

ANNUAL REPORT
2009/2010



Manufacturing Matters



ORGALIME



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The President's Message

Richard Dick



The worst thing that could happen today would be that the institutions continue in a “business as usual mode”

I have taken over as President of Orgalime at a particularly challenging time for our industry. As Orgalime's press statement issued at our November General Assembly when I was elected put it rather simply: “A gradual, but modest, recovery is expected in 2010 for the European engineering industry after the most severe contraction in 2009 since the 1970s. The volume of production is expected to fall by as much as 20% in 2009 (it fell in fact by an estimated 18.4%). Since financial markets are not yet functioning properly and capacity utilisation is at a record low, demand for investment goods, which represent 80% of the output of Orgalime industries will

remain low. The volume of production at the level of EU 27 is therefore forecast to remain unchanged in 2010.” We are coming out of a horrible year and perhaps beginning to see some light at the end of the tunnel, but progress will be slow and trading conditions may continue to be very difficult for many of our members. This is the stark truth. However we remain optimistic because we know that our industry, whose companies, mainly SMEs, are located in many towns and cities, in many regions and in every country, has faced many tough times before and has always come out of these through hard work, innovation and through opening up new markets.

At this time our work with policymakers is vital: if one thing has become clear to me since I started working with Orgalime in 2001, it is that policy does not automatically head in the right direction, whether in Brussels, or in the capitals of Europe. What is the policy response we need today?

Let me take one step back. What has been at the root of our economic success in the past years? In Europe we have a very clear common goal: it is our common market, our internal market. It is surprising how easily people tend to forget the recent past: before 1992 trade within the EU was much more complicated: customs, taxes, red tape, different standards and, of course, many currencies, until the euro was adopted. Not so long ago it was extremely costly to venture abroad!

After ten years of its internal market, the EU's GDP had risen by 1.8% more than it would have otherwise done. The benefits did not stop at the borders of Europe: because the internal market helped us

to achieve real economies of scale, our industries' exports also increased as companies became more competitive. EU exports to third countries increased from 6.9% of EU GDP in 1992 to 11.2% in 2008. This led to 2.5 million extra jobs that would not have been created otherwise.

So through the development of the internal market, the growth potential of the EU has risen significantly. Now, however, with the economic crisis, we have seen many of these gains undermined and now the policy response of the EU institutions will once again be all important.

We have seen worrying signs of a tendency to turn the clock back: strong protectionist forces that favour temporary, local solutions over the European common good have been tending to creep in. This is a step in the wrong direction which we must resist. What we need clearly is a common European approach and the development of a really integrated industrial policy.

Why do we want an industrial policy at all? As an industry which provides some 11 million direct jobs and more than twice this indirectly in the service industries, we are convinced that manufacturing has a key role to play in adding value and generating wealth for the EU and its citizens. We can certainly call this the “real economy” – the manufacturing economy which provides some 75% of the EU's exports and accounts for 80% of the R&D expenditure; these are key drivers for our economic performance. But be warned – this is also true for countries such as China and India, whose economies are growing fast - we cannot afford to be complacent.

What do we mean by an integrated policy approach? We mean a state where there is much less disjointed legislation in areas such as environmental, social and consumer affairs. Prospective legislation needs to be subject to a proper impact analysis and any subsequent regulations should be aimed at full

harmonisation to ensure the maximum benefits are gained through the internal market. The Commission and the Spanish Presidency of the Union have expressed a wish to produce a new Industrial Policy which I very much support, although it is unlikely to be in place until later this year. This is important because we cannot have a powerful industrial policy vision promoted by one part of the institutions, if it is constantly undermined by other EU policies.

Let me give an example: the proposed greening of industrial policy (“green growth”) that is one of the centrepieces of the EU's 2020 Strategy can and should provide benefits in terms of growth in the EU and in terms of jobs. A number of opportunities were highlighted in our Electra report. However, these will only be achieved if the correct framework conditions for companies and for their customers are in place. These conditions cover a wide range of issues and I suggest the following are key:

- The right research, development and innovation policies which encourage investment by entrepreneurs and their funders, whether public or private institutions.
- A strong IPR framework which properly protects new products and allows companies to open up markets with confidence.
- An education system that encourages young people to enter the world of technology and engineering and inspires them to want to innovate.
- Access to supply chains that enable EU companies to source a large proportion of their requirements from within the internal market. This means competitive suppliers in all areas from raw materials through to highly specialised sub contractors and service providers. Our forthcoming report on the metal-working sector will highlight the importance of companies in this area.
- Financial support from banks and similar institutions to ensure cash

is available to support growth as it returns.

This is of course quite a menu and it was for this reason that at the end of 2009 we in Orgalime launched our manifesto “Manufacturing Matters” which includes our detailed recommendations. If you have not already read this I would urge you to do so.

Therefore I strongly suggest that decisions that will be taken in Brussels over the next few years will determine our future – are we going to be left in the slow lane or keep up in a fast changing world where growth has shifted very clearly eastwards?

Why do I focus on this now? Simply because as we come out of the economic crisis, many of us who manage companies, whether large or small, will be asking some basic questions and then will take decisions which will have a very long term impact: where are our opportunities? Where are our markets? Where do we invest? In which technologies and in which countries? Will it be in Europe? The answer to these questions will no doubt determine the position of Europe as a prime manufacturing location and therefore the future of its citizens, our citizens.

I will be urging the new Commissioners and MEPs to take our messages seriously and to support our endeavours.

I look forward to your continuing support wherever you are in Orgalime – together we can make a difference.

Finally, my thanks to all our staff for their many and various contributions during the past year.

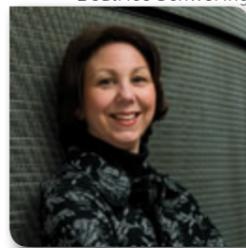
Director General Adrian Harris



Adrian Harris



Beatrice Schwing



Jo Decaluwe

Now in its 55th year, Orgalime indirectly represents through its 33 member associations, in excess of 130 000 companies – the vast majority of which are small and medium-sized enterprises. Orgalime's remit covers a large segment of manufacturing industry, the metalworking, mechanical and electrical engineering and the electronics industries, which account for over a quarter of EU manufacturing output and a third of manufacturing exports.

The toughest year for our industry in living memory...

With 2009 a year of doom and gloom in the world of finance and economics, the impact of the financial crisis on our industry was inevitable, as access to credit for both our companies and our clients became more difficult and demand dropped as our clients, the vast majority of which are other industries or sectors using capital goods, in many cases practically froze any new investment.

...and a year of change in the institutions

2009 also represented a year of significant change at the institutional level: a new European Parliament was elected in June 2009 – 50% of the deputies are there for the first time. This means many new relationships to be built and indeed many that need to be cemented.

The Lisbon Treaty was ratified in the

autumn and came into force in December 2009. How significant is this? Perhaps more than we can at first imagine, as the democratic control of Europe's institutions increased, with more powers allotted to both the European and national parliaments. For our network this is significant, as Orgalime's roots are firmly anchored in many of the EU27 member states where the national parliaments should have more weight when it comes to the adoption of EU regulatory proposals. And we are indeed beginning to see national MPs take a greater interest in Brussels.

Finally, a new college of Commissioners was proposed at the end of 2009, which received the blessing of the European Parliament early in 2010: every new Commission also brings with it some changes in the landscape of the European Commission, as some Directorates General are merged into others whilst new ones are created.

The issues on our agenda

If 2009 might have been expected to be calmer on the regulatory front with the changeover of the European Parliament and the end of the outgoing Commission, there was little sign of this, as the Commission launched its work on the review of a number of directives, including many of the internal market directives to align them with the provisions of the New Legislative Framework. There were also a significant number of environmental directives and implementation measures.

2009 was also an active year in the area of industrial policy across all the three

branches of industry which Orgalime covers: with the economic situation deteriorating fast, so the concerns of manufacturing industry grew on the European Commission's radar screen: recommendations from the Electra report, a joint work undertaken by the Commission and our industry issued in 2008 was highlighted in the May 2009 Competitiveness Council's conclusions which took up many of the report's recommendations and again in October when the outgoing Commission adopted a Communication based on the report. This constitutes an unprecedented success in the policy area for Orgalime.

On another front the Competitiveness Study of the EU Metalworking and Metal Articles Industries launched by the European Commission at the beginning of 2009 to analyse the state and needs of the metalworking sector was completed in December 2009 by independent consultants, with Orgalime's contributions having a substantial impact on the shape of the final report.

Orgalime also increased its activity in the area of R&D with a view to strengthening the industrial relevance of publicly funded R&D: during the year we launched, with eight of our members a new research association EFFRA, whose first aim is initially to facilitate the participation of our industry in the "Factories of the Future initiative" launched by the Commission as part of its economic recovery package. In the longer term our aim is to go towards a public private partnership on manufacturing technologies so as to help our industry's leadership in many of these technologies. ...

Calendar key dates Orgalime's year at a glance

2009

MAY

First General Assembly of European Factories of the Future Research Association (EFFRA), launched by Orgalime and several members.

JUNE

Orgalime Presidents delegation meet the Swedish Presidency (Stockholm).

Spanish Presidency attend ECO meeting (Brussels).

SEPTEMBER

Market Surveillance Conference (Stockholm) – speech by European Commissioner for Consumer Affairs, Ms. Meglena Kuneva, quoting Orgalime's contribution to the work on market surveillance.

WEEE and RoHS Workshop (Brussels) - Orgalime's workshop targeted member states participation to present industry's view. The workshop attracted 70 participants, including 40 representatives from member states, the European Parliament and Commission. Industry, led by Orgalime President Mr. Robert Mahler, presented its practical experience of working with WEEE and RoHS on a daily basis and thereby explained the background to its position and alternative proposals to policy makers.

OCTOBER

Electra (Slovenia) - 1-day Electra conference organised with our Slovene members and in collaboration with CENELEC one of our partners in the Electra project, with the aim of informing and raising awareness of companies and industry decision-makers in Slovenia on 'Using Technology & Innovation for Growth of New Markets' in the area of energy efficiency. Mr. Janez Kopa, Director for Energy in the Slovenian Ministry of Economy demonstrated how seriously the Slovenian Authorities are broaching the subject.

EuropElectro (China) General Assembly proposes increased management role for Orgalime.

NOVEMBER

General Assembly elects new President (Brussels) - Mr. Richard Dick was elected Orgalime's new President. He replaces Robert Mahler. Mr. Dick has been Chairman and Managing Director of W Lucy and Co. Ltd, based in Oxford, England, since 1990 and is a Board member of BEAMA.

Orgalime Manifesto 'Manufacturing Matters' launched - Ensuring a competitive environment for our industry must be a common goal for all governments, institutions, employers, employees and their representatives. The manifesto is a policy vision of Europe's largest and most diversified industry, building on the proposals of the European institutions to provide a coherent industrial policy vision in the short, medium and long term.

Working Breakfasts in the European Parliament (Brussels) - 'Manufacturing Matters' & 'Climate Change' allowing industry members and Orgalime Directors to discuss issues with the newly elected Members of the European Parliament.

