

CHINESE MACHINE TOOL MARKET - WEEKLY BULLETIN

28/03/2018

Edited by Heven FAN
Desk ICE-UCIMU in CHINA

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China's skilled workers incentivized to succeed



As a key aspect of the "Made in China 2025" manufacturing upgrade, China is expanding its pool of skilled workers. On March 22nd a guideline was issued on incentivizing skilled workers through their political status, incomes and social benefits.

China has an employed population of 776 million, of which a mere 165 million are skilled, and less than a third of those count as "highly-skilled," about six percent of the entire workforce.

Skilled workers have long been long undervalued, with low incomes, little job security and low social status. The guideline encourages enterprises to draft incentive plans in career development and salaries to motivate technical personnel.

The Made in China 2025 strategy is characterized by a switch from low-end manufacturing to more value-added production, with a focus on emerging industries. That calls for more highly skilled industrial workers.

In some job fairs in Guangdong and Fujian provinces, salaries as high as 20,000 yuan (\$3,200) a month are on offer, but qualified technicians are simply not there.

China is expected to face a shortage of around 3 million skilled workers by 2020, and the gap will expand to 4.5 million by 2025.

Xing Hui, director of the National Academy of Education Administration vocational education center, believes that methods and curricula in vocational schools should be employment-oriented.

In February, the Ministry of Education released a guideline on cooperation between vocational schools and enterprises. Enterprises are encouraged to offer internships and invest in training.

China industrial profits up 16.1% in Jan-Feb

China's major industrial firms saw stronger profit growth in the first two months of this year, the National Bureau of Statistics (NBS) said on March 27th.

Industrial companies with each annual revenue of more than 20 million yuan (about \$3.2 million) reported profits of 969 billion yuan in the first two months, a 16.1-percent increase from a year earlier, the NBS said in a statement.

The reading was 5.3 percentage points higher than the growth registered in December, according to the NBS.

Among the 41 industries surveyed, 29 posted year-on-year profit growth during the Jan - Feb period.

In the first two months, costs per 100 yuan of revenue dropped 0.33 yuan from the same period last year, according to He.

In the meantime, the profit rate of major industrial companies rose by 0.33 percentage points to 6.1 percent.

He mentioned that the leverage ratio in Chinese industrial enterprises fell. By the end of February, their debt-asset ratio dropped 0.8 percentage points from a year ago to 56.3 percent.

The companies also reported healthier balance sheets. The average collection period for accounts receivable decreased from 47.6 days a year earlier to 47.4 days by the end of February.

The NBS statistician also highlighted the strong performance of state-owned major industrial companies whose profits surged 29.6 percent in the first two months.

The industrial sector, which accounts for about one-third of China's GDP, kicked off 2018 on a strong note with better-than-expected data for the first two months.

Industrial output expanded at 7.2 percent year on year in the first two months, accelerating from 6.2 percent growth in December 2017.

China is aiming for economic expansion of around 6.5 percent this year, unchanged from 2017, according to the government work report.

Higher-quality FDI and ODI in “new era”



CHINA sees recovery and steady growth in higher-quality inbound and outbound investment as the country enters a historic “new era” in its economic, political, cultural and social development, according to a KPMG report March 23rd.

This will support the ongoing transformation and upgrading of the Chinese economy as well as the vitality and resilience of global trade and investment flows, according to a report of KPMG China released at a closed-door meeting yesterday.

“Without a doubt, China will continue to be an important source of growth for companies around the world – not only because of the ongoing expansion and transformation of its economy, but also because the Belt and Road initiative will lead to more win-win-win cooperation between Chinese and foreign companies in third-country markets,” Bill Thomas, chairman of KPMG International, said at the meeting.

While growth in inward foreign direct investment has slowed, the market and policies for foreign investment are still expected to improve as China transitions to a “new economic cycle,” leading to a rebound in high-quality FDI, the report said.

