ICF NEWS

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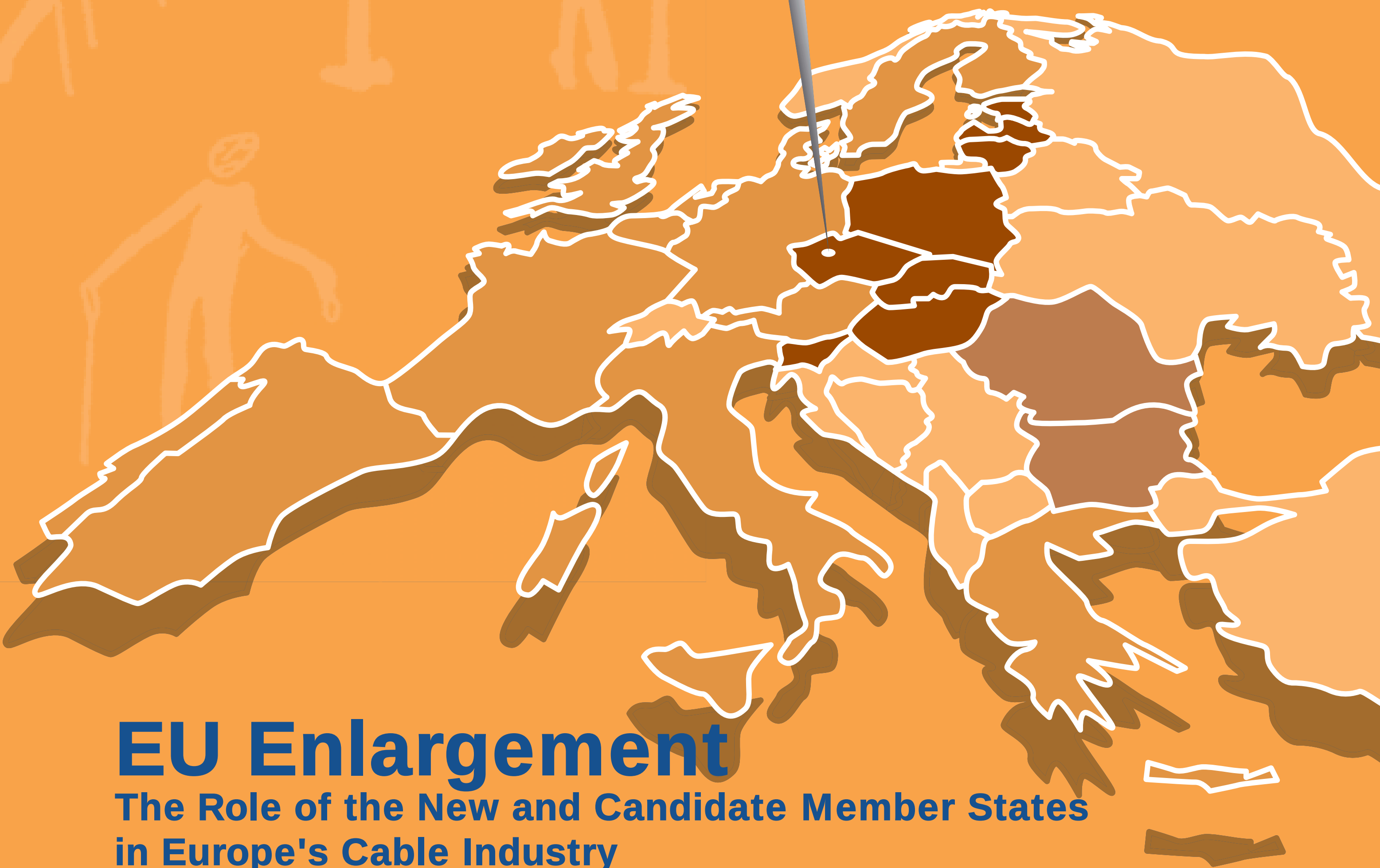
ICF Congress
6th to 10th October in Prague



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The ICF Newsletter is published several times each year by the **International Cablemakers Federation**.

ICF CONGRESS 6 TO 10 OCTOBER 2004 IN PRAGUE

Close to 100 registrations have come in already. However, we are still missing a few of our »regulars« and would like to encourage them to register as soon as possible. If you want to find out who you are likely to meet in Prague, please check the list of registered participants in the Congress Section of our website.
After the keynote speech of Mr. F. Scheer, Former French Ambassador, we have added a short presentation by Mr. Daniels of CRU to the program, who will highlight the conclusions of the Regional Analysis of the Wire & Cable Industry in Central and Eastern Europe. A printed version of the analysis will be available for participants at the Congress.

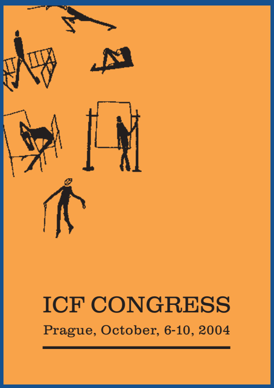
CHANGE OF COMPANY NAME

Effective 1 September 2004 ICF member Heesung has changed its name to Gaon Cable Co. Ltd.

	Logo-Mark	Name of Company
Before Change:		**HEESUNG CABLE LTD.**
After Change:	GAON	**GAON CABLE CO.,LTD.**

ICF WEBSITE

At long last our new website is up and running. We hope that we have achieved our target of making it more user-friendly but it goes without saying that we very much appreciate your suggestions to further improve our visiting card in the web.



