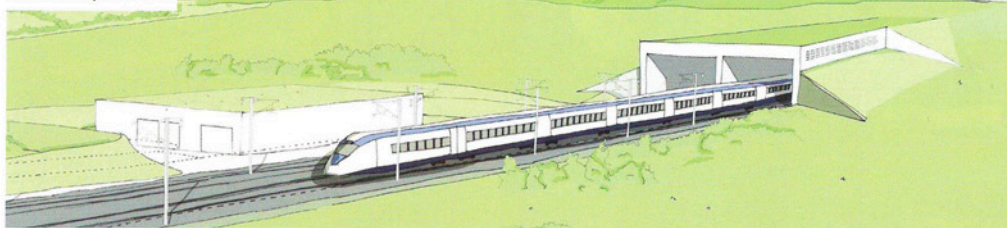
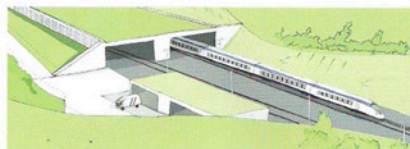


The construction of HS2 would provide a very big boost to the construction and plant industries.



THE ROAD AHEAD

Nick Johnson reports from the recent CEA Signposts Conference, which provided some interesting information on the state of the construction equipment market – past, present and future.



The publicity material for the recent Signposts conference staged by the CEA (Construction Equipment Association) featured an old style finger sign post with its three arms labelled Past, Present and Future. The event was staged in the historic headquarters of The Institution of Civil Engineers, Great George Street in Westminster, London where there are many reminders of past UK civil engineering achievements and the personalities that made them possible.

Whilst there were some references to the past during the conference, most emphasis was on the present and, perhaps more importantly, the future of construction equipment. At present the UK construction industry is much more buoyant than it was in the dark days of the recession not so long ago. Indeed one only had to walk around the corner from the venue into Victoria Street to find no less than ten tower cranes working on three sites. Construction in the Capital is booming.

One huge civil engineering project now well underway in London is Crossrail that has resulted in the deployment of a great many machines – both exceptionally specialist and more general purpose. With Crossrail progressing well on time and on budget, the first presentation at the Conference looked forward to the potential bonanza that would result from the construction of the next mega railway project – HS2.

John Carroll, Head of Construction Logistics for HS2, provided a good case for this still contentious high speed railway project. The

scheme would create a new fast link from London to Birmingham (Phase 1) and then on to Manchester and Leeds (Phase 2). Total projected cost is in the order of £43 billion.

Assuming all the necessary Parliamentary approvals are achieved, construction of the 230km first phase could be carried out between 2017 and 2026. 50% of the route would be in tunnels or cuttings so the amount of civil engineering work required is enormous. Amongst the statistics is the generation of up to 50,000 jobs a year during construction, the need to excavate 55 million m³ of material and the requirement for 450 articulated dump trucks (ADTs).



ADT makers face a very bright future if HS2 goes ahead as some 450 units could be deployed.

HS2 would certainly need a lot of modern, fuel-efficient kit – music to the ears of the plant makers in the room. David Phillips, the highly respected analyst who runs Off-Highway Research Ltd, presented details of the construction equipment market. His well researched figures, that cover earthmoving equipment and asphalt pavers but not cranes or access equipment, graphically show the peaks and troughs of the past and the expected more steady sales during the next few years.



David Phillips of Off-Highway Research provided an informative update on market trends.

Interestingly, his in-depth research shows a dramatic decline in the demand for construction equipment in the previously booming Chinese market. With sales volumes in China almost halving in the last two years (expected to be down to around 240,000 machines this year) and little increase in prospect, the makers there could become keener to export their wares here.

With LiuGong already gaining ground in the UK, Sany has signed up A&Y Equipment as its dealer here for excavators and Detank (in which Zoomline has recently taken a majority stake) has announced its intention to establish a factory in Coventry to build excavators and forklift trucks. This means more competition is on the way from China.

David Phillips says that the Indian construction equipment market is also slowing down a lot and that, as the world is facing so many uncertainties

and unknowns, it is increasingly difficult to forecast the future. He warns, "The road ahead is far from straight and clear."

