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North America Report

Trucking News: Asking The Expert

By *Chris Fisher*, Senior Commercial Vehicle Analyst

Do you expect a sharp slowdown for truck purchases in October due to the possible resurgence of the Coronavirus this fall?



*Chris
Fisher*

PSR Analysis: At this point, no. The “shock and awe” of the pandemic appears to be well behind us. During the past few months, commercial truck demand has stabilized albeit at a low level but continues to improve.

Recent surveys have indicated that trucking conditions are improving. The biggest threat to the health of the industry would be a further lockdown of the economy which would cause trucking conditions to slow but would not likely upend the market. However, we do believe it will take a further 18-36 months for the economy to return to a pre-virus level.

Are OEMs significantly reducing R&D spending on electrified vehicles?

PSR Analysis: Not so much on electrified vehicle technology. The OEM's realize the importance of keeping up with their peers and not allowing themselves to fall behind in this arena. This along with future government driven emission regulations will ensure that OEM's will continue to focus R&D into this segment. All of the OEMs have most likely reduced or pushed back R&D spending on other projects not related to electrification.

Will Volkswagen (TRATON) acquire all of Navistar?

PSR Analysis: Earlier this year, TRATON made a \$2.9 billion all cash offer for the 83% outstanding shares of Navistar in an effort to capture a significant share of the medium and heavy commercial vehicle market in North America (TRATON is a holding company for MAN and Scania and also the Brazilian OEM Caminhões e Ônibus).

Initially, it looked like this offer was a done deal. However, with the impact of the Coronavirus it appears this acquisition is on hold as TRATON preserves cash until the economic conditions improve.

We should also note that since the offer, TRATON CEO Andreas Renschler and Navistar CEO Troy Clarke have departed from their company roles which could impact this potential acquisition. The pandemic along with the high cost of R&D related to the electrification of commercial vehicles has likely derailed this proposal at least in the near term. Over the longer term, this acquisition still makes good sense. **PSR**

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North America Report

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If you were hoping for COVID-19 to disappear from the news by the school year, it's obviously not going to happen.



Tyler
Wiegert

COVID Creates Challenges and Opportunities in Power Gen

By Tyler Wiegert, Project Manager and Power Systems Analyst

If you were hoping for COVID-19 to disappear from the news by the school year, it's obviously not going to happen. With major companies like Google announcing they won't be sending employees back to their offices until the summer of 2021 and COVID metrics climbing again in the South and West, we probably will be working on the impact of the pandemic well into next year.

It could almost be considered a truism to say that COVID-19 has been bad for business. The 33% annualized decline in GDP in Q2 2020 would apparently confirm that, and even the most positive about the economy must concede that a 9.5% single-quarter contraction is painful, to say the least. With businesses closed and housing starts in June lagging 4% behind last year, even with the brief reprieve when states began to reopen, the power generation segment has been hit hard by the pandemic.

Cummins, a giant in the industry, announced at the end of July that its revenues for Q2 2020 had fallen 38% from Q2 2019. That increased to 48% when looking at North America alone. Engine sales were down 47%, and power generation revenues declined by 37%. While Cummins was able to achieve positive net income because of a quick ramp-up in production in China after the worst of the virus had passed there, it was less than half of net income from Q2 2019.

But the effects of the pandemic on the power generation segment are not the same for every OEM. Generac was able to increase their Q2 2020 net sales by nearly 1% over Q2 2019. When the data is broken down by residential and industrial sales, it is not hard to see why Generac was able to achieve growth. While commercial and industrial sales were down 32.8% in Q2 2020, residential product sales were up 27.2% led by significantly higher sales of residential generators. Generac attributes this increase to a surge in awareness about the need for home backup power now that large numbers of people are working and learning from home.

Source: *Diesel Progress* [Read The Article](#)

Source: *Seeking Alpha* [Read The Article](#)

Even while the future of alternative fuel approaches and Generac prepares itself for solar and storage markets, they are still innovating within the existing power generation market. They just unveiled a 24kW generator with 70% the footprint, which translates into up to \$8000 in savings on purchase and install. The generator also comes equipped with a home energy monitoring technology that Generac claims can save owners enough to nearly pay for the generator over its lifetime. This comes perfectly timed as the country appears to be submerging back under the first wave of the pandemic, and the first attempt at school openings in Georgia had 260 staff forced into quarantine within the first week.

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Power Systems Research recently updated its Generac data and works continuously to update all of its data across its OE Link™, EnginLink™, and PartsLink™ databases to ensure that subscribers have the most up-to-date data on market trends and volumes. **PSR**

The Green Future Has Big Oil's Backing

By *Tyler Wiegert*, Project Manager and Power Systems Analyst

BP's action might be a pivotal moment where the green revolution stops being something, we are all dragged into and starts being an opportunity for the most responsive and agile innovators to rebrand themselves and capture new markets.

For many people, the moment when COVID-19 became real was when the NBA announced the cancellation of the rest of its season. I was sitting at the counter of the coffee shop in the lobby of my Las Vegas hotel at CON-EXPO. My colleagues and I had been talking for a couple days about the odds of catching the virus at the show, but we all had made the decision that we would be ok attending.