PRAGUE CONGRESS LOGO

This year´s Congress logo pays tribute to Prague´s most renowned literary son, Franz Kafka, showing some of his drawings.

Thomas Neesen

EU ENLARGEMENT

THE ROLE OF THE NEW AND CANDIDATE MEMBER STATES IN EUROPE'S CABLE INDUSTRY

From May 1st 2004, the European Union grew to encompass 10 new states, the »EU-15« being expanded to the »EU-25«. The new entrants – Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia – together have swelled the EU population by 20% and its land area by 23%.

This article takes a look at the role of the New Members States of the European Union as well as the role of some candidate countries which are expected to join the European Union in the coming years. (The European Council has already agreed that Bulgaria and Romania should join the EU in 2007, a decision of the European Council as to whether or not to start formal accession negotiations with Turkey is scheduled for December 2004).

Europe's Enlarged Cable Industry

The integration of the accession countries with the rest of the EU through trade is very evident in wire and cable. Official trade statistics show that total exports of the accession countries of wire and cable, including wire harnesses, stood at 3.47 billion in 2003, 12% up on the previous year, despite the poor performance of the main markets of Western Europe.

While much smaller, wire and cable imports into new member states of the EU is still very large in absolute terms. In 2003, such imports amounted to 1.97 billion, a marginal 2% up on the previous year.

Although the total trade figures are useful, in reality they mask the differences between two distinct product groups, i.e.

insulated wire and cable and wire harnesses primarily for motor vehicles. In exports, considerably more than half of the wire and cable total of the accession and candidate countries are accounted for by wire harnesses. This trade is counterbalanced by only modest wire harness imports, leaving net exports of this product group at 2.19 billion for the accession and candidate countries combined, 18% higher than in the previous year. Several countries are individually major net exporters of wire harnesses. The Czech Republic, Hungary, Poland, Slovakia and Romania each claimed more than 300 million in net exports of wire harnesses in 2003.

When looking at the pattern of trade in wire harnesses, it is clear that its dynamic is strictly tied to the automotive industry of Western Europe, particularly Germany. Of all the export of wire harness in 2003, only 6% went outside the EU-15 a full 49% went to Germany the remaining part to countries like France, the United Kingdom, Belgium and Austria.
Unlike wire harnesses, trade in other insulated wire and cable is very well balanced, with 1.96 billion in exports from the accession and candidate countries being matched by 1.93 billion of imports in 2003. While overall the trade is balanced, however, there are some important exporters of insulated wire and cable: Poland, the Czech Republic and Turkey each exported more than 400 million of wire and cable in 2003.

For all three of the major new entrant exporters of wire and cable, exports exceeded imports; all other countries recorded net imports in 2003, despite a quite high absolute export value in the case of Hungary and Romania. The value figure recorded for wire and cable trade tends to be misleadingly high, as it includes connectors and fittings as well as the cable itself, but the figures clearly indicate a substantial import of cable. We estimate the value of the wire and cable market for the accession and candidate countries at around 1.6 billion, or around 280,000 tonnes of conductor. Accurately specified, we estimate imports of wire and cable at around 0.65 million, indicating a level of trade integration of around 40%.

The wire and cable products imported into the accession and candidate countries are diverse. Much import is related to infrastructure investment in power and telecom networks, but industrial investment also plays an important role. A sizeable portion also relates to OEM products required by industry, including winding wire used in motors and transformers and insulated wire used in harness assembly. Trade in the reverse direction is dominated by low voltage energy products.

While the trade interdependence between the new entrants and the EU-15

WIRE AND CABLE TRADE OF THE NEW AND APPLICANT EU COUNTRIES (EURO MN)

	Cable & Harnesses			Harnesses			Cable		
2002	Import	Export	Net Import	Import	Export	Net Import	Import	Export	Net Import
Accession Countries	**1.935**	**3.093**	**-1.158**	**390**	**1.843**	**-1.454**	**1.545**	**1.250**	**295**
Cyprus	20	0	20	0	0	0	20	0	19
Czech Republic	441	783	-342	89	337	-249	353	446	-93
Estonia	66	99	-33	13	40	-28	54	59	-5
Hungary	549	653	-104	117	411	-294	432	242	190
Lavtia	42	13	29	0	1	-1	42	11	30
Lithuania	61	86	-24	3	79	-76	58	7	52
Malta	15	2	13	0	0	0	15	2	13
Poland	351	938	-587	74	558	-484	277	380	-103
Slovakia	262	475	-214	63	403	-340	199	72	127
Slovenia	127	45	83	31	14	17	96	31	65
Applicant Countries	**443**	**1.095**	**-652**	**43**	**443**	**-399**	**400**	**652**	**-253**
Bulgaria	54	47	8	1	24	-23	54	23	31
Romania	238	528	-291	28	414	-386	209	114	95
Turkey	151	520	-369	14	5	9	137	516	-379
Accession & Applicant	**2.378**	**4.188**	**-1.810**	**433**	**2.286**	**-1.853**	**1.945**	**1.902**	**42**
2003	Import	Export	Net Import	Import	Export	Net Import	Import	Export	Net Import
Accession Countries	**1.974**	**3.474**	**-1.500**	**405**	**2.156**	**-1.751**	**1.570**	**1.318**	**251**
Cyprus	16	1	16	1	0	1	16	1	15
Czech Republic	452	846	-394	89	404	-315	362	441	-79
Estonia	67	92	-24	6	36	-30	61	56	5
Hungary	523	711	-189	112	448	-336	410	263	147
Lavtia	38	21	17	0	2	-2	37	19	19
Lithuania	69	140	-71	3	134	-131	67	6	60
Malta	10	2	8	0	0	0	10	2	8
Poland	382	1061	-679	91	650	-559	292	411	-119
Slovakia	292	553	-261	72	469	-397	220	84	136
Slovenia	125	48	77	32	13	18	94	35	59
Applicant Countries	**430**	**1.148**	**-718**	**73**	**509**	**-436**	**357**	**639**	**-282**
Bulgaria	45	39	7	1	20	-19	45	19	26
Romania	258	662	-404	47	485	-438	211	177	34
Turkey	126	446	-320	25	4	22	101	443	-342
Accession & Applicant	**2.404**	**4.622**	**-2.217**	**478**	**2.665**	**-2.187**	**1.927**	**1.957**	**-31**

