Volume XXVII, Number 9 October 2008

NPES 75 ANNIVERSARY **news**

THE ASSOCIATION FOR SUPPLIERS OF PRINTING, PUBLISHING AND CONVERTING TECHNOLOGIES

NPES 75th Annual Conference: A Glimpse Into the Future

ONE-ON-ONE WITH DAVID FOX

Industry consolidation, economic uncertainties, soaring costs for raw materials and energy and many other forces are changing our industry at the speed of thought. At NPES' 75th Annual Conference, November 15-17 in St. Pete Beach, FL, participants will have an opportunity to learn first-hand how one progressive print organization managed to overcome these challenges. Read on for this preview of how, by developing strategic partnerships with industry manufacturers and service providers, the Valpak Manufacturing Center in St. Petersburg, FL has become a showcase of automated print production—and has managed to hold the line on costs for its customers, increased its productivity and morphed its employees into a skilled workforce for tomorrow. Valpak is one of North America's leading direct marketers with $260 million in annual revenue and about 1,200 employees in Pinellas County. Valpak reaches more than 45 million unique addresses each month in the United States and Canada and is owned by Largo-based Cox Target Media.

INSIDE:

Q. What factors were involved in choosing St. Petersburg, FL as the location for your facility?

We studied a number of locations, but in the end, our biggest driver was that we wanted to stay near our existing production facility in Largo, FL to preserve as much of that workforce as possible. We also wanted to be near our corporate headquarters in Largo so we could be close to hundreds of employees who work in support positions such as graphics, customer service, marketing and franchise operations. After all, we were founded here (in Clearwater in 1968) and have a long history here in this community. We are celebrating our 40th year in business this year. Plus, our employment base in this area is pretty strong and a good place to find the type of workforce we needed.

Q. What's been the biggest obstacle in putting into service new equipment and processes?

Not surprisingly, there's more than one. The first was getting the equipment stabilized, which took longer than we expected. That was one of the biggest, if not *the* biggest obstacle we experienced. We bought what I would say are 'off the shelf components', which we then configured in a unique way. So, when you look at the equipment we have here on the floor, there are elements of a press common in the marketplace but, again, configured and integrated in unique ways. In fact, for most areas of the plant this holds true. Bearing this in mind, as we started to bring the plant up, whether it was the equipment or level of integration, it just took longer than we thought.

Another obstacle was the challenge surrounding workforce training. We had a lot of people

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David Fox is the Vice President of Manufacturing at Valpak, where he is responsible for overseeing all manufacturing operations. He joined Valpak in 1996 and served in a number of IT roles including Director of Management Information Systems (MIS). From 2003 through 2006, he was one of the key Project Directors on Valpak's Production Way (PW) initiative, helping lead the PW team in the planning, design, construction and systems integration of the new facility in St. Petersburg.

chairman's perspective

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

The Key to Success

Keys are used to lock and unlock doors. Keys are used to play a tune on the piano. Cars require a key to start. People vacation in the Florida Keys. Yes, there are keys everywhere. In fact, I am willing to bet that you have a set of keys on you right now. But there is *one* elusive key that we're all looking for—and oddly enough once you have it, things change... and the key may no longer work. Which key is this? The key to success!

How much would *you* pay for the key to success? And what does 'success' mean? I think most people would define a successful company as one that is profitable. Personally, I think a successful company is also one that people enjoy working for.

What, then, is the key to success? Actually, there are several...

Right Decision, Right Time

The key to success is making the right decision at the right time. How simple is that? How much have we all lost by not making the correct move at the correct time? Examples of what I am referring to are all around us.

A new hire has a performance issue. You think that by giving the person more time and more resources the problem will correct itself. The truth is, you are trying to put a square peg in a round hole. You must either find a square hole where this person fits in perfectly, or cut your losses now. Everyone involved will be happier and more profitable.

I have a friend in the industry that spent a lot of time and effort designing and manufacturing a new product to bring to the market. How come what *should* have been successful product was just not selling? Because he failed to realize his core competency was in a certain market niche, and that by straying outside that area he lacked the sales and service structure to support it. So, one key to success is knowing what you are good at and continually taking the right steps to do it better.

What's Good for the Goose...

