



WEEK Ending September 22, 2006

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INDUSTRY WATCH

Airbus – Private / Boeing – (NYSE:BA)

- Reuters reports that [Russian carrier Aeroflot will purchase long-range airliners from both Airbus and Boeing](#). The decision to buy U.S. Boeing's B787 Dreamliner and Airbus's A350 XWB will support Russia's push to cooperate with Europe's EADS on international aerospace issues while increasing its 90-plane fleet.

BP Oil Company – (NYSE:BP)

- Reuters.uk reports that [BP will invest \\$3 billion to increase capacity of its Whiting, Indiana, refinery to process Canadian heavy crude oil](#). The modification will allow the plant's production of motor fuels to increase by about 15%, or 1.7 million gallons of gasoline or diesel per day.

Cycle Country Accessories Corp.— (AMEX:ATC)

- All terrain vehicle (ATV) manufacturer Cycle Country Accessories has hired Randy J. Kempf as the company's new CEO. [Kempf has an extensive background in welding industries, having held roles of exceeding responsibly including his most recent post as president and COO of Metal and Welding, Inc.](#)

DaimlerChrysler - (NYSE:DCX)

- Reuters reports that [DaimlerChrysler is sharply cutting production in its North American arm, akin to its automotive rivals GM and Ford](#). The company is cutting production by 135,000 units in the second half of 2006 to reduce piling inventory of trucks and sport utility vehicles despite its summer sales effort.

ESAB Welding and Cutting Products

- The Evening Sun reports that Jon Rennie, [vice president and general manager of ESAB's Hanover plant, will resign his position](#) to return to ABB Inc. as managing director for their instrument transformer business in North Carolina. After 4 1/2 years with ESAB, Rennie's last day is Sept. 22.

General Motors – (NYSE:GM) / Ford – (NYSE:F)

- During times of desperate restructuring, the automotive industry may turn to each other for some relief. The Associated Press reports that [General Motors and Ford are reportedly discussing a potential merger or alliance](#). The companies involved declined to comment on reports that claim senior GM and Ford executives began talks in July. Some say a GM-Ford merger is unlikely due to antitrust issues and differences in strategies for hybrid vehicles, production technology and components.
- ABC News reports that [Ford director John Bond will be receiving \\$25,000 per day in consulting fees to carry the company through its restructuring efforts](#).



Lockheed-Martin - (NYSE:LMT)

- Congressional budget cuts may curtail the production of Lockheed's costly F-35 Joint Strike Fighter program. The group of radar-evading warplanes that are estimated to cost \$276.5 billion are being funded by the U.S. and eight other countries. Lockheed has requested to congress that the project be kept on track, arguing that setbacks could boost the cost of the F-35 program by \$12 million to \$16 million per plane.

Thermadyne – (OTC:THMD.PK)

- In a company press release, Thermadyne reports it has hired KPMG, LLP as the Company's independent registered public accounting firm for 2006. KPMG will begin its services with the review of Thermadyne's financial statements for the second quarter 2006.

Toyota – (NYSE:TM)

- The Associated Press report on Toyota's continued expansion, leading to its possible domination over rival GM as the world's largest automaker. As GM struggles with losses and a hefty restructuring initiative, Toyota is planning to increase overseas production by 40% of its 2005 level to 5 million vehicles by 2008.

FINANCIAL WATCH

Housing Tumbles

- Reuters reports that Housing starts fell by 6% in August, a more than three-year low, in part due to higher vehicle costs which contributed to weaker producer prices. Government reports suggest the economy is cooling.

Core Prices Fall Farthest in Years

- Reuters reports that U.S. producer prices increased a meager 0.1% in August while core prices plunged 0.4%, the largest drop since April 2003. The decline in the core producer price index, which strips out volatile food and energy costs, reflects a 2.6% drop in auto prices and a 3.4% decline in the price of light trucks and SUVs, the Labor Department said.

