

Engineering the future

annual report
2007 • 2008



ORGALIME

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ORGALIME ANNUAL REPORT 2007-2008

The President's Message



Robert Mahler

I have taken over as Orgalime President from Pr. Edward Krubasik in November, after participating in Orgalime's work for a number of years, including at the present time as member of the Steering Group of "Electra" where our industry, with the European Commission and the social partners, is drafting a report to determine what policies are required to ensure that, fifteen years from now, we in Europe have an even stronger electrical and electronic manufacturing industry.

This is not the first such exercise that Orgalime is carrying out: in 2007, several of my colleagues, CEOs of companies from the mechanical engineering industry, completed a similar report putting forward their vision for the future. Some of the recommendations of this report have already found their way into the EU's policies; for others, we are still working with the European Commission and national governments.

Manufacturing – vital for Europe

Why do I put such emphasis on these issues? Simply because they are vital to the future of Europe: with globalisation and the inevitable restructuring that this is bringing about in our manufacturing landscape, it is essential for us to work proactively with our political institutions, both at EU and national level, to show what we, as an industry, need as policies to ensure our future as manufacturers in the EU. And I am glad to say that they are listening: we really appreciate the commitment of the officials who are working with us and support our vision as a technology industry which leads the world in many areas and believes in our future in Europe. Perhaps the best proof of what I claim lies in the figures of our industry: in 2007 the output of industry went up by 7 % and employment up by 2.3 %.

"Competitiveness, Energy and the Environment"

I have taken over as President at a time when the so-called Lisbon strategy, originally launched in 2000, appears to be increasingly sidelined in favour of an agenda which encompasses three different policy focuses: competitiveness, which is at the core of the Lisbon agenda, energy and the environment.

With the Commission's increasing focus on climate change and environmental issues, we see a number of proposals and regulations which are driving change in our companies. In the area of energy efficiency, our industry is increasingly able to reconcile what used to be seemingly impossible task of providing more environmentally friendly products while maintaining their competitiveness. For many of our companies, energy efficiency can be a driver for growth, if our customers can, through their investments, develop new markets. Therefore as long as the market conditions are right for our customers to take up the innovative solutions and products we propose, then energy efficiency will be a win-win situation.

At the same time, energy and environment are not the only issues: we must not forget that the engineering industries are the enabling industries: it is they which provide the technology, equipment and services which underpin the competitiveness, the technological progress and the innovation potential of all other sectors of the economy, whether industry or service, private or public.

Therefore, I feel the Lisbon agenda is still the right strategy to improve Europe's ability to innovate, grow and be competitive in a globalised world: it would be totally wrong to lose sight of its goals. The global environment does not allow us to do so.

Responding to the Global Challenge

In the last two years we have seen the benefits of a more vigorous industrial policy focusing once again on manufacturing: our industry is growing and, with it, employment. Our companies

are rising to the challenge of rebuilding value added here in Europe by focusing on innovation: we have to do new things here in Europe; we also have to do them first.

In the short term, our main problem has become finding the skilled personnel and, for many companies, simply production capacity. In the longer term our markets will come to the forefront again: a significant part of our growth today is generated by capital goods exports, driven by investment outside Europe. However, growth in Europe is just as important and here we have concerns, particularly at the level of our customers and suppliers.

Thinking supply chain

With the focus of the institutions on climate change, we are seeing a tendency today to regulate more severely the production of our supplier industries and even to make them "pay" for the privilege of producing in Europe. Introducing more constraints on industry in Europe alone, without similar requirements at the international level, just means that investment conditions abroad become more attractive than in the EU. This is not helpful. Displacing manufacturing makes neither economic, nor environmental sense.

I therefore feel that we will soon be at a crossroads: we have a strong manufacturing industry in many sectors, but many of our suppliers seriously question whether they are still welcome in Europe and are increasingly investing in other areas of the world.

For our capital goods manufacturers, such investments do provide benefits in the short term. In the longer term, however, we will be penalised: we are already seeing signs of shortages of supply in the EU of certain raw materials, such as steel. As a result prices in Europe have, for many grades, risen to become the highest in the world, adding to the high cost of labour and the rising cost of energy. This inevitably undermines our competitiveness and, in the end, that of Europe as a manufacturing base.

It will also affect our industry in other ways: with fewer manufacturing customers here in Europe, we will find it more difficult to keep our technological skills and our innovative capacities here: so much of our research and innovation takes place in or around our customers' production facilities.

The growth agenda

This does not mean that the outlook is negative. There is still plenty of unexploited growth potential left in the EU: this is a question of freeing up the internal market and removing barriers that should not exist. Much has already been done, but there are still many local regulations which undermine the possibility for manufacturers to provide the same product throughout Europe and for consumers to benefit from the economies of scale that this brings. The same is true for services, many of which were, in the past, public services and have now been privatised, while keeping their oligopolistic markets: we need change here because the best driver of innovation is competition and, with innovation, comes growth and employment.

At the same time it is vital to ensure that all those who provide goods or services to our citizens, whether they are manufactured here or imported, respect our rules and regulations.

We are therefore pleased to see that many of our concerns are being met through the adoption of the so-called "marketing of goods package" which should strengthen the internal market, while also requiring our national authorities to reinforce market surveillance.

A final word – Europe needs its manufacturers; it must face up to the challenge of keeping them on board in the EU, if we are going to face up to the much greater challenge of competing in a fast developing globalised world, while preserving and developing the social model and the environment to which we aspire. I will be happy if we can do our small part in this major task.

ORGALIME ENGINEERING THE FUTURE



Adrian Harris and Beatrice Schwering

Founded in 1954, Orgalime now has 35 members - trade federations or associations representing the metalworking, mechanical, electrical and electronic engineering industries in 23 European countries. The industry that we represent includes some 130.000 companies and accounts for over a quarter of EU manufacturing output and a third of manufacturing exports.

With our Europe-wide membership, our aim is of course to go on fulfilling our core mission: to be the prime voice of the engineering industry on core horizontal issues, affecting a wide range of sectors in our industry. This is indeed a challenging brief, since Orgalime covers some 120 different product sectors, many of which also have their own European associations, each representing a single product category or range of products. We work closely with these associations on areas of common interest, so as to provide, as far as possible, a coordinated industry opinion to the EU institutions. We also provide a range of individual services to a growing number of them, often representing their interests in Brussels.

2007 a year of growth...

Growth in our industry has surpassed all expectations in 2007, with output up by some 7%. As a cutting-edge high technology sector and a major employer in Europe – some 10.9 million – our industry can rightfully claim that it is central to Europe’s economy and to the Commission’s growth and jobs strategy.

In order to see this continue into the future, more of our work here in Brussels is focusing on shaping the EU’s industrial policies.

At the same time, after a period of relative calm on the regulatory front at the beginning of the present Commission’s term, we are now seeing increasing activity as the last proposals under the present Commission and European Parliament will no doubt be issued before the end of 2008.

To support our increasing activity, Orgalime’s staff has now risen to 18, further strengthened through the continued support of members’ representatives who maintain their presence in Brussels and in Orgalime’s offices in particular.

Orgalime Achievements 2007

- Several meetings with Mr. Verheugen, Commissioner for Enterprise and Industry including at the Presidents’ Board in March where industrial policy issues for engineering and the jobs and growth agenda, as well as regulation in the pipeline were discussed.
- Discussions with Mr. Mandelson, Commissioner for Trade at the Presidents’ Board in September where the focus was on steel and trade issues with China. This underpinned our efforts in the area of free and fair trade in the steel markets.
- Discussion with Mrs. Nelly Kroes, Commissioner for Competition on the issue of the electricity markets and the question of unbundling, where we pressed the case of the need to find solutions that promote more investment into new technology while introducing more competition.

Issues

As I said, industrial policy has been high on our agenda throughout 2007. Following on from our reports “Strengthening the link” (metal articles) and “EnginEurope” (mechanical engineering), in 2007 Orgalime established Electra, an industrial policy sectoral initiative for the Electrical/Electronic sectors. Co-chaired by Orgalime past President Professor Krubasik and Vice President of the Commission Verheugen, Electra is forging a comprehensive report (due for launch during the upcoming French Presidency) with a series of strong recommendations that will highlight both the benefits that this branch of our industry will bring to Europe’s energy efficiency drive, as well as outlining the necessary framework conditions that this industry will need to

survive in the EU as a world class manufacturing industry.

Naturally, the EU institutions ongoing policy work and proposals in the area of energy and the environment remained high on our agenda during the year, as did the revision of the New Approach, the regulatory framework under which most of the Internal Market directives which regulate our products operate. The implementation of existing regulation also forms part of our daily work: this is particularly important as our companies can only fully benefit from the vast internal market that the EU offers, if it functions as it should. Finally, trade issues, in particular related to our main trading partners, remained high on our agenda.

