

“KORTRIJK” IS APPROACHING

“Kortrijk” is approaching. The 17th edition in line. At least as far as Kortrijk itself is concerned. For the past few years now, we have also been staging Busworld events in South East Asia (Shanghai is looking forward to its fourth edition already) and West Africa (where the first Lagos hosted edition took place last December). Viewed as part of this framework, the upcoming Kortrijk salon is in actual fact the 21st Busworld event.

By the looks of it, it would appear we are constantly gaining momentum, with Shanghai and Lagos being staged as annual events whereas Kortrijk itself is held every two years. Obviously, things tend to go much quicker this way. So there is every reason to assume that these two events are well on their way to upstage their progenitor. Shanghai in particular is growing beyond expectations : since it first got underway, the event has grown exponentially by no less than 366 %. With the fourth edition looming large, things look set to become even more spectacular. At the time of writing, August 31, entries have already dwarfed the figures for 2003, which makes it a safe bet to say that in five year's time, Busworld Shanghai will have surpassed Kortrijk in size and status. Small wonder, since Europe as a continent manufactures a mere 25,000 buses and coaches every year with just China as a single country currently producing 68,000 (2002) coaches. According to conservative forecasts, the country will be manufacturing 100,000 buses and coaches over 7 metres long by 2006.

We could not possibly have imagined things would take on such magnitude when we first launched “Kortrijk” in 1971, i.e. some 32 years ago now. Who would have thought that the year 2003 would see the seventeenth edition of the Kortrijk Busworld salon? And for this event to turn into the biggest and most venerable bus and coach salon worldwide ? Which, to all intents and purposes, is doing exceedingly well. 45 constructors and 250 accessories suppliers (41 and 202 in that order back in 2001) are taking part. Jointly, they will be taking up a total surface space of 37,200 m² or 28,200 m² net surface. In order to contend with the need for space, we have found ourselves compelled to build a 7,000 m² marquee (which will be housing the main entrance as it happens). In spite of this contingency remedy, due to the tempestuous growth we had no other option but to sacrifice the space we traditionally devote to an art exhibition and to drastically pare down our tourist section. For this occasion, we are expecting well over 24,000 trade and industry visitors from over 100 different countries.

As always, an important fringe event is European Coach Week (E.C.W.). The week prior to the actual salon will again see the car parks on and nearby the Kortrijk Xpo grounds occupied with various trials aimed at putting the latest travel coaches through their paces in the areas of comfort, safety, aesthetics and other related disciplines. As such, E.C.W. is wholly complementary to the Euro Coach Test which is



traditionally held in the month of May of the same year in Baveno (It.), the test results of which serve as the basis for electing the Coach of the Year. Hardly surprising then that Kortrijk has the honour of hosting the award ceremony for this prestigious trophy every two years.

All of these events combine to explain why Kortrijk becomes the world focal point for the bus and coach industry every other year.

The newsletter in hand has also been fully redesigned. Scheduled to be published five times a year as of now, we will be focussing attention on our own organisation. To a lesser extent, the area of focus will lie with reports from the industry as such as the trade journals are more aptly suited to address these issues. On the other hand, our revamped publication will largely carry Busworld related news, worldwide. The idea being to raise the profile of our own unique organisation, and our ambition to make Busworld into the linchpin of the coach and bus industry on a worldwide scale. As far as Kortrijk 2003 goes, we are well on our way to achieving just that.

We hope you are as fighting fit as Busworld is and we would like to take this opportunity to say to you, from the heart : Thank you for being part of Busworld !

Luc Glorieux

BUSWORLD SHANGHAI 2003

The third Busworld Shanghai was held from 18 to 20 March in the excellent facilities at the Pudong Exhibition Centre and was a great success. The halls and other facilities are of world standard, with the added attraction of an excellent restaurant – Chinese of course!

BIGGER AND BETTER

Compared with the previous year, there was a 66% increase in space for exhibitors. In 2002, Busworld occupied about three quarters of one of the large halls. This year the exhibition occupied one complete hall and about a quarter of an adjacent one. There were also quite a number of vehicles lined up outside. Fortunately, the weather improved every day.

The number of exhibitors rose to 134, compared with 106 in 2002. There were 23 bus and coach manufacturers, including two exhibiting chassis. Four engine builders were present, including the launch of new Chinese engines running on compressed natural gas.

