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From the President

Bauma proved to be as exciting and successful as we had hoped but what a huge show this year turned out to be. With well over 400,000 visitors, coupled with the stand personnel, you have to wonder just how does the city of München cope. They just do not seem to run out of beer.

I think all manufacturers were pleased with their resultant enquiries. In speaking to a number of European manufacturers at the CECE Congress, however, there does not seem to be the order receipts we had all hoped for. Looking back, I think this was my eighth Bauma and perhaps the first time it did not snow during the show. Certainly us hardy souls in the outside areas were well wrapped up at the beginning to cope with the snow lying from the heavy fall the previous week, but eventually we did earn an early 2004 suntan.

There seems little change in the exchange rate situation with the US dollar and the euro still relatively high. However despite this background, in general the UK economy holds firm and the situation in manufacturing appears to be getting a little stronger, with encouraging small increases in production and profitability. As mentioned above, I was recently at the CECE Congress in Stockholm and in the economic presentations, a very positive picture was painted by the USA, Japanese, Korean and European organisations of the global markets. Let us hope that we all get our share of the business.

I found the CECE Congress very rewarding and would strongly recommend it to all as a way of looking at technical



and economic matters. High quality speakers from top blue chip companies share experiences and the information is of excellent use to all.

You may have received requests from our secretariat to get some HMG lobbying done on the subject of steel prices. Thanks to all of you that took the trouble to take part and contact your local MP. In Europe, CECE has also been lobbying in Brussels. This subject seems to dominate all conversations and a presentation from the Swedish steel industry was made at the Congress. Suffice to say that all manufacturers are a little worried about the current situation. China demand is thought to be one cause. Lack of ore, scrap and coke are considered contributors along with a shipping capacity shortage. Not only is there concern about the price, supply is also a consideration.

The Americans polled 500 manufacturers and over 80% named this subject as their biggest worry. The survey also felt that the large manufacturers would probably not have a problem of supply because of their buying power but SMEs may suffer. Generally the theme at the Congress was if you cannot put

through price rises in this climate, you will never get them in. Tim Faithfull, CEA Director of Member Services, has written an article regarding steel on page 12.

With increased fuel costs, everything is subject to price pressures. I was therefore a little surprised that oil did not dominate the discussions more. OPEC certainly took prompt action and the price of a barrel is fortunately reducing down to original levels.

As an organisation the CEA have had excellent support from HMG in certain areas. The DTI's involvement in the *Manufacturing Excellence* programme has been superb in allowing companies to introduce "best practice" and establish or retain their competitive edge. At exhibitions the support has also been excellent and many members, particularly the SMEs, have been grateful for this which enabled them to look at new territories and get business. Latest news on the CEA's exhibitions and missions programme for 2005/06 can be found on page 14.

However, I am worried about what appears to be an agenda for the reduced level of support for exporters. We have recently had the grant to attend shows capped and this is followed by large reductions in support for trade missions. In East Anglia, for example, a few years ago, the six county Chambers of Commerce (Bedford, Norfolk, Suffolk, Essex, Northampton and Cambridgeshire) all ran a number trade missions around the world. Today only my home Chamber in Suffolk is accredited to do so. Three years ago, we ran eight missions, this year we have been limited to four. Now

HMG is to stop these horizontal missions, with 2004/05 being the last. Horizontal missions are those which are run by Chambers and similar organisations, which take a variety of people from manufacturers, service, education, medical and even legal. You get a cross-section of folk all trying to export and generate sales for UK plc.

Now HMG says vertical missions are preferred. That is all participants are of the same discipline. This will, in effect, cut mission funding by half. This continual erosion of support penalises small companies who are very grateful for a little financial help towards their costs of marketing in a new territory, not to mention the local support from the commercial sections of the British Embassies. We have to maintain a continual fight to retain the allocation we get towards exhibitions and the like. The CEA's International Business Group (IBG) in the form of Pam Hyde, IBG Manager, and Joanna Oliver, Exhibitions Manager, spend considerable time promoting the need. I would appeal to you all, if the opportunity arises with your local MP or members of DTI, that we raise this matter and show our concerns.

We appear to have a steady consistency in cricket, rugby, soccer and tennis at the moment, so it is up to us in manufacturing to show the UK can win at something provision of excellent products and service.

Have a good summer.

David Redhead
CEA President



CEA Management Council

President:
David Redhead
BSP International Foundations Ltd

1st Vice President:
Paul Ross
Caterpillar (UK) Ltd

2nd Vice President:
Colin Wakeham
Bell Equipment UK Ltd

Nick Ground
GKD Europe Ltd

Gerald Pratt
HR International Crushing & Screening

Ken Bainbridge
JCB Ltd

Peter Howe
Komatsu UK Ltd

Mike Francis
Perkins Engine Co Ltd

Bob James
Truffo Air Movement Ltd

Alan Williams
Volvo Construction Equipment (GB)

Brian Sugden
West Alloy Ltd

Regional business support explained

This article is being written for my own elucidation as much as for anyone else's. An understanding of how the structure for helping UK based businesses, and trade associations, develop their international trade is proving difficult to grasp and maintain amidst a sea of changing Government initiatives and priorities.

We all used to understand that the Department of Trade & Industry (DTI) primarily delivered international business assistance. We also coped with the recent name changes of this DTI branch to British Trade International, Trade Partners UK and then finally UK Trade and Investment (UKTI) in November 2003.

Within the last 18 months, UKTI has extended its central help by appointing International Trade Advisors based in the nine UK regions, Scotland and Wales. Many of these Advisors focus on an industry sector. Besides linking to their headquarters, they liaise with Commercial Officers overseas, but they are only concerned with their own region. Trade associations complain that these relatively newly appointed Advisors do not respond to their initiatives and that some seem fairly ignorant of the industries they represent.

