



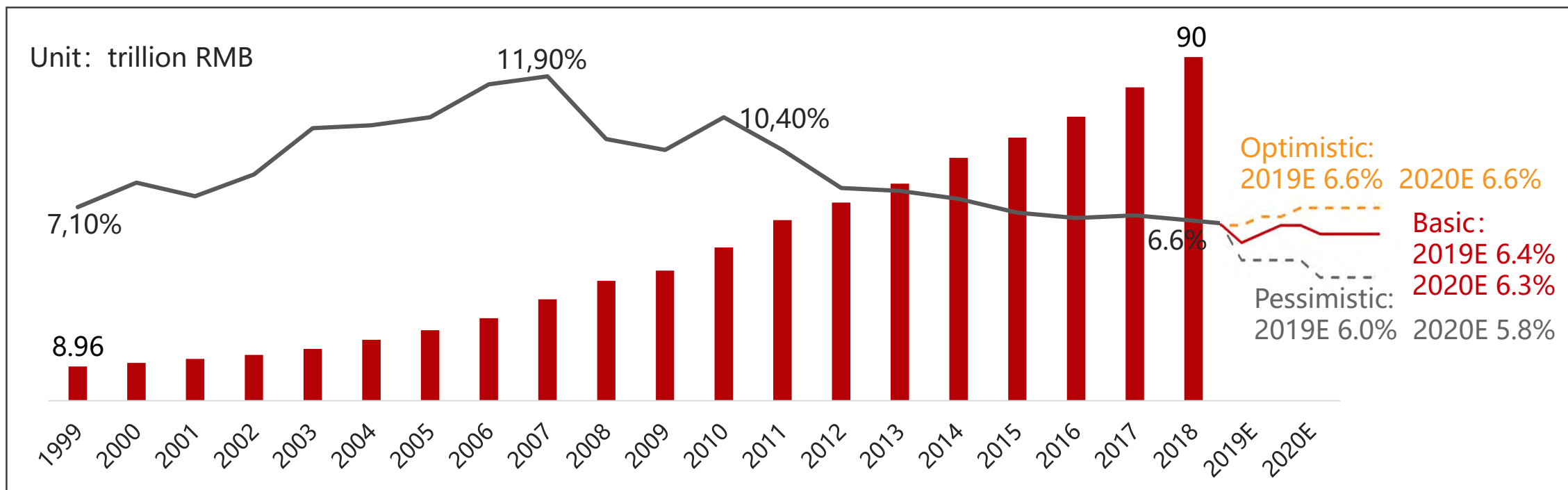
CHINA FLUID POWER MARKET

3 April, 2019 Hannover Messe, Germany

China Hydraulics Pneumatics & Seals Association

Dr. Mo Zhong

China economic growth path in the next two years?

