerging markets worldwide, members may request a free personalized world business development consultation and market briefing with a member of the NPES International Trade Team in their booth during the show.

For complete details including a registration form for these free conferences and consultations, contact: Mike Hurley, NPES Director, International Trade, by phone: 703-264-7212 or e-mail: mhurley@npes.org. ●

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