There has also been a change of emphasis away from concentrating on target country markets and the facility of country desks based in the London DTI offices towards industry sectors. The CEA's Management Council carefully considered whether members' interests would be best served by the Construction sector unit or the Automotive sector unit. The CEA had benefited by keeping abreast of news and events in both industries but, as a choice had to be

made, it was decided to settle with the sector that understands how machines are built - the Automotive sector, based in the West Midlands.

Finances are now allocated on an industry sector basis and our Exhibitions Manager, Joanna Oliver, meets regularly with the automotive association (SMMT) and the Motorsport Industry Association to discuss funding allocations for exhibitions and missions. The CEA is lucky to be only one of three trade associations in its sector and to be on good terms with its counterparts. You can imagine the stresses in some of the other 29 sectors, several with over ten trade associations, when discussing how to divide a limited budget!

Meanwhile, the Automotive Sector Strategy Advisory Group proper has still not met. Eventually the Group will work with a national perspective to lead UKTI activity. We are grateful to Paul Ross of Caterpillar (UK) Ltd and Ken Bainbridge of JCB Ltd for volunteering to serve on this Group. Apparently the Advisory Groups for most sectors have not yet had meetings. In the interim, there has been correspondence to reinvent the wheel and draw up terms of reference.

In addition to the changes in the DTI/UKTI, the Government has set up Regional Development Agencies (RDAs), nine in England and one each in Wales and Scotland, which have metamorphosed from tadpoles to outsized octopuses. The main driver on the RDA agendas is to realise the economic ambitions of their region within the competitiveness agenda of the Government. The Treasury aim of alleviating the disadvantages of the poorer regions is supplemental.

RDAs are much wealthier than UKTI, which has nominal control of international strategies. For example, Advantage West Midlands has a £300 million budget this year and five others, classed as underdeveloped regions, can receive European funding. RDAs spend £1.8 billion per annum, amounting to half the business support available. Contrast this with DTI funding - the largest single UKTI programme is £20 million for overseas fairs and missions.

RDAs set their own sector priorities and have great freedom. They can shift resources into international trade or into national programmes. Whilst the health industry is a priority in several regions, construction equipment does not appear on any RDA list - we have the job of persuading them to put our industry on their agenda.

Trade associations' main criticisms of the new system are:

- Lack of control over the regions.
- Lack of accountability.
- Unevenness of funding.
- Confusion and duplication in the

- regional support markets.
- Variations in quality of service.
- Concerns about the power and large budgets of RDAs.
- The danger of too many overlapping national and regional bureaucracies.
- The difficulty of a relatively small, but not regionally based industry, such as construction equipment, in obtaining funds compared to an industry largely based in one region.
- The current lack of will from RDAs to investigate the knowledge and structure of the sector champions, the trade associations.

RDAs realise that their different agendas result in problems and their heads now meet regularly to discuss their various aims and activities - the International Trade Directors also meet on a regular basis.

The difficulties in understanding the new structures are compounded because most of the UKTI International Trade Advisors in the English regions are based in RDA offices. The Small Business Service, Business Links and Chambers of

by Pam Hyde
CEA International Business Group Manager
pam@admin.co.uk

Commerce are also often in the same offices. Local authorities also engage in international trade activity and, not least, trade associations enter the equation. On top of all this, Government is setting up Regional Assemblies. RDAs will then be responsible to Regional Assemblies who will receive a block grant from Government. The RDA will be the business body for economic development, whereas the Regional Assembly will co-ordinate transport, learning and skills with the RDAs.

Throughout these structures, the theme of only helping SME companies prevails. Thus a company with over 250 staff or a turnover of over £29 million cannot benefit from funding. You might agree with this policy, but it is often the larger companies that are needed to lead the way and make a mission or exhibition a success.

So, with all these changes how do British businesses find out about assistance available in the UK?

- Ask your UKTI Automotive Sector Advisor about grants and other help.
- Read the CEA's monthly *International Bulletin*.
- Consult your Business Link International Trade Team: Tel: +44 (0)845 600 9006 - www.businesslink.gov.uk.
- Visit the Government's Business Support Directory: www.businesslink.org/support.
- Use the UKTI website: www.tradeinvest.gov.uk - Tel: +44 (0)20 7215 8000.
- Check your eligibility for financial help via the CEA's *Manufacturing Excellence* programme (contact jo@admin.co.uk).

EEF focus on Government spending priorities

The Government is pledged to find £20bn of savings on public expenditure - bearing down on inefficiencies and waste.

Anyone with even a passing experience of Government will know that this should be fertile ground but probably won't be. In the next national Spending Review there will be some tough decisions for HMG to make, but cuts are most likely to fall on programmes that are seldom in the public eye. Support for business in its various forms, therefore, needs to be championed before it gets pushed aside by the weight of Government commitments to increase spending on more voter visible services. It is in this context that the work of the EEF, the manufacturers' organisation, is really important. Their latest submission to the Treasury, supported by the CEA, is entitled *Spending Productively*. The report calls for targeted spending increases in spending on skills, science and innovation, infrastructure and regional support. They also urge the Government to provide clarity on the future of the Export Credit Guarantee Department (ECGD) - to ensure that it delivers support on terms that are on a par with what our competitors receive. This latter point may be an "old chestnut" but none the less valid, as many CEA members know. For more information see www.eef.org.uk.