KPMG also forecast that China’s outbound investment will keep a medium-high level of growth in tandem with the B&R initiative while tighter scrutiny on outbound investment will, hopefully, lead to Chinese companies to focus on high-quality, value-added investments, according to the report.

These efforts will create more opportunities for international private capital to invest alongside Chinese state capital, sovereign wealth funds and Chinese private investment in these projects.

Foreign investors seek enhanced cooperation with Chinese partners

With China deepening its opening-up strategy, foreign investors in various industries are seeking enhanced development opportunities with domestic partners in China, not only just selling products, but more on technology cooperation.

At the same time, domestic companies are also eager to sharpen their competitive edge and are no longer looking for merely capital cooperation but to gain higher production capacity from the cooperation with foreign partners, said Zhao Ying, a researcher at the Beijing-based Institute of Industrial Economics.

"Under the new normal, more foreign companies are pouring effort into technology investment and other areas rather than selling products."

Take Germany's Siemens AG for instance. The industrial conglomerate partnered in November with Shanghai Hytera Co, a communication equipment provider, to provide industrial solutions ranging from consultancy services to software.

"Such partnerships are aimed at helping local enterprises with digital transformation," said Wang Haibin, executive vice-president of Siemens China. "Siemens will continue to leverage advanced technologies in electrification, automation and digitalization to create value for Chinese clients."

In recent years, Siemens has provided consultation and solutions for a number of Chinese companies such as HBIS Group, Baowu Group, Jinyu Biotechnology, Cathay Industrial Biotech, Yunnan Baiyao and Jomoo to help them go through the digital upgrading.

Robert Bosch and Baidu, a Chinese internet giant, have also signed a strategic agreement, as Bosch was willing to get involved in Baidu's Apollo project and provide open software for the development of automated vehicles.

UPM Specialty Papers, a Finland-based forest industry firm, also observed the shift in the demand from its Chinese market as its clients have been seeking deeper cooperation in environmental aspects.

"Over the years, China's rising living standards have driven and continue to drive demand for quality paper products," said Mary Ma, stakeholder relations director at the company's specialty paper business.

She also suggested that foreign investors need to adapt to the Chinese culture and pace of work, as the Chinese companies can be quick in decision-making.

Wuxi to carry out 209 major projects in 2018



The commencement ceremony for Wuxi's major 2018 projects and Hua Hong Semiconductor's integrated circuit research and development center was held in Wuxi's Hi-tech district in March.

A total of 209 major projects will be carried out in Wuxi, Jiangsu province in 2018, costing a total of 313.9 billion yuan (\$49.4 billion). The projects will include 172 industrial projects, 29 projects to improve living standards, and four projects related to innovation.

Hua Hong Group is China's integrated circuit industry leader and an important member of China's "909" or "910" project. Wuxi, for its part, is a key micro-electronic industrial base as well one of the national "908" project cities. Thus, their cooperation is mutually beneficial in terms of industrial development.

The project, costing a total of \$10 billion, was approved on Aug 2, 2018 and will be completed in 2019, with the aim of achieving an output value of 5 billion yuan annually. The project has attracted much attention in Wuxi and throughout Jiangsu province.

The integrated circuit research and development base will aggressively promote the development of the integrated circuit industry in Wuxi and the rest of Jiangsu province.

This cooperation, along with the new policy implemented by the Wuxi municipal government on Feb 6 to promote the development of the integrated circuit industry, will contribute greatly to the building of an advanced, internationally competitive manufacturing base in Wuxi.

Elevator firm opens plant in Zhongshan



Germany's Thyssenkrupp Elevator, a diversified industrial group with a history of more than 200 years, on Friday opened its new plant and a test tower in Zhongshan, Guangdong province, a traditional manufacturing city in the Pearl River Delta region.

The company said it will continue its investment in China as the country's demand for high-quality elevators keeps increasing because of its rapid urbanization, said a company executive.

"China has become our largest market in Asia and the elevator business is our focus of future investment," said Jurgen Bohler, CEO of Thyssenkrupp Elevator (China).