DECEMBER

Climate Change Conference (Copenhagen) - Orgalime sent delegates to Copenhagen, recognising our industries responsibilities, identifying and presenting solutions which can help to achieve commitments in greenhouse gas emissions worldwide.

Machinery Conference - 'Machinery in Europe - Putting the EU Machinery industry back on track' + Machinery Directive Guidelines launched (Brussels) - 400 participants from around Europe gathered to hear the future of the mechanical engineering sector.

Orgalime Presidents visit to Spanish Presidency for

discussions with Secretary General of Industry Mrs. Santero and her team.

2010

JANUARY

1st Orgalime electric vehicles task force meeting. The task-force agreed a paper that lists the main issues that need to be dealt with from the viewpoint of the engineering industry, which is a major supplier of equipment and systems to the automotive sector, the electric utilities industry and the housing and building sector.

FEBRUARY

European Parliament Round Table and Dinner debate - 'Post Copenhagen, Climate for manufacturing: manufacturers and representatives of all three main regulatory institutions had the opportunity to express their views and discuss priorities after what has been generally viewed as a disappointing Copenhagen conference. Co-hosted by Mr. Jo Leinen MEP, Chairman, Committee on Environment, Public Health & Food Safety and Mr. Malcolm Harbour MEP, Chairman, Committee on the Internal Market and Consumer Protection, a wide range of topics were discussed including specific issues such as the Industrial Emissions Directive and the WEEE and RoHS recasts.

MARCH

Alliance for a Competitive European Industry (ACEI) launches manifesto and called for a new industrial partnership between the EU and its major industries. The manifesto entitled 'Shifting gears for a new industrial policy', stresses what needs to be done so that manufacturing industry can remain a key engine for the European economy. urged EU leaders to act on 6 priority areas of partnership, growth, balance, innovation, markets and skills.

Policy Committees Inside Orgalime



...
With the longer term in mind, our brand new Orgalime manifesto, 'Manufacturing Matters' was also unveiled in November, under the umbrella of the General Assembly, when we organised two parallel working breakfasts (Manufacturing Matters & Climate Change) in the European Parliament that allowed our industry members and Directors to discuss our issues with newly elected Members of the European Parliament. These actions all laid the foundations for further work in the area of industrial policy for the coming years.

Communicating our agenda...

While communicating our views is an integral part of our daily work, in the face of an unprecedented economic crisis, we have reinforced our actions this year in all the EU institutions: after our General Assembly in the European Parliament in November, where the focus was on manufacturing and on energy, in February 2010, Orgalime again organised a dinner debate in the European Parliament to discuss the business opportunities post Copenhagen. Manufacturers and representatives of all the three main regulatory institutions had the opportunity to express their views and to discuss priorities after what has been generally viewed as a disappointing Copenhagen Climate Change Conference. Other ongoing parliamentary reports, including for regulation in the pipeline (WEEE and RoHS and the Industrial Emissions directive), were also actively debated.

Likewise, at the end of the year, in the follow up to our industrial policy work in the area of mechanical engineering, a major workshop, attended by some 400 persons from all over Europe, highlighting the requirements of the mechanical engineering branch of our industry was organised by the European Commission in collaboration with Orgalime, with many of the speakers coming from our industry.

And for this year, Orgalime expects to be at the forefront on the communication efforts required to promote the metalworking report, while at the same time trying to improve the public image of this important engineering sector that currently employs some 4.2 million people in Europe.

Conclusions

So as the new Commission launches into its EU2020 strategy, which we are pleased to see reflects many of our proposals, our focus will be as always to go on fulfilling our basic mission: to be the prime voice of the engineering industry for the core issues which affect a range of sectors in our industry.

European engineering in 2009

Snapshot	2009
Output	€1427 billion
Exports	€389.3 billion
Employment	10.6 million
Fixed investment	€45 billion

Board of Directors

Chairman
Mr. Berndt-Thomas Krafft
(FMMI - Austria)



Vice-Chairman
Mr. Eric Jourde
(FIEEC - France)



Mr. Paul Soete
(AGORIA - Belgium)



Mr. João Reis
(ANEMM - Portugal)



Mr. David Dossett
(BEAMA - UK)



Mr. Claude Charrier
(FIM - France)



Mr. Geoff Young
(GAMBICA - UK)



Mr. Janez Renko
(GZS MPA - Slovenia)



Mr. José Luis Castañeda
(SERCUBE - Spain)



Mr. Åke Danemar
(Teknikföretagen - Sweden)



Mr. Hannes Hesse
(VDMA - Germany)



Mr. Klaus Mittelbach
(ZVEI - Germany)



"Countries, cities, towns, villages and even hamlets rely on a strong economy for their well-being and survival. A sound manufacturing base is the heart of European citizens' health, wealth and prosperity. All communities and families know that manufacturing matters – and so do we at Orgalime. By pushing forward the industrial policy initiatives we have launched over the past years, Orgalime will continue to influence EU policy-making decisions in order to keep the industry heartbeat ticking."
Berndt-Thomas Krafft, Chairman of Orgalime

Metal Articles Liaison Committee | (MALC)



Claude Charrier, Chairman of MALC

"The metal articles and metalworking sector has been in the spotlight during 2009 like never before. The European Commission's review on the metalworking sector and its competitive challenges has been completed. Orgalime has been a major partner and contributor to the final report. Phase 1 complete! Now the work of ensuring that this sector of industry gets known far and wide: this starts with a programme of events and workshops."

A road-map to promote and enhance the visibility of the metal sector has been developed including intensive co-operation with the three forthcoming Presidencies: Spanish (Jan-June 2010), Belgian (July-Dec 2010) and Polish (Jan-June 2011) is already ongoing. A number of workshops and events, to render the challenges of the sector visible to stakeholders and decision-makers Europe-wide, are planned.

The steel issue has also been quite prominent during 2009 following Orgalime's successful intervention in two anti-dumping cases. The supply of raw materials at competitive market conditions is of the utmost importance if European industry wants to maintain their slim competitive edge.

Committee of the Electrical & Electronic Industries | (CEEI)



Åke Danemar, Chairman of CEEI

"We are delighted that the European Commission has followed-up on Electra, a joint report which focuses on the prospects for growth in the industry. This is an excellent example of how cooperation between our industry and the European Institutions can have a positive outcome in terms of meeting the needs of business, employees, consumers and lawmakers alike, whilst achieving the EU's 20/20/20 climate change goals. The electrical and electronic engineering sector has the core technologies available right now to provide the technological and economic solutions to some of the major issues facing Europe today and tomorrow: employment, climate change, energy security, an ageing population, growing urbanization and more."

The approach to date of the institutions focusing to a large extent on regulating the energy consumption of equipment and products, as well as on emission trading, will not in itself yield the solutions needed for tomorrow's challenges, if these are not accompanied by the conditions which encourage both the development of such technologies and their take up in Europe. This is what will provide growth and employment here in the EU and the opportunities are there to develop: smart grids, smart metering, electric vehicles and energy efficiency, all heavily depend on the technologies provided by the electrical engineering and electronics industry.

Mechanical Engineering Liaison Committee | (MELC)



José Luis Castañeda, Chairman of MELC

"The 'Machinery in Europe' conference staged by the European Commission in December 2009 once again evidenced the central role that production technologies play in Europe's and the world's economy. Delegates from all over Europe listened to stakeholders from industry and the European Institutions alike. We shouldn't forget that the Machinery Sector directly employs 3 million people, making the EU the leading producer of mechanical engineering equipment in the world."

2009 was a very active year for Orgalime, not only in the preparation of future industrial policy initiatives, but also on the ground to prepare for the entry into force of the new Machinery Directive, the core directive regulating this sector. Orgalime contributed heavily to the compilation and release of the Machinery Directive guidelines released at the same occasion of the conference. Work will continue in 2010 on completing and updating these guidelines as regulators start to get feedback on how the law is working in the market.

Communication Consistency is the hallmark of a champion!



Mark Redgrove



Magdalena Wawrzonkowska

Measuring success is not always easy. What is success? In the world of communications the task is not made any easier when your audience is European decision makers. If we as influencers are successful, it means that Regulations, Directives and Proposals contain all the needs of our industry. But would we have had the same success without communication? I suggest the answer is 'no' thereby justifying the very existence of the communicators within Orgalime – each and every staff member. Each contact with a European Commission official, European Parliamentarian or Orgalime member undoubtedly contributes to success.

Some things are measurable though and the unquestionable success of 2009 has been the social media engagement that Orgalime has found itself in. A step by step approach of introducing new facets into the communications plan – blogging, e-news, twitter, RSS feeds & news aggregates – has allowed Orgalime to measure communications success. Traffic to the Orgalime website is up by 80% on figures recorded for the same period last year. What is even more impressive is that the traffic is sustained. Moreover, the readership of the Orgalime website, be they searching for news, positions or publications, are staying over 3 times longer than 12 months ago. Through social media, Orgalime has been able to appeal to a much wider audience than just our perceived decision makers, and now has a sound platform on which it can build. It is this platform that will provide the essential elements of trust, which will in time foster our reputation.

Orgalime wants to be 'open and frank' when communicating the needs of our industries. This openness is like living in a glass house – everyone can see every move. However, it is not just the positives that are displayed in glass houses – mistakes can be made too and these certainly will not go unmissed! However, if the response to the mistake is positive then trust can still be maintained. Hide those errors at your peril, one day you'll be caught out.

External events have also been a feature

of 2009. Taking industry to the seat of the European Institutions has been a challenge in the past. However, the transparency of the institutions has created an opening that Orgalime has been able to enjoy. In November, 2 parallel working breakfasts were organised (around the framework of the General Assembly) allowing industry members to debate with European Parliamentarians on the topics of 'Manufacturing Matters' & 'Climate Change'. The success there was followed

up in February, when a roundtable and dinner debate was organised in the European Parliament – 'Post Copenhagen, Climate for Manufacturing'. Industry, European Parliamentarians and Commission officials attended. There is the intention of continuing this trend throughout 2010 & 2011 in order to engage the members of

the European Parliament, 50% of whom are holding their seat for the first time.

We at Orgalime are trying to be consistent with our approach to communicating, internally, externally and along multi-channels. It is hoped that this consistency will add to the success of the organisation, making us champions of European engineering.

“Each contact with a European Commission official, European Parliamentarian or Orgalime member undoubtedly contributes to success”

THE BUSINESS SITUATION 2009-2010



2009-2010

Downturn? Yes, but glimmers of hope for the future

Orgalime's economists compile and analyse their latest data and forecasts for the engineering industry twice a year. Economic trends for metal products, mechanical engineering, electrical engineering, electronics and ICT and instruments which are mainly in chapters 25 to 28 and 32.5 of the new NACE rev 2 nomenclature are therefore analysed and commented upon. With the recent review of the NACE nomenclature a new heading NACE 33 covers repair and installation services which were at least partly included in the offering of manufacturers and therefore their output figures. In 2008 this represented €132 billion and, in 2009, €143 billion. Employment reported under these headings represented 1.2 million in 2008 and 1.15 million in 2009. These figures are also included in our total numbers.

