



French textile machinery manufacturers success thanks to tailor made solutions

Bruno Ameline, the President and Evelyne Cholet, the Secretary General of UCMTF (French Textile Machinery Manufacturers Association) report on the French textile machinery sector and analyze the main trends which shape the market environment and its future developments. Pakistan Textile Journal is pleased to publish an interview of Bruno Ameline and Evelyne Cholet, the President and the Secretary General of UCMTF.

How French textile machinery manufacturers are doing right now?

Bruno Ameline

Worldwide investments in textile machinery have been quite satisfactory in the last few years. As for our 35 member companies, they are doing quite well. They export most of their production for an annual total of more than Euro 1 billion (close to US\$ 1.5 billion).

Evelyne Cholet

In 2006, our growth rate exceeded 6%. I expect that the 2007 data will show a new increase but probably at a lower rate. For 2008, we are quite optimistic as order backlogs are good and order intakes come in at a regular pace.



Evelyne Cholet

As our members are mainly specialty manufacturers, often world leaders in their sectors even though they are SMEs, their sales do not match the geographical segmentation of the general textile machinery sector. In particular, we are quite strong in Japan, Turkey, in European countries such as Belgium, Italy, Germany, the UK and Spain, in the US and in Morocco and Tunisia, but we are doing less business than other European manufacturing countries in such markets as China or India. In the various application sectors, France is particularly strong in weaving preparation, nonwovens, and has very vigorous manufacturers in specialized spinning, dyeing and finishing machinery.

While your associate members are currently doing well, do you think they are well positioned for the future?

Bruno Ameline

Let's start from the market. It has changed and continues to change. First, there has been a continuous shift of the textile production towards Asia. And this, particularly in apparel and home textiles. Turkey and Italy are exceptions as well as some countries from South America and

the Middle East. For technical textiles including nonwovens, the picture is quite different. These products are still mainly produced in the US and Europe, and Asia gets only around 20%-25% of this growing market. Asia will produce more and more technical textiles for its own use but I believe the production of these products to be consumed in Europe and North America will remain on these continents because the "fabric" manufacturers have to stay in close contact with the final users. For example, in the fast growing filtration market, the products have to fit so many specific usages, in so many industries, that the processes to produce the fabrics or the nonwovens have to be adapted to each specific application.

Furthermore, innovation in technical textiles will continue to come from the western world, particularly in the automotive, construction or even consumer products industries.

As already mentioned, most French machinery manufacturers are specialty manufacturers, SMEs but world leaders or among the world leaders on niche markets and specific applications. These markets are complex and limited in size. They do not attract the new and large machinery manufacturers from such countries as China or India as they are not big enough and too much fragmented.

How can French manufacturers consolidate their leadership on their markets?

While offering high tech machinery for high tech specialty markets, I strongly believe we have to customize our machines and offer tailor made solutions to our customers. We are not equipped to compete on mass production applications, like short fibers or filament spinning, for which price is the main factor. For these segments, production will continue to be transferred to low costs countries.

Our most important added value lies in working closely with our customers, in producing made to orders machines on short delivery time, in being flexible, and being prepared to face large swings in volume. This also means we must balance the traditional vertical integration organization of our production facilities with a more flexible approach. Most of us may

need to out-source the production of most of our components, to find the best and least expensive subcontractors, to build a network of state of the art, cost effective and



Bruno Ameline

flexible suppliers, to design machines in modules in order to propose a large and diversified product offer without over complex production. We also have to actively participate in the decision process of our customers in order to propose them solutions for their own production strategies and become more and more process partners and not only suppliers of off-shelf machinery. I can confirm most of our associate companies have since long implemented most of this approach in their organizations.

Do you feel competition from Chinese machinery manufacturers will intensify?

On the Chinese market, the position of Chinese machinery manufacturers is already quite strong and their market share is already important. As you know, imports benefit from tax exemptions for some categories of machines but when Chinese manufacturers can offer equivalent machines, these import tax exemptions risk to be cancelled. Importers then face an additional barrier to entry in spite, by the way, China being a member of ITWO. Chinese competition is also growing in such markets as India, Iran, Syria and even Turkey. It is a real threat because the best Chinese manufacturers are no longer followers (copiers) only; they invest in education, and R&D. Most large European manufacturers have located production in China but I think these will always suffer from a disadvantage vis-à-vis local companies.

The French approach is to be specialized manufacturers aiming at niche markets with a tailor made approach to address in depth customers' needs and be their long term partners in the long run. This is a much more complex approach for Chinese to copy.



