**Interview with Richard Mack, Principal Consultant, CRU Group **

CRU is a well known supplier of information on the international wire and cable markets. In addition to its conferences and consulting work, CRU has four published services. **CRU Wire and Cable News** provides news and industry developments through a service with daily, weekly, and monthly publications. In addition to news it offers cost information and articles offering opinions from CRU’s staff of analysts.

CRU also provides market assessments and forecasts that usually look five years ahead, these include:

1. **Wire and Cable Market Outlook**, a quarterly report with global assessments and forecasts of insulated wire and cable by country, region, and product family.
2. **Telecom Cables Market Outlook**, a semi-annual report with global assessments and forecasts of optical fibre and copper telecom cable, by country, region, and application.
3. **Optical Fibre and Cable Monitor**, a bi-monthly service with current market size and trend, along with coverage of key developments by region.

Richard Mack is one of the world’s leading authorities on wire and cable market analysis. He has been involved in fibre optics since 1981 and currently is the editor of CRU's Optical Fibre and Cable Monitor. He also is on the team of analysts that writes CRU's Telecom Cables Market Outlook.

Richard has completed hundreds of reports and consulting projects in areas including optics, telecommunications, and cable.  Prior to his work as an industry analyst and consultant, he worked on several high-tech trade magazines.  He has a BA from the University of Delaware and an MS from Boston University.

**How does CRU acquire the information that it uses in its news and analysis?**

CRU maintains a close relationship with suppliers and customers of wire and cable and constantly monitors relevant company press releases and financial reports, in addition to documents from government and industry organizations, and many other business and financial information sources.

In addition, CRU has an internal economics team that compiles and analyzes statistics on GDP, industrial production, housing starts, vehicle production, and other indicators. CRU’s copper team also provides data on wire-rod production and copper raw materials.

CRU has examined its data on wire and cable consumption in previous years to see how it correlates with these economic indicators to develop forecasts of wire and cable demand. For forecasts in key application segments, CRU also collects data on trends in other industries, such as electric power utility construction programs, renewable energy projects, telecom traffic requirements and network investments, construction industry developments, and vehicle production statistics.

CRU also monitors information on data centre technology, broadband telecom networks, and other growth areas.

**What are some of the key challenges associated with gathering and interpreting this information?**

The conductor tonne is a critical measurement unit for quantifying wire and cable markets, when doing both assessments and forecasts. However many useful sources, such as trade statistics, economic indicators, and corporate financial reports, provide data in dollars or other currencies. Some industrial statistics use other metrics – square metres for construction, units for vehicular production, renewable energy investment trends in kilowatts, etc.

CRU has developed conversion factors and statistical models for using these sources to estimate conductor tonnes in specific markets or application segments.

**CRU has observed the activities of the wire and cable markets for a long time. How have they changed over time?**

The most significant change in wire and cable markets over the past two decades has been the rapid industrialization in China. This has caused both demand and supply of wire and cable in China to ramp up to high levels in a relatively short period of time.

Other big changes have included:

* the emergence of renewable energy sources
* the development of information industries, which has stimulated investment in data centres, premises networking, and telecom networks
* increasing emphasis on sustainability, “green” materials, life-cycle product planning
* improvements in manufacturing processes to take advantage of computer controls, increased automation, and more efficient equipment
* social, demographic, and economic forces that are driving changes in transportation, smart cities and smart buildings, telecommuting, and more Internet connections

**A lot of the wire and cable industry is preparing for trade fairs in North America and Russia. How do you see the market opportunities in these regions?**  
  
After the recession of 2009, North America’s insulated wire and cable market had four years with annual growth of 3% or more. Since 2014, however, demand has increased at rates of 1.5% or lower. The outlook for 2017 and beyond is for a slight improvement in annual growth rates. This is the average rate, based on conductor tonnes totalled for all applications. Some segments, such as renewable energy and ICT (information and communication technologies), will have faster growth.

Russia, like North America, will experience lower growth in the oilfield sector, which uses high-value cables. In recent years, Russia’s economic situation has caused decreases in wire and cable consumption from 2012 to 2016. CRU forecasts slight growth in 2017. But also as in the US, some sectors, such as telecom, will show faster growth than the industry average.

