

Newsline

THE VOICE OF THE UK CONSTRUCTION EQUIPMENT INDUSTRY

Volume 11 No 4

Autumn / Winter 2002

Government pledges
£1.1 million



to
construction equipment
manufacturing

details pages 4/5

Plus



..... and more

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Equipment
Association

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From the President

The CEA's decision to follow the automotive industry's lead of helping their supplier base achieve higher levels of manufacturing performance has now progressed from a small programme last year, which covered nine supplier companies, into a major commitment over the next three years. This follows the announcement of the DTI's approval of 50% funding for the £2.2 million CEA project which is scheduled to provide MasterClass and related training to more than 80 supplier companies over the three year period.

This announcement is a major achievement for the CEA and shows the confidence that the DTI have in the CEA's ability to effectively utilise significant government funds for the benefit of our industry and, in particular, our UK supplier base. I hope that as many suppliers as possible will sign up for the programme and take the opportunity to learn proven techniques that are fundamental to survival in today's competitive marketplace.

Another issue that the CEA has been pursuing is the need to improve awareness of export opportunities within the industry, particularly for SME's. Again, we have been successful in attracting further DTI funding which will enable last year's programme of export awareness and advice for both members and non-members to continue into 2003.

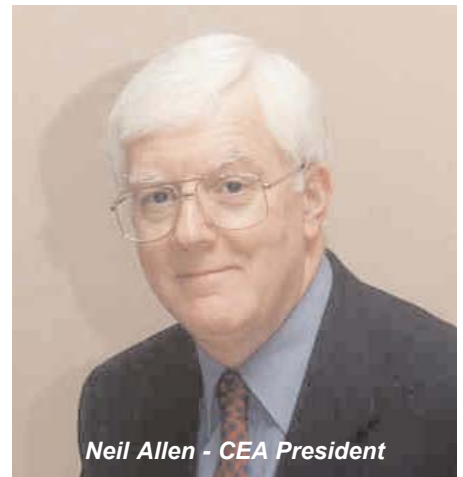
Following the downturn in world markets at the end of last year, economists predicted slow demand in the first half of 2002 and then forecast a pick-up in the second half of the year led by a return of confidence in the US. It is now clear

that this has not happened. US demand remains sluggish and depressed stock markets around the world and the threat of military action in the Middle East has resulted in a loss of confidence by investors. Our business is all about confidence in the future and right now that is in short supply. The economists are still saying that any recovery will be US led and are now suggesting that this is unlikely to be until later next year.

The good news, however, is that this time, the worldwide slowdown for construction equipment has been relatively mild and is from the exceptionally high level of demand that occurred in 2000. In previous recessions, the percentage fall has generally been much greater.

Despite this worldwide picture, most members will be reasonably happy with the state of the home market so far this year, because unlike most of our export markets, the UK market for construction equipment has been reasonably healthy. There are now indications, however, that UK demand may be softening.

Speakers at the recent CECE Congress in Rome echoed their concerns about 2003. Delegations from the construction equipment manufacturers' associations in the USA, Brazil and Japan gave presentations on the current challenges in their respective markets and were cautious about putting a timescale on any upturn. David Phillips of Off-Highway Research warned of the massive over-capacity in our industry and gave an excellent presentation of the opportunities and threats for the rest of the industry of the rapidly



Neil Allen - CEA President

developing market for construction equipment in China. Apparently, the rapidly growing production capacity for equipment will all be required to meet domestic demand prior to the Beijing Olympics in 2008. Thereafter, however, they expect to have significant export capacity.

Other issues discussed at the CECE Congress were Dealer Agreements (following the Brussels decision to scrap the block exemption for the automotive industry) and the increasing complexity of technical issues - emissions, road regulations, noise and vibration and the urgent need to co-ordinate European and US legislation on these issues. Other items discussed were the latest developments in plant theft and the role of CECE in representing our industry more effectively in Brussels.

Finally, I was delighted to be invited to the official opening of Administration Services' new premises in Caterham during the summer and can report that the CEA team are fully operational in smart new offices.

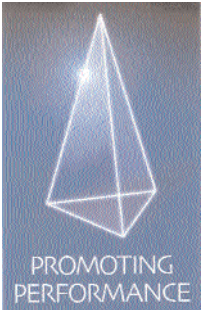
Neil Allen
CEA President



CEA Management Council

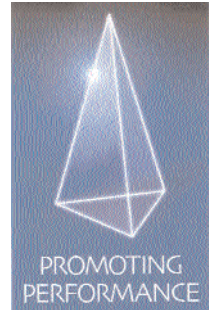
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2nd Vice President: Paul Ross Caterpillar (UK) Ltd

Colin Wakeham Bell Equipment UK Ltd
Gerald Pratt HR International Crushing & Screening Ltd
Peter Howe Komatsu UK Ltd
Chris Taylor Thermo Electron Corp - MEi Load Indication Systems
Bob James Truflo Air Movement Ltd
Alan Williams Volvo Construction Equipment (GB) Ltd



Manufacturing Matters

Government Pledges £1.1 million to Construction Equipment Manufacturing



The Offer:

Government has pledged up to £1.1 million to the CEA over the next three years, to help competitiveness in the UK construction equipment industry. This is to be matched by industry commitment of time, expertise and resources. Participants can expect grant aid of up to 50% for approved Quality, Cost and Delivery (QCD) projects.