It is refreshing to acknowledge that the supplementary efforts we are undertaking in the area of industrial policy have been fundamental to the increasing understanding within the institutions that the engineering industries that we represent are at the core of Europe’s industrial fabric and that all other production and many service sectors depend on the equipment, technology and innova-

EUROPEAN ENGINEERING IN 2007: A SNAPSHOT

| | |
|-----------------------|----------------|
| Output | 1813 billion € |
| Exports out of the EU | 448 billion € |
| Investment | 59.4 billion € |
| Employment | 10.9 million |

Source: Eurostat

tions of our industry to innovate and to develop.

We firmly believe that the economic future of Europe and of its citizens is intimately linked to the success of manufacturing industry in general and our industry in particular. Ensuring a competitive environment for our members must therefore remain a goal for us and for the institutions.

Finally through our increased efforts in communication terms, Orgalime is cementing its position as a key player on the Brussels scene. Our aim is simple: to ensure that the voice of the EU’s engineering industry, the largest manufacturing sector in Europe, is clearly heard in Brussels and the European capitals alike.



Berndt-Thomas Krafft

Board of Directors 2007

“ These are exciting and challenging times for European engineering: I believe that we will soon see the fruits of the industrial policy initiatives we have launched and I am pleased that Orgalime is playing a determining role on the EU’s policies to ‘engineer the future’. Furthermore, we are confident that Europe’s engineering industry is successfully fighting to remain competitive and at the forefront of global business. ”

- Mr. Berndt-Thomas Krafft (FMMI - Austria) - Chairman
- Mr. Paul Soete (AGORIA - Belgium)
- Mr. Roberto Taranto (ANIE - Italy) - Vice Chairman
- Mr. David Dossett (BEAMA - UK) - Past Chairman
- Mr. Eric Jourde (FIEEC - France)
- Mr. Martti Mäenpää (The Federation of Finnish Technology Industries - Finland)
- Mr. Paul van Roon (FME/CWM - The Netherlands)
- Mr. Janez Renko (GZS MPIA - Slovenia)
- Mr. José Luis Castañeda (SERCOBE - Spain)
- Mr. Åke Danemar (TEKNIKFÖRETAGEN - Sweden)
- Mr. Hannes Hesse (VDMA - Germany)
- Mr. Andreas Möhlenkamp (WSM - Germany)

Policy Committees

Metal Articles Liaison Committee (MALC)

“ The metalworking sector is an essential link in the EU’s manufacturing landscape, positioned between its suppliers, the steel and non ferrous metals industries, and its clients, which include most other manufacturing sectors. In 2007 we have really succeeded in getting this industry on the map. ”

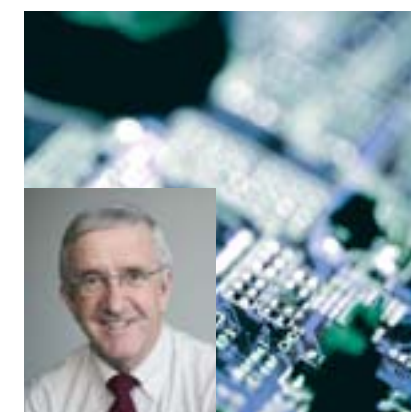


Andreas Möhlenkamp

Back in November 2006, Orgalime’s Metalworking Top Executive Forum successfully transmitted to DG Enterprise and Industry the key messages of the metalworking industry in a report “Strengthening the Link”. This report highlighted the size of the industry, its structure and the major issues it is facing today in the EU, in particular at the level of access to sufficient raw materials at competitive market conditions.

Now Orgalime has followed up with a background paper to provide the Commission with the necessary information for launching a first review of the European metalworking industry, so as to assess the competitiveness challenges it faces in its markets.

Committee of the Electrical & Electronic Industries (CEEI)



Åke Danemar

“ The electrical and electronic industries are the key players for the EU in terms of meeting their 2020 climate change objectives. ”

The electrical, electronic and ICT industry remains one of the leading industrial sectors in Europe, representing some 11.6 % of the total manufacturing output of the EU27. With a forecast growth for 2008 of 4.1 %, the sector has much to be cheery about.

Competitiveness for manufacturers in the EU remains a key goal of the EE & ICT companies. In order to address these concerns, CEEI is underpinning the work launched in “Electra”, the group set up by the EE & ICT industry which is co-chaired by Vice President Günter Verheugen and Orgalime’s past President Pr. Edward Krubasik. This industry driven group includes top level representatives of both the largest companies in the industry, as well as a number of SMEs covering all the main sectors of the industry.

Mechanical Engineering Liaison Committee (MELC)

“ The publication of the EnginEurope final report in 2007 has laid the foundations for a new focus on EU-mechanical engineering policy. ”



Paul van Roon

The publication of the EnginEurope final report in 2007 has laid the foundations for a drive to develop a more sectoral approach to industrial policy for the mechanical engineering sector. The substantial document, drafted by a group of industry CEOs, the Commission, the trade unions and member states’ high level officials, contains 65 concrete proposals: it is this list of recommendations that will provide the basis for Orgalime’s (and in particular, MELC) work in industrial policy in the mechanical engineering sector for the next years.

The Mechanical Engineering industry is the enabler from which any physical prototype delivers a product to the market, be it mass produced or niche-market, consumer or investment product. We must maintain a highly efficient European Mechanical Engineering sector.

THE BUSINESS SITUATION 2007-2008

Orgalime's economists compile and analyse their latest data and forecasts for Europe's engineering industry twice a year. Economic trends in the sectors of metal products and metalworking, mechanical engineering, electrical engineering, electronics and ICT and instruments are closely monitored. These sectors belong to chapters 28 to 33 of the NACE nomenclature. The engineering industry's production value in the EU27 is estimated to have reached some **1,813 billion euro** in 2007 with employment in the industry reaching some **10,905,000**. The engineering industry which Orgalime represents as a whole at the level of the EU represents more than one quarter of the output and a third of the exports of the EU's manufacturing industries. Total trade (both intra and exports) in the sector reached **1,190 billion euro** in 2007.



Georg Matzner

2007: well above the average

Companies' expectations had weakened slightly in the course of 2006, but picked up considerably during the first half of 2007. The already rather strong business environment therefore enjoyed a further boost. As a result 2007 once again beat expectations with overall production output up an estimated 5.8 percent for Orgalime industries: this was once again a healthy growth rate, only marginally lower than that of 2006 and well above the long term average growth rate for the industry of 3.2 percent.

Most Orgalime members report that business has been strongly supported by demand arising from Asia and some other emerging markets. EU growth and intra trade were also high, especially in the Central and Eastern countries of the EU.

The overall EU27 GDP growth is estimated to have reached 2.9 percent in 2007, compared with 3.0 percent in the year before.

Vital for our industry is the demand for investment goods, especially in the business and industry sector. Eurostat data show that EU gross fixed capital formation grew by about 5.3 percent in 2007, a figure that was only slightly

lower than in the year before. In a global context demand for investment goods was also above the average growth trend, thereby giving a boost to our industry.

On the side of production inputs, the unstable situation, with high and volatile input prices, continued during 2007. However, the rise in some metal and steel prices showed signs of easing somewhat, especially in euro terms, as the USD declined gradually during 2007. As in previous years, profit margins are under pressure for many metal intensive engineering firms, since only a fraction of the rise in input prices can be passed on to customers.

Investment and employment continued to grow for Orgalime industries

As a consequence of the upswing in production and of higher capacity utilisation, gross fixed investment in Orgalime industries increased in 2007 for the second year running. Altogether gross fixed investment rose by a strong 8 percent in volume terms. This is significant, since fixed investment formation is a clear indicator and foundation for the implementation of new technology, for future growth, productivity and inter-

national competitiveness. All Orgalime branches showed high fixed investment growth rates, with mechanical engineering topping the league.

Employment also increased for the second year in a row. Overall, Europe's engineering industry took on some 2.3 percent more staff in 2007, corresponding to a rise of some 250,000 employed. Employment creation was especially high in the machinery and equipment and in the metal goods sectors. Electrical engineering, after remaining static at the level of employment in 2006, also saw employment in the sector rise by 0.8 percent.

The general outlook for 2008

Order books still above the norm – Financial turbulence clouds the picture

As 2007 came to an end and at the beginning of 2008 activity is still rather high for Orgalime industries. Based on official data, in so far as it is available, we see the volume of production is rising at about a 6 percent annual rate for Orgalime industry in EU27 in early 2008. This is indeed still a strong figure.

Overall, order books are filled above average, confidence is rather high, investment plans are still positive and



prospects rather bright. This means that 2008 should also be a good year for our industry.

The financial sector across the globe is, however, in trouble. This has, for instance, increased the risk premium. In many countries, credit is becoming tighter, as banks are forced to consolidate their balance sheets. Investment will therefore be affected negatively.