There were over 100 stands offering components, accessories, services and publications. The layout was visitor friendly, with

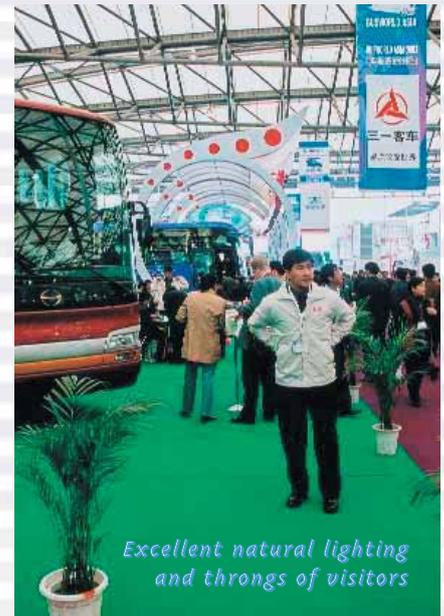
vehicle stands along the walls and smaller units in between, arranged in a series of aisles. The atmosphere was very lively and friendly, with occasional loud bursts of local percussion music, reminiscent of the famous little band that goes from hall to hall at Kortrijk.

RAPID GROWTH

Busworld Shanghai has become an annual event and is the benchmark to measure an industry that is growing and developing at a remarkable rate.

Because of the massive population and very low levels of car ownership, buses are extremely important to the Chinese economy and personal mobility. More than 650,000 minibuses, seating 10-12, were built in 2002. The next size up is categorised as Light Bus, typically seating up to around 25. Just over 300,000 were made last year. The vast majority of these vehicles were for the domestic market.

However, it is the Medium (7-10 metre) and Large (over 10 metre) sectors that, in percentage terms, are growing at the fastest rate. In 2001, Chinese manufacturers built around 59,000 buses and coaches



Excellent natural lighting and throngs of visitors

over 7 metres long. That rose to 68,000 in 2002 and is confidently forecast to exceed 75,000 in 2003.

Well-informed industry observers predict that the Chinese market for Medium and Large buses will exceed 100,000 units by 2006. That is a phenomenal rate of growth. It will mean that, in just five years, the Chinese industry will go from building twice average annual Western European registrations to building four times that average, with all the attendant benefits of economies of scale!

At Busworld Shanghai, this rate of growth was apparent in quite a number of ways. Practically every vehicle manufacturer showed at least one new design. Indeed, it was a little disappointing that some, who had nothing new to show, stayed away from the exhibition, even though the market is so buoyant and there were many trade visitors.

At the parent Busworld Kortrijk exhibition, perhaps the most important reason to attend is to meet existing customers and win new ones. Contact is more important than product. Hopefully, given time, Chinese manufacturers will come round to the same viewpoint and attend Busworld Shanghai every year.



The swirling dragon chased bad spirits from the opening ceremony

MANY NEW DESIGNS

Looking at vehicles in 2003 in Busworld Shanghai, compared with just twelve months before, there were substantial improvements in style, quality and accessibility. Inevitably, when several manufacturers are active in the same market, there is a race to be innovative and ahead of the field.

Several designers drew their styling inspiration from several of the latest coaches in Western Europe, including the Mercedes-Benz Travego, the Setra S415 and the Irizar PB. It was therefore quite surprising when some exhibitors refused to permit taking photographs of their vehicles!

NEW ENTRANTS

Two vehicle exhibitors who appeared for the first time at Busworld Shanghai 2003 were companies that only recently decided to start bus and coach manufacture. Baoding Great Wall Automobile Holding Co is a well-known maker of pick-up trucks and special utility vehicles. They recruited experienced engineers and launched a bus programme in the second half of 2002. Around EUR18m was invested in a modern factory to build up to 3,000 bodies per annum on chassis sourced from other Chinese manufacturers.

Hunan Sany Bus is a new subsidiary of a corporation building trucks and construction equipment. They established a Bus subsidiary and started building in October 2002.

Already there are three models in the range, with another three types planned, and production is forecast at 800 units in 2003.

MANY DIFFERENT MODELS

Visiting China, one quickly becomes aware of the very wide variety of types and sizes of buses and coaches in circulation. By no means

In the wealthier cities, particularly Beijing, which hosts the Olympic Games in 2008, and Shanghai, the home of a World Expo in 2010, demand is now for much more modern 12 metre buses.

