CEA British Group Report

1. Introduction – The British Group

Conexpo-Con/Agg IFPE was the largest exhibition for the construction equipment and fluid power industries in the world in 2005. The Construction Equipment Association (CEA) acted as the UK Trade & Investment (UKTI) International Business Schemes (IBS) Accredited Group Organiser of the British Group at the Conexpo-Con/Agg IFPE exhibitions, held at the Las Vegas Convention Centre from the 15 – 19 March 2005. 42 British companies exhibited at Conexpo-Con/Agg IFPE with IBS grant aid. A number of other British companies exhibited without an IBS grant as they no longer qualified for IBS support under the new UKTI rules.

The CEA booked space for many British exhibitors – allowing them to benefit from discounted space rates. They also arranged standbuilding through their appointed contractors RND Exhibits who built the British Pavilion in Central Hall 1 for 15 British exhibitors. The Pavilion was branded as the *UK / USA Partners Pavilion* and featured highly visible branding using graphics and hanging signs with the UK and US flags.

A further 11 British companies displayed literature in the *British Information Centre*.

British Companies occupied space in all three of the halls (the IFPE show was held in the South Hall 2nd floor) and in all outside lots.

A full list of exhibitors for both shows can be found on the Conexpo-Con/Agg IFPE web sites www.conexpoconagg.com and www.ifpe.com .

British companies exhibiting at Conexpo-Con/Agg IFPE were eligible for a grant of up to 50% of their stand space and construction costs up to a ceiling of £2,500 per exhibitor. 19 British companies were exhibiting for the first time at Conexpo-Con/Agg IFPE and seven British companies exhibited with IBS support for the first time in any market.

Conexpo-Con/Agg IFPE 2005 increased in both size and visitor numbers over the 2002 events (2002 figures in brackets):-

- **124,220 (108,770) visitors from 130 countries – 17% of visitors were from outside USA.**
- **Over 2,408 exhibitors.**
- **Over 1.88 million net sq feet (1.845 million) of exhibition space in Conexpo-Con/Agg and 111,670 net sq feet (94,630) in IFPE.**
- **8 international pavilions – UK, Germany, Spain, Italy, Finland, China, South Korea, Taiwan.**
- **44 international visitor delegations from 35 countries – including Iraq.**

1.1 The CEA ran a *British Group Information Centre* in Central Hall 1, which provided a meeting point, seating area, message taking facilities, computer for demonstrations of web sites, CD-ROMS and presentations, a multi-lingual hostess, as well as serving hot and cold drinks.

1.2 500 copies of the CEA British Group brochure, listing all Group members and display participants with their contact details, product and stand numbers, were distributed to press and visitors at Conexpo-Con/Agg IFPE.

1.3 The CEA utilised a *Press Compartment* in the press room. This was regularly restocked with British Group brochures and *Business Tracker* CD-ROMS throughout the show.

1.4 The 2005 edition of the CEA's interactive CD-ROM, *Business Tracker*, was launched at Conexpo-Con/Agg IFPE and over 300 copies were distributed to visitors. *Business Tracker* is a comprehensive directory of CEA Members and their products, together with generic industry information and statistics.

1.5 The Information Centre provided an opportunity for a further 11 British companies to display literature on *Information Walls*. These were split between companies looking for distributors and those who already had one.

1.6 The CEA staff took enquiries and trade leads from visitors – a list of visitors to the information centre is available to CEA Members and was sent to display package participants. Many of the companies who used the display facility were looking for distributors.

Those who already had a distributor used the facility to raise awareness of their product. All companies in the display package were able to use the stand as a hospitality base for their British personnel to meet potential customers. A number of visitors to the stand were distributors from several continents, looking for new products and we are hopeful that some useful contacts have been made.

1.7 The CEA British Information Centre was staffed by Rob Oliver (Chief Executive) and Joanna Oliver (Exhibitions Manager).

1.8 The British Group was managed by CEA Exhibitions Executive, Sharna Gollogly, who did an excellent and thoroughly professional job of steering eligible companies through the grant application process and ensuring that stands for the companies using the CEA's stand contractors were built on time and to specification. Sadly illness prevented Sharna from attending the exhibition.

1.9 A well attended Exhibitors' Briefing Meeting was held four months prior to the show. Speakers included:-

- Joanna Oliver, CEA Exhibitions Manager – on the British Group arrangements and grant applications.
- David Phillips, Off Highway Research – on the US and global construction industry trends.
- Bill Bowden, ExpoFreight Ltd – the Group's appointed freight forwarders.
- Fiona Clague from UK Trade & Investment spoke about trading with the USA.

Prior to the show exhibitors had access at all times to the CEA exhibition team via the exhibitors' *hotline* for information on the exhibition, travel, freight and their stand and its construction.

1.10 The British exhibitors were recruited by the CEA using its database of over 1,100 members, manufacturers, service providers, press and partner trade associations.

1.11 The show was widely promoted across the construction equipment industry by the CEA. Conexpo-Con/Agg IFPE was widely featured in the industry trade press and the CEA's trade journal – *Newsline.*

Conexpo-Con/Agg IFPE / Conexpo-Con/Agg IFPE Mining were featured on the CEA web site. Details of the show were sent to Regional Development Agencies and Business Links.

1.12 Prior to the event group members were sent market information from the British Trade Officers in the USA, based in Chicago (Automotive) and New York (Construction) on the construction and automotive markets together with details of the UKTI web site and other sources of market information.

2. The Exhibition

2.1 Venue – Las Vegas Convention Centre

Conexpo-Con/Agg, IFPE was held at the Las Vegas Convention Centre (LVCC) The exhibition centre comprises three halls (the South Hall is on two floors) with a number of meeting rooms. Most of the International Pavilions were located in the Central Hall 1.

Las Vegas is a popular locaion for conventions and exhibitions due to its large convention centre and high number of conveniently situated hotel rooms. However, it is not the cheap destination that it used to be – as exhibitors found out when booking hotel rooms and buying meals. Despite the excellent prevailing exchange rates Las Vegas has become one of the most expensive venues on the construction equipment exhibitions circuit. However it remains popular with vistors and provides an extra incentive for people to come to the show. It is easily accessed from all areas of the United States and from Central and South America.

Exhibiting in the USA is nearly always an expensive experience and Las Vegas is no different. The LVCC is highly unionized and everything comes at a price – for example a sink with drainage and water comes in at around $1,800!

The on site handlers take a credit card number from each exhibitor before the show opens. This is then used to charge up any extra services and goods – without any prior agreement from exhibitors. Very often these charges are wrong and must be refunded. Included in the price of stand space is a one–time drayage cost. However, if freight or stand fittings need to be moved, exhibitors are charged – to their credit cards - without being told the actual cost of the service. This is standard practice in Las Vegas.

The LVCC is a rather spread out exhibition centre and it can be very difficult find one's way around. This was not helped by the rather inadequate signage at the show – especailly in the outside areas. The halls and Silver Lot are on the opposite side of Paradise - a busy main road - to the Gold Lot, where the cranes and many of the major OEMs were located. Aditionally the South Hall had to be reached by crossing a road bridge over Desert Inn Road, which made it a little "semi-detached" from the rest of the show.

The LVCC has stringent rules on the bringing in of food and drink from outside. Technically no exhibitor may bring in any item for consumption either by himself or his staff, or as a give away to visitors, which has not been purchased from the official in house caterers – Aramark. Prices for food and drink in the convention centre are exorbitant – resulting in somewhat curtailed on stand hospitality.

2.2 Organisers

The shows are owned and sponsored by the Association of Equipment Manufacturers (AEM), the Associated General Contractors of America, the National Ready Mixed Concrete Association, the National Stone, Sand & Gravel Association and the National Fluid Power Association. In addition to the exhibition several organizations and associations ran held their annual congresses and meetings in the Las Vegas Convention Centre.

Unlike many overseas shows, Conexpo does not have a UK agent. This meant that all dealings with the organisers had to be done directly with the USA. The considerable time differences made this difficult at times. We experienced significant and frustrating delays in the allocation of booth numbers by the organisers.

