

ITALIA

Italian Trade Commission
意大利对外贸易委员会
政府机构



CHINA PACKING AND PACKAGING
MACHINERY &
CHINA FOOD PROCESSING
MACHINERY

MARKET REPORT 2010

Overall market snapshot

- In 2009, the production value of Chinese packaging machinery industry achieved around RMB 13.6 billion, and is projected to grow at 7% annually, driven mainly by growth in demand and government support;
- In 2009, the production value of Chinese food processing machinery industry achieved around RMB 44.7 billion, and is projected to grow at 16% annually, driven mainly by growth in demand and government support;
- China will become the world's second largest market for packaging machinery in 2010, surpassing Japan and behind the US.
- Around 2/3 of the market is fulfilled by domestic production, while imports account the rest 1/3. It is expected that China will continue to rely on imports for most of the advanced and specialized equipment that Chinese companies are unable to manufacture.
- There are about totally 6,000 companies in the packaging machinery industry; however, there is a significant technology gap between large and small companies, and about 60 larger-scale companies¹ dominate the low and middle-end market. The high-end market, such as the dairy hygienic package, is almost completely occupied by the foreign companies.
- There are around 530 middle-large scaled companies² in the food processing machinery industry with the total revenue of 16 billion. Compared with the foreign competitors, the products of Chinese companies still have the disadvantage in the areas of production efficiency, energy saving, product appearance and reliability.

Latest import-export analysis / Italy's market position

● Packing and Packaging Machinery

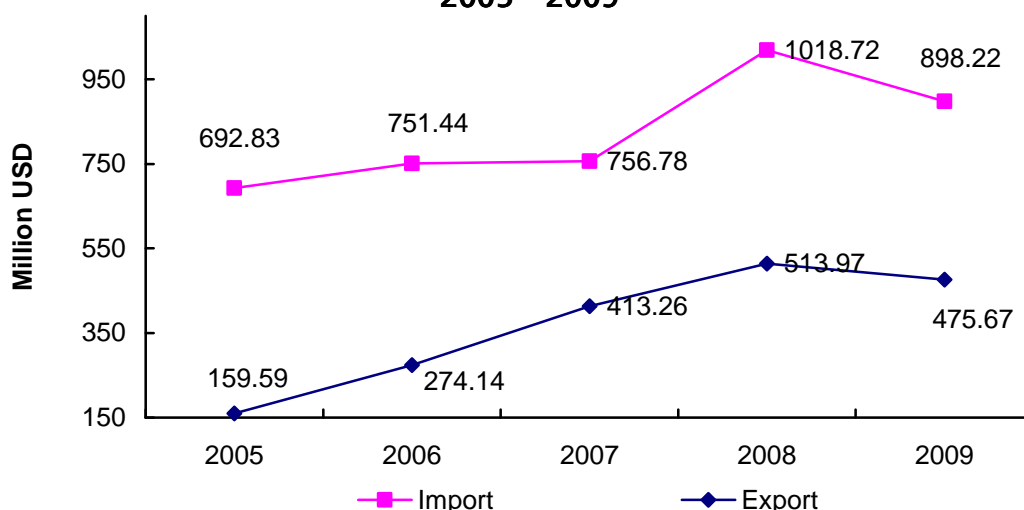
- China is the net importer of packaging machinery in the global market; however, exports are growing with a steady pace. The growth in imports slowed gradually since 2005, and then stopped until the 2008. This situation

¹ The companies with revenue >RMB 100 million,

² The companies with revenue >RMB 5 million

suggests that a large portion of equipment that originally depended on import is being substituted by domestic production.

**China Import & Export
Packing and Packaging Machinery
2005 - 2009**



Note: All value in the chart is the sum of HS codes used for packing and packaging machinery - **842230, 842240, 84229020, 84229090,**

Source: China Customs

- The table below shows the key countries that export packaging machinery to China in 2009 – Germany ranked #1, with an export value of USD 258.82 million, accounting for 28.82% of total imports, followed by Italy with the export value of USD 239.41 million.