"Manufacturing matters to Britain. It creates a fifth of our national output, employs 4 million people and produces the majority of our exports".

The Rt Hon Patricia Hewitt
Secretary of State at the
Department of Trade & Industry

The Programme:

The programme provides for:

~ Up to 80 MasterClasses - qualified QCD expert engineers detailed to work with companies on continuous improvement programmes in their manufacturing (or other) processes. The CEA MasterClass pilot facilitated efficiency



The Rt Hon Patricia Hewitt
Secretary of State for Trade and
Industry

improvements averaging £185K per participant company - a proven winner.

- ~ Training and business analysis support, for example, Real Time Workshops, Value Stream Mapping, coaching in continuous improvement principles.
- ~ Benchmarking the construction equipment sector against other industries - to identify and act upon best practice in manufacturing.
- ~ Forums to network with other suppliers and OEMs - a mutual support system to help achieve sustainable improvement.
- ~ Identification and training of change agents within your organisation and personal development initiatives.

"Our programme, which has committed funds of £2.2 million, can help the largest Original Equipment Manufacturer to the smallest tool room. In tough trading times, a commitment to continuous improvement is the logical way forward".

Ray Golson
Project Director - CEA
Manufacturing Excellence
programme

The Supporters:

Leading OEMs, Caterpillar, JCB and Komatsu have committed to the programme. The door is open to other industry leaders. Government - in the form of the DTI - have committed significant funding and expertise to help the process. Over 80 companies from all parts of the supply chain registered an interest in the pilot programme. Important partners in the project are the SMMT Industry Forum, who pioneered a common approach to QCD in the automotive industry.

"This announcement (of DTI funding) is a major achievement for the CEA and shows the confidence that the DTI have in the CEA's ability to effectively utilise significant government funds for the benefit of our industry - and in particular our UK supplier base".

Neil Allen
CEA President

New Recruit

The CEA Secretariat has been augmented with the addition of Jo Rutter to the team. Her main duty is to act as Project Administrator for the Manufacturing Excellence programme. Jo is new to the industry but is learning fast. She says, "It's the people that make any industry tick, getting the best out of them is essential. My experience in the recruitment sphere has taught me that and I look forward to working on this exciting and challenging project".



I-r: Rob Oliver, Chief Executive, CEA
and Alan Woods of the DTI's
Automotive Directorate



Members of the Manufacturing Excellence Team

The Commitment:

We are seeking companies that will make a long-term commitment to continuous and sustainable improvement. The CEA undertakes to keep the paperwork to a minimum - we just need a signature on a letter of intent which sets out some simple rules on what is expected. Companies not seeking grant aid can still join in, there are many routes to improving your business.

"The aim is to develop and sustain world-leading competitiveness in the UK based components industry and through a common

approach enable any company within the supply chain to make real improvements in Quality, Cost and Delivery".

**SMMT Industry Forum
(partners in the Manufacturing Excellence programme)**

The Team:

The Manufacturing Excellence Team (MET), comprising leading OEMs and volunteer suppliers, help set the priorities for the programme. The MET is chaired by Rob Oliver (CEA, Chief Executive) and the project is under the direction of Ray Golson - an experienced manufacturing director. Administration is handled by Jo Rutter. Overall policy is set by the CEA's Management Council.

Manufacturing Excellence Contacts



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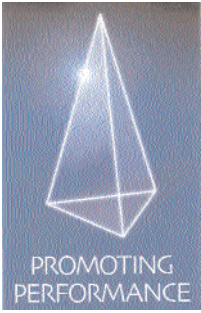
Look on the Web

Visit the CEA's web site for more detailed information on all aspects of the Promoting Performance programme:

- ~ Manufacturing Excellence
- ~ Primed for Export
- ~ Regulatory Awareness
- ~ Export Success

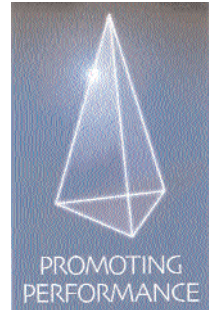
www.coneq.org.uk





Primed for Export

DTI Funds Confirmed for Year Two of the Project



Help for SMEs:

Trade Partners UK (TPUK) has confirmed part-finance from Sector Partnership funds for year two of the CEA's Primed for Export project. This is principally targeted at helping small to medium sized companies (SMEs - companies employing less than 250 people) in the construction equipment sector to develop their export strategy. The funds form a continuation of the CEA/industry export development programme, which has to be self-sustaining by mid-March 2003.

Key project activities:

- ~ Continuing visits to companies by the CEA's Trade Promotion Manager, Grant Shannon, offering "one on one" export advice to SMEs in order to help them to develop a sustainable export strategy. Grant is backed by a panel from the CEA's Export Marketing Group (EMG) - experts from different areas of the industry who can offer non competitive advice.
- ~ Concentration of activity in CEA priority markets to develop exports: USA, Russia and

Support from EU Governments

Agreement was reached by the World Trade Committee at the recent CECE Congress to gather information on the different government support schemes available in Europe for exports, fairs and insurance. This information will be used to press the EU for common schemes and national governments for fair treatment for their exporters. It was also agreed to obtain evidence on the experience of different European companies in obtaining licences to export to "difficult" markets, such as Iraq.