In some Orgalime member countries, shortage of resources is already putting or will shortly put a cap on future expansion. On average for the EU27, the DG Economic and Financial Affairs' quarterly business survey show that most firms in our industry, still consider the shortage of production capacity and skilled labour as a more important challenge than demand.

Though the USA and Japan are rather limited export markets, movements in exchange rates already show that EU exports are losing momentum and imports from those countries are on the increase. It is therefore inevitable that the risks of a slower than expected growth this year have increased as of late despite the rather good start to the year.

Orgalime foresees a gradual easing of the positive business conditions and the volume of production growth for Orgalime industries will slow slightly from nearly 6 percent growth in 2007 to some 4 percent in 2008. Foreign trade in terms of exports will still play a central role, since exports are expected to grow by 6 percent in 2008. Employment, it is expected, will continue to grow in 2008 but not at the same rate – some 0.7 percent for the year.

We still would like to emphasize that 2008, in so far as our forecasts are fulfilled, will be the third year in a row with above long term growth for our industry.

| OVERVIEW OF SECTOR PERFORMANCE | |
|------------------------------------------------------------------------------------------|-------------------------------------------------|
| Orgalime Sectors | 2007 percent change in volume of production y/y |
| Metal Products and metalworking | +5.4 |
| Mechanical Engineering | +7.8 |
| Electrical/ Electronic Engineering and ICT* | +4.1 |
| Instruments | +4.4 |
| TOTAL ORGALIME INDUSTRIES 2007 +5.8 | |
| * Incl. Computers & Office Machines, Telecommunication equipment and certain instruments | |

Electrical, electronics and instrument industries

The electrical, electronics, ICT and instrument industry is amongst the largest industrial sectors in Europe. Production in 2007 reached some 665 billion euro and employment is estimated at 3,545,000 million.

Growth in output in 2007 turned out to be less strong than in the preceding year: the volume of production is estimated to have risen by 4.1 percent year on year. A reason behind this limited growth was considerably lower growth of exports.

The Czech Republic, Finland, Denmark and Sweden showed double digit growth, whereas the larger countries appeared to have faced tougher market conditions, but also structural adjustments which affected growth negatively.

Situation in electrical engineering subsectors

Volume of production in electrical engineering machinery slowed down to about

6 percent in 2007 after a strong 2006. The sub sectors of motors, generators, distribution apparatus, accumulators and lighting equipment reported a very strong year with growth rates in production volumes of between 5 and 9 percent. On the other hand, activity was flat for wire and cables and other electrical equipment.

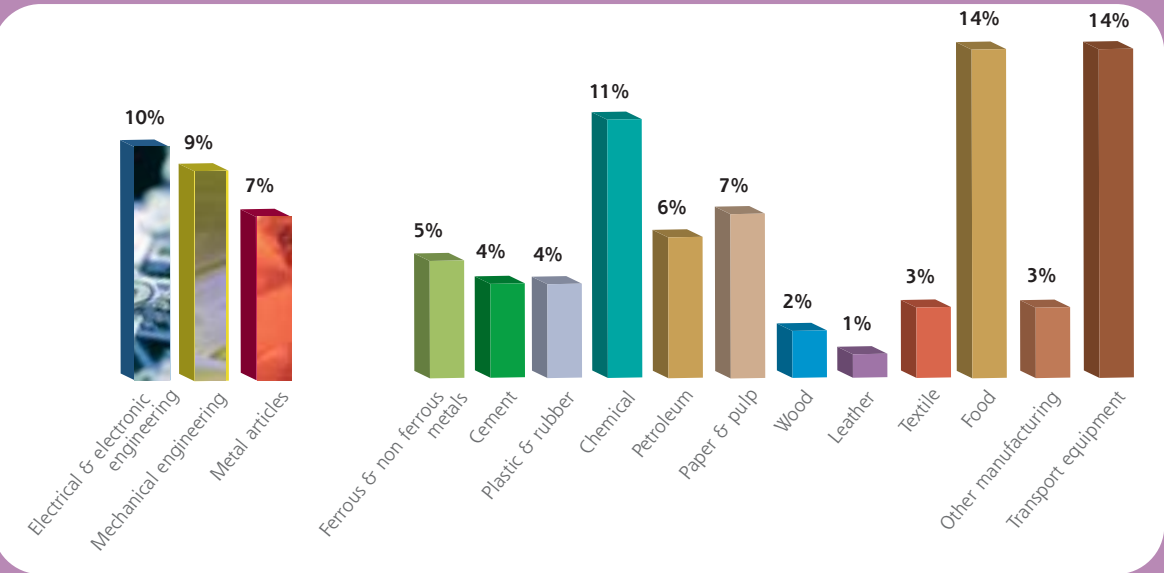
Strong demand for electronic components

Business activity slowed in the ICT industry in 2007 after double digit growth in 2006. Output in volume is nevertheless estimated to have reached a healthy growth rate of some 6 percent. Growth was particularly strong in the Czech Republic and Sweden. However, the sector was weak in the larger economies and some of those countries were affected by restructuring that affected the overall outcome for the ICT-industry negatively.

Among sub sectors, the electronic components sector faced strong demand and output, in terms of volume, reached a growth rate of 17 percent. In contrast to this strong performance, output fell for telecom equipment and for radio and television apparatus.

Production in the sector of instrument engineering continued to increase for the fifth consecutive year with production volumes growing by 4.4 percent. Belgium, Sweden and the UK had the highest growth rates among Orgalime member countries in 2007. The sub sector of testing and measurement equipment showed strong growth, as did medical instruments.

ORGALIME INDUSTRIES: COMPARATIVE SIZE OF EU MANUFACTURING INDUSTRIES



Source: Eurostat – database 2005

Mechanical engineering industry

The European mechanical engineering industry had an annual value of production of about 646 billion euro in 2007. Employment is estimated to have grown by 3 percent, thereby reaching a level of some 3,608,000 employees.

This sector of the engineering industry that represents almost 9 percent of the value of the EU's industrial production plays a key role in the evolution of both competitiveness and productivity of industry in general. It is a rather cyclical industry, whose performance depends on the investment cycles of its clients, many of whom are in the manufacturing and process industries.

With the help of a very strong intra - EU trade growth of 10 percent, the sector did expand output at a historically high rate in 2007. Production volumes achieved 8 percent growth, a figure

that was actually a few tenths of a percentage point higher than in the year before.

Apart from a healthy demand and high growth of investment formation in the EU, many Orgalime members also report strong demand from several Asian countries or other emerging markets.

Austria, Germany, Netherlands, Norway and Sweden all reported double digit growth in 2007. But all other Orgalime members also reported a very satisfactory year for the sector.

High growth in all subsectors

For the second year running all sub-sectors showed healthy growth in volume of production in 2007 ranging between 7.5 and 10 percent. Activity was especially strong in machine tools and for manufacturers of mechanical power equipment.



ORGALIME ISSUES IN 2007

Fabricated metals and metalworking

The industry covers a wide range of products, including tools and finished metal goods (accounting for some 40 percent of production), castings, forgings, boilers and metal containers, as well as secondary transformation on contract basis, such as treatment and coating of metals.

The turnover of the sector in 2007 reached an estimated 502.5 billion euro. The number of employees is estimated to have grown by 2.8 percent to reach some 3,753,000.

Activity continued to be high in 2007 building on the recovery that had already begun in 2006. Output is estimated to have grown 5.4 percent in 2007.

The industry produces, to a large extent, inputs or products used in other sectors in engineering and, as seen above, demand generated by other sectors of engineering was still high throughout 2007. Though the sector has limited dependence on exports, trade was strong in 2007: both intra trade and exports grew strongly by some 8 percent in volume.

Activity in the sector was especially high in Denmark, Finland and the Netherlands. Moreover growth was

generally well above the long term average in nearly all European countries last year.

Sectors did not grow in a uniform manner

Expansion in the sector, however, was not as broad based in 2007 as in the preceding year. Manufacturing of steam generators showed double digit production growth, whereas growth in output for manufacturers of tanks and containers was only of about one percent. Production fell for the NACE 28.6 sector, which includes manufacturers of cutlery, hand tools and general hardware.

Conclusions

Growth in the engineering industry, driven by strong growth in particular in investment goods, both in the EU and internationally, has led to the industry enjoying yet another exceptional year of growth. While lack of production capacity and human resources are acting as constraints today, there are signs that the rise in input prices both at the level of energy and raw materials, which impact the competitiveness of our manufacturers in the EU, as well as demand in some markets and the tight financial markets will lead to constraining growth rates in 2008.

In 2007, Orgalime published a total of 35 position papers and letters across the broad range of topics including environmental, trade, technical and horizontal regulatory issues. These position papers are given the widest possible circulation within the EU institutions, national authorities (via members' network) and European-wide Media.

