

Informers

Informing, planning and taking action



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Fall 2013 Institute Meeting Preview

Tucson's spectacular 'Ventana', or 'Window' to the Soul of the Sonoran desert, Loews Ventana Canyon Resort, is the site of the Fall 2013 USCTI Institute meeting. This stunning natural retreat in the foothills of the Catalina Mountains offers a variety of activities, services and experiences to relax, energize, and inspire guests including: the luxurious Lakeside Spa & Tennis Center, canyon hiking, 2 Tom Fazio-designed PGA golf courses, lighted tennis courts, 2 swimming pools, a fitness center, nearby riding trails and more. The spacious guest rooms and suites feature a private balcony with breathtaking views of the desert mountains and night sky.

A terrific line-up of speakers has been arranged including; keynote Richard Noble of the Bloodhound SSC Project, Karl Mueller addressing gain sharing plans, and Bill Strauss of the Federal Reserve providing an update and outlook for the U.S. economy.

Golf tournaments are scheduled for Saturday and Monday afternoons. A Ladies breakfast and special presentation will be held on Sunday morning.

Look for additional meeting details and registration materials shortly.

Look for Mid-Year Factory Worker Survey in August

USCTI's Mid-Year Factory Worker Survey and Survey of Cafeteria Flexible Benefit Plans provide valuable data on wages and fringe benefits for hourly factory workers. Member information is collected and compiled by the Institute office on a confidential basis. All full, associate, and related company members of USCTI have the option to participate in this survey.

Reporting forms and instructions will be e-mailed to the official representative at each member company in early August, with data due back by the end of the month. Only companies which submit data are entitled to receive a copy of the survey compilation. This is an excellent snapshot of wages and benefits in the cutting tool industry - members are strongly encouraged to participate.

Schedule of Events Loews Ventana Canyon Tucson, Arizona

SATURDAY, OCTOBER 12, 2013

7:30 AM – 9:00 AM	Programs Committee Meeting
9:15 AM – 11:15 AM	Board of Director's Meeting
Afternoon	Golf Tournament
6:00 PM – 8:00 PM	Welcome Reception

SUNDAY, OCTOBER 13, 2013

7:00 AM – 8:00 AM	Breakfast
8:00 AM – 9:15 AM	Keynote Speaker: Richard Noble, Bloodhound SSC Project
9:30 AM - 10:45 AM	Ladies Breakfast and Speaker
9:15 AM – 9:30 AM	- Break -
9:30 AM – 10:30 AM	Speaker: Karl Mueller, Gain Sharing Plans
10:30 AM -11:45 AM	Gold Sponsor Presentations
Afternoon	Open
5:45 PM – 10:00 PM	Reception & Dinner

MONDAY, OCTOBER 14, 2013

7:00 AM – 8:30 AM	Breakfast and Roundtable Discussion
8:30 AM – 9:30 AM	Institute Meeting
9:30 AM – 9:45 AM	- Break -
9:45 AM – 10:30 AM	Gold Sponsor Presentations
10:30 AM -11:45 AM	Speaker: Bill Strauss, Federal Reserve Bank Economic Update and Outlook for 2014
Afternoon	Golf Tournament
6:30 PM – 8:30 PM	Reception

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USCTI President's Message



Dave Povich

Happy Silver Anniversary! Yes, 2013 marks USCTI's 25th year of existence. And with silver prices down some 50% over the past year, what a perfect time to treat ourselves to some pertinent gifts for the occasion. But first let us reflect on the past, and how we've arrived at this point:

The origins of USCTI date back to 1935, when one of its predecessor organizations, the Metal Cutting Tool Institute (MCTI), was formed. Promoting the manufacture and sale of American made rotary metal cutting tools was the primary purpose of MCTI. The Institute, comprised of over 30 manufacturers, was founded principally to recommend standards for the industry. MCTI's activities also included the compilation of market statistics, a government relations program, and a labor relations program.

The Cutting Tool Manufacturers Association of America (CTMA) was formed in 1943 to develop programs and activities directed toward helping its members become better businessmen. CTMA carried out its objectives through informative meetings, statistical reports, a government affairs program, and an insurance program. More than 100 American manufacturers of cutting tools were members of the Association.

