Dear Colleagues,

This is the first time for PEIAC to compile and publish Newsletter of Global Print, since I was elected as President of Global Print in London meeting in March 2014. It’s an honor for PEIAC to serve for members of Global Print.

In the next two years, we will continue to discuss the future of printing industry. At present, the global economy has enormously changed. The market and technology of printing industry have undergone a great revolution too. Printing industry should actively respond to the change. Cooperation between members of Global Print should be strengthened to promote the application of new technologies. And the Federation should play a greater role in the current trends of transformation.

In China, the year of 2015 will be the end of the 12th Five Year Plan. 2016 is the start-up year of the 13th Five Year Plan. Now PEIAC is setting up the 13th Five Year Plan for the development of Chinese printing machinery and equipment industry. While revitalization of Chinese culture and boom of creative industry will become new growth points of printing industry.

Hereby, I sincerely invite colleagues of Global Print to participate in Print China 2015, which will be held from 7\textsuperscript{th} –12\textsuperscript{th} April 2015 at Dongguan city, Guangdong province, China.

With best regards,
Jianguo Xu
PRINT CHINA 2015 Press Conference Held in Korea

Deepen east Asia Promotion

With overseas promotion drive deepened, at 10:30 am, August 28, 2014, PRINT CHINA 2015 press conference took place at No. 306 conference room of the second-phase of KINTEX.

Hosted by Ms. Wang Fengna, Deputy Secretary-general of Printing and Printing Equipment Industries Association of China (PEIAC), Mr. Xu Jianguo, Chairman of PEIAC delivered a welcome speech on behalf of the organizer of PRINT CHINA 2015; Mr. Lu Chang’an, Vice Chairman and Secretary-general of PEIAC, briefly updated the latest development and trend of China’s printing industry for audience, which was followed by a speech by Mr. Zheng Shijun, Vice President of China International Exhibition Center Group Corporation to reflect on PRINT CHINA’s history and development. Mr. Sun Tiebing, Executive Vice General Manager of PCSC, made a presentation on the up-to-date preparations of PRINT CHINA 2015.
PRINT CHINA 2015 Team Made Overseas Promotion on KIPES 2014 in Korea

Invited by the organizer, Korea E & Ex Inc of Korea International Printing Machinery & Equipment Show (KIPES), led by Mr. Xu Jianguo, Chairman of Printing and Printing Equipment Industries Association of China (PEIAC), Mr. Lu Chang’an, Vice Chairman and Secretary-general of PEIAC, Mr. Zheng Shijun, Vice President of China International Exhibition Center Group Corporation (CIEC), the 9-member PRINT CHINA 2015 Organizing Committee delegation including Ms. Wang Fengna, Vice Secretary-general of PEIAC and Mr. Sun Tiebing, Executive Vice General Manager of Print China Show Company Ltd. (PCSC) arrived in Seoul, Korea on August 26th to attend KIPES 2014 held on August 27 – 30 and promote PRINT CHINA 2015.

As the representative of China printing industry, Mr. Xu Jianguo was invited to attend the opening ceremony of KIPES 2014 as the VIP guest while cutting the ribbon. Afterwards, guided by the organizer, Mr. Xu Jianguo, Mr. Lu Chang’an and Mr. Zheng Shijun took a VIP tour to the show.

In order to better promote PRINT CHINA 2015, PRINT CHINA 2015 Organizing Committee especially set up a stand with well-designed event-promotional materials in Korean which received a wide attention onsite. Accompanied by Mr. Wang Jinming, Manager of Business Department of China Print Show Company Ltd., the delegation met with some exhibitors, introducing the preparations of PRINT CHINA 2015. Moreover, the staff distributed the buyer invitations to the visitors, while answering visitors’ inquiry and achieving outstanding promotion effect during the exhibition.
PEIAC Leaders Met with Leaders of Top Five Korean Printing Associations a 1000-member Delegation will be Led to PRINT CHINA 2015

The printing industries of China and Korea maintained a cooperative relations with exchanging and trading, and such close ties become more in-depth and productive in recent years. The 9-member PRINT CHINA 2015 Organizing Committee delegation took the opportunity of attending KIPES 2014 to visit Korean Printers Association, Korea Federation of Printing & Information Industry Cooperative, Korea Printing Information Technology Association, Korea Printing Research Institute and Seoul Printing Information Industry Cooperative, discussing current situation and future of China and Korea printing industry as well as addressing the issues of enhancing mutual exchange.