They can of course always be retrieved on the Orgalime website

www.orgalime.org/positions/latest_positions.asp

INDUSTRIAL POLICY



Georg Matzner, Francisca Melià, Adrian Harris, Hester Jansen

This is one of the areas where Orgalime has been increasingly active in recent years, as the industry has sought under our past President, Pr. Krubasik and our President Mr. Mahler to shape the industrial policy agenda with a view to ensuring the continued competitiveness and growth of the Engineering industry in the EU.

In this context Orgalime has pursued separate actions in all three of the branches we represent :

Strengthening the link – A sectoral policy initiative for the metalworking sector

Following the issue of Orgalime's vision paper for the metalworking industry "Strengthening the link" and the organisation of a discussion with a large number of CEOs and managers of the industry, the Commission agreed, for the first time, to appoint an official to follow metalworking issues within its services.

During the year, Orgalime issued a study on the European Metalworking Industry "Analysis of Statistics and Highlights of Competitiveness Challenges" which it sent to the Commission in July 2007. The study, which includes a full-fledged analysis and a detailed statistical annex, is the result of wide co-operation within our membership. It reflects and underpins the reality of the sector, which is a major manufacturing sector in its own right but highly dependent on a sufficient and well-organised supply of raw

materials, in particular steel, at competitive market conditions. The Commission is now undertaking a review of the sector prior to the probable set up of a joint Commission/Orgalime task force for metalworking.

In parallel Orgalime has pursued its strategy of obtaining much greater recognition of the needs of this branch of our industry through a number of other avenues :

- In May 2007, Orgalime together with the European shipyards (CESA), launched a plea for a more competitive steel market on the eve of the EU Competitiveness Council. The message highlighted to EU ministers the increasing need, with the growing concentration and globalisation of the steel industry, to ensure that trade in steel becomes liberalised. It also cautioned the institutions on the harmful impact that uncompetitive pricing and supply shortages would have for EU steel processing industries. Orgalime & CESA strongly rejected the idea that fair competition in the market should be hindered through threats of anti-dumping actions or other trade restrictions on the import of steel, in a market where, for many grades, availability, in particular at competitive conditions, is becoming a major issue, leaving customers little choice but to seek supplies on world markets.

- Regular communication with the Commission – including with Commissioner for Trade Mr. Mandelson – and in the media reaffirming that our companies must have access to the supplies of steel they need at competitive market conditions. Otherwise many steel-dependent manufacturing activities will be obliged to move out of the EU, with consequent loss of jobs in the EU in our industry which employs nearly twenty times more people than the steel industry.
- Participating for the first time in the Commission - MEMBER STATES' committee dealing with steel issues.
- Acting as an interested party in the anti dumping actions launched by the steel industry on imports from China of hot dipped metallic-coated iron & steel flat-rolled steel and on a similar complaint on stainless steel originating from China, Taiwan and South Korea.

We foresee that we will continue reinforcing our actions for this branch of our industry for the coming year so as to firmly establish its position in Brussels and to ensure that it receives the recognition that it deserves as a major SME industry and employer in the EU.

EnginEurope – A sectoral policy initiative for the mechanical engineering industry

The EnginEurope working group, in which four CEOs from our mechanical engineering branch participated alongside representatives from the Commission, 6 member states, trade unions and the Orgalime Secretariat, finalised its report entitled "The EnginEurope policy recommendations for a thriving European mechanical engineering industry in the 21 st century". The report focuses on the needs of the mechanical engineering

industry until 2015. Orgalime organised two events for the launch of the report :

- A conference on "Mechanical Engineering – The Engine for Innovation and Growth in Europe" with the Commission and the German Presidency of the Union.
- A working breakfast in the European Parliament with the SME Union on "European Mechanical Engineering: Keeping this European SME Industry as the World Champion".

In the follow-up to the recommendations made in the report, Orgalime set up a group to :

- Analyse the 65 recommendations listed in the EnginEurope report.
- Determine which issues have already been partially/totally taken up by the Commission in its follow up to its industrial policy Communication.
- Make detailed follow up proposals to the Commission, based also on both the main and on the complementary opinion on simplification of the machinery sector, the first of which is still in draft form and the second of which has just been adopted by European Economic and Social Committee.
- Draft a report to be presented to the member states, the Commission, and our members.

It is foreseen that a follow up event (most likely under the French Presidency in the 2nd half of 2008) will be organised in order to maintain the pressure on the EU institutions for those concrete steps Orgalime would like to see taken.

ELECTRA – A sectoral policy initiative for the electrical and electronics industry

Born from Orgalime and the Commission's joint initiative, a high level stakeholders group Electra was set up during

the year to assess the EU electrical engineering and electronics sector's long-term competitive outlook and to propose policy measures to reinforce the competitiveness of manufacturers based in the EU.

Co-chaired by Commission Vice President Günter Verheugen and the then Orgalime President Pr. Krubasik, the Electra steering group held their first meeting in July 2007.

Work has focused on three areas :

- **Energy efficiency and CO₂ reduction as drivers of innovation:** this includes the analysis of the technologies and innovations produced by the electrical and electronics industries contributing to energy efficiency and the policy options for supporting their introduction into the EU market.
- **How can we generate more growth from innovation in key European electrical engineering sectors:** this includes a review of the lead customer markets for new technologies (e.g. : transport systems, housing, electricity production and distribution, white goods, telematics...) and an analysis of drivers for growth/investment and policy options for supporting their introduction into the EU market.
- **The internal and export markets of the industry:** challenges in the area of regulation and standards in the internal market, the supply chain (including imports) and exports and the wider issue of the framework conditions that our industry requires for the long term.

The group hopes to complete its work mid-2008 and then to hold a series of launch events as well as a follow up in the different member states.



INTERNAL MARKET AND STANDARDISATION



Alessandro Maggioni, Mouna Benssina, Francisca Melià, Philippe Portalier

New Approach and Market Surveillance

This is one of the issues on which Orgalime worked intensely over the past year, issuing some five positions on various aspects and keeping up sustained efforts to achieve a positive outcome on this package of legislation which underpins nearly all the internal market regulation for our industry. Our efforts have no doubt been worthwhile.

Tabled by the Commission on 14 February 2007, the package on the marketing of goods has been the subject of intense discussion in the European Parliament and is now awaiting formal adoption by the European Council. It comprises:

- A draft Regulation on accreditation and market surveillance.
- A draft Decision on a common framework for the marketing of goods.
- A draft Regulation on mutual recognition in the non-harmonised area.

During the year and following the summer scandal on dangerous toys imported from China, many amendments were tabled to promote European or national safety marks or third party testing and certification through a CE+ mark, "complementing" the CE marking. Orgalime issued 2 position papers in November

2007 underlining that the proposals were tabled in the context of Better Regulation in order to simplify the marketing of products, not the reverse. After intensive debates, we were pleased to note that most MEPs understood that effective market surveillance is key to maintaining both consumer confidence and the high level of safety they can legitimately expect from the Internal Market.

The European Parliament therefore successfully strengthened the Commission texts which were already on the whole very good. Once the package is finally adopted, member states will have to vigorously attack the problems of implementation. We firmly believe that the adoption of this package signals a strong commitment of our institutions to defend the EU's internal market which is so essential to the competitiveness of our companies manufacturing here in Europe.

Following on from the successful launch of the "FairIndustry. eu" newsletter, Orgalime moved this on one stage further by developing an "on-line" version in the form of a blog (web log). The aim is still to focus on sharing information about public and private initiatives in the area of market surveillance, while at the same time allowing comment and/or feedback.

We will continue working on this issue in the coming year, both for the drafting of interpretative guidelines and in the context of the Commission's ongoing assessment of the need for a European safety mark, which was promised to MEPs during the adoption of the package.

Orgalime Achievements 2007

- Meeting with Mr. Ruete, Director General (DG Transport and Energy) to discuss energy efficiency issues and the future plans of the Commission in this area.
- European Union Presidency meetings with Mr. Würmeling, Secretary of State of the Federal Ministry of Economics (Germany) and with Mr. Weidmann in Chancellor Merkel's office, with Mr. Pinho, Portuguese Minister of the Economy and Innovation and Mr. De Castro his Secretary for Industry and, visit to Mr. Vizjak, Minister of the Economy, or the Slovenian Presidency, to put forward our industrial policy vision and our requests at the level of issues in the pipeline.

Electromagnetic Fields (EMF Directive)

Following the issue of a joint position paper early in the year CEEMET (our counterpart employers association) and Orgalime held a workshop in September 2007 to address the application issues raised by the Directive on the protection of workers from exposure to electro-magnetic fields (EMF), which effectively made it impossible for different sectors of our industry to

operate normally. Faced with our comments and the rising barrage of criticism, the Commission tabled a proposal of a revision of the Directive on 26 October 2007, whereby the application deadline is postponed by 4 years until April 2012. The recitals mention: "In this context, the potential impact of the implementation of Directive 2004/40/EC on the use of medical procedures based on medical imaging and certain industrial activities should be reconsidered thoroughly."

