

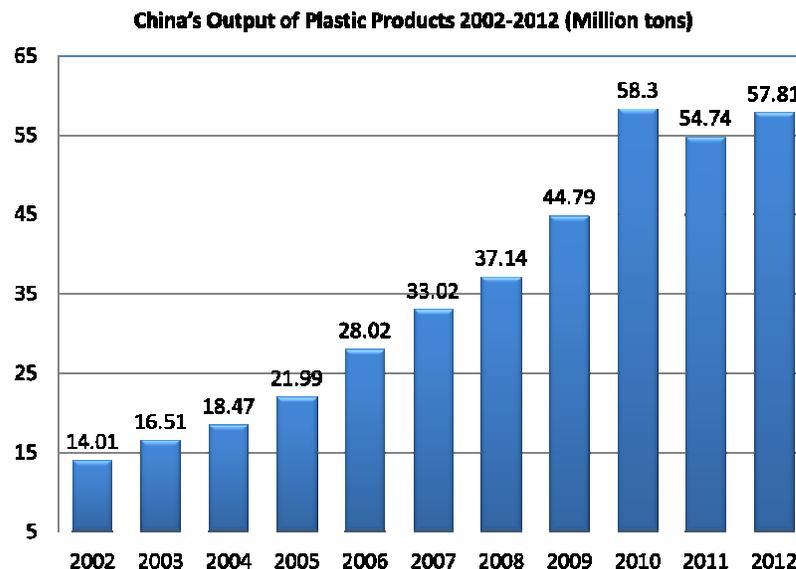
Summary

China is the largest plastics production and consumption country in the world since 2010. With annual output of plastics products going up from 10.35 million tons in 2000 to 57.81 million tons in 2012, China's plastics industry has recorded a double digit growth rate in the past decade. This growth has resulted in rising imports of plastics resins, engineered plastics materials, scrap plastics materials, plastics processing machinery, plastic measurement and quality analytical instruments, and plastics additives. In 2012, China imported USD 46.186 billion of plastics in primary forms, USD 4.434 billion of plastics products, USD 6.404 billion of scrap plastics materials, USD 2.126 billion of plastics processing machinery, and considerable amount of plastics additives.

Market Data

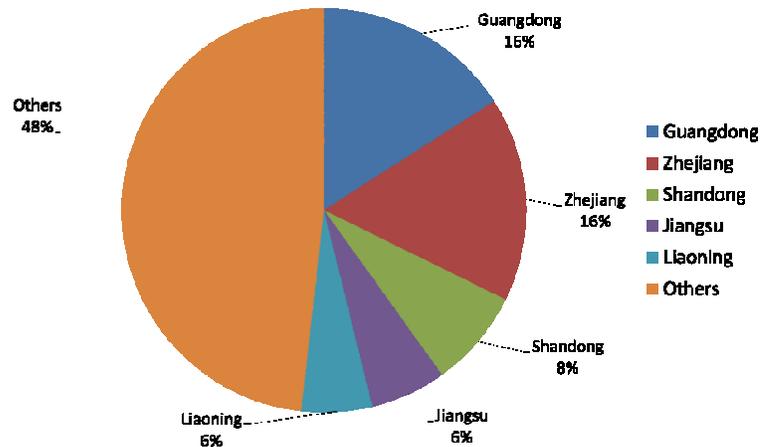
1. Overview of China's total plastics production

There are over 500,000 enterprises involved in plastics related production. Most of them are small and medium-size companies. In 2012, total output of all of China's plastics products (domestic and international use) reached 57.81 million tons with the value at USD 274.2 billion, increasing by 15% from the previous year. China's output of plastics production in the past 10 years is as below:



Plastics production is mainly concentrated in the Yangtze and Pearl River Deltas. In 2012, four major provinces, Guangdong, Zhejiang, Shandong, and Jiangsu, represented 46% of China's total output of plastic products. The distribution chart is as below:

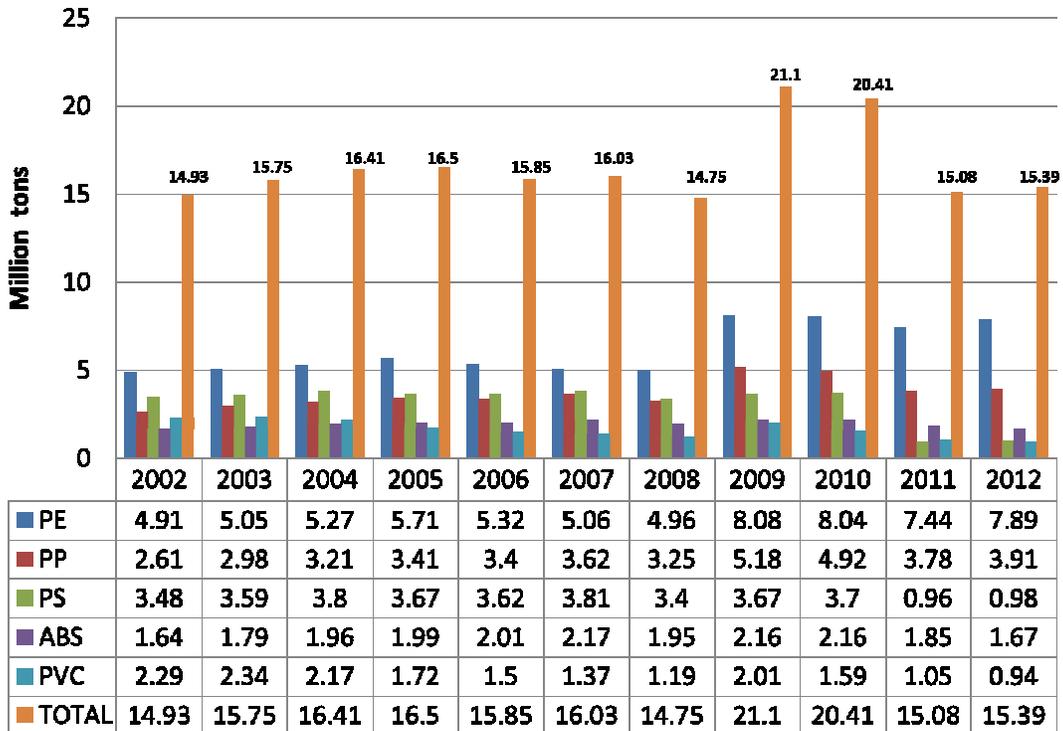
Distribution of Plastic Production by Province 2012



2. China's import of 5 Major General Plastics

The details of imported 5 major plastics in the past 10 years are as below:

China's Imports of 5 Major General Plastics 2002-2012

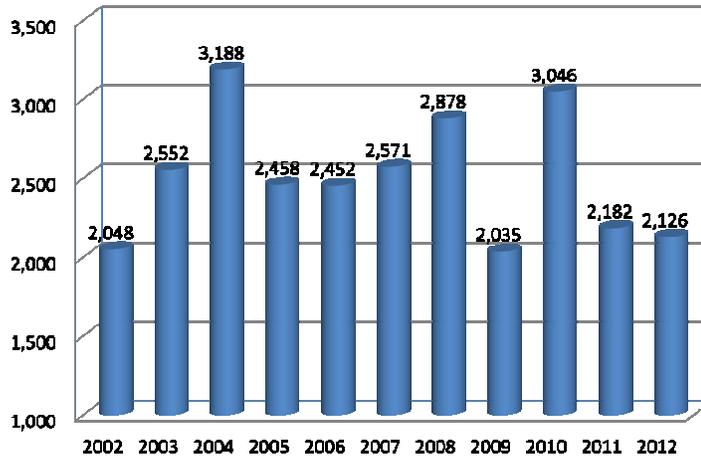


PE: Polyethylene; PP: Polypropylene; PS: Polystyrene;