I-r Paul Ross, Caterpillar (UK) Ltd, David Redhead, BSP International Foundations Ltd - Co-Chairmen of the CEA's Export Marketing Group

- ~ Benelux/France - which will include sector, mini and catalogue exhibitions, market research investigations, inward/outward mission investigations, publications and seminars.
- ~ Support for the exporters' handbook in conjunction with TPUK.
- ~ Development of standard industry documents: Conditions of Sale, Dealer Audit and Dealer Contract.
- ~ Compilation of a CEA resource service, including a sector export information database and developing a pool of sector expertise in the Regional Development Agencies.
- ~ Sector training for exporters.

"This is an exciting project for those involved in trading overseas in construction equipment. The project will give manufacturers based in the UK information on how to best focus and target their activity and will save them time on information gathering".

David Redhead
BSP International Foundations
Co-Chairman - CEA EMG

Guidance is at hand:

The project is being guided by a CEA Steering Committee of experienced exporters.

"We have felt the need of such a project for some time. There is considerable scope for British companies to expand their trading activities and thus strengthen their competitiveness at home as well as abroad".

Paul Ross
Caterpillar (UK) Ltd
Co-Chairman - CEA EMG

This is an excellent and unique opportunity for construction equipment manufacturers and their suppliers to avail themselves of someone with hands-on exporting experience, a dedicated commitment to developing industry exports and a knowledge of construction.

Arrange a visit:

All companies in the construction equipment sector wishing to benefit from a free visit from the CEA Trade Promotion Manager should contact Pam Hyde via pam@admin.co.uk.

Export Marketing Group

The CEA's Export Marketing Group will be meeting on Thursday 14 November at the new Institute of Export HQ in Peterborough. The speaker, Jim Sherlock, is a Joint Export Training Standards (JETS) accredited trainer and one of the foremost International Trade trainers and consultants in the UK. He has a wealth of practical experience in the trading strategies of many international trading companies and can explain clearly and logically the schematics of complex trade procedures. He is a Director of the Institute of Export, a consultant and author of publications including "Principles of International Physical Distribution". Among other projects,

he is currently leading the 'Professionalism in Trade' initiative with the DTI and a 'Mechanics of Exporting' course with the DTI/ECGD. His topic at the meeting will be 'How to select, motivate and manage your Distributor', which will be especially useful to those relatively inexperienced in exporting. **CEA members and non-members are invited.** The EMG will also discuss other exporting issues.

Our Co-Chairs will take the opportunity to talk to Institute staff about proposals for a CEA export training programme.

Contact Pam Hyde for further details (pam@admin.co.uk).

Primed for Export Steering Committee

The Steering Committee will meet after the EMG meeting on 14 November. Those who would like to serve on the Committee are welcome to join. The Primed for Export project is an exciting opportunity for construction equipment exporters, so the more input and ideas we have, the better for the industry. Contact Pam Hyde for details, via pam@admin.co.uk.

Exponential Growth in China

David Phillips, Managing Director, Off-Highway Research, gave a presentation on China at the recent CECE Congress in Rome. China is currently the only booming market and now a major player in manufacturing equipment. The growth rate for construction equipment is expected to be between 7-9.5% for the next 5 years at least. By 2012 the highway system will be greater than the USA's. In 1997 unit sales of construction equipment were 30,000, in 2001 they reached 60,000 and by 2006 they are expected to be an incredible 95,000. The crawler excavator market particularly confounds belief: 2,000 machines were sold in 1997, four years later they had reached 13,000 and by 2006 some 18,000 sales are expected. The Olympic Games in 2008 will encourage this growth further. The most staggering factor, according to David Phillips, is "the compelling determination of the Chinese to set higher and higher goals for quality, for numbers manufactured, for delivery



David Phillips, Off-Highway Research

schedules... and to keep meeting seemingly impossible targets". He also remarked on the high quality of manufacturing excellence procedures, machine tools and R&D now being put in place.

Although all the major Western manufacturers will be active in China by the end of this year, this is not a market for the faint-hearted. There are circa 930 OEMs (130 of which produce wheel loaders). Distribution is key - it is necessary to buy a manufacturer with distribution rights or enter into a JV. China wishes to export, but at present there are few opportunities and distribution needs to be put in place. Low labour costs

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mean that machines are manufactured at 30-50% cheaper than in Europe. The danger, and dilemma, for European manufacturers is that lower costs will lead to the closure of manufacturing facilities elsewhere. The biggest opportunities right now are for component suppliers. The Chinese need items such as axles, engines and transmissions and import duties are being lowered on such products to help build the machines.

The CEA approach to China also gathers pace - and there will be a report on our presence at the new Bauma China exhibition, in Shanghai, in the next *Newsline*.

Meet the Members

The CEA is delighted to welcome the following companies into membership since the last issue of *Newsline*:

Boulton Construction Products Ltd and Hymix Ltd



A commitment to technical excellence and customer service has allowed Boulton Construction Products Ltd to develop an excellent reputation as a 'first tier' supplier of components and sub-assemblies. They supply a variety of industrial sectors, and their passion for high standards of product and service quality means that their services are in demand. They are more than just a supplier of construction products. Presswork, fabrication and galvanizing remains an important part of the business.