Source: Global Trade Atlas, Metalica Ld.

in insulated wire and cable is not as extreme as it is for wire harnesses, it is still very important. The official trade statistics indicate that in 2003 only 27% of accession and candidate country imports originated outside the EU-15, while 13% of exports went to non-EU-15 destinations. Once again, Germany is the main trading partner, accounting for around one-third of all trade in wire and cable. Germany is most significant as an importer.

The trade figures indicate a strong functional link between the cable industries of the EU-15 and the accession and candidate countries. This tie is very evident also in the companies involved in these countries on the fringes of Europe. With a few exceptions, the domestic cable companies involved in these markets are mainly small. One notable exception is Tele-Fonika Kable in Poland.

With the absence of strong domestic companies, a large part of the wire and cable industry of Central Europe (and Turkey) is owned by the big international suppliers. Through a process of acquisition that has been going on for more than a decade, the major European wire and cable companies each have a strong presence in the accession and applicant countries. To a greater or lesser extent, these companies already organise their regional business on a pan-European scale.

Between them, Nexans, Pirelli, Draka and NKT claim a major slice of wire and cable production in the more important markets, including the Czech Republic, Slovakia, Hungary, Romania and Turkey. Additionally, NKT claims much of the production in Poland not accounted for by Tele-Fonika Kable. Draka looks further afield, with interests in Estonia and Russia as well as in Turkey and the Czech Republic. Non-European wire and cable companies also have a role to play, for example Belden in Hungary.

Compared to insulated wire and cable, the level of foreign involvement in the wire harness business is even greater. Here, nearly all production is foreign owned, the industry having been formed mainly by greenfield site development rather than the acquisition of existing companies. Company presence in this business largely reflects the global market positions of the different harness makers, with Delphi, Yazaki and Sumitomo Electric each playing a major role in this market. The German company Leoni has also invested heavily, securing sites in nearly all of the main harness making countries amongst the EU entrants and, more recently, moving further east to the Ukraine.

Expanding EU Borders Still Further

It is clear that the new EU entrants are already well integrated within the wire and cable industry of Europe. With lower labour costs and prospects for more rapid market growth than the rest of Europe, their role as a production base for the region's wire and cable, and wire harnesses, is set to grow further.

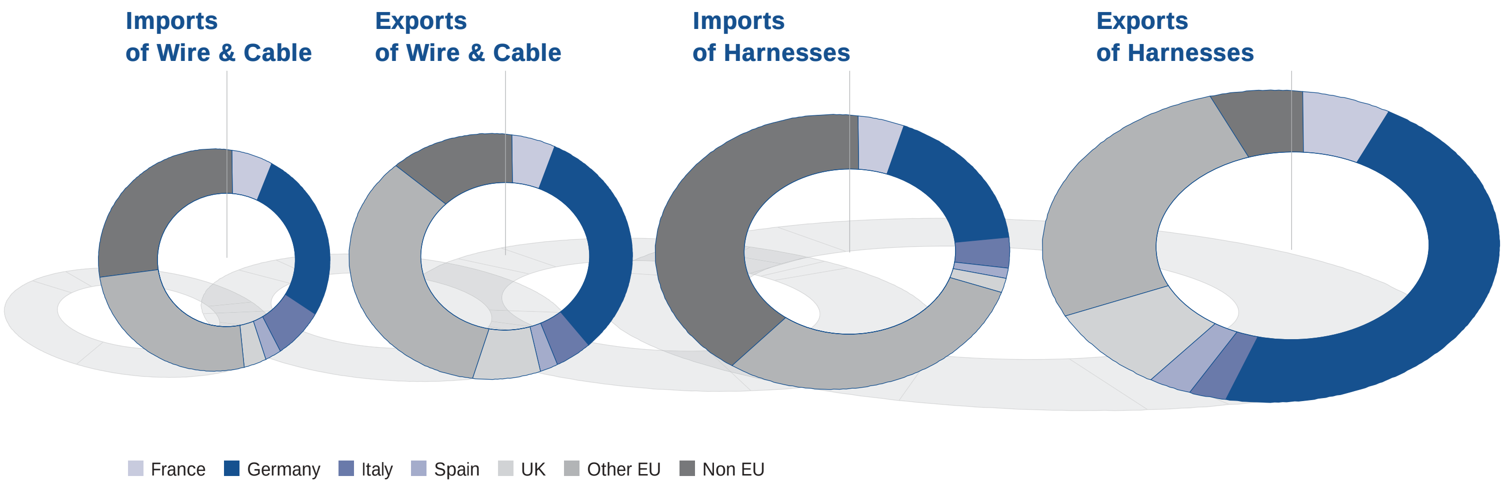
Like other industries, the wire and cable business is already looking beyond the existing borders of the enlarged EU to find cheaper locations for production and markets with greater growth potential.