Table: China imports of packaging machinery, top 5 countries, in 2009

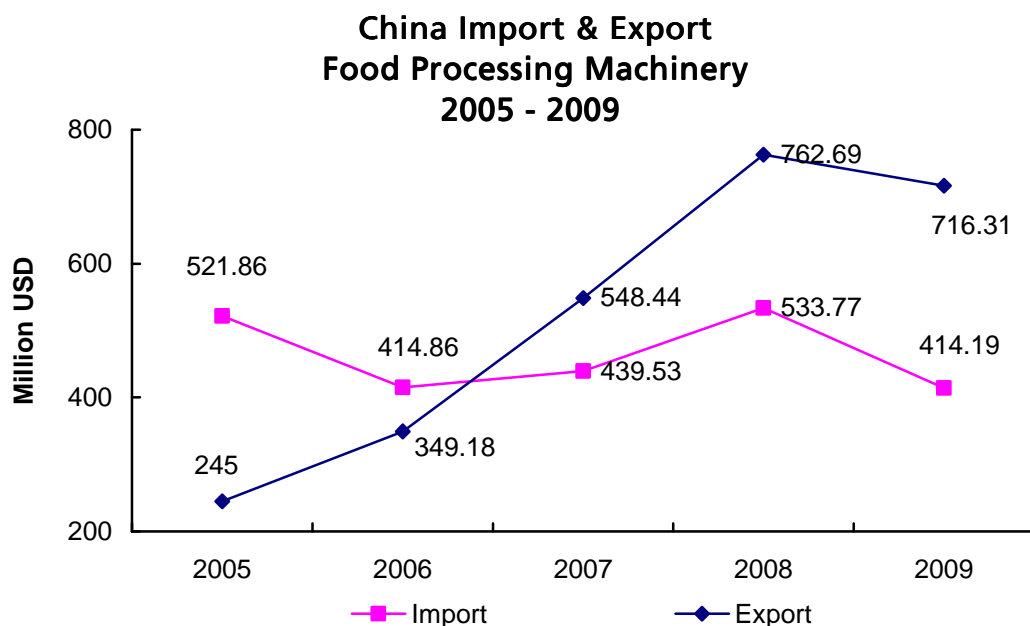
Rank	Country	Import value [USD M]	% of total imports
1	Germany	258.82	28.82
2	Italy	239.41	26.65
3	Japan	112.84	12.56
4	Sweden	72.10	8.03
5	Taiwan	46.99	5.23
Top 5 total		730.16	81.29

Source: China Customs

- China used to be the net importer of food processing machinery in the global market; the situation had the change since 2006, when the export exceeded the import for the first time. Since then, the growth in exports had shown one

strong growing trend with the average growth rate of 40% annually until 2009. Then the import and export both experienced the declines in 2009, which mainly caused by the big recession of the world trade.

- **Food Processing Machinery**



Note: All value in the chart is the sum of HS codes used for food processing machinery – **841720, 841940, 842111, 842122, 8434, 8435, 8437, 8438, 847920**,
Source: China Customs

- The table below shows the key countries that export food processing machinery to China in 2009 – Germany ranked #1, with an export value of USD 92.08 million, accounting for 22.23% of total imports. The followed by Japan, USA and Italy. And in 2009, the export from Italy reached the value of USD 27.98 million.

Table: China imports of food processing machinery, top 5 countries, in 2009

Rank	Country	Import value [USD M]	% of total imports
1	Germany	92.08	22.23
2	Japan	59.10	14.27
3	United States	35.99	8.69
4	Italy	27.98	6.76



5	Korea, South	26.22	6.33
Top 5 total		241.37	58.28

Source: China Customs

Snapshot of key customer segments

- The following table shows the key customer industries for packaging machinery and food processing machinery – more than 70% of production of these industries are concentrated in the East and South China
- Food and beverage manufacturing is the largest market segment, while medical, pharmaceutical and personal care industries are expected to grow significantly

Industries	Description	Geographical distribution
Food & beverage manufacturing	<ul style="list-style-type: none"> • Market size: RMB 115 Billion, 10% annual growth • 9,970 companies • Continued leading position due to rising consumption of convenient packaged food • Domestic production technology still lags behind international standards; machinery in demand include <i>complete sets for convenience food packaging, beverage packaging and filling, active packaging for fruit & vegetable, aseptic packaging and filling for milk, vacuum packaging and filling</i>, etc. • Future trend toward smaller size, convenient packaging 	<p>Geographical distribution of key customer industries for packaging machinery</p>
Medical, pharmaceutical, and personal care	<ul style="list-style-type: none"> • Market size: RMB 700 Billion, 10-12% annual growth • ~13,000 companies • Increasing demand driven by: <ul style="list-style-type: none"> - Rising incomes and attention to personal grooming - Ageing population and increase access to medical care 	
Tobacco	<ul style="list-style-type: none"> • China is world's largest tobacco producer and consumer • \Market size: RMB 326 B, ~11% annual growth • ~100 major players 	