2.3 Stand Space and Stand Contractors

Stand space was available either by booking direct with the organisers, or through the CEA – who were able to negotiate discounted space rates on behalf of companies booking via the CEA. Space is always at a premium at Conexpo-Con/Agg IFPE and a number of companies were on the CEA or organiser's waiting list for many months before space became available. Most companies were eventually accommodated – but some were unlucky and did not find space – or it became available too late for them to exhibit. Space was available in the following options:-

- Raw space inside and outside.
- British Group shell scheme – either as part of the Pavilion or on a satellite stand.
- Organiser's stand construction.
- Independent stand construction.

By exhibiting as part of the British Pavilion exhibitors made a significant saving on stand space and construction costs.

The CEA appointed RND International Exhibits as British Group stand builders following recommendations from a number of other British Group organisers. 19 British exhibitors used the CEA's appointed contractors. RND also built the Spanish Pavilion stands.

In addition to the cost savings made by using the CEA British Group shell scheme, exhibitors benefited from a central order / invoice point and only had to deal with the CEA and RND – rather than a whole raft of stand builders, service providers, plumbers, electricians etc.

The British Group Pavilion and satellite stands were looked after by RND CEO, Tony Stankus, and on site by his very able and willing team. Sadly the team boss had an accident during build up to the show which caused his absence from the show for some time, although this did not seem to materially affect the performance of the rest of his team. The RND construction team were on site over a week before the show opened and all the stands finished and fitted two days before opening apart from some furniture delivery and electrical fittings. The team were very responsive to any changes required once exhibitors arrived on site.

The British Group design comprised:-

- Light ash wall panels with white Octanorm uprights
- Name fascia with company logo
- British flag graphics on each stand
- UK / US Partners Pavilion marquee suspended above each block.
- Spotlights
- Carpet - blue
- 1 electric socket
- Choice of furniture packages
- Silk flowers / foliage in support boxes
- Wastepaper basket
- Coat hook

Joanna Oliver arrived on site on Sunday 13 March. A few British exhibitors arrived on Sunday but exhibitors on the Pavilion arrived on Monday 14 March. No serious stand building problems were encountered during build up. Most problems encountered were caused by the onsite service providers – GES – who were in control of electrics, plumbing and any on site handling of freight and materials.

As always in Las Vegas, GES issue large numbers of erroneous invoices for drayage, electrics etc. Joanna Oliver, the freight forwarders and stand contractors had to waste a significant amount of time rectifying these problems. The difficulties with GES were reported to the organisers – but in reality there is little can be done as GES are appointed by the convention centre and come with the hire of the venue.

2.4 Freight Forwarders

The recommended forwarders were ExpoFreight who acted for 19 British exhibitors. On site representatives were ExpoFreight directors Bill Bowden, who arrived in Las Vegas on 10th March and stayed for the duration of the show and Wayne Forster. Bill and Wayne provided an excellent service as always and worked hard to ensure that freight was delivered to exhibitors' stands on time. They also arranged for forklifts and cranes when needed – despite the handicap of having to work with GES. Although a one-time drayage charge is included in the stand space rates the reality is that exhibitors with large equipment usually need to hire in extra lifting equipment – incurring huge charges from GES.

During breakdown ExpoFreight worked diligently to ensure that empty crates and pallets were returned to exhibitors as soon as possible – despite the best efforts of GES to slow things down.

Several exhibitors reported significant damage to their packing cases and equipment caused by careless handling by GES. Claims for damages have been made to GES.

2.5 Other Exhibitors

There were over 2,400 exhibitors at Conexpo-Con/Agg IFPE taking almost 2 million net sq foot of exhibition space.

In addition to the British Group Pavilion there were national pavilions from Germany, Spain, Italy, Finland, China South Korea and Taiwan.

All the major global OEMs were exhibiting in force with very expensive stands and lavish presentations.

Exhibitors were a mixture of companies representing all areas of the construction equipment, construction vehicles, cranes, building material machinery, demolition and recycling equipment, road making, mining, tunneling equipment, lifting equipment, fluid power technology, publications, research and associated business services, concrete batching and aggregates sectors.

2.6 Visitors

Conexpo-Con/Agg IFPE saw over 124,200 visitors from 130 countries during its five days. During the week days visitors were of a very high quality and many exhibitors reported that they had taken far more enquiries than they had hoped for. A number of exhibitors said that they had taken firm orders during the show.

Many visitors to trade shows the size of Conexpo make timed appointments well in advance of visiting the show. A point which the CEA stressed to British exhibitors pre event. The importance of a pre-event publicity campaign, inviting target customers to visit you, can not be overstated. The exhibitors who maximized their visitor levels were the ones who had put some ground work into their pre show campaigns.

A number of distributors from around the world attended Conexpo-Con/Agg IFPE in search of new companies to represent. As many British companies were looking for distributors this was very satisfactory.

As with any exhibition many exhibitors, especially component suppliers, look to the other exhibitors for their sales opportunities. Conexpo-Con/Agg IFPE provides an ideal opportunity for such companies to visit all the major OEMs – and have a good chance of meeting with their target contacts – especially if they had arranged appointments in advance.

Opening hours during the week-days were 08.30 – 17.00. On Saturday the show opened at 08.30 – 15.00. The early finish on Saturday was welcomed by the exhibitors as there were few serious visitors at the show on the final day. The new 08.30 start was not a popular change given the wide variety of night-life on offer in Las Vegas! In previous years the show had opened at 09.00.

3. DTI – Automotive Unit.

The CEA's sponsoring government department is the Automotive Unit at the DTI *(Department of Trade and Industry).* The Automotive Unit's Paul Mullins and Alan Woods visited Conexpo-Con/Agg IFPE for four days. During this time they met with members of the UK group, toured the exhibition, met a number of key sector contacts and major players in the industry including JCB, Caterpillar and Terex. They also met key personnel from the CEA's sister trade organisations in USA, Germany, Spain, Italy, China and the Committee for European Construction Equipment. They attended press conferences and market presentations for JCB and for the Intermat, Bauma and Bauma China exhibitions. They held discussions with UK Trade Officers Mike Rosenfeld and Brian Shapiro during their visit to Conexpo-Con/Agg IFPE.

Paul and Alan spent some time on the CEA stand assessing the potential and quality of visitors and the merits of the Conexpo-Con/Agg IFPE exhibition. It was felt that the presence of British Government officials underlined the commitment of HMG to the exhibition and is very much welcomed.

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4. British Embassy

Pre event the CEA had liaised with Tina Patel, Acting Vice-Consul Trade, at the New York post. Tina has responsibility for Construction. The Chicago post has responsibility for Automotive – the UKTI sector into which the CEA falls. Tina made a construction sector report available to the CEA which was circulated to exhibitors in advance of the exhibition as did Brian Shapiro for Automotive. Copies of these reports together with general information on UKTI in the USA and UK are attached to this report.

Vice Consuls Trade, Brain Shapiro and Mike Rosenfeld visited Conexpo-Con/Agg IFPE on March 16th and 17th. They were both briefed on the construction equipment sector and the exhibitions by the CEA before touring the shows and visiting British exhibitors.

British companies wishing to obtain information on doing business in the US market may do so either via the British Consulate General Trade Offices in Chicago or New York.

Market research can be commissioned from the British Consulate and is known as a *Tailored Market Information Report*. Reports can include: basic market information, identification and assessment of potential agents / distributors, customised local contact list, market assessments for your product or service, advice on your market approach, information about potential local business contacts, and general information on local investment opportunities. Costs range from £50 or over £1,000 depending on the number of hours of research required for the enquiry.

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6. Tips and Observations

The following hints and tips might be useful if you visit Las Vegas for business, an exhibition or just for pleasure.

- When planning your exhibition stand remember that it is always going to cost a lot more than you think. Be aware of extras like drayage, sales tax and extra labour. Labour is especially expensive and very often runs into overtime in excess of $100 per hour. On site handlers and contractors will take your credit card number – and use it – before they will provide a service.

- Americans tend to be informal when dressing for trade shows. Don’t be mislead into believing they are not important or a serious prospect just because they are not wearing a suit and tie.

- Conexpo-Con/Agg IFPE are large exhibitions with many small stands in addition to the large booths of the big players. Make sure you send out plenty of invitations and publicity to prospective clients to let them know you will be there – and your stand number. Don’t just rely on passing trade.