There are a number of countries of the western Balkans, such as Albania and the former Yugoslav republics of Bosnia-Herzegovina, Croatia, Macedonia, Serbia and Montenegro that could apply once having achieved the political stability required as a pre-requisite of entry. New countries now on the border to the east of the EU-25 are also potential candidates, including Belarus and the Ukraine. Whatever the time-scale of entry, it is likely that more countries will ultimately enter the European Union. This has implications for how the cable industry, like others, should define its »Europe« regional market and where it should look to place its investments.

The Benefits of Accession

While the accession and candidate countries will greatly expand the size of the European Union in terms of land area and population, the impact on wealth will be much less. The accession countries have added 9% to EU GDP; the candi-

EU ENTRANT CABLE TRADE BY SOURCE AND DESTINATION IN 2003



Source: Global Trade Atlas, Metalica Ltd.

date countries could add a further 6% on a purchasing power parity adjusted basis. As the figures suggest, the new entrants to the EU are poor, some very poor, compared to the existing member states. While the richest accession countries have per capita GDP comparable to that of Greece or Portugal, most are well below this level.

The previous experience of the EU has shown that poor countries can benefit from achieving member status, but only if they pursue stable macroeconomic policies and invest in skills and education. The benefit, especially as far as the new accession countries is concerned, is seen as being long term rather than short term. Economists estimate that 5% to 9% additional GDP is likely to be achieved by new member states over a ten-year period.

The relative lack of short-term impact results from the fact that much of the growth generated by inward investment resulting from EU entry is already in place. There is unlikely to be a sudden rush of new foreign direct investment into the accession countries as a result of their entry into the Union, although recent figures suggest that spending is accelerating, especially in the lower wage countries.

The longer-term benefits of EU entry should result from the presence of wealthier consumers and a more transparent competitive environment. The larger international companies are likely to fare best, partly at the expense of small domestic suppliers that are unable to compete in a more transparent market environment. The greater potential for enacting pan-European production and distribution strategies also tends to benefit the larger companies.

The main countries now joining the EU (excluding Malta and Cyprus) can be divided into three groups. The best placed to benefit from accession without too much pain are Slovenia, the Czech Republic and Hungary. The pressure to pursue reforms for these comparatively wealthy nations should speed growth, allowing integration to take place relatively quickly.

Next come the two large middle ranking countries - Slovakia and Poland. While these countries are expected to benefit from accession in the medium term, they are likely to face a painful transition period with rising unemployment and enforced economic restructuring as a result of intensified competition in the domestic market.

Slightly less well off are the Baltic States, Latvia, Lithuania and Estonia. While structural reform in these countries still has some way to go and considerable hardship is likely in the adjustment period, these countries at present are benefiting from high levels of private investment attracted by low labour costs. The poorer nations are also most likely to benefit from EU structural funds, designed to ease the integration process.

The New Member and Candidate States - Some general facts & figures

Here is a brief profile of the economy of each of the main accession and candidate countries.

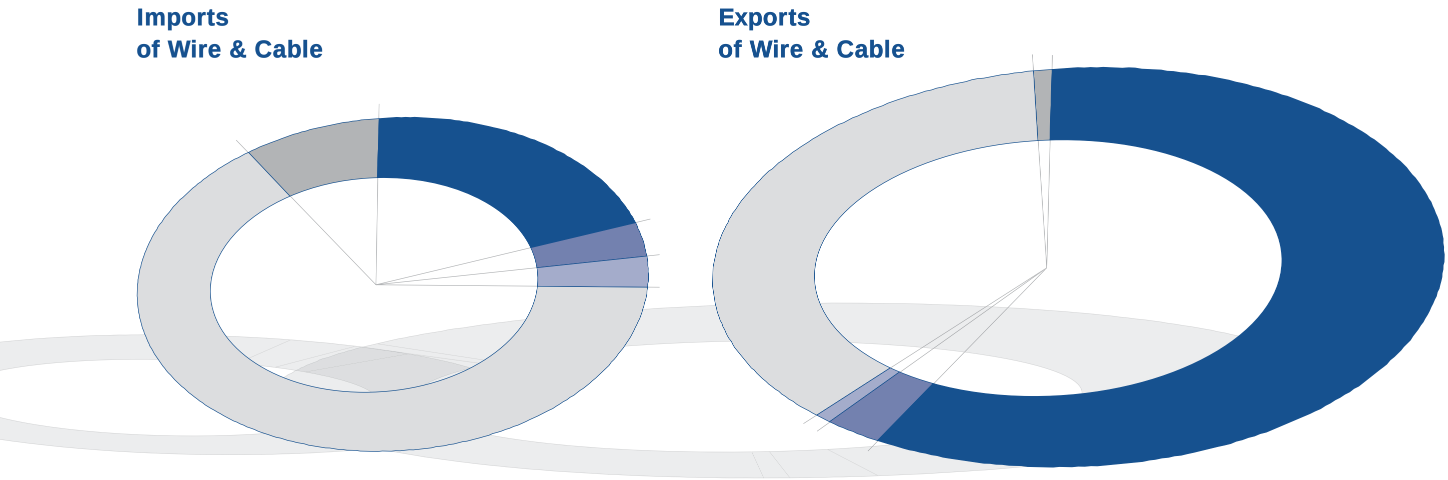
Czech Republic: One of the most stable and prosperous of the former communist states, the Czech Republic has undergone a strong economic revival since 1999. Rising exports, supported by a strong inflow of foreign investment, have underpinned growth to date, but domestic demand is playing an increasing role. The process of privatisation and modernisation of the power and telecom infrastructure begun quite late, but is now largely complete. Industrial restructuring is still needed, and moves are afoot to accelerate this process. With GDP growth of 2.9% in 2003, the Czech Republic was one of the slower growing countries of Central Europe, its performance and prospects being closely tied to that of its main trading partners, especially Germany.

