CHINESE MACHINE TOOL MARKET - WEEKLY BULLETIN

31/01/2018

Edited by Heven FAN

Desk ICE-UCIMU in CHINA

【Made in China 2025】

1. Made in China 2025 roadmap updated
2. China's manufacturing hub to add 20,000 industrial robots

【Macro Economy】

3. Chongqing sets 2018 growth target at 8.5%
4. Jiangsu economy benefits from Belt and Road Initiative in 2017
5. Beijing to close 500 manufacturing companies in 2018

【Customer Update】

6. Airbus banking on the future of China
7. Bombardier plans to bid for 30 rail projects

【Local Competitors】

8. Industrial robot plant starts production in East China
9. Chinese laser equipment exporter announces $15m order
10. Comau won Dongfeng GETRAG 2017 "Special Contribution Award"

Made in China 2025 roadmap updated

China aims to become the world's leading manufacturer of telecommunication, railway and electrical power equipment by 2025, as the country ramps up its implementation of the Made in China 2025 strategy, according to a new roadmap released on Jan 26.

Qu Xianming, an expert involved in drafting the updated version of the Made in China 2025 technology roadmap, said China has already made great strides in the above three areas, but more efforts are needed to crack the bottlenecks of key components in order to achieve global supremacy.

"It is not just about production capacity. Instead, we aim to become No 1 in research and development, as well as the application of these products," said Qu, an expert with the National Manufacturing Strategy Advisory Committee, an organization that advises the government on plans to upgrade the manufacturing sector.

According to Qu, home appliances, petroleum refining equipment and construction machinery are also likely to be added into the key areas of Made in China 2025.

"It is still under discussion. But if they are added to the list, the central government will roll out measures to assist their development," Qu added.

The first version of the Made in China 2025 technology roadmap was published in 2015. It was designed to guide local governments and enterprises in their manufacturing investment and other business decisions.

But the past two years have witnessed new ideas and technologies pop up, demanding an updated technology roadmap to reflect the new trends and problems in the manufacturing industry.

Xin Guobin, vice-minister of industry and information technology, said China has already become one of the world's largest producers of more than 220 types of products.

"But we are still facing big challenges in producing reliable core components, and many products are still mid-tier to low-end. We hope the roadmap can serve as guidance for companies to cultivate innovation and upgrade their plants," Xin said.

According to the updated roadmap, China's homegrown robotics, high-end automation and new energy vehicles industries are all likely to rank No 2 or No 3 globally by 2025.

But China will still lag behind some foreign countries in the fields of semiconductors, operating systems and industrial software at that time.

China's manufacturing hub to add 20,000 industrial robots

Guangdong province, an economic powerhouse in South China, plans to put another 20,000 industrial robots into use this year, aimed at sharpening its edge in manufacturing.

Guangdong governor Ma Xingrui announced the plan on January 24th when delivering a government work report at the local parliamentary session.

"The province will intensify efforts to digitalize the manufacturing sector and make the industry smarter and greener," Ma said.

Guangdong's development will focus on the real economy, with manufacturing as the foundation, he said.

The robot industry has been listed as a key development area in the national "Made in China 2025" strategy, as the country is the biggest market for industrial robots in the world.

The output of China's industrial robots exceeded 100,000 in the first 10 months of 2017, up 70 percent year-on-year, according to the Ministry of Industry and Information Technology.

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

The government is also pushing for mixed-ownership reforms by introducing private investors to SOEs, aiming to improve their efficiency and competitiveness.

China’s SOEs made 2.32 trillion yuan in net profits in 2016, a marginal 1.7% increase from the previous year. In 2015, the companies earned 2.3 trillion yuan in profits, down 6.7% from 2014, SASAC figures showed.

The government launched its campaign against overcapacity in the first half of 2016.

Bolstered by the campaign, China’s producer price index (PPI), which measures changes in the prices of goods bought and sold by manufacturers and mining companies, rose 6.3% last year, its first increase since 2011 and the highest figure in nine years. The PPI increase was led by price rises in energy and raw materials.

Chongqing sets 2018 growth target at 8.5%

Chongqing municipality, one of the fastest-growing regions in China, has set its economic growth target for 2018 at 8.5 percent, according to a government work report at the municipal people's congress on January 26th..

This follows the 9.3-percent growth rate the city registered last year, which put an end to its double-digit growth over the past 15 years.

Despite the slowdown, Chongqing still outpaced the 6.9 percent national GDP growth in 2017.

The main goal for Chongqing in the next five years will be shifting from high growth to quality growth, according to Tang Liangzhi, the city's acting mayor.

Tang said Chongqing is still uneven in development and needs to accelerate the pace of industrial restructuring and make innovation a driving force for growth.

According to the work report, by 2022, Chongqing's private economy is expected to account for 55 percent of the total, and foreign trade volume will hit 600 billion yuan ($94 billion).