The other day I was reminded of the story about the goose and gander. You know....what's good for the goose is also good for the gander. Anyway, we were looking the other way when it came to management having cell phones at work. On a recent walk through my factory I noticed people using their cell phones. When I brought this up at our next management meeting, it was suggested that we post 'No Cell Phones' signs. Great idea...right? *Wrong!* I didn't have a massive cell phone problem—just a few people setting a bad example, thus opening the door for others to abuse the situation. My solution: talking to the few who needed to understand the consequences of their actions. The result: better morale overall and certainly a savings on making new signs!

A few weeks ago, someone was telling me about their best salesperson. Always number one in sales. Later in the same conversation he mentioned a problem he was having with sales expense reporting.

"Wait," I said, "Is the person abusing the sales expense report the same number one salesperson you mentioned earlier?" "Yes," I was told, but then asked, "How do you discipline the best employee you have?" I said by nipping it in the bud. Your very best employees have to adhere to the same basic set of rules as everyone else. Even more important, you have to convey to your best people their relative importance to the whole. Right or wrong, people look up to your best employees and they must realize their actions are always in the spotlight.

A year ago, NPES asked us if we were interested in forming peer groups—Leadership Forums—and I signed up immediately. Our Forum group has now met a few times and each time I've come away with more keys to success. As we schedule these meetings at our places of business, it is too bad that none of us are located in the Florida Keys. ●

The NPES/ PRIMIR EXCHANGE Means Business!

NPES® Exchange PRIMIR℠

The NPES/PRIMIR EXCHANGE is more than just your exclusive, on-site retreat off the bustling GRAPH EXPO show floor. Just steps away, it's the single best place where NPES and PRIMIR members come to:

- Conduct business with key customers and prospects in semi-private meeting rooms
- Communicate with the office back home from our convenient PC Café
- Regroup with staff members to strategize the day's agenda
- Grab a quick a.m. cup of coffee or take a short afternoon break—just an escalator ride below the show floor
- Enjoy a hearty lunch with a varied menu of a la carte items that changes every day

LOCATION:
MCCORMICK PLACE SOUTH
Meeting Room S102C

HOURS OF OPERATION:
Sunday, Oct. 26-Tuesday, Oct. 28:
9 am-5 pm
Wednesday, Oct. 29:
9 am-4 pm

LUNCH SERVED:
Daily 11 am-3 pm

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to train; many of them came over from our existing Largo facility—but the way we run the business here is completely different from the way we ran the business in that operation. So, training our employees on the *new* equipment, *new* computer systems and *new* business processes was a huge challenge—while simultaneously working

through the start up of the equipment and also dealing with the many things that were changing along the way throughout the process.

The final challenge was the overall integration—not so much the technical/computer integration, but more the process integration—which tied back to our people. For instance, they had to learn *not* to intervene to correct things as they might have in the past. If they saw a piece of material in the wrong spot, they had to learn *not* to pick it up off a conveyor and put it somewhere else, since the computer wouldn't know they moved it and then *the real* problems began. This was a training element that we had to learn and, generally speaking, we had to learn it the *hard* way.

Another hurdle we had during this transition was continuing to run the business at two other plants while maintaining production volume at the same pace—45 million envelopes out the door every month. So, as we were ramping up production, we were running three different plants at one time—a huge challenge.

One more challenge, one of those facilities was our plant in Elm City, NC. We were planning to shut that plant down, but didn't want to put 400+ people out of work. Fortunately, we were able to work out a deal with another company that bought the building, purchased the equipment and employed the workforce. Because that area had already been hit hard with other plant closings, textiles… automobile… what we didn't want to do was lay off Valpak employees for three months and then ask them to come back. As we were ramping down the volume at that plant and ramping up the other plants' volume, we were *also* retraining that workforce to produce the new product. So, literally, when a group finished our product, the next week they began working on the new company's product—and it wasn't a slow transition at all since the new company was eager to ramp up to full production quickly. So the overall migration of work was tricky—an added factor we had to manage as part of the overall transition. The fact that we were able to preserve those jobs and keep our employees working throughout the transition was a real home run.

