CHINESE MACHINE TOOL MARKET - WEEKLY BULLETIN

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【Macro Economy】

1. China's foreign trade up 14.2% in 2017
2. China produces over 100,000 industrial robots in first ten months of 2017
3. Govt releases policy to ensure zero growth of capacity in major industries
4. China adjusts tariff policies for major equipment imports

【Customer Update】

5. China's intelligent logistics market size to exceed 1t yuan by 2025
6. China sees slowest rise in auto sales since 2012
7. SAIC's car unit starts expanding assembly plant in Zhengzhou

【Local Competitors】

8. Honeywell’s revenue up strongly
9. Fives signs a significant cooperation agreement with JD.com attented by the French President
10. Major tool practitioners gathered in Dongguan, gain win-win in new age of tool development

China's foreign trade up 14.2% in 2017

China's foreign trade volume rose 14.2 percent year on year to 27.79 trillion yuan ($4.28 trillion), ending the previous continuous drop of the previous two years, official data showed on January 12, 2018.

China's exports increased 10.8 percent to reach 15.33 trillion yuan while imports surged 18.7 percent to 12.46 trillion yuan in 2017, the General Administration of Customs (GAC) said.

The trade surplus continued to narrow last year, shrinking 14.2 percent to 2.87 trillion yuan, compared with a 9.1-percent reduction registered in 2016 that saw 3.35 trillion yuan in trade surplus.

GAC spokesperson Huang Songping attributed the double-digit trade volume growth to the global economic recovery, steady domestic economic expansion, rising commodity prices, emerging markets along the route of the Belt and Road Initiative and a low comparison base.

China's general trade has increased both in volume and proportion, expanding to 15.66 trillion yuan last year and accounting for 56.4 percent of total foreign trade.

The European Union, the United States and ASEAN are the top three trading partners of China, with exports to the United States rising 15.2 percent year on year.

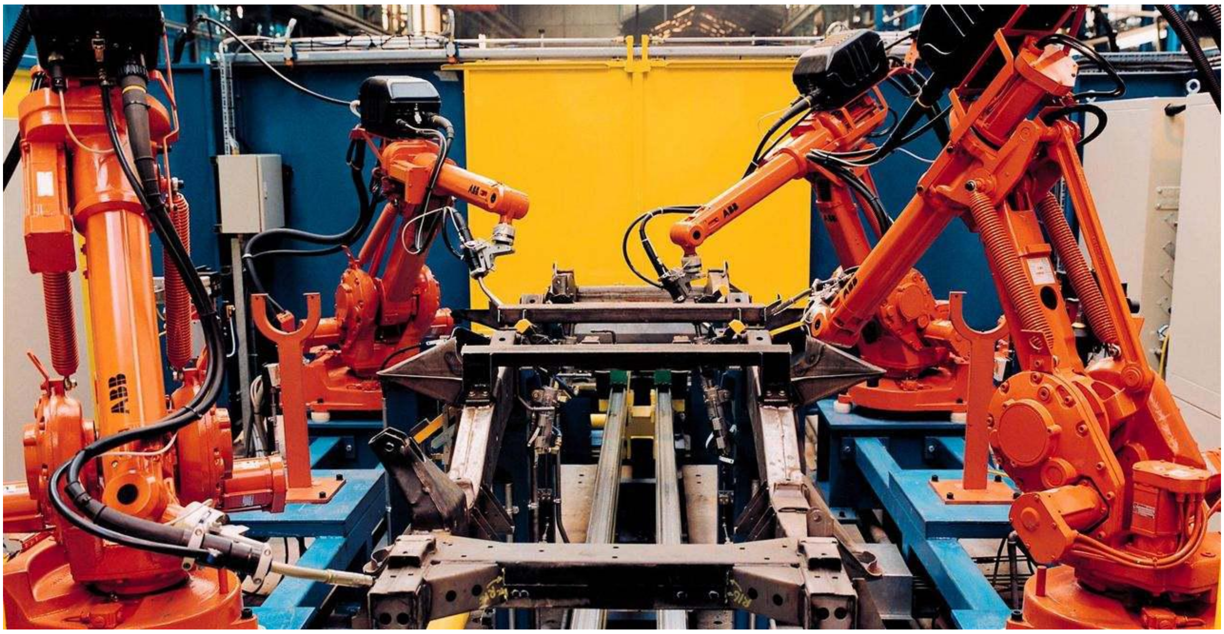
Chinese private enterprises played a bigger role in trade last year, edging up 0.4 percentage points in its share of total trade compared with that in 2016.

The country's less developed regions, including central and western China and the rust belt, all outpaced the national average trade growth last year.

Trade growth faces pressure for the first quarter of this year as surveys showed falling confidence and new orders in December, according to the customs authority.

It will be difficult to keep double-digit trade growth this year given the many global uncertainties and a high comparison base, Huang said.

China produces over 100,000 industrial robots in first ten months of 2017



The output of China's industrial robots exceeded 100,000 in the first ten months of 2017, up 70 percent year on year, according to the Ministry of Industry and Information Technology (MIIT).