- There are courtesy busses from the convention centre to the main hotels on the Strip. Taxis are also available from the convention centre – but waits are long for both at peak times. The Las Vegas monorail is now up and running - but has quite a small capacity and runs fairly slowly.

- Credit cards are accepted everywhere and ATM machines can be found in shops, hotels and casinos as well as in shopping malls and banks. You can withdraw cash from your UK cheque account using a US ATM if you have a debit card with the Maestro or Cirrus marks on it. However, be aware that there is a charge for using most convenience ATMs – better to use one at a bank.

- Tipping is a way of life in America – but even more so in Las Vegas. Make sure you have a good supply of dollar bills – you are going to need them. From the moment you arrive at the airport you are expected to tip the man who opened your taxi door, then tip the cab driver followed by the man on the bell desk who takes your luggage from you on arrival – and then again the porter who brings it to your room. You are expected to tip the barman, your cocktail waitress, and especially in restaurants where 15% - 20% is expected for dinner. If you don’t tip enough – they will let you know!

- Book your hotel well in advance when attending major exhibitions in Las Vegas. Expect the room rates to be 50%+ more expensive at weekends, when rooms can be very hard to come by. Consider a package deal with flights and hotels included which often works out cheaper than booking separately.

- Currently Virgin Atlantic is the only scheduled airline to fly direct to Las Vegas from London and BMI from Manchester. All the major US carriers plus British Airways fly to Las Vegas via one of the ports of entry into the US.

- Due to increased security immigration clearance at ports of entry is taking longer and some visitors have missed connections as a result.

- British citizens do not require a visa for the USA under the visa waiver scheme – unless amongst other things you have criminal convictions, or you are a drug addict, are insane or a Nazi! Forms are available on board the aircraft on your transatlantic flight. If you are uncertain as to your eligibility for this scheme contact your travel agent or the American Embassy in London. You must also have a machine readable passport. You will have your finger prints and photograph taken on arrival into the USA.

- There are a good variety of restaurants in Las Vegas. Each large hotel has a set price all you can eat buffet - of varying quality. Big hotels tend to follow a formula of having a steak house, Italian, Japanese and Chinese restaurants plus a 24 hour coffee shop and Deli. You can get whatever you want, whenever you want it in Vegas – but not as cheaply as a few years ago. For something a little different try some of the smaller restaurants off the strip.

- Of course Vegas is famous for its casinos and gambling is everywhere. From the moment you step off the plane you are met by slot machines of every conceivable variety. Large hotels often offer free tuition in how to play poker, blackjack and roulette. We have never met an Englishman who understands *Craps* – but someone must as the tables are always crowded.

- The large hotels casinos on the Strip have a minimum stake at card tables – usually $5 per card. Casinos have lower stakes in the old town around Fremont Street – known as Glitter Gulch. Fremont Street also features an amazing sound and light show every hour each evening.

- If it is your first trip to Las Vegas don't miss out on visiting some of the feature hotels which are themed to excess. Where else in the world can you see the Grand Canal next to the Eiffel Tower – just across the road from a Roman forum, dancing fountains and a volcano that erupts every 15 minutes!

- Shopping is good in Las Vegas with out if town outlet malls offering famous names at discount prices. Hotels have details and often discount coupons.

- If you have some spare time and don't fancy spending all your money in a casino there are many excursions to the Grand Canyon, Hover Dam, Lake Mead, Red Rock Canyon and the Valley of Fire and drive into the surrounding desert. Las Vegas is soon left behind and the desert scenery is both peaceful and stunning.

7. Conclusions

British exhibitors reported a very high level of satisfaction with the show and the internationality of the visitors. Most of the exhibitors I spoke to had exceeded their targets for enquiries and a number reported taking firm orders during the show. All said that it was a far better show than in 2002.

Conexpo-Con/Agg continues to fulfill its role as the leading North American exhibition – and the largest show of its kind in 2005. Everyone who is anyone in construction equipment is either exhibiting or visiting the show. The increasing internationality of exhibitors and visitors means that Conexpo-Con/Agg can not just be seen as a domestic show but as a meeting place for industry professionals from around the world.

The sharp increase in Chinese exhibitors was very noticeable with some of the leading Chinese OEMs in attendance. To date Chinese manufacturers have not had the necessary skills to produce equipment which will comply with the exacting standards of Western or Japanese produced kit. This is now changing and with Chinese manufacturers making rapid strides in solving problems with exhaust emissions their presence at shows like Conexpo seem set to explode, making for worrying times for OEMs not yet engaged with Chinese partners.

The USA as a domestic market is the most important in the world. Its huge geographical area means that it must be treated as several distinct markets – few distributors have a large enough network to cover the whole country. Conexpo is an ideal market and meeting place to launch new products and to build on distribution networks.

Conexpo-Con/Agg IFPE’s future as North America’s premier construction equipment show looks assured. It is however a very expensive exhibition which, coupled with the added costs associated with the on site service providers means that British exhibitors need to plan their participation at Conexpo carefully.

By participating as part of the British Pavilion, smaller companies can minimise their outlay in terms of both time and cost – something that seems to be very much appreciated by those companies who took space on the British Pavilion in 2005. Whether this type of British presence can continue once UKTI grant aid finishes is open to question.

Joanna Oliver

CEA April 2005

Appended to this report:

- **Conexpo-Con/Agg IFPE Organiser’s closing report**
- **British Embassy pre event reports on Automotive and Construction sectors**
- **CEA Useful Contact details**
- **A Guide to UK Trade & Investment’s Commercial Services**

CONEXPO-CON/AGG 2005 and IFPE 2005 Expositions A Success - Attendance Tops 124,220:

Shows Were International Gathering Place for Construction, Construction Materials and Power Transmission Industry Professionals

More than 124,220 industry professionals from around the world attended CONEXPO-CON/AGG 2005 and the co-located IFPE 2005 trade expositions in Las Vegas, USA during its five-day run March 15-19 at the Las Vegas Convention Center. The shows featured the latest equipment, product innovations and technological advances of the construction, construction materials and power transmission industries. A complete and independently conducted attendance audit will be done in the next few months.

The shows spanned a record-breaking amount of exhibit space - CONEXPO-CON/AGG 2005 with more than 1.88 million net square feet of exhibit space (174,730 net square meters) taken by 1,968 exhibiting companies; and IFPE with 111,670 net square feet (10,374 net square meters) utilized by 440 exhibitors. That translates into a combined figure of more than 45 acres (18.5 hectares) -- equivalent to more than 41 football fields or 29 soccer fields.

Attendance and exhibit numbers reflected an improved economy, including pent-up demand to replace aging fleets, notes show management, but also reinforced the expositions' reputation as a global "one stop" source for comparison shopping, educational programs and networking.

International attendance was at a record high – more than 21,220, which is 17 percent of total attendance figures. International visitors to the shows hailed from more than 130 non-U.S. countries.

The shows hosted a record 44 official international customer delegations, representing 35 countries. These delegations were organized by the U.S. Department of Commerce as well as in-country trade associations and related groups. Russia was well represented with eight official delegations attending, and China, with two official delegations. Delegations were in attendance from Thailand and Indonesia, discussing the tsunami relief situation and reconstruction needs.

An Iraqi delegation of more than 40 business people were at the shows, in the first private-sector trade delegation to the U.S. from that country in about a decade. The trip was planned by the Iraqi-American Chamber of Commerce and the U.S. Embassy in Baghdad.

Other delegations were from Albania, Armenia, Australia, Austria, Belarus, Brazil, Bulgaria, Canada, Chile, Colombia, Costa Rica, Georgia, USA, India, Japan, Kazakhstan, Moldova, Netherlands, New Zealand, Philippines, Poland, Romania, Slovakia, Slovenia, South Korea, Sweden, Ukraine, United Kingdom, Venezuela and Vietnam. Show exhibitors and their dealers also arranged for international customer groups to attend the shows.
Exhibitors hailed from around the world as well. In addition to the leading U.S. and global manufacturers, suppliers and services providers, the show floor included a record number (13) of international exhibits pavilions highlighting products and services developed outside the U.S.