Technology development and industry trends

- **Level of technology.** Current domestic technology level is low, and Chinese companies are strong only for low-middle technology level machinery with their cost advantage; many advanced technologies such as *remote control (monitoring), info-processing and laser technology*, that have been applied to food and packaging machinery in foreign countries, are not yet developed in China due to low R&D capabilities
- **Equipment used.** *Filling and form/fill/seal equipment* remain the most widely used type of packaging machinery, while *labeling and coding equipment* is the fastest growing segment. For critical equipment that Chinese companies cannot provide (e.g. liquid filling, complete set for beverage packaging, aseptic packaging and cigarette packs), the market is dominated by a few multinational companies.
- **Industry consolidation.** Smaller domestic companies are exiting the market due to the inability to compete, while foreign companies are expanding through increased M&A activity; on the other hand, state-owned companies are losing their traditionally dominant position due to increased competition from foreign players
- **Green tech machinery.** In line with increasing attention toward environmental protection and greater enforcement of existing laws, green tech machinery is a key trend; this sector will be driven by foreign investments
- **Outsourcing of parts production.** Production of parts and components of the machinery is increasingly outsourced to specialized companies instead of being manufactured in-house

Potential opportunities for Italian companies

- The market is growing and still highly dependent on foreign technology, thus representing good opportunities for Italian food processing and packaging machinery suppliers
- In general, Italian companies may export their machinery to China through distributors, try to sell directly to the end customer or pursue both avenues. Often more than one distributor is needed, as distributors may only focus on specific customer segments or regions

- Establishing a Representative Office in China can be a first step that allows for a direct presence in the market without committing to large investments. Some players have also established a manufacturing presence in China through WOFEs or JVs³

³ WOFE = Wholly-Owned Foreign Enterprise; JV = Joint Venture

APPENDIX

IMPORT-EXPORT STATISTICS

● Packing and Packaging Machinery

China's Total Import from World by countries

Millions of US Dollars

Rank	Country	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	World	756.78	1018.72	898.22	100	100	100	-11.83
1	Germany	169.85	255.67	258.82	22.44	25.1	28.82	1.23
2	Italy	211.12	251.04	239.41	27.9	24.64	26.65	-4.63
3	Japan	85.74	167.62	112.84	11.33	16.45	12.56	-32.68
4	Sweden	69.72	86.04	72.10	9.21	8.45	8.03	-16.2
5	Taiwan	64.29	69.90	46.99	8.5	6.86	5.23	-32.78
6	United States	25.55	32.42	40.46	3.38	3.18	4.51	24.81
7	Korea, South	40.35	42.91	28.19	5.33	4.21	3.14	-34.31
8	Switzerland	18.37	12.02	17.46	2.43	1.18	1.94	45.25
9	Malaysia	11.76	12.89	11.80	1.55	1.27	1.31	-8.48
10	Austria	2.38	2.11	11.04	0.32	0.21	1.23	423.18

Source of data: China Customs

China's Total Import from World by products

Millions of US Dollars

HS	Description	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	Packing and Packaging Machinery	756.78	1018.72	898.22	100	100	100	-11.83
842240	Packing Or Wrapping Machinery, Nesoi	342.48	458.78	442.97	45.26	45.04	49.3	-3.45
842230	Machinery For Filling, Closing Bottles, Etc	354.21	480.45	376.28	46.81	47.16	41.9	-21.68
84229090	Parts Of Other Machines Of Heading 84.22, Nes	51.73	67.65	65.89	6.84	6.64	7.34	-2.6
84229020	Parts Of Bottling Or Canning Machines For Beverage	8.36	11.84	13.09	1.1	1.16	1.46	10.54

Source of data: China Customs

China's Import from Italy by products

Millions of US Dollars

HS	Description	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	Packing and Packaging Machinery	211.12	251.04	239.41	100	100	100	-4.63
842240	Packing Or Wrapping Machinery, Nesoi	75.37	85.12	127.50	35.7	33.91	53.26	49.78
842230	Machinery For Filling, Closing Bottles, Etc	127.52	153.81	98.33	60.4	61.27	41.07	-36.07
84229090	Parts Of Other Machines Of Heading 84.22, Nes	7.27	9.89	11.18	3.44	3.94	4.67	13.07
84229020	Parts Of Bottling Or Canning Machines For Beverage	0.97	2.22	2.40	0.46	0.88	1	8.49