In recent years, Sino-Korean academic exchange in publishing field has become frequent and copyright trade increased continuously, it is a vivid witness to friendly relations between the two countries. Cooperation increasingly extensive as a result of increasing exchange visits. This time, leaders of printing industry of China and Korea met again in Korea, marking another milestone in bilateral cooperation and exchange. Meanwhile, Korean counterparts, in a gesture of full support for PRINT CHINA 2015, will bring a 1000-people professional buyer delegation to attend the event. Organizers of PRINT CHINA 2015 will continue holding “Korea Day” activity, while arranging business-matching events for exhibitors and Korean buyers during the exhibition.
All in Print 2014

- VDMA at the All in Print 2014
- Exhibitors on “Made in Germany” Joint Booth

The fifth All in Print will take place from November 14-17, 2014 in Shanghai. The venue is the SNIEC (Shanghai New International Expo Centre).

German exhibitors are showcasing their technologies under the slogan "Made in Germany" on a joint booth in Hall W1.

Current list of participants: Kolbus GmbH&Co.KG, Kurz Stiftung&Co.KG, Gustav Göckel Maschinenfabrik, Max Schlatterer GmbH&Co.KG, IKS Klingelnberg GmbH, Baumüller Automation Equipment Trading (Shanghai) Co.,Ltd., POLAR-Mohr GmbH&Co.KG, Schoeller Technocell GmbH&Co.KG.

drupa 2016 – Touch the future

- Update on planning activities
- Topics ranging from print to crossmedia solutions
- Highlighting: packaging printing, multichannel, green printing, functional printing and 3D printing
- blog.drupa.com launched this summer

The sector is showing great interest in drupa 2016 already four weeks ahead of the registration deadline on 31 October 2014. Virtually all international market leaders are now registered for the Düsseldorf fair. Commenting on this drupa Director Sabine Geldermann said: “Exhibition space bookings taken so far suggest that drupa 2016 will also once again occupy all the halls of Düsseldorf exhibition centre and be fully booked. This shows that the relaunch of drupa – featuring all technical
procedures relating to print and crossmedia solutions plus the highlight themes packaging printing, multichannel, green printing, functional printing and 3D printing – has been gone down very well with the sector.” Companies wishing to present themselves at drupa 2016 are warmly invited to do so and should contact the trade fair project team as soon as possible. For all current information on drupa go to www.drupa.com.

The drupe newsroom blog.drupa.com provides a sneak preview on the future of print and all the drupe highlight topics.

Premiere of trade show quartet SWOP -
Shanghai World of Packaging in November 2015

- Four events present all stages of the packaging process

The SWOP - Shanghai World of Packaging, four events which will present all stages of the packaging value added chain and related processing segments, will be launched in November 2015. Alongside the well-established CHINA PHARM, the China International Pharmaceutical and Cosmetic Industry Exhibition, the PacPro Asia, the FoodPex and the BulkPex will have their premiere. For all companies interested in the growing Chinese market, the SWOP - Shanghai World of Packaging provides a perfect stage for presenting their products and solutions to a large audience, for making new business connections and for exploring the potential for new partnerships.

SWOP is promoted by the Forum Packaging Materials, newly established by the associations Food Processing Machinery and Packaging Machinery, Plastics and Rubber Machinery as well as Printing and Paper Technology within VDMA. All four trade shows will take place from 17 to 20 November, 2015 at the Shanghai New Exhibition Center (SNIEC).

The PacPro Asia, International Trade Fair for Packaging, Material Production and Processing, will deal with the production and conditioning of packaging products made from a range of materials such as paper, plastic, glass, wood, woven textiles and metal. Other areas of application presented at this event are package printing, labelling and recycling. With its wide range of exhibits, the PacPro Asia will cover the different segments presented by the Düsseldorf trade shows of drupa, interpack, glasstec and K.
Exhibitors at the FoodPex, International Trade Fair for the Food Processing and Packaging Industries, will concentrate on presenting packaging solutions for the food and beverage industry. It is predicted that in 2015, China will supersede the USA as the largest food market in the world, with an anticipated increase of the market volume to more than EUR 1bn. Accordingly, there will be numerous business opportunities for modern packaging technology and materials, processing and bottling systems as well as testing, safety and disposal systems.

The BulkPex, International Trade Fair for Technology and Equipment in Bulk Packaging, is the trade show organiser’s response to the specific requirements of the Asian market in general and the Chinese market in particular. As the third-largest nation in the world in terms of land area and with the highest population world-wide, China not only has vast transport routes, but it is also export champion and the second-largest importer of goods in the world. Therefore, external and bulk packaging plays a major role, and the BulkPex will present technological solutions for this particular area. In addition to this, the trade show will exhibit machines and equipment as well as labelling and goods tracking systems.

