

RUSSIAN VALVE INDUSTRY IN 2010.
ANALITICAL REVIEW. FIGURES AND FACTS.

Afanasyeva O.V., Bakulina A. A., Ryakhovsky A. E. (NPAA Executive Directorate)
Edited by *Ter-Mateosyants I.T.*

The material offered to your attention is the result of ongoing analysis of the current situation in the market of pipeline valves, which has been carried out by the experts of Executive Directorate of Scientific & Industrial Valve Manufacturers Association (NPAA). The data from manufacturers which indicates production volume of pipeline valves and electric actuators; the statistical information from Federal State Statistics Service (ROSSTAT); the data of the Central scientific and informational computation center (GNIVTS) of Federal Custom Service; the data of the Ministry of Economic Development of the Russian Federation; the reports of independent experts; publications in mass-media were analyzed for this review.

The data represented in the review permits to understand the current situation in the market of pipeline valves in Russia and to predict the further development according to the available trends.¹

PRODUCTION OF PIPELINE VALVES

According to the data received from Federal State Statistics Service (ROSSTAT) and the Russian Engineering Union the increase of industrial production made up 8, 2% on January-December 2010, the increase of tractor, agricultural, lumbering, communal, road – building mechanical engineering made up 9,3%. This data correlates with information received from valves' manufacturers. According to our estimation, pipeline valves production in 2010 increased by 8,3% in natural terms

¹ A full version of the review contains 35 pages, 19 tables and 50 figures and diagrams and is given to the NPAA members free of charge after a written inquiry, to other manufactures - on a contract basis.

and by 19% in terms of value (rubles). Taking into account an inflationary component (inflation in 2010 made up 8,8%) – it was increased by 11 %. In a dollar equivalent the increase made up 24,4%.

For more detailed analyses we have examined data received from 59 leading companies – manufacturers of pipeline valves and actuators. A total production volume amounted to 18528 million rubles.

Leaders of production volume in value terms in Russia in 2010, as well as in 2009, are steel gate valves and ball valves with the total share - 74,7%. It should be pointed out that an increase of production volume for such production as steel gate valves and globe valves from cuprififerous alloys is observed mainly only in value terms. As for physical production volume – it practically haven't changed. Absolutely opposite situation is for steel pressure relief valves and steel check valves: with the physical increase of production volume, the similar indicator in value terms is changing low or even decreasing.

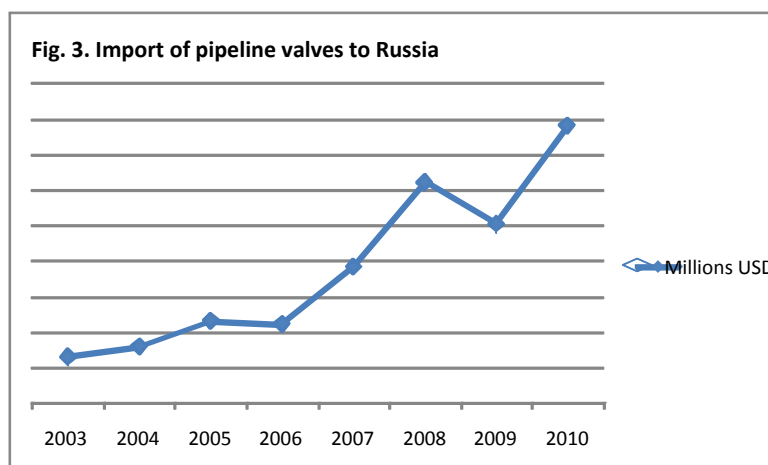
The results of data analyses are given on diagrams of distribution of produced valves (fig. 1-2 Segmentation of production of cast iron gate valves by diameter and pressure)².



² The full version of review contains diagrams of the following valves types: steel gate valves, steel ball valves, cast iron gate valves, steel globe valves, globe and ball valves from cuprififerous alloys, steel check valves and steel pressure relief valves.

IMPORT OF PIPELINE VALVES

In 2010 import volume of pipeline valves exceeded last year's indicators in value terms by 155% and in natural terms by 164%. Dynamics of import volume change in value terms is given on Fig.3.