On this basis, the engineering industry's value of production in EU27 was estimated to have reached some €1 427 billion in 2009 and the number employed reached about 10.6 million. The engineering industry, which Orgalime represents as a whole at the level of the EU, represents some 28% of the output and a third of the exports of the EU's manufacturing industries. Total trade (intra + extra trade) of the Orgalime industry reached €981 billion in 2009.

2009: Paralysed industry struggling up from a deep bottom

The business situation deteriorated as the industry entered into 2009. The international economy weakened rapidly largely because of the financial unrest during autumn 2008 that developed into an acute financial and economic crisis. Early in 2009 GDP was still plummeting in many countries, but there were signs that the decline in growth eased in the second half of the year.

Government capital was injected into the financial system in order to strengthen

the balance sheets of banks and thus facilitate lending. In addition, various financial stimulus packages were introduced.

The first half of 2009 showed a drop in production in Orgalime industries in the EU27 of about 20 percent in volume compared to the same period of 2008. Between April 2008 and July 2009 the level of production fell by 24 percent.

Signs of stabilisation

Economic data during 2009 began to show that we were leaving the first stage of the financial crisis behind us. Financial markets began to work more smoothly. Confidence indicators began to improve, high inventories of finished goods were reduced and economic policies, in terms of a sharp reduction of interest rates and heavily underbalanced fiscal budgets, led to a positive impact on activity.

After the summer of 2009 the level of production in Orgalime industries started to pick up. By the end of 2009, volume of production had levelled off and increased by roughly one percent compared with summer 2009.

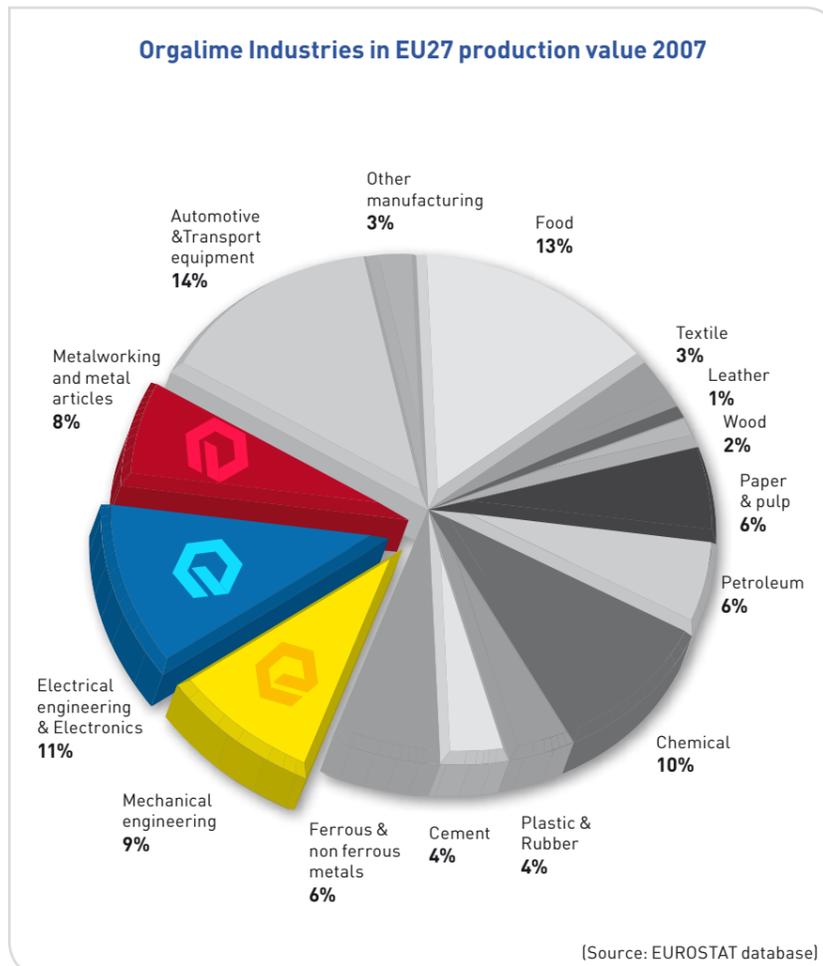
Despite signs of stabilisation a deep contraction was registered

Over the year then, the production volume of the Orgalime industries contracted by an estimated 18.4 percent. Apart from being highly abnormal, this was well below the long term average growth of about 3 percent.

It is worth mentioning that the European engineering industry was not hit in isolation. Engineering industry in all advanced countries around the globe posted a considerable contraction.

Within Orgalime industries all major sub-sectors showed a contraction. Hardest hit were computers and machine tools with a drop in production of more than 30 percent each. On the other hand various metal goods product sectors such as steam generators, boilers and structural metal products suffered a more modest contraction of between 5 to 10 percent.

An overview of sector performance in 2009	
Orgalime Sectors	2009 % change in volume of production
Metalworking and metal articles	-18.3
Mechanical Engineering	-20.1
Electrical engineering and Electronics	-16.7
Total Orgalime industries	-18.4



Electrical engineering and Electronics industries

The **Electrical engineering and Electronics industry** is amongst the largest industrial sectors in Europe. The value of production in 2009 was about €470 billion and employment stood at an estimated 2.9 million.

As the recession set in during 2009, the volume of production contracted by 16.7 percent. Demand on the EU27 internal market was particularly low, whereas some export markets in Asia, especially China, showed better demand. Extra-EU exports were however unable to compensate for the steep fall in demand in Europe.

Situation in electrical engineering subsectors

The volume of production in **electrical engineering machinery** fell by 20% in 2009 after being more or less unchanged in 2008. After having strong demand for over three years, the sub sector of motors, generators and transformers faced a substantial drop in production of some 20 percent.

All other sub-sectors, batteries and accumulators, wire and cable and domestic appliances, also recorded a contraction at about the same rate.

ICT also affected

Business activity slowed in the **ICT industry** already in 2008 after a rather strong 2007. In 2009 output in volume dropped by 18 percent. The sector was weak in many countries as restructuring and structural change also affected the overall outcome for the ICT-industry.

Among sub-sectors, the computer industry faced a substantial contraction. Output in terms of volume fell by about 40 percent. Consumer electronics and electronics components managed to show a limited fall in production with just some 10 percent each.

Production in **instrument engineering** was also affected by the severe recession with a sharp drop in volumes.



Mechanical engineering industry

The European **mechanical engineering** industry reached an annual value of production of about €450 billion in 2009. Employment is estimated to have reached 3 million employees.

This sector of the engineering industry that represents almost 9 percent of the value of industrial production in the EU plays a key role in the evolution of both competitiveness and productivity of industry in general. Among the most

important customers is manufacturing industry itself. It is a rather cyclical industry whose performance depends on the investment cycles of its clients.

The economic and financial crisis has affected the mechanical engineering industry more than any other sector. Investment budgets were slashed and capacity utilisation fell dramatically in manufacturing industry, thereby reducing the market for investment goods.

As a result, the volume of production contracted by 20.1 percent in 2009.

Deceleration in all major sub-sectors

Machine tools, agricultural and forest machinery were among the sectors that were the hardest hit with a drop in volume of production of some 30 percent or more in 2009.



Metalworking and metal articles industry

The industry covers a wide range of products including tools and finished metal articles (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 value of production for the sector in the year 2009 is estimated at €379 billion. The number of employees is estimated at a level of 3.6 million.

The industry produces, to a large extent, inputs or products used in other sectors in engineering, such as machinery and motor car industry. Demand from those sectors fell dramatically in 2009. As a result, output is estimated to have fallen by 18.3 percent during 2009.

No surprise that investment and employment contracted in Orgalime industries

As a consequence of the recession in 2009 and rapidly falling capacity utilisation, investment was cut back substantially in 2009 by 18 percent in volume.

Employment also fell after a few years of expansion. Overall European engineering employment decreased by about 4 percent in 2009.

The general outlook for 2010 Higher optimism and expansion from a very low level will shape 2010

Based on the official data for Orgalime industries in the EU27 available so far for early 2010, we see the volume of production has levelled off. As a matter of fact, the level of production has increased slightly since early autumn 2009.

The results from various business surveys have improved lately. The Commission's monthly business survey shows that most of the EU27 Orgalime sectors still consider order stocks well below average, but that the inflow of new orders has increased slightly. Inventories of finished goods have been reduced strongly over the last couple of quarters and will therefore not affect future production negatively. Other surveys, such as the purchasing managers' index or forward looking surveys such as IFO expectations, also show considerably stronger outcome than last year.

The financial sector across the globe is however not functioning properly: in many countries, credit is still tight, as banks are forced to consolidate their balance sheets, while not necessarily shunning the financial investments which led up to the crisis. Investment will therefore continue to be negatively affected. On top of this capacity utilisation in industry is still low. These factors among others will have a negative impact on investment goods industry that dominates our industry. However, economic policies are clearly accommodating as interest rates are still low.

Some factors are in place for a recovery, but any future expansion in 2010 will be rather limited and start from a very low level.

Orgalime expects a modest increase in volume of production in 2010 or by about 1.5 percent. Foreign trade in terms of exports is expected to increase by 2.5 percent. Demand outside the EU is clearly expanding at present, especially in Asia and South America.

It is also estimated that employment will contract rather sharply in 2010, by some 2.5 percent.

Low utilisation of capacity and limited access to credit negatively affect fixed investment. We expect that fixed investment will contract in our industry by 3.5 percent in 2010.

Economic shocks that our industry have experienced earlier such as the oil shocks in the 1970s, financial turbulence in early 1990s and the burst of the IT-bubble some 10 years ago show that the road to pre-level crisis could be bumpy and also take some time. There are reasons to believe that this will also be the case with the most recent crisis.

ORGALIME ISSUES 2009



Industrial policy Europe needs its manufacturing base, now, more than ever

Future EU 2020 Strategy

Following the European Commission's stakeholder consultation on 'future EU 2020 strategy' (COM (2009) 647/3), to which Orgalime submitted a position paper in January 2010, the 1500 or so contributions from all corners of Europe have been digested and form part of the preparation of proposals for discussion at the European Council in the spring of 2010.

Orgalime shares the Commission's vision that industry, as a driver of the real economy, will play a key role in moving towards a new sustainable market economy which will provide sustainable growth and employment, including, but not only, by becoming a smarter and greener

economy. Our industries have long recognised the growth opportunities offered by green, smart and energy-efficient products as outlined in the Electra report and recently confirmed by the Commission's Electra Communication. We therefore welcome the Commission's continuing and increasing focus on industrial policy and we hope the new Commission will continue to build on the work carried out in collaboration with the outgoing Commission with our industry in various high level groups.

The engineering sector which Orgalime represents plays a key role in Europe today and looks forward to continuing this in the future: at an economic level – by contributing significantly to the

overall economic output of the EU; at a social level – as a major provider of employment and benefits to society and individuals; and at a technological level – as a driver and enabler of innovation.