For more information, please visit us on the Internet
www.china-pharm.net
www.pacproasia.com
www.foodpex.com
www.bulkpex.com

New Additive Manufacturing Association within VDMA

Inaugurated

• Printing and Paper Technology Association launches international Association for Industrial of 3D Printing within VDMA

On May 28th, 2014, the Additive Manufacturing Association within VDMA has constituted itself with forty founding members from the industry as well as from research institutes. After a public event with speeches by leading scientists and users of 3D printing from different sectors of industry, the Association elected its board and agreed on future subjects to work on. Now, members will address these subjects
within research groups.

“Thus, the foundation has been laid for cooperation along the whole value supply chain of additive manufacturing”, Markus Heering, managing director of VDMA Printing and Paper Technology Association, explained. As a federation of mechanical engineers and machinery manufacturers also including large numbers of handlers and manufacturers of industrial 3D printing machines as well as specialized providers of engineering design services and finishing services, the VDMA is the optimal platform for cooperation. As the Association’s future mouthpiece, http://am.vdma.org was launched online already at the beginning of May.

A rapidly increasing number of industrial users worldwide are adopting additive manufacturing, commonly called 3D printing. The young technology is rising from rapid prototyping to economical manufacturing of serial elements, starting from lot size one. While it has advantages like tool-less production, a high material efficiency, and a maximum of design freedom, it also faces questions concerning materials, handling, and productivity, as well as reproducibility and standardization of processes. With the open and internationally oriented Association, the VDMA takes the initiative to further technical developments, standards, research and advancement in the field of additive manufacturing in cooperation with as many participants across a wide variety of sectors as possible.

“It’s also about building confidence in still-young additive manufacturing processes through experience reports by handlers, and through communication with constructors and machinery manufacturers. Our association will do its part in helping this technology to gain more maturity, so that it will eventually have its industrial breakthrough”, Rainer Gebhardt, the VDMA’s expert for 3D printing and project manager of the newly founded Association explained.
News from IPAMA

PRESS RELEASE
Indian Printing Packaging & Allied Machinery Manufacturers’ Association (IPAMA) is organizing the 12th edition of its biennial PRINTPACK INDIA exhibition, slated to be held from February 11 – 15, 2015 at India Expo Centre, Delhi NCR, INDIA. The exhibition is proposed to be organized on a gross area of 40,000 square meters, consisting of four exhibition halls and 5 Hangars on the ground floor. The Hangars will be constructed strictly as per international standards and equipped with all modern facilities. The exhibition will showcase new technologies and quality products, not only from India but also from Asia, Europe, USA, China and other developed countries.

As far as the exhibitor profile is concerned, it includes Printing, Packaging, Converting Digital, Signage and allied machinery. The only significant addition to the profile for PPI 2015 is the creation of an exclusive “Printers Pavilion” for the participation of printers and publishers.

More than 300 Indian and foreign participants have already confirmed their participation in the exhibition till 30th Sep 2014. IPAMA will be able to sell the entire space by the end of December, 2014. Arrangements are also being finalized for receiving one hundred thousand business visitors, who may be coming from India and different parts of the globe, to witness the Show. During PPI 2013 exhibition, 70,000 business visitors had visited the exhibition. For the benefit of exhibitors and business visitors, various conferences, business meets, buyer-seller meets, foreign investment meets, discussions on joint ventures, exchange of technology etc., have also been planned by IPAMA in collaboration with different organizations/international associations.

As far as business prospects are concerned, during PRINTPACK INDIA 2013, business worth US$ 230 Million was transacted, while serious business enquiries crossed the figure of US$ 400 Million. PPI 2015 exhibition is likely to break all the previous records, from business point of view.

Due to change of Central Government in India, new doors have been opened for foreign investment and establishment of joint ventures in collaboration with Indian and foreign partners. Developments of modern technology, establishment of research and developments units for production of quality products, have been identified as priority areas. “Make in India’ is the new slogan of the present Government at the Centre. IPAMA will serve as a guide to foreign partners for establishing joint ventures and foreign investment in the Graphic Arts Industry.
ITALY

News from ACIMGA

Italian Industry of machinery for graphics, paper and cardboard processing and converting

There are approximately 150 Italian industrial-sized companies with a workforce of about 7,000 employees. The sector displays the characteristics typical of advanced Italian mechanics: a few large companies and many medium-size and small firms that have made technological and productive specialisation and flexibility their strongest feature. These firms are interconnected in a dense network of sub-contractors also able to guarantee high quality work. Large companies in this sector are those with more than 150 employees. They represent almost 10% of the total, but employ about half of the workforce. 50% of the firms employ less than 50 persons.

