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Experts: Bright, Competitive, Global Future for Tape Industry

Afera Holds Tape Industry Experts Debate at 50th Anniversary Conference in Florence

The Hague, The Netherlands, 17 October 2008

Afera, the European Association for the Self Adhesive Tape Industry, held a lively debate among self adhesive tape industry experts entitled "Outlook for the Tape Industry 2010" on Thursday, 2 October, at which it was determined that the European tape industry faces a burgeoning future. The panel debate highlighted the working programme of Afera's 51st Annual Conference held in Florence at the Grand Hotel Baglioni from 1-4 October 2008. Here Afera celebrated the 50th anniversary of its establishment with a series of special events and creative touches.

Moderated by Eric Pass, Afera's Marketing Chairman and Director of Corporate Planning & Communications at Nitto Europe N.V., the hour-long 'Interactive Session with Captains of Industry: Outlook for the Tape Industry 2010' was an open, interactive debate among five 'captains' of the self adhesive tape industry and the other 170 attendees of Afera's 3-day Conference, also open to the press.

The panel of industry leaders included Afera Technical Committee Chairman and career converting industry manager at ExxonMobil Lutz Jacob; former Afera President, career tesa manager and

independent consultant **Emilio Angeli**; Steering Committee Member and Managing Director of Novacel **Laurent Derolez**; Marketing Committee Member and European Business Manager of 3M **Greg Robinson**; and Executive Vice President of the U.S.-based Pressure Sensitive Tape Council (PSTC) **Glen Anderson**.

Other industry experts, sharing the limelight as recent 'Captains of Industry' interviewees for Afera's special 3-part in-house magazine series and recently-launched book, included former CEO of tesa **Dieter Steinmeyer**; founder of SICAD **Ivano Zucchiatti**; Afera Steering Committee Representative (Central Europe), Owner & Chairman of certoplast **Peter Rambusch**; and founder & CEO of NAR **Antonio Righetti**.

The group of tape industry experts expressed their views on the following topics:

Global Outlook for the Tape Industry

The experts agreed that Europe's existing tape companies are equipped with the knowledge, resources and versatility to develop the technology and products needed to succeed in the future. Competitive strategy will be key. "I think we will always exceed GDP growth, because our applications are much more process-friendly, giving you the ability to manoeuvre," said Dieter Steinmeyer. Antonio Righetti added: "Capacity and flexibility in using the various technologies will therefore become increasingly important in the globalised tape market."

"The fact that some tape producers started out 30 or 40 years ago focussing on one tape, such as packaging tape, and today focus on every type of tape but packaging tape says a lot of good about how the industry has evolved. This is also a good sign for the future," stated Emilio Angeli. "Reliance on tape is increasing because the quality of tape is increasing, and this trend will continue," he affirmed. Mr. Angeli emphasised, however, that "going forward, companies will have to be even more competitive and professional in all areas to survive."

Technology, R&D

Tape solutions are growing in importance, because tapes are no longer considered in-between solutions. Today adhesive products are seen as valuable technical tools used to solve technical problems. Because the mix of tape products used in the future will be completely different from that of today, most 'captains of

industry' agreed on the importance of focusing on specialised tape technologies and R&D. The current tape industry is allocating sufficient resources to succeed in the future: "The tape industry is on a safe path: we are investing in a lot of R&D, particularly of new applications and environmental issues. These two areas will be the battlefields of the tape industry in the future," explained Mr. Angeli.

"The future of American tape products is based in creativity and innovation in order to more closely tap into customer needs," offered Glen Anderson. "There is much more competition in technology today, and more intense competition in costs, but these forces have the positive effect of driving the tape market forward."

"We still hold the key technology to the industry in Europe—the designs, the trends in tape manufacturing, are set here. Our greatest challenge lies in maintaining this," affirmed Ivano Zucchiatti, adding, "The opportunities for the European tape industry lie in the demand for more specialised adhesive products which require specialised technology which may be unique to (or at least at a higher level of quality with) European producers."

"There are companies that have been in this business a long time. Still, if you control your technology platform—your innovation record—you can compete with them effectively," Mr. Steinmeyer asserted. "If you look at the electronics industry, the smaller—and the more miniature—things become, the more you will need adhesive tape, because it is the only technology that allows bonding at these levels."

