

While it's anyone's guess as to how strong the economic recovery in the U.S. market will be, it's a sure bet that business prospects are bright in Asia, particularly in China. That's good news because ties between the U.S. and China have never been stronger.

China: opportunity knocks for U.S. suppliers

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Already, China has become the U.S.'s second largest trading partner, surpassing Mexico. Sure, the U.S. is importing more Chinese goods than ever, up some 40% in 2003. But not all Chinese imports into the U.S. come from Chinese companies. Rather, two-thirds of all such products coming into the U.S. are from non-Chinese companies, according to BusinessWeek magazine (Dec. 8, 2003). In fact, among China's 40 largest exporters, 10 are American companies doing business there.

The Chinese have become good customers for U.S. products as well, with exports to China up 20% in the last year. And now, with inclusion into the World Trade Organization (WTO), the upward spiral for U.S. exports to China is expected to continue as the country opens its doors to more products. It's interesting, too, and another positive sign of our growing partnership, that China's huge investment in U.S. Treasury funds is helping to keep U.S. interest rates at record low levels.

In its September 2003 issue, Chemical Engineering Progress (CEP) magazine reports that China is improving its legal, technical, financial infrastructure in its tenth 5th year plan (2001–2005). Editor Rita D'Aquino reports, "The government has invested \$87.7 billion –

a 30% annual increase – to build roads, power stations, implement a sensible taxation system – and construct industrial parks tailored to the

chemical industry." So, it isn't surprising that the list of Western companies with increasing investment in China is a literal "Who's Who" in the global chemicals sector, including Dow, Dupont, BASF, Celanese, Shell, Praxair, Air Products, and Air Liquide, to name a few. Dupont, for example, is investing \$100 million in its China operations over the next 2–3 years, reports D'Aquino. Suppliers like ABB, Bechtel, Foster Wheeler, Black & Veatch, Accenture and Oracle are making significant investments in China as well. Speaking in CEP, ABB's Dinesh Paliwal,

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Lou Gaudio, ITT Industries

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global head of ABB Automation Technologies, says "Our orders grew 40% in 2002 and more than 30% (through August) 2002."

Booming market for Distributed Control

The Chinese market for Distributed Control (DCS) is also booming. ARC Advisory Group, in a recent DCS market study, says massive new investments are underway and that China is a "destination of choice" for process automation suppliers. With regard to new global manufacturing facilities in China, ARC's Larry O'Brien, Research Director, says "These companies are implementing state of the art distribution control systems – that provide sustainable competitive advantage".

ITT Industries/Fluid Technology Group is investing in China. Lou Gaudio, Manager of Marketing and Development for ITT's Engineered Process Solutions Group, says his company has identified specific market opportunities for its Richter (German) Division, which begins manufacturing inside China in May of this year. "We look at the global supply chain, where the business is and where we can succeed, and then seek to increase our global footprint", says Gaudio. "Today, everything you hear is China", he adds. Other equipment suppliers active in China include: Samuel Croll, President of Croll-Reynolds Company, says China is a very sophisticated, but challenging market. The company currently has several big projects going on there and has a new office in Shanghai. Rob Scheper, Marketing Manager/International Sales for Rotex Equipment Company says sales to China are increasing, with "more sustained activity than last year." Rotex is a member of the Process Equipment Manufacturer's Association (PEMA) in the U.S. Other member companies report increased activity as well.

There is no question of the future sales potential

There is no question of the future sales potential in China for U.S. firms, both chemical manufacturers and suppliers alike. Major U.S. companies have long recognized this potential, and are now increasing their holdings. And now, small to mid-sized U.S. companies are investing there too. How best to get involved if you're not already active in China?

Shell's Steve Chin, Commercial Development Manager, quoted in the September CEP article, says companies should establish relationships with key decision-makers. "The domestic firms already have existing suppliers", he says, "so you have to share your vision with them, show that you are committed to the region and to its growth. Companies that come across as opportunistic will not be taken seriously."

The sixth ACHEMASIA, May 11–15, 2004, presents American suppliers with the chance to share their vision, to enter the Chinese market at a critical time for future business dealings, and profits. It's clear that opportunity awaits those who invest in China now. ACHEMASIA 2004 presents your company with the chance to initiate relationships that lead to sales, and to build your brand as major investments are made throughout China. The ACHEMASIA organizers, DECHEMA and the Chemical Industry and Engineering Society of China (CIESC), have once again brought together the necessary business partners, including more than 20 supporting institutions and ministries from China and abroad. Together, these powerful partners will attract more than 20,000 attendees to the exhibition in Beijing. ■