Source of data: China Customs

Machinery For Filling,Closing Bottles, Etc (HS code 842230)
- China's Import from World by countries

Millions of US Dollars

Rank	Country	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	World	354.21	480.45	376.28	100	100	100	-21.68
1	Germany	99.08	133.17	138.92	27.97	27.72	36.92	4.32
2	Italy	127.52	153.81	98.33	36	32.01	26.13	-36.07
3	Japan	18.77	63.74	30.52	5.3	13.27	8.11	-52.13
4	Sweden	38.53	33.57	25.96	10.88	6.99	6.9	-22.68
5	United States	9.24	15.21	20.26	2.61	3.17	5.38	33.15
6	Taiwan	21.60	24.06	19.03	6.1	5.01	5.06	-20.89
7	Korea, South	13.78	10.29	9.44	3.89	2.14	2.51	-8.25
8	Austria	0.39	0.92	7.89	0.11	0.19	2.1	757.54
9	Switzerland	4.64	3.45	6.39	1.31	0.72	1.7	84.91
10	Netherlands	0.02	0.39	3.47	0.01	0.08	0.92	793.85

Source of data: China Customs

Packing Or Wrapping Machinery (HS code 842240)
- China's import from world by countries

Millions of US Dollars

Rank	Country	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	World	342.48	458.78	442.97	100	100	100	-3.45
1	Italy	75.37	85.12	127.50	22.01	18.55	28.78	49.78
2	Germany	55.61	97.99	96.72	16.24	21.36	21.84	-1.29
3	Japan	57.09	90.42	70.33	16.67	19.71	15.88	-22.22
4	Sweden	20.49	41.95	36.04	5.98	9.14	8.14	-14.08
5	Taiwan	41.51	44.85	25.96	12.12	9.78	5.86	-42.12
6	Korea, South	25.00	30.50	16.67	7.3	6.65	3.76	-45.33
7	United States	12.46	12.52	16.60	3.64	2.73	3.75	32.59
8	Malaysia	10.25	11.76	10.92	2.99	2.56	2.47	-7.17
9	Switzerland	12.35	6.74	10.11	3.61	1.47	2.28	49.91
10	Belgium	1.60	5.02	4.28	0.47	1.09	0.97	-14.66

Source of data: China Customs

Parts Of Bottling or Canning Machines for Beverage (HS code 84229020)
- China's import from world by countries

Millions of US Dollars

Rank	Country	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	World	8.36	11.84	13.09	100	100	100	10.54
1	Sweden	4.83	5.37	4.25	57.74	45.31	32.48	-20.76
2	Germany	0.50	2.61	3.56	5.97	22.06	27.21	36.36
3	Italy	0.97	2.22	2.40	11.61	18.72	18.37	8.49
4	Taiwan	0.19	0.08	0.52	2.32	0.7	4.01	535.66
5	France	0.38	0.09	0.49	4.55	0.8	3.72	413.83
6	United States	0.05	0.25	0.45	0.60	2.1	3.43	80.53
7	Japan	0.68	0.45	0.33	8.17	3.77	2.49	-26.94
8	Denmark	0.50	0.15	0.31	6.01	1.25	2.38	111.52
9	Austria	0.00	0.02	0.16	0.00	0.14	1.26	918.21
10	Hungary	0.00	0.00	0.13	0.00	0.04	1.03	2946.81

Source of data: China Customs

Parts of Other Machines of Heading 84.22, (HS code 84229090)
- China's import from world by countries

Millions of US Dollars

Rank	Country	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	--World--	51.73	67.65	65.89	100	100	100	-2.6
1	Germany	14.66	21.90	19.62	28.33	32.37	29.77	-10.43
2	Japan	9.21	13.00	11.67	17.8	19.22	17.71	-10.23
3	Italy	7.27	9.89	11.18	14.04	14.61	16.97	13.07
4	Sweden	5.88	5.15	5.85	11.37	7.62	8.87	13.4
5	United States	3.80	4.44	3.15	7.34	6.56	4.79	-28.87
6	Finland	0.05	0.07	2.16	0.09	0.1	3.27	3150.56
7	Korea, South	1.57	2.11	2.07	3.04	3.12	3.14	-2.18
8	France	1.32	1.75	2.02	2.55	2.59	3.06	14.91
9	Taiwan	0.99	0.92	1.48	1.91	1.36	2.24	60.9
10	United Kingdom	0.43	1.35	1.16	0.84	2	1.77	-14