We feel that a future 'EU 2020' strategy should focus much more on implementing measures and concrete proposals than on the design of a vision for Europe in 2020 that could be interpreted in several different ways: therefore Orgalime recommends that positive industrial policy initiatives of the Commission (together with industry stakeholders) such as the EnginEurope (mechanical engineering) and Electra (electrical engineering and electronics) should be built upon



Adrian Harris



Francisca Meliá



Agnes Potočník



Hester Jansen

because the proposed policy recommendations are based on a common assessment of the industries' situation and on the way forward: for our industry, building upon these policies will allow Europe to become a prime mover towards a society of the future through developing competitive innovative products and rolling out the infrastructures of the future.

Electra

Many of the reports developed by industry and with the institutions tend to be forgotten soon after they are issued. This has clearly not been the fate of the Electra report which has seen considerable follow up over the past year in a number of ways. First with the institutions:

■ After inviting us to participate in the preparatory work for the Competitiveness Council, the Electra report was specifically mentioned in the conclusions of the Competitiveness Council in May under the Czech Presidency and our recommendations were largely taken up.

■ At the end of October 2009, the European Commission issued a Communication "Electra" – for a competitive and sustainable electrical engineering industry in the EU (COM(2009) 594 final) thereby signalling its strong commitment to following up the Electra report, published in 2008.

■ Our efforts, added to those of many other actors, are beginning to pay off in a number of other areas: in March, European Heads of State agreed on the financing of a 5 billion euro investment package in infrastructures, notably in energy infrastructures and broadband; smart metering and smart grids are on everyone's lips and follow up work has now started; a number of our proposed amendments to the Energy Performance of Buildings Directive, where Orgalime has been actively following up on the Electra recommendations have been taken up.

■ We continue to see a high level of activity by members and their governments at a national level and in a number of countries follow up programmes, complementing many

of the recommendations of the Electra report have been implemented.

Our network has however also been very active either through our members or jointly:

■ In a number of countries follow up actions have been launched and are finding their ways into government policies. These are undertaken in both the area of introducing energy efficiency into the market, but also with a focus on future lead customer markets, in areas which serve the needs of our society – health, mobility, energy, etc...

■ In partnership with our Slovenian member GZS, Orgalime and CENELEC, with the support of Slovenian Institute for standardisation (SIST) co-organised a 1-day Electra conference with the aim of informing and raising awareness of companies and industry decision-makers in Slovenia on 'Using Technology & Innovation for Growth of New Markets' in the area of energy efficiency. This was the second in a series of workshops promoting the Electra work – the first was held in April 2009 in cooperation with our Bulgarian member BASSEL and CENELEC was aimed at the Bulgarian and neighbouring countries industries. Our aim in these workshops, which will continue into 2010, will be to encourage industry itself, national governments and EU-institutions to now put the focus on key issues such as areas for investment, regulation and standards, awareness raising and education and last but not least the framework conditions needed in the EU.

■ In follow up work in new areas listed in the Electra Communication, including more particularly the issue of electric vehicles. The European Commission announced its intention to co-ordinate a common approach concerning EU regulations and standards needed for the electrification of cars. Orgalime participated in an inaugural workshop in October together with representatives of automotive associations and we have since set up a task force which issued an Orgalime position paper on this issue ahead of the informal Competitiveness Council in February 2010.

The paper lists the main issues that need to be dealt with from the viewpoint of the engineering industry, which is a major supplier of equipment and systems to the automotive sector, the electric utilities industry and the housing and building sector. The points discussed in more detail related to safety issues which are regarded as the first priority, batteries and battery recycling and the energy and power management and necessary features which are seen as key to the successful introduction of electric-vehicles on the market.

The cooperation between Orgalime industries and the European Institutions then has had a positive effect in terms of enhancing the understanding both in Brussels and also at national level that our industry are the ones which will be able to provide the solutions to the EU's 2020 climate change and societal challenges, while at the same time, if the conditions are right, generating innovative technologies and products, as well as growth and employment in manufacturing in the EU.

Orgalime is therefore happy that the institutions have followed up on the hard work undertaken jointly. Now as the new Commission settles in, the challenge is simple: will the conditions be right to promote the take up of our technologies in the market? Will we therefore develop the technologies to serve our future needs first here in Europe or will we import them? Wherever these are developed is where the jobs of tomorrow will be in our industry.

European metalworking and metal articles (MMA)

In December 2009, after a year of hard

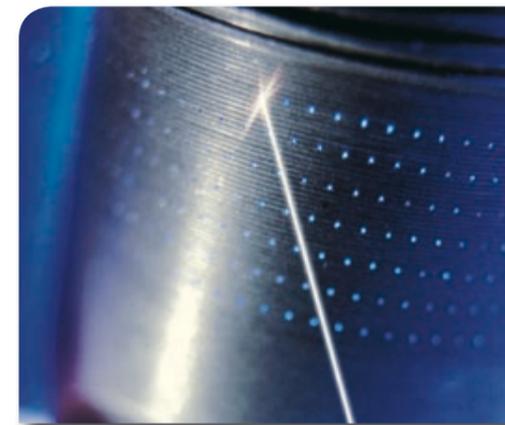
work, Orgalime's contribution to coordinate industry-input to the 'Study of the competitiveness of the European metalworking and metal articles (MMA) industries', (undertaken by European Commission, DG Enterprise and Industry) reached its conclusion. The study provides a vivid picture of the sector and its main challenges for the future. It includes developing a strategic outlook for the EU based on an in-depth assessment of underlying trends, future competitiveness drivers, and challenges for the sector and its industries.

A roadmap to promote and enhance the visibility of the MMA sector is being developed, with the cooperation of the Spanish Presidency of the EU – as well as the future Belgian and Polish Presidencies for 2010 and 2011. A number of workshops and events to render the challenges of the sector visible to stakeholders and decision-makers Europe-wide are envisaged.

It is hoped that Orgalime will be able to provide specific input to the communications plan. The subject was indeed raised at the breakfast meetings convened in the European Parliament in November 2009 under the framework of the Orgalime General Assembly, where members of the European Parliament were interested to discover the structure of this ubiquitous industry, which is the major industrial employer of the EU in myriads of small companies.

Steel and raw materials issues

Orgalime has continued to monitor developments in the field of fair and free trade of steel, which is a highly sensitive area for much of our industry, since it directly impacts the competitive position of



companies. As demand for our products dropped in late 2008 and in 2009, so of course has demand for steel. As a result significant steel production capacities have been mothballed and we are therefore closely monitoring the impact of an upturn in industrial production on our steel supplies and the coming on stream of steel production capacities both in the EU and worldwide.

The issue of raw materials availability is becoming a crucial one: with the upturn in the world economy, competition for energy and raw materials, including those required for producing "greener" products, is bound to be strong. The EU with its limited availability of these will face challenges in this area and the EU's approach in the area of trade policy will play a vital role for the ability of our industries to compete.

Internal Market & Standardisation

Boosting the trade in goods between EU member states



Philippe Portalier



Francisca Meliá



Paola Capellini



Mouna Benssina

New Legislative Framework (NLF)

Since the 1 January 2010, the New Legislative Framework (NLF) has come into force. It is designed to boost the trade in goods between EU member states and to modernise the New Approach for the placing of products on the market. Two of the most important elements of the NLF are:

- The essential requirements governing the characteristics of the products covered.
- The conformity assessment procedures required to demonstrate that a product, before it is placed on the market, conforms to the essential requirements of the directives that apply to it.

Throughout 2009, Orgalime worked extensively to prepare the entry into force of the new regulatory framework, issuing positions in a number of areas, as well as participating in many workshops to promote the views of our industry.

One of the major tasks of the Commission following the enactment of the legislation is now to ensure the alignment of existing directives to the new framework. Work has now started on 10 existing technical Directives through what the Commission has called an "Omnibus package" and is well on track for adoption by the end of the

2010. Orgalime task forces and technical groups are busy reviewing the preparatory working papers on the alignment of the provisions of the Electromagnetic Compatibility Directive (EMCD), the Low Voltage Directive (LVD), equipment and protective systems intended for use in potentially Explosive Atmospheres (ATEX) and the Pressure Equipment Directives (PED) with Regulation 765/2008/EC and Decision 768/2008/EC. The European Commission has already received Orgalime's comments on our alignment concerns for the EMCD and LVD. Orgalime will take the opportunity to comment to an online public consultation on the Omnibus package scheduled for June 2010.

Following an initial position in early 2009, Orgalime updated its position in November on cross-border accreditation, which calls for a unique symbol to be affixed on accreditation and conformity assessment certificates, reinforcing the meaning that each accreditation and conformity assessment certificate delivered under the peer assessment system of the European co-operation for Accreditation (EA) has equivalent value for the market.

Orgalime will continue to follow the implementation of the provisions of the

New Legislative Framework throughout 2010 and will, among others, also be providing input to the European Commission when the 'Blue Guide', a Guide to the Implementation of the Directives Based on the New Approach and Global Approach, is updated due to the adoption of the New Legislative Framework. The input will specifically target the relationships between the NLF product specific directives and the General Product Safety Directive.

Market Surveillance

The New Legislative Framework promises better consistency of legislation applying to the marketing of products, provided it is properly applied and enforced. In the late spring of 2009, Orgalime issued a position paper in collaboration with ANEC, the European consumer association for standardisation, calling on policy makers to take immediate and medium term practical measures for effective pan-European market surveillance. The Common Position asked the European Commission services to better co-ordinate and to put in place a common approach to risk assessment, compliance, market surveillance and border controls. A joint press release was also issued in which Orgalime applauded the Commission for the New

Legislative Framework, but emphasised that the member states need to assign the funds to provide the infrastructure and resources necessary for effective market surveillance.

Orgalime is closely monitoring the European Commission and member states' initiatives for improving their market surveillance and border controls, as required by the application of Regulation 765/2008/EC. In line with this Regulation, all member states authorities were required to provide their market surveillance programme for 2010 (the UK even published theirs). Orgalime has provided input to the EMARS-Prosafe project, which has various initiatives running, including guidelines on risk assessment and management, in addition to cross-border market surveillance action on targeted product clusters, such as household appliances and child-appealing products.

In September, the Swedish Presidency organised a conference in Stockholm on market surveillance and the free movement of goods in the internal market. The conference was opened by the then European Commissioner for Consumer Affairs, Ms. Kuneva, who quoted Orgalime in her speech while stressing the importance of market surveillance.

Orgalime representatives were prominent throughout the conference, highlighting the importance Orgalime lends to this issue and in particular to ensuring there is a focus is "on creating the dynamics for co-operation across the different Directorates General and the different national ministries so that we actually get this joined-up effort, because it is really about doing the whole chain".

European Standardisation System

2010 will see a revision of the legal framework and conditions surrounding financial support of the European Standardisation System (ESS) currently

formed by CEN, CENELEC and ETSI and their privately organised operating structures. A high-level group – Expert Panel for Recommendations on the European Standardisation System (EXPRESS) – has been formed to identify the challenges and drivers for change in order for it to be accepted at European level and promoted globally.

