Siemens and Shanghai Electric agree on strategic wind power alliance for China

Breakthrough in the world’s largest wind power market

Siemens and Shanghai Electric intend to set up two new joint ventures to form a strategic alliance for the Chinese wind power market. Corresponding agreements were signed on December 8, 2011, in Shanghai by the two companies. The aim of this alliance is to better serve China as the world’s largest wind power market. In each of the two joint ventures, Siemens will have a stake of 49 percent and its Chinese partner Shanghai Electric 51 percent. One of the joint ventures will be engaged in R&D and production of wind turbine equipment for the Chinese market and for Siemens’ global supply network. The second joint venture will be responsible for wind turbine equipment sales, marketing, project management and execution as well as service in China. Siemens is thus continuing with the regionalization of its wind power business in key markets, and Shanghai Electric will further improve its core competitiveness. The agreements are subject to the approval of the anti-trust authorities.

"We see the agreements with our long term partner Shanghai Electric as the breakthrough for Siemens in the world’s most important wind power market. With the two joint ventures we’re now optimally positioned to participate in this strong market," said Michael Suess, member of the Managing Board of Siemens AG and CEO of the Energy Sector. “Our target is to become one of the world’s leading suppliers of wind turbines.” In recent years, China has rapidly advanced to become the top-ranking wind power country. With a cumulative installed wind power capacity of more than 40 gigawatts (GW) and a growth rate of about 30 percent from 2009 to 2010 in annual installations, China is today the world’s largest wind power market. It has potentials for wind power utilization both onshore and offshore, primarily along the southeast coast. By 2020, China plans to install wind turbines with a combined capacity of 150 GW. That equals the entire renewables- and fossil-based power plant capacity installed in Germany.
“The establishment of strategic cooperation with Siemens will on the one hand improve the manufacturing capability of wind industry in China, elevate Shanghai Electric’s wind business to a new level in terms of technology, management and human resources and create advantages for Shanghai Electric to hold a footing in the global wind industry; on the other hand it will also provide an opportunity to Shanghai Electric for its new energy strategy implementation. The wind market in China is entering into an integration phase, so the cooperation with Siemens for these two joint ventures will provide Shanghai Electric with new opportunities for development,” said Xu Jianguo, the Chairman and CEO of Shanghai Electric (Group) Corporation.

Shanghai Electric has been in cooperation with Siemens for years in the power generation field, which has laid a good cooperation foundation based on mutual trust. Siemens will provide advanced wind turbine technology, and international know-how and experience in project management and project execution and service for the cooperation with Shanghai Electric. As the leading provider of offshore wind power, Siemens will also provide expert know-how in the offshore business. The joint ventures are also to develop customized products for the Chinese market and can utilize an existing network of suppliers there. Shanghai Electric will provide local competence and access to the market and Chinese customers. For almost 15 years, Siemens and Shanghai Electrics have been cooperating successfully in six ongoing joint ventures to date in the fields of power generation and transmission.

Siemens has gradually secured its footprints in China’s wind market in recent years. In late 2010, Siemens opened a rotor blade production facility in Shanghai and in the summer of 2011, together with Shanghai Electric, the company secured its first order for an offshore wind farm in China. Since October, the Business Unit Asia-Pacific in the Wind Power Division has been based in Shanghai.

Given its international reputation in the power generation field and synergetic advantage as a manufacturing group for integrated equipment, after five years of fast development Shanghai Electric has acquired design and R&D capabilities for core components such as blade, generator, main controller and software, converter, yawing and pitching bearing and for all the equipment of wind turbines. Last year, Shanghai Electric secured the Dongtai 200 MW intertidal wind farm project in the first round of national concession project bidding; this year we again won the bid for Shanghai Donghai Bridge project phase II - a 100 MW offshore wind farm project. In 2010, Shanghai Electric wind business sales revenue exceeded 3 billion RMB ranking No. 7 in China, and its newly-installed capacity ranked No. 13 globally.
Siemens has been doing business in China for 139 years and plays a leading role with its Sectors Energy, Infrastructures & Cities, Industry and Healthcare. Siemens has established itself in China as a key player in the local economy and as a reliable, committed and trustworthy partner. Siemens currently has approximately 16 R&D Centers, 69 operating companies and 64 regional offices in China. In fiscal 2010, Siemens posted revenue of more than 5.5 billion Euros there. At present, Siemens has a workforce of more than 25,000 in China.

Wind turbines are part of Siemens’ Environmental Portfolio. In fiscal 2011, revenue from the Portfolio totaled about €30 billion, making Siemens one of the world’s largest suppliers of ecofriendly technologies. In the same period, Siemens’ products and solutions enabled customers to reduce their carbon dioxide (CO2) emissions by nearly 320 million tons, an amount equal to the total annual CO2 emissions of Berlin, Delhi, Hong Kong, Istanbul, London, New York, Singapore and Tokyo.

The Siemens Energy Sector is the world’s leading supplier of a complete spectrum of products, services and solutions for power generation in thermal power plants and using renewables, power transmission in grids and for the extraction, processing and transport of oil and gas. In fiscal 2011 (ended September 30), the Energy Sector had revenues of EUR27.6 billion and received new orders totaling approximately EUR34.8 billion and posted a profit of more than EUR4.1 billion. On September 30, 2011, the Energy Sector had a work force of more than 97,000. Further information is available at: www.siemens.com/energy.
Caption:
On December 8, 2011, Siemens and Shanghai Electric have signed agreements on the formation of two joint ventures for the Chinese wind power market. The picture shows representatives of the two companies during the signing ceremony in Shanghai, China. In each of the two joint ventures, Siemens will have a stake of 49 percent and its Chinese partner Shanghai Electric 51 percent. One of the joint ventures will be engaged in R&D and production of wind turbine equipment for the Chinese market and for Siemens’ global supply network. The second joint venture will be responsible for wind turbine equipment sales, marketing, project management and execution as well as service in China.

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