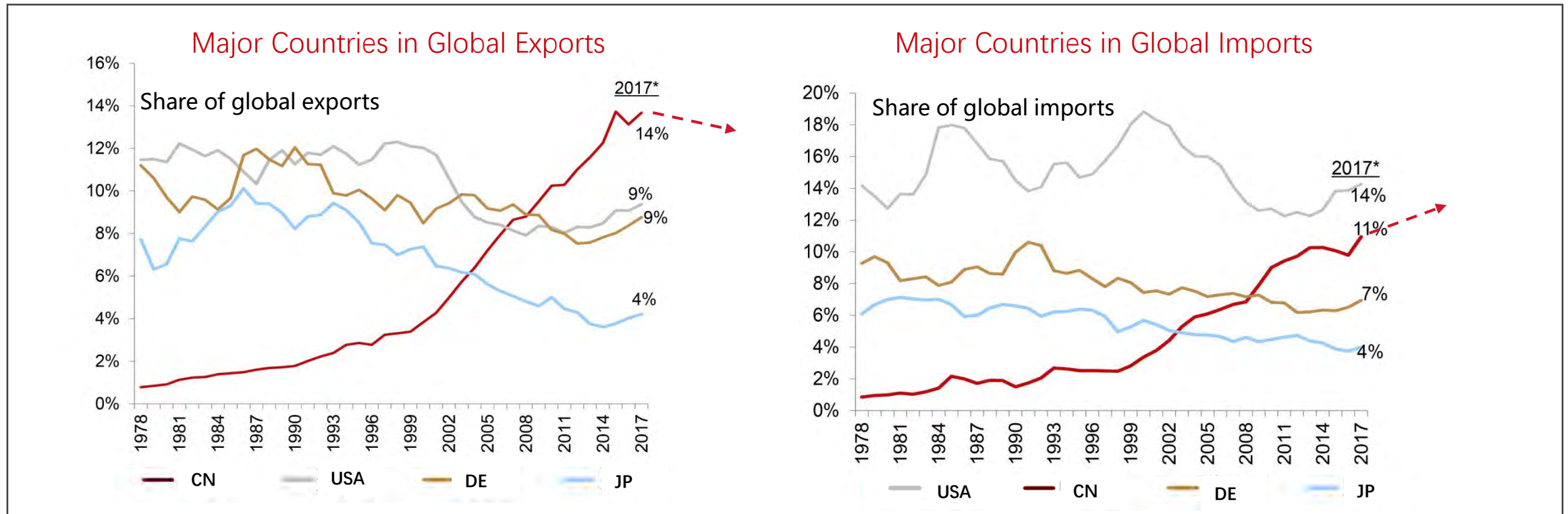


Main influence factors in 2019/2020

- Uncertainty of the international political and economic situations: Sino-US, Sino-EU and US-EU
- SOE reform and improvement of market condition and environment
- Monetary policy, internal and external pressures on the RMB exchange rate

Data Sources: National Bureau of Statistics(NBS), CICC

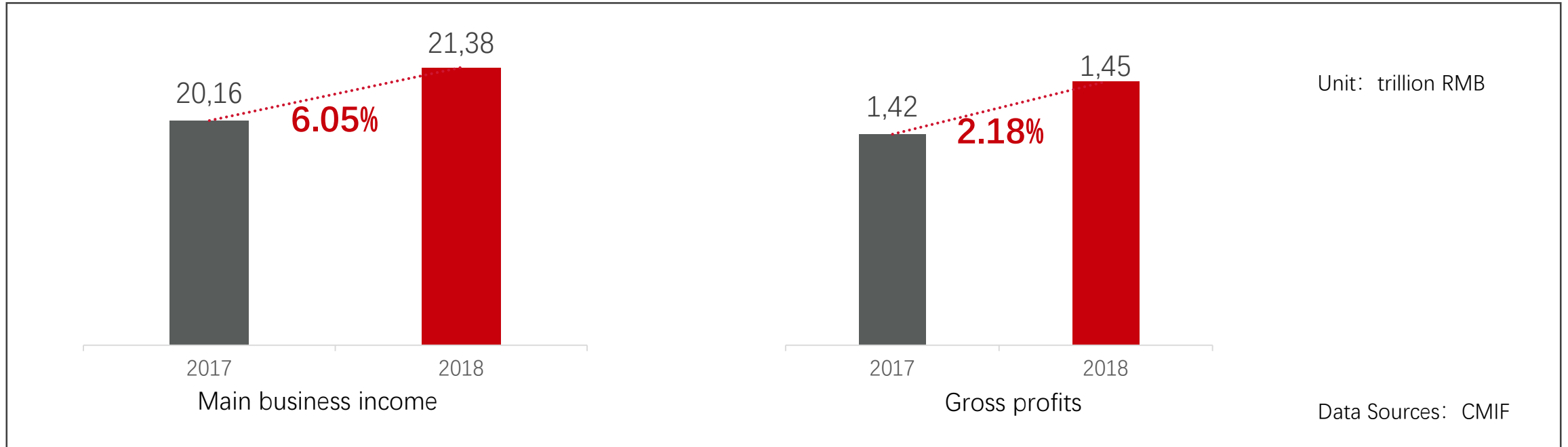
China has the largest share of global trade