Hungary: Like the Czech Republic, Hungary has successfully made the transition from centrally planned to market economy. The level of foreign ownership of Hungarian business is now very high, with continued inward investment. Hungary has successfully modernised much its telecom and power infrastructure. While the economy is strong, rapidly rising real wages over the past three years are an issue of concern. GDP growth eased slightly to 2.9% in 2003, but a slight acceleration is anticipated in 2004 and 2005 as business investment and exports to the EU pick up.

Slovakia: From poor beginnings, the process of economic transition in Slovakia accelerated between 2001 and 2003 under the Dzurinda government. Strong export growth and private consumption led to a robust 4.2% GDP growth in 2003. While privatisation of industry and the utilities is nearly complete, deep structural reform in the economy is needed and unemployment, at 17%, remains high. Planned projects suggest a very high level of foreign investment in Slovakia in 2004 and 2005, when the recent strong economic performance is expected to continue. The process of modernising Slovakia's physical infrastructure is underway.

Poland: After a slowdown in 2000 and 2001, economic recovery in Poland is gaining momentum. The depreciation of the zloty against the Euro in 2003 helped this process. Despite a steadfast programme of economic liberalisation through the 1990s, there is still a lot to be done in state owned small and medium sized business and in the restructuring of politically sensitive areas such as coal, steel, the railways and energy. Unemployment, at nearly 20%, is indicative of the continued need to restructure the Polish economy. In percentage terms, GDP performed well in 2003, with 3.7% growth. A further acceleration is envisaged in 2004 and 2005, helped by strong investment growth. Much remains to be done to upgrade Poland's telecom and power infrastructures.

EU ENTRANT CABLE TRADE BY PRODUCT TYPE IN 2003



Harnesses | Power Cable | FO Cable | Other Ins. Cable | Winding Wire

Source: Global Trade Atlas, Metalica Ltd.

Baltic States: With average per capita GDP of around € 10,000, the small Baltic States are poorer than most of the other accession countries. Having been strongly tied to the economy of Russia and having suffered as a result in 1998, the Baltic States have looked more towards Europe in recent years, with impending EU membership being a major driver of policy. Unemployment in each of the Baltic States stands at over 10%, and the need to restructure much of the nations' industry and agriculture is still pressing. Despite this, the Baltic States are proving to be a favoured location for foreign investment, and private consumption is performing well. GDP growth rates in 2003 stood at 5% plus; similar rates are expected in 2004 and 2005.

Slovenia: With its different background and strong traditional links to Western Europe, the Balkan State of Slovenia has had less difficulty in transition than the former Soviet countries. Slovenia is the wealthiest of the accession group. GDP growth in Slovenia slowed in 2003 to 2.3%, but private consumption remains strong and a rebound in exports is expected to lead to stronger economic growth in 2004 and 2005. Some structural reform of the economy is still underway, especially to ease foreign participation in Slovenian business.

Bulgaria: Among the applicant countries, Bulgaria is the richest, but its per capita GDP is still only 70% of the poorest of the recent accession countries. Bulgaria was achieved steady economic progress since 1996, when a sharp recession led to the fall of the then Socialist government. An IMF standby loan is supporting Bulgaria's efforts to overcome high rates of poverty and unemployment. With 4.3% growth, GDP performed well in 2003. With economic policy geared to stable growth and structural reform, Bulgaria is benefiting from its expected EU membership with strong growth in foreign direct investment. Domestic demand is also strong, leading to a worrying increase in imports.

Romania: The heritage of the former communist period left to Romania was particularly unfortunate, with its obsolete industrial base and output unsuited to the country's needs. From 2000, having emerged from a deep recession, the economy has performed quite well, achieving 4.9% growth in 2003. The process of privatisation is progressing slowly, and unemployment remains high. Although growth is unhealthily biased towards domestic consumption, a sustained rise in GDP at about the rate achieved in 2003 is expected. Considering the overall state of its economy, power and telecom infrastructure in Romania is in a reasonable state.

Turkey: The Turkish economy exhibits a sharp contrast between a quite dynamic private industrial sector and a hugely inefficient state controlled industrial sector and backward agriculture. Robust economic growth in Turkey over the past decade has been interrupted by sharp declines in output, occurring in 1994, 1999 and 2001. This reflects deep imbalances in the Turkish economy. Following extremely high inflation and an economic crisis in 2001, the support of the IMF has helped tighten the financial management of Turkey. Although inflation remains at nearly 20% p.a., stable and quite rapid economic growth is being achieved, GDP rising by 5.8% in 2003. With more certainty about economic prospects, investment is improving, but foreign direct investment remains low. The telecom infrastructure of Turkey is undergoing rapid modernisation.