Source of data: China Customs

China's Export to World by countries

Millions of US Dollars

Rank	Country	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	World	413.26	513.97	475.67	100	100	100	-7.45
1	United States	52.79	52.94	53.24	12.77	10.3	11.19	0.57
2	Vietnam	17.22	23.92	27.64	4.17	4.65	5.81	15.57
3	Japan	26.09	29.08	23.72	6.31	5.66	4.99	-18.42
4	India	10.32	16.18	19.33	2.5	3.15	4.06	19.48
5	Indonesia	16.96	15.29	16.68	4.1	2.98	3.51	9.07
6	Nigeria	12.12	15.18	14.84	2.93	2.95	3.12	-2.24
7	Hong Kong	7.56	11.78	13.32	1.83	2.29	2.8	13.08
8	Malaysia	9.27	12.16	12.42	2.24	2.37	2.61	2.15
9	Thailand	12.81	13.79	11.50	3.1	2.68	2.42	-16.58
10	Iran	8.48	7.59	9.85	2.05	1.48	2.07	29.82

Source of data: China Customs

China's Total Exports to World by products

Millions of US Dollars

HS	Description	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	Packing and Packaging Machinery	413.26	513.97	475.67	100	100	100	-7.45
842230	Machinery For Filling, Closing Bottles, Etc	194.60	249.93	241.89	47.1	48.63	50.9	-3.22
842240	Packing Or Wrapping Machinery	166.33	179.73	171.34	40.3	34.97	36	-4.67
84229090	Parts Of Other Machines Of Heading 84.22,	31.25	46.89	33.38	7.56	9.12	7.02	-28.81
84229020	Parts Of Bottling Or Canning Machines For Beverage	21.07	37.42	29.06	5.1	7.28	6.11	-22.35

Source of data: China Customs

- Food Processing Machinery

China's total Import from world by countries

Millions of US Dollars

Rank	Country	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	World	439.53	533.77	414.19	100	100	100	-22.4
1	Germany	114.85	99.91	92.08	26.13	18.72	22.23	-7.83
2	Japan	54.90	83.82	59.10	12.49	15.7	14.27	-29.49
3	United States	37.78	42.25	35.99	8.6	7.91	8.69	-14.81
4	Italy	36.69	30.88	27.98	8.35	5.79	6.76	-9.4
5	Korea, South	23.23	46.09	26.22	5.29	8.64	6.33	-43.11
6	Denmark	16.28	27.35	24.36	3.7	5.12	5.88	-10.93
7	Sweden	29.13	18.87	17.63	6.63	3.53	4.26	-6.55
8	Belgium	8.75	1.61	16.77	1.99	0.3	4.05	942.93
9	Taiwan	12.94	19.11	15.42	2.94	3.58	3.72	-19.27
10	Netherlands	25.83	36.23	14.95	5.88	6.79	3.61	-58.72

Source of data: China Customs

China's Total Import from World by products

Millions of US Dollars

HS	Description	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	Food processing machinery	439.53	533.77	414.19	100	100	100	-22.4
841720	Bakery Ovens, Including Biscuit Ovens, Nonelectric	5.90	11.77	7.91	1.34	2.21	1.91	-32.8
841940	Distilling Or Rectifying Plant	73.54	88.00	102.63	16.7	16.49	24.8	16.63
842111	Cream Separators, Centrifugal	3.66	4.44	0.97	0.83	0.83	0.24	-78.05
842122	Beverage Filtering Or Purifying Mach & Apparatus	8.42	11.62	2.37	1.92	2.18	0.57	-79.6
8434	Milking Machines & Dairy Machinery & Parts	52.76	38.77	27.58	12	7.26	6.66	-28.86
8435	Presses Etc For Wine, Cider, Fruit Juice Etc, Pts	24.30	33.03	5.11	5.53	6.19	1.23	-84.53
8437	Mach For Cleaning Seed Etc & Work Cereal Etc, Pts	24.94	33.69	33.00	5.67	6.31	7.97	-2.04
8438	Mach Nesoi, Ind Prep Of Food Or Drink Etc, Parts	240.71	299.95	218.75	54.8	56.19	52.8	-27.07
847920	Mach F Extract Or Prep Of Animal Or Veg Fat Or Oil	5.30	12.51	15.86	1.21	2.34	3.83	26.81