Q. What technology that you have recently incorporated into your workflow has had the greatest impact on productivity?

Probably the biggest one is auto-transfer; that's the functionality on the press that essentially allows us to produce product in run lengths of 10,000 and not shut the presses down between changeovers. In a traditional press environment, you would shut the press down for a 10 to 20 minute changeover and then start it back up. Here, where we have a run length of 10,000 impressions that lasts 15 minutes, we can't afford to shut the press down every 15 minutes for 15 minutes; but this technology allows us to keep the presses running, minimize waste and maximize utilization of the equipment. Sunday is our day for maintenance to keep the equipment in optimal running condition. Although we do have mechanical breakdowns during the week, they're generally short. Our goal is to keep unplanned downtime to no more than a two-hour window, and these failures are getting fewer and farther between.

Q. What steps have you taken to help transition and train your employees as they adapt to thinking in new ways and working with new equipment and new processes?

As we announced the change to this new environment, we knew we wanted to bring a large portion of our existing workforce from Largo over to this new plant. First, we spent a great deal of time training our employees on improving their skills; teaching English to our non-English speaking employees, since that was critical in the new work environment. Also, in addition to basic skills training for the new environment, we trained them on Lean Manufacturing methodologies, what we call our overall 'operating philosophy', cell manufacturing, preventive maintenance concepts—all the different basics that were not equipment-specific. We began this training with our existing workforce in the two to three years leading up to the transition.

When we arrived at the transition point, the first thing we did was take key positions—whether maintenance or press or collation—and send them off to the equipment manufacturers' sites to get very detailed, specific hands-on training. These individuals became our 'advance teams'. While most of that training occurred at manufacturers' sites, some were trained here later during installations. For our advance teams, who became our 'trainers', we provided a 'train-the-trainer' program and methodology to enable them to instruct the next wave of employees. This plan continued all the way through the migration. Next, we documented our business process and provided detailed work instructions complete with pictures and diagrams for the entire workforce, as a ready resource for how to do their jobs.

Q. How have you integrated the increased costs of raw materials and energy into the pricing for your customers?

We are a franchise business. Our pricing to our dealers has not changed because of the new plant. In fact, our pricing has been very consistent over the past five to seven years. While there are huge efficiencies that we will gain in years to come, the immediate impact has not affected our prices. Part of the overall goal in building this facility was not a defensive move, but rather an attempt to get out in front and insulate our customers from potential price increases. At the time, it was more the thinking

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> **"The great thing about the new process is that we will not touch the printed coupon in-house—the first time it's ever touched is by the consumer at their mailbox.**

New Business to Be Won in China's Print Market:

SHANGHAI AND BEIJING STAGE NEXT COMPETITIVE EVENTS FOR THE GOLD, SILVER AND BRONZE

Over the past ten years, the development of China's printing industry has entered into a golden era with remarkable achievement. In 2006, the total output value for the printing industry in China was approximately US$47 billion, of which printing supplies and printing equipment represented 5.5% ($2.6 billion) and 4.3% ($2 billion) respectively. The import and export figures were also significant. Imports of printing equipment were $1.65 billion, and exports were $530 million. Imports of ink, film and plates were $700 million and exports totaled $360 million.

In addition, total paper consumption in 2006 was 65.5 million tons, 50 kg per capita. The total output of paper and cardboard was 64 million tons. The import and export amounts were 4.55 million and 3.05 million tons respectively. Under the policy of China's 11th Five-Year Plan (2006-2010), the development of China's printing industry was expected to grow rapidly, with an anticipated 8% annual increase in total output value. In 2010, the total output was estimated to reach $57.5 billion, or about 2.5% of GNP, according to the Printing and Printing Equipment Association of China.

In 2008, the golden prospects for the Chinese printing industry are also accompanied by silver and bronze growth trends. China is facing the challenge of the Internet and the world of multimedia, but still sustains significant growth and high output. However, China's printing industry is expecting a new round of growth and opportunity with a boost in economic activity from the Beijing Olympics in 2008 and the Shanghai World Expo in 2010.

Competition for a winning share of this new economic and market growth and opportunity will be heating up at two upcoming major printing industry events in Shanghai and Beijing hosted by the Chinese for participating manufacturers from around the world:

All-in-Print China	**China Print 2009**
November 14-17, 2008	May 12-16, 2009
Shanghai	Beijing

To help member companies compete and win new business at these events, NPES is sponsoring a member Pavilion and association booth, and is now recruiting and conducting qualifying trials for interested members to participate and go for the bronze, silver and gold in Shanghai and Beijing.