And then we saw that announcement. By the end of the day, we had all decided to go home as soon as possible, and the show had announced it was ending a day early. As a 26-year-old who just caught the tail end of the millennial generation, there haven't been a lot of things in my memory where I can look back and say, in the moment, it felt like things were different now. I was too young to remember 9/11, and I wasn't politically engaged enough to understand what the first African-American president meant historically. But this morning as I was catching up on the news and thinking about the subject of this article, I read that BP had made an announcement about a major environmental initiative, and as I read it, I had a feeling like at that coffee bar in Las Vegas.

Since joining the team of contributors at PowerTALK News, I've written regularly about the inevitability of the green revolution, and that has usually involved talking about things like the announcement this month from Bobcat and Green Machine that they would be retrofitting existing excavators with battery power packs, or Toyota's progress toward fast-charging solid-state batteries that can retain 90% of their performance for 30 years.

Those things are important moves toward the inevitable green future, and the Toyota batteries may even be paradigm shifting. But the subjects of those articles have always been actions taken by individual OEMs who see an emerging opportunity, or technology changes that have the potential to change the world, but not yet.

BP's announcement feels different. The oil giant has declared that it will stop all oil and gas exploration in new countries. They have set the goal of cutting oil and gas production by 40% over the next 10 years. They have committed \$5 billion per year to low-carbon energy production.

And in addition to creating an advisement service for cities to help them finance and integrate renewable power backed up by batteries, BP has said they will begin work adding electric vehicle charging stations to their retail network of gas

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stations, providing the crucial missing infrastructure that has been a major factor in holding back electric vehicles. It represents a seismic shift in tone from one of the actors you could expect would be the last to declare the need for alternative energy sources.

Don't get me wrong, I am not saying BP showed up on time or is leading the charge on the climate crisis. BP Chief Executive Bernard Looney said in his statement on Aug. 4 what many scientists have been warning for years. "This coming decade is critical for the world in the fight against climate change, and to drive the necessary change in global energy systems will require action from everyone."

But even if BP is late to the show at best, or, if environmentalists are to be believed, has been hindering government initiatives to fight climate change until it had positioned itself to capitalize on that market, its broad commitments now feel like real progress on this existential issue.

Source: *Autoblog* [Read The Article](#)

Source: *Diesel Progress* [Read The Article](#)

Source: *Washington Post* [Read The Article](#)

In order to think about how a shift like this from a major oil producer like BP affects the engine-powered industries we cover, two things need to be considered. The first is what the actual impact of BP's commitments would be. The answer is probably not that much. BP produces about 4.5% of the world's daily oil production, and they hold just over 1% of the proven reserves worldwide. But even if the reality of the consequences of climate change are not driving BP's decision-making, some business interest is, and one would think that that interest is shared by other major oil producers. After all, BP's share price increased 7% after the announcement.

It is the second-order effects of these kinds of initiatives that really matter. For one, having an oil company make meaningful commitments to fighting climate change that seem contrary to their interests, like committing to cutting 40% of the production of your core product, signals to other actors who are skeptical about the reality of climate change that something might actually be going on here.

It also provides manufacturers a heads up that they need to be creating products that run on alternative energy if they want to stay relevant in 10 years. Perhaps most importantly, it signals to governments that even the most hesitant businesses are now willing to engage in meaningful steps toward confronting the crisis, and that opens up a world of possibilities where you aren't just regulating emissions levels, but developing products and systems where you can ban emissions in some sections of the marketplace altogether.

For someone—like myself—who works at a company that forecasts the production and sales of on-highway and off-road equipment around the world, the enormous uncertainty that that creates is both terrifying and exciting.

Like the Washington Post article says, it is too soon to even evaluate whether BP will follow through on every part of its announcement. They have made similar declarations to improve their image in the past.

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According to a B&S announcement, "This process will allow the company to ensure the viability of its business while providing sufficient liquidity to fully support operations through the closing of the transaction."

But if they do, and their actions and investments are coupled with a redirected lobbying strategy, this might be a pivotal moment where the green revolution stopped being something we were all dragged into and started being an opportunity for the most responsive and agile innovators to rebrand themselves and capture new markets. **PSR**

Briggs & Stratton Files Chapter 11, Sets Sale Agreement

By *Michael Aistrup*, Senior Analyst



*Michael
Aistrup*

Briggs & Stratton (B&S) one of the largest producers of gasoline engines for outdoor power equipment, and a manufacturer of power generation, pressure washer, lawn and garden, turf care and job site products, has filed Chapter 11 Bankruptcy.

The company has obtained \$677.5 million in financing, with \$265 million committed by KPS and the remaining \$412.5 from the company's existing group of lenders.

B&S also announced it has entered into a definitive stock and asset purchase agreement with KPS Capital Partners. Under the terms of the agreement, an affiliate of KPS formed for purposes of this transaction has agreed to acquire substantially all the company's assets and assume certain customer, employee and vendor liabilities.

Among other things, the sale agreement is subject to higher or better bids from other potential purchasers.

