



Construction Equipment

Why Trade Matters

INDUSTRY SECTOR REPORT

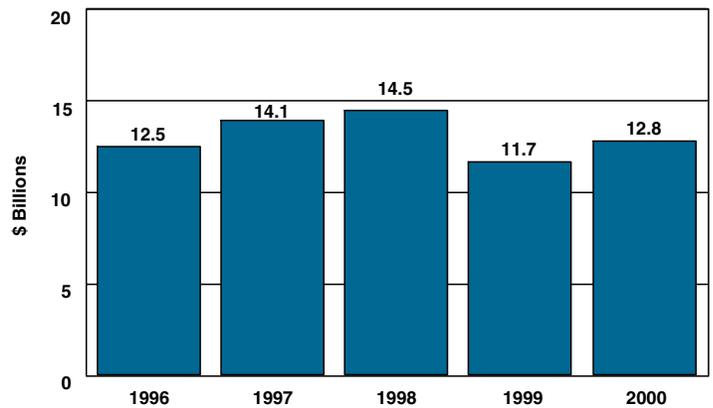
General information on exports. In 2000, the United States exported \$12.8 billion in construction equipment products. Exports of construction machinery fluctuate according to the availability of capital for the major infrastructure projects in developing countries and the value of the dollar vis-a-vis other currencies.

Market development. Twenty-five percent of construction equipment produced in the United States is exported. Exports to developing countries that invest heavily in infrastructure upgrades, such as Brazil, South Africa, Peru, India, and Egypt, have grown significantly over the past 10 years.

Tariffs. Construction equipment tariffs are relatively higher in developing countries. For example, Brazil and India maintain tariffs of 19 percent and 50 percent, respectively.

Nontariff barriers. Construction equipment faces an array of nontariff barriers that can affect exports. Lack of intellectual property rights protection, opaque government procurement practices, and technical regulations are a few of the nontariff barriers the industry faces.

U.S. Exports of
Construction Equipment,
1996–2000





Construction Equipment

Small and medium-sized enterprises. Ninety-five percent of all construction equipment manufacturers are small or medium-sized enterprises.

Research and development. Recent developments of new construction equipment, including increased use of computers and global positioning systems, will increase the demand for construction equipment, particularly for infrastructure development projects in Latin America, eastern Europe, and Asia.

Employment opportunities. More than 90,000 people, from production workers to sales people, are employed by the construction equipment industry.

Key producing states. North Dakota, Illinois, North Carolina, Ohio, Michigan, Missouri, Iowa, Wisconsin

The sector. This sector covers products in the Uruguay Round sectoral initiative on construction equipment including cranes, lifting and moving equipment, and bulldozers.

BENEFITS AND EFFECTS FROM PREVIOUS TRADE AGREEMENTS:

- ▶ Since the implementation of NAFTA, construction equipment sales to Mexico and Canada have increased significantly, and Canada and Mexico are currently the top two export markets for U.S. construction equipment. The Uruguay Round sectoral initiative eliminated tariffs on construction equipment in key developed country markets.