Another characteristic of the sector is the marked territorial concentration of the production plants. About 65% of these facilities are located in Lombardy and Piedmont, while about 30% are found in Emilia-Romagna, Veneto and Tuscany.

Production

Italy is recognised as one of the world’s major producers of these machines. Italian firms offer a complete range of sector products. An extremely important sector feature is its highly specialised production on an international level. Italy is the world leader in the sector for machinery for rotogravure and flexographic printing as well as machinery for paper and cardboard processing and converting. It relies on foreign suppliers, in contrast, for machinery for phototype setting, scanning and prepress processing in general. During the last few years production is ever more targeted at the packaging industry (at present more than 80% of the total sector turnover), the share of sector turnover for the graphic arts industry is less than 20%.

Points of strength

The Italian industry has always been strongly inclined toward exports. Mechanical technology has traditionally been a strong feature of Italian firms, even if the machines are equipped with the most modern electronic technology acquired outside of Italy. The simplification of production processes has guided the sector’s renovation, with the goal of achieving a solid equilibrium between quality and price.
This orientation remains essential for the success of products ‘Made in Italy’, especially during this period of uncertainty over the world economic outlook. The technological potential and capabilities of the machinery have improved considerably, and the concrete results can be seen in the optimisation of production and in the reduction of time required to change tasks. The approach of the Italian manufacturers consists of creating a winning synergy based on organisational evolution, innovation and technological development.

**Trend of the sector**

After a triennium of continuous growth, the 2013 turnover of the Italian industry of graphic, paper-processing and converting machines was in line with the previous year’s levels; a comparable trend was observed as a whole in the Italian capital goods sector. No changes in turnover were recorded in real terms, because prices in the sector remained almost unaltered in 2013 – due to demand weakness and growing competition – and so did on average prices of all capital goods.

The degree of capacity utilization did not show any significant modifications in 2013.

An analysis of turnover trend in the three main subsectors reveals a very variegated scenario: printing and converting machines once again on the rise (+2.2%), book-binding and paper-processing machines down 3% after the considerable growth recorded in 2012, and pre-press equipment on a stable course – though this sub-sector accounts for a minor part of this industry's sales.

The 2013 trend was the result of a standstill in exports, which increased by only 0.2% after the double-figure rises of the past three years, and of a further slight fall in sales on the domestic market (-0.8%).

Despite some slowdown, the export propensity of the sector remained high, and almost unchanged in 2013, with foreign sales accounting for 83% of total turnover. The persistently poor demand on the home market (-5.6%) had a marginal effect on sales of domestic manufacturers (-0.8%), but profound repercussions on imports, which went further down (-9.6%) for the third year in a row. The decrease in imports translated into a further fall (-2%) in the rate of penetration of foreign-made machines into the Italian market, from 54% in 2012 to 52% in 2013. The modest rise in exports, combined with the strong decrease in imports, led to a further growth in the balance-of-trade surplus of the sector, up 3.3% in 2013 in comparison with the previous year. Employment levels remained unvaried as a whole in 2013, while investment levels went further down due, among other things, to the poor cash flow situation and credit refusals experienced by companies of this sector.

The growth of world economy and particularly of international trade, which began to take shape in the first part of 2014, is likely to spark a recovery in exports for this sector. These prospects might however be jeopardised by a
persistently high euro-dollar exchange rate, which could result in a decrease in exports to extra-European markets, and in a reduced growth of emerging economies due to less favourable financial conditions. The outlook for the home market is still fragile, although lately there have been some signs indicating that the progressive decline in domestic demand of the past few years is finally coming to an end.

**Domestic consumption**

Domestic demand plunged (-5.6%) for the third year in a row, following the trend of the whole capital goods industry; almost one fourth of its total value was therefore lost in the space of three years. All sub-sectors have suffered the consequences of this deterioration in the home market. Domestic consumption of all types of machines went equally down, by roughly 5%, and as a result there are no remarkable changes in the composition of domestic demand, with printing and converting machines accounting for 71%, book-binding and paper-processing machines for 20% and pre-press equipment for slightly more than 8%.

The downward trend of domestic demand worked to the disadvantage of imports (-9.6% in comparison with 2012), while a much more limited decrease was registered in sales of Italian machines (-0.8%). The proportion of domestic demand met by imports is therefore steadily shrinking. As a consequence, Italian companies expanded their share of the home market by as much as 8% in the past three years, jumping from 40% in 2010 to 48% in 2013. Italian manufacturers of printing and converting machines, as well as of book-binding and paper processing machines, have thus enjoyed a gain in market share; sales of Italian pre-press equipment were stable.