According to a B&S announcement, "This process will allow the company to ensure the viability of its business while providing sufficient liquidity to fully support operations through the closing of the transaction. B&S believes this process will benefit its employees, customers, channel partners, and suppliers, and best positions the Company for long-term success. This filing does not include any of B&S's international subsidiaries."

Todd Teske, B&S Chairman, President, and Chief Executive Officer said the move gives the company support to execute on its strategic plans. "Throughout this process," he said, "B&S products will continue to be produced, distributed, sold and fully backed by our dedicated team."

On Aug. 11, 2020, B&S's largest unsecured creditors asked to delay the company's fast-track plan to sell its assets at auction. The creditors say a business reorganization could result in a better financial outcome for the company's trade creditors, retiree health plan and pensioners.

According to the unsecured creditors report, "the company proposes an auction process with an Aug. 28 bid deadline and a Sept. 11 hearing on the sale. That would complete the Chapter 11 process within 7.5 weeks of B&S's bankruptcy filing and allegedly give an unfair advantage to bidder KPS Capital Partners," said attorneys representing the holders of \$195 million in senior unsecured notes.

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The note holders suggest that selling B&Ss' "several distinct businesses" separately rather than as a whole "may realize optimal value." Another possibility would be a combination of selling some non-core assets and reorganizing the company's core business, the note holders said.

Also on the Aug. 11, Generac Power Systems, a leading manufacturer of home generators and potential bidder for all or part of B&Ss' assets, objected to the B&S's bidding procedures motion; arguing that the procedures, and the B&S's handling of the sales process more generally, have effectively eliminated the opportunity for any meaningfully competitive sales process.

Urging the Court to address what they summarize as procedures/process that are not merely "bid chilling" but raise to the level of impossibility for any potential bidder to evaluate or make a bid for any portion of the business assets. Generac requests that the bidding procedures be redrafted to allow for partial bids and that "unreasonably expedited deadlines" be extended. Failure to do so, Generac argues, is simply playing into the hands of private equity stalking horse KPS Capital Partners, LP and the stalking horse's efforts to "stifle" competitive bidding.

The bankruptcy reorganization could be the end of B&S especially if the Court allows bidding for parts of the company's assets. The ultimate benefactors to the bankruptcy will be other producers of engines for outdoor power equipment industry.

Expect PSR to keep you up-to-date on current events, production forecasts and long term trends in the engine and outdoor power equipment industry. **PSR**

DataPoint: NA Off-Highway Trucks

1,200

By *Carol Turner, Senior Analyst, Global Operations*

The 1,200 units is the estimate by Power Systems Research of the number of Off-Highway Trucks to be produced in North America (Canada and the U.S.) in 2020.

This information comes from industry interviews and from two proprietary databases maintained by Power Systems Research: **EnginLink™**, which provides information on engines, and **OE Link™**, a database of equipment manufacturers.

Market Share: Caterpillar leads in the production of Off-Highway Trucks in North America with 53% of the total units manufactured. In second position is Deere with 29.5%. Third, is Komatsu America with 15.5%.

Exports: Collectively, up to 20% worldwide.

Trends: Production of Off-Highway Trucks in North America decreased 1% in 2019 compared to 2018. Production is expected to drop another 15% in 2020. The decline in manufacturing is caused by the weakening of mining related activities, especially within the copper and gold segments along with overseas mining related issues. At the same time, Covid-19 factors contributed to the decrease.

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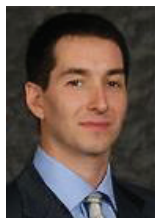
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Expect production to increase 5% by 2025 as the need for new equipment for mining operations increases. It is speculated that there will be growth in the excavation of iron ore, nickel and bauxite followed by gold and copper. **PSR**

Europe Report

By *Emiliano Marzoli*, Senior Business development Manager - Europe

Wacker Neuson Expands EV Offerings



Emiliano Marzoli

German construction machine manufacturer Wacker Neuson has introduced a new product to their electric range. The EZ17e is an electric zero tail mini excavator with lithium ion batteries and flexible charge management.

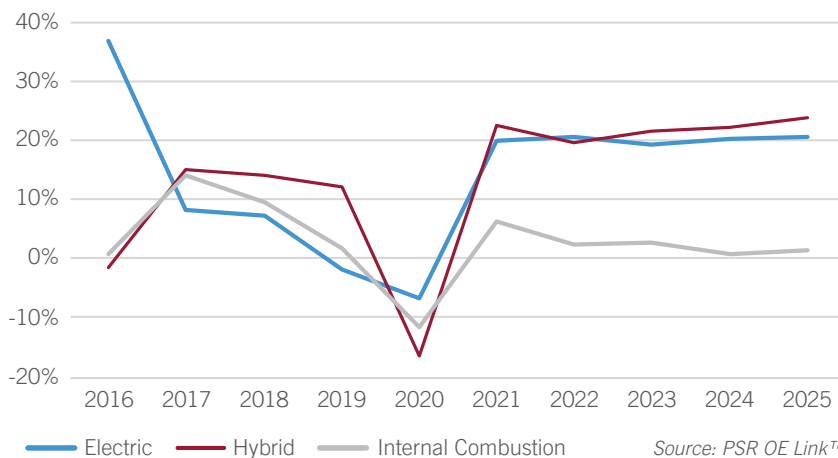
The machine can be charged both with household 110v plugs or with a 415 volts quick charging point. In the latter case only four hours are required to complete the charge.

