

# Expert: Reform and scale will drive new trends in logistics

By XU XIAO  
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Chinese logistics companies should use advanced technologies and better management to embrace new challenges in the industry, said Ma Zengrong, director-general of the China Logistics Technology Association.

Despite the lasting economic doldrums in Europe and the United States, China's economy remained on a healthy track this year, providing a sound environment for the logistics industry, Ma said.

As an emerging pillar industry in China, the logistics industry now accounts for some 7 percent of the nation's GDP. It has been growing at an average annual rate of 20 percent over the past decade.

According to statistics from the China Logistics Information Center, the industry registered year-on-year growth of 9.1 percent in the first eight months of this year, 0.6 percentage points lower than the same period last year.

Though it showed a slight decline, compared to 2012 when growth dropped 3.8 percent in the period, the industry is making up ground this year, he said.

"Since 2012, the European debt crisis worsened and the world economy grew slowly, China's economy is affected by these big trends," said Lu Daming, secretary-general of the Logistics Engineering Institution at the Chinese Mechanical

Engineering Society.

"But companies are pursuing higher efficiency, and lower costs in logistics, labor, land and energy," Lu said.

Lu added that companies also have higher demands for more automated logistics equipment.

"So I anticipate that this year the industry will maintain relatively good momentum," Lu said. "There is still large potential."

Ma said several factors are influencing the country's logistics industry — overall economic development, market demand, technology, rising costs and pressure for environmental protection.

As a result, China's logistics industry will take on several new trends.

"The first trend is that the overall logistics industry will maintain good momentum," Ma said.

As economic structural adjustments focus on industrial upgrades, Ma said the second trend will be that the industry will gradually concentrate in the hands of a few leading enterprises that have competitive facilities, networks and management systems.

With the rise of the information industry, he said electronic business will have a great impact on the logistics industry.

"Information technology will make the whole logistics chain more intelligent, and the Internet of Things will have big impact on the logistics industry," said Ma.

As the costs of labor, energy and land soar, companies must optimize their own resources to integrate the whole value chain and look for more business opportunities, Ma said.

"Visitors can expect a broad range of presentations of companies and products," he said.

## 9.1 percent

year-on-year growth in the logistics industry in the first eight months



As the Asia's well known intralogistics show, CeMAT ASIA is more keen on advanced logistics integrated system and technology.



PHOTOS PROVIDED TO CHINA DAILY

Though there was a downturn in the engineering machinery industry last year, PTC ASIA and CeMAT ASIA still achieved great success.

# Twin machinery fairs power up in Shanghai

## Asia's biggest with latest in power transmission and control, as well as logistics

By XU XIAO  
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Two simultaneous trade fairs opening on Monday in Shanghai are expected to attract more than 2,100 exhibitors in the engineering and logistics industries from around the world.

The International Trade Fair for Power Transmission and Control, known in the industry as PTC ASIA, and CeMAT ASIA, which focuses on materials handling, automation and logistics, will run concurrently until Oct 31 at the Shanghai New International Expo Center.

After two decades of development, PTC ASIA is now Asia's largest and the world's second-largest exhibition in the industry.

Though the country's construction machinery industry remained in the doldrums in the first half of 2013, the industry is confident of a turnaround, said organizers, with investments in fairs like PTC ASIA rising.

This year's PTC ASIA covers 100,000 square meters and will highlight the same four sectors as previous years — fluid power transmission, mechanical transmission, bearings and compressed air technology.

The compressed air technology segment has expanded to its own event called ComVac ASIA 2013 this year and covers a record 10,000 sq m. This move echoes the rising position of compressed air and vacuum technology in the industry.

"The new ComVac ASIA also helps ensure that our company will cover more trades in the industry," said Wolfgang Pech, senior vice-president of Deutsche Messe AG, one of the event's organizers.

Mechanical power transmission and fluid power transmission displays have also grown in space and exhibitors, said organizers.

In fluid transmission, major companies such as Bosch Rexroth and HAWE

are joined by new participants Parker Hannifin, Huade, Liming, Yuci, Hengli and Taifeng.

German drive engineering specialist SEW will bring its leading new products and Siemens will display its latest gear motor SIMOGEAR, which matches the company's fully integrated drive system to provide solution for more industries.

Countries and regions with pavilions at the fair of this year include Germany, Italy, the United Kingdom, France, the United States, Turkey, India and Japan.

Many industry associations and organizations will hold conferences, seminars and forums, with trading and purchasing events crucial part to the program.

CeMAT ASIA, growing in scale and influence in Asia over the past 13 years, covers an exhibition area of 37,000 sq m this year and is expected to attract around 480 exhibitors from China and overseas.

One of the highlights this year is a series of outdoor forklift shows, one featuring Jungheinrich, an international material handling equipment company from Germany.

Many industry pioneers from both home and overseas

including Vita-Wheel, BYD, Noblielift and Goodsense will also showcase their products. This year CeMAT ASIA has set aside a pavilion exclusively for logistics lifts and elevators.

Forums and trade events will cover a wide range of industries, including machinery, food processing, packaging, retailing and logistics, "appealing to the two greatest demands from the exhibitors and visitors — deep exchange and trade matchmaking," said organizers.

"As the key barometer of the global logistics sector, CeMAT ASIA has been standing at the front line providing outstanding value-added services that are significant for participants to gain insights into the market," said Li Yongrong, manager of Dematic's Chinese marketing communications for the material handling and logistics automation company based in Luxembourg.

Li said that for this year's CeMAT, technology is drawing great attention "as the smart, integrated and efficient operation has become the essence of materials handling and logistics nowadays".

