CE LA STF Minutes – February 13, 2020

Melissa Cline, 2020 CE LA STF Vice-Chair, presiding

Participants
Melissa Cline Caterpillar
Joan Schollmeier Caterpillar
Matheus Souza CNH Industrial
Ellen Nunes CNH Industrial
Lucas Sanchez Deere & Company
Rafael Barbosa Deere & Company
Charles Kim Doosan/Bobcat
Joao Luis Oliveira Kobelco
Shoji Yamamoto Kobelco
Guilherme Borghi LBX do Brasil
Anna Pinheiro LBX do Brasil
Bruno Rosa LiuGong
Claudemir Beneli Volvo Construction Equipment Brasil

AEM/HAI Staff
Arnold Huerta AEM
Rex Spietsma AEM
Larry Buzecky AEM
Chuck Wesenberg* HAI
Laurel Ogren* HAI

Members Absent
Carlos Mori Komatsu Brasil
Esteban González JCB
Vera (Guo Mengqiu) Sany do Brasil
Anderson Oliveira Yanmar
Juliana Santos Yanmar

*Participated via WebEx/Conference call

Quorum (six companies required): Quorum met.

1. Call to Order – Melissa Cline, Vice-Chair of the CE LA STF, called the meeting to order at 9:27 am Brasilia time with a sign-in sheet circulated.

2. Member Introductions – Attendees introduced themselves and provided a brief overview of their responsibility within their respective companies.

3. Anti-Trust Policy – The Anti-Trust Policy was displayed, reviewed by AEM staff, was included with the material sent out prior to the meeting, and is available to all members on the AEM Website at: http://www.AEM.org.
4. Approval of Past Meeting Minutes – Minutes of the last meetings were distributed in advance of the meeting, displayed for review, then approved by all present as written.

5. Review of Product Specialists – The Chair reviewed the role and responsibilities of product specialists, before checking with each to confirm their continuance for 2020. Caterpillar, LBX, Bobcat, and Volvo all agreed to continue performing their duties as product specialist for the equipment assigned. Lucas Sanchez (Deere) will assume the product specialist role for crawler tractors and loader backhoes, replacing Deb Juehring-Thomson (Deere).

6. Unfinished Business
   A. Data Integrity
      1. Development Cost of adding revisions as a percent of 12-month rolling total into Dashboard – No update on cost of development was provided, however HAI did mention that members now have the tools available to do their own analysis.

      ACTION Item #1: Each company should review retail sales, for each product, by geography with specific attention to countries with high shipments making sure they balance with the shipments in those countries.

      2. Update on Release of New Wheel Loader Classification for Latin America Statistics Programs – HAI has activated the Competitive Class input fields in Latin America, including the ability of companies to back report monthly data to the start of the Wheel Loader program (2014) in the various Latin America regions. It was noted that “Full Turn Static Tip Load” (now one of the input fields), has been replaced with the Competitive Class, and will be available in Latin America with the release of the January data. Latin America will then be in alignment with the rest of the world with both horsepower and Competitive Class, as output reports. However, the release of this information may be delayed due to the disclosure issues be addressed with LAM and WW Retails.

      3. Update on the need for an annual reporting survey for Latin America Construction Equipment Statistics Task Force members - An action item from the last meeting called for Caterpillar and Deere along with AEM and HAI to put together a list of questions to the survey for LA CE committee review. Lucas Sanchez will represent Deere for reviewing the survey questions.

      ACTION Item #2: The Vice Chair will work with Deere representative(s) on putting together a draft of the questions that will be circulated to the committee for review.

      4. Update on State Level Retail Reporting in Mexico and Other Regions – Volvo reported they are not quite ready to report in 2020. Still discussing with Headquarters about possibility of reporting mid-year 2020. HAI suggested Volvo submits data into iSTAT at state level until approval, even if not activated until 2021.
B. **EM01 Crawler Tractor Size Class Change Update (contingent on approval by the ISC)**

- AEM reported that several CECE members rejected the proposal.
- CECE requested AEM to provide more details about the rationale of the proposal (for instance, which models are intended to be moved away from their current classes).
- All CECE reporters would be in favor of creating a group to generally review the classification metric for EM01 (similar to what was done for EM04).
- Komatsu and Liebherr requested more information to justify the change.
- Caterpillar is still working with product specialists on a response to justify the changes.

C. **EM04 Wheel Loader Proposal Update (contingent on approval by ISC)**

- CECE wanted to leave this “as is”, since it was just put into place. Also, CECE believed the amount of work to make the requested changes would be too difficult and confusing to member companies.
- While CECE reporters would agree to the proposal in general, class [21] could not be published as a standalone class since it would be disclosed in Europe. Therefore, CECE would suggest as a counterproposal to get back to the discussions from earlier this year and merge [20-21] into one class.