Orgalime issued a position paper in June 2009, providing detailed views in response to the European Commission questions as set out in the terms of reference for the current work being undertaken by EXPRESS. In particular it stresses the benefits of standards for industry provided that these stay primarily relevant for the market. Orgalime supports the intention to improve and reinforce the European Standardisation System, especially in support to the implementation of the New Legislative Framework; however, we fear that some of the proposals will have a negative impact on the historic, voluntary and market-oriented standardisation practices. Orgalime believes that the European Standardisation System should first and foremost ensure the market relevance of standards and serve the needs of the main stakeholders (those that develop and use standards). To address those concerns, Orgalime has formed its own expert group 'SHADES', whose task is to shadow the Commission's work and to provide input into any further legislative proceedings, including the ongoing impact assessment study for the revision of the 98/34 EC Directive and 1673/2006 EC Decision on the financing.

A Commission proposal could be tabled before the European Parliament and European Council by the summer of 2010.

General Product Safety Directive (2001/95/EC)

This Directive aims at ensuring consumer safety and places a post-marketing

obligation to all market operators to notify member states if they discover that products that they have already placed on the market are dangerous (i.e. as a result of a failure in their supervision of their manufacturing process). The European Commission launched a 'Business Application' in the form of a complex and rather SME unfriendly web based system which is supposed to assist producers and distributors to lodge a notification.

In June 2009, the General Product Safety Directive Committee announced its intention to start discussions about the review of the Directive, and put forward a tentative time frame over 2009 and 2010.

Orgalime will therefore be following this issue as it develops.

Intelligent Transport Systems (ITS)

In the context of the follow-up to the Electra report, Orgalime's electrical and electronic industry supports the proposed framework Directive and Action Plan of the European Commission on Intelligent Transport Systems (ITS) and the four "priority areas":

- Optimal use of road, traffic and travel data.
- Continuity of traffic and freight management ITS services.
- Road safety and security.
- Integration of the vehicle into the transport infrastructure.

In a position paper issued in December 2009, Orgalime called on the European Parliament and the Council of the EU for a swift adoption, so as to facilitate the provision of services, mainly by private operators, as a cost-efficient answer to all stakeholders' needs, on the model of Galileo.

Galileo is the legal framework that should facilitate "intelligent infrastructures" and make them publicly



available (for example for the collection and communication of actual traffic data), while enabling services to be provided primarily by businesses.

Accessibility following the Design for All principles

In December 2009, Orgalime issued a position paper setting out our response to the European Commission's draft standardisation mandate (04/11/2009) to CEN, CENELEC and ETSI to include 'Design for All' in relevant standardisation initiatives. Orgalime supports the idea that accessibility can be stimulated through raising company awareness with European guidelines on best practices for the inclusion of accessibility provisions in standards applicable to the design of engineering products where suitable. However, Orgalime believes that the development of standards and their use in product design should stay a business-driven process, free from bureaucratic validation procedures.

Orgalime therefore asked that the European Commission should refrain from including in its mandate to the European standards organisations, the drafting of a new standard that describes how the goods manufacturing industry in its processes can consider accessibility following 'Design for all' principles for two reasons:

- Design for all principles could conflict with the 'fit for purpose' principle and the 'intended use' principle that apply to the safe design of products covered by existing directives.
- Freedom of design and innovation capability are better ways to bridge adequately each 'usability gap', instead of setting a one-size fits all approach in 'certifiable' standards.

Innovation management: a business choice

Following the issue of a position paper in September 2009, in which Orgalime expressed its belief that innovation

management should stay a business-driven process free from bureaucratic validation procedures, a measurable success was registered when the Commission heard our requests and put on hold its plan of a mandate to CEN TC389 on innovation management business services, which could have led to standards dependent on third party certification. This is something we strongly object to as it imposes unnecessary burdens on companies.

Instead, Orgalime supports the idea that innovation can be stimulated through raising company awareness with European guidelines about the role of standards and good innovation management practices.

Machinery Directive

The Machinery Directive 2006/42/EC came into force just as 2009 was coming to a close. Since the proposal was adopted in 2006, Orgalime has extensively monitored the developments related to the further revision of the directive for machinery for pesticide application. In late spring of 2009, the European Parliament in a plenary vote approved a resolution fundamentally accepting key Orgalime proposals, including:

- Clear delimitation of the scope of the revision to pesticide equipment only.
- Clear rejection of any migration of environmental requirements toward the broader mechanical sector.
- Clear rejection of the request to produce reports on environmental risks.
- Clear rejection of the inclusion of pesticide equipment in Annex IV, since these products cannot be considered as dangerous and, as consistently defended by Orgalime, Annex IV is to be interpreted in a restrictive manner.
- Clear rejection of too detailed regulation on technical aspects for pesticide equipment in the Machinery Directive.

The first edition of guidelines on the application of the new Machinery Directive 2006/42/EC has been published: the compilation of the guidelines has been actively followed by Orgalime, which throughout the year provided extensive input, most of which was accepted by the Commission / member states working group responsible for its realisation. The guidelines will provide a useful tool to assist companies to comply with the Directive. The guidelines presented at a European Commission's workshop held in December 2009, with Orgalime representatives invited as keynote speakers and panellists. The guidelines have been referred to as a "successful example of a well-coordinated work from the industry and constructive cooperation with sectors and the European Commission". Orgalime will continue working on the finalisation of the guide throughout 2010, assisting the European Commission with the remaining guidelines in particular on Annexes III to XI.

Construction Products Directive (CPD) Revision

The revision of the Construction Products Directive (CPD) (now to become a Regulation) picked up momentum after the election of the new European Parliament. Member states were divided on several crucial amendments approved by the Parliament (i.e. mandatory CE marking for construction products) and no agreement has yet been reached.

Since the Council and Parliament did not find a common position, the CPD revision process is continuing in 2010 under the Spanish Presidency of the Union.

During the year Orgalime organised a number of meetings with the European Institutions and including key Members of the European Parliament after issuing a position paper in which we outlined suggested amendments reflecting the industry's views on the revision process.

Orgalime particularly underlined the need of a simplification of the European legislation in the construction products' market. Given that this is a CE marking Regulation, Orgalime hopes to arrive at a solution as close as possible to the principles set out in the New Legislative Framework.

Pressure Equipment Directive (PED)

According to the European Commission working plan, the Pressure Equipment Directive (PED) revision will not start before 2011 while the alignment to the Decision 2008/768/EC for the marketing of goods (the New Legislative Framework) will be the main focus in 2010.

Meanwhile, the European Commission has completed the Simple Pressure Vessels Directive (SPVD) Codification; the SPVD has been repealed and replaced by the adoption of the new Directive 2009/105/EC where the Codification foresees only formal amendments to the former SPVD without introducing changes on technical provisions.

In another related area, Orgalime has raised concerns with the Commission on difficulties faced by national experts for financing their work. For the pressure equipment sector in particular, the Commission's contribution to support the standardisation process through National Standardisation Bodies is of great significance in so far as this financial support has been (since its inception in 1995) instrumental in achieving a common European technical language in the pressure equipment design and fabrication through harmonised standards under PED.

Gas Appliances Directive (GAD) 90/396/EEC

The Directive relating to appliances burning gaseous fuels is one of the early New Approach Directives, which has been operational for nearly 20 years. Recently

a number of members of the European Commission Standing Committee have asked for a revision. Consequently, in March 2009 the European Commission set up an ad hoc "Working Group GAD Revision", with a mandate to undertake a preliminary examination of the current Directive. In the first set of meetings, the group has formulated a proposal for the definition of the future scope and will examine which other modifications should be needed.

Orgalime has recently set-up a task force in order to keep members abreast of developments during the review and to ensure that due account is taken of our the industry's interests during the revision.

Equipment intended for use in potentially Explosive Atmospheres (ATEX Directive)

Orgalime issued a position paper in September 2009, ahead of the European Commission ATEX Expert Group meeting scheduled for December, with the aim of clarifying the issue related to the validity of EC Type-Examination Certificates and EC Declarations of Conformity under the ATEX Directive. In case of revision or modifications of the relevant harmonised standard, this would need to be reflected in the Commission Guide. As it is stated in the current ATEX Guide, an EC Type-Examination Certificate does not necessarily become invalid when the harmonised standard on which it is based is modified, the decisive factor being whether or not there have been substantial changes to the generally acknowledged state of the art.

Environment and Energy

Maintaining a good 'climate' for all our members



Sigrid Linher



Anne-Claire Rasselet



Deborah Girasa



Zoi Mylona

Orgalime's work on environmental and energy policy issues during the past year focused on a number of areas:

- To continue as an active contributor to work on the EU's climate change and energy policy agendas.

Our industry provides technological solutions to the challenges that the climate change, sustainable consumption and production and energy security agendas pose. However, there must be a better uptake of sustainable products that are on offer if one can hope to reach the EU's 2020 targets and regulators can help here.

- The mass of overlap in the EU's environmental legislation.

The tendency of the institutions to continue producing overlapping legislation is becoming ever more problematic for both companies and regulators who have to try to apply the legislation: restrictions of substances in electrical and electronic equipment are regulated under the REACH¹ Regulation, RoHS² and WEEE³ as well as under the Eco Design Directive, a part of life cycle approach. And at every review or recast of legislation, yet another layer is added.

- The need to build legislation on practical experience, science and impact assessment.

Orgalime continues to stress the need for proper and timely stakeholder consultations. It is industry that has the technical and market knowledge that can underpin sustainable policies and legislation and their application, including in fora such as comitology procedures.

- The need to really consider the impact of complex legislation on the thousands of small companies affected.

SMEs need workable tools, such as harmonised standards, for facilitating the understanding and implementation of legislation: too often regulators have little idea of the real cost of the administrative requirements which they impose upon companies who can ill afford to detach skilled staff for such work.

During the year Orgalime therefore worked on a number of environmental issues including:

Climate Change – COP 15 Conference

The Copenhagen climate change conference, which regrettably failed to establish comparable binding emissions targets worldwide and to create a level playing field for internationally traded goods. For our industry, which sent a number of delegates to the conference, reaching an international agreement which will result in meaningful emissions reductions

worldwide is a worthwhile target.

Prior to the conference we issued a position paper expressing our views and after the conference, Orgalime was a signatory to a letter issued by the Alliance for a Competitive European Industry which includes the main industry sectors of the EU, as well as BusinessEurope, expressing its regret on the failure of COP 15 and opposing a shift from the EU's 20% emission reduction commitment to 30% without other trading partners committing to similar performance levels. In this letter the Alliance underlines that the current EU strategy of offering high targets without obtaining commitments from its main trading partners has not been successful. Orgalime will continue to follow this issue for the coming year.

Waste Electrical & Electronic Equipment (WEEE) & Restriction of Hazardous Substances (RoHS)

The second half of 2009 onwards saw a frenzy of activity on the WEEE and RoHS recasts as Orgalime organised meetings and a workshop with participants from industry and regulators from all the main institutions. We issued 6 position papers during the year, followed by further ones at the beginning of 2010, signalling the importance that these dossiers hold for

our industry. For Orgalime, the priorities have remained constant throughout. For WEEE, these have been:

- To bring the necessary clarifications and workability to the scope.
- The financing of collection of WEEE.
- The collection targets which if they are ambitious must remain realistic and workable and be of the responsibility of member states.
- To achieve better and harmonised registration and reporting procedures.