In 1988 MCTI joined forces with CTMA to form the United States Cutting Tool Institute. Since that date, USCTI has remained the preeminent organization providing member companies focused access to cutting tool industry networking, promotion, market data, and trends (which conveniently happens to be our Mission Statement!).

The quality of any organization is measured by the people that comprise it. As I step down from my term as your President, I am humbled by the magnitude of the great industry leaders that preceded this tenure, and thank you all for the opportunity to serve. And knowing the skills of those aligned to take this office, rest assured the best days of USCTI remain in the future.

Dave



2016 WCTC Preview

USCTI will host the next World Cutting Tool Conference on April 12-14, 2016 at the Fairmont Orchid on the Island of Hawaii. The 2016 World Conference will be co-sponsored by ECTA and JCTA.

Welcome to our newest member:

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2013 WCTC Recap

USCTI, along with the European Cutting Tool Association (ECTA), and the Japanese Cutting Tool Association (JCTA) co-sponsored the fifth World Cutting Tool Conference (WCTC) in the historical city of Kyoto, Japan from May 13 to 16, 2013. Conference attendance exceeded expectations, with over 230 participants from 17 countries. USCTI participation was strong, with over 35 representatives from 24 companies represented.

The WCTC was initiated by USCTI in 1998. Subsequent conferences were held in Edinburgh, Scotland in 2001, Orlando, Florida in 2004, and San Sebastian, Spain in 2007.

The 2013 WCTC opened with regional reports on the cutting tool markets in Japan, Europe, the U.S., Korea, and India. Mori Seiki Co., Ltd then sponsored a tour of their Iga manufacturing campus. Presentations during the conference included "Competence for Successful Management in Global Competition", "Recent Advances in Machine Tool and Machining Technologies", "Development of Next Generation Vehicles", and "Aero- Engine Manufacturing". A variety of sponsor presentations were also made, highlighting new and emerging technologies in the cutting tool industry.

USCTI Legal Counsel Provides Executive Updates

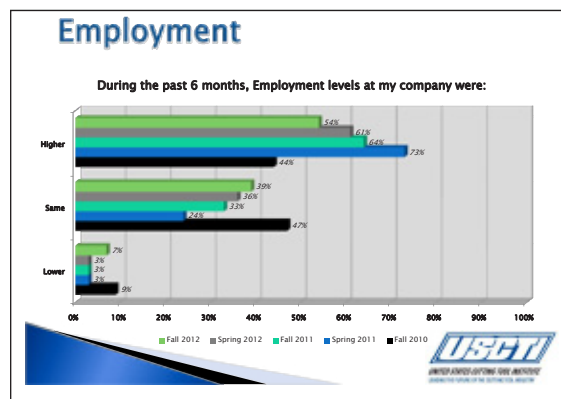
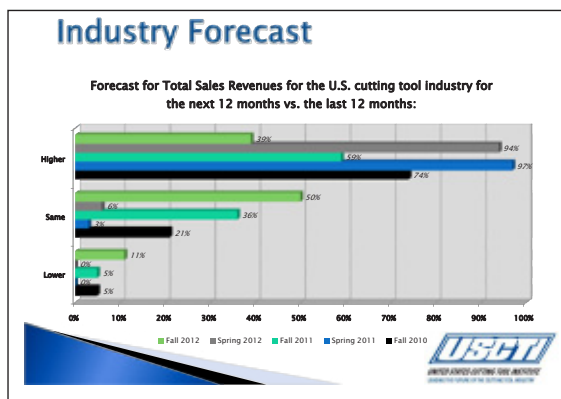
Members can link to the [Executive Regulatory Alerts Archive](#) from the Members Only section of uscti.com. USCTI's legal counsel provides updates on a variety of topics including: health care, human resources, tax issues, and general business issues. Be sure to check [the archive](#) on a regular basis as new articles are posted every few days.



From left to right: Hiroyuki "Roy" Fujii, WCTC Organizing Committee Chair, David Povich, USCTI President, Alexandre Fernandez i Grau, ECTA President.