In November, Orgalime and CEEMET met with Commission officials, as a result of which the Commission indicated its willingness to examine making substantive changes to the Directive whose application it proposed to postpone. The European Parliament adopted the Commission's proposal for a four year postponement in February 2008. The Council is now shortly expected to do so too under the simplified procedure. This is an issue which will remain on our agenda for the coming year as impact assessments are carried out to determine how to amend the Directive.

The Machinery Directive

The Commission announced prior to the adoption of the new Machinery Directive (Directive 2006/1942/EC), that an explanatory guide would be drafted. The actual drafting is being undertaken by a small editorial group chaired by the European Commission. Orgalime has been granted the industry chairmanship and a co-coordinating role for all industry input to the guidelines. So far some twenty seven guidelines have been issued by Orgalime and nearly all of them adopted

by the Commission after discussion with member states, with few if any changes.

During the year, Orgalime also produced a concise, easy to read, comparison of the main changes between the old Machinery Directive (98/37/EC) and the new one (2006/1942/EC) for member companies which has been widely used by our national association network.

The revised and reworked Machinery Directive 2006/1942/EC must now be transposed in all member states by 29 June 2008, and it will become mandatory from 29 December 2009 onwards. Until then, the current Machinery Directive 98/37/EC continues to apply, with a direct transition from old to new on that date.

Low Voltage Directive (LVD)

In August 2007 the European Commission finally announced the publication of the LVD guide (English version), following codification of the Directive. The purpose is also to take into consideration changes in the scope of the revised Machinery Directive. Nevertheless, Orgalime experts believe that clarification is needed on application issues, such as the CE marking of data connectors, IT & Lab equipment and to determine whether electrical generators are covered by both the LVD and the Machinery Directive or not. The guide can be found at http://ec.europa.eu/enterprise/electr_equipment/lv/guides/

Pressure Equipment Directive (PED)

Orgalime has pressed the European Commission to delay the proposed

ENVIRONMENT AND ENERGY

“ We are proud of the effort and commitment shown throughout the Orgalime network in terms of REACH – we hope we can continue to generate the same enthusiasm for energy efficiency and energy security...”



Sigrid Linher, Françoise Duplat and Deborah Girasa

2007 saw the culmination of REACH, the new EC Regulation on substances where Orgalime can be justly satisfied with the outcome of a difficult and lengthy campaign. Notably, it also marked the real start of the issue of energy efficiency and energy security.

One of our prime concerns remains that most of the environmental regulation that has been introduced over recent years falls under Article 175 of the EC Treaty (as opposed to Article 95 which is used for the internal market). Such legislation sets only minimum standards, allowing national governments or even regions, to add further requirements, which inevitably undermines one of the prime achievements of the EU – the single internal market.

REACH

Following the very successful launch of the Orgalime REACH guide (for downstream users, article producers and article importers), an updated version will be released during the first half of 2008. Content-wise, the guide has been structured in a way that readers learn about REACH requirements in a progressive

manner. The guide finishes off with a one page summary (the REACH Regulation is more than 1000 pages long...) on timelines and the main obligations under REACH for Orgalime industries.

The update includes a model letter to facilitate communication between downstream users and upstream suppliers. The section dedicated to substances in articles is also being developed further. Other parts of the guide reflect the latest developments in the implementation of REACH.

So far in excess of 2000 copies of our guide have been downloaded from the Orgalime publications website. We are pleased that some of our member associations have taken the initiative to translate the guide into their own language. In parallel, Orgalime is also actively participating to the BusinessEurope "REACH implementation network".

REACH Implementation Projects (RIPs)

Orgalime has been granted a permanent seat as industry observer in these Commission umbrella groups through our cooperation with BusinessEurope. We have continued to work on the finalisation of a guidance document on substances in articles (RIP 3.8). Several

merger between the PED and the Simple Pressure Vessels Directive (SPVD). In our opinion, this appeared to be an essentially bureaucratic move, falling under the framework of their simplification programme, rather than driven by any technical and legal necessities to update the existing Directive.

We firmly believe that merging the SPVD and PED at the current stage would create unnecessary costs for industry, standardisation and member states' administrations without any visible benefit in terms of safety (there are no known safety issues that would be improved by a merger of the two directives). As a consequence of Orgalime action the European Commission decided not to include the PED revision in its 2008 Work Programme.

In the area of standardisation and implementation of the PED, Orgalime continues to provide input to the drafting of PED guidelines, participating in the Commission and member states' working group meetings and monitoring standards work under the directive.

Standardisation

In May 2007, Orgalime issued a position paper on the market relevance of standards. In Orgalime's view, the first goal and priority of the standardisation organisations should be to bring standardisation closer to the market and to provide high-quality standards which address the needs of the main stakeholders of the standardisation process, i.e. the manufacturers, including systems suppliers and service providers, and their customers. Consequently, before adopting a new work item, an evaluation of its market relevance is essential. Market relevance criteria should address the technological impact (e.g. bringing coherence to systems and emerging technologies), the

economic dimension (removal of barriers to trade, international market access) and the potential to facilitate compliance to EU legislation.

Metric units

This is an issue which comes back every ten years as the Directive on Units of Measurement has, for certain parts, a sunset clause which would forbid the use of dual labelling in metric and non metric units from the end of 2009.

Following our earlier requests to the Commission and Orgalime's input in February 2007 to the Commission's consultation on the review of the Directive, in June 2007, the European Commission released its report summarising the results of the January-February public consultation on a possible update of the Units of Measurement Directive:

http://ec.europa.eu/enterprise/prepack/unitmeas/public_consultat_report_26jun07.pdf

The report clearly states that the EC services are prepared to adapt Directive 80/181/EC (on Units of Measurement) by indefinitely extending the date for the use of the supplementary indications (e.g. US measurement units) after 2009. The proposal of amendment to the Directive was approved by the European Parliament in November 2007. It is now under discussion in Council where some member states would prefer an indefinite extension of dual labelling possibilities, while others would prefer to continue with the present ten year review system. The proposal is however expected to be adopted before the end of 2008.

Orgalime believes that the possibility to label products and have documentation using both metric and other units for as long as required by the market must be maintained.

Orgalime Achievements 2007

- Opening of the EuropElectro office in Beijing in collaboration with our member ZVEI.
- Organisation of a conference on "Mechanical Engineering – The Engine for Innovation and Growth in Europe" with the Commission and the German Presidency to launch the EnginEurope report.
- Organisation of a launch meeting for the EnginEurope report in a working breakfast in the European Parliament with the SME Union on "European Mechanical Engineering: Keeping this European SME Industry as the World Champion".
- Launch of ELECTRA – A sectoral policy initiative for the electrical and electronic engineering industry under the co-chairmanship of Vice President of the Commission Mr. Verheugen and Pr. Krubasik.
- Following the conclusion of the adoption of the REACH regulation, drafting of the Orgalime REACH guide for downstream users, article producers and article importers.



interpretation issues needed to be integrated in this important and very relevant guidance document; the Commission's legal service's interpretation of article 7.2 REACH followed the Orgalime position, that is the tolerated concentration values of substances subject to notification should be calculated on the basis of the article itself and not at the level of the homogeneous materials.

It will now be up to the European Chemicals Agency in Helsinki to publish the endorsed guidance documents on its website. Orgalime will meet with the Agency during 2008 to introduce Orgalime and to discuss our issues of concern on future updates and/or possible additions of the guidance texts impacting our industries.

Waste Electrical and Electronic Equipment (WEEE) Directive

Barely has there been time to start implementing this directive which has now come into force Europe-wide, that we are already faced with a review scheduled for 2008. DG Environment issued a summary report on its proposals following its initial stakeholder consultations:

http://ec.europa.eu/environment/waste/wEEE/pdf/consultation_comments.pdf

Meanwhile, the Commission's consultants finalised their WEEE review preparatory studies. The Commission has been receptive to our input in a number of areas including scope, collection targets, recycling targets and producer responsibility (which addresses definitions, financing, registers & registration and other producers responsibilities provisions).

DG Environment has set up an inter service group, with regular meetings involving stakeholders to identify the next steps in reviewing WEEE, at which Orgalime naturally was represented. The Commission's proposal for an amendment of the WEEE Directive is due in September 2008. We will of course continue working on this issue in the coming year.

Reduction of Hazardous Substances (RoHS) Directive

Just as for WEEE, a review of RoHS is underway. During the past year the European Commission has floated some initial ideas. Orgalime has contributed to the stakeholder consultation with a position paper. DG Environment published a summary report on the results of the consultation at:

http://ec.europa.eu/environment/waste/wEEE/events_en.htm

DG Environment has now commissioned the Ökoinstitut to carry out two further studies for the RoHS review. The first study will assess the possible inclusion of additional substances under the RoHS Directive. The final study report is expected by June 2008. The second study should examine the existing RoHS exemptions included in the RoHS annex against the criteria provided in the RoHS Directive for granting exemptions. In this context, it will also look at the REACH Regulation. The study is expected to be finalised by August 2008, after which the Commission's proposal for amending the RoHS Directive is due in September 2008.