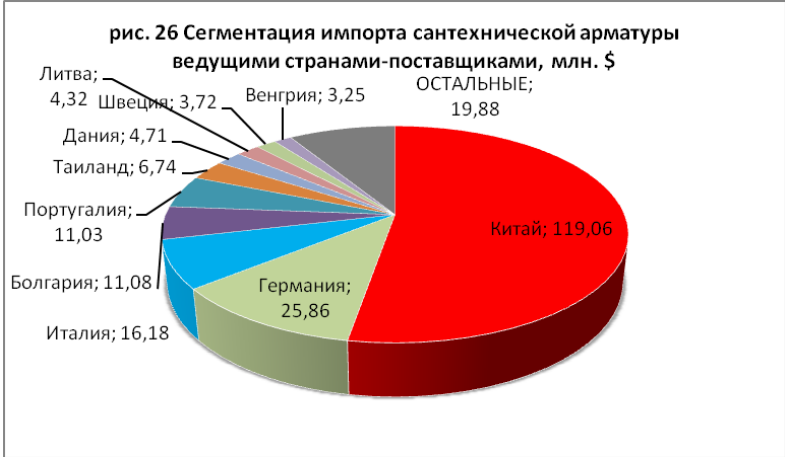


In 2010 pipeline valves were imported to Russia from 72 countries. As in previous years Europe has the largest import share, then Asia follows with 85 % import share of China.

Segmentation of pipeline valves import to Russia by regions is given on Fig.4. If to compare this data with the similar indicators of previous years then it can be noticed that during the last three years Europe share in the total import volume of valves to Russia was decreased from 73 % to 62 % and Asia share (i.e. China) increased from 15 % to 26 %.

In 2010 pipeline valves supply was increased from all leading countries – importers with the exception of Netherlands, Finland and Lithuania. China is taking a leading stand two years running, so during the last five years pipeline valves supply from China to Russia has the stable growth. Germany has recovered the same status as in 2008 and is taking now the second position on pipeline valves supply to Russia.

Segmentation of sanitary valves supply by countries is given on diagram 5.³ It is obvious that the share of China is more than a half (53 %). Import dynamics from this country is remaining unfavorable. There was a 5 % lack for doubling of Chinese supply total volume - the growth made up 95 %.

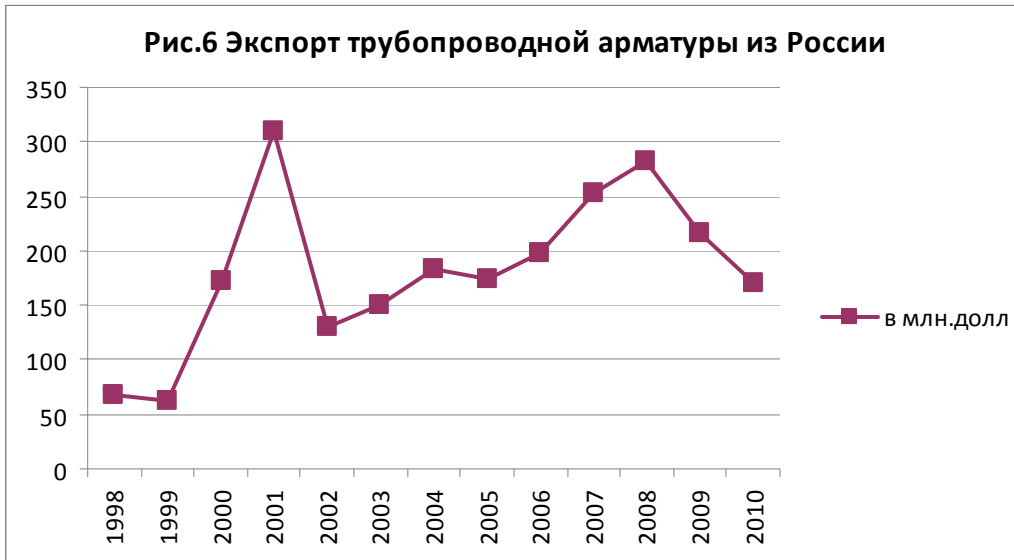


EXPORT OF PIPELINE VALVES

In 2010 pipeline valves export volume has the tendency of indicators decrease of previous years by 20, 9 % in value terms and by 25, 5 % in natural terms.