Spring 2013 Business Outlook Survey

The results of the most recent USCTI Cutting Tool Business Outlook Survey presented during the Spring Institute meeting indicated cautious optimism, with a decrease in the percentage of members expecting cutting tool sales to be up this year, and a slowdown in hiring as well. The power point of the survey results is available to all members through the Presentation Archive within the “Members Only” section of the USCTI website.



USCTI Spearheads Manufacturing Careers Initiative

The USCTI Board of Directors had discussed the need for a larger pool of qualified workers in the manufacturing sector. Recognizing this need, USCTI had embarked on an initiative to inform and educate students, their parents, and the educational community about the many excellent career opportunities available in manufacturing. The program would address the misperceptions regarding today’s manufacturing, which tend to strongly influence middle school and high school students in their career choices. In addition, school administrators and guidance counselors are, in many cases, programmed to steer students exclusively toward a 4 year college degree; the message needs to be conveyed to these influential individuals as well.

USCTI recognized that many programs supporting careers in manufacturing already exist; however, there is no coordinated effort among the associations and organizations which administer these programs. This situation presents an opportunity to form an alliance for the purpose of developing a unified program with clear, achievable objectives.

Thus far, 4 program objectives have been identified;

1. Change the paradigm about manufacturing careers with the educational community (academic administration, guidance counselors, teachers, parents, and students).
2. Provide information: a unified message from an array of associations and organizations involved with manufacturing; a “tool kit” that can be used by individual associations and organizations; and a “tool kit” that can be customized by individual members of those groups.
3. Support “Manufacturing Month” (October).
4. Create an expanded pool of qualified and motivated workers.

A Steering Committee, consisting of USCTI and 10 other prominent national organizations, was formed in June to oversee this project. Just recently, four Task Forces were established under the Steering Committee to begin work toward accomplishing the project objectives.

Product Standards Steering Committee Being Organized

Based on the collective thought of the members of the Technical Committee, and approval by the Board of Directors, approximately 2 years ago the focus of USCTI’s technical effort shifted to providing input to other standards writing bodies. In discussing this change, the Board recognized that USCTI members represent a vast pool of engineering knowledge and expertise. The Board determined that these resources should be organized under a Product Standards Steering Committee, with experts from member companies representing the various product groups on the steering committee and interfacing with industry standards writing bodies such as ANSI, ISO, and AIA. USCTI members will have the opportunity to provide input, via the Steering Committee, as cutting tool standards come up for review.

The first step in this process is to identify the product groups that should be represented by the Steering Committee. The Technical Committee has been asked to review an initial proposal. The product categories will be kept to a manageable number to simplify the standards review and reporting process.

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Future Meeting Dates

Be sure to mark your calendar for the 2014 Institute meetings which are scheduled as follows:

2014 Spring Meeting

May 3-5
Omni Amelia Island
Amelia Island, Florida

2014 Fall Meeting

October 10-13
Bacara Resort
Santa Barbara, California

These two locations offer truly unique meeting experiences as well as the opportunity to network with your industry colleagues. Plan now to attend!



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Roundtable Discussions Reinstated at Institute Meetings

Cited as one of the most beneficial features of the spring and fall Institute meetings, the business roundtable discussions were reinstated beginning with the fall 2012 Institute meeting at Alisal. Attendees find the open exchange of ideas among industry peers very helpful and informative. A roundtable discussion and breakfast will be held during the fall 2013 meeting.

The agenda for each roundtable is developed from topics submitted in advance by those registered for the meeting. The agenda is distributed in advance of the meeting so that attendees can prepare for the discussion. Topics discussed at the spring 2013 Institute meeting included the following:

Workforce

- Finding qualified applicants
- Training, apprenticeships
- Drug testing in the workplace

Marketplace

- Consolidation in the distribution industry
- Business outlook for the balance of 2013
- Accuracy of various industry forecasts

Operations and Product

- Evolving workpiece materials
- Competitive threats to the industry
- Healthcare costs, Obamacare implementation
- Lean manufacturing



Membership Drive Planned

The Membership Committee has been active this spring, updating the list of prospective USCTI members in preparation for launching a new recruitment campaign. Eligible prospective companies which have not previously attended a USCTI meeting will be offered free registration for the fall 2013 Institute meeting.

