

# **Pesticide Industry Migration in China in 2020**

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**Researched & Prepared by:**

**Kcomber Inc.**

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## 1. Introduction

China's pesticide production capacities are mainly distributed in Jiangsu Province, Zhejiang Province and Shandong Province with stricter environmental protection supervision. In recent years, pesticide enterprises have accelerated their external expansion. Pesticide capacities are shifting from the eastern China to the western and central China with advantages in land, resources and policies. Besides, most of the new projects abide by national regulations to enter the standardized chemical park.

There are three main driving factors that promote the migration of enterprises in China. The relatively low labor cost in central and western China is one of the important factors for successfully attracting enterprises in eastern China. Besides, increasing environmental protection pressure forces China's pesticide industry to migrate, moving to areas with strong environmental carrying capacity. Furthermore, the shortages of land and energy drive enterprises to move to regions with relatively abundant land and energy recent years.

In 2020, there are many projects in the environmental impact assessment (EIA) stage, and most of them are proposed projects announced in H2 2020. The projects of pesticide technicals and intermediates are the key construction projects, especially in Inner Mongolia Autonomous Region and Ningxia Hui Autonomous Region.

In this report, CCM will analyse pesticide industry migration in China 2020 from the following aspects:

- √ Reasons for migration of China's pesticide industry
- √ Direction of China's pesticide industry migration
- √ Dynamics of migration of Chinese pesticide enterprises in 2020

## 2. Approach for this report

The report is drafted by diverse methods as follows:

### - Desk research

The sources of desk research are various, including published magazines, journals, government statistics, industrial statistics, customs statistics, association seminars as well as information from the Internet. A lot of work has gone into the compilation and analysis of the obtained information. When necessary, checks have been made with Chinese agrochemical players.

### - Internet

CCM contacted with players in the domestic agrochemical industry through B2B websites and software as well as obtained registration information on the internet.

### - Data processing and presentation

The data collected and compiled are sourced from:

- ✓ China Crop Protection Industry Association
- ✓ CCM's database
- ✓ Published articles in periodicals, magazines, journals and third-party databases
- ✓ Statistics from governments and international institutes
- ✓ Telephone interviews with domestic producers, joint ventures, service suppliers and governments
- ✓ Third-party data providers
- ✓ Comments from industrial experts
- ✓ Professional databases from other sources
- ✓ Information from the internet

The data from various sources have been combined and cross-checked to make this report as precise and scientific as possible. Throughout the process, a series of internal discussions were held in order to analyse the data and draw the conclusions.

### 3. Executive summary

In recent years, the tendency of domestic pesticide enterprises to shift to low-cost areas is obvious. In particular, those areas with low labor cost, strong environmental carrying capacity and rich land and energy have become the targets for spatial layout. China's manufacturing space shift is mainly driven by rising labor cost, increasing environmental protection pressure, shortage of land and energy, as well as rising construction cost, production and operation cost. Besides, the desire to get closer to the market, increase market share and reshape the industrial space pattern also drives the enterprises to deploy new production bases.

China's pesticide production capacities are mainly distributed in Jiangsu Province, Zhejiang Province and Shandong Province with stricter environmental protection supervision. In recent years, pesticide enterprises have accelerated their external expansion. Pesticide capacities are shifting from the eastern China to the western and central China with advantages in land, resources and policies. Besides, most of the new projects abide by national regulations to enter the standardized chemical park. According to incomplete statistics, the number of new projects totaled XXX in China in 20XX. Thereinto, about XXX enterprises of the top XXX pesticide enterprises in China have plans for capacity expansion, to build XXX projects in total. It's worth noting that XXX enterprises have XXX or XXX expansion projects.

#### 4. What's in this report?

Note: Key data/information in this sample page is hidden, while in the report it is not.

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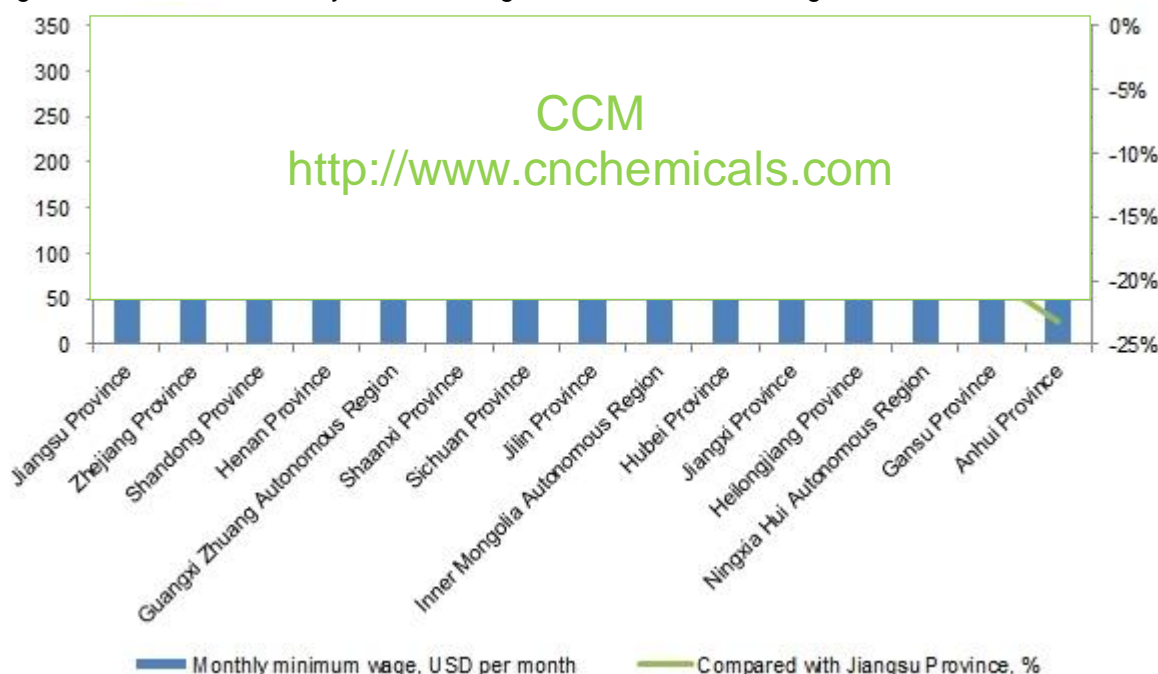
### 1 Reasons for migration of China's pesticide industry