Struggling Nigeria Aims to Accelerate Oil Production

- The Associated Press reports that after violent attacks in Nigeria's oil-rich Niger Delta caused major damage to pipes and subsequent declines in oil production, Nigeria aims to restore its losses. Although an official timeline was not given, the country's pipelines are expected to be repaired "in weeks to months." As Africa's largest oil producer, Nigeria ranks fifth among crude suppliers to the U.S. Pipeline sabotage and oil-worker kidnappings, much of which involves corrupted government officials, are common in the Niger Delta keeping its inhabitants mired in poverty.

Nickel Prices Soar on Stainless Steel Demands

- The Asahi.com reports that as nickel prices soar to \$30,000 per ton, compared with less than \$6,000 in early 2002, manufacturers have had to raise prices of stainless steel which uses nickel in the production process. Demand for stainless steel is increasing in China, the Middle East, Russia and other places where corporate investment in energy is rising. Nickel production is not keeping up with the demand of stainless steel partly because of strikes and accidents at mines.

Vanishing Innovation in Illinois Cause for Concern

- The Rockford Register reports on a possible crisis looming in the world of modern innovation in the Rock River Valley of Illinois. Patents awarded to area residents dropped from 165 in 1999 to 107 in 2005, "in part because the major companies funding the research and development either closed, moved or have changed philosophy on how best to protect critical advancements," the article reads. In contrast, the number of patents nationally has soared with the rise of intellectual property or "defensive patenting." In 2004, the U.S. Patent Office issued 181,000 patents, up from 99,000 in 1990, according to the article.



INNOVATION WATCH

CREATE A New Railroad

- [The Chicago Tribune reports that a \\$100 million down payment from congress was given to Chicago to modernize its antiquated freight railroad system.](#) The total cost of the 10-year project, known as CREATE (Chicago Region Environmental and Transportation Efficiency Project), is estimated to be \$1.5 billion. Currently in the preliminary design and engineering phase, the project will enhance the speed of trains from the West Coast that deliver goods to Chicago from areas around the globe. Also, it would ease rail congestion across the country by relieving a bottleneck in the Chicago area.

Cleaning Up Your Workspace

- Thomasnet.com posts a company press release announcing that [Lincoln Electric introduced Mobiflex™, a portable, low vacuum fume extractor designed for the intermittent and continuous removal and filtration of welding dust, smoke and fumes in the work environment.](#) The system filters contaminated air and re-circulates it into the work area, possibly resulting in a cleaner work environment and significant energy cost reduction.

Robot Ready

- [The Townsville Bulletin reports on a small hydraulic cylinder business that significantly expanded its output after suffering from a skilled worker shortage.](#) After workers fled for higher pay in the mining industry, the business was left to find another way to keep up pace. Now with a shop-full of robots handling and welding parts, and machining tools cutting and shaping steel, the company is able to significantly expand its output from producing only 500 hydraulic cylinders annually. In fact, they are seeking a supply agreement in the Australian market to provide annually about 30,000 hydraulic cylinders, which are used in everything from airplanes to garbage trucks.

CAREER WATCH

Successful Manufacturer Contemplates Closing Despite Recruiting Efforts

- [The Minneapolis/St. Paul Star Tribune reports that Minnesota manufacturers are struggling to find skilled metalworkers.](#) Outfitted with valuable assets, such as its giant punch-press machines that require just one operator for every four, manufacturer E.J. Ajax continues to win contracts over competitors in China and Taiwan and Mexico. The company manufactures freezer hinges, door frames for fire extinguisher cabinets, and safety latches inside the handles of stove-top pressure cookers. While the family-owned factory has grown into a successful business, concerns for the future weigh on the owners who say they can't find enough well-trained operators despite their efforts to recruit by offering attractive packages. For example, Dan McGee, 21, who will soon finish a two-year degree in machine-tool technology, has worked at E.J. Ajax while attending classes. Not only did the company pay for his schooling, but it will now pay for the bachelor's degree in manufacturing that McGee has decided to pursue at night while he works days as an apprentice. The article quotes Ajax who says, "By age 25, McGee will have a college degree, five years' experience, no student debt, and a job that pays \$50,000 to \$60,000 and full benefits."

