

# BUSINESS



A Dongbei Special Steel Group Co Ltd employee helps move finished steel products at a factory in Dalian, Liaoning province.

WANG YANG / FOR CHINA DAILY

## Steel enterprises taking the smart manufacturing plunge

Growing awareness propelling SOEs, private companies to transform, upgrade

By LIU ZHIHUA  
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China's steel industry is veering toward smart manufacturing, thanks to the growing awareness about high-quality development at State-owned and private enterprises, said experts, adding that major breakthroughs could be expected in the sector in the next five to six years.

"Smart manufacturing is a realistic way for the steel industry to transform and upgrade, and is also important for the high-quality development of the sector," said Li Xinchuang, president of the China Metallurgical Industry Planning and Research Institute.

"Although smart manufacturing in the steel industry is still at an early stage in China, the development of the industrial internet provides an important platform for the Chinese steel sector to make better use of smart manufacturing technology,

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of large-scale steel companies used digital control systems for key production procedures in China last year

gies, especially as wide application of cloud and big data technologies is becoming a reality in China."

Li made the remarks during a forum on smart manufacturing in the steel industry, in Xingtai city, Hebei province.

He said that the Chinese steel industry has achieved remarkable progress in production automation and digitalization of management processes, providing a solid base for further transition to smart manufacturing.

Last year, 78.1 percent of large-scale steel companies adopted digital control systems in key production procedures, which was

28.7 percentage points higher than the national average, and 19.9 percent of them were ready to realize smart manufacturing, 12.9 percentage points higher than the national average, according to a recent report from China Industrial Control Systems Cyber Emergency Response Team and the Contemporary Service Alliance for Integration of Informatization and Industrialization.

Wang Guoqing, research director at Lange Steel Information Research Center, said as more and more steel companies are investing in smart manufacturing-related projects, it is highly likely that a number of Chinese steel companies will realize smart manufacturing before 2026.

Wang said smart manufacturing is a whole-supply-chain process that includes not only steel production, but also smart technology-based raw material sourcing, inventory management, and marketing, and needs to be customer-focused.

Currently, a lot of State-owned companies, such as China Baowu Steel Group, are taking the lead in

adoption of smart manufacturing, because they are willing to invest in related equipment and technologies to increase productivity and reduce carbon emissions, in pursuit of high-quality development as a positive response to the national agenda, according to Wang.

The private sector is also now more willing to spend money on smart manufacturing upgrades, because they have become aware of the ample returns on such investment, as smart technologies will bring about higher efficiency, lower costs and increased profitability, she said.

Since 2015, the Ministry of Industry and Information Technology has announced four batches of pilot smart manufacturing projects nationwide, and nine steel projects have been selected.

Most of the companies selected are State-owned enterprises, such as Angang Steel Co Ltd and China Baowu Steel Group, while two private companies, Hengyang Valin Steel Tube Co Ltd and Shandong SNTON Steel Cord Co Ltd, were also selected.

### BELT & ROAD INITIATIVE

## Chinese firms mainstay of Vietnam solar project

By ZHANG XIAOMIN in Dalian and YANG JUN in Guizhou

Work on the Hong Phong 1A and 1B Solar Power Plant at Bac Binh in Binh Thuan province, Vietnam, the largest single solar photovoltaic power generation project in the Asia-Pacific region, undertaken by Chinese companies has been completed smoothly.

"The project is a new milestone for Vietnam, especially setting up such a big, quality solar power plant in seven months," said Nguyen Manh Hung, secretary of the provincial party committee.

PowerChina International Group Ltd and PowerChina Guiyang Engineering Corp Ltd were the two Chinese enterprises that successfully executed the project. The two companies had bagged the order despite competitive bids from other countries like Japan, France, Canada, and India.

According to Lei Shengjun, general manager of the overseas business department of PowerChina Guiyang Engineering Corp Ltd, the contract was signed in August 2018, and it took just seven months to complete the construction work before power generation and was connected to the grid in June.

The plant has an installed capacity of 325 megawatts and comprises 50 photovoltaic arrays of nearly 1 million solar cells spread over an area of 400 hectares.

"The solar photovoltaic panels are supported by 160,000 precast reinforced concrete piles and 2,200 kilometers of transmission lines," he said.

According to Lei, the project is a key undertaking in the Belt and Road Initiative and will help

improve Vietnam's energy mix by providing 520 million kilowatt-hour of clean energy per year to the local power grid. It will also save 175,000 tons of standard coal and reduce carbon dioxide emissions by 439,000 tons.

Guiyang Engineering Corp has completed the reconnaissance and design work on a 16,000 MW hydropower station and a 5,000 MW new energy power generation project at home and abroad.

According to Wang Jin, deputy director of New Energy Design Institute of PowerChina Guiyang Engineering Corp Ltd, China has been the world's largest PV market for five consecutive years in terms of installed solar photovoltaic capacity.

"Statistics from the International Energy Agency show that China's photovoltaic modules accounted for 72 percent of the global market in 2018," she said.

