

## Surge in Chinese coal power plant orders

### **Impact on power plant, air pollution control, and even general process equipment markets will be both substantial and long lasting**

In the past 18 months, China has started more new coal-fired power plants than the US has built in the last half century.

Provinces suffering from blackouts and electricity shortages for the booming economy have embarked on construction of 100 000 MW of new coal-fired capacity at a cost of \$120 billion.

Each of these plants is tracked monthly in the online Mcllvaine, World Power Generation Projects.

The impact of this huge endeavor on the power plant, air pollution control, and even general process equipment markets will be both substantial and long lasting according to the Mcllvaine Company. It will cause shortages in materials and labor worldwide. It will also permanently change the market structure with China moving to the center.

One example cited by Mcllvaine is the market for electrostatic precipitators. This new Chinese order surge will result in \$2 billion in orders for precipitator equipment and \$5 billion for installed precipitator systems. This will insure that China has more than 80 percent of the world's precipitator market over the next several years.

As a result, Chinese suppliers of precipitators will be able to position themselves as world leaders in the future. Mcllvaine predicts in its Electrostatic Precipitators: World Markets that Chinese precipitator manufacturers will become major exporters subsequent to the domestic surge.

Many of these new plants will be fitted with scrubbing systems to remove the SO<sub>2</sub>. This will cause shortages of equipment and materials in the US and Europe. In its FGD World Markets report, Mcllvaine predicts worldwide shortages of nickel alloy stainless plate, belt filters, large pumps, and ceramic nozzles as a result of this increased demand.

According to Mcllvaine, history has demonstrated that huge markets always result in creating new local players on the world stage.

A surge in power plant scrubber activity in Japan in the 1970s resulted in Mitsubishi, IHI, and Chiyoda becoming major worldwide suppliers of scrubber systems. The scrubber boom in Europe in the 1980s created a number of European based world players. From the licenses and joint ventures presently active in China will emerge some of the future scrubber leaders.

In the short term, there will be a positive effect of several percent on the trade balance between China and the US. American suppliers will benefit from the sale of power plant components such as air heaters and pulverisers.

US companies will receive a significant share of the controls and instrumentation purchases. Services such as training, consulting, and engineering will also generate revenues for US suppliers.

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