

WORLD NEWS

CHINA

Green shoots

In a surprising turnaround, property investment in China has followed 15 straight months of decline by growing 3% for the first two months of 2016.

The swing mirrors a surge in new construction, up 13.7% for January and February, compared with a similarly dramatic decline during the same period in 2015.

The surprising rise in property investment follows a 1.9% decline in December and is in sharp contrast to industrial production in the country, which fell to its lowest levels since November 2008.

Reports suggest that the commencement of new construction projects may be allied with the recent rally in the price of iron ore.

EUROPE

Output rises

Last year proved a positive one for the German, Italian and Irish equipment and construction markets, as increases in their output were recorded.

A 7% rise in sales was recorded for German construction equipment manufacturers, with the country's manufacturers' trade organisation the Verband Deutscher Maschinen- und Anlagenbau (VDMA) reporting that industry sales had reached € 9 billion (US\$ 9.9 billion).

The VDMA said that while German manufacturers' sales developed positively, the global market for construction equipment experienced a double-digit downturn in 2015.

Johann Sailer, chairman of the Construction Equipment & Building Material Machinery Association within the VDMA, said that German companies were not affected as much as other markets by the severe downturns in, for example, China, Latin America and Russia.

However, Italian exports of construction machinery in 2015 were worth more than € 2.5 billion (US\$ 2.6 billion) – an increase of 4.9% compared to 2014, according to the Samoter Outlook, with road machinery seeing the biggest increase at 27.5% for the year.

GLOBAL

Equipment market recovery to come

Cyclical construction equipment sales expected to bottom-out in 2016, with gradual upturn to follow next year

Global sales of construction equipment are forecast to fall 3.2% in unit terms in 2016, to 663,553 machines, according to specialist economic forecasting and market research consultant, Off-Highway Research.

In 2015 global equipment volumes fell 16.6% to 685,536 units. Lower global commodity prices and the weakening of the Chinese economy were the drivers behind the fall last year. These factors saw sales of construction equipment in China drop 43% to 119,717 units. It was the fourth consecutive year of declines in the Chinese market, with volumes in 2015 just 28% of what they were at the height of the boom – 435,070 units in 2011.

Off-Highway Research managing director David Phillips said, "Off-Highway Research's forecast is that the global market will reach the bottom of the cycle in 2016, which will be the fifth consecutive year of falling construction equipment sales. When it comes, the recovery is likely to be gradual, reflecting weak business confidence and the uncertain geopolitical outlook around the world."

CHINA Volvo Construction Equipment has launched a new project, placing mobile services stations directly onto large construction sites in China.

The 'yellow box' service station is a modified container, in which racks are installed containing essential parts and lubricants for general servicing and maintenance.

The first yellow box was shipped to a site run by miner Guangxi Pingguo Aluminium Company (GPAC) in China's Guangxi Province. GPAC operates 64 Volvo articulated haulers, eight crawler excavators and eight wheeled loaders. The company had called for a solution to the problem of machine downtime, with necessary parts taking up to a week to be delivered from the Shanghai warehouse, almost 2,000 km away.

In addition to cutting ownership costs, Volvo said the initiative was environmentally friendly and easy to install at the start of a project, then removed upon completion.

According to the company, the yellow box project is now being rolled out at remote mines and sites across China.



KUWAIT

Hyundai gets gas deal

A consortium of South Korean companies led by Hyundai Engineering & Construction has been awarded a US\$ 2.93 billion contract to build liquefied natural gas (LNG) facilities in Kuwait.

The contract with the Kuwait National Petroleum Company includes the construction of re-gasification facilities and LNG tanks in Al-Zour, 90 km south of Kuwait City.

Under the deal, Hyundai Engineering & Construction's undertaking is valued at US\$ 1.52 billion, with Hyundai Engineering accounting for US\$ 1.39 billion and Korea Gas Corp's contribution valued at US\$ 120 million.

Hyundai Engineering's remit includes the construction of the re-gasification plants, while the construction firm will build the LNG tanks and associated coastal facilities.

According to the consortium, the project will be completed in 2020.

NIGERIA

Fatal collapse

A five-storey building in Nigeria's largest city, Lagos, collapsed on March 8, killing 34 people.

The fatal collapse happened after heavy rains in February in the southeastern district of Lekki, home to some of the most expensive property in the city.

The Lagos State government has accused the building's owners of being criminally responsible for the disaster.

A government statement said, "The collapsed building was served [a] contravention notice for exceeding the approved floors."

The statement went on to say that "in a brazen act of defiance and impunity, the owners of the building, Messrs Lekki Worldwide Estate Limited, the promoters of Lekki Gardens, criminally unsealed the property and continued building beyond the approved floors until the unfortunate incident of Tuesday which has led to loss of lives."