To learn how to qualify, compete and win in the Chinese market, contact Mike Hurley at phone: 703/264-7212 or e-mail: mhurley@npes.org.

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that healthcare costs were going to grow out of control, but so far whether it's been raw materials, or energy, we've been able to insulate our customers from cost-related increases.

It's interesting to note that prior to 2002, the primary growth engine for our company was sending out more envelopes. Rather than 10 times a year, the goal would be 12 times a year, which our production processes handled quite well. However, since the early 2000s, our growth engine for the company shifted to more of a let's put more pieces in the envelopes that we do send out. That allowed us to take advantage of 'free space' in the envelope without significantly increasing (postal) costs. The problem was the manufacturing processes we were using began to break down as we pushed 40 to 50 pieces in the envelope. It didn't work and we became more and more inefficient as we added more pieces to the envelope. A big driver for the new plant was determining how to add more pieces to the envelope without growing costs (adding a huge head count) significantly.

It all began as a material movement project. We were handling the printed coupons in our facility eight to 10 times going from staging area to warehouse to collation—and we were printing in large runs, but had products sitting around on pallets. The great thing about the new process is that we will not touch the printed coupon in-house—the first time it's ever touched is by the consumer at their mailbox. So we've gained great efficiencies in moving product around our facility and now it is produced in one continuous throughput.

Q. How has the transition to new equipment and new processes impacted your total employment count?

Our new facility essentially doubles the capacity we had at the two old plants and can be produced with a manufacturing workforce of about 500.

Q. With GRAPH EXPO in Chicago later this month, and PRINT on tap for next September, it's timely to ask what role these shows played in the past in the development of the VMC—and what role they will play in its future?

We absolutely utilized the show for a lot of our early 'intelligence' work. This project began during the summer of 2002 when three of us at Valpak were pulled from our 'day jobs' to consider how we could manufacture our products differently. One of the first things we did was travel the tradeshow and conference circuit. We attended GRAPH EXPO later that year as well as other events (we went to Chicago a lot, mostly in the winter!), as we tried to get a feeling for what technologies were out there. After meeting many of the equipment manufacturers, we visited those who were using the equipment to find out what worked well and what didn't. We knew early on that we needed to identify good partners with whom we could develop solid relationships and ended up selecting our partners from among the companies and contacts we made during our fact-finding phase.

Once a year, we brought the top level executives from our partner companies down for a couple day meeting so that they could get to know their peers at the other companies involved in our project. This helped them to better understand their role and the big picture.

On a monthly basis, in-house we gained buy-in through design sessions where we worked through the details together—with our technical people working side-by-side with the technical experts from our partner companies. Through the process, they developed not only business relationships but personal connection, which served the entire process well as we grappled with how to overcome the challenges and changes that arose along the way.

While we are still focused on the migration and getting our new facility to full operation (projected for early 2009), we plan to attend PRINT 09 to make sure that we stay in touch with where the technology is going and stay on that leading edge. ●

Valpak/Cox Target Media consulted with an international team of equipment suppliers and business partners for the new Valpak Manufacturing Center; participating NPES members are:

Böwe Bell + Howell
Burgess Industries
Goss International
Kodak
Kongskilde Industries
Muller Martini
Technotrans America

PRIMIR Study Unveiled about Financial, Transactional and Transpromo Printing

A new PRIMIR study entitled ***"Trends and Future of Financial and Transactional Printing through 2012"*** was released in the spring of 2008. The study focused on commercial printers as well as in-house data centers and print-for-pay data service bureaus. A principle objective was to develop a comprehensive analysis of the digital printing (including inkjet) market opportunity for this application and identify drivers and threats to printed output in 2006 while at the same time forecasting trends and opportunities through 2012.

The research was unique since, in addition to the traditional round of expert and industry interviews, an online consumer survey was conducted. In fact, 547 consumers responded about their current and future use of paper and online transactional documents.

