

# Survey of Pesticide Industry in China

Released on 19/12/12

Market Report Sample :

China has been playing an important role in pesticide production in the world. It is the biggest pesticide production country currently, with pesticide output hitting 2.65 million tonnes (by 100% technical) in 2011, seeing over 10% CAGR in the past five years. Additionally, China is also a huge pesticide consumption market with consumption volume reaching nearly 400,000 tonnes (by 100% technical) in 2011, seeing around 5% CAGR during 2006-2011. However, there are also many problems existing in China's pesticide industry, such as overcapacity for most pesticide varieties, few well-known brands and still serious pollution emission.

China currently can produce 350 kinds of pesticide technical, which are usually patent-expired ones. Uncomplicated production technologies, mature production processes, stable market demand and raw material supply as well as easier registration approval are major reasons for such a large proportion of traditional pesticides in China.

China's pesticide R&D ability has been improved in recent years, which, however, is still weak compared with developed countries, due to shortage in capital support and unreasonable R&D system. In China, total annual R&D expense on pesticides by pesticide producers only accounts for less than 2% of their annual sales value, much less than that of foreign giants.

The registration number of traditional formulations of EC and WP still accounts over one half of the total formulation registration. But China's general formulation production structure is under adjustment, as the proportion of environmentally friendly formulations such as WG, SC and EW are gradually increasing, with China's adjuvant R&D level gradually heightening.

China is adjusting pesticide industrial structure by issuing policies that are increasingly strict on environmental protection and entrance threshold for producers and product registrations, etc. In addition, industrial concentration keeps intensifying thanks to enterprises' cooperation, mergers & acquisitions and reorganizations. For domestic large-scale companies, it is a good way to improve their competitiveness through effectively utilizing resources after M&A. In addition, with support from Chinese government, MNCs will enjoy some preferential policies like lower land use cost, looser financing policies, simpler approval process, etc. in the process of M&A. However, for most of domestic small-scale companies and those in bad financial situation, they may face merger or acquisition in the coming two or three years.

Source PR Newswire (U.S.)