Whilst European sales are predicted to flat line in the next four years, David Phillips describes the UK as currently a "pocket of excitement because, against all the odds, we are doing very well." 2014 UK sales are expected to reach 30,000 units with a predicted increase to around 32,000. After this there could be a slight decrease and the annual average UK unit sales for the period 2014 to 2018 are tipped to be 28,798.

What is interesting from David Phillips' presentation is how the UK remains, in terms of construction machine production, at the top of the European chart. This is due to the number of units made here by the likes of Caterpillar, JCB, Komatsu and Terex – many of which are exported. Therefore British manufacturing is far from dead and it is the strength of this machine and component production that enables the CEA to prosper.

With the UK experiencing a boom in both construction machine sales and production, the CEA is trying to address the current skills shortage. The Association has set up a Skills Advisory Panel to try and make a better impact on the issue.

Members of the new CEA Skills Advisory Panel took the stage at the Conference. They include CEA President (and Global MD of Perkins Engines) Nigel Baseley who sated that "The profile of the construction equipment sector is not high enough in the UK." Fellow Panel member Jacqui Miller (Director of Miller International) was emphatic that "We, as an industry, need to raise our game and become more visual."

Comments from the floor indicated that more should be done to further the interest in construction equipment that is often kindled at a young age when children watch the Bob the



The industry needs to do more to develop the early interest shown by many youngsters in construction equipment.



Commander Neil Basu of the Metropolitan Police and Datatag MD Kevin Howells reported on the success of initiatives to thwart plant theft.

Builder-TV programmes. One suggestion was that construction equipment displays with details of career paths could be presented to the public – possibly at popular places like Diggerland.

One area that has benefited from industry attention in recent years is plant security. The CEA Conference delegates were addressed by both Commander Neil Basu of the Metropolitan Police and Datatag ID Ltd Managing Director Kevin Howells. They highlighted the success of the CESAR security and registration scheme since its

"The Construction Equipment Industry needs to raise its game and become more visual."

launch in January 2007 and the good work done by the PANUI (Plant and Agricultural National Intelligence Unit) which was created with insurance industry support in October 2008.

The number of machines protected by CESAR (powered by Datatag) has now exceeded 160,000. Having once had a JCB micro excavator stolen (never to be seen again), it was heartened to learn that JCB thefts have reduced by 60% in the last three years and, according to PANIU data, only five JCB machines fitted with CESAR and Thatcham 3* have been stolen in the last 18 months.

Of the 160,000 CESAR protected machines only 1,201 (0.75%) have been stolen and, of these, 360 (30%) have been recovered. This compares with only a 5% chance of recovery for machines stolen that are not fitted with CESAR markings.

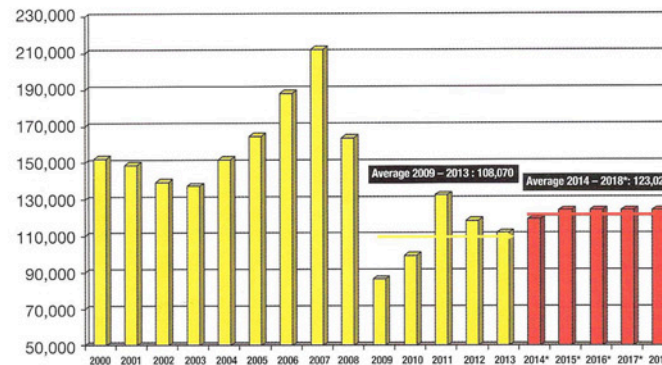
It is estimated that 24,500 to 31,500 machines could potentially have been stolen in the last seven years without the introduction of CESAR and Thatcham star rated security. Given this positive result, Kevin Howells reports that there is the possibility of using the CESAR / Datatag system to check for any outstanding finance and that the CESAR identification plate might be able to display a QR code to reveal when the machine was first registered. Such extras would make the scheme even more attractive to everyone except criminals.



The increased use of CESAR has dramatically reduced the theft of JCBs in recent years.

For more information on CESAR use the reader enquiry number below:
CIRCLE READERLINK 030

Europe: Development of Sales, 2000 – 2018* (Units)



Data supplied courtesy of Off-Highway Research

*Forecast