#### 1.1 Rising labor cost driving enterprises to migrate to low-cost areas

In recent years, the tendency of domestic pesticide enterprises to shift to low-cost areas is obvious. In particular, those areas with low labor cost, strong environmental carrying capacity and rich land and energy have become the targets for spatial layout. China's manufacturing space shift is mainly driven by rising labor cost, increasing environmental protection pressure, shortage of land and energy, as well as rising construction cost, production and operation cost.

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Figure 1.1-1 National monthly minimum wage standards in various regions, as of 31 March, 2020



Source: Ministry of Human Resources and Social Security of the People's Republic of China (MOHRSS)

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### 2 Direction of China's pesticide industry migration

#### 2.1 Expansion of China's pesticide enterprises in 20XX, by region

China's pesticide production capacities are mainly distributed in Jiangsu Province, Zhejiang Province and Shandong Province with stricter environmental protection supervision. In recent years, pesticide enterprises have accelerated their external expansion. Pesticide capacities are shifting from the eastern China to the western and central China with advantages in land, resources and policies. Besides, most of the new projects abide by national regulations to enter the standardized chemical park. According to incomplete statistics, the number of new projects totaled XXX in China in 2020.

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Table 2.1-1 Number of projects by region, 2020

| No.          | Region | Pesticide technical | Pesticide technical & intermediates | Pesticide formulations | Pesticide intermediates | Total |
|--------------|--------|---------------------|-------------------------------------|------------------------|-------------------------|-------|
| 1            | XXX    | XXX                 | XXX                                 | XXX                    | XXX                     | XXX   |
| 2            | XXX    | XXX                 | XXX                                 | XXX                    | XXX                     | XXX   |
| 3            | XXX    | XXX                 | XXX                                 | XXX                    | XXX                     | XXX   |
| 4            | XXX    | XXX                 | XXX                                 | XXX                    | XXX                     | XXX   |
| 5            | XXX    | XXX                 | XXX                                 | XXX                    | XXX                     | XXX   |
| ...          | ...    | ...                 | ...                                 | ...                    | ...                     | ...   |
| 15           | XXX    | XXX                 | XXX                                 | XXX                    | XXX                     | XXX   |
| <b>Total</b> |        | XXX                 | XXX                                 | XXX                    | XXX                     | XXX   |

Source: News from various companies and CCM

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### 3 Dynamics of migration of Chinese pesticide enterprises in 20XX

#### 3.1 Migration of top XXX pesticide enterprises in China

In 20XX, about XXX enterprises of the top XXX pesticide enterprises in China have plans for capacity expansion, to build XXX projects in total. It's worth noting that XXX enterprises have XXX or XXX expansion projects, mainly Lier Chemical Co., Ltd. (XXX projects), Jiangsu Changqing Agrochemical Co., Ltd. (XXX projects), CAC Nantong Chemical Co., Ltd. (XXX projects) and Limin Group Co., Ltd. (XXX projects).

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Table 3.1-1 Industrial migration dynamics of top XXX Chinese pesticide enterprises, 20XX

| No. | Enterprise | Project site | Product | Capacity, t/a | Project progress | Ranking in the list of 2020 top 100 pesticide enterprises in China |
|-----|------------|--------------|---------|---------------|------------------|--|
| 1   | XXX.       | XXX          | XXX     | XXX           | XXX              | XXX  |
| 2   | XXX        | XXX          | XXX     | XXX           | XXX              | XXX  |
| 3   | XXX        | XXX          | XXX     | XXX           | XXX              | XXX  |
| 4   | XXX        | XXX          | XXX     | XXX           | XXX              | XXX  |
| 5   | XXX        | XXX          | XXX     | XXX           | XXX              | XXX  |
| ... | ...        | ...          | ...     | ...           | ...              | ...  |
| 11  | XXX        | XXX          | XXX     | XXX           | XXX              | XXX  |

Source: News from various companies and CCM

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**If you want more information, please feel free to contact us**

Tel: +86-20-37616606 Fax: +86-20-37616968

Email: [econtact@cnchemicals.com](mailto:econtact@cnchemicals.com)