A Few International Comparisons

With its recent expansion, the enlarged European Union (EU-25) achieves a total GDP slightly higher than that of the United States, based on 2003 figures. Total Union GDP amounted to € 10.15 trillion, compared with € 9.90 trillion for the United States and € 3.26 trillion for Japan. With the expansion of the EU, however, comes a marked decline in per capita GDP, as poorer countries are included. While EU-15 per capita GDP in 2003 was only a little way behind Japan, € 24,500 compared to € 25,800, the gap is now wider. EU-25 per capita GDP stood at € 22,400, and including the applicant countries would take the figure down to € 19,400. At this level, average wealth in an enlarged EU would be little more than half that of the United States (€ 35,700).

Structural differences between the economies of the EU and the United States and Japan are accentuated by the enlargement process. One indicator is the role of industry in the economy overall. For the EU-15, industrial production accounted for 28% of GDP. While this was already much higher than in the United States, (22%), the gap has widened further as slightly more industry-reliant economies have joined the EU. Industrial production's share of GDP in the EU, however, remains a long way below Japan's figure of 37%.

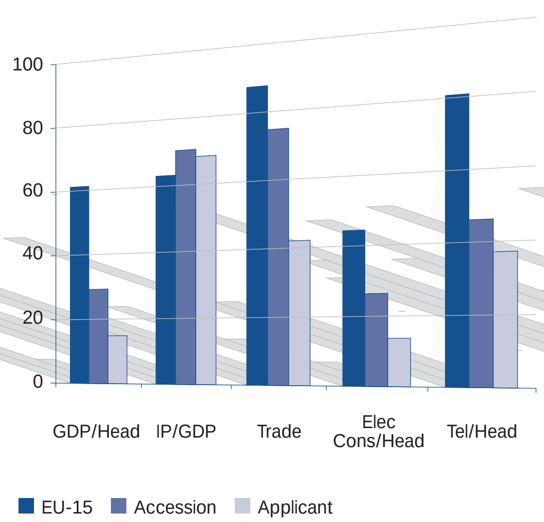
As for key infrastructure indicators, the enlargement process of the EU has created a sharp divergence with the United States and Japan. The EU-15 level of main line telephone connection, at 56 per hundred people, was comparable to Japan and somewhat behind the US figure of 66. Including the accession countries, the EU level of telephone main line penetration has fallen to 51 and, with the applicant countries, it would fall further to 45.

For electricity consumption, the divergence is even greater. The EU-15 rate of per capita electricity consumption, at 6,200 KWh per year was already some way behind that in Japan (7,600 KWh) and a long way behind the United States (12,800 KWh). With accession, the EU-25 per capita electricity consumption slipped to 5,800 KWh and, with very low rates of electricity use, the inclusion of applicant countries would take the figure down to 5,000 KWh, less than 40% of that in the United States.

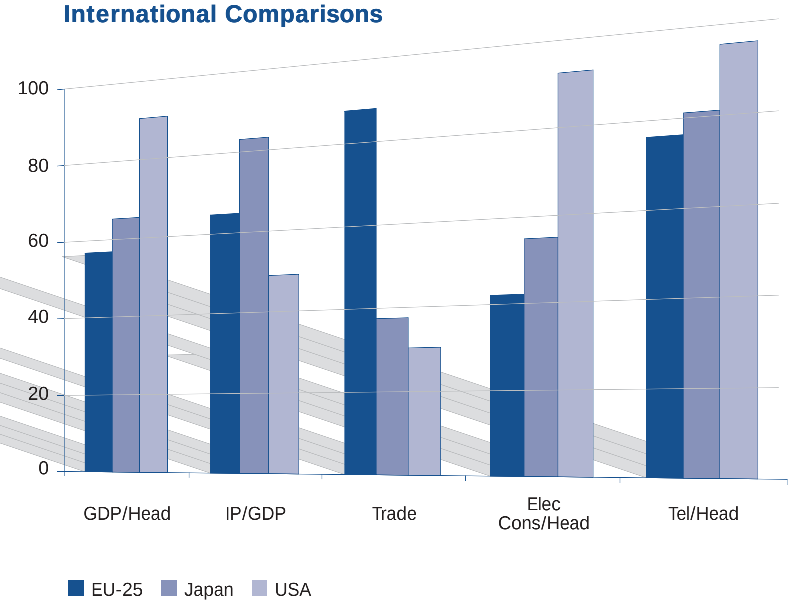
As far as the integration of individual countries with the international market in goods and services is concerned, the expanded EU is not that different from the pre-existing EU-15, but quite different from either the United States or Japan. Taking the average share of imports and exports as a percentage of GDP as a measure, the EU-15 recorded a 26% level of trade integration. Already strongly tied to the European Union through trade, the inclusion of the accession countries has not altered this figure, although adding in the applicant countries would take the level of EU trade integration down to 25%. The level of trade integration recorded in Europe, even with the candidate countries, is starkly different from that in Japan (11%) and the United states (9%).

ECONOMIC RATIOS FOR THE NEW EUROPE

EU and its New Entrants



International Comparisons



Source: Eurostat, CIA World Factbook, Metalica Ltd.

NEW ICF WEBSITE

You will find all the information you are used to on our new website. ICF members are recommended to login first to easily access the non-public sections. We are currently integrating our entire databank into the website, which in future for example will allow members themselves to update the information about their company (e.g. product scope, changes in management etc.). Once this work is finalized the search functions will be activated again.