Data Sources: WTO, CICC

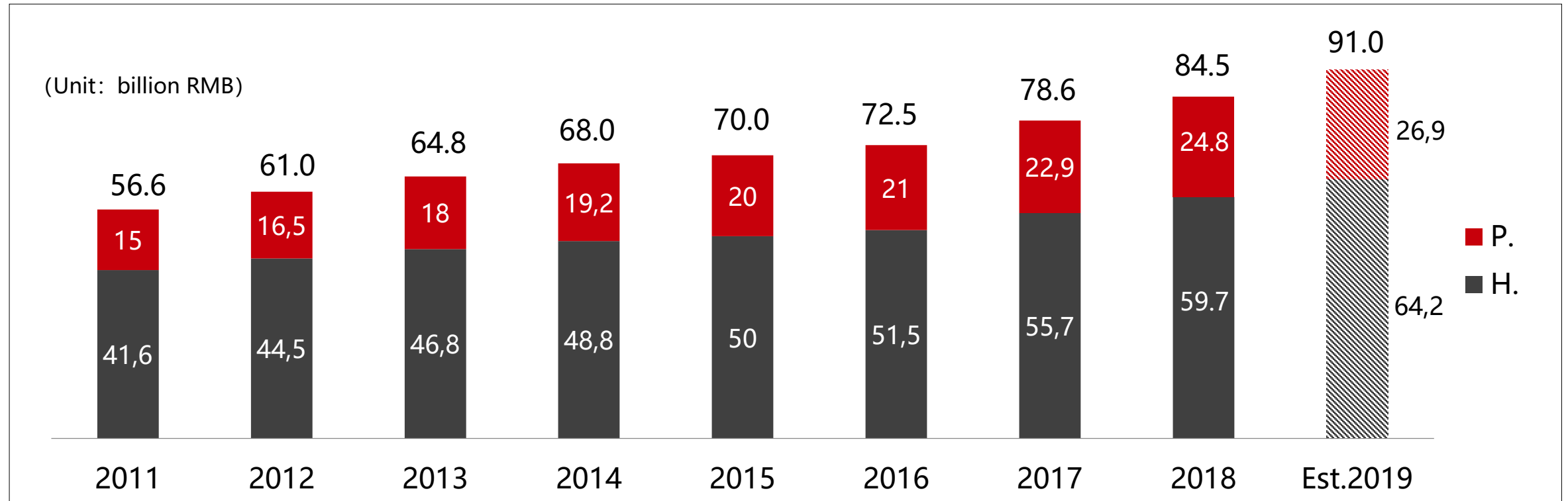
- China is the world's largest exporter, which accounted for 14% of global share in 2017.
- China is the world's second largest importer, which accounted for 11% of global share in 2017.
- China imports and exports tend to balance in the next few years due to change of Sino-US trade.

China Machinery Industry in 2018



- The main business income of the machinery industry increased by 6.05%, and the total profit increased by 2.18% YoY in 2018.
- It is expected to maintain steady growth in 2019
- As the largest sub-sector of the machinery industry--automobile manufacturing industry has declined significantly