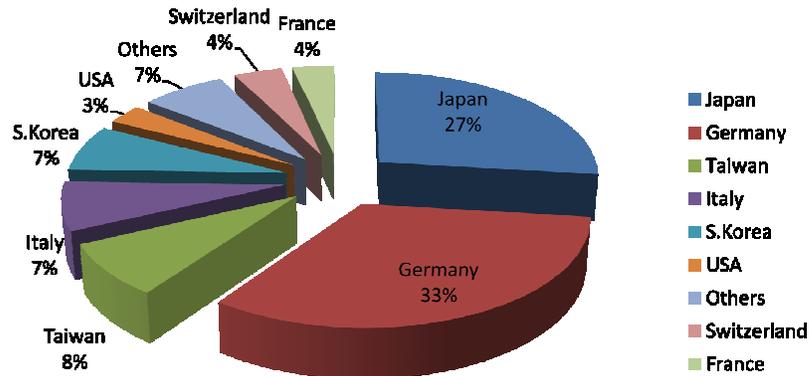
ABS: Acrylonitrile butadiene styrene; PVC: Polyvinyl chloride

3. China's Plastics Processing Machinery

**China's Imports of Plastic Processing Machinery
2002-2012 (US\$ million)**



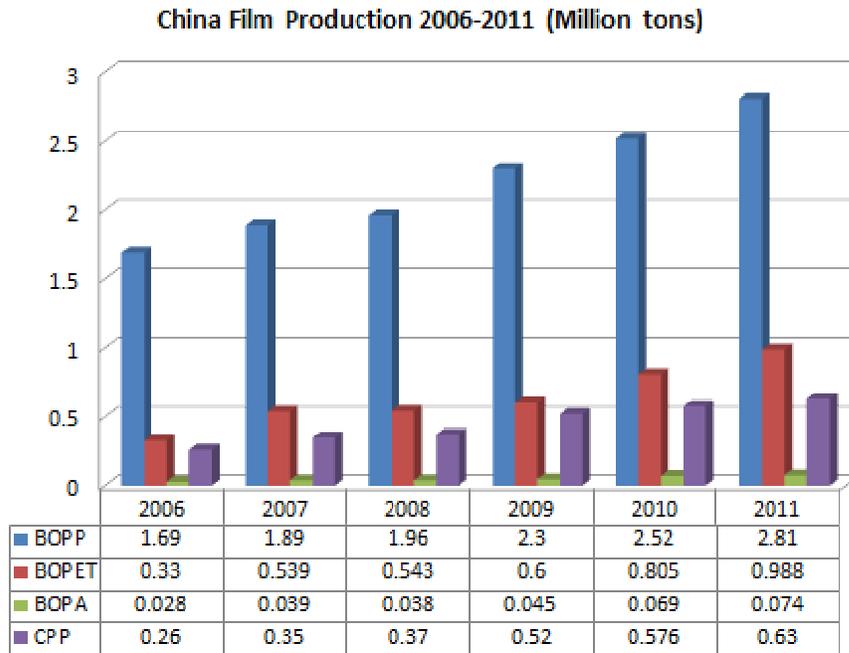
**China's Imports of Plastic Processing Machinery by
country/region -2012**



There are about 600 domestic plastic machine manufacturers throughout China. These manufacturers are mostly concentrated on Zhejiang, Guangdong, and Jiangsu, and Shandong provinces, with Zhejiang taking the lead, representing over 40% of national total sales. Based on our research, the following is a partial list of China's major plastic machinery makers or suppliers:

1. Haitian Machinery Co., Ltd. (Zhejiang)

2. Chen De Plastics Machinery Co., Ltd. (Guangdong)
 3. Chen Hsong Machinery Co., Ltd. (Guangdong)
 4. Donghua Machinery Company (Guangdong)
 5. Ningbo Haitai Machinery Group (Zhejiang)
 6. Zhejiang Jinhu Machinery Group (Zhejiang)
 7. Ningbo Haida Plastic Machinery Co., Ltd. (Zhejiang)
 8. Jiangsu Victor Plastic Machinery Co. Ltd. (Jiangsu)
 9. Shandong Hua Guan Company Ltd. (Shandong)
 10. Qingdao Shunde Plastic Machine Co., Ltd. (Shandong)
 11. Zhejiang Golden Eagle Plastics Machinery Co., Ltd. (Zhejiang)
 12. Zhejiang Sound Machinery Manufacture Co., Ltd. (Zhejiang)
 13. Shanghai Jwell Machinery Co., Ltd. (Shanghai)
 14. Coperion Keya (Nanjing) Machinery Co. Ltd. (Jiangsu)
 15. L.K. Group (Guangdong)
 16. Akei Holdings Co. Ltd. (Guangdong)
 17. Guangzhou Borch Machinery Co., Ltd. (Guangdong)
 18. Guangdong Jinming Plastics Equipment Co., Ltd. (Guangdong)
 19. Shaanxi Qinchuan Machinery Development Co., Ltd. (Shaanxi)
 20. Dongguan Dekuma Welltec Machinery Co., Ltd. (Guangdong)
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4. China's Plastics Film Production



BOPP: Bi-axially oriented polypropylene;

BOPET: Bi-axially oriented polyethylene terephthalate;

BOPA: Bi-axially oriented polyamide;

CPP: Casting polypropylene

After experiencing tremendous growth in the past 20 years, China has become the world's largest producer of plastics film. It produces 45% of the world's total BOPP production. Up to 2011, there were about 90 BOPP manufacturers, 8 BOPA manufacturers, 32 manufacturers, and 122 CPP manufacturers in China.

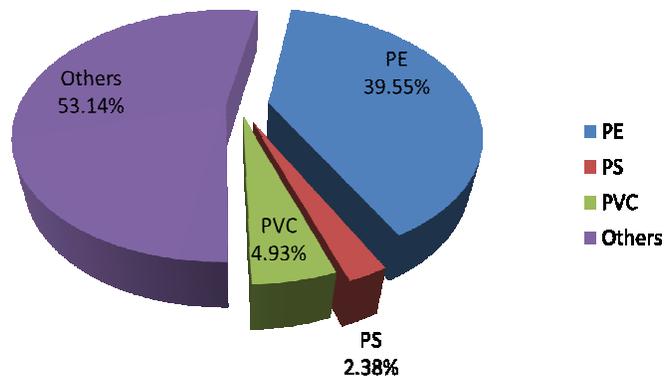
However, as a result of excessive expansion, China's plastics film production is facing overcapacity. Despite this fact, high-end industrial films and optical grade film rely on imports.

5. China's import of waste plastics

China's Imports of Scrap Plastics by Quantity 2002-2011
(million tons)



China Imports of Scrap Plastics by Product Type 2012



Chinese customs statistics showed that Chinese private companies are the major importer of waste plastics. Most such importers are situated in Guangdong, Zhejiang, and Jiangsu provinces. These three provinces purchased over 85% of the total imported scrap plastics.

In 2012, the top five scrap plastics suppliers to China were Germany (13.41%), Japan (13.14%), the United States (12.52%), Hong Kong (8.08%), and France (6.36%). It was reported that China's total import of scrap plastics increased by 42.96% from 2006 to 2011, showing an average annual growth rate at 7.41%.

Market Entry

China adopts strict rules to regulate and monitor the import of foreign products especially waste materials and used equipment. Overseas suppliers are required to register with AQSIQ in order to enter the China market. AQSIQ registration process is usually complicated and time consuming. It is better for U.S. suppliers to work with a local partner to go through the procedure in a proper manner.