CONEXPO-CON/AGG hosted eight - from China (two), Finland, USA, Italy, Korea, Spain and the United Kingdom. IFPE hosted five - from China (three), Italy and Taiwan.

In recognition of the global scope of the shows, U.S. Department of Commerce Assistant Secretary for Manufacturing and Services Al Frink attended March 15-16 to obtain first hand knowledge of the challenges the industry faces, to see its strength and size and to speak at a public meeting of the U.S. government’s Industry Trade Advisory Committee (ITAC) on Automotive Equipment and Capital Goods. Frink also participated in the official opening ceremony for the shows. Other government officials attending the 2005 CONEXPO-CON/AGG and IFPE included William H. Lash, Assistant Secretary of Commerce for Market Access and Compliance; Tim Thompson, Executive Director, Global Trade Programs with the U.S. Commercial Service; and Jack Lettiere, Commissioner of the New Jersey Department of Transportation and President of the American Association of State Highway Transportation Officials (AASHTO).

A record 106 allied industry groups were “supporting organizations" of CONEXPO-CON/AGG 2005 and IFPE 2005, bringing their memberships to the shows. In addition to US-based groups, these included international industry-related organizations from Australia, Brazil, Canada, Chile, China, Finland, USA, Italy, Japan, Mexico, New Zealand, Philippines, South Korea, Spain, Taiwan, United Kingdom and Venezuela. Nine associations held their annual conventions/conferences in conjunction with the shows, as did almost 400 industry meetings.
Hotel occupancy by show attendees of the shows and co-located association conventions reached more than 104,000 cumulative room nights. The shows brought an estimated $180 million-plus dollars’ worth of non-gaming revenue to Las Vegas.

Other Show Highlights

Educational Programming

CONEXPO-CON/AGG Seminar Program: Over 115 sessions across 10 tracks, including major product segments such as aggregates, asphalt, concrete, safety and utility construction, as well as general management and personal development topics, plus industry certifications and examinations. Several sessions offered in simultaneous translation in major world languages.

New - CONEXPO-CON/AGG 2005 International Forum - Market updates on China, Mexico, Brazil and Russia (plus U.S.) by key in-country industry and government representatives. Held over 4 days of the show.
IFPE Technical Conference: In- depth presentations on the latest power transmission and motion control technology developments, presented by engineers, researchers and educators from around the world. Papers presented published as Proceedings of 50th National Conference on Fluid Power (NCFP) to extend the event’s educational value.
New - IFPE Best Practices Learning Center: Interactive sessions in three tracks: fluid power basics, electrohydraulics and motion control strategies, and reliability, maintenance and troubleshooting for mobile hydraulic systems, presented by Milwaukee School of Engineering's (MSOE) world-renowned Fluid Power Institute.

PTDA Exhibits Pavilion at IFPE
An exhibits pavilion organized by PTDA, the Power Transmission Distributors Association, featured a broad range of mechanical and electro-mechanical power transmission and motion control products made by PTDA members.
Information Technology Pavilion

CONEXPO-CON/AGG 2005’s Information Technology (IT) pavilion focused on the latest industry software, hardware, telecommunications equipment and services related to the construction and construction materials industries, to help professionals stay up-to-date on the new tools and rapid changes in this marketplace. Sponsor: Associated General Contractors of America (AGC) sponsored the pavilion.

The last shows, held in 2002, had more than 108,770 attendees (audited), including more than 15,900 international. CONEXPO-CON/AGG 2002 exhibit space was more than 1.845 million net square feet and IFPE 2002, more than 94,630 net square feet.

The latest information on CONEXPO-CON/AGG and IFPE is online at www.conexpoconagg.com and www.ifpe.com .

USA MOTOR VEHICLE MARKET

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19 January 2005

U.S. AUTOMOTIVE OEM MARKET

The original equipment manufacturing (OEM) automotive market supports both foreign and domestic manufacturers. US production facilities include:

(In order of market share)

RANK	AUTOMOTIVE OEM MANUFACTURER	
1	**General Motors Corporation** 300 Renaissance Center, Detroit, MI 48243	Tel: (734) 556 5000
2	**Ford Motor Company** 1 American Road, Dearborn, MI 48121	Tel: (313) 322 3000
3	**DaimlerChrysler Corp.** 1000 Chrysler Drive, Auburn Hills, MI 48326	Tel: (248) 576 5741
4	**Honda of America Manufacturing Inc.** 24000 Honda Parkway, Marysville, OH 43040	Tel: (937) 642 5000
5	**Toyota Motor Manufacturing NA.** 1 Atlantic Ave., Erlanger, KY 41018	Tel: (859) 746 4000
6	**New United Motor Manufacturing Inc.** 45500 Fremont Blvd., Fremont, CA 94538	Tel: (510) 498 5500
7	**Nissan North America Inc.** 18501 S. Figueroa St., Gardena, CA 90248	Tel: (310) 768 3700
8	**Subaru-Isuzu Automotive Inc.** 5500 State Road 38 E., Lafayette, IN 47905	Tel: (765) 449 1111
9	**AutoAlliance International Inc.** 1 International Drive, Flat Rock, MI 48134	Tel: (734) 782 7800
10	**Mitsubishi Motor Manufacturing** 100 N. Mitsubishi Motorway, Normal, IL 61761	Tel: (309) 888 8000
11	**BMW Manufacturing Corp.** P.O. Box 11000, Spartanburg, SC 29304	Tel: (864) 989 6000
12	**Mercedes-Benz US International Inc.** P.O. Box 100, Tuscaloosa, AL 35403	Tel: (201) 573 0600

The OEM automotive supply industry is divided into three tiers.

- ***Tier One*** manufacturers supply finished parts and components to automakers for use in vehicle production.
- ***Tier Two*** suppliers produce sub-components for Tier One manufacturers.
- ***Tier Three*** manufacturers supply raw materials used in the production of components.

The U.S. OEM market consists of approximately 5,000 firms, including about 500 affiliates of Japanese, European, and Canadian manufacturers.

The automotive industry is dominated by 100 large manufacturers, which supply both the OEM market and the aftermarket. Increasingly, Tier One manufacturers are producing complete major subassemblies and modular components that are installed into a vehicle as a unit.

The US automotive industry has become a blend of multi-cultural initiatives. Some of the initiatives originated in the States, but many have been implemented from Japan and Germany. Just-in-time delivery, ERP, Kanban systems and e-commerce are all common in the US market.

US automotive OEM's have virtually completely eliminated their internal vertical supply chain. Automotive OEM's are increasingly encouraging and depending on Tier One and lower-tier suppliers for more complete sub-assembles. Furthermore, US OEM's are developing joint collaboration in new product development. Most of the research and development of sub-assemblies are the responsibility of the tier suppliers. As a result, component purchasing decisions are now also increasingly made by the US tier suppliers. Examples of this evolution include Delphi, a spin-off from General Motors Corporation, and Visteon, a spin-off from Ford Motor Corporation.

A trend that is global, and not necessary unique to the US, is the continuation of consolidations through mergers and acquisitions. One thing that seems to be certain in the next decade, is that the US will continue to have the majority of the top tier suppliers.

Because of the ever increasing importance of just-in-time delivery, in order to be a serious contender in the US supply chain, suppliers need to be located within a days truck drive from OEM assembly facilities (within a few hours in some situations). Corporate nationality is a non-issue.

By far, the Detroit, Michigan region has the highest cluster of automotive OEMs and suppliers. Although Asian and European transplants are choosing to locate further south in states such as Kentucky, Alabama and South Carolina, The Big Three have continued to invest in and around the northern state of Michigan. For example, in 2002, General Motors opened a new Cadillac assembly plant in Michigan.