There have been no changes in the rate of penetration of imports of pre-press equipment, for which Italy depends almost entirely on foreign manufacturers. Sales of foreign-made book-binding and paper processing machines decreased remarkably, and so did – though to a lesser extent – imports of printing and converting machines in comparison with 2012.

**Employment and Investment**

Employment levels stabilized in 2013, after the small shrinkage of the two previous years. No significant changes can be observed in the proportion of the two main professional categories, with factory workers representing 48% and office workers and managers 52% of the total workforce.

Investment levels went further down in 2013, -6.7% in comparison with the previous year, accounting for 0.7% of total turnover (this was unchanged from 2012). Some reductions, though not uniform in size, were observed in 2013 in expenditure on all major items. Worth noting is the high value of expenditure on research and development activities over the total, these being crucial to seize all opportunities offered by global markets.
Press release Milan, June 17th 2014

Converflex in close synergy with IPACK-IMA starting from 2015
The news was announced by Guido Corbella during the Federgrafica assembly. Next year will mark a promising new life for Converflex, taking place in close synergy with IPACK-IMA as part of the great 2015 event scheduled from May 19th to 23rd at Fieramilano.

Converting technologies are increasingly packaging-oriented. As a result, Centrexpo Spa, the organizer of the exhibition, has come up with a strategic combination. IPACK-IMA participants include converting technology users; in addition, interest in converting and package printing technology is increasingly high across the target industries, both food and non-food. In the next edition, these advantages will be enhanced by the conjunction with the EXPO 2015.

The historic combination with Grafitalia is no more. This change was caused by two main factors: on one hand, the economic and technological performance of the industries targeted by Converflex is increasingly diverging from Grafitalia’s; on the other hand, there is strong complementarity between converting and packaging – with the latter acting as the main driving force – and printing technology is increasingly package printing-oriented.

The news was announced by Centrexpo CEO Guido Corbella in his speech during the annual Federgrafica assembly. “We chose to completely renew the exhibition – explained Corbella – in response to the market’s specific demand for technology and consistently with the philosophy of the Centrexpo-Ipack-Ima group to produce useful exhibitions designed around the needs of exhibitors and users”.

Ever since 1981 Converflex was the very first show spanning across the full range of converting technology (converting-package printing-labelling) and starting global trends. Very recently package printing has been captivating the interest of even the largest shows in the graphic design industry.

Centrexpo decided to make the strategic combination even more tangible by placing Converflex in Hall 2, Fieramilano – at the very heart of IPACK-IMA’s exhibition area, in a central position very close to the underground entrance and to the EXPO 2015 area. The exhibition organizer also intends to encourage the presence of machinery and technology. The show will also be supported by a massive global promotional plan and will be visited by influential foreign buyers selected in cooperation with ICE – the Italian Trade Promotion Agency.

The focus on package printing – a rapidly growing market – is driven by the development of new technological solutions that are attracting the attention of major global stakeholders. Converflex – whose next edition will enjoy the prestigious presidency of Simona Michelotti, one of the top industrialists among technology users – once more proves a winning brand for the display of assembled and running machinery. This is further shown by the unfailing presence of Italian manufacturers members of ACIMGA, among the global leaders in the industry.

The showcase will also include digital printing technology, which is increasingly oriented to the packaging industry as a high growth-rate target market as opposed to graphic arts, which are currently severely affected by the global crisis.

For further information:

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The Printing Market in Japan

- The Japanese economy is getting on the growth track with the recovery of export industry backed by the correction of the Japanese Yen appreciation in the foreign exchange market and with steady public investment and consumer spending.
- The printing industry is also showing signs of recovery, although still mild. However, it is expected that the market will continue to face severe business environments as the industry faces various issues such as emersion and spread of diversified information media and shrinking of the market caused by decreasing birthrate and aging population.
- According to the Government’s Industrial Statistics, the total market size of the printing industry for companies with 4 or more workers was JPY5,500 billion in 2012, decreasing by 1.4 % from the previous year.
- According to the Government’s Indices of All Industry Activities of 2013 for companies with 100 or more employees, the production amount by product categories is as follows.
  - Publication printing was JPY87.9 billion, which is a decrease of 8.3% from the previous year.
  - Commercial Printing was JPY127.2 billion, decreasing by 2.3% from the previous year.
  - Concerning other printing, security printing was JPY5.3 billion, decreasing by 4.6%, business printing was JPY50.8 billion, decreasing by 1.8 % from the previous year.
  - On the contrary, package printing was JPY80.3 billion, increasing by 1.8 % from the previous year and this market remains relatively stable.
- Print market except for package printing continues to shrink every year.