According to the OEM, one battery charge can last a full workday. In addition, it is possible to charge the machine on site while idling. The machine allows monitoring of the power supply of the construction site to make sure it is not overloaded.

With the introduction of the EZ17e Wacker Neuson now supplies more than 12 different EV machines to cover a urban construction site without producing engine emissions. Read The Article

PSR Analysis: Global demand for electric and Hybrid construction machines was showing significant growth before the impact of the COVID-19 pandemic. After this huge bump in the road, production volumes for these applications are expected to return to double digit growth rates and continue their positive trends for the coming years.

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Europe Report

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With the problems caused by COVID-19, ANFAEA is lobbying to postpone the introduction of PROCONVE P8 – an emissions regulation that will make the Brazil emissions level similar to Euro VI.

Besides, internal combustion engine machines will have a much weaker recovery and will remain flat in the medium term, mainly driven by larger applications where EVs are still struggling to deliver the required operation range to complete their daily tasks. In fact, smaller machines used in urban construction sites are seeing a stronger push towards electrification, and that is where we expect the transition to develop and eventually extend to larger applications once the battery and charging technology will be capable of handling larger tasks. **PSR**

Brazil/South America Report

By *Fabio Ferraresi*, Director Business Development South America



Fabio Ferraresi

ANFAVEA Negotiates To Postpone PROCONVE P8 in Brazil

With the problems caused by COVID-19, ANFAEA is lobbying to postpone the introduction of PROCONVE P8 – an emissions regulation that will make the Brazil emissions level similar to Euro VI. ANFAVEA argues that the postponement is needed because of delays in testing and engineering development caused by COVID-19. The level of investment necessary also has increased.

Source: *Automotive Business* [Read The Article](#)

PSR Analysis: The Brazilian government is not likely to approve the postponement and the deadline date of 2022 probably will be kept. It is important to Brazil to be current in terms of emissions as Brazil is a hub of production for South America, and the ability to export will be jeopardized if the level of production technology declines. **PSR**

Higher Octane Gasoline Offered in Brazil

The new specs as per ANP 087/20 resolution determines the minimum density of 715 kg/m³ and minimum octanes of 92 RON. In January 2022, it will be 93 RON. The Ethanol mix was kept in 27% for regular gasoline and 25% for premium gasolines.

Source: *UOL* [Read The Article](#)

PSR Analysis: With the use of Ethanol in the mix, Brazil gasoline specs get closer to Europe and USA. The goal is to improve the consumption 6% and reduce failures in engines. This may reduce barriers for imported engines and reduce the cost of “tropicalization” of engines. **PSR**

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China Report

By *Qin Fen*, PSR Business Development Manager-China.

How Does Market Brace for Low Speed EV Impact?

By August 12, after 20 days of product launch, SGMW's MINI EV hit a sales record of 15,000 vehicles, making it the world's fastest car model reaching the threshold of 10,000 units.



Qin Fen

Source: *D1 EV* [Read The Article](#)

PSR Analysis: Consider BYD's electric bus, SGMW's MINI EV, as well as premium car brands like Tesla: These traditional and emerging automotive OEMs are reformulating rules of the auto game, with their own proprietary technology.

As a matter of fact, it's not just the automotive market that needs to brace for the impact of electrification, the off-road market also is trending toward electrification. The changing markets include passenger car, light commercial vehicle, medium and heavy duty vehicle, forklift, and lawn mower. Will this wave continue to expand to other off-road applications? How much more will it change the rules of the game? **PSR**

市场腰斩、正规军袭来，低速电动车市场将何去何从？

2020年8月18日 — 截至8月12日，上市20天，销量突破1.5万辆的宏光MINI EV，已经成为全球上市后销量最快破万的小型新能源车型。

新闻来源: [第一电动网 - 阅读原文链接](#)

PSR分析: 比亚迪电动公交，五菱宏光Mini EV，更不用说特斯拉等高端电动汽车，这些或是传统或是新兴的汽车OEM正在以他们自己特有的技术逻辑，一步一步改造着整个行业的游戏规则。事实上，不只是汽车行业所有市场要接受电动化的渗透，非道路市场也在一步一步地向电动化改变。正在改变的市场包括但不限于乘用车，轻型商用车，中重型商用车，叉车，草坪车，这波电动化浪潮会向非道路市场拓展吗？会如何改变非道路市场的游戏规则？ **PSR**

Taiwan Report

By *Erik Martin*, Director – Asia Region

Taiwan Audi Teams with Noodoe To Create EV Charging Plan

To continue to promote the deployment of electric vehicles in Taiwan, Taiwan Audi officially entered the pure electric vehicle market at the end of 2019 and launched

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Taiwan Report

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To meet the pure electric future, Taiwan Audi has joined hands with strategic partner Noodoe to accelerate the deployment of Taiwan's charging network.

the "E-tron Future" reservation project. To meet the pure electric future, Taiwan Audi has joined hands with strategic partner Noodoe to accelerate the deployment of Taiwan's charging network. Evaluating home charging station installation and a cloud-based charging operating system paired with Taiwan Audi's charging solution aims to realize a pure electric mobile life.

