

Research Note

By MAKE Consulting

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Assessment of the International Expansion Activities of Chinese Wind Turbine OEMs

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China has become the largest wind power market in the world in terms of annual installation. However, the available production capacity created by over 80 OEMs relative to forecasted demand has created a hyper-competitive marketplace that is driving OEMs to pursue international opportunities.

Market penetration in overseas markets has been difficult for Chinese OEMs despite a comparatively significant price advantage. Diversified regulatory frameworks, market conditions, and existing commercial relationships in mature markets have collectively posed a major challenge for relatively inexperienced Chinese OEMs. A limited track record in China let alone overseas has also made Chinese-made turbines more difficult for developers to finance. By the end of 2010, only 64MW of Chinese-made wind turbines have been exported from China.

Nevertheless, several Chinese OEMs have intensified expansion activities in 2010 and 2011, which has resulted in a number of high volume orders. The Chinese OEMs are gaining experience and expertise in international markets, and have applied innovative sales and development strategies in order to avoid direct competition with traditional global OEMs on performance and track record.

Through the first several months of 2011, Chinese turbine OEMs have announced a total overseas order book that exceeds 1GW. MAKE believes that 2011 will be a tipping point for Chinese turbine exports, as orders will continue to grow as OEMs build a track record and familiarity with international markets.

This Research Note provides a full analysis of the overseas business activities of Chinese OEMs already active internationally as well as the OEMs most likely to launch an international strategy. The research evaluates individual companies, including historical export records, and discusses the drivers and strategies behind the orders. Finally, a trend analysis is provided along with a forecast of turbine exports over the next five years.

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