【The Printing Machinery Market in Japan】

- Total production of Printing Machinery in 2013 was JPY187.4 billion, increasing by 19.1 % from the previous year.
- Looking at the total production by product categories, printing machinery increased by 23.8 % from the previous year. Pre-press machinery decreased by 1.9 %, bookbinding machinery increased by 13.6%, paper converting machinery increased by 4.5 % compared to the previous year.
- The total export of printing machinery was JPY153.9 billion, increasing by 15.4 % compared to the previous year.
Continuing dull tone for the print demand in the domestic market is expected to be unavoidable due to the sluggish economy and diversification of print media. However, with the government’s enforcement of the new taxation system to promote capital investment and with the introduction of cutting-edge technology such as digital printing, the vitalization of the market can be expected.

The overseas market is showing promising signs with improvement in the export business backed by the strong Japanese Yen in the foreign exchange market. China and Southeast Asia are the main market of Japanese exports.

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<th>The Japanese Printing Machinery Market</th>
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<tr>
<td>Total (bn JPY)</td>
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<tr>
<td>Pre-press machinery (bn JPY)</td>
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<tr>
<td>Bookbinding machinery (bn JPY)</td>
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<td>Paper converting machinery (bn JPY)</td>
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【IGAS 2015】

The next year, the“International Graphic Arts Show 2015” will take place in Tokyo from September 11th to 16th, 2015.

Please book your schedule for IGAS trip to Tokyo.

- With the slogan, of “Print +innovation, further challenge to the print technology!”, IGAS 2015 will propose creation of new businesses through innovation of print technology, services and solutions, and will also be providing an opportunity for active business interchanges.
- IGAS 2015 will be an event beyond a conventional exhibition on printing machinery. IGAS 2015 will be a valuable exhibition for solving solutions in print and overall communication industry by involving not only the printing companies but also the brand owners.
- The total number of visitors for the previous show, IGAS 2011, recorded over 70,000, including many visitors from overseas countries including those from...
Southeast Asia.

- Exhibitor application period is from June 9 (Monday), 2014 to February 13 (Friday), 2015. Applications submitted by December 19 (Friday), 2014 will be subject to our special early application discount.
- Following events are being organized:

**<+ SESSION : Special lecture / Panel discussion / Seminar>**
Over 100 special lectures, panel discussions, and seminars on various themes will be held to attract key visitors including management people who have purchase decision authority. Issues directly related to print business, such as the most recent technology trend, marketing trend related to print business, changes taking place in the printing industry, and new business development will be discussed by many leading industry professionals.

**<+ TOUR : Guided tour programs>**
Guided tour programs for the IGAS exhibition site will be provided with capacity of 5,000 participants. Tours on various categories and themes will be organized. For exhibitors, the tours will be excellent opportunities to promote their products, technology and services. For visitors from abroad, useful and easy to tour programs by several languages will also be provided.

**<+ LIVE STUDIO : Area for live PR events>**
Highlight areas of the exhibition and topics of interest will be introduced in this area to help visitors get an overview of the entire exhibition and also to give spotlights to small-scale exhibits that tend to be overlooked and to exhibits in new categories. Multiple number of talk shows covering a wide range of topics providing timely information will be held to improve visitor satisfaction.

**<+ FUTURE : Exhibition area for technology of the next generation and new business fields>**
Exhibitors displaying unconventional and untraditional categories and themes will be gathered in this area for effective presentation. Information on cutting-edge print technologies including 3D printers, printed electronics, next generation inkjet system and nanotechnology, topics related to next generation print technology and latest marketing, and business models will be presented in this area.

**<+INTERNATIONAL : Business-matching corner for exhibitors & visitors from abroad>**
This area will provide various information and “OMOTENASHI (Japanese hospitality)” to visitors from overseas. Detailed exhibitor information and business matching services by professional coordinators will be provided. Multi-lingual service will be available in English, Chinese and Korean, and services for visitors from other countries such as Indonesia, Malaysia and Thailand will also be available.
On behalf of Picon, I am pleased to report on the condition of the printing industry in what remains (thankfully, after the result of the recent Scottish Independence Referendum) the same United Kingdom on which we reported in February!

The following report covers the economic position of the UK in general, and the current mood and outlook in the UK printing industry. Cautious optimism is the dominant feature of both. It then describes some recent events that show how the UK industry continues to adapt to the new digital media landscape in which we all do business today.