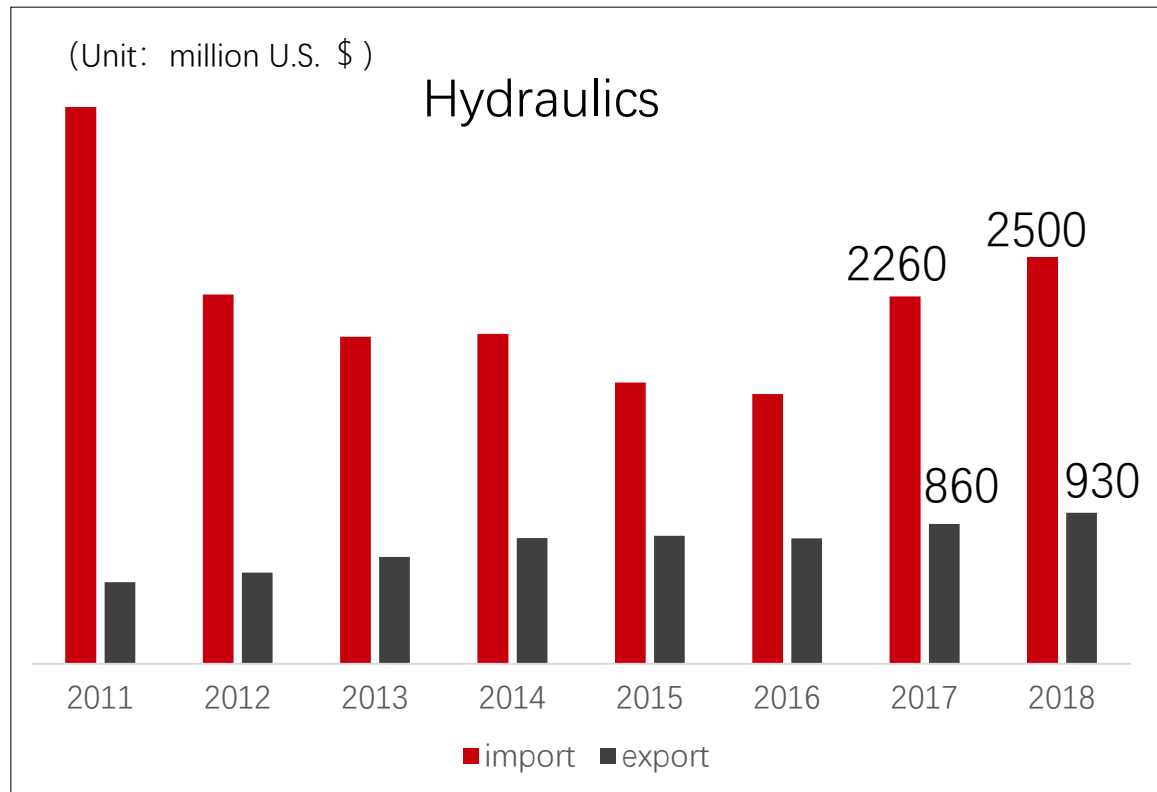
China Fluid Power Market Development



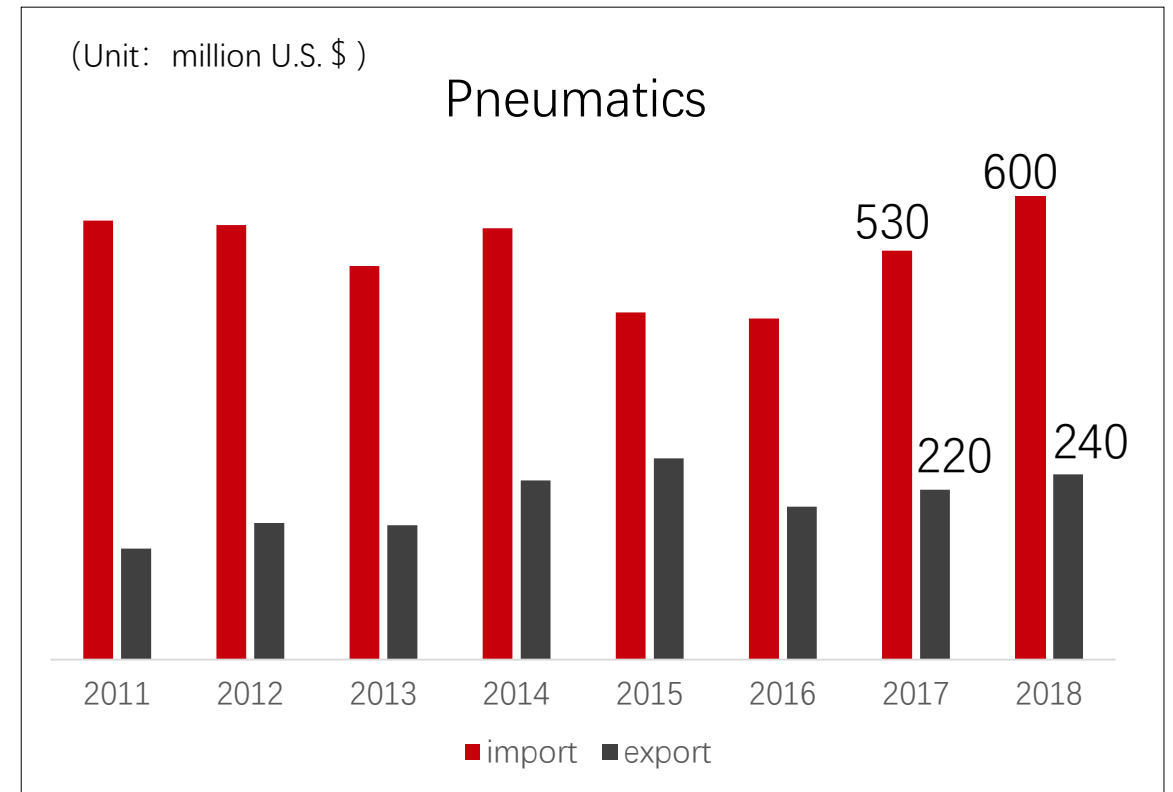
- Hydraulic sales + 7.2% in 2018
- Pneumatic sales + 8.2% in 2018
- Sales forecast in 2019: + 7.5% by Hydraulic and +8.3% by Pneumatic