The new Zhongshan plant and test tower is one of the company's most important investments in China, with the facility covering an area of 100,000 square meters and representing a total investment of about 800 million yuan.

"The plant, with a planned production capacity of 30,000 units a year, is highly automated with very modern production lines, representing our development concept of sustainability," he said.

The 248-meter-high test tower, the tallest Thyssenkrupp test tower in the world, will begin operating in the middle of this year, according to the company.

"As an important part of thyssenkrupp's global manufacturing base, the completion of the new Zhongshan plant and the test tower serves as the new driving force for the in-depth development of the company worldwide," said Andreas Schierenbeck, CEO of thyssenkrupp Elevator.

Siemens sets up Belt & Road Office in Beijing for global cooperation



Siemens has announced the set-up of a dedicated Belt and Road office in Beijing. It will further intensify company-wide efforts to continue teaming up with global partners and jointly exploring business opportunities emerging from the Belt and Road Initiative (BRI) introduced by China. As part of the company's global task force, the office will become Siemens' global hub responsible for executing the company's BRI business strategy, integrating internal and external resources to best support the initiative, strengthening interactions with multiple stakeholders, and creating collaboration opportunities that lead to multiple benefits.

By 2017, Siemens had joined forces with over 100 leading Chinese EPCs in exploring business opportunities in more than 100 markets worldwide. Siemens aims to help Chinese companies thrive in complex market environments overseas, increase project efficiency, and enter into mature markets. Siemens provides leading technologies and a complete portfolio ranging from intelligent manufacturing, power generation and power transmission solutions to pioneering infrastructure and smart cities solutions. With its global footprint, financial solutions and flexible service models, Siemens helps China's companies adapt to local markets and expand their footprint worldwide in fields including power, oil & gas, chemicals, mining and building materials.

Siemens will host a Belt & Road International Summit in June this year. The Summit will connect stakeholders of BRI countries and regions to foster thought leadership exchange, jointly create values with innovative and digital technologies, and boost collaboration for a sustainable future along the Belt and Road and beyond.

KUKA and Midea strengthen cooperation in China



The KUKA Executive Board has decided to contribute the General Industry Business of KUKA and the Swisslog business in China to Joint Ventures with companies of the Midea Group. KUKA and Midea will each hold a 50 percent stake in all three Joint Venture companies. The Joint Venture in the robot area is controlled by KUKA, while the Chinese automotive business remains fully owned by KUKA.

"With the Joint Ventures, we are now concretising our growth plans in China, thereby securing global success for KUKA", says Dr. Till Reuter, CEO of KUKA AG. "KUKA and Midea complement each other very well. The cooperation brings us closer to the goal of becoming number one in robotics in China."

As part of the Joint Venture, a robot park will be built in South China's Shunde, where Midea is located, that will have a capacity of 75,000 robots (with a total capacity of 100,000 robot units including existing capacities) and AGVs by 2024. In addition to 6-axis-robots, the robot park will also be used to produce, develop and distribute new robots specifically for the Chinese market.

With the new products, KUKA will open up new market segments and increase market penetration. In addition, competitiveness is increased through increased local material procurement. The demand for robotic systems in China is still high. This will now be served by KUKA together with Midea quickly.

KUKA will hold a 50% stake in the Joint Venture and will chair the management board. Midea will bring the organizational structures and its distribution channels to the Joint Venture. The two other Joint Ventures are established by KUKA and Midea via the KUKA subsidiary Swisslog.

CIIE to showcase high-tech products

A number of high-tech products will be exhibited for the first time at the China International Import Expo (CIIE), according to the organizing committee.

Six global leading companies in fields such as helicopters, food, sports and service trades signed a participation contract with the CIIE Bureau on March 16th.

Sweden-based Elekta will have a China-debut of a new radiation therapy system featuring field magnetic resonance technology. The product will be marketed in Europe and the United States this year.