The overall output this year will surpass 120,000, according to the ministry.

China is the biggest market for industrial robots in the world, accounting for about one third of the global demand.

The market volume of China's industrial robots is expected to reach 4.2 billion US dollars in 2017 and increase to 5.9 billion dollars in 2020.

The robot industry has been listed as a key development area in the country's "Made in China 2025" strategy, which aims to upgrade the country's manufacturing sector.

Govt releases policy to ensure zero growth of capacity in major industries

The government has released new policy to ensure zero growth of production capacity in steel, cement and plate glass industries and to continue capacity replacement measures this year, Economic Information Daily reports, citing the announcement of the Ministry of Industry and Information Technology (MIIT) on January 8th.

In environmentally sensitive areas of the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Pearl River Delta, steel plants should reduce at least 1.25 tons of outdated capacity for every 1 ton of new capacity and in other areas outdated capacity decrease should surpass new capacity increase.

In terms of replacing outdated capacity, a replacement plan must be publicized before a new steel project is put on record, and replaced equipment must be dismantled before a new steel project starts operation.

In cement and plate glass industries, a new project of outdated capacity must be shut down before operation and removed and aborted within one year's operation.

The aim of the new policy is to clarify scale of overcapacity replacement in order to stop certain companies making illegal use of vague replacement scale and not strictly implementing the ratio of production capacity replacement requirements in steel industry, said Xu Wenli, head of the Iron and Steel Division at the Ministry of Information and Technology.

Industrial insiders also said that illegal phenomenon in cement clinker project construction also exists and the new policy can strictly regulate capacity design based on capacity replacement index.

Steel profits improved amid capacity cuts with combined net profits in the ferrous metal smelting and rolling sector increasing180 percent year-on-year to about 314 billion yuan ($48 billion) in the January-November period last year, according to a MIIT statement.

Profit in cement industry reached 33.36 billion yuan, up 248 percent year-on-year and profit in plate glass industry was 5.33 billion yuan, up 85.1 percent year-on-year in January-June period last year, according to the latest statistics from MIIT.

The government must focus on quality and profits while cutting overcapacity in these sectors, according to MIIT.

The new policy regulating capacity replacement in steel, cement and plate glass industries came into force on January 1, 2018.

China adjusts tariff policies for major equipment imports

Chinese authorities have released tariff policy adjustments for imports of major technological equipment in response to changing industrial development in the country.

A notice issued by six government agencies including the Ministry of Finance and the top economic planner revised product catalogue that specify the industries encouraged by the government and those that no longer enjoy tax breaks.

Imports of major technological equipment on the revised list for government support will continue to be exempted from tariffs and value-added tax.

Tax exemption policies on imports of mixed flow hydro turbines will be abolished, according to the notice.

The adjustments take effect on Jan 1st, 2018.

Imports of core parts and material for major technological equipment have enjoyed favorable policy for years. With the changing industrial landscape, the government has constantly adjusted tax policies for imports.

China's intelligent logistics market size to exceed 1t yuan by 2025

Some emerging technologies including drone, robotics and automation, and big data will be used in logistics industry soon as well as wearable devices, 3D printers driverless trucks and artificial intelligence are expected to be used in storage, transportation, delivery and other end parts of logistics over next 10 years, Deloitte said in its latest report published on January 8th.

The drone is being applied in commercial stage as its performance on carrying capacity, cruising power, obstacle avoidance and collision avoidance need to be further promoted, said Song Xujun, consulting director at Deloitte in China.

He added datamation is a key that can help logistics firms to realize intelligent logistics, and the firms need to take an open attitude to embrace intelligent logistics, and plan ahead to catch the opportunities.

The intelligent logistics can promote logistics system's capacities on analytical decision making and smart execution to lift the system's level of intellectualization and automation by intelligent technologies and methods such as smart devices, internet of things and big data, according to the report.

China's intelligent logistics market reached 200 billion yuan in 2016, and currently, logistics firms' demands on intelligent logistics are concentrated on logistics data, cloud computing and logistics equipment, said the report citing the China Federation of Logistics and Purchasing.

From 2015, China has taken a series of measures to encourage logistics firms to innovate on informatization and intelligentialize that aim to lower logistics cost, and improve logistics efficiency. The intelligent logistics can help the firms to meet the goal, and speed up the industry to development, Deloitte said.

China sees slowest rise in auto sales since 2012

China's auto sales rose 3 percent to 28.88 million vehicles in 2017 from a year ago, the slowest market expansion since 2012, according to data from the China Association of Automobile Manufacturers (CAAM) on January 11th.

The data revealed the 3 percent growth is lower than an estimated 5 percent growth at the beginning of last year. In 2011, the market grew only 2.5 percent after government ended tax cuts on fuel efficient cars and economic growth slowed. From 2012 to 2016, the growth rate was more than 4 percent annually.

China's auto market surged 13.7 percent in 2016 — a contrast with the weak sales in 2017.