Source of data: China Customs

China's Import from Italy by products

Millions of US Dollars

HS	Description	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	Food Processing Machinery	36.69	30.88	27.98	100	100	100	-9.4
8438	Mach Nesoi, Ind Prep Of Food Or Drink Etc, Parts	26.89	20.17	17.18	73.3	65.31	61.4	-14.81
8434	Milking Machines & Dairy Machinery & Parts	2.77	2.83	3.68	7.55	9.15	13.2	30.15
841940	Distilling Or Rectifying Plant	0.40	4.75	3.60	1.1	15.37	12.9	-24.19
8435	Presses Etc For Wine, Cider, Fruit Juice Etc, Pts	3.44	2.69	1.81	9.37	8.71	6.47	-32.72
842122	Beverage Filtering Or Purifying Mach & Apparatus	1.98	0.21	0.91	5.39	0.68	3.25	336.15
8437	Mach For Cleaning Seed Etc & Work Cereal Etc, Pts	0.52	0.12	0.38	1.41	0.4	1.35	207.46
847920	Mach F Extract Or Prep Of Animal Or Veg Fat Or Oil	0.57	0.06	0.28	1.54	0.18	0.99	394.3
841720	Bakery Ovens, Including Biscuit Ovens, Nonelectric	0.09	0.06	0.14	0.24	0.19	0.52	146.64
842111	Cream Separators, Centrifugal	0.04	0.00	0.00	0.11	0.01	0	-100

Source of data: China Customs

China's Total Export to World by countries

Millions of US Dollars

Rank	Country	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	World	548.44	762.69	716.31	100	100	100	-6.08
1	Indonesia	31.69	60.21	95.99	5.78	7.89	13.4	59.44
2	United States	53.66	71.27	55.20	9.79	9.35	7.71	-22.55
3	India	19.89	29.60	35.63	3.63	3.88	4.97	20.39
4	Vietnam	22.87	32.80	34.52	4.17	4.3	4.82	5.25
5	Thailand	21.34	37.40	27.03	3.89	4.9	3.77	-27.72
6	Myanmar	8.22	8.47	20.91	1.5	1.11	2.92	146.95
7	Malaysia	19.14	20.46	19.24	3.49	2.68	2.69	-5.96
8	Netherlands	4.31	9.39	16.24	0.79	1.23	2.27	73
9	Japan	13.77	18.68	15.44	2.51	2.45	2.16	-17.36
10	Madagascar	1.82	16.38	15.42	0.33	2.15	2.15	-5.87

Source of data: China Customs

China's Total Export to World by products

Millions of US Dollars

HS	Description	January - December			% Share			% Change
		2007	2008	2009	2007	2008	2009	09/08
	Food processing machinery	548.44	762.69	716.31	100	100	100	-6.08
8438	Mach Nesoi, Ind Prep Of Food Or Drink Etc, Parts	293.25	394.15	340.19	53.5	51.68	47.5	-13.69
8437	Mach For Cleaning Seed Etc & Work Cereal Etc, Pts	88.01	124.52	149.16	16.1	16.33	20.8	19.79
841940	Distilling Or Rectifying Plant	67.94	113.07	132.03	12.4	14.83	18.4	16.77
841720	Bakery Ovens, Including Biscuit Ovens, Nonelectric	21.84	27.67	29.71	3.98	3.63	4.15	7.36
8434	Milking Machines & Dairy Machinery & Parts	36.89	54.85	27.96	6.73	7.19	3.9	-49.02
847920	Mach F Extract Or Prep Of Animal Or Veg Fat Or Oil	29.44	32.79	26.31	5.37	4.3	3.67	-19.77
8435	Presses Etc For Wine, Cider, Fruit Juice Etc, Pts	10.76	15.20	10.62	1.96	1.99	1.48	-30.11
842122	Beverage Filtering Or Purifying Mach & Apparatus	0.21	0.08	0.22	0.04	0.01	0.03	182.57
842111	Cream Separators, Centrifugal	0.09	0.37	0.11	0.02	0.05	0.02	-70.55

Source of data: China Customs