From north to south, Taiwan spans only about 500 kilometers. At the same time, the main population centers are concentrated in the seven largest metropolitan areas. These cities--while clearly defined--are connected by a comprehensive road network that provides excellent advantages in the development of electric vehicles. Audi has been actively promoting the deployment of electric vehicles in Taiwan since last year. It is expected to introduce the first electric vehicle model – Audi e-tron – before the end of 2020 with a battery life of 417 kilometers (WLTP). Through the 150kW fast charge mode, it can be charged in 30 minutes to 80% power.

In order to reduce "range anxiety" among consumers, Audi Taiwan has carried out comprehensive charging network planning from three perspectives; household charging, fast charging and public charging.

Audi will strategically ally with Noodoe home charging systems to assist consumers in the installation and evaluation of home charging systems and other services. Audi will also provide car owners with convenient fast charging services in at least five exhibition centers around the country before the end of 2020.

Upon its launch in the near future, the Audi e-tron will be able to be charged at more than 300 public charging stations across Taiwan. Currently, department stores, restaurants and other locations have gradually begun adding public charging stations to provide consumers with support anywhere and anytime.

Audi hopes that consumer habits surrounding electric car ownership will become like owning a mobile phone. You charge it immediately when you return home. Or, if you need a charge while out, you can find a public fast charging station right away.

Source: U-car.com.tw [Read The Article](#)

PSR Analysis: Adoption of any new technology takes time. The new device or service may be promoted to increase efficiency, improve functionality, reduce cost, save time, improve society or protect the environment. In the end, the long-term success of the technology is determined by end user satisfaction. Audi and Noodoe's approach to helping consumers view an EV the way they view their cell phone is insightful and practical and gets to the heart of the challenges faced by EV manufacturers everywhere.

Government subsidies can help make EV's affordable to purchase, while product appeal can entice others. But, to really conquer range anxiety and other fears, the OEMs and their partners must address consumer concerns about how and when and where to charge their EV.

Noodoe's technical online assessment of a potential buyer's house to determine suitability for a home charging unit is the first step in their evaluation and is a

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Taiwan Report

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direct assault on fear and confusion. Demonstrating that the prospect's home is a good match for EV charging coupled with Audi's product and service offerings pave the way for more likely acceptance by the consumer. And, as the consumer learns more about the charge monitoring services provided and the charge network that exists outside the home their apprehension is further reduced.

There is still much to be done, but Audi and Noodoe have embarked on a path that has a good chance to convince consumers that charging their EV can become as much part of their daily lives as charging their cell phones. Now, about that total cost of ownership... **PSR**

布局臺灣充電網路，Audi聯手Noodoe打造純電生活圈

為持續推動電動車在臺佈局，台灣奧迪於 2019 年底正式進軍純電車市場，啟動「即刻預約 e-tron 未來」預訂專案。為迎接純電未來，台灣奧迪攜手策略夥伴 Noodoe 加速推動臺灣充電網路佈建，從家用充電站安裝評估到雲端充電營運系統，搭配台灣奧迪配套充電方案，實現純電移動生活。

臺灣從北到南的距離只有將近 500 公里，同時主要生活範圍聚集於七大都會區內、城市間距適當，並具有完善的道路交通建置，擁有發展電動車的絕佳優勢。Audi 從去年開始積極推動在臺電動車佈局，預計於年底前引進首部電動車款 — Audi e-tron，電池續航力達 417 公里(WLTP)，透過 150 kW 快充模式，可於 30 分鐘內充至 80% 的電量。

台灣奧迪為降低消費者對於「里程焦慮」的擔憂，也從三大面向進行完善的充電網絡規劃，包含家用充電、快速充電及公共充電。首先，Audi 將與 Noodoe 策略聯盟家用充電系統，協助消費者進行家用充電樁安裝評估等服務。Audi 也將 2020 年底前，在全省至少 5 間展示中心提供車主便捷且快速的充電服務。未來 Audi e-tron 上市後也可在全臺超過 300 座的公共充電站進行充電，目前百貨商場、飯店等多處據點也都陸續增設公共充電站，為消費者的生活圈提供隨時隨處的電力支援。

Audi 希望消費者擁有一臺電動車的習慣就像是每個人擁有手機一樣，回到家就能立刻充電，外出若臨時有充電需求，也能立即找到完善的快速充電與公共充電站使用。

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PSR

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Kubota will invest up to US\$93.9 Million (10 billion yen) by 2026 to build a factory for small construction equipment in the US.