TOP FIVE SUPPLIERS

Delphi Automotive Systems
5725 Delphi Drive
Troy, MI 48098
Tel: (248) 813-2000

Visteon Automotive Systems
5500 Auto Club Drive
Dearborn, MI 48126
Tel: (313) 755-9500

Johnson Controls Inc.
49200 Halyard Drive
Plymouth, MI 48170
Tel: (734) 254-5000

Dana Corp.
4500 Dorr Street
Toledo, OH 43615
Tel: (419) 535-4500

Lear Corp.
21557 Telegraph Road
Southfield, MI 48034
Tel: (248) 447-1500

U.S. OEM TRUCK INDUSTRY BACKGROUND

Truck Classification

In the US market, trucks are categorised as light, medium or heavy-duty. Light trucks may be used for either commercial and/or personal use. Medium- and/or heavy-duty trucks are primarily used for commercial (vocational or work) purposes and further categorised from class 1-8 trucks.

US Truck Manufacturing

The US market consists of seven major manufacturers of medium and heavy-duty trucks. Over 65% of all sales come from Ford, Navistar and Freightliner.

COMPANY	UNITS/YEAR	US SHARE
Navistar	96,353	26%
Ford	77,228	21%
Freightliner	70,368	19%
PACCAR	40,347	11%
GM	34,102	9%
Mack	23,667	6%
Volvo	17,622	5%
Others	16,452	3%

Source: 1997 Standards and Poor's DRI

PACCAR Corporation consist of Peterbilt, Kenworth, DAF and Leyland (as of 1998).

Importers

The import market includes Bering (Hyundai), Hino, Isuzu, Nissan Diesel, and Mitsubishi FUSO. Isuzu is the largest medium-duty importer with about a 45% share (11,800 units) and Mitsubishi FUSO is second with a 20% share.

U.S. MOTOR VEHICLE AFTERMARKET

The US motor vehicle aftermarket, is an estimated $264 billion retail sales industry. More than five million people are employed in this highly developed sector. The US automotive aftermarket is the largest share of the motor vehicle aftermarket with over $160 billion.

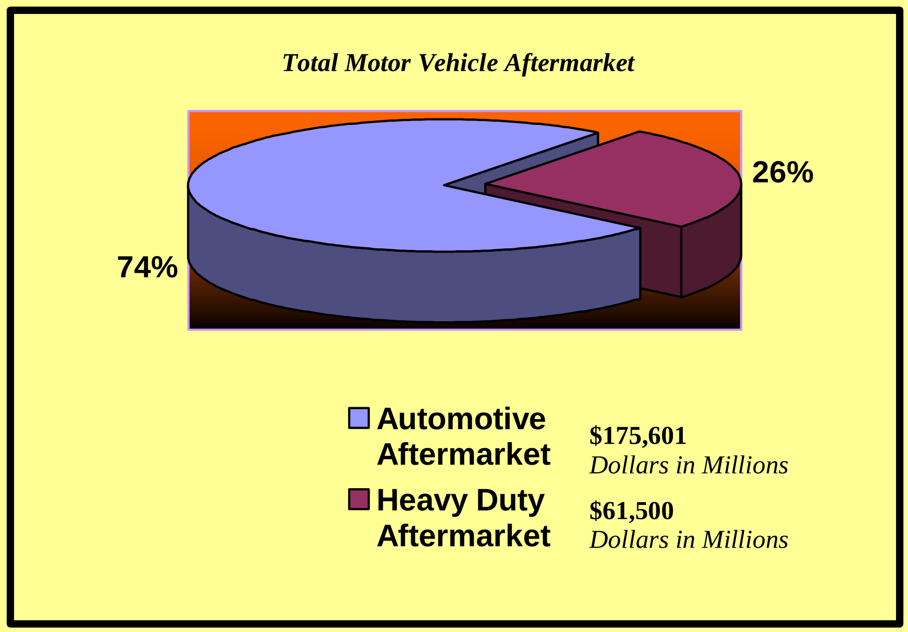
Automotive aftermarket sales in the US include products and services from the US and global companies. These companies are truly technically and financially strong leaders. This extremely competitive marketplace is undergoing significant changes due to industry consolidation.

1999 U.S. MOTOR VEHICLE AFTERMARKET

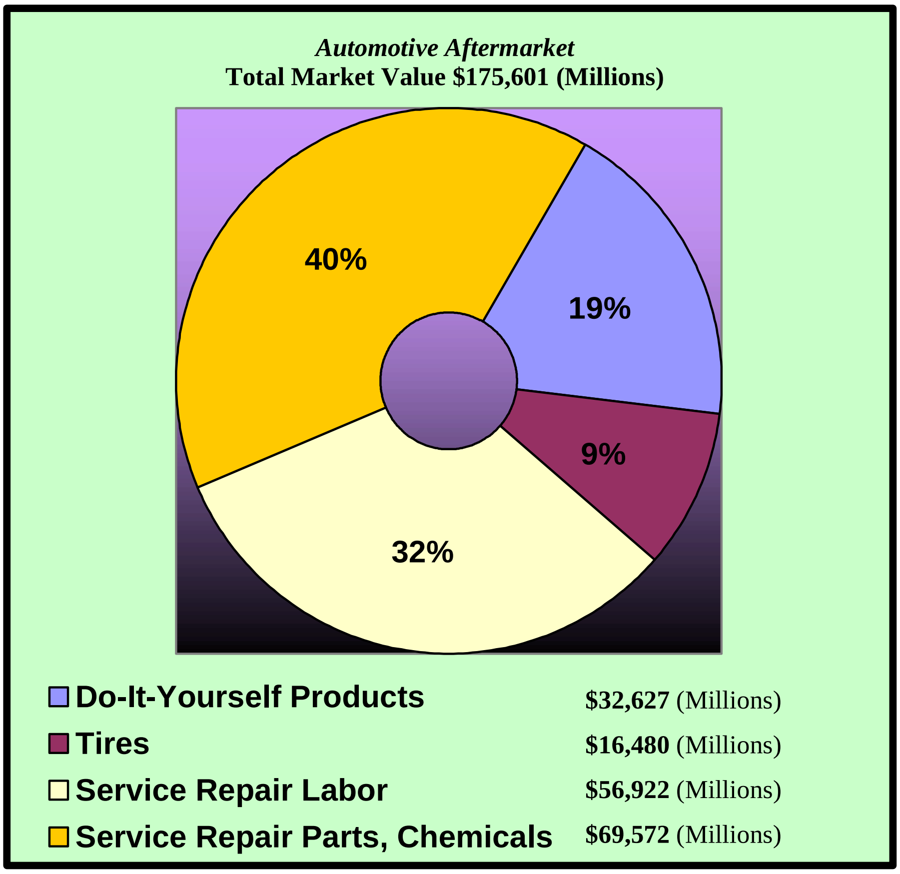
MOTOR VEHICLE SEGMENT	TOTAL SALES
Automotive Aftermarket	$ 160,316,000
Service Repair	$ 109,835,000
Heavy Duty Aftermarket	$ 57,333,000
Paint and Body Equipment Aftermarket	$ 33,982,000
DIY Parts and Accessories	$ 26,901,000
Tires	$ 18,472,000
Tool and Equipment Aftermarket	$ 7,429,000
Trim Aftermarket	$ 5,398,000
DIY Lubricants and Chemical	$ 5,108,000

Source: AAIA 1999 (latest available information)

Automotive aftermarket retail sales growth have remained flat (adjusting for inflation), even though the aftermarket is expanding locations. On the other hand, mergers and acquisitions are forcing consolidation in the automotive aftermarket.



Source: AAIA 1999 (latest available information) and British Consulate General Chicago



Source: AAIA 1999 (latest available information) and British Consulate General Chicago

There are generally four retail channels for the US aftermarket.

- ORIGINAL EQUIPMENT SERVICE (OES)
  New car dealerships
  37% of total Aftermarket shares
  Top Three: General Motors, Ford, DaimlerChrysler

- TRADITIONAL SERVICE OUTLETS
  Oil change, tire shops, etc.
  28% of total Aftermarket shares
  Top Six: Jiffy Lube (2.7%), Goodyear (2.5%), Firestone (2.4%), Midas (1.3%), Quaker State Lube (0.7%), Valvoline Quick Lube (0.8%)

- AUTO RETAIL OUTLETS
  Do-it-yourself
  18% of total Aftermarket shares
  Top Ten: AutoZone, Advance Auto Parts, CARQUEST, CSK, O'Reilly, NAPA, Pep Boys, Fisher, Replacement Parts, MAWDI

- MASS MERCHANDISERS
  Department stores
  17% of total Aftermarket shares
  Top four: Wal-Mart (7.1%), Kmart (1.8%), Sears (1.8%), Target (0.4%)

Source: AAIA and British Consulate General Chicago

DISTRIBUTION METHODS

DISTRIBUTORS

Distributors have been defined as customers who have been granted exclusive or preferential rights to purchase and re-sell a specific range of products or services in specified geographical areas or markets.