1: Latest News (articles and downloads)
2: News Archive (articles and downloads)
3: Congess 2004 (ICF Congress Prague with schedule)
4: Congess Archive (former congresses with topics)
5: Members (sorted by company or country)
6: Member Area (access to further information and statistics)

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COMPANY NEWS IN BRIEF

PROVIDED BY METALICA LTD. UK

Realignment in US Building Wire: A multi-million dollar investment to raise capacity by 30% has been started by **Cerro Wire & Cable** at its Ogden, Utah plant. Cerro is a **Marmon Group** company and makes mainly building wire. **Southwire Co.**, a competitor in this market, has purchased **Alflex** from **Commonwealth Industries Inc.** for US$ 60 million. Alflex makes armoured cable and flexible conduit products and employs 310 people. Alflex achieved revenue of US$ 31.8 million in the first quarter of 2004, and an operating profit of US$ 3.0 million. Prior to the purchase, Southwire was already in the process of expanding its armoured cable capacity at its plant in Carrollton, Georgia. Shareholders in the rapidly growing US building wire company **Encore Wire Corp.** have agreed to an increase the authorised shares of common stock from 20 million to 40 million. Meanwhile, the **Alpine Group Inc.** has sold its defence electronics subsidiary DNE Systems Inc. to UK-based **Ultra Electronics Holdings** plc for US$ 40 million. This leaves the building wire company **Essex Electric** Inc., which is 90% owned by Alpine, as the sole holding of the group.

The Merger Deal Between Belden and CDT is Finalised: Shareholders of both **Belden** and **CDT** have agreed to the long-expected merger of the two cable companies, to form **Belden CDT Inc.**, effective July 1st 2004. In fiscal 2003 the combined revenues of Belden and CDT from continuing operations were US$ 1.1 billion.

Sale of Outside Plant Copper Telecom Cable Assets of Belden to Superior Essex Completed: The former North American outside plant telecom cable business of **Belden Inc.** now belongs to **Superior Essex**, the US$ 95 million sale having been finalised. Belden retains ownership of the telecom cable plants at **Fort Mill**, South Carolina and **Phoenix**, Arizona, equipment and production having been transferred to existing Superior Essex sites.

CommScope Relinquishes its Stake in OFS Brightwave: The Japanese cablemaker **Furukawa Electric Co. Ltd.** reaffirmed its commitment to fibre optic cable by acquiring the 9.4% stake in US producer **OFS Brightwave LLC** from **CommScope Inc.** that it did not already own. Furukawa Electric will return the equity stake it holds in CommScope, valued at US$ 132 million, as part of the deal.

Cable Investment by Honeywell: The US electronics and aerospace firm **Honeywell** has increased its stake in cablemaker **Genesis Cable Systems LLC** from 30% to 100%. Genesis makes cable for voice, video, data, access control, alarm and security and other home networking applications.

Whirlpool Sells its Mexican Harness Business to Gentek: The appliance wire harness business of **Whirlpool** in Mexico has been acquired by **Gentek** subsidiary the **Noma Corporation** for US$ 8.4 million. The facility concerned, named **Whirlpool de Reynosa, S.A. de C.V.**, was constructed in 2003, integrating the operations of three former plants; it employs 3,000 people.

In Europe, Leoni Carries Out a Capital Increase: The bare wire, cable and wire harness company **Leoni AG** is to carry out a capital increase from € 19.8 million (US$ 24.3 million) to € 29.7 million (US$ 36.4 million) through a 2-for-1 share offer to existing shareholders. Leoni intends to use the proceeds primarily to fund acquisitions, but also for future large-scale projects in its Wiring Systems Division.

Auto Harness Company Developments in Japan: Cable and automotive wire company, Yazaki Corp. has announced that it intends to accelerate its imports of wire harnesses into Japan from foreign subsidiaries over the next year to account for 60% of its supply to the domestic market, compared to the current 50% level. Meanwhile, **Sumitomo Wiring Systems Ltd.** has discontinued its electric power line business operations as of July 1st 2004, transferring its existing business to **Sumitomo Electric Industrial Wire & Cable Inc.**

Harness Investments in Vietnam: A US$ 16.7 million investment in a new cable plant has been announced by **Sumitomo Wiring Systems** (SWS). The investment will be by **Sumidenso Vietnam**, a joint venture between SWS and **Hanoi Electric Company**. In another Vietnamese investment, the capacity of **SD Vietnam Industries**, an appliance wire harness subsidiary of **Sumiden Shoji** (another **Sumitomo Electric** group company), is to be doubled from Yen 1.2 billion (US$ 11 million) to Yen 2.4 billion.

Developments in Chinese Bare Wire and Winding Wire: The copper and aluminium wire processing company **Changge Yongxing Copper Material Co.** in Henan province is to raise its copper processing capacity through the addition of a 10,000 tpy copper wirerod line this year, with a further 18,000 tpy capacity expansion planned for 2005. US winding wire company **Rea Magnet Wire** is in the process of constructing a second plant as part of its **Jingda-Rea** joint venture with a leading domestic Chinese winding wire producer, **Tongling Jingda**. The new facility is due to become operational early in 2005.

Chinese Ministry Follows Up Optical Fibre Dumping Claims: The Chinese **Ministry of Commerce** has imposed temporary import tariffs of 7% to 46% on G 652 dispersion unshifted single mode optical fibre on a group of international suppliers accused by two domestic suppliers of dumping product onto the Chinese market through imports. Major fibre manufacturers, including

Corning, **Furukawa Electric**, **Sumitomo Electric**, **Fujikura**, **Samsung** and **LG Cable** are subject to the dumping allegations. The ministry has extended the period of its investigation to January 1st 2005, admitting that the issues involved are complex.