As a traditional manufacturing base, Chongqing will promote the integration of the real economy with the internet, big data and artificial intelligence to develop smart industry. It will also upgrade traditional manufacturing, expand the application of big data and cloud computing to more areas, and build up an emerging industry cluster consisting of new energy vehicles, high-end equipment, new materials and medicine.

The city has selected 12 emerging industries as key development areas and pledged to raise the total output value of these industries to 750 billion yuan by 2020 and to over 1 trillion yuan in another two years, according to Ju Yan, deputy head of the Chongqing Economic and Information Technology Commission.

Jiangsu economy benefits from Belt and Road Initiative in 2017

East China's Jiangsu, the country's largest manufacturing province, saw booming foreign trade with countries along the Belt and Road Initiative in 2017, according to the province's annual government work report.

The export volume to countries along the initiative exceeded 590 billion yuan in 2017 ($92 billion), up 16.3 percent year-on-year, accounting for more than 24 percent of the province's total exports, the report said.

Jiangsu attracted more than $1.3 billion of direct investment from these countries last year.

Since 2013 when China launched the initiative, more than 1,100 companies from Jiangsu have invested in 54 countries and regions along the route, with 70 percent of investment worth over $10 million.

In 2017, Jiangsu invested about $3 billion into these countries.

By 2018, Jiangsu will launch 266 cooperation projects worth $25.6 billion, and establish 10 key industrial parks in the countries.

Jiangsu's economy grew 7.2 percent to 8.5 trillion yuan last year, the country's second-largest contributor to the GDP, behind the province of Guangdong.

Beijing to close 500 manufacturing companies in 2018

Beijing will shut down 500 manufacturing companies this year, to further move its non-capital functions out of the city, Beijing's acting mayor said on January 24th in a government report.

More than 40 State-owned companies will be moved out of the city's major urban districts, Chen Jining said at the opening of the first session of the 15th Beijing Municipal People's Congress.

Construction of new campuses at universities and hospitals, such as Beijing Technology and Business University, and Beijing Friendship Hospital, will be promoted in suburban areas, Chen said.

Beijing plans to cap its population at 23 million by 2020 to address "big city diseases," including traffic congestion and pollution.

To meet the target, Beijing has taken measures to move non-capital functions away from the city, such as relocating wholesale markets and closing polluting factories.

He said Beijing will set up a three-year plan for the integrated development of Beijing, Tianjin and Hebei, a national strategy to balance the development of the three regions.

Beijing will also support the construction of Xiongan New Area, a new economic zone in Hebei province about 100 kilometers Southwest of Beijing. China announced plans for its establishment last April. It is expected to facilitate integrated regional development.

"We will support whatever Xiongan New Area needs," Chen said.

Airbus banking on the future of China

European aircraft manufacturer Airbus SE said on Jan 19 that it had yet to start formal discussions with Chinese authorities for setting up the final assembly line for its superjumbo A380 aircraft in the country, but remained confident of potential future cooperation opportunities.

George Xu, newly appointed CEO of Airbus Commercial Aircraft China, said he remained bullish about growth prospects for the world's largest passenger airliner in China, adding that Airbus is constantly strengthening its communications with Chinese carriers on A380 orders.

"When Airbus started producing A380s, it identified China as one of its most important markets. China has a lot of big air hubs, and the country has huge demand for large-scale aircraft," he said at a news briefing in Beijing.

Meanwhile, United Arab Emirates-based Emirates Airline said it would order another 36 A380 aircraft for $16 billion ($2.5 billion; 2 billion euros; ￡1.8 billion), after Airbus hinted that it would stop A380 production if it was unable to realize new orders.

Airbus and China signed an agreement earlier this month, during French President Emmanuel Macron's state visit, to increase the capacity of its Tianjin assembly and delivery center for the single-aisle A320. The Tianjin center is a major industrial base for Airbus in Asia.

Currently, Airbus assembles four A320 aircraft each month in Tianjin. By early 2019, the assembly line will produce five aircraft a month, and by early 2020, it will produce six A320s a month, according to the agreement.

"This will help create more work for our suppliers, and we hope to further strengthen industrial cooperation with Chinese suppliers," Xu said.

By the end of 2017, the total output from the cooperation between Airbus and Chinese industrial players reached $592 million, from $120 million in 2010, according to Airbus.

Currently, Airbus takes about half of the market share in China, compared with 9 percent in 1996. Its industrial cooperation with China has helped greatly in lifting its market share against archrival Boeing Co of the United States.

Boeing has a B737 MAX completion and delivery center in Zhoushan, Zhejiang province, that is expected to go into operation in May. By the end of the year, Boeing will deliver the first single-aisle B737 MAX plane directly from Zhoushan to a domestic airline.

Bombardier plans to bid for 30 rail projects

Bombardier Inc, a multinational aerospace and transportation company based in Montreal, Canada, said it plans to increase the capacity of its signaling and propulsion plants in China to cash in on rising demand for transit projects in the country.