The UK Economy
Picon’s last report painted a picture of an optimistic UK printing industry, encouraged by a strengthening economic recovery. That recovery has not only continued, but has also accelerated. Growth of 0.8% in the second quarter saw the economy at last return to its pre-recession level, and the IMF now predicts growth of 3.2% by the end of the year, making the UK one of the fastest-expanding major economies. Annual inflation is just 1.5%, and is falling, as is unemployment. Interest rates remain low, and are not expected to rise until Spring 2015 at the earliest.

Despite these positive indicators, however, confidence remains fragile, largely because, like all major economies, rising geopolitical tensions and global market conditions make for an uncertain outlook. In August two respected surveys demonstrated this. The Purchasing Managers’ Index fell to a 14-month low, and the Engineering Employers Federation reported concerns about several factors, principally the continuing weakness in the Eurozone economy and the strength of Sterling.
The UK Printing Industry

A mixture of confidence and caution also prevails in the UK printing industry. In March Ipex drew 22,768 visitors, 54% from the UK and the rest from around the world, and the show was successful for exhibiting Picon members. In the July Printing Outlook from the British Printing Industry Federation (BPIF) most of the printers surveyed said they were either expanding or stabilising their businesses, with just 2% contracting and 95% were currently investing in plant and machinery. However, a major concern — and one that has been a constant theme for much of the last decade — is the impact on prices of increased competition for new business. Few printers feel they can raise prices for fear of losing work to price-cutting competitors.

While it is essential that printers develop higher-margin products and services, this situation is also the result of capacity, measured by the number of print businesses serving the market, exceeding demand. That said, there are signs of much-needed consolidation at all levels in the industry, with reported mergers and acquisitions 300% higher in the second quarter than in the first quarter, and 150% higher than in the second quarter of 2013. There are several reasons for this: interest rates are low; brighter business prospects lead to higher business valuations, as does the fact that many businesses survived the downturn by adding new data and digital marketing services, making them more attractive to potential acquirers; cost-reduction strategies implemented during the recession mean many businesses have built up healthy cash reserves; and there is ample private equity finance available.

Industry continues to adapt to change

Picon’s February report described how more and more marketers are turning to print’s physical, tactile properties to complement and enhance digital media. In September no less a brand than IKEA gave print its most high-profile boost for a long time print with its wonderful “Experience the power of a bookbook” advertisement for the new IKEA catalogue, which registered over 12 million YouTube viewings in the first three weeks. The ad can be found at [http://www.youtube.com/watch?v=MOXQo7nURs0](http://www.youtube.com/watch?v=MOXQo7nURs0).

A recent report commissioned by The Stationers’ Company [1] to examine the future of print and paper in today’s digital world likewise identified print’s USPs as including durability and the deeper engagement it offers people. The report also encouraged printers to reinvent print for the “digital-first” world.

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The UK’s wide-format digital sector has been consistently innovative in recent years, and a substantial contingent of UK wide-format printers contributed to the record-breaking attendance at Fespa Digital in May. Growth in wide-format is being driven by a simple fact: people increasingly want to turn the digital images they capture on their cameras, smartphones and tablets into something both uniquely personal and more durable. The 800 billion-plus photographs Yahoo estimates will be taken this year represent enormous opportunities for imaging professionals of all kinds, from print service providers to photo labs and High Street retailers. And wide-format digital printer manufacturers are responding with machines capable of printing these images onto a huge variety of materials — metal, textiles, wall coverings, wood, plastic, laminates, rubber, ceramics, and more.

Among the new companies built around print’s ability to transform the digital into the physical is YRStore, which enables customers of major retail stores to design and print their own unique bespoke T-shirts in-store using interactive touch-screen design stations. You can see YRStore in action at the Topman store in London’s Oxford Street at http://www.youtube.com/watch?v=-dkTT5H7aXU.

It is especially encouraging to see printers developing their own applications to bridge the gap between printed and digital content. A recent example is the “Skim” product developed by Hunts Paper and Pixels: “Skim” enables users to access additional digital content by scanning pre-programmed print with a smartphone or tablet. Similar products are being trialled by other UK printers.