The Chinese government recently tightened the inspection procedures, causing delays and confusion for scrap exporters. The so-called “Operation Green Fence” is intended to curb the amount of solid waste contamination that China imports. It involves stricter enforcement of quality requirements for imported recovered materials, but no legislation.

Best Sales Prospects

- High-performance engineering plastic materials;
- High performance, large scale, fully automatic injection molding machines;
- Energy efficiency, high-speed pelletizers;
- Large diameter (over 1.6m) plastic pipes production lines;
- Measurement and testing instruments;
- Environmental friendly raw materials, technologies, and products;
- Post-industry waste plastic materials;
- Environmental and health safe plastic additives

Prospective Buyers in South China

The latest trend shows that the top 3 plastics consumers are electrical appliances manufacturers, the automotive industry, and electronics product manufacturers. Following is a list of major brand-name manufacturers in South China.

Electrical Appliance

Guangdong province alone accounts for over half of China’s total production of electrical appliances. It is the home of over 3,000 household appliance makers. Major giant makers are as below:

1. **TCL Group** www.tcl.com : China’s largest consumer electronics enterprise with 3 listed companies as TCL Corporation (SZ.000100), TCL Multimedia (HK.1070) and TCL Communication (HK.2618).
2. **Midea** <http://www.midea.cn/zh/app/home/index.htm> China’s largest white goods maker with 3 listed companies.
3. **Skyworth** <http://www.skyworth.com/cn/default.html> : one of China’s top consumer electronics makers especially known for TV production. It is ranked the 14th place among China’s top 100 electronics enterprises.
4. **KONGKA** <http://www.konka.com/cn/Index.aspx>: one of China’s top consumer electronics makers especially known for TV production.
5. **GREE** <http://www.gree.com.cn/> : the world’s largest air conditioning maker
6. **Galanz** www.galanz.com.cn : one of China’s largest white goods makers especially known as the world’s largest microwave oven producer.
7. **Hisense Kelon** <http://www.kelon.com/> : one of China’s white goods makers especially known for refrigerator and air conditioner
8. **Chigo** <http://www.china-chigo.com/cn/> : a home and centralized air conditioning maker.
9. **Vanward** <http://www.chinavanguard.com> : a large water heater producer and “gas application expert”

Automotive Industry (8 major auto enterprises in South China's four provinces)

South China accounted for one third of China's total sale of vehicles. It is also an important automotive manufacturing base. Major auto makers are as below:

1. **Guangzhou Automobile Industry Group Co., Ltd.** <http://www.gaig.com.cn/2011/> : the largest auto SOE in South China and the 4th largest auto maker in China. It has over 20 subordinates including huge JV with Honda, Toyota, Fiat, Hino Motors, etc.
2. **BYD Co., Ltd.** <http://www.byd.com.cn/cn/> : starting as a small and private cell phone OEM in Shenzhen, it is now known as the strongest producer for electric vehicles (EV) in China owning to its strong battery production ability.
3. **Southeast Motor (SEM)** <http://www.soueast-motor.com/eg/> : an auto JV between Fujian and Taiwan with 256 auto supporting plants in China. In addition to producing and selling its own brand (Southeast) automobiles, SEM is a dealer and partner for Chrysler and Mitsubishi.
4. **Xiamen King Long Motor Group Co. Ltd.** <http://www.xmklm.com.cn/english/index-01.jsp> : one of the bus/coach makers in China.
5. **Liuzhou Wuling Motors Co., Ltd.** <http://www.wuling.com.cn/Home/Index> : an auto SOE in Guangxi with 8 subordinates including SGMW.
6. **SGMW** <http://www.sgmw.com.cn/English/index.aspx>: a three-shareholder JV with share capital from two domestic partners-SAIC Motor Corporation Limited and Liuzhou Wuling Motors Co Limited-and a foreign one, GM China. Currently it manufactures over 1.3 million mini vehicles and over 1 million engines for small and mini vehicles.
7. **Dongfeng Liuzhou Motor Co., Ltd.** <http://www.dflzm.com.cn/> : a home-grown brand currently producing multi-purpose vehicles.
8. **FAW Haima Automobile Co., Ltd.:** <http://www.enhaima.com> : a large passenger vehicle maker based in Haikou and used to corporate with Mazda from 1992 to 2006.