There is an equally wide range of coaches, starting with simple mid-sized vehicles for local work. These can have either front or rear mounted engines and simple steel suspension.

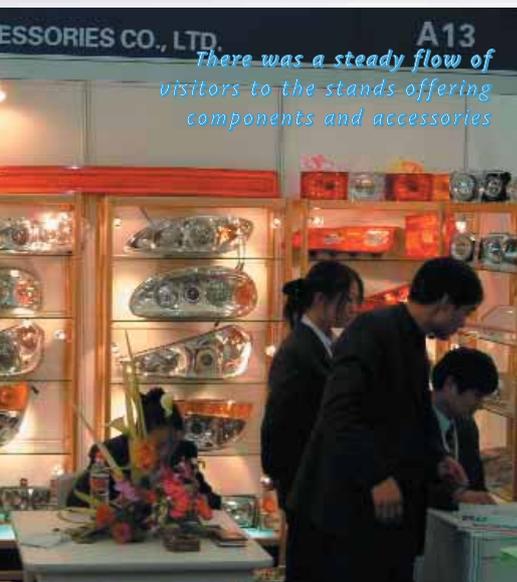


all of them were represented at Busworld Shanghai. Manufacturers almost invariably showed their superior vehicles, at the top end of their ranges.

In the poorer inland areas, buses are very simple, with basic bodywork constructed on high front-engined truck-derived chassis. Several cities have extensive trolleybus networks, but again, these are simple high frame vehicles, including articulated models.

The mid range is represented by vehicles around 9-10 metres long, with better bodywork and the front axle set back to permit an entrance opposite the driver. Some of these, as an option, can be fitted with Western diesel engines that meet tighter emissions limits. Currently, China only requires Euro 1 levels. Euro 2 will not come into force until October 2005, when the EU moves to Euro 4.

China is building around 3,500km of highways per annum, criss-crossing the country and linking all the major cities. This has caused phenomenal demand for 11-12 metre intercity coaches, including sleeper models. These have two aisles and three rows of single bunks, one above the other. Typically, they hold up to 36 passengers. They work round the clock, so don't be surprised to see a sleeper coach in the middle of the day, full of reclining passengers. The general consensus at the exhibition was of a market for up to 8,000 vehicles of this type per annum. Other operators prefer to use more conventional coaches, with reclining seats, toilets, air conditioning and other passenger comforts. The Dandong Huanghai Automobile Co showed a high deck coach with large underfloor luggage lockers and a further full height floor level compartment behind the 38 seats, giving total capacity of 25 cubic metres.



JOINT VENTURES

Many buses and coaches are totally Chinese, especially in the lower priced sectors, but an increasing number are built in joint ventures with Western European, Japanese or Korean partners. Bova, Daewoo, Hino, Hyundai, Irisbus, Irizar, Isuzu, MAN, Mercedes-Benz, Neoplan, Setra and Volvo are all active in China.

It is mainly, but not exclusively, the joint ventures that are setting the pace in innovation. Volvo and one of its partners, the Xian Silver Bus Co, are building intercity coaches with an aluminium construction system that saves weight and is totally corrosion resistant.

Volvo's other joint venture, the Shanghai Sunwin Bus Corporation, has introduced low entry buses, with the floor only one step above the ground from the front entrance to just ahead of the rear axle. Buses with a similar layout are available from King Long, Anhui Ankai Automobile Co, Zhengzhou Yutong Bus Co and CBC-Iveco, with more designs in the pipeline. At the time of Busworld Shanghai, only 140 low floor buses were on order or in service in China, but demand for this type is expected to grow rapidly.

MAN is working with Zhengzhou Yutong Bus Co to build a new factory capable of producing around 6,000 chassis per annum. Some of these, built to MAN designs, will be supplied not only to Yutong, but also to other Chinese bodybuilders. Known as the Lion's Bus Co, the company hopes to build up to a level of 30% Chinese content.