Marco Boer of I.T. Strategies who conducted the research for PRIMIR noted, "the rate of migration to e-statements is highly varied, depending on business sector and size." For example, banks that on one hand have a 40% online banking rate find that 70% or more of their customers still want paper statements. While some credit card providers encourage electronic payments to save on remittance processing costs plus paper, printing and postage costs, other providers see paper as a great monthly communication vehicle with their customers. The latter group is generally open to the transpromotional opportunities. There is a lot of industry buzz about opportunities in transpromotional statement printing. The truth is there are many parts of the transaction processing workflow that precede the printing. Given that, altering this fundamental workflow has a domino effect on the entire process. Adding color graphics to a statement requires adaptation of completely new printing languages, changes in layout require coordination between the IT department and the marketing department, and programming adds expense and investment. Thus, the operational/technical challenges for implementing this new 'marketing opportunity' in-house requires corporate level decisions far beyond the simple acquisition of a high-speed color transaction printing system. As a result, there are opportunities for many NPES members to partner together to provide a 'total solution' to a printer or corporate in-plant that is interested in this market.

Having said all that, transpromotional printing is an opportunity for the astute 'commercial' or digital printer who has already mastered the technical skill sets, implemented new workflows, and has the high speed color printing system in place. The only skill set needed is a highly effective sales team to convince the corporate clients of the benefits and rewards of transpromotional statements and win their confidence to outsource that part of their business.

What do the Consumers Say?

The study confirmed without a doubt: *people like paper.* Paper provides proof that a transaction took place; it satisfies the need to keep a record over time that can be easily retrieved if necessary. It is tangible and trusted—the opposite of the Internet, which is intangible and not completely trusted.

As a result, consumers see value in both paper and electronic documents—paper for its permanence and electronic for its convenience. To quote one survey respondent: "Paper statements are a necessity. Online bill paying is also a necessity. I want both, and am not very happy with companies that don't provide both."

Surprisingly, 75% of the consumer respondents would prefer not to have promotional messages printed directly on their statements. *Why?*

- They want the messages separate so they can easily throw them away.
- They are afraid it will clutter the statement and make it more difficult to read.
- They are afraid they'll miss the promotion.

Proponents, on the other hand, want the message on the statement primarily since it will save paper!

The message is clear, for businesses considering implementing a transpromotional marketing strategy, they need to evaluate their customer base and determine how the messages should be presented and weigh the costs and expenses prior to moving forward—either in-house or with their printer.

Transaction Page Printing and Volume

Despite the common thinking that much of the production output is moving to electronic means, from 2002-2006 page volumes continued to increase. A large hidden contributor to this page growth is the proliferation of multiple financial accounts per household. But, according to I.T. Strategies, print volumes peaked in 2006 and have started a gradual decline.

One important shift seen in this new study is the growth of transaction pages that are printed fully digitally on continuous-feed color printers—for process cost efficiencies rather than transpromotional value-added reasons. And, much of which is two and three colors rather than four. Also, the offset preprinted shell will soon become a relic.

Outsourcing

The good news for digital printers: there is a strong trend towards the outsourcing of statement printing from in-plants to independent transaction print providers. And, unlike other printing applications, there is little risk that the outsourcing of the printing will migrate overseas since transaction printing is a highly time-sensitive application. I.T. Strategies noted that firms not typically associated with transaction printing, but rather with the processing of transaction data (*i.e.*, e-billers) are buying their way up the value chain to offer one-stop (printing) services to clients. These firms present a new business opportunity for NPES members offering software, equipment, presses and supplies.

> **"The study confirmed without a doubt: *people like paper.***

The Bottom Line

The bottom line of the study: financial and transactional printing is still a strong viable market despite all the hype about electronic bill presentment and payment. Transpromotional printing is highly effective in certain markets, but printers entering this market segment need to understand the overall costs and expenses for implementing a totally new workflow that supports transpromotional statement production.

The study ***"Trends and Future of Financial and Transactional Printing through 2012"*** was released exclusively to PRIMIR members. For membership information contact Jackie Bland, Managing Director of PRIMIR at e-mail: jbland@primir.org or phone: 703/264-7200.

Go East Young Man!

