

UPDATE OF CHINA ADHESIVE TAPE MARKET

In the past ten years, China adhesive tape industry has achieved stable development and remarkable growth rate. According to CATIA's latest statistics, the output of China pressure sensitive adhesive products (including tapes, labels and graphics, etc.) in 2015 was 19.89 billion square meters, increased by 7.1% compared with 2014. But the sales in 2015 only reached 37.19 billion RMB, decreased by 2.2% compared with 2014.

Tape Varieties	2015			
	Output (billion sqm)	Sales Value (billion RMB)	Output Growth Rate (%)	Sales Value Growth Rate (%)
BOPP packaging tape	10.40	7.20	9.5	-5.3
PVC electrical tape	0.95	3.14	8.0	14.2
Label & graphics	3.45	8.25	6.2	3.1
Protective tape	1.85	2.40	8.8	-1.6
Double-sided tape	1.50	5.80	-6.3	-13.4
Crepe paper masking tape	0.82	1.60	9.3	-3.0
Aluminum foil tape	0.39	2.80	-2.5	-6.7
Specialty tape & others	0.53	6.00	6.0	1.7
Total	19.89	37.19	7.1	-2.2

In 2015, output of BOPP packaging tape accounted for 52.3% in overall industry. Label and graphics occupied 17.3%; protective tape occupied 9.3%; double-sided tape occupied 7.5%; while other adhesive tapes (PVC electrical tape, crepe paper masking tape, aluminum foil tape, specialty tape and others) were all below 5%.

There are following characteristics of adhesive tape industry in China in 2015. Firstly, rapid development of e-commerce stimulated the prosperity

of courier service industry. BOPP packaging tape is the fastest growth of packaging materials in courier industry. Based on rough calculations, BOPP packaging tapes used in carton wrapping and courier bag reached 2.5-3.0 billion square meters. So the rapid development of courier and logistic industry stimulated the continuous demand growth for BOPP packaging tape. Secondly, automotive industry is another growth hotspot. In 2005, output and sales of China automotive exceeded 24.5 million, hitting a record high in the world. The rapid and steady development of China automotive industry provides huge opportunity for the application of adhesive tape products. From laser label, to spray masking, exterior trimming parts fixing, interior parts bonding, body hole blocking, wire harness fixing and bundling, and fine color separation, a large quantity of adhesive tape products will be used.

Currently, China's economy has entered into "New normal state" from high speed growth and China adhesive tape industry has also entered into a new stage of maturity and transformation after golden period. On the one hand, there are increased difficulties and challenges in the development of adhesive tape industry, such as market demand slowdown, low-end capacity surplus, strict energy-saving and environmental policy, technological innovation difficulty, and fierce competition, etc. On the other hand, there are new market, new space and new opportunity because of "Belt and Road" development strategy, "free trade zone" construction expansion, coordinated development of Beijing-Tianjin-Hebei region, development planning of the Yangtze River Economic Belt, comprehensive control of air pollution, etc. Therefore, we expect that the development mode of China adhesive tape industry will transform from scale expansion to quality upgrade, and growth rate of industry size may slow slightly. The upgrade of quality and competitiveness will be the priority of industry. The enterprise innovation, technological innovation and management innovation will be the biggest variables in the industry and enterprise development.

There are seven overall goals of tape industry development during the

13th Five-Year Plan (2016-2020).

- 1) Production and sales will maintain steady and rapid growth;
- 2) Export product quality and grade will be improved significantly;
- 3) Industrial structure will further be optimized and upgraded;
- 4) Scale and strength of the enterprise will increase significantly;
- 5) Emerging field development will become the economic growth point;
- 6) Energy conservation and environmental protection will make substantial progress;
- 7) Improve and perfect the quality guarantee system, and establish tentatively coordinated development of government standards and market-oriented standards.