GAS BUSES

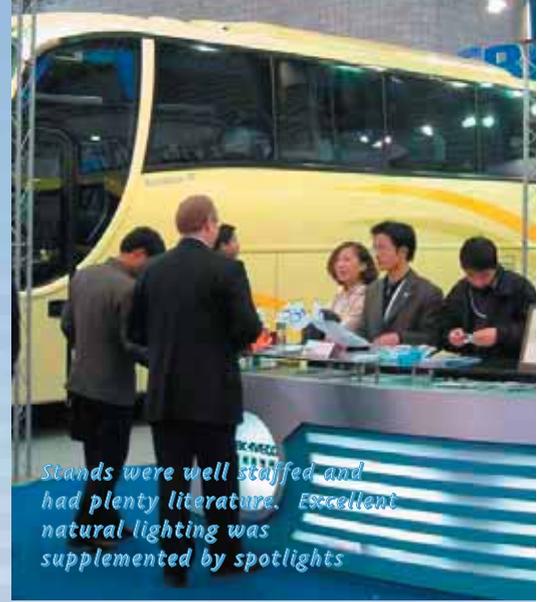
There is concern about pollution, especially in the major cities. A pipeline is currently being constructed from natural gas fields in the west of China to Beijing and the Eastern seaboard. Shanghai Sunwin launched a CNG powered city bus and Wuchai showed an engine that could run either on compressed natural gas or liquefied petroleum gas. Beijing is looking to buy up to 8,000 low emission buses in the run-up to the Olympic Games

in 2008, so this technology is likely to take off rapidly.

Chinese manufacturers are now recognising the importance of after sales service. Most are establishing a network of dealers, throughout the country. Long distance coaches are worked intensively, therefore good support in the field is absolutely essential. Exports

It was also noticeable that several manufacturers had started export programmes. Initially, these have been to neighbouring countries like Vietnam and Mongolia. They are now spreading much further afield, including Russia, the Middle East, Malta, Southern Africa and Peru. Perhaps the most amazing deal was the sale of 200 Chinese built double-deck city buses to Baghdad last year. With such a wide range of models and engine options, there is something to suit everyone. Components

Concurrently, there has been strong growth in the component sector, and this was very apparent at Busworld Shanghai. Over 100 exhibitors were offering a wide variety of components, both as original equipment and for the after-market. The Chinese authorities are well aware that they must develop a component industry that can grow at the same rate as the vehicle builders.



Stands were well staffed and had plenty literature. Excellent natural lighting was supplemented by spotlights

Dong Feng is a major engine manufacturer and has a joint venture with Cummins. Voith is starting to make fully automatic gearboxes for city buses in China. Several Western European companies had stands and were seeking local partners and agents. There were also local manufacturers of such diverse equipment as air conditioning, coach seats, lighting, lamps, mirrors, and so on.

The exhibition facilities at Pudong are among the best in the world. Later this year, a high-speed magnetic train service will run between Pudong International Airport and Shanghai city centre. There will be a stop on the line, just across the street from the exhibition centre. The provisional dates for Busworld Shanghai 2004 are 17, 18 and 19 March, but we will keep you informed in future editions of the Busworld newsletter.



All the excitement of the Award's ceremony

CBC-IVECO LAUNCHED NEW MODELS

There are a number of successful joint ventures between Western European manufacturers and partners in China. One of the more recent to be signed, between Iveco and the Changzhou Changjiang Bus Group Company, has made spectacular progress. Iveco has an impressive record in China and has been building Daily vans and minibuses for several years in another joint venture.

Changzhou Changjiang was already well established, principally building complete city buses and chassis, with over one third of market registrations. The Changjiang models are the entry level, with models at various lengths from just over 8.0 metres. These buses have high frames, with either front or rear mounted engines, and are very keenly priced.

Changzhou Changjiang entered into a licence agreement several years ago with Flexible, not long before the American company collapsed. The Chinese factory has extensively extended and updated the Flexible range, which is promoted as a higher-equipped medium-priced product line.

After many months of negotiations, the joint venture with Iveco, known as CBC-Iveco, received its business licence in March 2001. Only four months later, the partners started operations. In March 2003, three completely new models were launched, an astonishing rate of progress.



CBC-Iveco has been established to produce, distribute, sell and support a wide range in China, principally city buses, but also two new coach models. So far, investment has been just under USD100m. This has included constructing new buildings, refurbishment of some older parts of the factory, and the acquisition of many new jigs and tools.

