
Present Situation of China Tire Industry and NR Consumption

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About CRIA

- Established in 1985
 - More than 1300 members
Including tire manufacturing, rubber hose, conveyor belt, rubber products, rubber shoes, rubber latex products, motorcycle tire, bicycle tire, carbon black, rubber chemicals, reclaimed rubber producers, etc.
 - 80 employees
 - Headquarter in Beijing, China
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Overall Situation of China Tire Industry

- ❑ Now China has about 500 tire manufacturing enterprises, of which, about 300 enterprises, producing automobile tires, have got China Compulsory Certification (shorten as CCC).
 - ❑ In 2012, China's tire output is 471 million pieces.
 - ❑ From 2007 to 2011, the average annual growth rate of China's tire output is 8.42%.
 - ❑ From 2011 to 2012, the growth rate is only 3%.
 - ❑ Since 2005, China's tire output has become the No.1 in the world.
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Overall Situation of China Tire Industry

China's tire output of 2007-2012(Unit: million pieces)

| Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------|------|------|------|------|------|------|
| Tire | 330 | 350 | 385 | 443 | 456 | 471 |
| Radial tire | 237 | 263 | 301 | 375 | 398 | 414 |

Overall Situation of China Tire Industry

| | 2012 | 2011 | Growth rate % |
|-------------------|--------------------|--------------------|----------------------|
| Total tire output | 471 million pieces | 456 million pieces | 3.2 |
| Radial tire | 414 million pieces | 398 million pieces | 4.0 |

Top 10 of CRIA tire member in 2012

| no | company name | Sales Revenue (Billion RMB) |
|-----------|----------------------------------|------------------------------------|
| 1 | Hangzhou Zhongce | 26.9 |
| 2 | China Cheng Shin | 18.5 |
| 3 | China GITI | 17.0 |
| 4 | Shandong Triangle | 15.6 |
| 5 | Double Coin | 12.2 |
| 6 | Shandong Xingyuan Group | 11.0 |
| 7 | Shandong Linglong | 10.0 |
| 8 | Aeolus Tire Co.ltd | 9.0 |
| 9 | Qingdao Double Star Tire co.ltd. | 8.1 |
| 10 | Shandong Shengtai Group | 7.7 |

Characteristics of China's tire industry in 2012

1. rate of operation

Large-Lot Producer: around 95%

Medium-Sized Enterprise: around 80%

Small Enterprise: around 60%

Characteristics of China's tire industry in 2012

2. Tire Production

Comparing 2011, the growth rate is only 3.0% , lower than previous years.

3. Tire Sales

The sales revenue is only increase 0.3% comparing 2011, still lower than previous years.

Characteristics of China's tire industry in 2012

4. Tire Export

The sales revenue of export only increases 9% comparing 2011, lower than previous years

5. Tire Stocks

By the end of 2012, Tire stocks decreases 6.2% comparing the same period of 2011

6. Profit

The profit is better than 2011.

Other Main Characteristics of China's tire industry

a. Products structure has been significantly optimized

b. China list more in Global Tire Top

There are 26 Chinese domestic tire companies listed in Global TOP 75 Tire Company,

c. The concentration ratio of Chinese tire production has increased annually.

The top 10 Chinese tire companies produce about 56% of total radial tires

d. Export is very important for China's tire industry

Main Factors Influenced China Tire Industry

Favorable Factors

1. There is no fundamental change of Chinese economy. Chinese GDP grows 7.8% in 2012, better than expected.
 2. China has become Middle Income Country. In 2012, China GDP reached 8300 billion US dollar, the real GDP per capita was 6300 US dollar.
 3. China government pays more attention to the development of auto industry, in 2010, China owns 58 cars /1000 persons, it will need about 20 years to reach average level: 200 cars /1000 persons.
 4. China pays more attention to the highway transportation, the total road mileage is 3.4 million km, among which express way 74000 km.
 5. In 2013, the sales volume of auto will reached 19.6 million pieces, surpass Europe for the first time.
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Main Factors Influenced China Tire Industry

Unfavorable Factors

1. The labor cost increased, decreased our export competitive advantage.
 2. The growth rate of Chinese export decreased for the sake of Global trade protectionism.
 3. The growth rate of auto industry is slower down than previous years.
 4. The high price of gasoline and congestion city prevent the growth of auto industry.
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Main Factors Influenced China Tire Industry

Unfavorable Factors

5. EU Tire Labeling Implementation

Nov.2012 is deadline for Chinese exporters to abide by EU tire labeling regulations. It will increase the cost of Chinese tire.

6. More regulations from other Countries will raise cost

Such as EU Reach regulation, tire labeling regulations from Europe, U.S.A, Korea and Japan.

7. Technology Innovation is not enough.

China Tire industry expectation in 2013

total tire output:490 million pieces,
increase 4%, among which radial tire 435
million pieces, all steel tire 100 million
pieces, increase 5%.

NR consumption and production

| year | China production (10,000 ton) | China Consumption (10,000 ton) |
|------|------------------------------------|-------------------------------------|
| 2008 | 55 | 253 |
| 2009 | 64.4 | 270 |
| 2010 | 68.8 | 300 |
| 2011 | 72 | 320 |
| 2012 | 80 | 345 |

Rubber Consumption in China

Unit: 10,000 tons

| | 2012 | Growth rate% | 2013 | Growth rate% |
|-------|------|--------------|------|--------------|
| NR | 345 | 7.81 | 370 | 7.25 |
| SR | 385 | 4.05 | 415 | 7.79 |
| Total | 730 | 5.8 | 785 | 7.53 |

Thank You