**What does Brexit mean for CRU and for the wire and cable markets?**

The effect of Britain’s vote to leave the EU will not have an immediate effect on the wire and cable industry. The UK’s exit will not be complete for two years, and wire and cable industry effects, if any, probably will not be noticed until after that, perhaps 2020. And generally, the effect will be minimal for most application segments. In telecom, for example, the EU has posted targets for broadband network coverage, which will not apply to the UK. But the UK’s national regulator, Ofcom, has imposed similar targets for the domestic industry.

Immediately after the vote in 2016, there were some concerns that international banks would shift to other cities on the continent, diminishing the UK’s role as a hub for the financial industry and the data traffic associated with it. So far, there are no signs that international data traffic will circumvent the UK, but if so, it means more network construction elsewhere, possibly at the expense of less in the UK.

The EU is funding region-wide energy collaboration, including support for the European Supergrid, which involved HV and EHV cable. But the UK already has begun building interconnectors with other countries, and it has large offshore wind programs to support its HV cable demand.

The Brexit phenomenon also could alter the mix of trading-partner countries that export cables to the UK. Vehicular wiring harnesses, for example, might be imported from a wider range of countries after the UK is exited the EU.   
  
**Which main challenges are cable manufacturers facing and what can they do to cope with these challenges?**

Two major challenges for cable makers are low growth rates and low operating margins. These challenges have existed for many years. To cope with these challenges, cable makers have pursued innovation in manufacturing processes and product design. Another strategy is to develop products for more profitable niches. Again, this is not new, but it means constant focus on emerging applications and product design.

Newer challenges include more stringent standards for cable performance. The construction products regulation (CPR) requires a new certification for cables sold in EU member states starting in July, 2017. This does not pose a new technical requirement, as the regulations were proposed more than five years ago, but it means additional testing and certification (leading to additional costs) going forward.

There are many other areas for product enhancements or new products that offer both challenges and opportunities for cable makers. The “Internet of Things” may drive demand for new data-plus-power cables, such as used Power over Ethernet (POE) applications. The implement of 5G mobile networks may require more indoor antennas, which will affect premises wiring – structured cabling networks. Longer-term shifts to more electric vehicles may require more cabling for charging stations and in the vehicles’ on-board wiring harnesses.

**Do you foresee increased consolidation in the cable market?**

Over many years, there has been consolidation among cable makers in some application, product, or geographic markets. On the other hand, there are still markets where companies are investing in new cable factories. In fibre optic, undersea, HV and EHV cables, for example, there have been multiple new factories started in recent years.

In lower growth applications, there have been examples where companies merge or acquire another company where they see some synergy in manufacturing, marketing, R&D, procurement, or geographic coverage. This type of consolidation will continue. In addition, some companies may close factories or exit a specific geographic or product market, shifting production to other companies or locations. China, for example, may have a surfeit of cable makers in some product areas.

Generally, there is no reason to say that the number of new factories, mergers, or shutdowns will increase or decrease in the future. That is, there is no reason to forecast more consolidation or less consolidation than has happened in the recent past.

**In July CRU is organizing its 11th Wire & Cable Conference in Munich. What are your expectations for this event?**

We are very excited to be bringing our Wire & Cable Conference to Munich, one of the world’s largest IT, communication and automotive industry hubs. CRU held its 7th annual Wire and Cable conference in Berlin in 2013. This event was very successful, and one factor was the strong representation of German companies among speakers and attendees.

Germany is among world leaders in R&D in such areas as electric power generation and transmission, electric vehicles and advanced transportation, ICT networks and applications, cable-making materials and equipment, and advanced manufacturing processes. As with previous years, the event will open with shared plenary sessions and then split into streams that focus on the separate Energy cable and Communication cable issues. In this way, we bring together the entire supply chain from across global wire and cable industry.

The speakers already committed suggest this year’s event will give a good look at world markets, advanced technologies, and promising application areas.

Interview conducted by journalist **Konrad Dengler**