Far East: Japan Report

By *Akihiro Komuro*, Research Analyst, Far East and Southeast Asia

Kubota To Build Factory for Small CN Equipment in US

Kubota will invest up to US\$93.9 Million (10 billion yen) by 2026 to build a factory for small construction equipment in the US. The company will manufacture crawler-driven models used for residential construction and other purposes locally to increase the production by 25%.



*Akihiro
Komuro*

With COVID-19, there is a movement of people moving from the city center to the suburbs in the US. Kubota expects that the demand for small construction equipment will increase in the regions where it has sales channels and aims to become the largest manufacturer in the US by increasing production. First, they will invest 5.6 billion yen (56 Million USD) to build a new factory in Kansas.

The company will start mass production of its "Compact Track Loader (CTL)" in September 2022. By 2023, annual production will reach 3,000 units. Depending upon demand, the company could be producing 5,000 units annually by 2026. Japan is producing about 20,000 of the same model. With the addition of 5,000 units from the United States, the total production will increase by about 25%.

In the US, Bobcat leads the small construction equipment market with a 30% share. Kubota is second with 17% (2018) but has moved up from fourth place in 2013 due to its durability and operability. At the new plant, Kubota will manufacture small CTLs to compete with American companies such as Bobcat.

Source: *The Nikkei* (The original article was partially revised by the author.)

PSR Analysis: Kubota's decision to make an investment of this magnitude as many equipment OEMs look for ways to adapt to an economic environment that is likely to become more challenging in the future is a sign that they see demand for small construction equipment in the U.S. continuing to be strong.

An increasing number of companies in the U.S. are telecommuting, and an increasing number of wealthy individuals are moving from cities, where there is a high risk of COVID-19 infections, to the suburbs where they purchase construction equipment to manage large properties. Kubota is targeting the growing number of these wealthy individuals.

At this point, there is no sign of COVID-19 ending, and if the shift to the suburbs continues, it could be a boost for Kubota's sales network, which has stores in rural areas. **PSR**

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Far East Report

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極東 > 日本レポート:

小室 明大 – 極東及び東南アジア リサーチアナリスト

クボタ、米国に小型建機の新工場 郊外への移住需要狙う

クボタは2026年までに最大100億円を投じ、米国に小型建機の新工場を建設する。クローラーで駆動し住宅建設などに使う機種を現地で生産し、生産台数を25%増やす。新型コロナウイルスで米国では都心から郊外に人が移住する動きがある。クボタが販路を持つ地方で小型建機の需要が高まるとみており、増産で米首位を目指す。まず56億円を投じ米カンザス州に新工場を建設する。22年9月から「コンパクト・トラック・ローダー (CTL)」と呼ぶ機種を量産する。23年には年間の生産規模が3000台になる。需要を見極めた上で、26年には年間5000台を生産する体制を整える。日本では同機種を約2万台生産している。米国の5000台が加わると、全体の生産規模は25%ほど増える。別の機種を日本から移管する費用を含むと、総工費は100億円になる見込み。米国の小型建機市場は米ボブキャットがシェア3割で首位。クボタは17% (18年) の2位だが、耐久性や操作性が評価され、13年の4位から順位を上げた。新工場では手薄だった小型のCTLを造り、ボブキャットなど米国勢に対抗する。

出典: 日経 (一部筆者により元記事内容を改編しました)

PSR 分析: 多くの機器OEMが今後より厳しくなるであろう経済環境への適応方法を模索する中で、クボタがこの規模の投資を決めたのは、彼らが米国の小型建機の需要を今後も底堅く推移するとみていることの証だろう。米国では在宅勤務の企業が増えており、COVID-19感染リスクの多い都市から郊外に移住して広い敷地を管理するために建機を個人所有する富裕層が増えている。クボタはそうした富裕層をターゲットに、需要は落ち込まないという判断をしている。現時点でCOVID-19は終息する兆しはなく、郊外へシフトする傾向が今後も続けば、地方に店舗を持っているクボタの販売網にとっては追い風になり得る。 **PSR**

Far East: South Korea Report

By *Akihiro Komuro*, Research Analyst, Far East and Southeast Asia

Doosan Sells 10,000 Excavators in China in H1 2020

Doosan Infracore announced that it sold 10,728 hydraulic excavators in China in H1 2020. This is the company's largest sales volume in nine years since it sold more than 12,000 units in the market in H1 2011. The company sold 1,320 excavators in June, a 23% increase in sales over the previous year. China's hydraulic excavator market suffered a slowdown in the first two months of the year due to COVID-19 but is now consistently showing signs of a rapid recovery. Overall sales in the Chinese hydraulic excavator market exceeded 155,000 units in H1 2020, significantly exceeding the 125,000 units sold nationwide in H1 2019.

Source: *Kikai-News* (The original article was partially revised by the author.)

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Far East Report

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Chinese domestic OEMs have been rapidly gaining strength in recent years, and there is still a risk that the Chinese government will tighten restrictions on foreign OEMs in order to foster and protect domestic companies.

PSR Analysis: China is still the largest market for South Korean construction equipment OEMs, and this situation is likely to continue for some time. North America and Europe are still battling COVID-19 and the future is not clear. The size of the domestic market itself is small, and there is still a long way to go in Southeast Asia.