* Data didn't cover all sales of imported products

Import & Export in 2011-2018

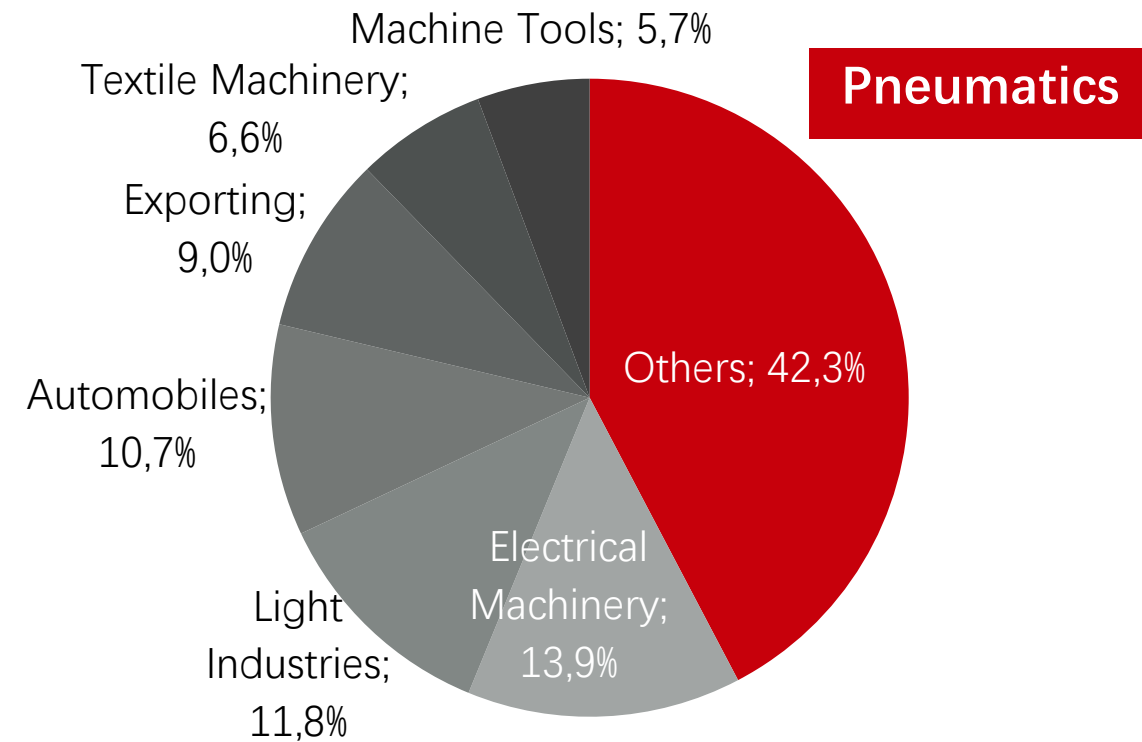
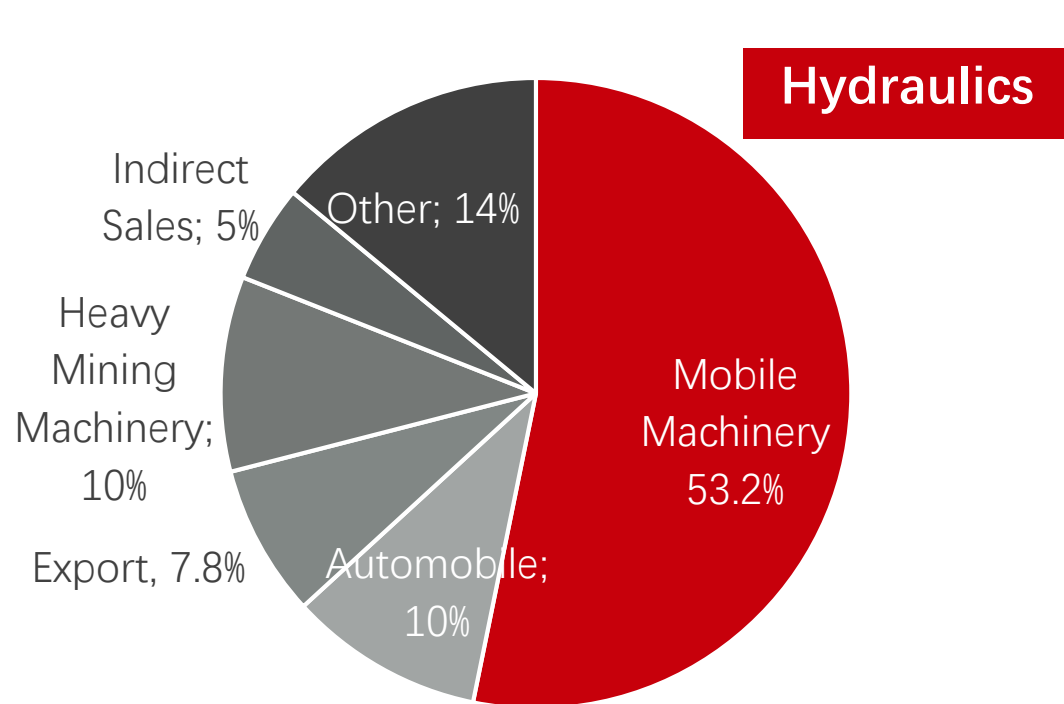


