

Construction and Green Building

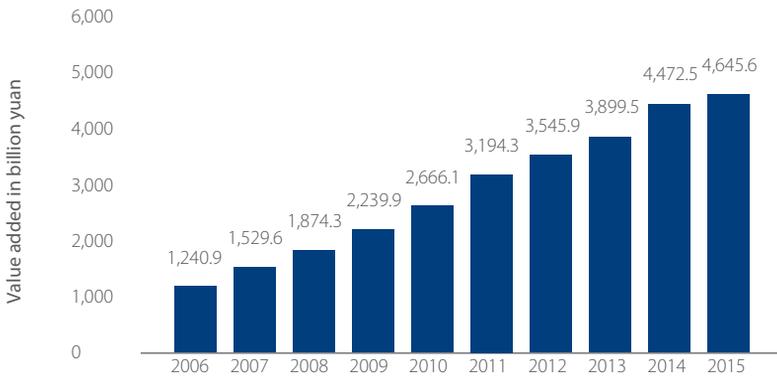
Overview

China is the world's largest construction market. In 2015, the country's construction industry output totaled RMB 18 trillion, up 2.3 percent from the previous year (compared to 10.2 percent growth in 2014 from 2013). Though experiencing a structural slowdown due to recent troubles in the broader economy, China's construction industry is expected to significantly increase in the long-term – the sector's growth is forecast to reach 4.8 percent in 2020 to 2025, and 5.2 percent in 2025 to 2030.

The culmination of a growing middle class, rising wages, and rapid urbanization has created an immensely profitable construction sector in China. Each year, 1.8 billion square meters of construction is erected in China and the country is responsible for

Value added in the Chinese Construction Industry from 2006 to 2015

Unit: RMB Billion



Source: Statista



A Guide for U.S. Exporters 2017

more than half of global cement consumption. According to a report released by consulting firm McKinsey & Company, 8.5 million new homes will be built annually between 2014 and 2030.

At the same time, in order to combat China's heightening pollution crisis, the government is continuously looking for measures to build a more sustainable economy, and these initiatives will have an impact on the construction sector. China became the world's largest energy consumer in 2009, and buildings currently account for approximately 25 percent of all energy usage in the country. The CCP's 13th Five Year Plan aims to implement a comprehensive set of seventeen standards governing land, energy, water, materials savings, ambient and indoor environment requirements, and other functional requirements nationwide. By 2030, China's government projects that at least 30 percent of new buildings will be constructed and maintained according to green standards, using renewable energy sources and environmentally sustainable construction materials.

Green Construction Materials

China's construction and construction materials sectors are dominated by Chinese firms. China's rapid urbanization has led to a surge in demand for resources, carrying a variety of economies around the world through a multi-year boom period. The production of construction materials and components from these imports has been largely dominated by local companies.

Meanwhile, in line with increasing concerns over energy efficiency and pollution, demand has surged for a number of related product categories (i.e., green construction materials). However, most of China's local production companies are still unfamiliar with green materials and are unable to supply green materials that are eligible for use under international certification schemes. As such, imports of green construction materials, including energy efficient building materials, wastewater treatment equipment and technologies, and wood and steel replacements are expected to create extensive new opportunities for U.S. green building material exporters. The U.S. is China's second largest source of imports for construction materials, with a 13 percent import market share.

Best Prospects

Below are China's five major imports of green materials and fastest growing building component sectors:



Glass

In 2015, China imported US \$6.60 billion of glass and glassware (HS Code 70), with US \$885 million of this amount imported from the U.S. America's exporters enjoyed a healthy 13.4 percent share of China's glass import market last year, ranking fourth as the source of imports. Japan (US\$1,572 million), Taiwan (US\$ 1,422 million), and the European Union (US\$925 million) out-competed U.S. exporters, with 23.8 percent, 21.5 percent, and 14 percent of the import market respectively. U.S. glass exporters must obtain China Compulsory Certification (CCC) for safety glass products to certify their compliance with Chinese product standards.

Waterproof materials

This category can be divided into five sections: high-polymer modified asphalt coiled materials, high polymer waterproof sheets, waterproof paints, sealing materials, and rigid waterproof bridging materials. In China, asphalt materials are still the main product, accounting for about 80 percent of all waterproof materials, while the proportion of high polymer waterproof sheets and others accounted for about 20 percent. U.S. waterproof material exporters have ample room to grow their share in the Chinese market, which currently stands at just 4.6 percent.

2013-2015 China's Import of Plastic Floor, Wall or Ceiling Covering (waterproof)

Unit: USD millions

	2013	2014	2015
Total Imports	155.2	159.2	N/A
Imports from the US	7.2	7.3	6.6
U.S. Share of the Total Imports	4.6%	4.6%	N/A

Source: UN Comtrade (HS Code 3918)

- Indoor decorations and fixtures (gypsum plaster boards, wallpaper and suspended ceilings)

China's domestic demand for wallpaper has been decreasing over the past few years. In 2014, China imported 12,100 tons of finished wallpaper – a 27 percent drop compared to 2013. Last year, U.S. wallpaper exporters sold US \$21 million of wall coverings to China (HS Code 4814).



- Advanced ceramics (Divided into electronic, micro-crystalline and Nano-ceramics,- advanced ceramic matrix composites being the best-selling advanced ceramics product)

China is one of the world's largest markets for advanced ceramics, accounting for approximately 40 percent of the global market share. The country is also the fastest-growing market for advanced ceramics in the Asia-Pacific region, mostly owing to government initiatives to promote industrial growth. In 2015, China imported US \$283,784 of ceramic building bricks (HS Code 6904) from the U.S., increasing by 70.8 percent from the previous year.

Wood

The U.S. currently claims over 11 percent of China's wood import market, making it the second largest source of subsector imports after Russia (16.8 percent). The year 2015 saw a slight decrease in wood product imports into China, but overall demand for wood and wood products has shown steady growth, and this trend is set to continue through 2017. While Chinese importers have shown strong interest in importing logs or least-processed wood and undertaking value-added production in China, U.S. exporters have tremendous opportunities in higher value-added wood product sales.

2013-2015 China's Import of Wood and Articles of Wood, Wood Charcoal

Unit: USD millions

	2013	2014	2015
Total Imports	18,769	22,791	18,643
Imports from the US	2,347	2,664	2,073
U.S. Share of the Total Imports	12.5%	11.2%	11.1%

Source: UN Comtrade, China Customs (HS Code 44)

Additionally, imports of new wall materials, including isolative materials and recycled construction waste, are on the rise in China and present solid opportunities for U.S. suppliers.