Chinese domestic OEMs have been rapidly gaining strength in recent years, and there is still a risk that the Chinese government will tighten restrictions on foreign OEMs in order to foster and protect domestic companies. While this is great news for Doosan, foreign OEMs must continue to evaluate the risks of doing business in China. **PSR**

極東 > 韓国レポート:

小室 明大 – 極東及び東南アジア リサーチアナリスト

斗山インフラコア、上半期の中国での油圧ショベル販売は1万台

斗山インフラコアは、2020年上半期に中国で合計10,728台の油圧ショベルを販売したと発表した。これは、2011年上半期の市場で12,000台を超える台数を販売して以来、9年間で最大の販売台数だ。特に、同社は6月にショベル1,320台を販売し、前年比で23%の販売増を達成した。中国の油圧ショベル市場は、COVID-19により、今年の最初の2か月で減速に苦しんだが、現在は急速な回復の兆候を一貫して示している。中国の油圧ショベル市場全体の販売は、今年上半期に155,000台を超え、2019年前半に全国で販売された125,000台を大幅に上回った。

出典: 産機通信 (一部筆者により元記事内容を改編しました)


PSR 分析: 韓国の建機OEMにとってやはり中国が最大市場である、この状況は今後もしばらく続くだろう。北米や欧州はまだCOVID-19の禍中にあり先行きは見通せない。国内市場は市場規模そのものが小さく、東南アジアもまだまだこれからだ。もちろん、近年は中国国内のOEMが急速に力をつけており、また、中国政府が国内企業の育成や保護のために外資OEMへの規制を強化するリスクは依然として存在しており、このリスクをどう判断するかは各企業にゆだねられている状況だ。もちろん短期的にこのニュースは斗山にとって素晴らしいニュースであることに疑いはないが、斗山に限らず中国に進出する外資OEMはそうしたリスクを考慮していく必要があるだろう。 **PSR**

Southeast Asia Report

By *Akihiro Komuro*, Research Analyst, Far East and Southeast Asia

Used Construction Equipment Prices Fall, Demand Slows with COVID-19

The prices of used construction equipment continue to fall, and bidding prices at major auctions are 10% lower than in the same period last year. This is due to a decrease in demand from Southeast Asia due to the COVID-19.

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Far East Report

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Demand in Japan is steady due to the torrential rains in Kyushu and other factors, but the price decline in overseas markets has lowered the overall market. Demand in the Philippines and Thailand also declined. In Southeast Asia, demand for cranes and other infrastructure-related equipment has been high for the past few years, but there have been several construction delays and stoppages caused by COVID-19. The average unit price at the crane truck auction was about 6 million yen, a 20% drop from January to March before COVID-19.

Source: *The Nikkei* (The original article was partially revised by the author.)

PSR Analysis: Much of the demand for construction equipment in Southeast Asia is met by used construction equipment, mainly from Japan. It is not uncommon for the destination for Japanese construction equipment to be Southeast Asia.

Buyers who in the past would come directly from Southeast Asia to Japan to buy used construction equipment can now bid on them without having to travel to Japan, thanks to the popularization of online auctions, with photos and reliable product descriptions. Public investment and infrastructure development in the Philippines and Indonesia and Thailand, respectively, have supported demand, but COVID-19 has dampened those demands. The question is when those demands will return, but with trade itself shrinking, it will be hard to find the ingredients for a recovery, at least within 2020. **PSR**

東南アジア > 東南アジア全体レポート:

小室 明大 – 極東及び東南アジア リサーチアナリスト

中古建機の競売価格下落 新型コロナで需要鈍る

日本の中古建設機械の値下がりが続いている。主要オークション（競売）の落札価格は前年同期比1割安い。東南アジア向け需要が新型コロナウイルスの影響で減ったためだ。日本国内の需要は九州の豪雨災害などで堅調だが、海外向けの値下がり相場全体を引き下げている。フィリピンやタイの需要も減った。東南アジアではクレーン車などインフラ関連機材の需要がここ数年高かったが、コロナで工事の遅れや停止が相次ぐ。クレーン車の競売の平均単価は約600万円で、コロナ前の1~3月から2割下落した。

出典: 日経（一部筆者により元記事内容を改編しました）

PSR 分析: 東南アジアにおける建機需要はその多くが主に日本からの中古建機によって賄われている。日本の建機の最終的な目的地が東南アジアになることは珍しいことではない。過去には東南アジアから直接日本に中古建機を買い付けに来ていたバイヤーは、ネットオークションの一般化によって、写真と信頼できる製品説明によって、日本に行かなくても入札できるようになった。フィリピンは公共投資が、インドネシアとタイではインフラ整備がそれぞれ需要を支えていたが、COVID-19はそれらの需要を低迷させている。これらの需要がいつ戻るか問題だが、貿易そのものが縮小している今、少なくとも2020年内は復調の材料を見つけるのは難しいだろう。 **PSR**

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India Report

By *Aditya Kondejkar*, Research Analyst – South Asia Operations.