Boulton Construction Products are committed to modern supply chain thinking and experienced at working with partners for mutual gain. Effective two-way communication is vital to the success of any supply chain partnership - Boulton's philosophy is to communicate with all partners, openly and honestly. Even the best of managed supply chains can experience occasional problems - so Boulton employ robust risk management practices to identify and prevent/mitigate potential supply problems. Their existing customers value the assurance this approach

gives them as the impact of supply chain incidents can be eliminated or minimised.

Boulton Construction Products is able to enhance product design features and/or value engineer products to reduce the costs of material, manufacture and assembly. Their Design and Engineering Services include:

- ~ Technical Drawing
- ~ Prototype Making
- ~ Product Development
- ~ Value Analysis
- ~ On-site Qualified Tool making Facilities
- ~ Fabrication Facilities

Boulton Construction Products holds a certificate of registration for BS EN ISO 9002:1994. All their employees are committed to achieving total quality, both to meet their customers' needs and secure long term growth. Boulton Construction Products are dedicated to continuous improvement and working towards new quality standards.

Tel: +44 (0)1902 385300
E-mail: sales@boultonlimited.com



Council Change

Brian Tolson, Perkins Engines, has reluctantly stepped down from membership of the CEA's Management Council due to a change in work responsibilities. During his term on the Council he hosted a very successful Regional Forum for our Manufacturing Excellence programme. Our thanks are due to Brian and we look forward to welcoming a new nominee from his company.

Limited Ambitions

Attendees at the 2001 CEA AGM may remember that we voted to incorporate the organisation as a company limited by guarantee. Swift progress in other areas had relegated this process to the back burner, but the Management Council have now authorised the necessary changes. Subject to final approval, the CEA is set to be incorporated by the year end.

Get Ready to Air Your Views

As trailed in the last issue of *Newsline*, all CEA members will be asked for their views in our 2002 year-end survey. It will be your chance to air your opinions, praise and criticisms of the services offered by your trade association. The survey will be conducted by an independent survey company - so please let rip!

Contract Journal

CJ now includes a page dedicated to products and materials. For further details contact:

Laura Hailstone
Tel: +44 (0)20 8652 4738
Fax: +44 (0)20 8652 8958
E-mail: laura.hailstone@rbi.co.uk



Prolec Donates Signed Olympic Oar to the Lighthouse Club

Prolec Ltd has donated an Olympic oar, which has been signed by the coxless four Sydney 2000 Olympic gold medal team, to the Lighthouse Club.

The oar is expected to generate great interest and is one of many items donated by Club members to be auctioned at the Lighthouse Club's annual fundraising dinner at the Cafe Royal on 6 December. The successful bidder will also receive a photograph to authenticate the oar.

In past years, thousands of pounds have been raised at this yearly event and Prolec hope that by donating the signed oar it will be able to help the Lighthouse Club to once again raise a large sum to help those people within the construction industry, or their families, who have suffered as a result of an accident or through ill health.

Terry Hawthorn, Prolec's Sales and Marketing Director, commented: "It is always nice to be able to put something back into the industry in which we work. We hope that by donating the Olympic oar we can do our bit towards helping those people who have worked in the industry, but



l-r Matthew Pinsent, Tim Foster, Steve Redgrave, James Cracknell

through misfortune have suffered in one way or another".

Since its formation in 1956, the Lighthouse Club has disbursed millions of pounds in aid with 96p from every pound raised distributed to worthy causes. It is through the efforts of volunteers - all of whom have a construction industry background - that this is achieved. Membership of the Lighthouse Club costs £10 and is open to anyone employed in, or associated with, the construction industry.

Terry Hawthorn, Prolec Ltd
Tel: +44 (0)1202 681190
Web: www.prolec.co.uk

Don Baldry, The Lighthouse Club
Tel: +44 (0)20 7226 0237
Web: www.lighthouseclub.org



Sterling SPP Pump Sets Provide Fast Reaction Capability

Sterling SPP has supplied the Environment Agency in Lichfield, Staffordshire, with six mobile pump sets that have been strategically positioned around the Midlands to assist in emergency response in flood water control operations. Five SPP Qi200 and one Qi150 pump sets were supplied. Design



pumping performance from these units is adequate, whilst their very low noise level, low emission engines and many other benefits, including oil-free emissions, drip tray and long running fuel tank, meet the environmental criteria. Also, a

number of their components are made from recycled materials and others are recyclable should they ever need to be replaced.

Tel: +44 (0)118 9323123
www.sterlingfluidsystems.com/spp

Schumacher Unchallenged

The CEA's Management Council warmed up for their September meeting with a visit to the Jaguar factory at Allesley, near Coventry. They viewed the sports car production facility and also had a chance to test their driving skills on a Formula One simulation. Fastest was Caterpillar (UK) director Paul Ross - followed by Komatsu UK MD Peter Howe. The Council meeting itself was made possible by GCM's David Aston (from nearby Nuneaton) who recommended the venue and provided logistical support.

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Then contact the Editor NOW



Kim Fitzpatrick
Newsline Editor
kim@admin.co.uk

Advertising in *Newsline* is FREE for CEA members

non-members are charged a nominal rate

Newsline is sent to all CEA member company contacts, senior personnel of selected non-member companies, all HMG Overseas Posts, UK Business Links, named DTI contacts and related trade associations. *Newsline* is also distributed at exhibitions.