Once the list of prospective members has been updated, current USCTI members will be asked to make personal invitations to attend the fall meeting and to join the Institute.

USCTI's 25th Anniversary



Share in the festivities at this fall's Institute meeting as USCTI celebrates 25 years of service to the cutting tool industry. USCTI was formed in 1988 and resulted from a merger of the Metal Cutting Tool Institute (MCTI) and the Cutting Tool Manufacturers of America (CTMA). The origin of MCTI dates back to 1926.

AIA Reviewing Cutting Tool Specifications

For many years, USCTI's Technical Committee has provided valuable engineering input to the Aerospace Industries Association (AIA) with regard to the National Aerospace Standards for cutting tools. Most recently, USCTI participated on the AIA working group that developed a new standard for carbide reamers, NAS 899. AIA is also reviewing all of their existing cutting tool specifications on a 5 year cycle. These include; NAS 907- , NAS 937- , and NAS 965- . A review of the High Speed Steel reamer specification is underway.

Sponsorship Program Gaining Momentum

The USCTI Meeting Sponsorship Program has been very successful and well received, benefitting both sponsors and members. The revenue generated from this program over the past few years has helped support Institute programs and has added significant value to our spring and fall USCTI meetings. Sponsorship involvement in this way makes a difference in the quality and success of our meetings, and provides unique insights and information on technological advances to our members.

Customized opportunities are provided for *both members and non-members* to elevate their profile to Industry partners. Included is a *USCTI Member Utilized* category that promotes value-added services or products. Don't miss this opportunity to take advantage of a Corporate Sponsorship opportunity and/or to invite your value-added vendors, partners or affiliates within the cutting tool industry to participate.

USCTI is constantly striving to provide the very best in meeting environments through excellent programming that fosters great business relationships, creativity and enthusiasm, hones our knowledge and skills, and focuses on building consensus and finding ways to move forward. Through your continued support and active involvement, we will continue to grow and strengthen USCTI.

Please contact the Institute Office should you have any questions concerning the 2013 Sponsorship Program. This year's sponsors are shown in this issue of the Informer.

Product Warning Labels – Is Your Company in Compliance with California’s Proposition 65?

By: Joseph P. Boeckman, BakerHostetler

Product warning labels are an important part in encouraging the safe use of cutting tools. But are you aware that warning labels for your cutting tool products may also need to warn users of the exposure to toxic chemicals, at least if your products are sold in California? California’s Safe Drinking Water and Toxic Enforcement Act of 1986 – commonly known as Prop 65 – requires businesses to issue a **clear and reasonable warning** before exposing others to certain chemicals.

What is Prop 65?

Prop 65 was passed by a voter initiative in 1986. The law requires Californians to be warned of their exposure to chemicals shown to cause cancer or reproductive harm. Prop 65 prohibits businesses from discharging these chemicals into or around California drinking water sources and requires businesses to issue a clear, reasonable warning before they knowingly expose individuals to unsafe amounts of those same harmful chemicals.

The warning requirements apply to all entities doing business in California – regardless of the location of operations or production. This means that a cutting tool containing a listed chemical, such as cobalt-tungsten carbide, manufactured in Michigan by an Illinois-based company and sold in California could be held liable for a violation of Prop 65 if the product’s warning label was not in compliance with Prop 65.