CECE EU funding report

As part of its mission to demystify EU programmes, the Committee for European Construction Equipment (CECE) has produced its first EU Funding Report. It contains outlines of programmes which offer grant aid to companies in the following areas: Environment, Education & Training, Credit Access Facilities, Research & Technological Development and Business Angels. The report is free to CEA members via cea@admin.co.uk.



Automotive sector offices at Advantage West Midlands

Manufacturing Excellence

Virtual reality

In further pursuit of its mission to increase the success of its members, the CEA held another *Manufacturing Excellence Experience* event following on from the successful roadshows last year.

The theme this time around was the latest technology *Virtual Reality* can offer. Two companies, **Virtalis** and **Northern Technologies**, demonstrated their equipment for product design, prototype simulation and manufacturing process planning. Virtual Reality (VR) systems offer enhanced communication between designers, trainers, marketers, senior management and potential clients - with the added bonus of saving money.

Attendees at the event comprised mainly of designers from manufacturing companies keen to gain knowledge of this innovative computer aided technology.

Virtalis, a world leading VR and advanced visualisation company, demonstrated that computer created simulation can offer a valuable return on



investment, providing an essential set of tools at a fraction of the cost of building prototypes - therefore, providing answers to many, if not all, of the questions a conventional prototype is built to answer. With this kit, design changes and other variables can be quickly analysed and their effects measured, enabling the



whole design and production team to work together with the VR model. A virtual prototype can be taken apart and re-assembled in seconds by using desktop displays or a life-size interactive screen to manipulate the design.

Northern Technologies showcased their package for process simulation, an aid to the integration and streamlining of manufacturing systems through creating a computer-generated model. Their system measures the effects of changing the many variables within a workshop environment and resolving issues on space utilisation, quantities and metrics, planning responsibilities and project rules. This in turn gives accurate simulation of lead times, production rates and possible bottlenecks.

Ray Golson, Project Director of the CEA's *Manufacturing Excellence* programme, was pleased with the attendance at the event saying, "Our members are facing a particularly difficult time with the increasing cost of raw materials, particularly steel, and it is now imperative that UK manufacturers stay ahead using every means possible. Informing our members of the latest ways to stay lean and keen and helping them pay for it is our top priority job for the remaining year of this programme".

For further information visit:
www.virtalis.com
www.northerntechnologies.co.uk

Awards: in recognition of exceptional achievement and sustained commitment

Bergstrom (Europe) Ltd and Boulton Construction Products Ltd, were each awarded with a prestigious *Promoting Performance Manufacturing Excellence* pyramid statuette at the CEA's AGM Conference earlier this year - signifying their exceptional achievement and

sustained commitment to the CEA's DTI sponsored *Manufacturing Excellence* programme. All participating companies received certificates.

Note: Since the AGM Boulton Construction Products Ltd have undergone a change of ownership and are now known as Boulton Ltd.



Rob Oliver, CEA Chief Executive, presenting Bergstrom with their award



Manufacturing Excellence participants at the CEA's AGM Conference



NEWmatic receive their certificate from CEA President, David Redhead

CEA AGM Conference ... a success

The CEA's AGM Conference was held at the impressive "Engenuity" Centre, one of the ten museums that populate the Ironbridge Gorge, at Coalbrookdale near Telford in Shropshire. This hands-on design and technology centre, was chosen as a venue befitting the occasion, entitled "Making it in a tough world".

Key speakers were John Challen, Curator of Technology at the Ironbridge Museum, Malcolm Harbour, MEP, and Robert Watson, Chief Executive of EEF East Midlands and Mid Anglia.

David Redhead (CEA President), Ken Bainbridge (JCB) and David Phillips, (Off-Highway Research) joined the speakers

to form an *Any Questions?* style panel, chaired by broadcaster, Peter Hobday. This session gave delegates the opportunity to ask some burning questions to the movers and shakers of our sector. Following a networking lunch, came three simultaneous meetings:
~ Making it a response on vibration
~ Making it the China marketplace
~ Making it *Manufacturing Excellence* team meeting
It was a very successful day. The CEA took the opportunity to show delegates that it supports its members and will help them face a future in the toughest of worlds.



Any questions?



Making it a response on vibration

Meet the Members

Husco International designers and manufacturers of hydraulic valves and control systems

Husco International designs and manufactures hydraulic valves and control systems. It serves the mobile equipment market for construction, agriculture, material handling and automotive products worldwide through its manufacturing and distribution network.

The product range is vast and subject to continual development to meet customer demands. The automotive products can be found in advanced suspension systems, engine control applications such as variable cam timing and transmissions. The mobile valves are suitable for flows of up to 2000 l/min and pressures of up to 350 bar can be accommodated within the sectional and monoblock ranges. These can also be combined with Husco's unique load sense systems, CompCheck™ or IsoComp™, which utilises similar componentry to facilitate maximum machine controllability.

Husco is a privately owned and management controlled company dedicated to four operating principles:

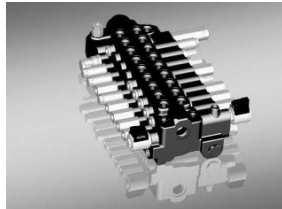
continual improvement in product quality, technological leadership, cost effectiveness and responsiveness to ever changing customer needs.

Staffed by highly skilled and dedicated people Husco International is deeply committed to research and development

through continuing innovations in engineering and manufacturing techniques. Quality is assured through the use of Statistical Process Control and testing of each and every valve that bears the Husco name.

Husco's European market is served from the Runcorn factory, which has seen steady growth over the past decade. This is supported by the engineering and manufacturing resources in Wisconsin, USA and through its long-standing Japanese license Kayaba.