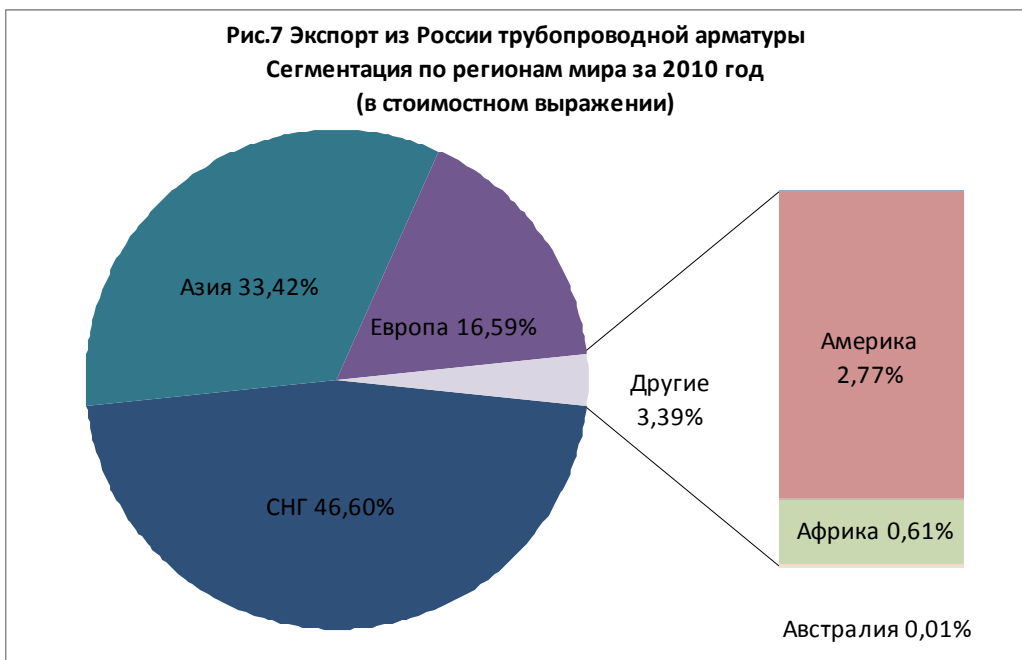
Dynamics of pipeline valves export from Russia from 1998 to 2010 is given on Fig. 6.

³ Supplies of gate valves, globe valves, butterfly valves, ball valves, control valves and check valves are examined in the full version of the review.



In 2010 valves have been exported to 102 countries, among which: 38 European countries, 12 CIS countries, 22 Asian countries, 11 American and 16 African countries and also 3 countries of Australian region. CIS countries has the largest share – 46,6 % (79,7 million dollars), then Asia follows – 33,4 % (57,2 million dollars).

Segmentation of pipeline valves export from Russia by regions is given on Fig. 7.



In 2010 pipeline valves export volume decreased from Russia to CIS countries by 56 %, to Africa and Australia by 65 % and 13 % respectively if to compare with 2009. At the same time, Asia had increased pipeline valves consumption volume from Russia by 19 %, reduced a former significant gap with CIS due to valves import to India, supplies to which made up 77% in value terms from the total consumption volume of the region.

Also pipeline valves supply volume has been also increased from Russia to the countries of Europe and America by 32 % and 34 % respectively.

If to examine the valves export in the dynamics, it can be pointed out that export volume in value terms in 2010 was the lowest during the last five years because of the crisis in economics⁴.

MARKET OF ELECTRIC ACTUATORS

Non – typical situation have arisen in the market of electric actuators – production increase of domestic companies (12, 5 % in physical volume) was accompanied by a significant decrease of import (in 11 times!) and export (in 5 times!). It is not clear now if it is a consumption decrease of actuated valves or orientation of domestic valves market towards the domestic manufacturers of actuators.

CONCLUSION

Indicators of economic growth, interview with chiefs of factories – manufacturers of pipeline valves and also questionnaires data point out that the period of recovery started in our industry as well as in economics.

Many companies developed a production of new valves types. There are most of all information about gate valves of large diameters (OJSC Zavod Vodopribor, OJSC Penztyazhpromarmatura, JSC Konar, OJSC Uralkhimmash, LLC Factory of oil and gas equipment), ball valves of large diameters (LLC Chelyabinsk spetsgrazhdanstroy,

⁴ Segmentation of pipeline valves export by the types during the last five years is given in the full version of the review.

OJSC Tyazhpromarmatura, OJSC Penztyazhpromarmatura, LLC Factory of oil and gas equipment, OJSC Volgogradneftemash).

Many companies obtain licenses and develop a production of pipeline valves for nuclear power plants (OJSC Tyazhpromarmatura, JSC Kurganspetsarmatura, OJSC Armalit – 1, JSC Gidrogaz) as a large quantity of atomic units building was announced. New factories are building: a new production complex BROEN, investment program of Shevron company which contains building of a new factory for pipeline valves production for communal services in Atyrau, renewal of building of an Austrian factory Hawle.

Growth rate of import volume exceeds growth rate of domestic production as before in spite of demand increase and rise of pipeline valves domestic production. We are going to carry out more detailed analyses of pipeline valves and actuators import to Russia with marking out of the products types with the largest supply volume and determining of main suppliers and consumers of imported products.

Fig. 1. Segmentation of production of cast iron gate valves by diameter

Fig. 2. Segmentation of production of cast iron gate valves by pressure

Fig. 3. Import of pipeline valves to Russia

Fig. 4. Pipeline valves import to Russia. Segmentation by regions in 2010.

Fig. 5. Segmentation of sanitary valves import by the leading countries – suppliers.

Fig. 6. Pipeline valves export from Russia