CHECKING OUT THE CZECH REPUBLIC

Checking in as the #41 print market, the Czech Republic, which totalled a little over $1.5 billion in 2006, merits checking out! Here's why…

Located in central Europe, the Czech Republic is landlocked with borders on Austria, Germany, Poland and Slovakia. The climate is temperate, with warm summers and fairly cold winters. With an area of 78,864 square kilometers (30,450 square miles) the Czech Republic is one of the smaller countries in Europe, similar in size to Ireland. Its current population is approximately 10.2 million, and the capital, Prague, has approximately 1.16 million inhabitants. Literacy levels are high at 99%, with 87% of the population completing primary level education and 91% completing secondary level education in 2003. Life expectancy is 76 years for men and 81 years for women. Overall GDP in 2006 was US$129 billion, with GDP per capita at US$12,594.

Demographic Trends

The population of the Czech Republic is estimated at 10.2 million, 48.7% of whom are male and 51.3% female. Population projections over the coming years show an expected decrease in the populace of approximately 1.8 million in the next 45 years, taking the number of Czech inhabitants down to 8.5 million by 2050. This represents a decrease of 17% over this time, which is a sizeable decrease compared with other European countries. The median age of the population today is 39 years and this is forecast to increase to 51.6 by 2050; 20% of the population is currently over the age of 60 and this is forecast to increase to 39.3% by 2050.

Economic Trends

The Czech Republic is one of the most developed and industrialized countries in Eastern Europe thanks to its strong industrial tradition, skilled workforce, strategic location in Europe, low cost structure and well-developed infrastructure. Since the Velvet Revolution of 1989, there has also been significant economic reform which has eliminated most price controls, encouraged a growth of domestic consumption and industrial production, a positive balance of payments and substantial foreign investment. The strong currency has helped keep inflation low and state ownership of business has reduced from around 97% in communist times to less than 20% today. However, for the economy to continue to develop, certain issues will need to be tackled. These include solving the serious environmental problems, reforming the pension and healthcare systems, tackling corruption and overcoming rigidities in the labor market. In 2004 the Czech Republic became a member of the European Union and is planning to adopt the Euro currency.

The Czech Republic was established on January 1, 1993, its constitution was signed on December 16, 1992 and communism collapsed there in 1989 (the 'Velvet Revolution'). It is a parliamentary republic where the president is the chief of state, the prime minister is the head of government and there is a bicameral parliament. The current president is Vaclav Klaus who was elected in February 2003, for a five-year term. The Czech president's powers include the right to nominate certain judiciary, to dissolve parliament and to veto legislation. The bicameral parliament is made up of the Chamber of Deputies (200 seats) and the Senate (81 seats). Members of the Chamber of Deputies are elected for a four-year term by proportional representation, while the upper house members are elected for a six-year term. The current prime minister is Jiri Paroubek of the CSSD party (the center left Social Democrats).

The Media Environment

There were 80 daily newspapers in print in the Czech Republic in 2004, seven of which are nationals and 73 of which are regional/local. Total circulation was 1.6 million, down 2.5% from 2000. The top selling daily is Blesk which has a circulation of 514,000, followed by MF Dnes with a circulation of 308,000. In 2004 newspaper advertising revenue was US$125.7 million.

In 2004 there were 2,950 magazine titles in the Czech Republic, an increase of 39.6% compared to 2001. Some 60% of revenue was derived from advertising and 40% from sales. The major consumer magazine publishers include Sanoma Magazines Praha and Economia is one of the main business publishers. Revenue from magazine advertising was US$107.8 million, while total print advertising expenditure in the Czech Republic was at US$661 million in 2004, 117% up on 1995. Tobacco advertising, advertising of OTC drugs, alcohol and advertising to children are restricted.

Based on the latest reported numbers, in 2005 the Internet penetration stood at 50% of the population, up from 10% in 2000. Broadband penetration is rising strongly from a low base, standing at 6.4% in 2005.

Print Market Trends

The Czech print market was valued at Koruny36.3 billion (US$1.52 billion) in 2005, projected to grow by 6.8% in absolute terms in 2006 and by 5.7% in real terms, excluding the impact of inflation. During the period 2001-2006, the market grew at an average annual rate of 7.5% in absolute terms and 5.4% in real terms.