Electronics:

Guangdong province, including the Pearl-River Delta area, is home to hundreds of thousands ICT related companies. It accounts for more than one third of China's total output of electronics information industry. In 2012, Guangdong province alone produced 570 million cell phones, making up half of China's total output of cell phones. It also produces about 17% of computers in China. It is known as the world's manufacturing floor for ICT products. Major giants are as below:

1. **Huawei Technologies** (<http://www.huawei.com/>): China's largest telecom equipment manufacturer based in Shenzhen. It has become the 2nd largest telecom equipment maker in the world after Ericson.
2. **FOXCONN** <http://www.foxconn.com/> : the world's largest OEM for smart phones and portable electronics devices
3. **ZTE** (<http://www.zte.com.cn/>): China's second largest telecom equipment manufacturer based in Shenzhen
4. **Great Wall Technology Co., Ltd.** <http://www.greatwalltech.com/> : a SOE getting listed on HK Stock Exchange and producing computer related products.
5. **TCL Group** www.tcl.com : China's largest consumer electronics enterprise with 3 listed companies as TCL Corporation (SZ.000100), TCL Multimedia (HK.1070) and TCL Communication (HK.2618).
6. **BYD Co., Ltd.** <http://www.byd.com.cn/cn/> : In spite of being known as an electric vehicle maker, it is also a large cell phone OEM in Shenzhen.
7. **Flextronics** <http://www.flextronics.com/> : large OEM. It has a large manufacturing facility in Zhuhai city.
9. **DESAY** <http://www.desay.com.cn/about/overview.aspx> : a large consumer electronics and auto electronics producer

10. **Shenzhen Huaqiang Holding Ltd.** <http://www.szhq.com/> : a large electronics enterprise
11. **ADAYO** <http://www.foryougroup.com/> : an auto electronics enterprise
12. **Coolpad** www.yulong.com : a smart phone maker brand named as CoolPad
13. **Shengyi Technology Co., Ltd.** <http://www.syst.com.cn/cn/index.html> : a large PCB maker
14. **Jabil Circuit (Guangzhou) Co., Ltd.** : <http://www.jabil.com/> : it has two manufacturing facilities separately located in Guangzhou and Shenzhen
15. **Lenovo Information Products (Shenzhen) Co., Ltd.**: a well-known computer maker.

Major Industry Associations:

China Plastics Processing Industry Association (<http://www.cppia.com.cn/>)
China synthetic Resin Supply and Sale Association (formerly known as China Engineering Plastics Industry Association) (<http://www.csra.org.cn/>)
Shanghai General Plastics Association (www.ssapi.com.cn)
Guangdong Plastics Industry Association (www.gdpi.com)

Major Trade Shows

ChinaPlas - International Exhibition on Plastics and Rubber Industries

May 20-23, 2013

Pazhou Exhibition Center in Guangzhou

www.chinaplasonline.com

Chinaplas is the second largest exhibition in plastics industry in the world. In 2012 the show attracted over 109,858 visitors and 2,729 exhibitors from 150 countries and regions. ChinaPlas has been organized by the Hong Kong based Adsale Exhibition Services Ltd. for over 20 years.

The 15th China Dongguan International Plastics, Rubber, and Packaging Exhibition

November 13-16, 2013 Dongguan, Guangdong, China

<http://www.dmpshow.com/>

One of the largest plastic industry shows in the south China.

For more information about the China plastics market and doing business in China, please contact:

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