

## World's Prospects Towards 2013 - Global Resources Sector and Implications for Mining, Engineering and Manufacturing Companies

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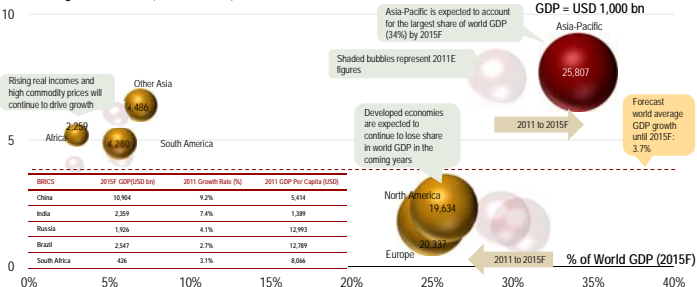
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Emerging economies are outperforming the developed world in terms of economic growth. The Asia-Pacific region is expected to account for one-third of world GDP by 2015

### Regional GDP Comparison (2015F)

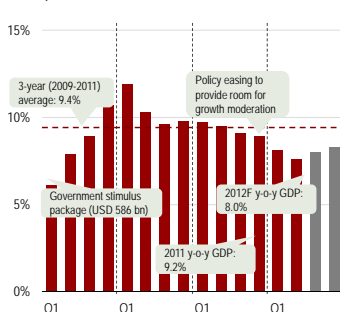
#### GDP Average Growth Rate (% 2011-2015F)



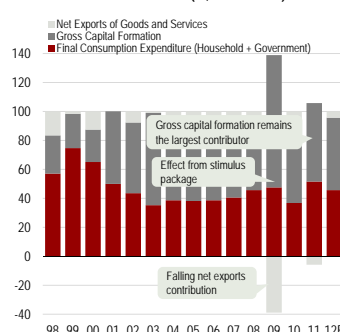
Note: Other Asia includes Bangladesh, Sri Lanka, Nepal, Pakistan, Bhutan, Burma, North Korea, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan.  
 Source: IMF; The Beijing Axis Analysis

China's economy is heading for a soft landing, with the long-term trend leaning towards more moderate and more sustainable growth

### China's Quarterly Y-o-Y GDP Growth Rate (% 2009-2012F)



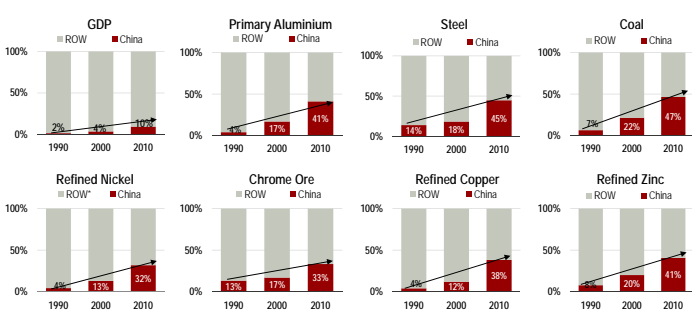
### Contribution to China's GDP (% 1998-2012F)



Source: CNBS; World Bank; IMF; The Beijing Axis Analysis

China has dramatically increased its share of world consumption of key metals and minerals over the past two decades. Despite the economic slowdown, resource demand is expected to remain solid

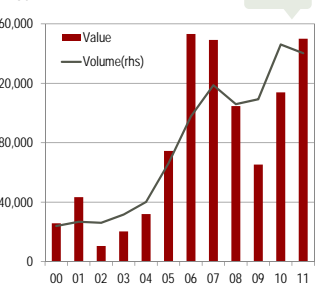
### China's Share of Global GDP and Consumption of Selected Commodities (% 1990, 2000, 2010)



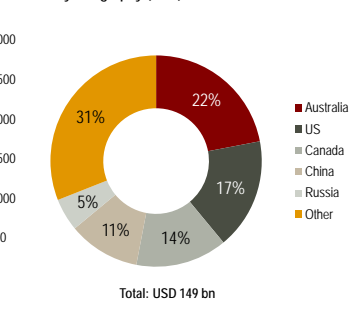
Note: ROW stands for Rest of World  
 Source: World Bank; CNBS; CEIC; The Beijing Axis Analysis

Current global economic downturn concerns may have a negative impact in the near-term; however, prospects still look solid over the long-term on the back of growing populations and economic developments in EM