*Aditya
Kondejkar*

Indian Government to Allow Registration of EVs Without Batteries

In a bid to promote electric mobility in India, the Indian government now permits sales of EVs without a battery. This step has been taken to reduce the upfront cost of EVs, since the most expensive component in an electric vehicle is the battery pack (which accounts for 40% cost of the total cost).

Read The Article

PSR Analysis: We anticipate that electric 2 and 3-wheelers will be the first segments to benefit from this move. This move by the central government will support the FAME-II program and the Delhi government's latest EV policy, aiming for 5 lakh registrations of EVs in 5 years.

As the upfront cost of the electrical 2 and 3 wheelers will be lower than their ICE counterparts when registered without battery, it will be more attractive to consumers. However, implementation will be critical for the success of this move. As lack of infrastructure was one of the key reasons for customers not opting for EVs.

This move also will significantly change the current business model. Along with the traditional revenue stream of selling of batteries, now OEMs and energy providers will introduce the battery subscription/ rental/ leasing model.

Besides, OEMs will partner with private players to strengthen the EV infrastructure. This will uplift the entire EV ecosystem and add new stakeholders like battery swapping, rental and leasing stations, compact units for battery storage and charging, etc.

However, it should be noted that batteries are closely integrated with other systems of the vehicle. So, frequent swapping of batteries might lead to safety concerns. Hence a lot of analysis needs to be done by all the stakeholders of the ecosystem before its commercialization. **PSR**

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Russia Report

By *Maxim Sakov*, Market Consultant, Russia



*Maxim
Sakov*

Production of Mercedes-Benz Actros Planned at KAMAZ Plant

Russian production of the clean on-road Mercedes-Benz Actros will start in November at the KAMAZ Naberezhnye Chelny plant. The new truck is being modified by Mercedes to meet Euro-6 standards. At the same time, German engineers are reworking the process of exhaust gases neutralization.

Russian production of Actros will allow Russian fleet-owners to purchase top-quality trucks without extra customs fees. The price and initial availability have not been disclosed. [Read The Article](#)

PSR Analysis: KAMAZ and Daimler have a joint venture in Naberezhnye Chelny. The plant assembles several models of dump trucks and on-road tractors. However, Euro-6 truck production is something new. At the moment, Russia has adopted Euro-5 standards, and there are no plans to upgrade it to Euro-6. Therefore, the new truck may be produced for export, or targeted to fleet-owners, engaged in international trade. **PSR**

BMW SUV Production Plant Scheduled for Kaliningrad

The launch of new plant with full production capabilities for BMW SUVs is planned for July 2021. According to Kaliningrad officials, the new plant is one of the most important investment projects in the regional processing industry. Autotor holding makes up a significant part of the regional production.

Officials said the enterprise is one of the largest employers and taxpayers in Kaliningrad region. Construction of the plant building is underway, and machinery installation will be started in January 2021. The first car is expected to be produced in July 2021.

It's expected that new plant will add more than 2,000 workers, and production capacity will be more than 50,000 BMW cars per year. Models X4, X5, X6 and X7 will be made there. Up to 15,000 bodies made in the plant will be exported around the world. [Read The Article](#)

PSR Analysis: It looks like that international passenger car makers see good potential for the Russian market. German automakers BMW and Mercedes have expanded their production capacities in the country, and Asian OEMs are doing the same—Hyundai plans to purchase the former GM plant in St Petersburg, and Haval added one shift in their production plant last month. However, US companies GM and Ford are leaving Russia. But there could be political reasons for these moves.

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Russia Report

Continued from page 18

Belorussian Amkodor produces a competitive range of forest machinery. However, Russian protectionist measures forced them to establish a production/assembly plant in Russia.

Expansion of “Amkodor-Onego” Plant Started

Currently construction at the plan includes rebuilding of warehouses and administrative buildings in preparation for installation of new crane equipment.

“Amkodor-Onego” LLC was established by Belarus holding “Amkodor” in 2019 following the bankruptcy of the “Onego Tractor Plant”. The plant needed an investor, and “Amkodor” stepped up. “Amkodor” is going to create a site for assembly, and then – for import substituting full cycle production of forestry machines – harvesters, forwarders, etc.

An investment contract was signed in June 2019. Under the contract, full modernization of the warehouses and major overhaul of the buildings are planned. Total cost of the project is estimated by US\$ 220 million. The government of Karelia (Russian region) assumed the priority of the project and established several requirements.

In 2019, the investment volumes reached US\$ 2 million. Implementation of the project continues in 2020, and it has supplied 20 bridge cranes up to 22 tons. It's planned to make 60 machines this year.

The annual production capacity of the plant will be about 1000 machines, and the plant will employ about 500 persons. **Read The Article**

PSR Analysis: Belorussian Amkodor produces a competitive range of forest machinery. However, Russian protectionist measures forced them to establish a production/assembly plant in Russia. They already have one in Bryansk; however, it specializes in wheel loaders and has no potential for significant expansion. So, their project in Karelia has a good chance for success. However, recent turmoil in Belarus (with the strikes on machinery plants) may cause problems for this project. **PSR**

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