Women Welders Steal the Seal

- [The Guardian \(Prince Edward Island, Canada\) reports that women triumph in the historically male world of welding.](#) After completing an Apprenticeship Training Program, welder Lisa McAskill took the title of Red Seal welder. With a growing gap in skilled trades, women may be the answer. And now the message is spreading. Fueled by the success of McAskill and other women in skilled trades, program officials have set out to spread the message to every high school on the Canada Island, with a special emphasis on educating female students about the wealth of skilled trade career possibilities.

South Africa Unprepared for 2010 World Cup Games

- [The Cape Times \(South Africa\) reports that South Africa may not have enough welders and other skilled workers to prepare for 2010 World Cup Games.](#) During a major artisan shortage in South Africa, the country needs thousands of skilled tradesman to fill jobs on 2010 World Cup projects. Millwrights, electricians, fitters



and turners, pattern makers, injection molders and tool, jig and die makers are in most need. And, industry figures estimate the demand for skilled artisans to be approaching 30,000, while the need for semi-skilled labor is increasing by more than 20% per year. The problem is said to be in part fueled by a general corporate reluctance to invest in apprenticeship programs due to the need to invest time and money without a guarantee that workers will stay at the company.

Boot Camp for Contractors

- The LA Times reports that with an unprecedented public building boom in the Southern California region, competition for experienced contractors is fierce, but an ambitious construction program is underway and the Los Angeles Unified School District needs help. To complete the work, it has decided to recruit smaller contractors and educate them on the complexities of the nation's second-largest school system – a contractor “boot camp.” L.A. Unified plans to fund small companies from the \$19 billion school-construction bonds so they can work on the public agency construction contract – commonly an extremely difficult feat for smaller contractors due to lack of resources and expertise.

Demand for Construction Workers Provides Opportunity

- The Daily Iberian (Louisiana) reports that the Louisiana Technical College Young Memorial Campus in Franklin will offer free carpentry, electrician and welding classes to qualifying individuals. In an effort to supply construction industry workforce needs, the Louisiana Community and Technical College System partnered with the Louisiana Department of Labor to launch a program that will provide fast-track training for a career in construction. Upon completing the program, individuals will receive a certificate of completion or other certification allowing them to enter the field at a higher wage level than an unskilled counterpart. In addition, the cost of books and supplies are paid through the program.

PEOPLE WATCH

Friendly Fire – (Website Registration Required)

- In a touching example of ways in which a welding business or worker can contribute to the preservation and growth of their community, The Dodge City Daily Global reports on a group of firefighters teamed up with Stahl Welding and Machine to place a bell atop a monument that is the centerpiece of the Station One memorial park. The park honors firefighters and emergency workers, and celebrates the relationship between the fire department and business community. The fire department has raised about \$25,000 in private donations for the project, which would have cost about \$60,000 had they purchased all of the necessary materials. Luckily, several local businesses, such as Stahl Welding and Machine, contributed materials or labor to help keep the cost down. Because widespread support from donations or in-kind contributions funded the project, the fire department did not need to request money from the city. The project pays tribute not only to the fire and emergency workers, but also to the community that contributed to its success.

SAFETY WATCH

Coal Mine Accident in Ukraine – (Website Registration Required)

- The Los Angeles Times reports on a blast at Arcelor Mittal's Kazakhstan coal mine that killed 52 people, including 40 miners, and left one missing. Arcelor Mittal said the cause for the blast was unclear, and that a full investigation would be launched. The coal mine, located about 120 miles south of the capital, Astana, is part of a complex of mines and generating plants that power Kazakhstan's largest metal factory. In 2006, 130 miners have been killed in Ukraine's 273 mines, the article read.

AWS NEWS

- September 20, 2006 – AWS Honors 2006 Image of Welding Award Winners; Tells the Stories of Honorees Instrumental in Advancing Image of Welding
- September 19, 2006 – AWS to Host Free Session on New OSHA Regulation for Reduced Hexavalent Chromium Exposure