

Analysis Report of Manufacturing and Processing Machinery Industry

● Prepared by Made-in-China.com's IAR TEAM



Overview

The manufacturing and processing machinery industry includes construction machinery, machine tools, packaging machinery, plastic processing machinery and many other sub-sectors.

In 2010, for the top 500 companies; we can find 147 companies in the general equipment manufacturing industry, accounting for 29.40% of the total; 122 companies in transportation equipment manufacturing, accounting for 24.40%; 120 companies in electrical machinery and equipment manufacturing industry, accounting for 24.00%. The largest number of companies are situated in Eastern China with a total of 254 companies, located there.

Using the construction machinery industry as an example; in 2010, within China's Top 500 machinery companies, 26 companies are in the construction machinery industry, accounting for 5.2%, an increase of 5 companies compared to last year's figure. In China, the eight main exportation products in the construction machinery industry are: excavators, loaders, bulldozers, graders, cranes, forklifts, road rollers and paving machines.

The industry base for machines and accessories in China are distributed as follows:

1) Jiangsu: Xuzhou Construction Machinery Group and the Chang-Lin Group are two representative companies in Xuzhou city. Xuzhou Construction Machinery Manufacturing has more than 100 sub-enterprises, accounting for 1 / 3 of the sales income of the whole Chinese construction machinery industry. It is also the largest construction machinery production and export base in China. Changzhou city is situated in farthest northern section of what's being called the "Suxichang" Zone; China's most developed manufacturing sector.

It is also the second largest producer of construction machinery and export base after Xuzhou city.

2) Shandong: The baron of China's bulldozer industry, Shantui Construction Machinery Co., Ltd is located in Jining, Shandong. Shandong also ranks second as the most developed province for construction machinery; after Jiangsu. There are many key enterprises in Shandong, located in different cities, such as Lingong Construction Machinery in Linyi, Degong Machinery in Dezhou, FangYuan Group and DooSan in Yantai, there are many small and medium sized enterprises of construction machinery in Taian, Foton group and WEICHAI POWER in Weifang, and also Hongda opto-electron in Laiyang.



3) Fujian: The key enterprise is the Xiangong Group. There are also over 40 machinery and spare parts manufacturers in Xiamen like LongGong Machinery and Jingong Machinery. Fujian is the leading production base for front loading machinery in China, comprising over 1/3 of annual sales for the whole industry. Sales and maintenance teams are throughout the country. Fujian ranks third in manufacturing construction machinery after Jiangsu and Shandong.

4) Hunan: Construction machinery enterprises in Hunan

are primarily high-tech ones. Four of the enterprises are known as the four little dragons in China's construction machinery industry. They are Zoomlion, Puyuan Group, Sany Industry, and Sunward. Hunan has many industrial zones. One is Xingsha's industrial zone in Changsha city and its representative enterprise is Sany Industry. Another one in Changsha's industrial zone is Zoomlion. There are also 5 more zones in areas nearby Changsha.

5) Guangxi: In Liuzhou, the well known company is the LiuGong Group. It is driven by the rapid development of the Liuzhou Steel Group, and the metallurgical industry in Liuzhou which is also growing fast. More steel products can be supplied in Liuzhou nowadays, which increases the prospect for development of construction machinery in Liuzhou.

6) Anhui: Hefei is a large scale production base for forklifts in China. Many of the top enterprises for forklifts are located in Hefei like Anhui Forklift Group, Anhui TCM, Hefei Hitachi and spare parts supplier HCHC.

7) Inner Mongolia: Baotou, Inner Mongolia, is known primarily as a manufacture of non-highway vehicles. Here are China's largest military enterprises; Inner Mongolia First Machinery Group and Inner Mongolia Second Machinery Group.

2 Industry trends and Certification

In recent years, Chinese manufacturing and processing machinery enterprises continued to move closer to international standards, increasing research investment, emphasizing scientific and technological content of products. Manufacturing and processing machinery industry shows the following trends:

- 1)** The development of large high-end tools, large and heavy machine tools along with automation and high-end CNC machine tools are the new direction.
- 2)** The high-end equipment has new advancements in independent innovation; the rate of self-sufficiency continues to increase. Every machinery manufacturer is involved in developing intelligent, high efficiency, and low consumption high-end machinery.
- 3)** Promotion of independent innovation with special

high-quality raw materials and key components.

Currently the certifications for manufacturing and processing machinery industry are CE, UL, GS, MET, CSA, ETL and so on. CE certification is mainly for European countries, the EU requires a higher standard, CE certification is recognized in most countries, so most Chinese suppliers have the CE certification. In addition to CE certification, for the largest importer --the United States, many suppliers want to have a UL, CSA, ETL or MET- certification (the four certifications UL, CSA, ETL and MET are also effective in Canada.) Some high-quality industrial machinery suppliers also require the German GS certification.



3 Export and import data for the industry

An example, for the following products: HS code beginning with 8462 metal processing and stamping or metal bending, folding, straightening, flattening, shearing, punching or notching machines (including presses). The quantity of imports and exports of pressed metal or alloy is 231,619 units in January to September 2010, up 19.0% compared with corresponding period last year. The USD amount of imports and exports is \$ 1,512,765,143 an increase of 26.6% compared with corresponding period for last year.