Wang said, with a complete PV industrial chain, advanced technology, and rich experience in development and construction, Chinese companies are able to provide comprehensive one-stop services to the whole industrial chain.

Following the BRI, Guiyang Engineering Corp, which is located in Guiyang National High-tech Industrial Development Zone, has developed water conservancy, hydropower, new energy and pre-fabricated buildings in South America, Africa, and central and western Asia.

"In the future, we will turn to more new energy projects in overseas markets," said Lei.

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## Wipro eyes bigger reach in grooming segment

By HE WEI in Shanghai  
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Wipro Consumer Care, the personal care products unit of Indian conglomerate Wipro Ltd, is planning to be the second-largest player in South China by taking a bigger slice of the market from rivals Procter & Gamble Co and Unilever Plc, fueled by growth across all categories and a notable growth in the men's grooming segment.

Aside from consolidating its market position in Guangdong province, Wipro is looking to tap Central China and finally eastern China regions, driven by an expected compound annual growth rate of over 20 percent in three years and revenue nearly doubling in the same period, said Nagender Arya, regional director of East Asia and Africa at Wipro Consumer Care.

"China has the potential to be our second-largest and even the largest market, given the sheer size of the personal care market," Arya told China Daily in a recent interview. The company's China business is currently worth 1 billion yuan (\$145 million) and ranks third after India and Malaysia.

Wipro has adopted a step-by-step, gradual expansion approach. Currently, 80 percent of the revenue comes from Guangdong province, but Arya believed the company's ability to localize products for consumer needs has helped it gain strong market share in a province that "has more than 90 million population and is among the top GDPs in the world."

"Our skin care brand, Bio-essence, was the first to launch a skin care range with the well-regarded Bird's Nest ingredient and our male grooming brand, Romano, was among the first to launch silicone free formulation in shampoo for men," he said.

Arya forecast men's grooming, which accounts for roughly 15 percent of the company's overall China sales, to register a 1.5 times faster growth rate in the coming years than shower, skin care, and home care products.

"Though 50 percent of the population are men, they account for a market share of just 5 percent," Arya said. He pointed to a change

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Nagender Arya, regional director of East Asia and Africa at Wipro Consumer Care

in demographics when the younger population are willing to spend far more time and money on personal grooming to look good.

The other game-changer relies on the individualistic tendency among male consumers, which means that people want unique products tailored to one's specific needs.

"It means they don't want a product that their family can use. They want their preferences because of higher awareness, and higher exposure to the outside world," he said.

Consultancy Euromonitor International had estimated the total market for male grooming consumables in China would reach 14.2 billion yuan in 2018. The firm said that the market grew at a compound annual growth rate of 6.5 percent over the past five years, with growth of 6.9 percent last year.

But according to a White Paper launched by e-commerce site Tmall and L'Oreal last year, there is a lack of choice for men-only products, especially in facial skin care, indicating that brands should expand their product lines to meet this demand.

Jason Yu, general manager of China for Kantar Worldpanel, said higher incomes and a greater interest in health and well-being are pushing the growth in sales of men's grooming products.

"Brands need to understand male consumers' needs and preferences, and find innovative ways to meet them," Yu said.

"Our strategy is clear. We go step by step but other than becoming a marginal player everywhere, we want to be among the top players in the selected markets," said Arya.

## Business opportunities aplenty in nation, says expert

SAN FRANCISCO — Bright prospects still remain for companies and investors looking at China for growth opportunities, despite the slower growth rate, a top economic expert said.

China's gross domestic product grew by 6.3 percent in the first six months of this year on an annualized basis, the National Bureau of Statistics said on Monday.

The rate, which is significantly slower than the 9.4 percent a decade ago, in fact registered greater incremental expansion since the base today is 182 percent larger, said Andy Rothman, investment strategist at San Francisco-based investment firm Matthews Asia.

"The incremental expansion in the size of China's nominal GDP would be 130 percent bigger than the expansion a decade ago at the faster pace. As a result, opportunities for companies and investors are greater at the currently slower growth rates," he said in an article published on Monday.

The investment expert said China's domestic consumption and services, the bulk of the economy, remain healthy to stabilize employment despite sluggish growth in manufacturing, investment and exports.

Moreover, the Chinese government seems prepared to handle the slowdown and prudently shun stimulative monetary and fiscal policies.

The Shanghai Composite Index was up 18 percent from the start of the



A container is unloaded from a ship owned by Hong Kong-based China Shipping Container Lines Co at the Port of Oakland in Oakland, California. GETTY IMAGES

year to July 15, which also indicates a positive attitude from investors toward the Chinese economy, he said.

The analyst attributed the second quarterly slowdown to dual anxieties — trade friction with the US and the Chinese government's ongoing campaign to reduce risks in the

financial system.

"Chinese consumers are not very worried by the Trump tariff tantrum because this is the eighth consecutive year in which the (tertiary) services and consumption sector is the largest part of the GDP," he said.

Nominal retail sales remain

healthy, income growth is robust, and the growth of per capita disposable income remained almost flat on a yearly basis.

"China remains, in my view, the world's best consumer story," he said.

XINHUA