CBC-Iveco is based in Changzhou, Jiangsu province, and has a covered area of just under 300,000sq m. There are 2,500 employees. They built 7,268 vehicles, including some chassis, in 2002, but output is scheduled to increase, towards the current capacity of 10,000 per annum.

The joint venture commissioned Marcopolo of Brazil to design and develop three new bodies for the Chinese market, and to train Chinese staff in their construction.

The first is a stylish 25-seat coach, mounted on the Iveco Daily 59.12 chassis, which is built by Naveco,

another Iveco joint venture in China. Production is expected to rise to around 1,000 per annum.

Similar annual volumes are forecast for the other two models. Both are full size 12 metre vehicles, based on the well-proven EuroRider chassis. One is a luxury coach, principally for long distance express services. Various interior layouts can be offered, including the option of as few as 30 extremely comfortable reclining seats, similar to airline business class standards.



The other is an accessible city bus. The complete front section of the vehicle, as far back as the doorway just ahead of the rear axle, has a low frame, just one step above the ground. This is already being built completely in China to Iveco designs. Although the standard specification has a 6-speed synchromesh gearbox with a very effective cable shifting system, and a Euro 2 engine, CBC-Iveco can offer the option of a CNG engine and/or a fully automatic gearbox.

Irisbus, the Iveco subsidiary that builds buses and coaches in Europe, has seconded a number of employees to the joint venture. They are also advising on many aspects of the business, including quality, production and future plans. These could well include the incorporation of Iveco components, such as engines, in other vehicles built in the Changzhou factory.

All the chassis and the Marcopolo body structures, are already fully proved. Nevertheless, great credit goes to the Chinese, Brazilian and European managers and workers who have made such remarkable progress in a very short space of time.



BUSWORLD GOES TO INDIA

Busworld has signed an agreement with a leading Indian exhibition group to take the highly successful Busworld formula to the Indian capital of New Delhi.

India is the second most populous country in the world, after China, and has an important bus industry. It is also the second largest bus market in the world, after China, if one excludes the specialised US school bus sector.

There are two major chassis manufacturers, Ashok Leyland and Tata Engineering & Locomotive (Telco). In a typical year, between them, they make around 25,000 units. There are also numerous bodybuilders, some of them substantial organisations in their own right.

Currently, the Indian industry is protected by high import duties, but that is starting to change. There is demand for new technology and the first joint ventures with Western

European and Chinese manufacturers have been signed. Volvo is building luxury coaches with Jaico Automobile Engineering, part of the Azad Group. Irizar is in partnership with Ashok Leyland and Sundaram Industries to build bus bodies. King Long has an agreement with JCBL of Chandigarh to build buses and coaches, using Cummins engines.

Pollution is a serious problem in the major cities, with New Delhi insisting on compressed natural gas for all new buses. There is growing interest in accessible buses, with a large part of the floor only one step above the ground. The authorities also want to see higher quality coaches, to support tourism and long distance express services.

The bus and coach industry in India is on the brink of major changes. The timing of Busworld India could not therefore be better. The first edition will take place 2 to 4 September 2004 in Pragati Maidan Exhibition Centre, New Delhi

KORTRIJK GROWS AGAIN

Busworld Kortrijk in Belgium will be the largest dedicated bus and coach exhibition in Europe in 2003. Bookings have been at record levels, with a waiting list of hopeful entrants. Yet again, there will be a number of interesting companies showing their products for the first time, as the bus and coach business becomes more and more global. Exhibitors and visitors are coming from further afield than ever before to Busworld Kortrijk.

At least one major manufacturer plans to unveil several world premières and news is starting to filter through industry grapevines of quite a number of other world launches. The timing, from 17 to 22 October 2003, is just perfect for coach operators to assess all the latest models and place their orders for the 2004 season.

In order to meet the increased demand for exhibition space, two large pavilions will be erected in front of the exhibition halls. They will be the largest marquees ever used at Expo Kortrijk. Entry to Busworld Kortrijk will be through these pavilions, making them prime exhibition sites. Thus, a record breaking 37,000 square metres of stand space has been allocated to exhibitors at the 17th Busworld in Kortrijk. The target for Busworld is to exceed the 23,934 visitors who came from 98 countries in 2001. For further information, contact Mieke Glorieux at Busworld.



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BUSWORLD 2003**

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**TO THE JOURNALISTS
ATTENDING
BUSWORLD 2003**

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