Hydraulic imports accounted for 28% of China's total sales in 2018



Pneumatic imports accounted for 15% of China's total sales in 2018

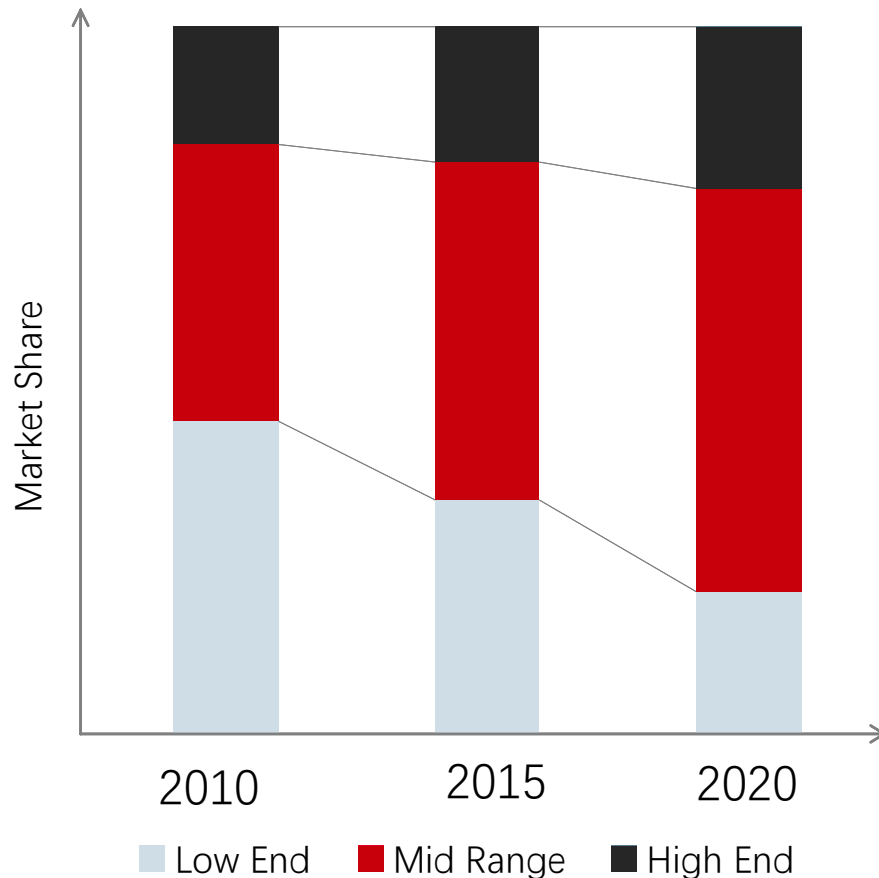
Market of Fluid Power Products



- Traditional fields: Machines & Tools, engineering machinery, agriculture machinery, automobiles ...
- New fields: marine engineering, energy saving, environmental protection, aerospace...