Network News

The CEA is committed to working with the network of other trade associations, agencies and government departments to promote the interests of the UK construction equipment sector

An Environment for Investment

The CEA is supporting the Engineering Employers' Federation's pre-Budget submission to the Chancellor. Titled "An Environment for Investment", the document is backed by 24 manufacturing trade associations representing some 10,000 companies employing around 1.8 million people. The submission highlights the industry's growing cost concerns in such areas as tax (higher NICs), insurance, the

pensions issue and Climate Change Levy. It supports greater government intervention to encourage manufacturing investment - the key to improved productivity. It calls for significantly higher capital allowances (including investment in leased assets) and a tax credit for investment. Proposals are also included to promote higher skills levels.

A Common Agenda for Manufacturing Exporters?

The CEA is involved in a new grouping of manufacturing industry trade associations, looking at the possibility of developing a common agenda on export related issues. Facilitated by the Engineering Employers' Federation, the group includes many of the organisations

that have successfully worked together on economic issues (see An Environment for Investment above). It is early days yet, but issues already identified include export licensing and the role of SESA (Support for Exhibitions and Seminars Abroad).

New National Association Directors

The CEA's European counterpart manufacturers' associations have witnessed some changes:

ANMOPyC - Spain:

José Antonio Vicente, the director of the Spanish trade association,



A presentation was made to José Antonio Vicente at the CECE Congress in Rome

ANMOPyC, has left to take over as the new head of the Zaragoza exhibition centre, home of the SMOPyC construction equipment show. He is credited with making ANMOPyC into a very active and effective member of CECE and creating a strong Spanish presence in many overseas markets. His successor is to be Jorge Cuartero, who returns to ANMOPyC after a spell with Liebherr, in Spain.

VDMA - Germany:

At the VDMA, a successor to the late Udo Köstlin has been named. The new head of the construction equipment sector is Joachim Schmid, formerly Deputy Managing Director of the Compressors, Compressed Air and Vacuum Technology division of the VDMA.

BITA Moves

The British Industrial Truck Association moved offices on 14 October 2002 - their new details are:

BITA
5-7 High Street
Sunninghill
Ascot
Berkshire SL5 9NQ

Tel: +44 (0)1344 623800
Fax: +44 (0)1344 291197
Web: www.bita.org.uk

Lobbying in Europe

The CEA's Rob Oliver has been appointed to head the CECE working group on lobbying. The objective is to assess how CECE can further improve its lobbying activities - to ensure that the construction equipment manufacturers' voice is heard in the right places in Europe and beyond. The Group is likely to make its interim report before the end of the year.

Non Compliant Imports

This is an on-going problem for some CECE associations, especially the CEA. The World Trade Committee continues to gather information about non-CE marked machines entering the EU and to liaise with the European Commission and international associations on action which can be taken to lessen negative impact on CECE manufacturers. Co-operation from the Japanese association, CEMA, has proved helpful.

CECE Congress 2003

The 2003 CECE Congress will be held in Sorrento, Italy, from 24-27 September 2003.



The Committee for European Construction Equipment

This year's CECE Congress, in Rome, included workshop sessions on a number of hot topics. This is in line with CECE's evolving policy to make conference sessions of more direct relevance to bottom line considerations. Rome proved a popular venue, with over 170 registrants. Comamoter, the Italian manufacturers' association, proved to be generous hosts - but beyond the culture and opera singers there was some serious work carried out.

European Markets for Construction Equipment Trending Down

OEM representatives considered that West European markets for earthmoving equipment were down by 10-15% in 2002. It was the view of the World Trade Committee that the year had started depressed, with falling share values and the aftermath of 11 September - and this depression had not lifted. They also agreed that the largest European market, Germany, is particularly bad, the French market has halted because of over-expansion in stock by rental companies and there are cutbacks in Portugal. The UK and Italy have buoyed up Europe this year but it is likely that Italy has peaked because of taxation changes. The UK is still fairly strong on volumes and 2003 will be similar.



*Richard Sharp, JCB Sales Ltd
Chairman, World Trade Committee*

had been improvements in the rest of Asia (India is now the third largest market for backhoes). Deflation has destroyed the Japanese economy and there is a worry that some European countries - especially Germany and Austria - could follow a similar route.

During the presentation given by David Phillips, Managing Director, Off-Highway Research, on trends and forecasts, he reported that the growth areas in Europe are compact equipment (if this can be defined), especially mini excavators. Light equipment now predominates in North America and Europe (68% sales) compared to Japan (50%) and China (3%). This trend continues at the expense of the larger and more traditional machinery.

Rationalisation is necessary to reduce manufacturing capacity: China has doubled capacity in 5 years. There is also over capacity in distribution with more cross border and internet trading. Some rental companies are more important than the distributors (there are 8 in the US) but rental will increase although there is still division among manufacturers as to whether to enter the rental market. More companies will offer full ranges of equipment which will be a threat to specialists and regionally based companies. Since 1991, 4 out of 10 companies have been absorbed.



It is difficult to see short term improvement in European markets. Thus investment plans have been postponed and further unemployment is likely. In 2003 markets are likely to be 5-10% down before showing some growth in 2004.