Domestic Fibre Optic Investments in China: The electronics, software and optical company **Tianjin Tiancai Co., Ltd.** is ramping up production at its fibre drawing facility installed in 2001. Output this year is expected to reach 1.5 million core kilometres, reaching 75% capacity utilisation. Near Shanghai, another fibre drawing investment is planned by the newly formed optical communications division of **Shanghai Worldbest Co.** named **Shanghai Worldbest OFIB Technology Inc.** Planned capacity at the new plant is 2.0 million fibre kilometres.

Nexans Expands in Asia: Construction has begun at **Nexans** new special cables subsidiary **Nexans (Shanghai) Wires & Cables Co., Ltd.** in China. First phase production will be of shipboard, fire safety, rolling stock and other special application cables of thermoplastic and XLPE insulated types. A second phase, adding rubber insulated cable product lines, is planned. In Korea, **Nexans**, is to make two separate tender offers for the shares that it does not own in Korean affiliates **Nexans Korea** and **Kukdong Electric Wire**. Nexans currently holds slightly over 50% of the voting shares in both companies.

Asia Pacific Wire & Cable Shareholding Issue Resolved: The international subsidiary of Taiwan cable company **Pacific Electric** (PEWC), **Asia Pacific Wire & Cable** (APWC), has announced that the long-running dispute with **Set Top International** has been resolved. It had previously been reported in the press that former directors of AWPC had attempted to gain ownership control over the company through the APWC subsidiary Set Top.

Viscas Integration Delayed: After Japan's anti-monopoly watchdog had approved the transfer of the underground power cable businesses of **Furukawa Electric** and **Fujikura Ltd.** into the 50/50 joint venture **Viscas Corp.** late in July, the two companies said that they will delay the business integration for three months until January 1st 2005. The companies announced that the postponement was intended to ensure that no computer system trouble was encountered as a result of the integration.

Expansion in Telecom Cable in Vietnam: The **Saigon Cable & Materials Company** (Sacom) is to invest US$ 6.4 million in the building of two additional copper telecom cable plants in Vietnam.

Expansion in Energy Cable in the Middle East: A new cable plant of **Ducab** in Abu Dhabi is to have an installed capacity of 25,000 tpy conductor. Ducab's existing facility in Dubai is currently running to capacity at over 35,000 tpy conductor. Investment in the new plant, due to open in November 2004, is slated at Dh125 million (US$ 43 million).

Saudi Cable Raises Share Capital: A 28% capital increase is planned by **Saudi Cable Co.** (SCC), taking its share capital up from Riyals 500 million (US$ 133 million) to Riyals 640 million (US$ 170 million).

Cable Plant Planned for Namibia: A memorandum of understanding has been signed between the **Namibian Ministry of Mines and Energy** and its counterpart in the **Democratic Republic of the Congo** (DRC) in order to set up a building wire company in Walvis Bay, Namibia.

Reunert Gains 100% Control Over African Cables: The stake of **Reunert** in energy cable producer **African Cables** has increased from 50% to 100% as it has bought out joint owner **Pirelli Cables & Systems** for R167 million (US$ 26.0 million). African Cables will form part of Reunert's electrical division alongside telecom cable company **ATC** and **Circuit Breaker Industries** (CBI).

Changes of Ownership in Central Europe: The managers of **Elka Kabeli d.o.o.** of Croatia have made a successful bid to purchase the company through their wholly owned investment vehicle, **EPM Usluge**, for 20 million (US$ 24.5 million). In Bulgaria, Turkish businessman **Fuat Gyuven** has bought a 90% stake in **Elkabel**, Bulgaria´s largest cable producer for BGN 9.75 million (US$ 6.13 million) from **MG Corp.**

Sevkabel Expands: The cable industry holding company **Sevkabel Holding** continues on a rapid expansion path. In recent weeks, it has announced the start up of production of radio frequency cables and MV XLPE power cables (the latter in co-operation with **Reka Kaapeli Oy** of Finland). The company has also announced the release of three-year bonds valued at RBL 500 million (US$ 16.8 million).

Expansions in Russian Wirerod: A US$ 25 million three-year credit line has been opened for the **Novogorod Metallurgical Mill** (NMZ) by **Raiffeisenbank Austria**. NMZ is in the process of commissioning a 40,000 tpy secondary smelter, the first such mini mill using Outokumpu technology. NMZ is part of the newly formed **Ural Mining Company** (UGK). Meanwhile, **Urals Metal & Mining Co** (UGMK), Russia's second largest copper producer, plans to install a 70,000 tpy wirerod line, as it expects to reach capacity at its existing 235,000 tpy unit this year. Russia's largest copper producer, **Norilsk Nickel**, is also moving into value added products, having increased its sales of wirerod by 70% in 2003 to 75,000 tpy.

Copper Business of Umicore in a Separate Unit: The Belgian metals company **Umicore** is to create a subsidiary for its copper activities, including copper production, shapes and wirerod activities. The new company, **Umicore Copper**, became operational on July 1st 2004.

NKT Downsizes in Copper Telecom Cable: The Austrian subsidiary of Danish-owned cablemaker **NKT Cables**, **NKT Cables Austria**, is to cease production of copper telecom cables in order to focus on the production of railway cables. The share of telecom cables in the Austrian subsidiary's output has slipped to around 20%, from 60% in 2000.

HTS Comes of Age?: Plans to ramp up production of second generation (2G) high temperature superconductor (HTS) wire have been announced by **American Superconductor**. The company plans to complete the conversion of its existing facility to a »pre-pilot« production line by spring 2006, then to build a new 300,000 metre/year facility by the end of 2007.