Is the exchange value of the Yuan an important factor?

Evelyne Cholet

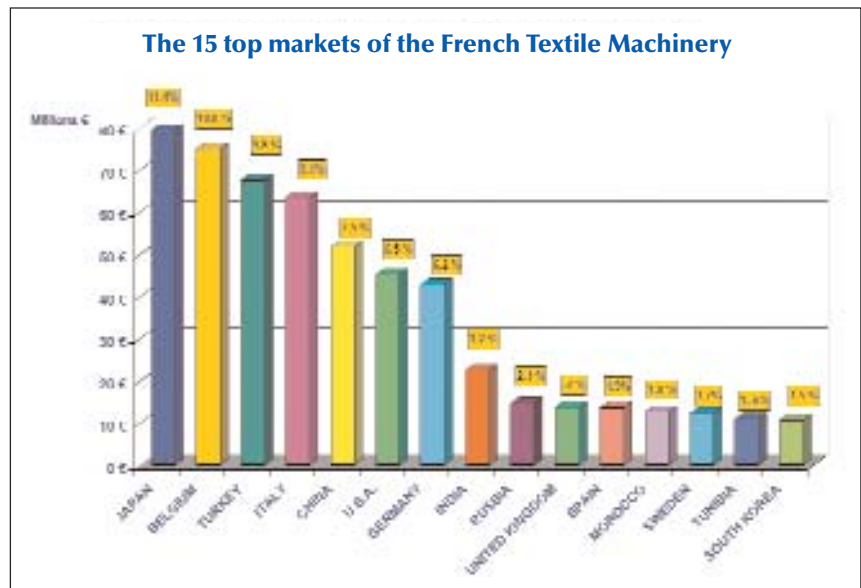
The value of the Yuan is going up slowly in comparison to the US dollars, the problem being that the US dollars has gone down much more compared to the Euro. Then, the European costs in Euro into still translate into higher Yuan values.

I feared that the high Euro would have negative effects on the machinery business but, there has not been so much impact so far. In fact, Chinese textile producers like all others are faced with price increases of synthetic fibers, which have an important effect on their costs, as raw materials represent 60 to 70 % of their production cost, compared to around 5%-10% for the amortization of machinery. This means costs are going up in China as much as in other places and that the prices of final goods also have to increase there.

UCMTF is a member of Cematex, the owner of ITMA and ITMA Asia, how do you see the future of these shows and of the exhibitions in general?

Bruno Ameline

ITMA took place in Munich in October 2007. This show was a success, very well organized and more importantly, exhibitors met many customers who had investments projects and even signed important contracts. Most of the visitors came from Europe, Americas, India, Middle East and not so many from the Far East, including China. From what I see, it is more and more difficult to host real global fairs. This is why Cematex organizes the third ITMA Asia in 2008 in China. We



cannot expect many innovations just one year after Munich, but we are looking to meet in Shanghai the customers who have not been able to come to Munich.

Next ITMA in Europe will take place in Barcelona, which is an attractive location. But I do not believe the location itself is so important. What we have to work within Cematex is our long term strategy for ITMAs, and find an attractive concept to differentiate the European and Asian ITMAs.

Can you tell us which will be UCMTF's main projects in 2008?

- ❖ UCMTF continues to provide logistical support to its members, in order to help them exhibit at selected shows and to enhance their marketing and sales efforts through semi-

nars. In particular, we organize French pavilions in these exhibitions, and seminars in countries of particular interest to us. In 2008 we will support French exhibitors for ITMA Asia and India ITME, for the more specialised Techtexil NA, Index and IFAI Expo. We will organize two seminars, in Indonesia and Egypt.

- ❖ UCMTF promotes our sector in order to attract young engineering and managerial talents. We focus our efforts towards the best universities and organize every two years a Forum to which we invite textile students from all over France. The next one will take place in Mulhouse. UCMTF also sponsors the very appealing challenge organized by ITECH University. In 2007 the UCMTF prize honoured a team of students who worked with the international producer DBA Apparel (Wonderbra, Dim, etc.) on the technical and comfort characterization of bras.
- ❖ UCMTF program also focuses on sharing information and implementing services among our members, making our network of Small and Middle size Enterprises very effective and proactive.
- ❖ Last but not least, UCMTF through face to face meetings, interviews, press releases and our web site www.ucmtf.com will continue to inform the international trade press about our initiatives. ♦

Breakdown of French production by sector in 2006