- China is in the period of automation transformation, and the demand for pneumatic products is large.
- Demanding areas: automation, light industry, textiles, automobiles, metallurgy, chemical, mining, foods...

The Development Trend



High End

Moderate Growth Rate
Chinese OEMs focus more and more with high technology products

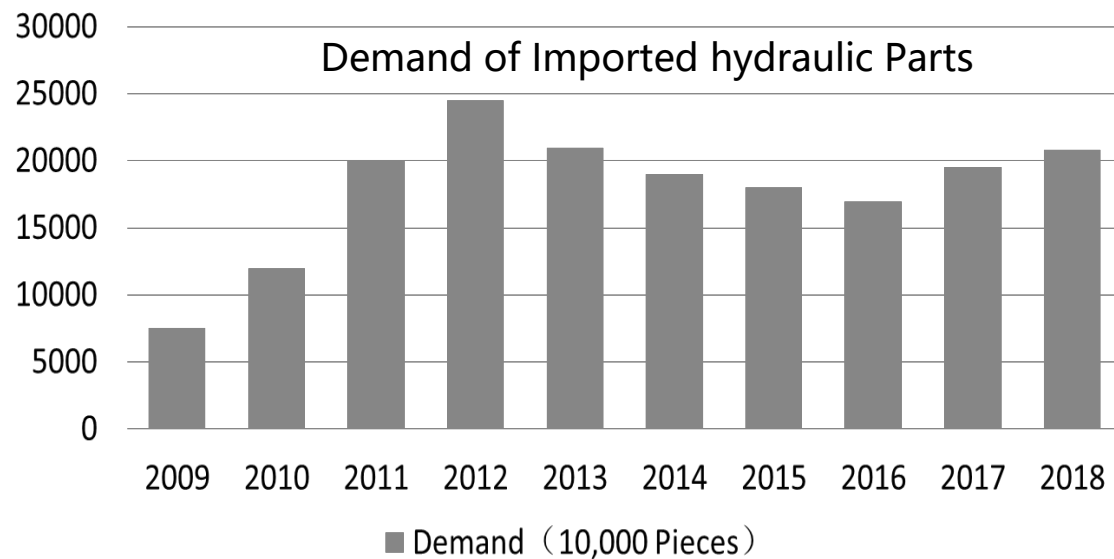
Mid Range

Fastest Growth Rate, but
Sensitive to Price Performance Ratio

Low End

Negative Growth Rate
Look for low cost solution

Most of international Fluid Power enterprises has been engaging in China



- China is the world's largest construction machinery manufacturer country and with the most demand for hydraulic components.
- International brands accounted for 50% of hydraulic market in China.
- The overall technology and quality of Chinese local enterprises have improved, and also the technological gap between Chinese companies and global leading companies is gradually shortening.

The Transformation of China Pneumatic Industry

Industry Status

- Chinese local enterprises are basically small-scale enterprises(Annual sales income between 100-300 million RMB).
- Only AIRTAC sales up to 3 billion/year.

Industry Expansion

From low-end applications to mid-range and high-end application industries.

Business Transformation

From pure production companies to package program companies which provide solutions.