This year, the company said it plans to bid for more than 30 rail transportation projects in China, including high-speed trains, propulsion and signaling equipment for rail vehicles, monorails, and automated people mover systems.

"Last year, the Bombardier rail business in China won about 30 new projects, and the total contract value exceeded 12.5 billion yuan ($1.95 billion). It has been one of our most successful business operations," said Zhang Jianwei, president and chief country representative of Bombardier China.

This year, Bombardier NUG Signaling Solutions Co Ltd, a joint venture between Bombardier and China's New United Group, which focuses on design, manufacture and sales of signaling systems, integrated supervision and control systems for the Chinese mass transit and light rail markets, plans to increase its capacity and hire about 100 new employees.

Meanwhile, Bombardier NUG Propulsion System Co Ltd, a joint venture that produces and maintains propulsion equipment for rail vehicles, will also increase its capacity and hire about 100 new employees. Propulsion equipment from Bombardier has been used in metro cars in 24 Chinese cities and has the leading market share in the segment in China.

Bombardier recently won bids for providing APM systems for Shenzhen and Hong Kong airports. By then, it will provide such services for China's largest urban centers, including the above mentioned two cities, as well as Beijing, Shanghai and Guangzhou.

In addition, Bombardier has made an effort to grab business opportunities arising from the Belt and Road Initiative. Last year, it won the bid of supplying monorail systems to Bangkok, Thailand. The monorail vehicles will be manufactured by its Chinese joint venture and completed by 2020.

"With more Chinese enterprises continuing to spread their business worldwide, Bombardier will complement Chinese enterprises and together make more achievements in the global market. We plan to seek more opportunities involved in the Belt and Road Initiative together with CRRC," Zhang said.

Zhang said he is bullish on the growth potential of the business jet market in China. Currently, Bombardier has over 150 business aircraft in service in China, accounting for one third of China's overall business jet fleet.

Industrial robot plant starts production in East China

Estun Automation, a leading Chinese manufacturer of automation products, has started production of industrial robots in its new plant in the eastern Chinese city of Nanjing.

It is estimated that the new plant will have an annual production capacity of 9,000 industrial robots and pieces of equipment.

The plant, co-designed by Estun and German manufacturer Bosch Rexroth, is a cooperation project between China and Germany on smart manufacturing, according to Estun.

"In the future, Estun aims to provide more localized service, technical support, and eventually a one-stop solution for digitalized plants, in an effort to boost efficiency and competitiveness," said Wu Bo, Estun's chairman.

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.

The output of China's industrial robots exceeded 100,000 in the first 10 months of 2017, up 70 percent year-on-year, said the Ministry of Industry and Information Technology.

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 in 2017 and increase to $5.9 billion in 2020.55.8 percent, 0.5 percentage point lower than in 2016.

Chinese laser equipment exporter announces $15m order

A leading Chinese exporter of laser equipment, Penta-Chutian Laser Co Ltd announced that the company would deliver 50 sets of large laser cutting equipment with total value of 100 million yuan (about $15 million).

"A group of buyers including domestic Chinese companies, and companies in India, Malaysia, Republic of Korea and Singapore jointly placed the order through the chamber of commerce in Shanghai," said Sun Wen, board chairman of Chutian Laser Group, based in Wuhan city, capital of central China's Hubei province. "It is the biggest order so far in Chinese laser industry."

The Chinese laser equipment industry has relied on imports in the past, but domestic companies have grown stronger in recent years.

Wuhan is the main base for the laser industry in China. It has over 200 laser equipment manufacturers, taking up about half of China's market.

Comau won Dongfeng GETRAG 2017 "Special Contribution Award"

The 2017 Dongfeng GETRAG Supplier Conference was successfully held on January 18, 2018. Comau (Shanghai) Engineering Co., Ltd. was presented the Dongfeng GETRAG 2017 “Special Contribution Award” as the excellent partner of Dongfeng GETRAG Transmission Co., Ltd. Mr. Andrea Messini, Comau China’s Head of Powertrain Assembly Business Unit, Mr. Sun Jianhui, Sales Director of Powertrain Assembly and Machining, and other main project personnel attended this conference and received the award on the company’s behalf.

The timeline of the DFG transmission assembly line project was only 9 months, beginning at the end of December 2016 and wrapping up in September 2017. Powertrain Assembly and Machining completed the capacity expansion efficiently and successfully. This was DFG's first time giving the award to a system supplier as they typically only award it to Tier 1 suppliers; Comau was the only supplier to receive this award.

Andrea Messini said, "I think this award belongs to all Comau employees who contributed to the DTC project, including: Powertrain WT- Machining, Powertrain Assembly, and supporting functions, the sales and proposals teams in particular. For Powertrain Assembly, we conquered a very challenging period while maintaining a positive attitude and overcoming all kinds of technical difficulties with the customer."
Comau will continue to serve customers with professional technology and lean project management to achieve win-win cooperation in the future.