

Research note

By MAKE Consulting

September 2008

360-degree view of China

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The Chinese economy has been expanding rapidly since 1990, averaging an annual growth rate of almost 10 percent. At the end of 2005, China became the fourth largest economy in the world in terms of nominal gross domestic product (GDP), after the United States, Japan and Germany. It is clear that there is considerable scope for development of the renewable energy sector in China. On an optimistic note, the NDRC's target of 30 GW of wind power by 2020 is expected to rise to over 100 GW by 2030, according to a report written by CREIA and the Australian Business Council for Sustainable Energy.

Provincial politics will have considerable influence on the future development of wind power penetration. Project owners – irrespective of their size, ownership or background – and WTG suppliers with a manufacturing base in a specific location are expected to join forces to exploit the local project development and supply opportunities in cooperation with provincial development and reform commissions.

Foreign WTG manufacturers such as Vestas, Gamesa, Suzlon, Nordex and GE have already invested substantial resources in China – using local sourcing and local manufacturing in order to gain access to the large market. These companies' decisions to purchase components in China have been made, not only to meet the 70% local content requirement, but also to create additional supplier capacity, to secure a balance of USD-EUR costs, to be in close proximity to customers and to take advantage of low cost country savings in China. Local JVs, SOEs and private WTG manufacturers are keen to invest in new product development projects in order to secure reliability and long-term sustainability of their business in competition with the established players. China is well poised to attract more players to invest in the sector, which is in the process of establishing a strong local industry.

Our expectations of Chinese wind power development are a CAGR of more than 20% from 2008 to 2012, measured in added MW installations.



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Wind power sector



September 2008

Adding value to your renewable energy business

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