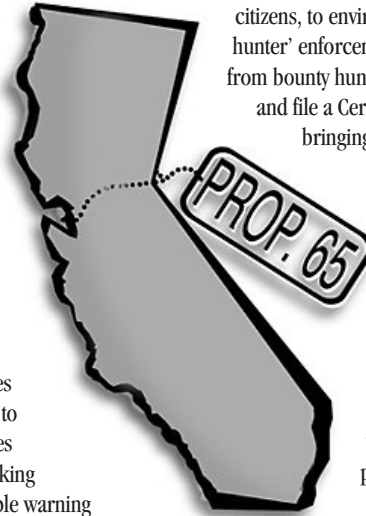
California’s Office of Environmental Health Hazard Assessment (OEHHA) is responsible for the administration of Prop 65. OEHHA regularly updates a list of chemicals considered by California to cause cancer, birth defects, or other reproductive harm. The list currently names over 880 chemicals and is made available to the public at http://oehha.ca.gov/prop65/prop65_list/Newlist.html. The list also includes California’s safe-level standards, which are often more stringent than their federal counterparts. For newly listed chemicals, businesses are given a 12-month window to comply.

There are limited exemptions to Prop 65 compliance. Businesses with fewer than 10 employees and government agencies, as well as cases where the rate of exposure to listed chemicals falls within the safe-level range, are not required to comply with Prop 65. Businesses that choose not to include a warning bear the burden of proving safe levels in an enforcement action.

How is Prop 65 enforced?

Prop 65 is enforced through civil litigation. A Prop 65 lawsuit may come from government attorneys like the California Attorney General, or from private parties acting in the public interest. A court may impose a penalty of up to \$2,500 per day per violation if a defendant is found to run afoul of the statute. Seventy-five percent of all funds received in a Prop 65 claim – regardless of whether suit was filed by a government attorney or private party – is paid to the Safe Drinking Water and Toxic Enforcement Fund maintained by OEHHA. The remaining 25% is paid directly to the party bringing the lawsuit.

Some estimate that up to 90% of Prop 65 enforcement actions are brought by private parties acting in the public interest. These parties range from concerned



citizens, to environmental advocates, to individuals looking to profit from the ‘bounty hunter’ enforcement aspect of the regulation. In an effort to curb frivolous litigation from bounty hunter plaintiffs, private parties must comply with notice requirements and file a Certificate of Merit – which includes consulting an expert – before bringing suit.

How can USCTI members stay in compliance with Prop 65?

It is important for USCTI members to maintain compliance with California’s Prop 65, lest they risk meeting a litigious group of Prop 65 enforcers.

If your products will expose individuals to *any detectable amount* of a listed chemical, consider affixing a warning label to those units that may find their way to California retailers. Here are some best practices for ensuring that your products carry sufficient warnings:

1. Use the exact language provided in California law. California regulations set forth specific warning language that, if included on a product’s label, will mitigate liability under Prop 65. For chemicals on the OEHHA list as having ‘cancer’ toxicity, the regulations specify the following language for the product’s label:

WARNING: This product contains a chemical known to the State of California to cause cancer.

California regulations also include specific warning language for chemicals known to the State of California to cause birth defects and/or reproductive harm.

- 2. The warning should be prominently placed.** The key to maintaining compliance with Prop 65’s warning requirement is that the warning must be *clear and reasonable*. Regulations define “clear and reasonable,” in part, as “reasonably calculated . . . to make the warning message available to the individual prior to exposure.” This means that warning labels should be created with the intention of being noticed, and should not be hidden.
- 3. The warning should stand alone.** To ensure clarity, the Prop 65 warning should stand apart from any other warnings or information. Otherwise, you run the risk of creating clutter, which may limit someone’s ability to understand the warning. In addition, you want to avoid creating an argument that your warning was not “clear” or appeared to mitigate the potential harm.
- 4. The end consumer should see the warning.** Even though your company may not sell directly to the consumer, you should make an effort to ensure that the consumer still sees your warning. The law places responsibility on the manufacturer for warning individuals before exposure to listed chemicals. So talk with your buyers and packagers to make sure that Californians purchasing your products receive the appropriate warnings.

Finally, your company is encouraged to seek legal advice if it receives a notice letter from a party seeking to enforce Prop 65.

This article was written by Joseph P. Boeckman, a partner in the Business Group of BakerHostetler, with the assistance of Michalea Delaveris, an intern at BakerHostetler and law student at The Ohio State University. Mr. Boeckman serves as outside counsel to the United States Cutting Tool Institute.

Special Thanks to Our 2013 Meeting Sponsors



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