Raw Materials Supply

Some industry veterans viewed raw materials cost and availability as a worrying factor for today's and the future's global business: "Technology is important in certain segments, such as automotive and other specialty tapes, but price and availability of natural resources is just as, if not more, important," stressed Mr. Steinmeyer. "Supply management will remain a key competitive component."

Other panellists dismissed raw materials management as a non-issue which will solve itself in the face of market forces, as Laurent Derolez related: "I don't foresee any problems with lack of supply of raw materials. The natural result of the shifting market supply

will be price increases.” Similarly, Lutz Jacob offered, “From time to time the market may experience a shortage crisis such as SIS – although maybe not as new capacities have been built up in Asia. But ultimately I think the supply–demand situation for raw materials will remain balanced.”

“In terms of price increases in materials, we’ll have to collaborate with our customers to find solutions, depending on the market segments you’re active in. Reformulation could be an option,” stated Greg Robinson.

“We’ll have to pay more the materials on offer, or we’ll have to develop better alternative technologies, as I said before, so that we can reduce the amount of glue we put on tape. If this glue has a higher tack, then we can save a little on the amount of glue, thus saving on costs,” said Peter Rambusch.

REACH

“In addition to complying with current and future legislation, the greatest challenge of each tape company will be remaining competitive in a global market. The will be a great, great challenge,” Mr. Jacob prophesied. ‘Captains of industry’ see the European Chemicals Policy as a necessary set of environmental regulations for European industry, but one that makes it that much more challenging for tape companies to remain competitive in the global market: “The problem is that the European Chemicals Policy makes business more expensive for European producers who must compete with foreign producers who are not subject to the same laws,” Mr. Zucchiatti asserted. Mr. Derolez said that waste is an important issue although not at the top of the agenda anymore, while Mr. Robinson simply added that nowadays, if you generate a lot of waste, you won’t be able to stay in business.

The American tape industry thinks REACH will have a positive effect on the global tape industry. Its emphasis is on building a stronger, more sustainable market. In approximately eight years, comparable legislation will also come into effect in the U.S., according to Mr. Anderson. “The PSTC has issued a “green policy” to all its members, requesting their compliance, and it has also been distributed to the U.S. Government.”

Market Consolidation

Tape industry experts had varying opinions on the concentration of tape market forces into a few larger companies: “We need to

see consolidation as soon as possible in the European tape industry,” said Mr. Angeli. Likewise, according to Mr. Jacob, “companies need to focus on efficiency. If you want to have a broader range of products, you have to place more resources on R&D. This is usually too expensive for smaller companies.” Mr. Jacob did add that contrary to his popular theory, the largest tape producer, with about 70% of Europe’s total, is Italy, which is home to about 30 tape producers. Of those producers, over the last ten to fifteen years, the market has been waiting for half of them to go out of business or bankrupt, and none of them have.

Mr. Rambusch had this to say in favour of non-consolidation: “If a medium-sized company is a good run, it is faster and more flexible than a multinational.... There is a market segment for SMEs. They just have to meet the challenge to stay cost-efficient and well-controlled with modern equipment and lean production. And then they’ll have their part in the market.”

Industry Recruitment, Education

Does the tape industry have enough talent, and how does it attract, recruit and develop it? Panellists’ views varied. “Attracting good personnel in our business remains a challenge. 3M’s biggest resource is its people,” offered Mr. Robinson. Mr. Rambusch: “We have to switch to concentrating on educating the next generation as best as we can. I would like to see in all of Europe, but especially in Germany, quality education that leads jobs that stay in Europe, thereby improving the ‘brain drain’ situation we have now.”

“Novacel has never had problems attracting talented people. But how do we keep them once we’ve found them? On the other hand, turnover of personnel can be seen as a good thing, as it revitalises a company with new blood and fresh ideas,” stated Mr. Derolez.

“Large companies with large R&D departments attract people directly from universities. I don’t see a huge movement of personnel within the tape industry. If you want to maintain your staff, you have to compensate them accordingly. On the other hand, companies need to generate consistently more in order to make a profit,” explained Mr. Jacob.

In the U.S., “the PSTC organises both fundamental and advanced seminars to train engineers of our member companies, and we are

currently pursuing an initiative to offer training to students,” Mr. Anderson related.