For further information, contact:
Husco International Ltd
Tel: +44 (0)1928 701888
E-mail: uksales@huscointl.com
www.huscointl.com



New Members

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

Husco International

www.huscointl.com

IVT

www.ukintpress.com

Norlec Engineering Ltd

www.norlec.com

Thompson Plastics Group

www.thompson-plastics.com

CEA Management Council election winners

We are pleased to announce the election of two new Management Council members, to strengthen the representation of the component suppliers within the CEA: Nick Ground - GKD Europe Ltd
Brian Sugden - West Alloy Ltd

Business Tracker

The CEA's 2004 *Business Tracker* CD Rom was successfully launched at the Bauma exhibition in Munich (29 March-4 April 2004). The *Business Tracker* contains a wealth of information on the UK construction equipment sector, including CEA member details. For your free copy e-mail kim@admin.co.uk.

Thompson Plastics wins national award for H&S

Thompson Plastics won the top award for "Best Health & Safety Initiative" at the Plastics Industry Awards 2004. The group, which provides plastics engineering design, development and manufacturing support to off-highway vehicle and industrial products manufacturers, was commended for its work in developing new health and safety performance indicators, a health surveillance programme and an improved risk assessment process, as well as an enhanced accident and near-miss reporting system.

The judges were impressed by Thompson Plastics' commitment to training to ensure that everyone within the business knows their contribution to good H&S practice.

The judges concluded, "Thompson



l-r: John Thorp (Linpac - award sponsors), Ken Darby (Thompson Plastics), Patrick Kietly (awards host)

Plastics was judged a worthy winner as its H&S initiatives have not only improved safety at Thompson, but part of their programme has helped to improve safety in the wider thermoforming industry."

For further information contact:
Nick Pascoe
Tel: +44 (0)1482 646464
nick.pascoe@thompson-plastics.com
www.thompson-plastics.com

GKD launch OUTSET

GKD Technik, UK designers and suppliers of load monitoring and weighing systems, have launched a new range of instruments for dynamic weighing of loads on rigid trucks, tractors and trailers, excavators and forklifts. This is a new versatile range of weighing systems that provide accurate and repeatable display readings. Gross weight and payload net weights are displayed on the on-board unit featuring a clear backlight display. The display reading is available in tons or



kilograms to an accuracy of 2% full scale or better.

For further information contact:
Edward Spiteri
Tel: +44 (0)1202 861961
E-mail: edward@gkddatacoms.co.uk
www.gkddatacoms.co.uk

RDS Technology celebrates 35 years of innovation

RDS Technology Ltd, the Gloucestershire based electronics company, is celebrating 35 years of innovation and design in the field of agricultural and industrial instruments. The company founder, Jim Brown, was a working farmer who saw the benefit of electronic controls in agriculture long before anyone else in the



UK. In 1969 Jim started selling grain loss monitors to British farming customers with a great deal of success. In 1982 RDS began supplying on-board weighing instruments to industrial customers for a variety of applications

The ethos at RDS has always been the same, people and service. Growth is constant and so RDS has appointed a new master distributor for the USA, national distributors for China and Russia and appointed a General Manager for sales in Germany.

For further information contact:
Dean Boston
Tel: +44 (0)1453 733300
E-mail: d.boston@rdstec.com
www.rdstec.com

Hawkeye Group announces acquisition of Loadwise

UK-based crane monitoring instrumentation specialist Load Instrumentation Ltd, well known internationally for its *Loadwise* product brand, has recently become part of Hawkeye Group Ltd.

Operating from two sites in the UK, Loadwise designs and manufactures rated capacity/load moment indicators, limiters, sensors, reeling drums and dynamometers, plus ancillary instruments and accessories for the lifting industry and all load handling equipment. Loadwise, over the last twenty years, has established an international reputation in this field with a network of specialist factory trained distributors to support its operations throughout Europe, North

America, South America, the Middle East and the Far East.

Hawkeye Group's core activity is the design, sale and supply of transport and vehicle related weighing systems worldwide. The incorporation of Loadwise complements the existing businesses and adds to the portfolio of weighing and monitoring products.

As part of the new organisation the company has been renamed **Loadwise International Ltd.**

For further information contact:
Loadwise International Ltd
Tel: +44 (0)1189 328855
E-mail: sales@loadwise.co.uk
www.loadwise.co.uk

New floodlighting units from Henry Cooch & Son Ltd

Henry Cooch & Son Ltd have recently introduced two new floodlighting units to their already extensive range of lighting equipment:

The *Skylite 95* is a trailer mounted unit with a substantial 9.5 metre four section telescopic mast, with spring operated safety locks.



Skylite 95 - folded for transport



Skylite 95 upright

The *Skylite 5* is a compact two wheel trolley mounted floodlighting unit comprising a 5.5 metre four section telescopic mast which is pivoted on to the vertical position by hand and then extended by an auto-braked hand winch. It is fitted with two spring operated locking pins to secure the mast when upright to ensure it cannot be folded over when the sections are extended.

For further information contact:
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Fax: +44 (0)1732 882681
E-mail: henrycooch@btconnect.com

Market Trends

Korea : construction equipment production and domestic sales surge in 2003

The Asian Financial Crisis devastated the prospects for the production of construction equipment in Korea. The healthy home market and soaring demand in South-East Asia disappeared and production fell in 1998 by more than

50% to under 11,000 units. In 2000 the recovery got underway, partly thanks to shipments to North America and a modest improvement at home. 15,000 units were produced.