Orgalime has also been part of an industry delegation visit to Norwegian authorities to discuss their planned initiative on substance bans. In the course of the consultation process, the Norwegian Pollution Agency received over 80 comments on its proposal to come forward with a unilateral ban of 18 substances from a series of consumer products, including electrical and electronic equipment.

Both the EFTA surveillance authority and the Commission issued very strong and detailed comments on the proposal and its expected disruptive effect on the free circulation of targeted products in the EEA internal market. This was in line with Orgalime views. Given the number of comments to be looked at, the Agency had to postpone the release of preliminary analysis and summary of the comments, which was announced for before Christmas. The proposed entry into force of 1 January 2008 has therefore been postponed.

2008 will see Orgalime continuing the monitoring this file, intervening when necessary.

Review of the Waste Directive

The formal adoption of the common position was rubber stamped by the Environment Council in December 2007. The European Parliament and the Council agreed on including provisions regarding producer responsibility in the Directive, to provide more clarity as to when certain wastes should no longer be considered as waste by establishing a set of "end of waste" criteria.

However, this has left certain conflicting views, where compromises will have to be sought in the months to come, notably on:

- The degree of flexibility to be left for the implementation of the waste hierarchy.
- The European Parliament's proposal to stabilise waste production in member states by 2012 at the level of 2008 and combine this target with horizontal recycling targets of 50 % for municipal and 70 % for construction and demolition waste, industrial and manufacturing waste.
- The use of an energy efficient formula to better distinguish recovery from disposal activities.
- Whether or not to establish a Consultation Forum on Waste Management for discussions with stakeholders.

The second reading in the European Parliament is expected in the late spring/early summer of 2008. Orgalime finalised its position paper ahead of the second reading and has also been active in the providing input to the BusinessEurope position paper.

Energy issues

Energy Efficiency and energy security policies

The European institutions continue to develop their energy policy, taking

action on climate change and the creation of a low-carbon economy, sustainable and efficient use of natural resources, energy and materials and hazardous substances. Many actions under consideration focus on products and their environmental impact throughout their life cycle.

Energy Using Products (EuP) Framework Directive and the upcoming Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy

For our industries, the Energy using Products (EuP) Directive (2005/32/EC) is the main vehicle for driving energy efficiency. The framework Directive aims at the provision of coherent EU-wide rules for eco-design for engineering equipment based on a "cradle to grave" approach, while at the same time ensuring that disparities among national regulations do not become obstacles to intra-EU trade; as such it is often cited as an example of the European Union's "better regulation".

Orgalime which had already played a substantial role in the discussions leading up to the adoption of the Directive is now engaged in monitoring and coordinating industry's approach to the studies and on the future working plan, whilst taking the lead on the horizontal issue of losses arising from equipment in 'standby' and 'off-mode' positions for which we have issued a position paper. At the same time we issued a position paper on a "Top Runner Approach for Europe" which proposes a European approach to this issue fitting into our legal framework, where the EuP Directive provides access to the internal market for products respecting the provisions of implementing measures. This is a very different approach from the Japanese Top Runner Approach which is seen as a means to incite companies to improve the energy efficiency of their products.

Given the success of the EuP approach, and notwithstanding its recent adoption - member states had until 10 August 2007 to transpose it into their national legislation - the Commission is already intent on extending the concept to other indus-

try sectors. Commenting on the upcoming Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy, Orgalime has challenged this approach, since we are not keen to see the re-opening of this recently established framework which we feel will plunge our industry into a period of legal uncertainty. Orgalime also believes that there are better ways to implement the EU's 2020 energy and climate change objectives. We feel that the EU's objectives can to a large extent be realised with existing technology; for us the primary issue today is how to get these technology solutions to the market.

Energy Efficiency Action Plan

Further to the release of the Commission's Energy Efficiency Action Plan, Orgalime was successful in having key proposals for amendments included in the draft report. Furthermore, Orgalime issued comments and voting recommendations ahead of the vote in the European Parliament's ITRE committee in December. Our focus has been on the proper implementation of the EuP Directive and legislation related to energy efficiency and the need to have effective measures to remedy energy losses during the transmission and distribution of electricity.

Energy label

Orgalime has recently taken position on the proposed review of the energy label: we believe that the energy label can, in certain areas, be a useful and valuable tool that can also contribute to the implementation of the EU's energy and climate change objectives, while at the same time generating positive effects on our industry's competitiveness. It should therefore be one instrument in a tool box for manufacturers of our industry.

Integrated Pollution Prevention and Control (IPPC) Directive

Orgalime's activities on this issue have been extensive as the review of the IPPC Directive has continued. Following the release of our contribution to the Com-

mission's stakeholder's consultation in June, Orgalime participated in a workshop organized by BusinessEurope on the issue of establishing an Emission Trading Scheme (ETS) on NOx and SO2. A letter, to which Orgalime contributed, was issued by the several associations explaining why industry representatives are not in favour of such a scheme.

Orgalime also drafted a letter to Commission Vice President Verheugen asking his support for resisting a draft that fundamentally changes the main principles and characteristics of the current IPPC Directive. In the annex to the letter, Orgalime commented the main issues of concern particularly:

- The proposed limitation of the flexibility of adapting technical characteristics to geographical location and the local environment when delivering permits.
- The proposal of extended powers of competent authorities on determining best available techniques.
- The proposal of a significant extension of the scope of the Directive (including installations exceeding 20 MW of thermal input) compared with the current Directive (50 MW).
- The proposal to merge 7 existing sectoral directives into one industrial emissions directive, which could lead to legal uncertainty and confusion.
- The proposal to make the so-called "BREFs" legally binding instruments, while they have a non-obligatory, guiding nature in the current Directive.

In addition to our own initiative, we contributed to developing BusinessEurope's position paper which supports Orgalime's priorities. The Commission proposal was finally adopted on 21 December. It includes many of our requests, but the scope has nevertheless been enlarged. Our network will now continue applying pressure to have our views understood; this will, in our opinion, be essential in order to achieve a long-term coherence between energy and environment policies.



Željko Pazin, Jackie André

TRADE

“ Free and fair trade – that is our aim ”

Bilateral Trade Negotiations

In April 2007, member states formally adopted the Commission's proposal of negotiating mandates for a new generation of Free Trade Agreements (FTAs) with India, South Korea and ASEAN. Further political agreements that also contain free trade provisions, are planned with Ukraine, the Andean Community and Central America. As a central part of the Commission's Global Europe trade policy framework, the new FTAs will complement the EU's commitment to the multi-lateral trading system by additionally focusing on areas not currently covered by WTO rules (investment, trade in certain services, public procurement, IPR and the removal of non-tariff barriers). Orgalime has provided the Commission input for these trade negotiations and has met with DG Trade a number of times to discuss the issues. Orgalime indeed welcomes bilateral negotiations and is asking for an ambitious deal in terms of product coverage and liberalisation.

EU-Russia

Administrative burdens with certification and VAT:

Orgalime has expressed its concerns about bureaucratic trading conditions and regulations that unnecessarily hinder the free flow of trade between the EU and Russia. Our industry is both a major exporter and investor in Russia

and is therefore extremely sensitive to unnecessary administrative burdens. Orgalime presented the Commission with a detailed position paper in which we explained the concerns of our companies and put forward some ideas for resolving these problems. The major obstacles for foreign companies doing business in Russia are not necessarily formal import or export restrictions, but rather legal uncertainty and the poor enforcement of legislation by a slow and seemingly under-staffed bureaucracy. Russian certification procedures, rather than being a trade barrier that could be formally addressed, seem to give rise to enormous administrative burdens for importers. European companies furthermore experience problems recovering the local VAT of 18 %, which puts them at a competitive disadvantage vis-à-vis Russian producers. Finally, we also urged the Commission not to impose any trade restrictive measures on Russian steel, but to engage in an open trade policy that ensures reliable and timely supplies of steel from Russia.

Multilateral trade negotiations at WTO level

Promoting manufacturers' self declaration of conformity

Orgalime helped the European Commission to formulate a proposal to promote the EU's system of manufacturers' self declaration for a majority of electronic and electrical goods which was tabled at the level of the WTO. The product list covers almost all products that fall under the Low Voltage Directive (it covers all products contained in the WTO Information Technology Agreement and in addition a list of other products; there are some exemptions however). The proposal

suggests to gradually abandon third party mandatory certification for the majority of electronic and electrical goods.