Orgalime has in particular been vigorously pushing the fact that the scope cannot be extended to all electrical and electronic equipment ('open scope') without having first conducted a thorough impact assessment – a basic principle of 'Better Regulation'. Only clear, concise and enforceable legislation can be effective: this has never been truer than in the area of WEEE management in practice where the actors not only involve producers, but also consumers, retailers, scrap dealers and merchants, take back schemes, recyclers and others. Producers cannot do this job alone and fair cooperation amongst all concerned is essential to overcome today's undesired effects, i.e. illegal shipment of WEEE and incomplete reporting on WEEE collected and treated.

For RoHS, the priorities have been:

- To bring the necessary clarifications and workability to the scope.
- Consistency with the Chemicals Regulation, REACH, including for the substance evaluation criteria and procedures and restrictions.
- Consistency with the New Legislative Framework (NLF).
- A stronger role for standardisation to facilitate the implementation of the Directive.

- A workable and more transparent exemptions mechanism.

The WEEE/RoHS workshop in September attracted some 70 participants, 40 of which came from member states, the European Parliament and the Commission. Following an introductory statement by Orgalime's President,



Mr. Robert Mahler, there were five panel discussions on our core issues by different representatives of the industry who gave common messages towards regulators and substantiated input for the discussions.

In September, the Swedish Presidency published compromise texts for both the WEEE & RoHS Directives, on which Orgalime commented through the issue of a detailed position paper. In January 2010 the dossier was passed over to the Spanish Presidency, which has announced the possible adoption of a political agreement at the upcoming June 2010 Environment Council.

With the publication of the draft reports of the European Parliament's Rapporteurs on WEEE (Mr Florenz) and RoHS (Mrs Evans), first reading has gained full speed at the beginning of 2010. Orgalime's efforts are therefore very much concentrated on reacting to these prior to the expected vote in the middle of the year.

Sustainable Industrial Policy & Sustainable Consumption and Production Action Plan

Back in 2008, the European Commission tabled the Sustainability Package, otherwise known as the SIP/SCP Action Plan, comprising a number of activities and initiatives, namely:

- Commission Communication on the Plan.
- Proposal for an amendment of the Eco Design Directive.
- Proposal for a revised Eco Label Regulation.
- Proposal for a revised EMAS Regulation.
- Communication on Green Public Procurement.
- Amending the Eco Design Directive (recast Directive 2009/125/EC)

The finally adopted amended Eco Design Directive, which from now on applies to 'energy related products' instead of 'energy using products', was published as recast Directive 2009/125/EC on 21 October 2009. The Eco Design of energy-related products (ErP) Directive establishes a framework for product requirements on all environmental aspects of ErP from cradle to grave. Examples

¹Registration, Evaluation, Authorisation and restriction of Chemicals

²Restriction of Hazardous Substances

³Waste Electrical & Electronic Equipment

of Orgalime products covered by the Directive include lighting equipment, motors, pumps, refrigerators, washing machines, computers, TVs etc...

Orgalime is satisfied that proposals for mandatory carbon footprint and a deletion of important internal market and self regulation references in the legal body of the Directive have been abandoned,



so that the recast stuck with its initial focus of an amendment of the scope. Now Orgalime is striving to see one consistent methodology used for the implementation of this Directive, all the more, since it is used as a tool by different Commission services for different environmental impacts. This very topic received attention at a workshop organised in November by BIO Intelligence Service in cooperation with DG Environment and attended by Orgalime, where the BIO-IS study was presented with the review of the Eco-Design Directive in 2012 and the possible extension of its scope beyond 'energy-related' products.

➤ Eco Label Regulation

The new Regulation on the EU Ecolabel was published entered into force on 20 February 2010. The new Regulation was designed to reduce bureaucracy and allow faster criteria development and revision procedures. The voluntary scheme currently covers 26 product groups, including electronic equipment

and is envisaged to increase to between 40 and 50 product groups by 2015, with an emphasis on products that have the most significant environmental impact and the highest potential for improvement.

Orgalime argued that product labelling is only one option for providing environmental product information to the consumer – it is not necessarily the preferred option.

Specifically, in the business to business arena, we argue that labelling is less relevant and should not be imposed. Orgalime therefore advocated that this scheme remain voluntary and that B2B products be kept out of the scope.

Moreover, given the global supply chain of our industry, Orgalime believes it is also

important to allow similar product labels and other product information systems: the promotion of a single regional labelling system would weaken the EU's policy to drive a change in consumption patterns, especially if this label became the only reference base for the EU's green public procurement.

➤ Eco-Management and Audit Scheme (EMAS) Regulation

In 2009 the EMAS Regulation (Regulation (EC) No 1221/2009) was revised and entered into force on 11 January 2010. The EU Eco-Management and Audit Scheme (EMAS) is a management tool for companies and other organisations to evaluate, report and improve their environmental performance. It remains a voluntary scheme. Orgalime industries prefer to continue to opt for international management systems and in particular ISO standards which was why Orgalime was pleased that the management tool remained voluntary.

Implementation of the Eco Design Directive 2005/32/EC

The Eco Design Consultation Forum, on which Orgalime is an observer, met 10 times over the last year to discuss implementation activities for a series of product groups.

In addition to the five implementation measures already approved under the Eco Design Directive and published in the Official Journal, four new eco-design implementing Regulations were published in July (televisions, electric motors, circulators and household refrigerating appliances). A Regulation on eco-design requirements for lighting has been amended. Subsequent implementing measures will establish eco-design requirements for boilers & heaters and air conditioning appliances.

Discussions on an implementation measure on electric motors attracted Orgalime's particular attention. The case demonstrated the important relationship between energy efficiency and resource efficiency and that a life cycle approach is important to avoid adverse environmental effects. In particular, a sustainable solution had to be found since the level of energy efficiency improvements immediately related to the amount of copper needed.

In September, the Commission established a new stakeholder body, the Eco Design Working Group, which is open to all interested stakeholders at European level. Orgalime welcomes the creation of this working group set up to discuss any implementation issues and is committed to contributing to the work of the group.

Energy Performance of Buildings Directive (EPBD)

Orgalime was very involved in this issue throughout 2009. Following the European Parliament's first reading in April, Orgalime issued a position paper in May. While the European Parliament's

first reading report already pointed in the right direction, we highlighted that still more needed to be done to explore the full potential of energy savings in buildings, as confirmed in the Electra Report, in particular in the area of existing buildings (the installed base) which will account for 80% of the total buildings which will exist in 2020, the EU's key target date.

A significant effort by the Swedish Presidency to achieve a compromise was rewarded in November when the European Parliament and the Council achieved a compromise. Orgalime is particularly satisfied to see that some of our core requests are included, such as the promotion of active control systems and smart meters. However, we still believe that more must be done in the area of harmonised rules: efforts are particularly required in the area of calculation methodologies of energy performance requirements and the establishment of minimum energy performance requirements. Quicker implementation is needed as well, in particular for the transformation of existing buildings into «nearly zero energy buildings», if the EU is to realise its 2020 climate change and energy policy objectives.

Following the entry into force of the Lisbon treaty, some adaptations were required concerning the legal basis and comitology provisions. The Common Position has been formally adopted early 2010, and the final adoption of the EPBD is expected in a short second reading later in 2010.

Industrial Emissions Directive (IPPC) recast

Orgalime was particularly concerned with both, the timing for the recast of the directive that is still in the implementation launch and its content which proposed far reaching modifications. In a number of areas, the Commission's proposal strongly reinforced the requirements and burdens placed on the

manufacturing sector in a way that is neither proportionate, nor takes any account of the economic reality that our industry which employs some 11 million people, over 90% of them in SMEs. Orgalime advocates that regulators need to be reminded about the impact that progressively more stringent and ever changing regulation is having on our companies, if they want the EU to remain an attractive investment and manufacturing base for our industry.



Orgalime was therefore satisfied when the Council's Common Position on the recast, adopted in August, properly reset the scope of the Directive. An Orgalime position paper highlighting the core issues that in our view still required clarification in the ongoing second reading stressed the need for:

- Clear criteria for granting derogations from emission limit values while maintaining the necessary flexibility to consider local and geographical conditions for the permitting at national level.
- More balanced requirements in the area of soil protection and site closure.
- No preference to be given to the European Environmental Management

System (EMAS) over similar international systems (such as ISO) for the facilitation of environmental inspections.

- Support for increased transparency when preparing Best Available Technology-Reference Documents (BREFs).

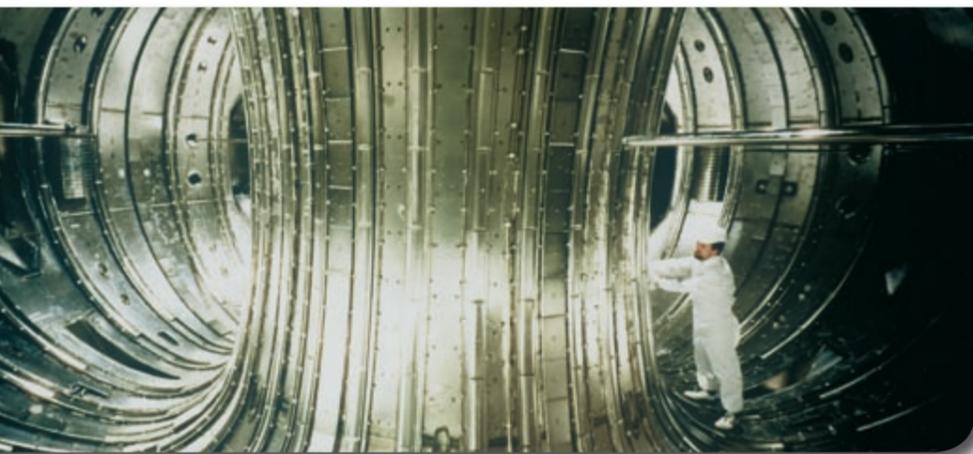
With the publication of the Rapporteur's draft report in February 2010, the second reading in the European Parliament is ongoing. The plenary vote in the European

Parliament is expected by July 2010, with a view to reaching a second reading agreement with the Council in summer. Orgalime will continue working on this issue in 2010.

Registration, Evaluation, Authorisation and restriction of Chemicals (REACH)

Although this Regulation was adopted in 2006, 2009 has been far from quiet with Orgalime participating in various fora dealing with REACH implementation. Orgalime is among the lead industry observers on REACH implementation, attending a wide range of official fora.

During the year, Orgalime provided comments on the draft ECHA guidance



on substances in articles during the two consultation rounds: our core request that the guidance document needs to respect the legal provision of article 7.2 and its reference to the 0.1% threshold of an entire article has been heard. In addition, we also commented on other implementation issues, such as the frequency of the update of the candidate list or the implementation of article 33 REACH information obligations.