"China's auto market saw minimal growth last year. In 2018, the growth rate of the industry is expected to slow further," said David Zhang, an independent automotive consultant.

CAAM said the auto industry "faced certain pressure in 2017" because of the rise in the purchase tax. The tax for vehicles with engines below 1.6 liters has been raised from 5 percent to 7.5 percent at the beginning of last year, which caused the market sentiment to weaken and resulted in fewer consumers buying small-engine cars.

According to data from CAAM, sales of vehicles with engines below 1.6 liters fell over 1 percent to 17.19 million units in 2017 from a year ago.

Passenger car sales took up 85 percent of total vehicle sales, with 24.72 million sold in 2017, up 1.4 percent from 2016. Commercial vehicles took up the remaining 15 percent, with 4.16 million units sold last year.

SAIC's car unit starts expanding assembly plant in Zhengzhou

SAIC Motor Corp.'s car unit began the second phase of construction at its assembly plant in the north China city of Zhengzhou to expand output at its Roewe and MG brands.

Upon completion of the project in 2020, the plant will be capable of producing up to 600,000 vehicles a year, SAIC said.

Under the first phase, the Zhengzhou factory started production in September 2017 with annual capacity of up to 400,000 vehicles.

SAIC's car unit also operates assembly plants in Shanghai and Nanjing in east China. The two factories combined have annual production capacity of 400,000 vehicles.

The unit also has two assembly plants in Thailand, which combined can build up to 150,000 vehicles a year at full capacity.

In 2017, aggregate sales of the Roewe and MG brands surged 62 percent year on year to 522,036 behind demand for the two brands' crossovers.

SAIC plans to launch more than ten new models including electric vehicles and plug-in hybrids under its two proprietary brands from 2018-20.

SAIC, a state-owned company based in Shanghai, also operates light-vehicle joint ventures with the Volkswagen Group and General Motors in China.

Honeywell's revenue up strongly

HONEYWELL'S revenue in China grew by double digits last year as the US-based multinational rode on the nation's environmental protection and industrial upgrading efforts.

China contributed above 20 percent to its global sales growth over past years, said Lydia Lu, vice president of communications for Asia High Growth Regions, who didn't reveal specific figures.

Its main business sectors of aerospace, smart buildings and household applications, specialty materials and safety "all posted double digit growth" in China last year, said William Yu, vice president for Honeywell's performance materials and technologies for Asia Pacific.

Yu cited the revenue growth to “the nation’s environmental protection and industrial upgrading efforts.”

He said that Honeywell’s local research group is working on a thermal oxidizer which can control air pollution in chemical and pharmacy plants. The product is set to be released this year, according to Yu.

Fives signs a significant cooperation agreement with JD.com attented by the French President

On January 9, 2018, during the first state visit of Emmanuel Macron to China, Frédéric Sanchez, Chairman of the Executive Board of Fives, has signed a strategic agreement with China’s largest online retailer JD.com with a total value of over Euro 100 million.

With this alliance, JD.com will introduce Fives’ advanced sorting technology into its warehouses to enhance its existing logistics infrastructure.

This strategic cooperation between the groups Fives and JD.com which is the major cooperation in innovative smart logistic under the background of comprehensively strengthening the economic and trade cooperation between France and China, will promote international and long-term development of e-commerce.

In China, Fives is committed to connecting between ”The industry of the future” and “Made in China 2025”, promoting the cooperation among the French and Chinese enterprises.

Major tool practitioners gathered in Dongguan, gain win-win in new age of tool development

The 2nd Dongguan International Tool Fair held at Guangdong Modern International Exhibition Center on November 29, 2017 in Houjie Town, Dongguan. The theme for this time is: Sharp tool to strengthen the country – The new age of Chinese CNC Tools. There three major parts in this festival: CNC Tool exhibition, Summit Forum and Communication banquet.

As one of the Fair sponsors, Head of Tools sales from United Grinding China, Mr. John Chen was invited to make a speech during the Summit Forum on the topic of Industry 4.0. Firstly he simply introduced the process of global industrial development. Now China had followed the pace of the world and entered into the age of Industry 4.0. In the virtue of Industry 4.0's new technology, United Grinding Group released the digitization solution for the customer. In such a solution, all the online practical optional status and production rate data could be quickly and intelligently generated. At the same time, this solution could evaluate production rate data from different time quantum and make the customer to recognize the optimized potency in dashboard style. United Grinding Group had clarified the development strategy of localization at the very beginning of entering China market. The strategy of localization made United Grinding China could adjust the measures to local conditions, to products and to customers, through which United Grinding China could get much closer to local customers and offer better service to local customers.

During 2017, CNC Tool industry developed quite well in Dongguan. Thanks to the rebound of Manufacturing Industry and exuberant demands from 3C intelligent terminal and automobile manufacturing industry, the whole industry's order had increased by 25% compare to corresponding period of last year according to incomplete statistics. Taking this opportunity, WLATER and EWAG products also made a great sales in Guangdong area, China.