Overseas, the most interesting areas, apart from China, are in the Middle East (whilst countries are stocking prior to the war expected in January), North Africa, Australasia and Central Europe. However, the USA market is still declining and the political situation there gives little hope for improvement. Japan is going through lean times with mini excavators down by 50% compared with 10 years ago, although there

Distribution Network Contracts

One topical subject for delegates was the new and emerging European law on which the Senior Vice-President, General Counsel and Secretary of CNH Global, Roberto Miotto, is an expert. Guidelines for Vertical Agreements came into effect in January 2002 and companies can make their own independent assessment on these Guidelines. However, this can be a perilous exercise - vertical restraints in distribution being the first issue. In effect, single branding will not be allowed in the future. Failure to comply can mean a fine of up to 10% of turnover on all the companies in a group. The guidelines on block exemption are complicated, although deceptively simple, and an independent economic assessment by a company probably does not succeed. It seems that companies will need to have a different contract on each product with each dealer!

EU Money for R & D

If confirmation were required that the EU is awash with funding in certain areas, then Irene Bonetti's report (on behalf of the European Commission) on the 6th Framework Programme provided it. □17.5 billion is earmarked to be spent (from 2002 to 2006) on co-operative research projects. In the first year, seven thematic priorities have been set out, including sustainable development and information science technology projects. For smaller grants, proposals for integrated projects are invited. These require a minimum of three participants from three different countries or, for SMEs, three companies from at least two countries. Alternatively there is an option for collective research via national and/or European trade associations. For more details and expressions of interest received to date take a look at www.cordis.lu.

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Technical Issues

The CECE Congress included a series of lively meetings to review progress and agree action points on all the important technical issues. The main business was conducted during a six-hour meeting of the Technical Commission, but one subject was given special treatment - Engine Emissions from non-road mobile equipment. In a separate Workshop to view the worldwide picture on emission legislation for construction equipment, positions were presented by EU, USA and Japanese legislative experts. The Workshop also discussed the impact of legislation on business activities and heard the viewpoint of an EU manufacturer. This issue of *Newsline* focuses on discussions at the CECE Congress.

Smoke Gets in Your Eyes

A spokesman for the European Commission confirmed that it continues to seek a Stage III proposal to amend Directive 97/68/EC on diesel engine exhaust emissions for off-road machinery. A draft proposal will be considered shortly by the CECE working group and by GEME (experts from industry and member states). The Commission aims to present a proposal to Council by early in 2003.

CECE has been heavily involved with the Industry Task Force (CECE, CEMA and Euromot) to develop a joint engine/industry position (JEIP). The JEIP sets out introduction dates and test methods for revised Stage IIIA and Stage IIIB emission levels, together with a flexibility scheme and the industry position on after-treatment. A key feature is to harmonise the requirements with US EPA rules. Gaseous emissions will be reduced in Stage IIIA to be equal to EPA Tier 3 and enter into force, with staggering for different engine bands, between 2006 and 2008. Stage IIIB, harmonising with EPA Tier 4, will have reduced particulate emissions beginning five years later. The two-year sell-off period will be a

requirement (not an option), flexibility will be controlled by industry, but after-treatment technology for Stage IIIB, particularly relating to costs for smaller machines, will need to be demonstrated before it is introduced. The CECE spokesman said the industry position was well aligned with the Commission draft proposal for Stage IIIA, but with some differences for IIIB.

A related and important issue is to seek to align the staggered introduction dates of 97/68/EC with the noise requirements of the Noise Directive 2000/14/EC (reduced limits in 2006). CECE is addressing this but, with the Commission about to propose a draft amendment to the Noise Directive, CECE has until mid-November to put forward a proposal. On the EPA side, Tier 4 has not yet been announced and, following comments by an EMA (a US Equipment Manufacturers' Association) representative, some doubt was cast on the EPA commitment to alignment. All in all the engine emissions proposal is an area of uncertainty in which the CEA will continue to be active.

Shaking All Over

Now that the Physical Agents (Vibration) Directive (2002/44/EC) has been published (Official Journal of the European Communities, 6 July 2002), member states have three years to transpose the requirements. CECE is drawing up recommendations on practical operating procedures to be included in construction equipment manuals that will minimise vibration for operators. CECE aims to agree its recommendations with user groups and health and safety authorities.

Then, the need to make measurements of whole body vibration, an area where consistency has never been demonstrated, will not normally be required.

The HSE has asked for discussions with the CEA on the UK transposition of the Directive. The limit on exposure will apply from 2007 when new equipment is being operated and, if the HSE takes up the full entitlement for derogation, from 2010 when the equipment was bought before 2007.

Come on, Feel the Noise

Germany and Italy are in the process of completing transposition of Directive 2000/14/EC on the noise of equipment used outdoors. All other member states, apart from Greece, have transposed. The Commission has complained that a significant number of declarations of conformity have not been properly submitted. It has clarified that net-installed engine power must be given in the description of equipment. On this point, the CEA is seeking DTI assistance to ensure that the requirements are circulated to all suppliers of equipment and that all member states will follow the same procedures.

The CECE noise working group discussed the difficulties of some equipment to meet the Stage II limits and, together with the issue of alignment with the Emissions

Directive, will propose amendments to the Noise Directive by mid-November. Miles Pixley (JCB) and Malcolm Kent (Komatsu) have taken a leading role in these discussions. Manufacturers should note that more noise data is needed to ensure that a thorough analysis of the problem is made.