"We are looking forward to achieving win-win cooperation with CeMAT again," Li noted.

# 'Chance to jumpstart' the industry

By HAN TIANYANG  
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The trade fair PTC ASIA this year could be "a good chance to jumpstart the market" in the power transmission and control industry, said an executive of the high-profile event that opens in Shanghai today.

"Lots of big players have signed up and we expect to see a number of new products from them," said Andreas Gruchow, member of the managing board of Deutsche Messe AG, a global trade fair company and one of the organizers of the event.

He said the exhibition this year will have more than 1,650 exhibitors from 28 countries and regions, an 18 percent increase over a year earlier. Its display area has increased by 19 percent to 100,000 square meters.

Another exhibition organized by the same company on materials handling, automation, transport and logistics, known as the CeMAT ASIA, is opening at the same time in Shanghai.

Covering 37,000 sq m of floor space, the expo will host 480 exhibitors from 25 countries and regions this year, also "good growth", Gruchow said. "Both fairs are great places for companies to meet people who are interested in and qualified to buy their products — in this case, 70,000 visitors from 80 countries, and regions," he said.

"They are also great places to meet industry peers and exchange information, to evaluate industry trends, innovations and competitors, to gather ideas and opinions from industry experts, and to hold talks with trade and business press.

"Trade fairs such as PTC ASIA and CeMAT ASIA are the only place where companies can accomplish all of these things in one place and at one time," he said.

To provide further information for participants, new services and activities this year include PTC ASIA's matchmaking for exhibitors and appropriate buyers.

There are also group visits, technical forums and procurement sessions.

The compressed air sector at PTC ASIA is now a stand-alone event after its size tripled over the past three years.

At CeMAT ASIA two innovation salons will be launched — one for forklifts and one for systems integration — for business, trade associations and the media to exchange information.

Deutsche Messe has been active for more than 25 years in China, which is now one of its most important markets globally.

It partly owns the Shanghai New International Exhibition Centre, where most of its events are held, including the two ongoing fairs.

The company mainly organizes exhibitions on industry and manufacturing.

Its events in China also cover automobiles, commercial vehicles, floor covering and wood-working.

When operating in overseas markets, Deutsche Messe's core strategy is exporting topics from fairs that it organizes in Hannover, which has proven to be "quite successful", Gruchow said.

The PTC ASIA is a good example — it is now the second-largest event of its type in the world, second only to the fair on Motion, Drive and Automation in Hannover, he said.

Gruchow added that Chinese companies have a strong market position in the exhibition industry now.

"Most Chinese exhibitors have high-quality exhibits and their presentations are professional."

# Retooling in a slow market

By HAN TIANYANG

Independent innovation is crucial for China's power transmission and control industry to become strong and narrow the gap with developed countries, experts said.

The industry is in a slow-growth period, which is a good opportunity for companies to focus more on improving their research and development capabilities, they said.

According to statistics provided by China General Machine Component Industry Association, total revenue in the general machine component sector — mostly drive parts — grew by 6.4 percent last year compared with 2011.

It was the slowest increase for several years and even less than in 2008 when the financial crisis hit most industries across the world.

The flat performance continued in the first half this year, but gradually improved in the third quarter, said Wang Changming, executive vice-president of the association.

He said the full-year increase this year could be between 8 to 10 percent.

"A slow market is not completely a bad thing," he said. "The extraordinary growth in previous years is not sustainable at all.

"The industry now lacks high-end products but has a surplus of low-end products," he said, adding that it is "very necessary" for companies to enhance management and innovation capabilities.

Similarly, the domestic hydraulic industry is also facing its most severe challenge after the financial crisis in 2008.

Sha Baosen, general chairman of the China Hydraulics Pneumatics and Seals Association, noted that last year the industry had an output value of 46.5 billion yuan (\$7.5 billion), an increase of 6.7 percent over 2011. He said that growth this year could reach 10.5 percent.

Most companies in the fluid power sector have maintained normal operations and only a small number of companies, especially those with a narrow product line and limited clients, are in difficulties, he said.

"The bottleneck in the industry is weak R&D and

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**PTC ASIA is an excellent stage for innovations around the drive and fluid power technology.”**

HARTMUT RAUEN  
VDMA MANAGING BOARD MEMBER

a lack of resilience to adapt to market changes," he said. "But we are learning from the developed countries and are confident to join the first ranks in the world in five years or more."

Germany, now the world's leader in the drive and fluid power industry, is particularly famed for quality products, service and innovative strength. The sector generated a turnover of 23 billion euros in Germany last year.

"Economic cycles are very common in our sector," said Hartmut Rauen, managing director of the Power Transmission and Fluid Power



The world's leading PTC ASIA every year attracts a big cluster of fluidpower and transmission giants showcasing cutting edge products and technologies.

Association at the German Engineering Federation, known as VDMA.

"In the long term, the outlook for the drive and fluid power technology is very good," he said.

Wang from the CMCA agreed that China's general machine component industry has large potential for development, along with the stable growth of the nation's overall economy in the long term.

As the region's largest exhibi-

tion in the power transmission and control industry, the bustling PTC ASIA now underway could serve as an example of the market dynamics, experts said.

The fair in Shanghai has a history of more than 20 years and it has a great vitality, Wang said.

"Companies are increasingly aware that such a large, international exhibition is an excellent platform for them to investigate the market, learn

information and conduct trade negotiations."

"The PTC ASIA is an excellent stage for innovations around the drive and fluid power technology and it is the most important industry platform in Asia," said Rauen from VDMA.

"Visitors can expect a broad range of presentations of companies and products," he said.

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