Korea: Production of Construction Equipment and Fork Lift Trucks by Type, 2002-2003 (Units)			
	2002	2003	% Change
Mini Excavators	4,780	5,380	13
Wheeled Excavators	3,318	3,393	2
Crawler Excavators	5,653	9,374	66
Crawler Dozers	3	10	233
Wheeled Loaders	955	1,246	31
Skid-Steer Loaders	826	779	-6
Total Construction Equipment	15,535	20,182	30
Fork Lift Trucks	22,034	22,490	2

Source: KOCEMA and Off-Highway Research

Unfortunately, 2001 dashed those hopes, for shipments to North America had to be curtailed drastically. Koreans, like others, had overestimated the length of time that the market would remain strong and 2001 became the year of liquidating inventory in the USA. European demand for Korean construction equipment was

slightly down. Production fell to 12,500 machines, but rose again in 2002, as China came to the rescue. The surge in 2003 added nearly 5,000 units to the total but only a minority was destined for the home market. The main increase came from export demand.

Korea: Sales of Construction Equipment, and Fork Lift Trucks by Type, 2002-2003 (Units)			
	2002	2003	% Change
Wheeled Excavators*	2,392	2,496	4
Crawler Excavators*	3,287	4,352	32
Crawler Dozers	7	7	-
Wheeled Loaders	186	174	-6
Skid-Steer Loaders	324	271	-16
Total Construction Equipment	6,196	7,300	18
Fork Lift Trucks	9,459	8,536	-10

* Includes mini excavators of 5.5 tonnes
Source: KOCEMA

The domestic market was already doing well, with the Government's commitment to low cost housing giving a major boost to new building. 666,000 units were built in 2002 and, although the corresponding figure for 2003 has not yet been published, it looks as if housing will be 22% up in 2003 and civil engineering 9% higher than 2002. Hydraulic excavators

have done especially well but in the above table possibly as few as 1,450 of the units sold in 2003 are full sized hydraulic excavators. Mini excavators of 5 to 7 tonnes are very popular for small works in Korea. The market for them may well have reached 3,000 units, including some on wheels, in 2003.

UK construction output:

The total volume of construction output in the year to the first quarter of 2004 rose by 7% compared to the previous year. Overall new work rose over the same period, despite a decrease in the infrastructure and private commercial sectors. Repair and maintenance rose, with increases in all sectors. Output in the first quarter of 2004 was unchanged compared to the fourth quarter of 2003 in volume terms and by 3% in current prices.

The total volume of new work in the year to the first quarter of 2004 was 5% higher compared with the previous year, but was 3% lower in the first quarter compared with the previous quarter. The total volume of repair and maintenance work was 8% higher in the year to the first quarter of 2004 compared with the previous year, and rose by 4% in the first quarter of 2004 compared to the previous quarter.

Visit www.dti.gov.uk/construction/stats for further official figures.

CECE Congress

The Swedish trade association, SACE, hosted this year's "new look" CECE Congress, in Stockholm. The emphasis was on briefings and debate on key issues facing the construction equipment industry - with less time devoted to committees and procedures. Topics such as steel prices and the softening of demand from China pushed their way to the top of the agenda.

China : concerns for earthmoving OEMs

Concerns over the Chinese OEM construction equipment market were voiced at the Congress. The market has grown 500% in ten years (345% in five years). Sales of crawler excavators were around 30,000 units in 2003 (plus 30,000 used machines) and wheel loaders around 80,000. Domestic manufacturers have struggled to meet demand and imports are worth around US\$3.5 billion. In April/May, the Chinese Government took action to try to correct their overheated economy. Land use controls have been introduced on speculative investments, reducing the total area for development by 50%. Regional Government has stopped approval of new development zones and there has been a 23% reduction in farmland designated for industrial use.

Due to perceived excess capacity in earthmoving equipment, new projects for wheel loaders, excavators under 40 mt and industrial forklifts now require approval at a higher level and are only sanctioned in partnership with a local manufacturer. Money supply has been tightened and credit facilities to buyers of earthmoving equipment have virtually stopped. It seems that around 10,000 used excavators have been blocked by customs from going into China. Global OEMS manufacturing crawler excavators have formed a China sub-committee of the CECE Economic Commission and met in Brussels to discuss the effect on trade flows of second-hand machines and on new business. They are further discussing EU trade defence instruments



Richard Sharp at the CECE Congress

with EU DG Trade and implementation of EU legal requirements with EU DG Enterprise.

The sub-committee, chaired by Richard Sharp, made clear that opportunities for manufacturers of component supplies and for non-earthmoving product remain unaffected. Economists had been concerned for some time at the overheating in the Chinese economy. The Government's measures address some of these concerns and may help in creating future sustainable growth. Certainly UK companies continue to see China as a market for developing business partnerships but the recent changes may lead to a revision of tactics for some. The CEA continues to facilitate a better understanding of China market opportunities via our exhibition and trade mission programme. For further information contact Joanna Oliver (joanna@admin-north.fsnet.co.uk) or Pam Hyde (pam@admin.co.uk).



The French re-group

CISMA is the new name of the re-grouping of French trade associations which bring together material handling, metallurgy and construction equipment interests - succeeding the MTPS.

New affiliate member

CECE have admitted Stavostroj (STA) a.s. as an affiliated member. STA manufacture compaction equipment and have been accepted as company members as there is, at present, no manufacturers' association in the Czech Republic.

CECE aisbl

To meet new legal requirements in Belgium the "old CECE" was formally dissolved - and replaced by CECE aisbl. The new organisation is substantially the same as the old one but now has formal legal status as a non profit-making association domiciled in Brussels.