Essentially, therefore, a distributor or wholesaler is someone, whose remuneration arises from the difference between the purchase price and the re-sale price (and not from any commission granted by the suppliers). A distributor differs from a normal wholesaler by virtue of the “exclusive or preferential rights” granted.

Foreign products are usually sold through an importing distributor who purchases the overseas company’s products outright, arranges warehousing, and then resells the goods through an internal sales force or through a network of commission agents or manufacturers’ representatives. This method of distribution is ideal for the manufacturer with one product or a very small line, or someone who does not have the resources to establish their own US presence. When using an importer/distributor, a supplier loses control over the distribution and sales presentation of their product, as well as the determination of the selling price and market selection. Furthermore, the supplier wishing to change wholesalers, will have difficulty in obtaining any information as to where, how or to whom, their product is being sold by that wholesaler.

Importing distributors who do not have a national network of sales representatives usually ask for exclusivity for a specific territory. Therefore, it is necessary, bearing in mind the size of the US to establish how much of the US market each distributor covers; at what trade shows he exhibits; and in which area/s he has sales representatives and/or showrooms. One should also be mindful not to appoint wholesalers whose territories overlap, this could cause confusion when different wholesalers appear at the same trade show or, more importantly, approach the same customer.

It is estimated that there are over 500,000 businesses in the US that sell automotive products at retail. Examples include:

- General repair shops
- Speciality repair shops
- Service stations
- Tire stores
- Automotive chain store
- Automotive parts stores
- OEM dealerships
- Mass market outlets (department stores, hardware stores, drugs stores)
- Other outlets (i.e. car washes, RV dealers)

The US automotive aftermarket generally has five main channels of distribution as shown below:

DISTRIBUTION CHANNEL	DESCRIPTION
OEM Channel	Aftermarket parts are sold through automotive dealerships.
Traditional	Several levels of distribution. This channel involves warehouse distributors and/or jobbers.
Integrated Distribution	One single company maintains control of parts from manufacturer to customer. Examples include chain retail auto parts stores and chain speciality repair shops.
Specialised Channel	Distributors of mechanical parts. For example, engine parts distributors.
Import Speciality	This channel involves import distributors, warehouse distributors and import jobbers.

Generally warehouse distributors sell to jobbers and/or retailers. Jobbers are typically small independent businesses selling to repair facilities, machine shops, etc. Recently retail chains have become larger and gained more purchasing power. The role of the jobber has been disappearing as the large retailers have been going directly to manufacturers.

THE DISTRIBUTION OR SALES AGENCY AGREEMENT

The US is a very legalistic society. We therefore, recommend that a US lawyer, familiar with contract issues, review all agreements and contracts. It is strongly recommended that the US distributor does not prepare the first contract draft. The result is usually a draft that favours the US party, making it difficult to achieve a fair agreement that protects the supplier sufficiently. There are no "model" distribution or sales agreements for the USA. Contracts may include performance benchmarks for sales as well as all obligations of both parties. The cost of reviewing a distributor contractual agreement will be on an hourly basis and dependent upon the complexity of the agreement. However, a US law firm can provide an estimate of the charges that will be incurred.

Legal Advice

The US is a very legalistic society. Any agreements or contracts should be reviewed by legal counsel familiar with both US and UK contractual law. Contracts may include performance benchmarks for sales as well as all obligations of both parties.

American companies are accustomed to seeking legal advice sooner than companies in the UK, as the norm in the US is to follow the letter of agreement, rather than its spirit. It is also an extremely litigious nation. With this in mind, it would make good financial sense for a UK company doing business in the US to follow local practice and engage a US lawyer.

Further advice and names of lawyers, insurance companies and the like are available from all US Posts.

Agreements
These are not covered as an independent subject under Federal or State legislation; they are governed by common law doctrines relating to principals and agents. Insofar as these doctrines may be modified by statutory provision, they may be subject also to Federal and State law prohibiting restraint of trade. If UK firms seek to grant exclusive territories to agents, distributors or resellers, or to confine representatives to their product, they may be in violation of those laws. A UK company should seek legal advice in the US before making any commitments.

DISTRIBUTION PRICING

Manufacturers will generally frequently adjust their manufacturers suggested retail price (MSRP) to US market demands. Pricing strategies often change depending on current supply, demand, market trends and competitive pricing.

Of course automotive aftermarket pricing and margins vary, but generally margins fall into the following ranges:

SALES LEVEL	MARGIN RANGE
Distributor to Dealer	30 % to 35 %
Dealer to End User	30 % to 60 %

As a result of increasing mail orders and Internet sales, manufacturers have been selling direct to distributors, retailers and consumers. Pricing strategies vary considerably from company to company.

Manufacturers are fiercely competing for the same shelf space among America's top automotive retail chains and manufacturer dealership repair shops. Both outlets use sophisticated computers for tracking orders, inventory and sales. All major sales outlets use Electronic Data Interchange (EDI) for their suppliers.

Ends.

USA CONSTRUCTION INDUSTRY OUTLOOK FOR 2005

MARKET OVERVIEW AND OPPORTUNITIES

Construction is the largest sector in the US, about $1.5 trillion.

In August 2004 it was estimated that total construction would advance 9% to $577 billion. This exceeded the 5% gain in 2003, and would be the strongest increase for the construction start series since the 10% jump back in 1999. US Department of Commerce figures also reflect the high performance in the construction industry. Through the first eight months of 2004, construction put in place was up 9% compared to the same period a year ago.

As of December 1st, 2004, new construction starts increased 4% in October to a seasonally adjusted annual rate of $597.7 billion.

One notable feature of 2004 has been the rise in the cost of building materials. For example, price hikes for steel products during the first quarter of 2004 ranged from 20% to 60%. Steel prices are expected to level off before early 2005.

The overall rise in building materials has left a negative impact on public works construction especially bridges. In 2003, highways and bridge construction fell 2% to $42.5 billion.

Single Family Housing continues to be a booming market but there may be a settling back period as mortgage rates rise. Trends will move from open spaces to more rooms e.g. Internet alcoves, entertainment spaces and his/her offices. Living rooms will be 3/4 size of recent years to accommodate these spaces.

Stores and Shopping Centers e.g. major retail chains are still expanding. Stores such as Wal-Mart, Home Depot, Ikea, Loews and Costco are planning expansion projects.

Hotel Construction includes a surge in Las Vegas and high profile projects in 2004 include Caesar's Palace, South Coast Hotel and Casino and a convention centre/hotel in Boston.

Office construction was down by 52% in 2003 compared to a peak in 2000. Recent large projects include Government US DOT Headquarters in Washington and a few large high rises in New York, Freedom Tower, NY Times HQ and One Bryant Park and Goldman Sachs Headquarters.

Multi-Family housing is still relatively attractive as an investment target. Apartments are a favoured property type for investors and therefore poised for a recovery in this market.

School construction is still strong, but slipping. For example, Columbia University in New York is planning a substantial amount of construction for the next 5-10 years.

Healthcare facilities are in a mild retreat from robust 2002 and dormitories and church construction have seen a decline during 2004.

Public buildings and the Amusement category are definitely up in 2004 with a number of convention/ sports arenas/entertainment complexes on the horizon. Worth noting is the Xanadu 1 million Sq. foot Project at Meadowlands in New Jersey by Mack-Cali.

Over the past year, a number of economic factors have become more positive for the manufacturing sector and overall this sector appears to be gradually picking up strength. For 2005 the manufacturing building category will increase 10% to 80 million square feet supported by the improving trend for the US industrial sector. It’s expected that automotive related projects will continue to be one of the more active segments along with pharmaceutical and biotech projects. However, the 2005 level of construction will still be less than half of the 1997 peak.

