Filters in China

Industry Study with Forecasts for 2017 & 2022

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# Filters in China
## Industry Study with Forecasts for 2017 & 2022

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Filter demand in China will rise at double digit rates due to water treatment plans necessitating better utility filters and a growing motor vehicle park that will lead to a sizable aftermarket.

Demand to rise 14% yearly to 90 billion yuan in 2017

Demand for filters in China is projected to grow 14 percent per year to 90.2 billion yuan in 2017. Sales gains will be fueled by growth in the production of motor vehicles and other transportation equipment and rapid growth in the motor vehicle park. Growth in manufacturing output, building construction spending, and other industrial activities will also drive filter sales. The market for consumer filters will be expanded greatly by urbanization. As personal income levels rise, Chinese residents will spend more on their personal health, leading to more home water and air purification equipment purchases. The aftermarket for filters will also benefit from more widespread knowledge about health and the need to replace filters more often.

Motor vehicles to remain largest filter market

Motor vehicles will continue to represent the largest filter market through 2017. Demand will be supported by a growing motor vehicle park, leading to a rapidly developing aftermarket. The manufacturing sector will remain the second largest filter market through 2017, benefiting from increases in manufacturing activity.

Filter shipments are expected to register double-digit gains through 2017. Besides the impact of expanding demand, the continued entry of foreign suppliers into the Chinese market, continued investments by domestic makers, and higher filter prices will fuel growth of filter shipments. Imports will continue to account for a sizable share of demand for higher-end filters, though the growth rate is forecast to decelerate.

ICE engine/related filters to remain largest segment

Internal combustion engine (ICE) and related filters represented the largest product category of filters in China in 2012 and demand for them will rise over 15 percent annually through 2017. Although growth of motor vehicle and gas motorcycle production will be slow (compared to historical rates), production gains will still support substantial filter consumption. Filter sales will also be stimulated by robust growth in the stock of motor vehicles and other transportation equipment.

Fluid filtration product sales will be driven by rapid industry development. Fluid power filters are indispensable in producing such products as cement and chemicals. Demand for fluid filters will be also fueled by growth in both water and wastewater treatment.

Demand for air filters is expected to grow due to sales gains being fueled by rising output of products equipped with air filters, such as HVAC equipment. Rapid development of industries with air purification requirements will also spur the expansion of the air filter market. Influenced by severe air pollution in China, health concerns will drive consumers to purchase air filtration products.
Demand for filters in the manufacturing market in China counted for 21 percent of all filter sales in 2012, primarily due to strong increases in both durable and nondurable goods production and government efforts to boost industrialization.

The manufacturing market includes filters used by manufacturing companies for two primary applications. The first is for the purification of water and other input fluids. Filters are used as pre-treatment in systems designed to produce high purity process water for the electronics industry and high purity fluids for use in the production of beverages, chemicals, and pharmaceuticals. Filters are also used as a primary cleaning agent for process fluids that have lower purity requirements. The other leading application for filters in the manufacturing market is the reduction of water and air pollution.

Sales of filters in the manufacturing market will increase 10.4 percent annually to ¥16.2 billion in 2017, accounting for 18 percent of total filter demand. Advances will be fueled primarily by ongoing production growth for most types of manufacturing products, in part due to government initiatives such as the Equipment Reviving Plan and an increase in the export tax refund. Gains will also stem from increased attention to pollution reduction across the manufacturing sector. However, in some applications filters are being replaced by high-end purification technologies such as membrane separation and distillation, fueling somewhat from growth of these specialty purification technologies. Most require the use of one or more conventional filters to function as the pre-treatment stage in order to perform efficiently. Advances will be spurred by growing interest in limiting the cost of water and other raw materials by recycling used process fluids back into the system.
Foshan TORA Filter Element Manufacturing Company Limited
No. 23, Guanghe South Road
Heshun, Lishui Town, Nanhai District
Foshan, Guangdong, China
86-757-8512-1345
http://www.filter-tora.com

Annual Sales: ¥250 million [US$40 million] (estimated)
Employment: 850 (estimated)
Key Products: oil, fuel, cabin air, and engine air filters for automobiles, passenger buses, and engineering machinery.

Foshan TORA Filter Manufacturing Company is part of Tora Group Company Limited (China), a privately held umbrella company that is invested and managed by Thailand Taini Group. Affiliated companies include Foshan Zhongtai Automobile Fittings Manufacturing Company Limited, Foshan Baowang Trading Company Limited, Foshan Hetai Rubber Automobile Fittings Company Limited, and Foshan Zhongtai Colour-Printing & Packaging Factory.

The Company participates in the Chinese filter market via the production of oil, fuel, cabin air, and engine air filters for automobiles, passenger buses, and engineering machinery. Oil filters from Foshan TORA Filter Element Manufacturing are designed to remove impurities from engine oil in order to protect critical components, like bearings and crankshafts. The Company’s fuel filters, including models for gasoline engines, are used to protect the fuel injector from congestion, wear, and damage. Cabin air filters are engineered to remove harmful air pollutants from the air before it enters the passenger cabin. Likewise, the Company produces engine air filters with high efficiency filter papers that remove impurities from the air before it enters the engine.

TABLE IV-8
FLUID FILTER SUPPLY & DEMAND IN CHINA
(million yuan)

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<tr>
<th>Item</th>
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