Brussels briefing

Plans were agreed for a Brussels Briefing, in November, for members of the CECE Executive and Presidents' Committees. This will be a chance to find out about the new EU Commission leadership and priorities. In 2005, the first CECE Summit will be held as part of a new look Brussels Congress. This will give "captains of industry" a chance to meet with senior EU officials.

Steel : price and supply

the final nail?

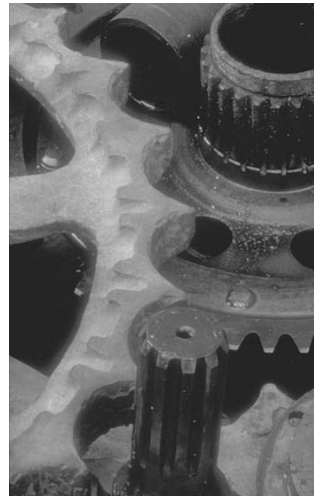
by Tim Faithfull
CEA Director of Member Services
tim@admin.co.uk

Over the last six months or so we have collectively witnessed successive increases in the price of steel, totalling 40% or more. The question is whether manufacturers in our industry can, not only secure the continued supply of a substantial raw material, but also whether they can continue to absorb the rising costs. There have been many representations to UK Government, which has responded that this situation is the result of normal market forces and, in the absence of any evidence of unfair trade practices, it would not be right for the Government to intervene.

Of course, this is not just a UK problem but a global issue, with the principal reason being the soaring demand in China and the knock-on effect on the cost of raw materials such as iron ore, coke and scrap. The European Commission has recently been successful in getting China to lift export licence charges on exports of coke to Europe,

totalling at least 4.5 million tonnes, but coke is only one part of the steel equation. There have been suggestions that UK Government should impose export restrictions on scrap to help relieve the pressure but this flies in the face of the free and open markets that we all demand for our own products.

A spokesman for Corus has confirmed one of the main reasons is the sudden and steep increase in steel production in China, but that demand for steel has increased in other economies as they begin to grow again, including the USA, Russia and the enlarged EU. Corus believes that the demand for steel will remain firm until the end of the decade due to strong economic growth and the time needed to open more mines, build more ships and invest in new steel works. The "good" news is that they do not envisage reducing production, will continue to have the necessary raw materials to supply customers with steel



and that European steel prices are still low compared to SE Asia and the USA. For the record, Corus has increased steel prices from the beginning of the first quarter 2004 by 5-8%, the second quarter by about 10% and has announced increases from the beginning of the third quarter of some 25%!

The share of steel in the cost of inputs into engineering products varies from between 10% and 70%, meaning that fluctuations in steel prices and the steel market have a major impact on the manufacturing industry. SMEs are caught between major purchasers and major suppliers with very little room, if any, for passing on steel price increases to their clients. It seems that we are in for a very rough ride over the next five years and the CEA will continue to work with other industry associations to assist our members in every possible way.



Technical Briefing

The long road to regulations

The excellent progress at the beginning of the year towards a Directive on European Road Regulations has slowed. The sticking point is on the type of Directive that stakeholders want. Industry would like to adopt New Approach principles, where harmonised standards provide the back-up for the requirements in the Directive, as happens with the Machinery Directive. On the other hand, some Member States (including the UK, represented by DfT) are hindering progress by demanding that the long-standing, old-style, Motor Vehicles Directives, with the technical requirements written in, should form the

basis for a Directive.

CECE and the European Commission are urging national associations to lobby their Governments to try to break the deadlock. The technical consequences of non-road machinery fitting into the scope of the Motor Vehicles Directives in the UK is a difficult area, but is being explored. The CEA continues to try and persuade DfT of the benefits of the New Approach but it is a case of "old habits die hard". Meanwhile, CECE, led by Mark Ireland (JCB) as Chairman of the Road Working Group is co-ordinating the European industry input to the Commission.

Machinery Directive : to revise or not to revise?

The end of the long-running, on-off revision of the Machinery Directive could be in sight. While industry has consistently argued against the need for a revision at this point, it looks as though the out-going Irish Presidency has presented the Dutch with a text that is very near completion. Discussions in June on the effects of the revision on competitiveness and on a modifiable list of safety components have cleared the air and it is expected that the Council will reach agreement in July.

The CEA has expressed concern to the DTI regarding the lack of consultation, or even communication, over the last two years with different industry sectors. For a piece of legislation that applies to the very core of all machines manufactured, it is disappointing that the DTI, supported by the HSE, should choose to negotiate text with the Commission and other Member States without reference to the industry experts. After all, when it all goes wrong, who will be left to pick up the pieces?

Noise of equipment : technology in, economics out

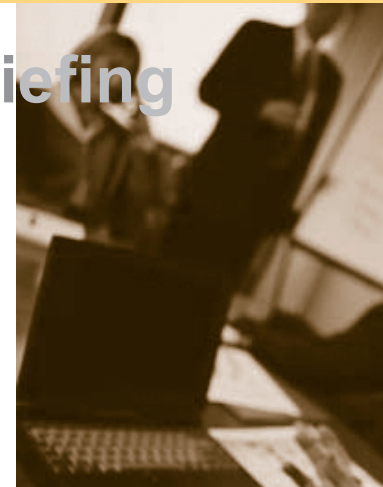
CECE, led by Miles Pixley (JCB), is still seeking to persuade the Commission and Member States to adopt industry proposals to change Stage II noise limits (effective from January 2006). The main difficulty is that only technical arguments are being accepted and, even here, the problems associated with the amended Emissions Directive are being ignored. Economic arguments are getting no attention whatsoever.