Anti-Counterfeiting

Orgalime cooperates with the European Commission on an IPR study: Following significant lobbying efforts on IPR projects, Orgalime's persistence paid off when the European Commission announced plans to invest significant financial resources in IPR activities. A study about the effects of counterfeiting on EU SMEs was published in August 2007. The study reviewed all known public and private IPR enforcement initiatives and resources. Orgalime closely cooperated with the consultancy that conducted the study on behalf of the Commission.

Based on the study's findings, the Commission intends to elaborate further actions and policies in the area of anti-counterfeiting and Innovation protection during 2008. One of the projects will be the establishment of an IPR-helpdesk in China which will provide assistance to European companies doing business or planning to do business in China. This is one of the issues which had been put forward in the EnginEurope industrial policy report.

EU-China IPR dialogue meeting: Orgalime represented the engineering industries in Beijing (at the 2007 EU-China IPR dialogue meeting) and presented examples of IPR problems that companies encounter when doing business in China. Engineering companies experience IPR abuses at trade fairs, enforcement problems, irregularities with certification procedures and public procurement procedures. Orgalime also raised the issue of a legal loophole in the case of design patents: currently, displaying goods that infringe a design patent is considered

Orgalime

Achievements 2007

- Participation as main industry speaker in DG Enterprise and Industry's one-day Workshop on the revised Machinery Directive (Directive 2006/1942/EC).
- Orgalime study on the European Metalworking Industry "Analysis of Statistics and Highlights of Competitiveness Challenges" adopted and sent to the Commission prompting the Commission to start an initial review of the sector.
- Participation at the ManuFuture 2007 conference on the "future of the European manufacturing industry".

legal (since it is only an offer to sell) and only the manufacture and the actual sale of a product are illegal.

Criminal sanctions for ensuring the protection of IPR in the EU: The EU Directive aimed at harmonising national criminal law against counterfeiters was backed by the European Parliament in April 2007, when it adopted a first-reading report on legislation imposing criminal sanctions for the infringement of intellectual property rights (IPR). The text has been sent to the Council and a decision of member states is still pending. The directive will strengthen the instruments available to fight against counterfeiters by harmonising the enforcement of penal sanctions across Europe. It will oblige member states to regard any intentional infringement of IPRs carried out on a commercial scale as a criminal offence. The draft text of the Directive rightly excludes patent rights from the scope of the directive and criminal sanctions should apply only to infringements deliberately carried out to obtain a commercial advantage. Piracy committed by private users for personal purposes is therefore also excluded.

EU-China

In order to further strengthen our involvement in the area of standards and regulation in China, Orgalime successfully collaborated with one of its members (ZVEI) to set up "EuropElectro". An office was officially opened in Beijing on 26 June 2007. Since February 2007, a platform has been established for the European electrical and electronics industry for the creation of a network. At the same time, companies are provided with information relating to technical legislation, standardisation and certification in China. In addition, the office will provide assistance on interpretation and issues, particularly with regard to the topics of "China RoHS" and China Compulsory Certification. Information is to be provided on the organisation and structure of standardisation in China. Timely awareness of Chinese initiatives on new standards projects and regulations are becoming of ever greater importance, as are discussions with Chinese standardisation organisations and regulators. The EuropElectro office is managed by Ms Wang Xu.

LEGAL & GENERAL

European Contract Law and Consumer Policy

In February 2007, the European Commission adopted a Green Paper on the review of the "consumer acquis", which sums up the Commission's initial findings and initiates a public consultation. It aims to identify problems with the current legislation in the area of consumer protection, presents some options for possible reforms and asks a number of specific questions to stakeholders.

Orgalime's legal group analysed the Commission's ideas and drafted a critical position paper. The paper asks for a stable legal framework for businesses and puts into question the Commission's arguments stating that, if European consumers' rights were heavily strengthened, cross-border business and the internal market would receive a boost. Furthermore, the paper argues the need for coordination between the European contract law common frame of reference (CFR) network and this policy. We are awaiting developments in this area.

Direct producers' liability in sale of consumer goods

In autumn 2006, Orgalime expressed its concerns in answer to a Commission questionnaire on Directive 1999/44/EC concerning the sale of consumer goods and associated guarantees, in which the Commission asked stakeholders about their opinion on introducing direct producers' liability at Community level. We also requested that the Commission should not propose to amend the Directive.

After analysing the comments received

from different stakeholders, we received in answer to our position, the confirmation that the Commission, for the moment, does not intend to amend the Directive.

European Private Company Statute

The Commissioner for the Internal Market and Services, Mr. Charlie McCreevy, has at last given into the pressure of stakeholders, including our industry and the European Parliament and announced that his services will start working on a statute for a European Private Company.

A legislative proposal should be ready by mid-2008 at the latest. Orgalime has already submitted several position papers to the Commission asking for eliminating problems related to the establishment of subsidiaries in other EU member states and arguing that there is an urgent need for a private company statute that suits SMEs.

Communication on the European Transparency Initiative (ETI)

The European Transparency Initiative (ETI) has four main components:

- Increasing transparency on the use of EU funds.
- Increasing transparency on the participation and influence of interest representatives on EU decision making.
- Ethics for public office holders.
- Access to documents.

Orgalime Achievements 2007

- Successful discussions with the services of Commissioner Spidla for Employment, Social Affairs and Equal Opportunities leading to the postponement of the transposition and re-examination of the Directive on the exposure of workers to electromagnetic fields.
- Orgalime represented the engineering industries at EU-China IPR dialogue meeting in Beijing.

After issuing a position on the initial consultation of the Commission at the end of 2006, Orgalime has been working, with other associations, to prepare a common answer to the Commission's draft Code of Conduct for Interest Representatives, which we expect will be adopted during 2008.

Initially, it is expected that registration of interest groups, including associations, and signing of the code will be voluntary, but doing so will in principle ensure privileged access to Commission documents and, in particular, to be counted in stakeholder consultations as representing the interests of an industry rather than individual interests, if they adhere to the code.

RESEARCH & DEVELOPMENT

"ManuFuture" Technology Platform

Orgalime continues to participate in ManuFuture, a European Technology Platform, focusing on future manufacturing technologies. We provide input at several levels: at European level, Orgalime representatives are in both the ManuFuture support and the high level groups; at national and sectoral level, Orgalime's member associations and their respective member companies are active in the various events and roadmap exercises. Through our participation in the multiple activities of the platform, we have contributed to the drafting of the Strategic Research agenda, which will underpin much of the EU funded R & D in which our companies hope to participate in the coming years.

Innovation policy

In February 2007, Orgalime sent a position paper to both Commissioner Potočnik and Commissioner Verheugen in order to assure them that Orgalime fully supports the Commission's efforts to create a more innovation-friendly environment and the proposal for a EU innovation strategy.

Orgalime stressed that it is of paramount importance to achieve framework conditions which foster both the capacity to create new knowledge (research), and the ability to translate this knowledge into innovation (application in the markets). In its paper Orgalime elaborated on education systems, on the European Institute of Technology (EIT), on IPR protection, on financial and fiscal incentives, as well as on the concept of lead markets.



ORGALIME PUBLICATIONS



Jackie André and Željko Pazin

2007 saw Orgalime continue to attract readership to the 27 legal and technical publications now available (model forms, general conditions & guides). Statistics consistently indicate that in any 30 day period, publications continue to draw one quarter of visitors who actively download a document from this section of the Orgalime Website.

Each of the publications provides expert practical guidance, allowing companies to use Orgalime standard General Conditions or draw up different types of contracts based on Orgalime templates, which are now commonly used in international trade.

General Conditions and other forms of standard contracts simplify negotiations and rationalise the handling of contracts and contract relations. They have been designed to reflect normal contract practice in the industry. Well over one million copies of Orgalime's different sets of General Conditions have been supplied to engineering companies throughout the world.

In 2007, Orgalime continued revising its publications: the Original Equipment Manufacturer (OEM) Contract has been revised and newly published; a Hungarian version of the S2000 and SE01 were published; the Turnkey Contract has been published in French and the Distributors Abroad Contract both in French and German.

Beside the success of the paper copies, electronic versions of Orgalime publications continue to gain ground. Companies which have gained positive experiences with Orgalime publications often would like to attach an electronic version of Orgalime's General Conditions when sending tenders and contracts by emails to their customers and suppliers. More than 1000 companies have registered at the download website for Orgalime General Conditions and 2750 licences have been purchased by some 300 companies.

Also free downloadable Orgalime guides have been a particular hit among both companies and public authorities. The REACH guide for downstream users, which was published in the first half of 2007, has been downloaded more than 2000 times.

All publications listed hereafter are available in English, French and German unless otherwise stated.