D. **EM08 Rigid Frame Haulers Size Class Change Proposal Update (contingent on approval by ISC)**

- ISC did not approve this proposal. The new upper size class would be disclosed in Europe which is why CECE can't agree to the proposal.
- While CECE reporters would not have any objections against the approach in general, the new upper size class would be disclosed in Europe which is why CECE can't agree to the proposal.

E. **AEM Statistics Policy & Procedure Manual (P&P) Changes** - All changes approved at the last meeting have been incorporated into the current P&P, which is posted on the AEM website.

7. **Model Charts Revisions** - HAI ran a disclosure analysis to determine any disclosure if model charts were created for each specific region of Latin America, instead of using the Worldwide model chart for each one. This was discussed with AEM and AEM Legal Counsel. AEM legal counsel has advised that the mixture of shipment and retail data within retail programs in worldwide programs be addressed as quickly as possible.

Resolution:
1. Where any disclosure is found AEM and HAI will make every effort to eliminate disclosure. It is necessary to make changes to eliminate the potential for disclosure before January data is released.

2. Through cross chart comparison, where there is similarity of product, there may be disclosure, so AEM will maintain a retails report in Latin America, and work with North
American statistics committees to support the effort to no longer maintain a worldwide retail program, starting January 2021. Additional time is needed 2020 for impacted companies to determine the extent of the impact of no longer having retail data reporting in worldwide statistics programs.

**MOTION** by Volvo was seconded, to create a separate market for each individual chart in the Latin America regions of Brazil, Mexico, Expandable Region, and Rest of Latin America, and minimize the risk of disclosure in Latin America by collapsing size classes immediately, keeping size class commonality with worldwide where possible, beginning in January 2020.

**Roll Call Vote:**
Caterpillar Yes; CNH Yes; Deere Yes; Bobcat/Doosan Yes; Kobelco Yes; LBX Yes; Liugong Yes; Volvo Yes. Unanimous in favor, for all present and voting. **Motion Adopted.**

**ACTION ITEM #3:** Companies to review and update all models within individual Latin America regional charts.

The result of the motion just adopted will be that in the future, each company will need to update and code models into each geographic region. In addition, the size classes within products for each chart will need to be reviewed with recommendations for consolidation and decided by the participants within each.

**ACTION Item #4:** Vice Chair directed a task force to review the charts to determine size classes to address disclosure for size classes, within product for each chart. Recommendation from the task group to be sent to committee with ballot to approve. Caterpillar, Deere, and CNH volunteered to participate in the task group.

8. **Outline Priorities for 2020**
   Data Quality – Continue focus to improve the quality of the data reported by the due dates.
   Recruitment – Heavy recruitment for worldwide programs where more company participation is needed to fill out product programs in Latin America regions.

9. **New Proposals**
   Discussion on proposal presented by LBX for an annual report with a consolidated unit volume total of all construction equipment reported in Latin America, by country, by year.

   Everybody that has access will receive it. HAI will provide a cost estimate for the final proposal.

   **ACTION ITEM #4:** Companies to review proposal by LBX for total annual CE unit volume of Latin America by country by year.

   **ACTION ITEM #5:** HAI will provide a cost estimate which will be sent by AEM to all companies, so this can be discussed within each company for voting at the next meeting. HAI to provide a separate cost estimate for a BI tool to include this information.

10. **Recruitment Update** – AEM staff provided an update on recruitment efforts, noting the following recent activity:
- Yanmar - begin reporting in January 2020. Crawler Excavators for Brazil only.
- Hyundai - has committed, but not reporting yet.
- SANY – currently reporting retails for Brazil only.
- Bobcat – begin reporting in January 2020 for Brazil and the Expandable Region. It has been reporting for Mexico.
- Doosan – begin reporting in January 2020 for Brazil. It has been reporting for Mexico and the Expandable Region.
- XCMG – have not yet made the decision to report into Latin America.
- Liebherr – AEM request assistance from members that may have a better contact.
- Two Turkish companies, Hidromek and Cukurova, will be at CECA and AEM to contact.

11. **New Business** – No new business brought forth at this time.

12. **Election of New Chair for 2020-2021** - LBX nominated Lucas Sanchez for Chair of CE LA STF. Lucas agreed to accept the nomination and was elected by acclamation.

13. **Next meeting** – The next CE LA STF meeting will be August 27, 2020, hosted by Deere, at their facility in Indaiatuba, Brazil.

14. **Adjournment** – The meeting adjourned at 2:43 pm Brasilia time.

Respectfully submitted by
AEM Statistics Staff