However, the Commission's WG7 Noise Steering Group has recognised some of the difficulties that have been generated by the Directive. A paper to be presented by WG7 in July suggests that

there could be changes at three levels:

- ~ Noise limits, and definitions that affect noise limits, which will require Commission, Council and Parliament discussion (co-decision procedures).
- ~ Definitions, that do not affect noise limits, and test methods that require Commission adaptation to technical progress.
- ~ Interpretations (Commission Guidelines).

CECE will be pushing the economic argument to try and alleviate the worst of the Stage II requirements but time is running out and we may have to settle for much less than is ideal.



Foot off the pedal

The amended Directive on non-road mobile machinery emissions has finally been published in the Official Journal of the EU as Directive 2004/26/EC. The alignment with the USA EPA and the stability periods between stages are excellent results for industry. Emission limits have been set to apply in three new stages - Stage IIIA from between 2005-2007 (depending on engine power band), Stage IIIB from 2010-2012 and Stage IV from 2013-2014. All dates apply from 31 December of the year shown. The amending Directive also provides for a technology review in 2006/07. The CEA will work with CECE towards adopting a strong industry position that will influence the review and continue its links with the Commission and Government authorities to lobby for necessary changes.

Back to the floor

The spate of Directives that protect people at work from physical agents, such as vibration and noise, continues. The CEA has responded to the HSE consultation document on whole-body vibration and will be responding to the one on workplace noise. The guidance material in these documents places far too much emphasis on the information equipment manufacturers should supply. They also indicate that data should be supplied covering every possible way of using the equipment. The CEA is continuing to point out the impracticability of this and is seeking to change proposed guidance where necessary so that the manufacturer cannot be asked for a complete range of data.

Exhibitions

Bauma China : Shanghai, China

16-19 November 2004
www.bauma-china.com

Bauma China has become the largest and most important trade fair for the construction equipment industry in Asia. The first edition, in 2002, surpassed all expectations by attracting over 30,000 visitors. This year's show will be almost twice the size and is again supported by the Chinese Government and construction associations. The 2004 event will see the addition of an extra hall and an increased outside exhibit area.

The CEA has doubled its original

space booking for the British Pavilion due to exceptional interest and has already almost sold out. It is certain that the leading OEMs will be out in force. UK Trade & Investment (UKTI) International Business Schemes (IBS) grants of up to £2,500 are available to eligible British companies. Grants are strictly limited and are being awarded on a first-come-first-served basis. Don't delay - only two grants are left - if you are intending to exhibit contact sharna@admin.co.uk.

Stop Press!

CEA China trade mission confirmed

22-27 November 2004

The CEA has at last secured funding from UKTI to run a trade mission to China to follow the Bauma China exhibition in Shanghai. Travel Grants of £750 per eligible company (SMEs only) are available for the mission - but at present limited to the first five CEA applicants, although it is hoped that funding for further places may become available later.

The mission for UK manufacturers will be a joint event, co-ordinated by the CEA, SMMT (Society of Motor Manufacturers and Traders) and the MIA (Motorsport Industry Association). The CEA is working with China construction equipment market specialists, Off-Highway Research, who will organise the CEA element of the mission.

Off-Highway Research have an incomparable knowledge of the Chinese construction equipment market and will tailor factory visits and personal introductions to suit the needs of individual missioners. A briefing for missioners will be held in the British Consulate in Shanghai followed by a high profile reception with invited guests from the Chinese industry and Government.

The mission has been timed to allow missioners to arrive early in China and visit the Bauma China exhibition in Shanghai (16-19 November). Register for the mission now via sharna@admin.co.uk.

Smopyc : Zaragoza, Spain

01-05 March 2005
www.smopyc.com

UKTI IBS grants of up to £2,500 are available to eligible British companies exhibiting at Smopyc. The show is almost sold out, however, the CEA is currently endeavouring to secure further space for UK exhibitors in a British Pavilion.

Smopyc, held every three years, is an international show of public works,

construction and mining machinery and will be in its 13th edition. It is one of the most important in the sector bringing together over 1,500 exhibitors and 77,000 visitors. CEA members will receive full details once terms have been agreed. In the meantime, please register your interest via sharna@admin.co.uk.

Conexpo-Con/Agg & IFPE : Las Vegas, USA

15-19 March 2005
www.conexpoconagg.com & www.ifpe.com

Conexpo-Con/Agg and IFPE are again joining forces in 2005. Take advantage of this powerful combination of shows - the largest international construction event and gathering place in the world in 2005. No other exhibition in the Western Hemisphere attracts the quantity and quality of attendees. The 2002 show brought together over 2,300 exhibitors and over 100,000 visitors from 120 countries. This is "the" event in 2005 to showcase your products and services and to meet with international buyers,

distributors and industry peers.

The priority deadline for booking space has now passed, however, the CEA's British Pavilion - located in an excellent position in Central Hall 1 - does still have some space. Also, UKTI IBS grant aid of up to £2,500 is available to eligible British companies (on a first-come-first-served basis), whether or not they choose to exhibit in the British Pavilion, for both Conexpo and IFPE. Contact the exhibitions team for the CEA's full prospectus without delay.

Bauma : Munich, Germany

29 March-04 April 2004
www.bauma.de

The CEA acted as the UKTI IBS Accredited Group Organiser of the British Group at the Bauma and Bauma Mining exhibitions, held at the Munich Exhibition Centre (Messe Munich). Over 120 British companies exhibited, securing Britain's place as the third largest group at Bauma, after Germany and Italy. British companies occupied space in most of the 15 halls, and both mining pavilions, and were widely distributed by product group in the outside areas. 28 British companies displayed literature in the CEA's British Information Centre.