In October, Orgalime published the third edition of our REACH Guide. This second update adjusts existing guidelines to the latest REACH implementation developments, and also includes specific new guidelines on the 'Substance Information Exchange Forum' (SIEF), the update of the candidate list, and the implementation of article 33 REACH on communication requirements in the supply chain. This has proved to be a popular document which has been downloaded by both industry and authorities throughout the world and has also been recently translated by Orgalime's Spanish member, CONFEMETAL.

The pace of work on this issue is unlikely to drop for the coming years, as a review of the Regulation is already planned, with preparatory work well under way.

Energy Labelling Directive

Throughout the year, Orgalime has been

participating in stakeholder meetings concerning the proposed energy labelling Directive. Orgalime met with the Swedish Presidency to discuss the proposal in June; this was followed by a hearing in the European Parliament at the end of September.

In November, a compromise was struck between the Council and the European Parliament, although member states did not adopt a political agreement due to the entry into force of the Lisbon Treaty which requires some adaptations of the comitology provisions. The Directive is expected to be finally adopted in a short second reading in 2010. The key points of the recast of the Energy Labelling Directive include:

- The scope is extended to "energy related" products (in line with the extension of the scope of the Eco-design Directive). The Commission will also give attention to "energy related" construction products.
- The layout of the label remains an A to G colour scale with three additional efficiency classes: A+, A++ and A+++.
- The number of classes will generally be limited to seven, while possibly going up to ten (seven different colours from dark green - for the highest efficiency products, to dark red).

The classification of products can be

reviewed when a 'significant proportion' of products on the internal market achieves the two highest energy efficiency classes (about one third or more according to Commission statements) and when additional savings may be achieved by further differentiating products. The effectiveness of the Directive, as well as the implementing measures, will be reviewed by the end of 2014.

Orgalime is satisfied that the final agreement on the format of the label allows for an identification of top end performers, so that consumers have correct information available when taking their buying decisions.

Orgalime has recently reacted on the draft implementation measures for household refrigeration appliances and TVs, asking that sales of these products which were legally placed on the market with the label that was mandatory for suppliers at the time of the placing the product on the market be allowed.

Finally, Orgalime takes the view that in addition to the Ecolabel, the energy label should also be a reference base for green public procurement in Europe and thereby help in promoting the take up of sustainable products in the market place.

Trade

The success of our industry depends to a large extent on the openness of the international economy

Orgalime delegation meets EU Trade Commissioner

In April 2009, an Orgalime delegation led by the then Orgalime President, Mr. Robert Mahler met with Trade Commissioner Catherine Ashton. In particular, the delegation demonstrated our industry's determination and commitment in the fight against creeping protectionism. Mrs Ashton was reminded that Europe's, and therefore our industry's, success depends to a large extent on the openness of the international economy. Engineering companies need access to the world's most dynamic markets.

The engineering industry expects and counts on the European Commission to be a key driver of international cooperation and to push for further international trade and economic agreements. By far the best way of achieving open markets worldwide is a successful conclusion to a new deal at WTO level, which must deliver effective new industrial market access for businesses and address distorting non-tariff barriers (NTBs). A multilateral deal should be complemented with further bilateral free trade and political agreements between the EU and its main trading partners and provide further market access for engineering companies.

Launch of EU-China Standardisation Information Platform

In October 2009, an internet based information platform was launched providing information about Chinese and European standards. The project was funded by the European Commission and has been established in cooperation with Chinese and European standardisation bodies. Industry stakeholders, including Orgalime, provided input

and advice during the set-up phase. This platform is free of charge for users and aims at strengthening mutual trade and investment flows by making standards and related technical regulations more accessible. So far the platform covers the mechanical, electrical, medical devices and environmental sectors, with additional sectors being added incrementally. It lists all sorts of Chinese and European standards, both mandatory and voluntary standards, as well as industry standards, thus providing bilingual, easy to find and complete information for industry.

Orgalime follows bilateral Free Trade Agreement (FTA) negotiations

In October, EU Trade Commissioner Catherine Ashton and her Korean counterpart signed the draft agreement initialling the EU-Korea Free Trade Agreement. The agreement is expected to come into force in late 2010, once it has been ratified by the European Parliament and by member states. The agreement is the most comprehensive FTA so far negotiated between the European Union and a third country. The deal, estimated by the Commission to be worth up to €19 billion in new trade for EU exporters, will remove virtually all tariffs between the two economies, as well as many non-tariff barriers. Orgalime has been involved in providing input during the negotiations.

Elsewhere, due to the standstill at the Doha Round, the Commission has tried to accelerate negotiations on other bilateral FTAs. Negotiations with India, Canada and Ukraine are underway, with several rounds of talks foreseen throughout 2010. Additionally, negotiations with Singapore were announced in December with talks starting at the beginning of



Željko Pazin & Jackie André

2010. It is expected that there will be further individual negotiations with other ASEAN countries, after it became clear that direct EU-ASEAN negotiations had little chance for success.

EU Customs Policy - worrying developments

The European Commission have proposed changes to the customs valuation system that would effectively raise import duties resulting in increased prices for consumers. In November 2009, Orgalime reacted, along with 20 other industry associations, by sending a joint statement protesting against the proposals. We argued that abandoning the current established principles for valuation would increase the price of the goods to be used as basis for the customs value and significantly expand the royalties and licence fees subject to customs duties.

For industry it is essential to retain the "first sale for export" rule and to refrain from expanding the royalties and licence fees subject to customs duties with the change of rules would imply. Orgalime followed up this joint action with a meeting at

the European Commission's Directorate-General Enterprise & Industry. Industry experts were able to represent their concerns directly, highlighting the dangers of the proposed changes and stressing that the financial impact on EU businesses as a result of the provisions will be considerable. Negotiations with the Customs Union Directorate-General have been instigated.

Orgalime protests against potential restrictive trade measure in Ontario, Canada

Orgalime monitors far and wide! With the economic crisis, we have seen a worrying resurgence of trade protectionist tendencies. One case that came up during the year was when a complaint was filed to the European Commission about a proposed new legislative measure in Ontario, Canada, that potentially would restrict trade in the field of electrical products. Ontario's draft Product Safety Regulation 438/07 would oblige manufacturers to register with an 'Electrical Safety Authority'. However no security measure is linked to the regulation. Orgalime complained about the measure at an early stage, as the spread of similar

measures could widely and rapidly affect the economic relations between key third country markets and EU exporters. EU Trade Commissioner Ms. Ashton and EU Commissioner for Enterprise and Industry, Mr. Verheugen were alerted by an official letter sent out in May. Orgalime equally protested to the Ontario Minister of Small Business and Consumer Services. As a result, the European Commission raised our concerns at two World Trade Organisation committee meetings in Geneva. Following further protests from Canadian, American and European companies, the Ontario Ministry finally decided not to introduce the planned registration requirements.

Orgalime together with other business organisations writes to US President Obama

Orgalime and other leading industry organisations representing businesses that trade, invest and operate in both the United States and Europe, wrote a joint letter to US President Obama and urged him to make transatlantic economic integration a priority. The message was given that at a time of global financial and economic crisis, and the concomitant

pressures for protectionist actions at home and abroad, it is all the more important that the United States and Europe work together to deepen transatlantic economic relations, bolster the competitiveness of firms, spur job creation and promote economic recovery on both sides of the Atlantic.

Orgalime gets more involved in EuropElectro - China

EuropElectro, the representation office for technical legislation and standardisation of the European electro-technical industry in China, which now has a staff of 4 persons, had a busy 2009. At its first General Assembly in October, members asked that Orgalime should become more heavily involved in the management of EuropElectro, (until now Orgalime has participated in EuropElectro's Board), acting as an interface between the presence of our industry on the standardisation and regulatory scene in China and in Europe.

All associations and companies interested in EuropElectro, including in joining it, are invited to contact the Orgalime Secretariat and to visit the EuropElectro website: <http://www.europeselectro.org>.

Legal and general Levelling the playing field...

With five positions issued during the year, Orgalime's lawyers have been particularly active in a variety of areas of draft Community legislation as well as working on a wide range of legal publications which have for many years reinforced our brand in industry circles.

Consumer Rights Directive – Council and Parliament discuss Commission's proposal

Orgalime published a position paper in November in response to discussions on the Consumer Rights Directive, commenting on the Commission's proposal for a Directive that would unify and

simplify the existing legislation and further promote the functioning of the Single Market.

While the original Commission proposal released in 2008 would to a certain extent be acceptable to industry, Orgalime is extremely concerned about certain far-reaching suggestions discussed in the Council's working party which could have dangerous consequences. Warranty periods of up to ten years, as well as the right of terminating contracts within the first fifteen days of delivery in case of a lack of conformity are being suggested by some member states. Orgalime argued that introducing such far-reaching measures would be counterproductive, as

they would inevitably place a substantial financial burden on businesses which will eventually be passed on to the consumer. Orgalime's legal group will be watching developments on the dossier and will continue to react when the Directive is discussed in the European Parliament.

EU aims at stricter Anti-trust rules

In October, Orgalime was pleased to note that our campaign had a part to play in dissuading the European Union from setting up a legal framework that would use litigation as the privileged mechanism of collective redress. This had been the wish of the then Commissioner for Competition, Mrs. Kroes. Her successor,

Commissioner Almunia has in the meantime pledged to fully consider industry's needs if and when discussions are restarted. The draft text, which was a follow-up to the White Paper on damages actions for breach of EU antitrust rules, proposed policy actions and forms of collective redress that are inappropriate for the legal systems in the EU. In a press release, Orgalime protested against the proposed US-like opt-out mechanism for representative actions, stating that the measure is not appropriate to reassure and attract investment in Europe. Orgalime explained that victims suffering damages from cartels can obtain compensation via national procedures, which are sufficient, adequate and well functioning in the member states.

Europe is one step closer to the Community Patent

In May, Orgalime issued a position paper commenting on the Community Patent and on the future patent jurisdiction system and in December we were pleased to see that the European Community Patent came one step closer to realisation when member states agreed at the Competitiveness Council on a Regulation that could reform the European Patent System and lead to the creation of a European Patent Court. An understanding was also reached for better cooperation between national patent offices and the EU patent office. However, negotiations are still far from over since the very controversial question of the language regime(s) is still a sticking point. Ever since the conception of a common European patent was raised in the 1960s, the question of translations has prevented an agreement. The decisions agreed at the Competitiveness Council will only have a real effect if member states resolve this matter. Discussions on this issue, as well as on the details of the European Patent Court, will go on in 2010. An agreement would lower considerably the administrative costs for innovative EU companies when filing patents.

Intellectual Property Rights (IPR) – also affecting climate change!

In November, ahead of the Climate Change Conference in Copenhagen, Orgalime

sent a position paper to the European Commission stating our ideas on the long term measures necessary to fight climate change. In order to tackle global climate change effectively, we stated our belief that further innovation and a broader use of clean technologies are essential, since accelerated innovation in this field offers the potential to reduce the costs of climate change stabilisation significantly, possibly saving trillions of dollars globally. We also stressed the role of the private sector as the most effective source of know-how and technology diffusion. We believe that it is of the utmost importance to retain a strong intellectual property rights (IPR) regime and other commercial market-based mechanisms in order to maintain incentives for private sector investment in research and development. We called upon governments and international organisations, such as the World Trade Organisation (WTO), to discuss the issue of IPR on green technologies in order to encourage private sector investment in R&D activities that will ensure further innovations to combat global climate change.