Discussions between the European Parliament, Council and Commission on the Physical Agents (Noise) Directive are in the final stages and agreement is expected shortly. After this, member states will have three years to transpose. The main features of the Directive will be a reduced exposure limit value of 87 dB(A) taking account of hearing protection, an upper action value of 85 dB(A) at which hearing protection must be worn and a lower action value of 80 dB(A).

Accidents Can Happen

Following the significant efforts of the Spanish Presidency in the first half of 2002, little progress has been made on the proposed revision of the Machinery Directive. A spokesman for CECE said there was no serious problem with the proposal. However, industry doubts if the aim to simplify the existing Directive has been met. There is

now a widely agreed view, shared by the CEA, that more experience is needed while CEN standards are still being drafted and while the Commission's study on its future approach to Directives is completed. Latest news from the DTI is that expected meetings of the Council working group have not taken place.

On the Road Again

The Commission has made no progress on following up the recommendation for harmonised European road regulations. CECE recognises that it needs to press for

action and Mark Ireland (JCB) has now been appointed to chair the CECE working group, so we expect great things!

Commercial Debt

New rules came into force in August to meet an EU Directive. These extend contractual remedies for businesses - all can now charge interest at 8% above Bank of England base rate. It is now possible to sue via the Internet

For debts under £100,000 there is a service called Money Claim Online: www.courtservice.gov.uk/mcol/ - but this should still be a last resort.

A User's Guide to Late Payment Legislation is available from the DTI Publications Orderline - Tel: +44 (0)870 150 2500 - or downloaded via www.payontime.co.uk.

For mediation specialists try the Centre for Effective Dispute Resolution: www.cedr.co.uk or Alternative Dispute Resolution: www.adrgroup.co.uk

Free Publications

Available from UK Online for Business:

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www.ukonlineforbusiness.gov.uk

The following Small Business Service publications can be ordered by quoting the relevant URN number:

- ~ Small Firms: Health & Safety (RG05) - URN 02/529
- ~ Employment Guides for Small Firms - URN 01/ST104
- ~ Employment Law Update Issue 2 - URN 02/275 (via Inland Revenue's Employers Orderline - Tel: +44 (0)845 764 6646)
- ~ Stakeholder Pensions or Group Personal Pensions - (via Tel: +44 (0)845 606 1234 / www.fsa.gov.uk)
- ~ Equality Direct Flyer

Tel: +44 (0)870 150 2500
publications@dti.gsi.gov.uk
www.dti.gov.uk/publications

Equal Pay

The Equal Opportunities web site has a guide for employers on how to review pay systems to make sure they are paying men and women equally: www.eoc.org.uk

Control of Asbestos at Work Regulations 2002

This comes into force in spring 2004 imposing a new duty on employers to take active steps to identify asbestos-containing materials in their buildings - which, if built prior to 1986, they probably do. For information on the Health & Safety Executive's asbestos campaign and forthcoming legislation, visit: www.hse.gov.uk/asbestos.

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bauma 
China 2002

Exhibitions

Condex / AED - San Diego, USA

9-11 January 2003

www.aednet.org

The Show:

Condex 2003 will be the 84th Trade Show and Annual Convention of the American Associated Equipment Distributors (AED). It is the ideal exhibition at which to meet new dealers and distributors in the USA - or to support existing ones.

Funding Available:

The CEA are the sponsors of the official British Group at Condex and SESA support of up to £2,300 is available to eligible British companies.

Why Condex?:

- ~ AED members dominate the US new and used equipment markets - accounting for 70% of the \$48 billion market.
- ~ AED members represent 61% - or \$15 billion - of the \$24.6 billion US rental market.
- ~ The average AED dealer generates \$28 million in rentals and sales of new and used equipment, parts, supplies and service.

~ 56% of Condex 2002 attendees were senior management and 37% were senior executives.

AED Convention:

Condex is run concurrently with the AED Annual Convention. Exhibition stand space and Hospitality Headquarter Suites are available. Exhibitors at Condex may also attend the convention and receptions.

New for Condex:

For exhibitors not wishing to go to the expense of their own stand, highly cost effective smaller blocks of space are available as part of the CEA Centre for Exporting Excellence. SESA grant support is still available on this option.

Act Now:

The final cut off date for grant applications is **8 November** so ACT NOW! Contact the CEA Exhibitions Team for a prospectus and application form today.

Bauma China - Shanghai

5-8 November 2002

www.bauma-china.com

CEA Information Stand:

Recognising the importance of China as one of the world's fastest growing markets for construction equipment, there will be a CEA information stand at Bauma China, despite the lack of SESA support. Fortunately, partial funding for the stand has been secured from the DTI's Automotive Directorate. A number of UK companies are taking the opportunity to display literature and graphics and to visit the show, using the CEA stand as a base.

Foundations are all exhibiting at Bauma China.

Market Information:

Detailed research information on the Chinese market is available from:

Off-Highway Research:

Tel: +44 (0)20 7404 1128

E-mail: mail@offhighway.co.uk

Web: www.offhighway.co.uk

Post Event Report:

A report on the Bauma China exhibition will be available from the CEA after the event - and there will also be an article in the next issue of *Newsline*.