According to Liu Jianbin, vice-president at Elekta Instrument (Shanghai), the company will also exhibit its latest self-adaptive accurate stereotactic radio-surgery treatment system, which will soon be used in hospitals across China.

Togashi Shigeru, chief representative of China at NACHI (Shanghai), said the intelligent manufacturing company would bring several newly developed robots, including an industrial robot that can work with human efficiency.

The first CIIE will be held in Shanghai in November and is expected to bring together thousands of enterprises from more than 100 countries. More than 250 companies have sent letters of intent to participate in the event, according to CIIE organizers.

The expo "is hugely beneficial" to Belgian businesses as it offers opportunities, said a Belgian business leader.

Bernard Dewit, head of the Belgian-Chinese Chamber of Commerce, said this during a conference held in Brussels on March 16th to provide information about the first such expo to be hosted by China. More than 200 representatives from political and business circles in the European Union attended the conference.

"The expo is hugely beneficial because it allows for contact between Chinese businesses and local customers and producers and buyers; that is something that will save us a lot of time. And if infrastructure can be improved and with better communication, there will be great opportunities on the horizon, in particular for Belgium's small and medium-sized companies," he said.

Addressing the conference, Chinese Ambassador to Belgium Qu Xing said competitive Belgian commodities and service products are welcome to enter the Chinese market. According to the ambassador, China-Belgium trade totaled \$23.3 billion in 2017, up 7.8 percent year-on-year. Today, China is Belgium's second largest non-EU trade partner.

News release of CCMT 2018



China CNC Machine Tool Fair 2018 (CCMT2018), hosted by China Machine Tool & Tool Builders' Association (CMTBA), and jointly held by Shanghai International Exhibition Co., Ltd.(SIEC), will take place on April 9-13, 2018 in Shanghai New International Expo Center. CCMT2018, as the largest and most well-known machine tool exhibition in China, will once again put up a dazzling grand stage to meet domestic and overseas guests from the machine tool industry and many user industries.

Since its founding in 2000, nine sessions of CCMT have been successfully held in Shanghai. As the sister exhibition of China International Machine Tool Show (CIMT), along with the progress and development of the machine tool industry and the continuous upgrade of the demand of exhibitors and visitors, CCMT has been improving its professionalism, informatization and service. With the attraction of the Chinese market and good organization of the exhibition, CCMT has attracted an increasing figure of international exhibitors session by session.

The theme of CCMT2018 is "Focus on •Digitalization •Interconnection •Intelligent Manufacturing". The theme reflects the current characteristics of the machine tool industry and its market in an accurate and vivid way. It responds to the latest changes in the machine tool consumption market at home and abroad, and reflects the thinking of the domestic and overseas machine tool industry on the future development direction. With this theme, CCMT2018 will give you the industry's latest digital manufacturing, information interconnection solutions, and intelligent manufacturing systems.

At present, with the development of the new industrial revolution led by information interconnection worldwide, manufacturing industry is experiencing the evolution from automation and digitalized to collaborative and intelligent, and is bringing profound changes to the global machine tool industry. In the typical development strategies of integration of industrialization and informatization, such as the Industrial Internet

advocated by the United States, Industrial 4.0 proposed by Germany, and Made in China 2025. With the development trends and key points always about intelligent manufacturing. In the active exploration and practice in the world's machine tool industry, the path to the realization of intelligent manufacturing is becoming increasingly clear, namely, the construction of digital assets on the basis of high performance products so as to achieve information interconnection & interworking and enhance the intelligence in manufacturing.

Today, the machine tool industry is focusing on the key directions of digitalization (real and virtual), automation, IoT & interconnection, big data, etc. The ultimate goal is to achieve intelligent manufacturing. Focusing on digitalization, interconnection and intelligent manufacturing are not only the latest trend of China's market demand, but also the development direction of the international machine tool industry. CCMT2018 will focus on the latest applications in this area and provide a rare opportunity for you to communicate with the experts.