Anti-Counterfeiting: Orgalime lawyers analyse slavish imitation cases

Orgalime has asked its members to provide examples of slavish imitations (also often referred to as look-alikes) in order to better raise awareness of this important issue. Slavish imitations, in other words imitations that are very close to the original product or packaging, are becoming an increasing problem for European companies. Due to the lack of harmonised EU legislation, rules differ from one member state to another, thus making the problem even harder to tackle. Orgalime has also been in contact with representatives of the toy and consumer goods industry to try and establish a possible cooperation on this issue.

EU Observatory on counterfeiting & piracy

In September, Orgalime took its seat at the first stakeholder meeting of the newly created European Observatory on Counterfeiting and Piracy. The observatory was set up by the European Commission at the request of the private

sector and with the support of the Council and the Parliament. Five initial pillars of work are foreseen:

- Data collection.
- Analysis and reporting.
- The promotion of best practices among public authorities.
- Spreading best practices throughout the private sector.
- Strengthening actions related to public awareness raising and strengthening PPPs.

Orgalime will continue to provide input to the work of the Observatory through our participation in working groups and workshops. The Commission also organised meetings with member states, the outcome of which was fed into the compilation of a draft report to be presented at the first public-private plenary of the Observatory scheduled for June 2010.

Orgalime regrets lack of agreement on a regulation for a European Private Company Statute

EU member states unfortunately could not agree on a new European Private Company Statute (EPC), which was proposed by the Commission as part of the Small Business Act for Europe. Both Orgalime and BusinessEurope wrote to the Presidency of the Union urging member states to reach an agreement on the European Private Company Statute during the December 2009 Competitiveness Council meeting, however without success. Industry believes that such a statute would represent a significant simplification of the EU regulatory environment, since the establishment of subsidiaries in EU member states still entails serious difficulties. Due to 27 very different national systems of company law and lack of transparency regarding liability issues or other obligations, extensive legal advice is needed with respect to the requirements for setting up a company. It would be a major advantage and simplification of the regulatory framework if companies, especially SMEs, no longer had to deal with different company law systems, thereby facilitating their growth in the internal market. Orgalime and its members have been promoting the necessity and the advantages of an EPC since many years.

Research and Development Innovation is a key driver

EU R&D funding explores new avenues by launching Public Private Partnerships

European engineering firms have for many years been involved in research activities at European level: if co-funding of research with public money is of course attractive for many companies, the heavy bureaucracy imposed by European financial regulations is proving increasingly frustrating for companies, particularly the smaller ones, and for EU officials alike.

With a view to developing new and more appropriate forms of cooperation, in particular for industry led research, the European Commission, together with stakeholders, has taken to exploring how R&D funding for industry led research can be better organised through Public-Private Partnerships. In recent years a number of so called Joint Technology Initiatives (JTIs) have been launched. Additionally, as part of the European Economic Recovery Plan, three Public-Private Partnerships (PPPs) were launched on "Factories of the Future", "Energy-efficient Buildings" and "Green Cars", with a total budget of 3.2 billion € for long-term "smart" research in the manufacturing, construction and automotive sectors. If for Orgalime's members all three of these initiatives are of relevance, the "Factories of the Future" PPP has a very special role as the core of this initiative is focused on production and enabling technologies.

Now that the initial approach to Public-

Private Partnerships through the "JTIs" has allowed both the Commission and the private sectors to evaluate the strengths and weaknesses of such an approach, the European Commission and industry has therefore engaged in developing a vision for the 'ideal house' for public-private partnerships in European research. With a view to rendering the approach more flexible and more responsive to its needs, industry's goal is to have Public-Private Partnerships in research (including JTIs) recognised as special bodies under the revised Framework Financial Regulation.

New industrial R&D association launched with the help of Orgalime

In order to provide an adequate interlocutor for the European Commission to jointly implement the above mentioned Factories of the Future Public-Private Partnership, Orgalime and a number of its members decided to set up of the 'European Factories of the Future Research Association' (EFFRA). This new industry-led R&D association is a joint project founded by the Orgalime network and ManuFuture, which thus comprises national industry associations, companies and research institutes. An inaugural General Assembly and Board of Directors meeting was held in May 2009 at which the EFFRA Board decided on their five main objectives:

■ Increase the amount of EU funds that are earmarked for factory (production technologies) -oriented research.

■ Set R&D priorities and influence the evaluation process.

■ Streamline administration and achieve faster procedures and higher hit rates.

■ Help SMEs to get connected and benefit from EU-funding.

■ Create a better mechanism of transferring knowledge created through European research projects.

Since its launch, EFFRA has been engaged in a series of meetings and conferences with the European Commission's Directorates General Research and Information Society.

Orgalime participates in Manufuture Conference

Orgalime participated at the 2009 Manufuture conference held in Gothenburg at the end of November, organised by the Swedish Presidency and Orgalime's member Teknikföretagen. It focused on the implementation of a sustainable European manufacturing industry. The conference gathered 500 representatives from industry, research and governments. Besides keynote speeches, several workshops as well as visits to factories in Sweden, were included in the programme, with the aim of illustrating sustainability from an economic, ecological and social perspective.

For the coming year, Orgalime, besides providing input into the ongoing work in EFFRA, will start preparing its input into the upcoming 8th Framework Programme which is at an early stage of conception.

"The 'Factories of the Future' PPP has a very special role as the core of this initiative is focused on production and enabling technologies"

Orgalime Bridgehead Bringing synergy to the sectors



Guy van Doorslaer Janet Almond Stéphanie Uny Olivier Janin Pierre Lucas Klaus-Dieter Axt Francesca Furlan

With a view to ensuring a more effective and efficient information on developments on the regulatory front affecting companies, as well as representation of our industry's interests in Brussels, Orgalime offers European product sector committees and associations in the engineering industry a range of services. There are two main types of service proposed:

- A "Bridgehead" to the EU.
- A General Secretariat.

The Bridgehead establishes a link between the European committee and the Commission and other EU institutions. It also allows the committee to benefit from Orgalime's monitoring - early warning service so that it is kept fully informed of the Commission's initiatives long before any official proposals are issued. If an issue requires further input, Orgalime's Bridgehead department can provide this service.

Where we provide the General Secretariat, our services include activities such as the daily management of the association, arranging industry events and committee meetings, accounting and budgeting, managing of the website and other specific services.

Services to European product sector committees are provided by a team whose task is to ensure that full independence is maintained for each committee/association. They therefore benefit from

Orgalime's infrastructure and access to the EU institutions while being independent at a policy level. Orgalime's reinforced dedicated staff (which now stands at 8) deal with the ever increasing number of organisations to whom Orgalime provides a variety of services. The Orgalime Bridgehead provides for 18 European Committees or Associations:

- AREA** - Air conditioning and refrigeration contractors
- CECAPI** - Low Voltage equipment
- CEIR** - Valves
- CEO** - Hand tools
- ECCS** - Constructional steelwork
- EFCEM** - Catering equipment
- EFSAC** - Safety & security equipment
- EGMF** - Garden equipment
- EIFI** - Fasteners
- ESMIG** - Smart metering
- ESTAL** - Surface treatment on aluminium
- EUMABOIS** - Wood working machinery
- EURALARM** - Fire and Security systems
- EUROPERF** - Perforators
- EUROPUMP** - Pumps
- FEM** - Material handling & storage
- PNEUROP** - Compressors
- T&D Europe** - Electricity transmission & distribution

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

Orgalime Publications

Providing practical solutions



Orgalime prides itself in the compilation and production of legal and technical publications of which 32 are currently available (model forms, general conditions & guides). The legal publications now commonly used in international trade provide expert practical solutions to companies seeking standard General Conditions or Model Forms to draw up different types of contracts. General Conditions and Model Contracts simplify negotiations and rationalise the handling of contracts and contract relations. They have been designed to reflect normal contract practice in the industry. Other publications provide practical guidance to working with EU legislation.

Statistics reflect the popularity that these publications attract and consistently indicate that one quarter of visitors who actively download a document do so from this section of the Orgalime website. Well over one million copies of Orgalime's different sets of General Conditions have been supplied to engineering companies throughout the world.

In 2009, Orgalime published a second update of the "REACH Guide" (Oct 2009) and most recently "The Machinery Directive Guidelines" (Dec 2009). In addition, a new model form was introduced - "Model Contract for Technical Work on site" (Jan 2010).

Beside the success of the paper copies, electronic versions of Orgalime publications continue to gain ground. Companies which have had positive experiences with the paper version often like to attach an e-version of Orgalime's General Conditions when sending tenders and contracts by emails to their customers and suppliers. 1800 companies have registered for Orgalime General Conditions and 5700 licences have been purchased by over 480 companies since the launch of the website in the last six years.

Orgalime's free e-guides have been a particular hit among both companies and public authorities, with many thousands being downloaded.

Orgalime's publications today include:

Model Forms

- Agency Contract - International agency contract on an exclusive basis - January 2002 ⁽⁵⁾
- Exclusive agreement with distributors abroad - June 2006
- International technology licence agreement (Inside EU/EEA version) - January 2005
- International technology licence agreement (Outside EU/EEA version) - June 2006
- Original equipment manufacturer contract (OEM contract) - August 2007
- Consortium agreement - February 1995
- Non-Disclosure Agreement - January 2008 ⁽⁹⁾
- Model Contract for Technical Work on Site - January 2010 ⁽³⁾

Guides

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

Guides available for free download from our publications website <http://publications.orgalime.org>:

- WEEE & RoHS Scope Guide - January 2006 ⁽³⁾
- Orgalime Guide Assembly under PED - May 2006 ⁽³⁾
- Orgalime RoHS Guide, March 2006, updated January 2007 ⁽³⁾
- Pressure Equipment Directive - May 1999 - Updated April 2008 ⁽³⁾
- REACH Guide - May 2007 - Last Update October 2009 ⁽³⁾
- Guide to application of the Machinery Directive 2006/42/EC, 1st Edition December 2009 ⁽³⁾

Conditions of contract

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

⁽¹⁾ English & French only

⁽²⁾ English & German only

⁽³⁾ English only

⁽⁴⁾ Also in Spanish, Italian, Portuguese, Dutch & Russian

⁽⁵⁾ Also in Spanish

⁽⁶⁾ Also in Spanish & Portuguese

⁽⁷⁾ Also in Spanish, Italian & Portuguese

⁽⁸⁾ Also in Spanish, Italian, Portuguese, Russian, Chinese, Dutch, Swedish, Hungarian & Polish

⁽⁹⁾ Also in Danish, Dutch, Finnish, Italian, Spanish & Swedish

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

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

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www.fim.net



www.vdma.org



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www.confemetal.es



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www.teknikforetagen.se



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www.beama.org.uk



www.eama.info



www.gambica.org.uk



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