Flying the Flag:

Off-Highway Research, Universal Augers and BSP International

Intermat - Paris, France

13-17 May 2003

www.intermat.fr

INTERMAT 2003

Prime Stand Locations:

The CEA is once again the sponsor of the SESA British Group at Intermat, which is billed as the International Exhibition of Equipment and Techniques for the Civil Engineering and Construction Industries. The CEA is holding prime stand locations in the British Pavilion at the front of Hall 6 - but they are going fast - and the organisers are currently pressing us to hand back any unsold space.

Reduced Costs:

By booking your stand space on the British Pavilion you can benefit from substantially reduced participation costs.

Why Exhibit?:

The organisers expect there to be over 1,500 exhibitors, over 210,000 visitors - of which 50% will be international, 300,000 sqm of exhibition space and an improved Demonstration Zone highlighting earthmoving, lifting and drilling equipment.

Expo Construcción

Mexico City

26-28 March 2003

www.expoconstruccion.com.mx/

www.cmic.org

The Exhibition:

Expo Construcción 2003 is for machinery, equipment, services, technology and solutions and is supported by the Mexican Chamber for Construction (CMIC), Mexico's association for construction industry manufacturers.

CMIC Congress:

The event is marked by the 50th anniversary of the CMIC and the 24th anniversary of its biennial Congress. This Congress is organised by the Inter-American Federation of the Construction Industry - which should mean that attendance will be high - especially

Options:

British Group stands are available as co-located, satellite and island sites using the CEA shell scheme, or using the exhibitor's own contractor. Only companies exhibiting in the British Pavilion in Hall 6 should book space through the CEA. All other companies must book their space directly with the Intermat organisers - even if you would like the CEA to arrange your stand construction. The British Group Information Centre will be located in the British Pavilion.

Numbers Capped:

Under the new SESA/Trade Partners rules, the maximum group size for Intermat has been capped at 60 companies. Although the CEA is lobbying for an increase, there is no guarantee - it is possible that you may lose out if you do not apply for your grant NOW.

Act Now:

Contact the Exhibitions Team immediately.



as the show is being held in Mexico City, where the majority of construction companies are based.

Networking Opportunities:

The Latin American Association of Construction Chambers will be holding their annual meeting at the same time - therefore, exceptional networking opportunities with Latin America's leading buyers and executives all under one roof.

Interested?:

Contact Pam Hyde via pam@admin.co.uk immediately.

SESA Programme 2003/2004

To secure SESA (Support for Exhibitions and Seminars Abroad) funding for overseas trade shows, the CEA must compete in an annual bidding round against all other industries in the UK. Following an extensive consultation with CEA members, and working with the Trade Partners SESA market matrix guidelines, the CEA has applied for SESA support for the following exhibitions. The results of the bidding round should be known shortly.

M&T Expo - São Paulo, Brazil
16-20 September 2003

BICES - Beijing, China
16-19 October 2003

Baucon Asia - Singapore
18-21 November 2003

Condex - USA
10-12 January 2004

Bauma - Munich, Germany
29 March - 4 April 2004

Display Package

The CEA British Group Information Centre display package offers an excellent, cost-effective way of assessing initial market interest without the overheads of exhibiting. The package includes graphic and literature display areas, a full post event report and a database of enquiries from visitors to the stand. The Information Centre may also be used as a meeting point, to access the Internet, or just to call in and have a break - light refreshments available. Contact the CEA Exhibitions Team for further details.

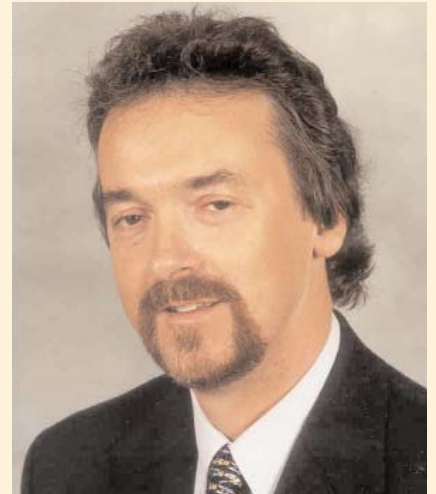
Malbex, Malaysia

The CEA had a British information stand at the Malbex exhibition held in September, courtesy of the Construction Products Association. 22 CEA member companies sent literature, taking advantage of the free display opportunity.

At the Heart of Europe?

Thanks to a strike of Italian air traffic controllers the other day, I inadvertently found myself in Vienna. The one consolation (apart from the nice architecture) was that I didn't need to change up any currency - my Euros were as good in Austria as they had been in Germany and Italy en route. So certainly the common currency works for the purposes of a casual business or holiday trip. The wider issues of what goes with it, I'll leave to the politicians and economists on this occasion. But undeniably my duties for the CEA take me increasingly to the continent and specifically more and more to Brussels, where our European organisation, CECE, is based. A

glance at the agenda of our General Technical Committee underlines the importance of EU inspired legislation to our everyday work - and we need to take our opinions and concerns to the decision-makers that count. CECE itself is examining how best to tackle its lobbying responsibilities with the Commission, the European Parliament and beyond. However, it is fast reaching the view that all organisations of its kind probably reach at some time or another. That is, "We could be more effective, if we had more resources". In response, the CEA will have to decide whether it wants to devote a higher proportion of its (limited) resources to its European organisation in the future. As with



all simple choices, this one could be difficult. Your comments welcome.

Rob Oliver
CEA Chief Executive



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