Up to now, a total of 1200 manufacturers from 23 countries and regions, such as China, Germany, the United States, Japan, Italy, Switzerland, the United Kingdoms, Korea, and Chinese Taiwan, have registered for CCMT2018, including more than 500 overseas exhibitors accounting for 40% of the total exhibition area. With the area, nearly 5% larger than the last CCMT, the proportion of international exhibitor's area again maintained the growth trend. Machine tool associations and trade promotion agencies of 10 countries and regions, such as the United States, Germany, Switzerland, Italy, Korea, Spain, Japan, Czech, France and Taiwan, will organize official pavilions. It is worth mention this is the first French national delegation to CCMT.

CCMT2018 will use 10 indoor halls of N1-N5 and W1-W5 in Shanghai New International Expo Center, with a total area of 120,000 square meters. The overseas halls are N1, N4 and W3, whereas domestic ones are N2, W1, W2, W4, and W5. N3 and N5 are mixed halls of domestic and overseas exhibitors.

In CCMT2018, we will arrange more product pavilions. All domestic exhibition halls are classified accordingly. Moreover, we mix domestic and overseas exhibits, such as industrial robots & automation equipment, forming & laser processing machine, tool & fixture, etc., into their respective product pavilion for the convenience of trade visitors and buyers.

A great many exhibits will be displayed, including new and refined products, covering metal cutting machine tools, metal forming machine tools, special purpose machine tools, flexible manufacturing cell, automatic production line, industrial robot, control system & automation components, functional components, measuring, cutting tool & fixture, testing instruments, accessories & materials, and other products.

Based on the exhibits information submitted by the exhibitors, we have summed up four highlights of the exhibits.

Highlight one: Digitalization, intercommunication and interworking --propel the transformation of manufacturing mode

Digitized manufacturing is the inevitable choice for the future global manufacturing industry. The transformation of manufacturing mode urgently needs the support of new solutions, technologies and products. CNC machine tools will also make use of this in the new industrial revolution, and continue to be an important factor leading the future manufacturing. In this exhibition, we can continue our visit and learning of the professional and famous digitized manufacturing solutions, such as Siemens PLM Software, MAZAK's SPS, OKUMA's Okuma Smart Factory, MITSUBISHI ELECTRIC 's "e-F@ctory" FA integration solutions, GF's WSM workshop management solutions. At the same time, we can also see a number of new digital solutions, especially the debut of domestic programs, showing the initial achievements and strong development momentum under the strategy of "made in China 2025".

Highlight two: integration -- function, efficiency

With the integration of technology, process, machine tool structure, function and working mode according to a certain goal, manufacturers can yield high performance and high efficiency products. This is not only a trend of technological innovation, but also an inevitable demand in market development. With the development of technology and market, the connotation of integration has been extended and deepened. In CCMT2018, The numerous compound machine tools and machining cell, production line, multi-spindle machine tools, automatic line machine and other exhibits from many angles will manifest the latest achievements of the ideas of integration, and bring more new choices for our customers.

Highlight three: Intelligent technology --Human Computer Interaction, provide excellent working support

Modern computer and information technology have promoted the rapid development of intelligent technology. Intelligent technology has become a symbol of high-end products. CCMT2018 is a grand gathering of intelligent technology, multiple forms of intelligent technology based software and functions have penetrated the process development, programming, simulation & examination, setting and operation, control and inspection, maintenance and various other elements, providing strong supports for manufacturing. These are the most attractive characteristics of modern machine tools.

Highlight four: Special-purpose equipment-- tailored with ingenuity

The machine tool is the most personalized product. In CCMT2018, a variety of special-purpose equipment, tailored with ingenuity, have amazing characteristics such as Multiple models, wide range, technical expertise, close to the market etc.. The machine tool manufacturers have closer connection with the market and users in special-purpose machine tools. CCMT2018 provides a very rare opportunity for customers who need high efficiency and high performance special equipment.