### Global Mining Sector M&A Volume and Aggregate Value (2000-2011)

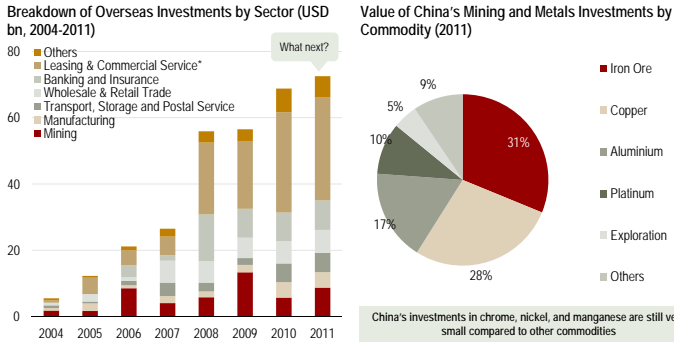


### Global M&A Activity Market Share of Mining Deal Values by Geography (2011)



Source: S&P Capital IQ, PWC; Beijing Axis Analysis

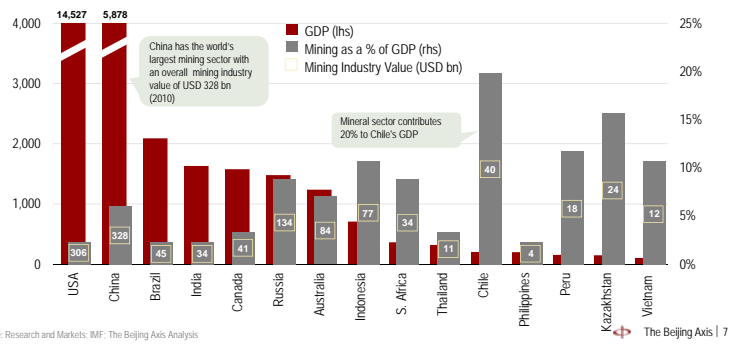
China will continue to invest overseas. The mining and manufacturing sectors to play an important role



\*Note: Commercial services include investments in holding companies, regional headquarters or SPVs that are often established in offshore centres to invest in other countries and sectors  
Source: MOFCOM, The Beijing Axis Analysis

The mineral sector plays a key role in Asia-Pacific economies. While China's mining industry only accounts for 6% of its GDP, it is the world's largest in absolute terms

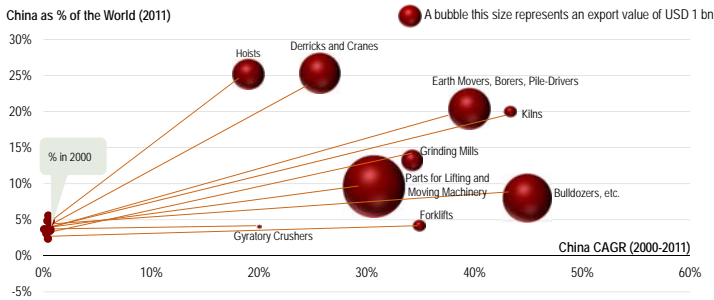
GDP and Mining Industry as a % of GDP of Top Mining Countries (USD bn, %, 2010)



Source: Research and Markets; IMF; The Beijing Axis Analysis

Kilns, high pressure grinding rolls, bulldozers and crushers are some of the fastest-growing items exported from China. China is progressively increasing its world export share for all the selected items

Growth and Share of Selected Heavy Equipment Exports from China (USD bn, 2000-2011)



Source: UN Comtrade; The Beijing Axis Analysis

Main barriers facing Chinese mining machinery manufacturers overseas are large capital outlays required to build sufficient capacity and a cautious perception of the Chinese brands

Critical Success Factors	Description
1 After Sales Services and Parts Supply	Substantial investment into service, machine and parts storage facilities is required to be able to offer comprehensive parts supply for customers across the local market. Successful peers compete on this basis
2 Competitive Price/Quality Ratio	Competitively priced machines made to a suitable level of quality and delivering required performance in each key market segment while satisfying project-specific requirements of the customer
3 Brand Reputation	Multinational clients associate quality products and a value added service offering with a reputable brand. In this regard, Chinese brands have not featured too well yet, as is evident from testimonials
4 Product Customisation	Machines made to suit local conditions and operating effectively for all local requirements and expectations is a standard expectation in the local market
5 Relationships	Access to and leveraging of key people in client industries and in supporting industries/companies is essential. Knowing the right people is critical to success

Source: Global Railway Group; The Beijing Axis Analysis

The Chinese mining industry is facing technological challenges

- Chinese companies are quickly developing the capability and capacity to manufacture high-tech mining and refining equipment and technologies
- Comparable western technologies are benefitting from the Chinese market principally due to the following reasons:
  - increasingly stringent requirements for safe production and environmental protection
  - gradually increasing mine depths
  - the lack of development in the application of information technology to mining
  - the necessity to increase the capacity of resource reserves
- Therefore, technology innovations in the following areas may demonstrate significant opportunities in the near future:
  - high-efficiency and low-cost mining methods
  - full-tail paste filling or high-density fill technology
  - no-waste mining technology
  - the establishment of digital information systems in mining areas
  - technology for deep mining

Source: Status and Prospects: Gold Industry and Gold Market in China 2011; Various; The Beijing Axis Analysis

A number of issues and trends are reshaping the global/China mining landscape



Source: The Beijing Axis Analysis

## Why Expomin China 2013?

- Focus on technology and innovation for the mining industry
- Explore opportunities to internationalise China's mining products and services in the global market
- Explore opportunities to successfully integrate LCCs in your global supply chain strategy
- Opportunity to identify/display new global mining services, equipment, products, supplies and technologies to around 600 enterprises from all over the world
- A strategic platform for global/local mining and other resource related companies to network and build relationships



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