Notable projects in 2004 include a $300 million expansion to a biotech manufacturing facility in California, a $85 million biotech laboratory in Indiana and several large steel industry projects (a $63 million coke plant in Louisiana and a $55 million steel plant in Ohio).

With regard to Public works, highways and bridges construction is now settling back. The exact spending levels will be determined by congress.

In 2004, the SAFETEA bill replaced TEA-21. Funds are being maintained up to May 2005. Passage of a multi-year bill during the first half of 2005, at a funding level of about $300 billion for the next six years, would help highway and bridge construction strengthen during the latter half of the year.

Airport related construction is in retreat but not collapse, recent large projects include Chicago O'Hare Terminal renovation. Congress has passed an update to federal aviation bill providing $3.4 billion in 2004 and rising to $3.7 billion by 2007.

Airport expansion plans to be reconsidered therefore include, Los Angeles International Airport and a third airport in Chicago.

Federal-aid highway program is up 4% in 2004 to $33 billion. In 2005 we may see federal aid highway program up 3% to $34.6 billion. Mass Transit will remain unchanged at $7.3 billion and airport grants will be up 18% to $4.0 billion.

Funding for a number of environmental programs would be reduced.

The Transportation Security Administration was given a 20% increase, which would include $250 million for airport upgrades for the new Aviation Security Capital Fund launched last year.

New construction starts for electric utilities continue to retreat. Last year's 29% decline brought contracting down to $8.9 billion. In 2004, a similar size reduction is occurring with contracting for the full year estimated to fall 32% to $6.0 billion.

While power plant construction has fallen sharply, transmission line work has picked up substantially. Comprising 7% of the electric utility starts in 2003, power line work jumped 112% last year and the first nine months of 2004 has witnessed a further 67% increase. The Northeast Blackout in 2003 raised concern about the condition of the transmission line network.

To help deal with reliability issues, the energy bill now under consideration by Congress may include a provision that would require utilities to join regional transmission groups. With or without this provision, the trend for transmission line work over the next year remains upward.

In recent years, the pattern of activity shown by the major sectors has led to broad-level stability for total construction, and this pattern will continue to be true in 2005.

The most significant design trends over the next five years are:

- Green Architecture - 1/2 of all clients now ask for a LEED building certification.
  It is important to note that this is more than just a passing phase.

  LEED = Leadership in Environmental & Energy Design.
  The LEED (Leadership in Energy and Environmental Design) Green Building Rating System® is a voluntary, consensus-based national standard for developing high-performance, sustainable buildings. Members of the U.S. Green Building Council representing all segments of the building industry developed LEED and continue to contribute to its evolution.

- Other trends include; Healthy Buildings i.e. without mould; Smart growth/livable communities; Building Security; increased use of technology in design; Rehabilitation versus new construction and integrated international building code.

Sustainable architecture is viewed as a key design trend and alternative delivery systems are key practice trends over the coming years.

There are opportunities for larger UK companies for highway and transit projects e.g. Balfour Beatty, AMEC and Halcrow. Other companies already established in the market have been successful by acquiring/merging with an existing firm that has already met all the requirements to be able to bid on projects or by joint partnerships with US woman/minority owned businesses to develop acceptable proposals. Smaller companies may find it hard to compete against the bigger players.

There are challenges to overcome in the US for UK architects and building product firms, which need to be addressed.

Companies with unique and special capabilities may have an advantage but there are also disadvantages when introducing a brand new product into the construction arena. In some instances where there are no existing specifications, this proposes a big challenge to a new exporter. UK companies need to educate themselves regarding the strict standards, regulations and building codes in the US since these can potentially and significantly hinder market entry into the US.

MAJOR CONSTRUCTION PROJECTS

<u>NEW YORK AREA</u>

World Trade Centre Memorial and Redevelopment Plan (the Proposed Action). This Proposed Action includes the construction of a World Trade Centre Memorial and memorial-related improvements, as well as commercial, retail, museum and cultural facilities, new open space areas, new street configurations, and certain infrastructure improvements at the World Trade Centre Site and adjacent parcels, including the two City blocks south of the WTC Site and a portion of Liberty and Washington Streets. The sites are referred to, collectively, as the "Project Site." $800 Million segment of the Freedom Tower began in lower Manhattan. 7 World Trade Centre now completed.

Port Authority - Path Restoration Project - Port Authority also has plans to build several large bridges and tunnels, some of which are at or near to the feasibility stage.

Metropolitan Transport Authority - A capital programme budget of about $6 billion a year this will include upgrading and extending the subway tunnels and inter-modal stations.

Rail link plans: New rail link from Long Island and JFK to Lower Manhattan. Project cost, $6 bn, In October President Bush approved a request to redirect $2bn of Liberty Zone tax benefits that could go to this project. $560m is anticipated from the Ports Authority and $400m from the Metropolitan Transport Authority. (The Liberty Bond program provides $8 bn in tax-free bonds to finance commercial and residential projects in NYC with Lower Manhattan as a priority and is critical for reconstruction of the World Trade Centre site.)

New York Times Building - $400 Million Headquarters for the New York Times in Midtown Manhattan

One Bryant Park - Bank of America - ground was broken in August 2004 on the construction of a 2.3 million square foot office tower. Architect: Cook & Fox.
The building will feature "green" properties, including a deep double-walled facade, rooftop rain collection, and a garden. The building will most likely feature a spire/antenna that will reach 1200 feet.

Goldman Sachs HQ- development will begin for a 1.8 million square foot headquarters in lower Manhattan.

Jets Stadium - $1.4 billion Stadium for the Jets which would likely be part of a broader development effort on the West Side of New York.

West-Side Manhattan Development - Transportation infrastructure improvements whether the Olympic bid is successful or not. Olympics 2012: If New York *is* successful, some of the development projects will be accelerated (eg Hudson Yards below) and others will come on stream.

Hudson Yards: This is a major proposal with a development period of around 40 years supported by the Mayor similar in scale to the redevelopment of Lower Manhattan. The site is approx 360 acres on the West side of Manhattan and linking with the Convention Centre. It was an industrial area and is ripe for regeneration. The development will create 28m sq ft of commercial and 12m sq ft of residential space and include areas of public space and below grade parking. It also includes a major extension to Line 7 from Times Square to make all the development within 10 minutes of a metro station. This line crosses every north/south subway line in Manhattan. The cost of infrastructure alone between 2005 and 2012 is almost $3 bn. The project is gaining momentum.

Downtown Brooklyn - New Jersey Nets owner has proposed a new arena in Brooklyn as part of a massive $2.5 billion redevelopment. The 800,000 square-foot Brooklyn Arena will be the focal point of Brooklyn Atlantic Yard. Atlantic Yard, an urban complex of housing, commercial and retail space, as well as six acres of landscaped public open space – including a park on the Arena's roof, ringed by an open-air running track that doubles as a skating rink in winter with panoramic vistas facing Manhattan year-round.

Xanadu Entertainment Sports Centre next to Giants Stadium - The Meadowlands Xanadu project has been selected by the New Jersey Sports and Exposition Authority (NJSEA) for the redevelopment of the Continental Airlines Arena site in East Rutherford, NJ. The $1.3 billion "smart growth" project is a joint venture between The Mills Corporation and Mack-Cali. Meadowlands Xanadu will be a compelling multi-use attraction consisting of 4.76 million square feet of family entertainment, office, and hotel components. The diverse components will intensify existing sports complex uses with sports and recreational uses, entertainment and educational venues, and more.

- The 2.5 million family entertainment component will feature the nation's first indoor skiing facility, children's educational venues, movie theatres and fashion shows, fine restaurants and more.
- Almost 1.8 million square feet will be dedicated to new office space. Four 14-story, state-of-the-art buildings are planned. In addition, a full-service luxury hotel will be built at the site.

Moynihan Station Development Project (Pennsylvania Station Redevelopment) - This plan is designed to convert the 400,000 sq.ft. of the Farley Building into a new hub for Amtrak, Long Island Railroad, NJ Transit and subway passengers. This redevelopment plan includes: flagship facilities for Amtrak, a glass semi-dome soaring 160 feet high, world class gateway airport access facilities for passengers going to Kennedy and Newark Liberty; an increase of passenger capacity by 30%; doubling passenger circulation, improvements to the Eighth Avenue subway; restoring the historic postal lobby and high quality retail and commercial spaces.