Flexo represented the single largest segment of the Czech market across print processes, with flexo printing output valued at Koruny12.52 billion in 2005. Coldset web offset is the single largest component of offset litho printing with output at Koruny5.01 billion ahead of sheetfed at Koruny4.70 billion, with heatset web offset valued at Koruny4.34 billion. The fastest growing areas of the market are Electrophotography and inkjet at Koruny1.49 billion and Koruny1.96 million respectively in 2005, with letterpress and also flexo losing market share.

Across end-use areas, packaging represents the single largest product sector with sales of Koruny13.61 billion in 2005, projected to grow 13.6% by

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2006. Other key fast-growth areas include books, directories, and financial sector-related print.

Machinery, Ink, Consumables and Substrates

Given the speed of product development and the rapid pace of technology transfer, most of the key developments for printing presses and processes over the next five years will be seen in all of the main regions of the world, despite the fact that the rate of adoption varies between developed and developing regions.

Editors note: Stay tuned next month for NPES VP of Global Programs 'Kip' Smythe's pictorial review of his visit to Poland, the 30th largest print market in the world at just under $3 billion. He will report on visits to four printing plants and the U.S. Commercial Service updating the opportunity in this fast growing part of Eastern Europe. ●

NPES 75 Years Later
LEGACY OF LEADERSHIP

2008

NPES 75 ANNIVERSARY

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.

Throughout 2008, in every issue of NPES News look for some of the featured highlights from our association's distinguished 75-year history.

Over the years, our Association and members have endured the cyclical pattern of upward peaks and downward valleys whenever the economic pendulum changed direction. As we gather together next month in St. Pete Beach, Fl to celebrate NPES' diamond jubilee, we recognize NPES past chairmen (assembled in 1998) who played key roles in building a lasting future for our industry and our organization.

(l to r) William S. Colehower, Jomac; Harold Gegenheimer, Baldwin; Richard B. Tullis, Harris Intertype; James C. Gould, Challenge Machinery; Gerald A. Nathe, Baldwin Technology; Robert Murray, 3M; William Sherman, Kodak; and, Richard I. Stevens, Stevens Int'l.

NPES Supports Affordable American Energy

NPES is committed to reliably available, stably-priced and affordable American-produced energy to operate the nation's businesses, and an environmentally responsible course of action to achieve it. In order to advance this high priority, the association has recently joined forces with the new Coalition for Affordable American Energy (CAAE), comprised of nearly 170 trade associations.

The members of CAAE represent approximately 750,000 businesses of all types and sizes that are concerned that they could be forced to cancel planned expansions and capital investments, curtail benefits and new hiring, and reduce payroll expenses, if action is not taken to address the nation's energy crisis. To avoid such dire consequences, CAAE member associations support increased domestic energy production, including renewable and alternative energy resources, more nuclear energy, oil shale production, and clean coal, as well as increased production of oil and natural gas. But, CAAE members oppose the imposition of new taxes on American businesses in order to pay for temporary energy tax credits and incentives.

"NPES is committed to reliably available, stably-priced and affordable American-produced energy to operate the nation's businesses, and an environmentally responsible course of action to achieve it."

The Coalition has encouraged Congress to lift the moratorium on new off-shore oil drilling in the Outer Continental Shelf (OCS). After a recent meeting with CAAE members, President Bush agreed when he said that the "experts believe that these restricted areas could eventually produce nearly 10 years' worth of America's current oil production." In July the president lifted the executive branch restriction on off-shore oil exploration, and then called on Congress to remove its legislative ban on the same. The U.S. House of Representatives responded by voting on September 24 to lift the 25 year old ban, and the Senate is expected to also vote to lift the ban before recessing for the November elections. However, it is very likely that the many aspects of OCS drilling will continue to be debated in the 111th Congress.

NPES and its CAAE allies also believe that additional oil exploration is only one facet, albeit an immediate and necessary one, of a comprehensive strategy to provide for America's energy needs. A sustained commitment to alternative energy technologies is also vitally important. In his meeting with CAAE members, President Bush focused on this in stating that "we need to develop... advanced batteries, plug-in hybrids, hydrogen fuel cells..." and "expand clean, safe nuclear power; clean coal technology; solar and wind power." NPES and CAAE agree.

Because this is such a vital priority for the future of American manufacturing, NPES will continue to press the case for affordable American energy as one of the Association's highest government affairs priorities.

