

Expectations of construction machinery builders

World market growing but Europe still struggling

Austerity measures and tight credit still put a brake on the old continent

Europe still down with significant differences between economies in the North and South of the continent, while the rest of the world is recovering with the best performances set to come from China, India, Latin America, the United States and Brazil. The Italy in this context is still a market suffering from a major crisis and with future prospects for improvement tied to economic policy decisions focusing on growth that it is hoped the Government will be able to implement. This is the snapshot the world construction machinery market at the beginning of 2013, which analysts estimate should finally see overall growth of around 3% after two difficult years. If we look at earth-moving machinery, in 2012 - according to the "Construction Equipment Outlook" prepared by Unacea-Prometeia - saw worldwide sales of about 700 thousand units (a decrease of 13% compared to 2011). Looking more closely at the European market, the worst figures were posted in Spain and Italy, while Russia grows, Turkey, Norway and Denmark achieved growth. It is interesting to note, in Europe, a certain resumption on the concrete machinery market, where 2012 saw growth of around 5%. Demand was driven by requests - and not only in Europe - for concrete products, pipes, beams and prefabricated elements.

The new economies by now embody most of world demand. China is a paradigmatic example - in 2001 the country covered 10% of world demand for earthmoving machinery, yet today takes 40%. The Asian giant has announced an important new infrastructure plan and confirmed policies intended to meet the housing demand among the booming new middle class. Good prospects in Asia are also expected for India, where a series of major infrastructural works has been launched: work began in recent weeks on two freight rail corridors linking the capital New Delhi to Mumbai and Calcutta (Western and Eastern Dedicated Freight Corridors), which will be joined by a number of underground and suburban lines. These projects alone are worth several billion dollars. Changing continent, Brazil - thanks to works set in motion by the 2014 Football World Cup and the 2016 Olympics - is implementing significant investments. Staying on the same side of the Atlantic, there are also positive signals from the USA where, together with the entire Nafta area (North American free trade agreement) is an important market for Italian companies in the sector in taking 7% of exports. In sharp contrast with the Italian and European market, sales in this field in the United States grew in 2012 by 16% compared to the previous year, while growth for the Nafta area as a whole was 23%. The importance of these markets is also emphasised by the joint participation of Samoter and Unacea at Conexpo 2014 where, in collaboration with the ICE Office in Atlanta, an "Italian Pavilion" available to companies in the sector will be organised. Encouraging signals are also being seen in the Middle East and Africa. The Gulf countries have confirmed investments in infrastructures, from high-speed railways to ports, and even in North Africa - despite the slowdown in the wake of recent political instability - growth prospects in the construction and infrastructure market are good.

These countries are joined in turn by South Africa, which presented a package of strategic infrastructures to be developed in coming years, as well as Mozambique - where Brazilian investors are focusing on the construction of new railways, as well as and port and logistics infrastructures.

In this generally encouraging context, the Italian situation is objectively one of the most difficult. 2013 will be another year of decline in the construction market, with inevitable repercussions on machinery sales volumes. Data leave no room for doubt: the setback is even worse than one would have expected given current market levels, a sign that the "feeling" among operators for the future is still negative and does not envisage a turnaround in the short-term. In 2012, earth-moving, road and concrete machinery posted a drop of 31.3% compared to an already dramatic 2011. And the truck market, in just two years, has shrunk by more than half to 1990 levels. A strong economic policy is needed in Italy focusing on growth, that will only be possible in the presence of appropriate political stability.

Nonetheless, manufacturers are committed to supplying the market with products boasting increasingly significant performance levels: the forces driving developments are competitive costs, flexibility of use and maintenance, safety and - naturally - environmental sustainability, which means using recyclable and renewable materials as well as increasingly lower emissions. Regulations are currently and particularly focusing on emissions of particulates and nitrogen oxides. Regulations for off-road machines in Europe at Stage IIIB, while the reference legislation in the USA is the Tier 4 interim. 2014 is an important deadline because in view of the application of new regulations (respectively Stage IV and Tier 4 Final) requiring even more drastic reductions in emissions. And most manufacturers are already presenting models that meet these new requirements.

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