For the first time a mining section was integrated into Bauma. Bauma Mining

replaces the mining exhibition previously held in the Ruhr. The CEA worked with the Association of British Mining Equipment Manufacturers to recruit for the show.

British exhibitors were eligible for a grant of up to 60% of their stand space and construction costs up to a ceiling of £2,300 per exhibitor.

Bauma 2004 broke all the records of its 50 year history with 410,000 visitors from 171 countries and over 2,800 exhibitors from 47 countries. The CEA's full report on the show can be found at www.coneq.org.uk.

CTT Moscow : Moscow, Russia

25-29 May 2004
www.mediaglobe.ru/eng/e_ctt/index.php

CTT is an annual exhibition and the 2004 show was its fifth edition. It is the largest exhibition of construction machinery, vehicles, equipment and technologies in Eastern Europe and has grown year-on-year. CTT's main distinguishing feature is the demonstration of equipment. In addition, seminars on specialised topics take place throughout the show. CTT is run concurrently with ComTrans, Russia's annual commercial vehicles exhibition. There were a total of 379 exhibitors and 17,300 visitors to the show.

The CEA's British

Information Stand ran its *Capability Presentation* on a continuous loop, which attracted visitors to the stand, distributed brochures in Russian and English detailing British exhibitors, distributed



ExpoConstrucción

Santiago, Chile : 5-8 May 2004
www.expoconstruccion.cl

UKTI's Construction Unit took a stand at this exhibition and kindly offered to distribute CEA member companies' literature. 12 companies, as well as the CEA, took advantage of this free display facility, to promote the UK industry.

CEA display package

Companies not exhibiting at any of the shows mentioned can take advantage of the CEA's British Group Information Centre enhanced display package. The package provides a good value, cost-effective way of dipping a toe in a market without all the overheads of exhibiting. We offer literature display areas, a full post event report, plus a list of visitors to the stand. Company staff visiting the show may also use the Information Centre as a meeting point, to access the Internet (where local conditions allow) or just to call in and have a break - light refreshments available. Costs start from as little as £175 (plus UK VAT) depending on the market.

Exhibitions diary

View our comprehensive exhibitions diary on www.coneq.org.uk. Details of exhibitions connected with construction equipment, cranes, mining & quarrying, road-building, demolition and re-cycling are listed. It is interactive with hyperlinks to exhibition organisers. If you know of any shows which are not listed please e-mail details to sharna@admin.co.uk.

CEA *Business Tracker* CD Roms and *Excellence from the UK* brochures. Four companies took advantage of CEA enhanced display facilities and a further 20 displayed literature.

The show had been widely advertised in the Moscow area via radio, television and trade magazines and was well attended by the right people. All UK company representatives who visited the show agreed that their efforts were worthwhile. Remember, Russia is a long-term market and set realistic goals accordingly. The next edition of CTT will be held in May 2005. The CEA's full report is on the website: www.coneq.org.uk.

Exhibitions and missions programme 2005-2006 a record year for the CEA

Following a survey of members the CEA formulated its bids for Government funding for the upcoming UKTI year. In accordance with the rules each sector is allocated a budget and each association within the sector must bid against each other for the money.

The CEA was able to secure UKTI support of just under £160,000 for the forthcoming financial year (April 2005-March 2006), allowing the CEA to run the following events:

BICES, Beijing, China	Sept 2005
CTT, Moscow, Russia	May 2005
Samoter, Verona, Italy	May 2005
The Rental Show, USA	Feb 2006
Trade mission to China supporting BICES	Sept 2005
Trade mission to Libya	Dates tbc

Support for Intermat in April 2006 was also confirmed - although the total amount of grant aid will not be known until June 2005. Intermat actually falls in the 2006/07 financial year, but is classed as a long lead-time show and so was considered for support in advance.

It was a very tight bidding round and we were very pleased with the outcome. This budget allocation will enable us to run more events than ever before - and to new markets and exhibitions. Register your interest in any of the above events via sharna@admin.co.uk.

Note: all bids are subject to final ministerial approval of the overall UKTI budget later in the year.

The voice of the UK Construction Equipment Industry

The CEA (and before that the FMCEC) has used the slogan "The voice of the UK construction equipment industry" for many years. Assessing one of our less successful ventures some years back, one wag asked what "the voice" was saying and gave the answer in one word - "Help!" Today, I hope that we have become more sophisticated in the way we present ourselves and the messages we give in standing up for construction equipment interests in this country. On general manufacturing issues we have tried to align ourselves with like-minded organisations to form a collective voice - recent examples are the support for the

EEF's submissions to the Treasury and the vocal lobby on steel prices. On steel, we worked with a cluster of other trade organisations in calling for an early day motion to debate the issue in parliament. We continue, too, to use our position within Europe to bolster the lobbying power of CECE to take on the seemingly intractable tide of regulatory imposition. I believe that our voice today should be shouting "Look at us!" - we represent a forward looking, changing and economically significant sector. And just occasionally we still say "help" to British and European Government institutions... help us to get on with our business.



Rob Oliver
CEA Chief Executive

The complete guide to exporting



The CEA's *Exporters' Handbook* is exclusive to the construction equipment sector and is a complete guide for those engaged in international trade. It contains information on legal requirements, the documentation needed and how to ensure that you get paid without difficulties. The 88 pages include a glossary of exporting terms as well as a list of websites which will be useful to all exporters. This A5 handbook is free of charge to CEA members. There is a charge of £12 (plus VAT) to non members. To purchase a copy, contact Pam Hyde, CEA International Business Group Manager, (pam@admin.co.uk).