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

news and notes

NPES CALENDAR

October 2008

EXECUTIVE OUTLOOK
October 25 • Chicago, Illinois

GRAPH EXPO
October 26-29 • Chicago, Illinois

November 2008

ICC Meetings
November 6-8 • Portland, Oregon

ICC DevCon '08
November 10 • Portland, Oregon

Joint CGATS SC3, CGATS SC4, USTAG TC 130 WG3/WG4
November 12-13 • Rochester, New York

NPES Member Booth and Pavilion All in Print China 2008
November 14-17 • Shanghai, China

NPES Annual Conference
November 15-17 • St. Pete Beach, Florida

NPES Member Booth and Pavilion On Demand Russia 2008
November 18-21 • Moscow, Russia

December 2008

PRIMIR Winter Meeting
December 3-5 • Baltimore, Maryland

March 2009

ICC Meetings
March 3-6 • Paris, France

NPES 2009 Industry Summit
March 24-27 • Washington, DC

May 2009

TC130 Working Groups 1-4
May 18-23 • Dallas/Ft. Worth, Texas

June 2009

ICC Meetings
June 15-18 • Tokyo, Japan

September 2009

PRINT
September 11-16 • Chicago, Illinois

June 2009

ICC Meetings
November 5-7 • Albuquerque, New Mexico

October 2010

GRAPH EXPO
October 3-6 • Chicago, Illinois

HURLEY'S TRADEWISE DO TELL INTEL

The Real Deal—American Manufacturing and Export Trade

The major success story at this time of collapsing financial markets and its world of castles in the sky and houses of cards is the **dramatic improvement in the balance of U.S. international trade.**

U.S. exports have kept the economy from recession over the past year and, despite the financial turmoil, are likely to continue to do so. The export boom is generating at least 2 million new high-paying jobs, half of them from increased rest-of-the-world sales by the manufacturing sector.

Recent evidence of the trend was the upward revision to 3.3 percent of the second-quarter growth rate for the U.S. economy. A record increase in net exports accounted for nearly all of that growth. Ever since the housing and financial crises began in 2007, there has been a drop in final domestic demand. The U.S. economy would have fallen into recession if it was based entirely on internal forces.

American manufacturing and export trade are the real deal. The U.S. external trade balance has improved by more than $200 billion as calculated for gross domestic product purposes, cutting the previous deficit by more than one-third. The international engagement of the U.S. economy has kept GDP growing.

The Organization for Economic Cooperation and Development projects continued modest expansion of the U.S. economy during 2008-2009, with 80 percent of growth due to trade improvement. **Gains of an additional $100 billion in GDP growth are probable, which would cut the pre-2006 real trade deficit in half,** despite slowing rest-of-the-world growth and the recent rebound of the dollar.

All major sectors, from agriculture to consumer goods to services, including sector-leading U.S. capital equipment, have shared in the export boom. Half of the gains have come in manufactured products.

Two major factors are driving this growth. One is continued growth in the rest of the world, due largely to the emerging markets. These countries, led by China and India, make up half of the global economy. Though slowing from record highs, their annual average growth rates remain at 6 percent. Thus the world economy of developed and emerging markets will probably expand at about 3.5 percent in 2008 and 2009 despite the abrupt slowdown in the United States, Europe and Japan.

The second factor is the weaker exchange rate for the dollar, which has brought back U.S. ability to compete well in world markets. Before its recent climb, the dollar had gradually fallen over the past six years, for a cumulative average of 25 percent decline against the currencies of major trading partners. This decrease reversed the huge dollar exchange rate increase from 1995 to 2002 which weakened U.S. ability to compete in price and produced record trade deficits.

The U.S. trade deficit is still too large and the dollar remains overvalued against a few major Asian currencies, especially the Chinese yuan and Japanese yen; but both have returned to levels where the U.S. can complete reasonably well against most countries.

Globalization is paying off for the United States in its moment of need. The long-standing U.S. international strategy of assisting other countries to strengthen their economies is now returning trade and economic benefits. Likewise, a U.S. international policy of promoting fair and open trade has opened markets for U.S. companies and its workers, resulting in the real deal—American manufacturing and export trade rising. •

NPES News is published monthly by NPES.

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