Columbia University - Columbia is renovating its campus buildings and constructing new buildings off campus. There will be a substantial amount of construction within the next 5-10 years.

<u>Other Projects</u>

Governors Island: For 200 years, this island, adjacent to Manhattan, was a military base. The federal government sold the island to NY State for $1! There is a strong move to involve the private sector in regenerating the area. The development must include 60 acres of parkland and 30 acres for cultural purposes. A campus for City University is proposed together with a cultural institution and hotels etc. A masterplan is expected next year, and major redevelopment will follow.

Waterfront Developments: There is a general recognition that New York is falling a long way behind some other parts of the world in regeneration projects to develop the waterfront. New York has a huge potential for Waterfront projects in Manhattan, the Bronx, New Jersey and other locations due to the geographic nature of the region.

Public Investment in New York City: The overall figures will vary, but in 2002, the investment was approx. $15 bn made up as follows:

New York State $1.2 bn
Port Authority of New York and New Jersey $1.2 bn
Metropolitan Transport Authority $5.7 bn
New York City $6.3 bn
Federal Government $6 bn.

There is a stream of public funds to support the future project pipeline, some of which is outline above requiring public sector inputs in conjunction with private sector investment.

NY is a microcosm of what is happening elsewhere, and I think that is important. There are also the sector areas for Pharmaceutical, telecom, IT, automotive, oil etc where UK companies can have a niche.

OTHER US STATE PROJECTS

- $800 million expansion of the McCormick Place convention centre in Chicago
- $145 million expansion of the Cincinnati convention centre
- $60 million convention centre in Schaumburg, IL.
- Boston Waterfront 3m. Square feet - $1 million dollar project
- A New Stadium is being considered for the Dallas Cowboys
- Start of $355 million stadium facility for the Arizona Cardinals in Glendale, AZ
- $165 million arena for the new NBA franchise in Charlotte, NC.
- Start of the $125 million Guthrie Theatre in Minneapolis, MN.
- A new ballpark is likely in the Washington DC area and also a new ballpark is being discussed for the Minnesota Twins.
- Start of several large projects in Las Vegas including, $297 million Caesar's Palace, $154 million south coast Hotel/Casino and $92 million Redrock Station Hotel/Casino.
- $90m Westin convention centre in Boston
- $90m Renaissance Hotel in Schaumburg, IL

More convention centre hotels are planned in Baltimore, Pittsburgh and Fort Worth, TX.

It should also be noted that there are a number of potential opportunities for UK companies in Puerto Rico at Roosevelt Roads, an 8000+ acre former US Navy property.

Tina Patel
Business Development Association
Acting Vice Consul - Construction Industry
UKTI, New York, USA.

5 January 2005

Sources of information:

McGraw Hill Construction Outlook 2005 Conference, October 2004
UK Scoping Mission to US, October, 2004

UK TRADE & INVESTMENT

A GUIDE TO UK TRADE & INVESTMENT COMMERCIAL SERVICES

As part of UK Trade & Investment, the British Consulate-General, New York has access to a wide range of information and provides a number of services to British exporters. The office maintains a database of contacts in New York, New Jersey, Pennsylvania and Southern Connecticut. There are more than 5,000 entries in the database, including manufacturers, importers, distributors and agents.

OMIS - Overseas Market Introduction Service

To commission a report to identify and approach relevant companies, to assess their interest in doing business with British companies, to check their status, or to seek specific information on the market for a particular product. Depending on the requirements, we will carry out telephone research or visit potential agents, partners or customers, and provide a report that includes a verified list of contacts. The charge for this tailored service will depend on the time taken to complete the necessary enquiries. This service is accessible through the Business Link network, for locations see www.sbs.gov.uk.

Market Advice

Staff at the British Consulate-General are available to provide across-the-board advice. Consultations are free of charge. To ensure the relevant officer is available, it is advisable to arrange an appointment in advance.

Sector Reports and Summaries

Sector reports and summaries are available for many industries, including giftware and clothing and can be accessed through our web site **www.uktradeinvest.gov.uk.** We are also able to provide guidance papers on legal liability, doing business in the USA and a list of local lawyers. These are provided free of charge.

Conference and Seminar Facilities

The British Consulate-General in New York has facilities for seminars/presentations and receptions, which can be hired for a charge of $300 per day. Refreshments can be arranged, but the company must pay the costs directly to the caterer. We can provide suggestions for relevant contacts to be invited to presentations/receptions and assist with the printing and mailing of invitations, again for a small fee.

Publicity

The Commercial publicity section can help to publicise British products and services in local publications through various press release services, picture stories and the Internet. For £100 the New Products from Britain service is available to a British business wishing to obtain editorial coverage in the US for its innovative product, process or service. Information about this service is available from your nearest Business Link in the UK or contact Olivia Brown, NY.
E-mail: olivia.brown@fco.gov.uk.

Information about British products and lists of exhibitors at US Trade Fairs are also showcased on the website. For further information contact Dominic Varle, NY.
E mail: dominic.varle@fco.gov.uk

Passport to Export

Passport to Export is our flagship assessment and skills-based programme that provides new and inexperienced exporters with the training, planning and ongoing support they need to succeed overseas.

It is different from anything UK Trade & Investment has done before because:

- It encourages changes in business behavior
- It is entirely customer centered, and structured, but flexible
- It utilizes existing and new services to offer a comprehensive 'pick and mix' menu for companies

We have put together in one simple, responsive process all the tools you will need to grow your business. This 'toolkit' will offer you:

- A free export health check - An objective assessment of your company's capability for export.
- Free export mentoring - The help of your own locally based expert in International Trade, who will mentor you and help with the development of your own Export plan on a one-to-one basis.
- Subsidized training - Flexible training on specific skills needed to win and deliver export business.
- UK Trade & Investment Export Services / Market Research / Export Sales Leads.
- Foreign language trade literature (if required), all provided at subsidized cost. UK Trade & Investment can also provide certain matched subsidies to assist your business in achieving its international objectives.
- Market visit - A subsidized visit to an overseas market identified in your Export plan.
- Customer service - Aftercare services to help you continue your successful development in international trade.

All of these tools receive independent accreditation to ensure they are delivered to a consistently high standard and external evaluation to ensure they are satisfying your needs.

Eligibility

A Company eligible for support under UK Trade & Investment your passport to export success is defined as follows:

- It should be an SME as defined by EC Reg. 70/2001
- Fewer than 250 employees
- Either an annual turnover not exceeding Euro 40m or an annual balance sheet not exceeding Euro 27m and not more than 25% owned by one or more companies falling outside this definition

(except public investment corporations), venture capital companies or, provided no control is exercised, institutional investors.

- It should be a new or novice or passive exporter, typically with less than 25% turnover in exports.
- It should have been approved for further development by undergoing a company diagnostic with an ITA (International Trade Adviser).

Further information can be obtained from your local Business Link.

UKTI Business Portal

UK Trade & Investment's website www.uktradeinvest.gov.uk uses portal technology to provide customers with a single web gateway to personalised information, including business opportunities identified by our network of embassies, consulate-generals and high commissions worldwide.

How can UK customers benefit?

The website brings a number of practical benefits for customers free of charge.

- *Valuable trade, country and sector information, and business opportunities are now on one website.*
- *They can sign on, register and profile their interests to receive information tailored to their needs.*
- *By managing their 'account' on the website they can choose to see the information of most interest to their needs rather than having to search through many pages.*
- *They can choose to receive alerts (by email) when information of interest is added or updated, not just business opportunities.*
- *They can decide how frequently they receive alerts (daily, weekly or monthly).*
- *It is designed to be self-administered by customers, who can manage their own account profiles.*
- *Customers have 24/7 access and control over their profile, wherever they are, and they can stop or start email alerts as and when they choose.*

UK companies need to register their details and profile their business via www.uktradeinvest.gov.uk. Once registered, information will be personalised to their interests.

Enquiries: Web service team email: ukti.webmaster@uktradeinvest.gov.uk
Tel: +44 (0) 20 7215 8777.

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