Afera Celebrates 50 Years

Afera’s well-received 50th anniversary Conference programme of celebratory events included a live tape art demonstration by artist and author Kerstin Finger and sponsored by Henkel Italy, and a tape art exhibition initiated and constructed by students, also sponsored and presented, with the added use of video, by Henkel (www.citytape.it). Attendees were treated to a special fireworks display on the last night of the Conference at the traditional gala dinner held at the Villa Castelletti outside Florence. The display concluded with a giant, sparkling “Afera 50”.

To coincide with the Association’s yearly event, Afera recently published *Tape: An Excursion Through the World of Adhesive Tapes*, an informative and artistic book honouring the golden anniversary of the flourishing tape industry. The book features high-quality graphics and texts on the diverse uses of tapes and Afera’s history, accomplishments, evolving role in the industry and future strategies. The anniversary publication also contains extended interviews with captains of the self adhesive tape industry, veteran leaders of larger tape producing companies quoted above. The book was unveiled and distributed in limited quantities at the Conference to Afera Members and made available for general purchase at afera.com.

Finally, every Conference participant felt especially dapper in his/her complimentary white polo shirt with the Afera anniversary logo on the sleeve.

Afera Then and Now

Established in 1958 in Paris, Afera began as a technical association with the purpose of creating industry-wide test methods. With 35 tape manufacturers from six European countries as its original Members, the Association made one of its first objectives to harmonise the standards and norms of each European country’s tape industry.

Fifty years later, Afera consists of 118 Members from 17 European countries, Taiwan, Mexico and the U.S. Based in The Hague since 1999, the Association is open for Membership to those involved in the European self adhesive tape industry such as manufacturers, suppliers and national tape organisations. Active Members

include manufacturers of self adhesive tape with coating facilities within Europe and their non-coating European subsidiaries. Associated Members include suppliers to the tape industry and other organisations linked to Afera's mission. Affiliated Members include European national associations and groups, institutions and universities with objectives meeting Afera's purpose.

In 2003, Afera achieved its goal of incorporating all entities within the tape industry value chain by creating a special 'other participants' Membership category for other groups in the tape family, namely converters. Now converters such as printers, slitters, die cutters and laminators of self adhesive tape, to name a few, can participate in the Association's activities and make use of its many resources.

Afera's stated mission is to satisfy the need of the self adhesive tape industry for an organised, collaborative platform on which to facilitate contact, to share information (without compromising fair competition), to increase the profile of tape products and the tape business in general, to achieve effective representation as a body in public affairs initiatives, and to promote the development of and adherence to European- and international standards.

As the heart of tape industry expertise, Afera offers the latest on developments through regular conferences and seminars, an extensive network of industry players, communication of relevant information through its magazine, website, and other mediums, focused committees and working groups addressing important regulatory issues and research, and full-time logistical support from its head office in The Hague, the Netherlands.

In 2002 and 2004, Afera launched its resoundingly successful events, the Technical Seminar and the Tape College, which now take place in alternating years in the spring in Brussels.

Afera issued editions of the *European Specialty Tape Market & End-User Survey* in 2003 and 2005 and a new European tape survey performed by the Martec Group in 2007 and 2008.

In 2007, the Association achieved ISO certification of three globally harmonised test methods, EN1939-Peel Adhesion, EN1943-Shear Adhesion, and EN14410-Breaking Strength and Elongation.

Afera's Current Strategies

In its dedicated pursuit of global standardisation, Afera is currently moving forward with ISO ratification of EN1942-Thickness.

The Association routinely studies the added-value of expanding its borders to accommodate one or more regions—thus incorporating more members, and therefore input and resources, into the bounds of Afera. Afera is currently leading its agenda of expansion of its geographical boundaries with the incorporation of the Middle East and India (MEI) as a Subgroup of its Membership. An informative introductory Afera event, including general as well as regional lectures, is planned for 2009 in India.

In a continuing effort to increase the size and the categories of its Membership base in order to integrate all entities in the tape industry value chain, Afera has just agreed to incorporate the Professional Specialty Die Cutters (SDC) as a European Converter Association within Afera's Membership framework, specifically as a Subgroup of the Marketing Committee.

Lastly, in working for more frequent and efficient collaboration with international counterparts, Afera has agreed to lend its full support to its American counterpart, the Pressure Sensitive Tape Council (PSTC), in the creation of a World Tape Forum. With Afera delegates in attendance, the WTF will hold its inaugural 2-day event during the PSTC's 'Week of Learning' from 11-15 May 2009 at the Disneyworld Resort in Florida.

Visit afera.com for more details on Afera Membership, events and projects.

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