Finally, a reminder of the limits to the appeal of digital-only content, even in a sector where the technology has been especially disruptive — books. In recent months three leading bookprinters in the UK — Clays, CPI and TJ International — have all invested in additional capacity to bind hardback books. It appears that as mass-market paperbacks migrate to e-readers such as the Kindle, readers desire a more permanent form for their more treasured books. Clays, for example, is now capable of printing 20 million digital books per annum — four times the number printed in 2012 — and the new investment in casing-in equipment means the company can produce hardbacks cost-effectively in runs from 100 to 1,000. CPI’s similar investment, part of a £20 million spend on the company’s European printing operations, increases its hardback book capacity by 50%; and TJ International has likewise invested £3.5 million to meet increased demand for high-quality cased-in books.
Business Conditions of the Swiss Graphic Machinery Industry

1st Semester Year 2014

Slightly lower growth forecasts, with increased down-side risks

As a result of the continuing fragility of the global environment, in particular the faltering recovery in the Euro region, the Swiss economy has lost some of its momentum since the beginning of 2014. With respect to the latest signals of lower activity in the Swiss economy, the Federal Government’s Expert Group assumes that this evolution should be only temporary and that the pace of the economy is likely to gradually pick up again.

In light of the dampened short-term economic outlook for the Euro region, including Germany, the conditions deteriorated compared to the last forecasts in June. Although the economic projections for Switzerland are still quite appealing, the downside risks noticeable increased during the last few months.

Overall, the situation of the Swiss mechanical and electrical engineering industries (MEM industries) in the first half of the year can be viewed as satisfactory. New orders rose by 10.9 percent. Capacity utilization in the sector stood at 86.8 percent in the second quarter of 2014 (first quarter: 88.1%), which is slightly above the long-term average of 86.1 percent. The latest KOF Swiss Economic Institute survey indicates that capacity utilization increased marginally to 88.0 percent in July.

However, the figures for the second quarter indicate that the dynamic growth which started in the second half of 2013 has weakened considerably. The reasons for this lie in the ongoing geopolitical crisis and weaker financial markets. Developments in the performance of the MEM industries in the second half of the year are likely to depend on whether solutions are found to these conflicts or not.
The graphical machinery business depends strongly from the demand of the world markets and is especially sensitive of the global economy than the local Swiss economy.

Total exports worldwide in graphical machinery industry indicated a 2.4% growth compared to the same period (January to June) of last year. 560MCHF of goods where shipped across Swiss borders. In the first half a year 2014, Switzerland’s most important export channels in that segment were Germany, USA, France, Italy, Poland and UK followed by China. Germany has received 0.7% less goods (value) than in the same period of last year. The excellent exports of machines to USA and France helped by far to cover the slight decline of the German demand.

The exports to Italy (-9.8%) and China (-29.5%) were disappointing and slowed down in first two quarters of 2014.

The general sentiment in the industry is correspondingly gloomier. Whereas at the beginning of the year 54.1 percent of companies surveyed by Swissmem expected new orders to rise in 2014, now only 38.7 percent think that the level of new orders will pick up in the coming 12 months. Currently, most companies (51.6%) expect little change in the present level of business.

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Swissmem unites the Swiss electrical and mechanical engineering industries and associated technology-oriented sectors.
Adaptation has never been easy for people or animals. Usually it happens by necessity rather than choice. Charles Darwin noted in his theory of evolution that “It is not the strongest of the species to survive, nor the most intelligent that survives. It is the one that is most adaptable to change.”

Exhibit 1
We have been seeing that same theory of evolution occur substantially in our industry for the last six to seven years. In 1998 there were 32,600 commercial printers in the U.S.; today, that number is less than 26,000. Medium-sized companies buy up small companies, and big companies buy up medium companies. Corporate Darwinism at its best!

We are seeing our customer base shrink and the demand for our equipment do the same—if the U.S. is the only market for your equipment, or if commercial print is your only sector. But the most adaptable have managed to “double down” in international markets that expect growth to surpass the U.S. Countries like India, South Africa, Indonesia, Poland, China, Brazil and Romania all show growth trends of 3% or more annually through 2017 (see Exhibit 1).

When we move to sectors, it will come as no surprise that those involved in packaging will do well. Packaging worldwide is expected to grow at over 4% annually.
between now and 2017, boosted by economic recovery in developed countries and rising prosperity in emerging markets. While packaging is the fastest-growing sub-segment today, there is still room to tap into the U.S. $14.1 billion smart packaging market (see Exhibit 2). The recent “Worldwide Market for Print” study reminds us that emerging countries are catching up to developed countries in ways that affect demand for the written word through rising income, rising literacy and improved access to cities that give rise to higher consumption.

We also know that an increasing push from public and private sectors for eco-friendliness, as explored in Exhibit 3, will put downward pressure on business and transactional printing, but will also lead to greater sales of more sustainable substrates, inks and equipment that foster eco-friendly print.

All this provides as much opportunity as threat to the adaptable company. It is clear that the technology developed, manufactured and sold by U.S. companies is highly sought after around the world if delivered with a local mindset.

Adaptation and evolution is never easy, but it certainly beats the alternative!