Details of these publications can be found on our website at www.orgalime.org

Information on our licence agreements can be found on <http://licensing.orgalime.org>

Model Forms

- Non-Disclosure Agreement – January 2008 (9)
- Original equipment manufacturer contract (OEM contract) – August 2007
- International technology licence agreement (Outside EU/EEA version) – June 2006
- Exclusive agreement with distributors abroad – June 2006
- International technology licence agreement (Inside EU/EEA version) – January 2005
- Agency Contract - International agency contract on an exclusive basis (5) – January 2002
- Consortium agreement – February 1995

Guides

- Guide to contractual options for B-2-B equipment under WEEE (3) – March 2006
- WEEE & RoHS Scope Guide (3) – January 2006
- Guide to Defect Liability in Europe (3) – April 2005
- Co-operation Agreements: A short guide to the creation of a joint venture (3) – June 2004
- European Competition Law in Practice – 30 key points (2) – May 2004
- Understanding WEEE & RoHS Guide (3) – April 2003
- Guide on S 2000 (2) – September 2000
- Security for payment in credit sales (3) – December 1999
- Guide for drawing up an international development contract (2) – September 1999
- Pressure Equipment Directive – May 1999
- Drawings and technical documents - Ownership and protection against improper use (3) – June 1993

General Conditions

- General conditions for the manufacture and supply of specially designed components – SC 06 – April 2006
- Turnkey Contract for Industrial Works (1)(5) – March 2003
- General conditions for the repair of machinery and equipment – R 02 – July 2002 (5)
- General conditions for the supply and erection of mechanical, electrical and electronic products – SE 01 (4) – September 2001
- General conditions for Computer Software – SW 01 (7) – March 2001
- General conditions for Maintenance – M. 2000 (6) – September 2000
- Supplementary conditions for the supervision of erection of mechanical, electrical and electronic products – S 2000 S (7) – August 2000
- General conditions for the supply of mechanical, electrical and associated electronic products – S 2000 (8) – August 2000
- General conditions for series processing – SP99 (5) – December 1999
- Conditions for the provision of technical personnel abroad – October 1995

(1) English & French only
(3) English only
(5) Also in Spanish
(7) Also in Spanish, Italian & Portuguese
(9) Also in Danish, Dutch, Finnish, Italian, Spanish & Swedish

(2) English & German only
(4) Also in Spanish, Italian, Portuguese, Dutch & Russian
(6) Also in Spanish & Portuguese
(8) Also in Spanish, Italian, Portuguese, Russian, Chinese, Dutch, Swedish, Hungarian & Polish

ORGALIME BRIDGEHEAD



Bridgehead Staff: Guy van Doorslaer, Janet Almond, Stéphanie Uny, Xavier Noyon & Francesca Furlan

The "Orgalime Bridgehead" was launched in 1996 to increase cooperation with the European Sector Associations in industry. Our aim is to allow certain sectors of our industry not wishing to dedicate full time resources in Brussels, to cooperate with the EU institutions and Orgalime whilst at the same time being offered "early warning services" on Brussels issues, specific projects and, if required, association management services. The Bridgehead provides these sectors of our industry with the advantages and benefits of the Orgalime net-

work and service infrastructure, whilst receiving a tailor-made service allowing the association to develop its own brand and remain politically independent from Orgalime.

Orgalime continues to reinforce staff numbers (which now stand at 5) to service the ever increasing number of organisations to whom Orgalime provides a variety of services. The Orgalime Bridgehead now services 16 European Committees or Associations :

Early warning, monitoring or other services

- CECAPI (electrical installation equipment)
- CEO (hand tools)
- EFCÉM (catering equipment)
- EIFI (fasteners)
- ESTAL (surface treatment on aluminium)
- EUMABOIS (woodworking machinery)
- EUROMAP (plastics and rubber machinery)
- EUROM 1 (precision mechanical & optical industries)
- T & D EUROPE (electricity transmission and distribution equipment)

General Secretariat

- CEIR (valves)
- EFSAC (fire and security equipment)
- EGMF (garden machinery)
- EUROPERF (metal perforators)
- EUROPUMP (pumps)
- FEM (material handling industries)
- PNEUROP (compressors)

The close contact of European Sector Committees with Orgalime and in related branches brings major advantages in terms of synergy. Moreover, the results of Orgalime's work in areas such as technical directives, trade policy and many environmental issues is reinforced by strengthening cooperation among the different representatives of our industry in Brussels, many of whom today also provide direct input into our work at Orgalime.

Member Associations

AUSTRIA

FEEL Mariahilfer Strasse 37-39
A - 1060 Vienna
Web: www.feel.at

FMMI Wiedner Hauptstrasse 63
Postfach 335, A - 1045 Vienna
Web: www.fmmi.at

BELGIUM

AGORIA Diamant Building
Boulevard A. Reyers 80, B - 1030 Brussels
Web: www.agoria.be

BULGARIA

NATIONAL CHAMBER OF ELECTRICAL ENGINEERING IN BULGARIA
P.O. Box 76, BG - 1407 Sofia
Web: www.bcee-bg.org

CZECH REPUBLIC

ELA Polygon house, Dudlebská 5
CZ - 14000 Prague 4
Web: www.electroindustry.cz

DENMARK

DI H.C. Andersens Boulevard 18
DK - 1787 Copenhagen V
Web: www.di.dk

FINLAND

THE FEDERATION OF FINNISH TECHNOLOGY INDUSTRIES
Eteläranta 10, SF - 00131 Helsinki 13
Web: www.teknologiateollisuus.fi

FRANCE

ALLIANCE TICS Tour Neptune
Place de Seine 20
F - 92086 La Défense Cedex 1
Web: www.alliance-tics.com

FIEEC Rue Hamelin 11
F - 75783 Paris Cedex 16
Web: www.fieec.fr

FIM Maison de la Mécanique
Rue Louis Blanc 39-41
F - 92400 Courbevoie
Web: www.fim.net

GERMANY

VDMA Lyoner Strasse 18
D - 60528 Frankfurt/Main
Web: www.vdma.org
WSM Kaiserswerther Strasse 137D
40474 Düsseldorf
Web: www.wsm-net.de
ZVEI Lyoner Strasse 9
D - 60528 Frankfurt/main
Web: www.zvei.org

IRELAND

IEEF Lower Baggot Street 84/86
IRL - Dublin 2
Web: www.ibec.ie/ieef

ITALY

ANIE Via Gattamelata 34
I - 20149 Milan
Web: www.anie.it

ANIMA Via A. Scarsellini 13
I - 20161 Milan
Web: www.anima-it.com

FEDERMACHINE Viale Fulvio Testi 128
I - 20092 Cinisello Balsamo
Web: www.federmachine.it

LATVIA

ASSOCIATION OF MECHANICAL ENGINEERING AND METALWORKING INDUSTRIES OF LATVIA
Ezermalas 6 - LV - 1006 Riga
Web: www.masoc.lv

LITHUANIA

LINPRA Savanorių pr 176
LT - 03154 Vilnius
Web: www.linpra.lt

LUXEMBOURG

IMTL Rue Alcide de Gasperi 7
BP 1304
L - 1013 Luxembourg
Web: www.fedil.lu

THE NETHERLANDS

FME/CWM Boerhaavelaan 40
Postbus 190
NL - 2713 AD Zoetermeer
Web: www.fme-cwm.nl

METAALUNIE Postbus 2600
NL - 3430 GA Nieuwegein
Web: www.metaalunie.nl

NORWAY

NORSK INDUSTRI Majorstua
N - 0306 Oslo 3
Web: www.norskindustri.no

POLAND

FEDERATION OF THE ECONOMIC CHAMBERS OF THE ELECTROMECHANICAL INDUSTRIES
ul. Pozaryskiego 28
PL - 04703 Warsaw
Web: www.kig.pl/izba_gpe

PORTUGAL

AIMMAP Rua dos Platanos 197
P - 4100 Porto
Web: www.aimmap.pt

ANEMM Estrada do Paço do Lumiar
Polo tecnologico de Lisboa, lote 13
P - 1600 Lisbon
Web: www.anemm.pt

SLOVENIA

GZS-MPIA c/o Dimičeva 13
SI - 1504 Ljubljana
Web: www.gzs.si

SPAIN

CONFEMETAL Principe de Vergara 74
E - 28006 Madrid
Web: www.confemetal.es

SERCOBE Calle Jorge Juan 47
E - 28001 Madrid
Web: www.sercobe.es

SWEDEN

TEKNIKFÖRETAGEN
PO Box 5510
S - 114 85 Stockholm
Web: www.teknikforetagen.se

SWITZERLAND

SWISSMEM Kirchenweg 4
CH - 8032 Zürich
Web: www.swissmem.ch

UNITED KINGDOM

BEAMA Westminster Tower
3 Albert Embankment
GB - London SE1 7SL
Web: www.beama.org.uk

EAMA 62, Bayswater Road
GB - London W2 3PS
Web: www.eama.info

GAMBICA Broadwall House
21 Broadwall
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Observer Associate
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