World Famous Pneumatics Brands



China Famous Pneumatics Brands



- **China Hydraulics Pneumatics & Seals Association**
- Established: 1990 Membership: 500+
- A magazine of *Hydraulics Pneumatics & Seals*
- 4 specialized branches
 - Hydro-dynamics - Pneumatics
 - Rubber Seals - Mechanical Seals & Packing Seals

The association secretariat operates the daily work, which locate in:

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About CHPSA

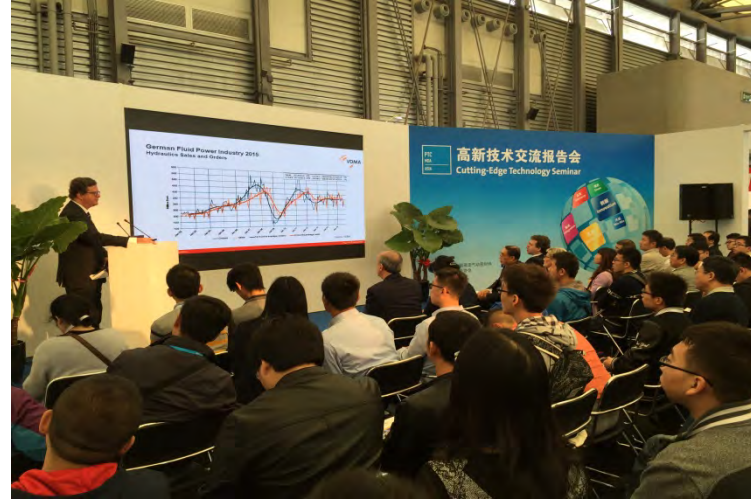


PTC ASIA has been held for 28 years in Shanghai, China, and this year's show will be grandly opened in 23-26, Oct. 2019.

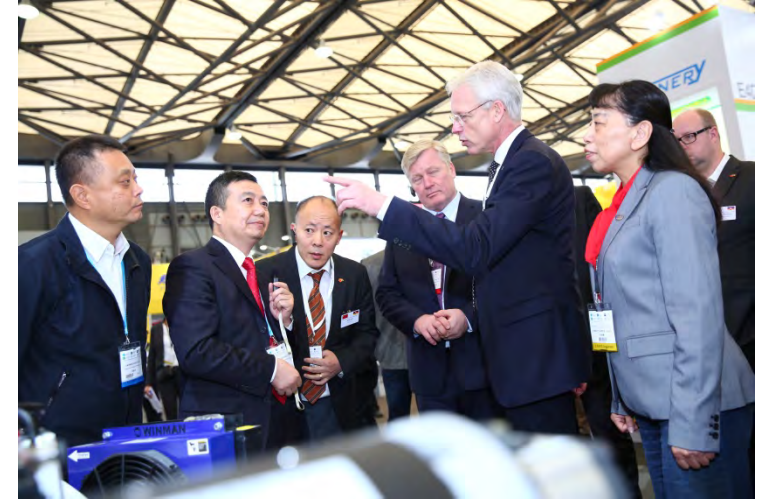
Organizers: China Hydraulics Pneumatics & Seals Association, China General Machine Components Industry Association, Hannover Milano Fairs Shanghai Ltd.



Organizers

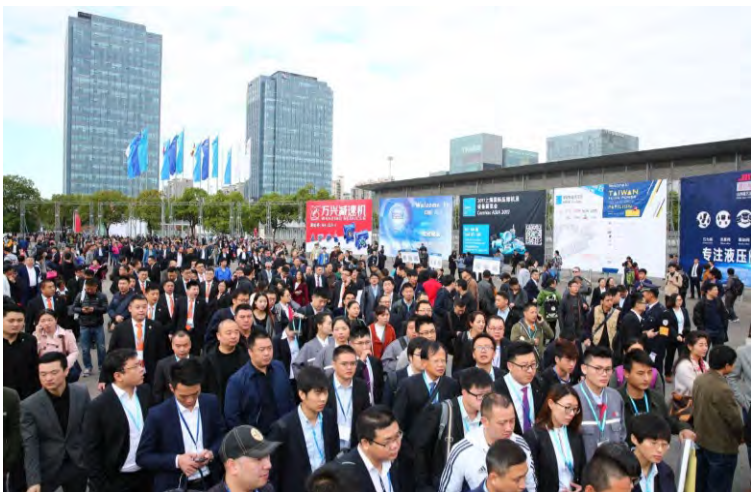


International Technology Seminar



**German Lower Saxony
VIP delegation group**

About CHPSA





**Build
international cooperation bridge.
Support
in developing the Chinese market.**



THANKS!