- Exporting quantity January-September total

| Month | January-September total | | YoY Growth Rate ±% | |
|-----------|-------------------------|-------------|--------------------|-------------|
| | Quantity(unit) | Amount(USD) | Quantity | Amount(USD) |
| January | 26407 | 129519869 | -6.6 | -18.0 |
| February | 49697 | 248306648 | 21.2 | -19.4 |
| March | 74597 | 381599025 | 24.3 | -17.7 |
| April | 97584 | 512491752 | 21.3 | -15.2 |
| May | 127303 | 678733189 | 28.8 | -8.4 |
| June | 153049 | 877761932 | 23.0 | 1.9 |
| July | 180361 | 877761932 | 26.0 | 19.1 |
| August | 205861 | 1135830609 | 22.6 | 22.7 |
| September | 231619 | 1512765143 | 19.0 | 26.6 |

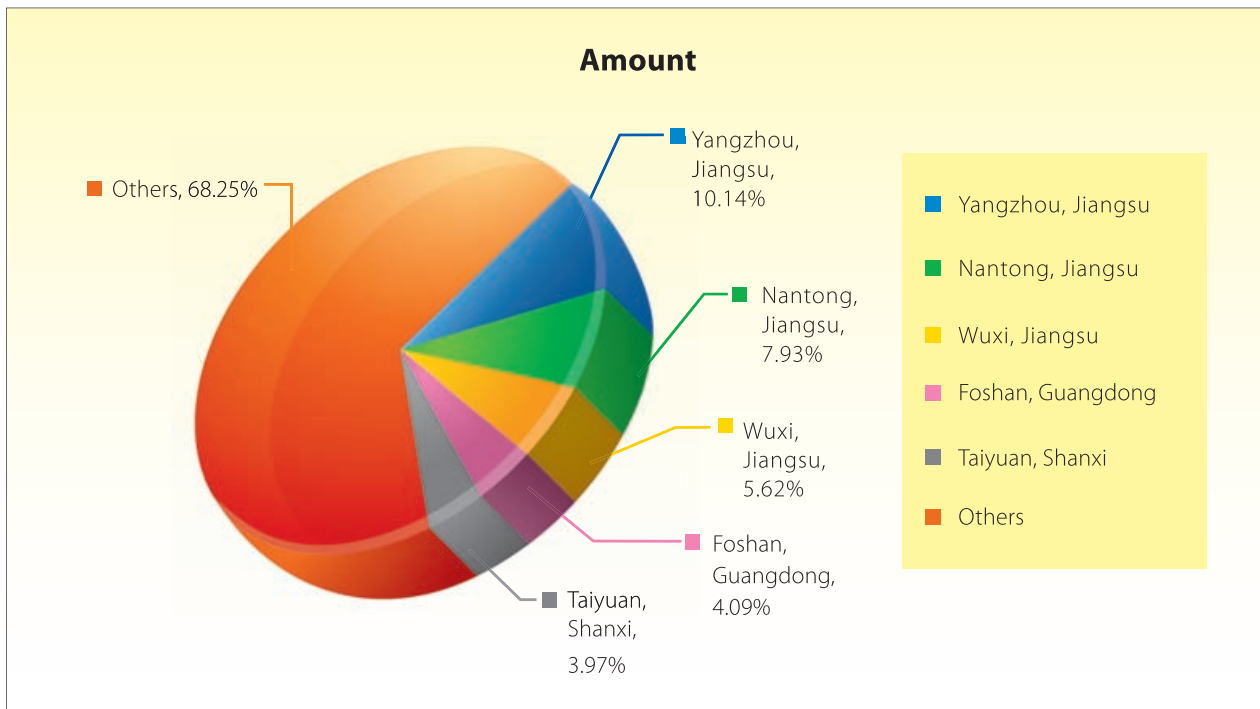
- The top five exporting countries (sorted by amount / USD):

| Countries | January-September total | | YoY Growth Rate ±% | |
|-----------|-------------------------|-------------|--------------------|-------------|
| | Quantity(unit) | Amount(USD) | Quantity | Amount(USD) |
| India | 1882 | 27090529 | 50.7 | 43.6 |
| Myanmar | 191 | 20482464 | 42.5 | 137 |
| Brazil | 1325 | 16784125 | 51.8 | 9.7 |
| Vietnam | 1647 | 14800284 | 23.7 | 17.1 |
| Indonesia | 8852 | 13426817 | 172.7 | 0.1 |

The top 10 exporting countries are: India, Myanmar, Brazil, Vietnam, Indonesia, Russian Federation, Malaysia, Australia, Argentina and the United States. Among which, the export quantity from Indonesia has increased to 172.7% but with the roughly same dollar amount. The export quantity to Malaysia has increased by 70.5% but the amount has dropped by 24.7%. For America both the amount and quantity has decreased. Except for Argentina, the increase in the export amount is smaller than the quantity.

- The top five supply area (sorted by amount / USD):

| Cities | January-September total | | YoY Growth Rate ±% | |
|-------------------|-------------------------|-------------|--------------------|-------------|
| | Quantity(unit) | Amount(USD) | Quantity | Amount(USD) |
| Yangzhou,Zhejiang | 4275 | 31800984 | 145.5 | 31.6 |
| Nantong, Jiangsu | 1828 | 24874435 | 64.5 | 76 |
| Wuxi, Jiangsu | 7742 | 17628062 | 303 | -13.6 |
| Foshan,Guangdong | 342 | 12819484 | 40.7 | -0.7 |
| Taiyuan, Shanxi | 36 | 12457229 | -21.7 | 6453.1 |



The main supply area is Jiangsu Province.

(Source: China Customs)

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Thank you for reading this report. Any questions or suggestions, please contact us.

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