

INDUSTRY UPDATES

HD **Heavy equipment firms get into gear**
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Chinese producers of vehicles, rail cars expand abroad via global **mining** giants.

Hu Weiying, a 30-something engineer from Hunan-based Xiangtan Electric Manufacturing Group Co Ltd, works in Western Australia's Pilbara region, where many **mining** giants have **iron ore** projects.

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Hu and two colleagues have been working at the Tom Price mine, owned by Rio Tinto Plc, the British-Australian multinational **mining** giant, for several months as the **Chinese** manufacturer expands into overseas markets to serve its **mining** clients.

"I am responsible for collecting data on four XEMC trucks" used by Rio Tinto at the project, Hu said. "The data will be used to improve our trucks."

The four trucks, each of which can haul 230 metric tons, were shipped to Tom Price in June 2012, the first time that **Chinese**-produced **mining** vehicles were sold to a foreign customer.

It was just the beginning.

As **mining** titans such as Rio Tinto, BHP Billiton Ltd and Fortescue Metals Group Ltd sell vast volumes of **iron ore** to a resource-hungry **China**, **Chinese** manufactures are expanding their Australian business by delivering **ore** cars, trucks and modular accommodation at the project.

On Nov 20, Rio Tinto signed a long-term agreement with XEMC to supply and service heavy mobile equipment for its global **operations**.

According to the miner, it was the first global agreement Rio Tinto has signed with a **Chinese** supplier, which demonstrated that **Chinese** manufacturers are capable of making world-class products.

Under this agreement, XEMC's **mining** trucks and other equipment will be used not only at the Tom Price mine but at other mines owned by Rio Tinto.

Since trucks and **mining** equipment are mostly custom-built for use in extreme conditions, such as extremely hot locations or on rocky roads, the cooperation with Rio Tinto will help the **Chinese** side gain experience for future overseas orders.

XEMC Chairman Zhou Jianxiong said that besides producing high-quality equipment, the **company** is working to improve its after-**sale** services.

Another **company**, Qiqihar Railway Rolling Stock Co Ltd, a subsidiary of **China** CNR Corp Ltd, is supplying **ore** cars for Rio Tinto.

As of September, there were 6,500 **ore** cars from QRRS being used by Rio Tinto to move **iron ore** out of the Pilbara region, according to Heath Harnden, general manager of railways maintenance at Rio Tinto's **iron ore** division.

Just back from a 10-day business visit to **China**, Harnden said that the **company** plans to increase the number of **ore** cars from 6,500 to 11,500 by 2015, and all the new ones will be from **China**.

"We are very proud to work with QRRS," he said.

"They have increased the **ore** car's load capacity from 50 cubic meters to 55 cu **m** based on Rio Tinto's request, which helped us to do our job more efficiently."

The **company** even won Rio Tinto's award as best supplier in emerging markets in 2013.

"The cooperation with Rio Tinto since 2004 has provided great opportunities for **Chinese** heavy duty equipment manufacturing companies like us to expand business overseas," said a statement on QRRS' official website.

QRRS is also a supplier for BHP, to which it sold 2,500 custom-built **ore** cars. Each car can carry 40 tons .

Besides **mining** equipment makers, Jiangsu-based Yangzhou Tonglee Reefer Container Co Ltd, a subsidiary of **China** International Marine Containers Group, is providing modular accommodation in many Pilbara **mining** camps.

Australian miners live in facilities built by **Chinese** companies, drive **mining** trucks made in **China** and deliver **iron ore** in rail cars from **Chinese** makers.

That **iron ore** eventually ends up in **China**'s steel mills.

According to Rio Tinto, the **company** purchased more than \$5 **billion** worth of goods and services from **China** for use in its **operations** worldwide over the past four years.

BHP also has a long-term partnership with **Chinese** suppliers. It set up a **China** procurement team based in Shanghai in 2007. And in the past six years, BHP has purchased products worth \$4 **billion** in **China**.

BHP's Chief Executive Andrew Mackenzie said that through **China**'s strength in steelmaking and manufacturing, part of the **iron ore** that is exported to **China** comes back to Australia in the form of high-quality infrastructure and equipment.

"In the past six years, we spent around \$4 **billion** buying capital goods and consumables from **China** to run our business in Australia," he said.

BHP works with more than 50 suppliers and service providers. In addition to **ore** cars and modular accommodation, BHP purchases steel fabrication from Tianjin-based Bohai **Oil** Marine Engineering and Supply Co Ltd for use at its Jimblebar mine in the Pilbara region.

The **Chinese** steelmaker won a contract valued at \$55 **million** with BHP in 2011. Since then, the **company** has been growing as an international supplier of steel structure modules.

"The project has definitely assisted us in our overseas expansion," said Peng Wencheng, president of Bohai **Oil**.

Li Xinchuang, deputy secretary-general of the **China Iron** and Steel Association, said the **mining** giants' increasing procurement in **China** reflects their commitment to the market, which makes them look better than pure sellers.

Wei Zengmin, an analyst at consultancy Mysteel, said that as **China**'s manufacturing ability improves, **mining** companies will definitely increase procurement in **China**.

CO	bkhlp : BHP Billiton Ltd rtz : Rio Tinto PLC bltplc : BHP Billiton PLC craaus : Rio Tinto Ltd
IN	i211 : Metal Ore Mining i2111 : Iron Ore Mining i32 : Machinery icre : Real Estate/Construction ibasicm : Basic Materials/Resources iindstrls : Industrial Goods imet : Mining/Quarrying
RE	china : China austr : Australia apacz : Asia Pacific asiaz : Asia ausnz : Australia/Oceania bric : BRICS Countries chinaz : Greater China devgcoz : Emerging Market Countries dvpcoz : Developing Economies easiaz : Eastern Asia
IPC	fin/con/trd/mch
PUB	China Daily Information Company
AN	Document BDU0000020141216eacg0000d