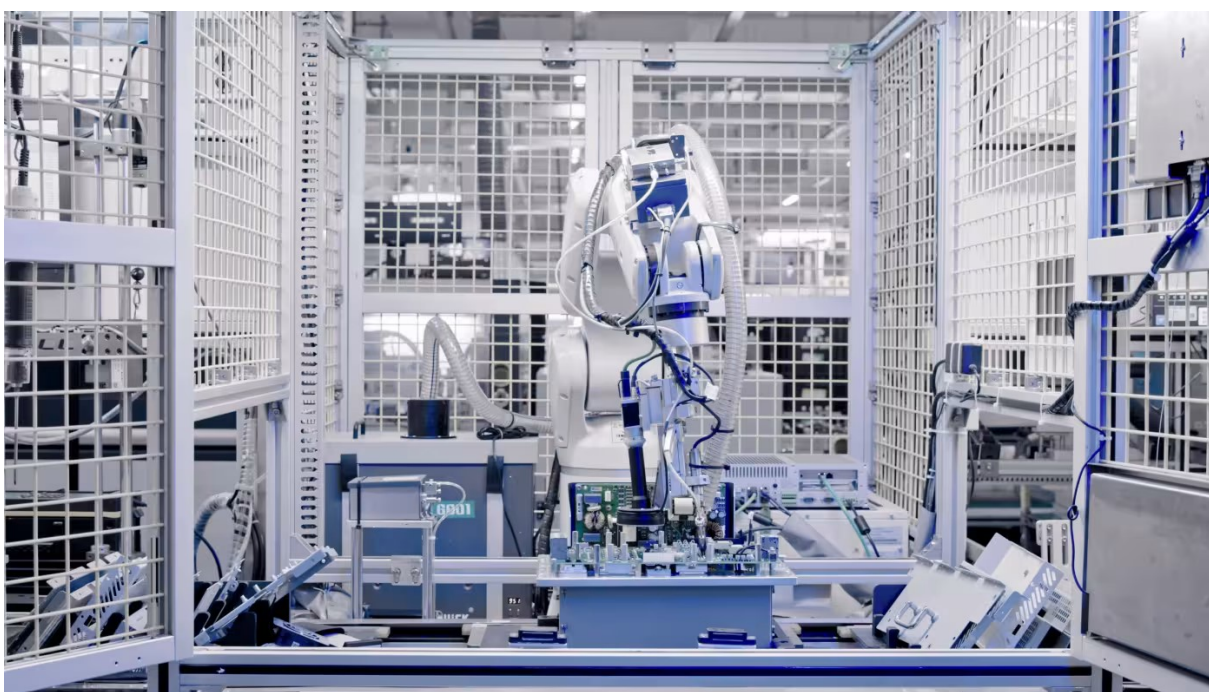


Chinese business & finance

Chinese robot maker says protectionism will not stop its march

Shenzhen Inovance founder says automation tech is indispensable to global supply chains



A robot at Shenzhen Inovance. The company is China's leading supplier of parts for AC servo systems, which produce motion in industrial machines © Handout/Shenzhen Inovance

William Langley and **Gloria Li** in Hong Kong 11 HOURS AGO

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The founder of China's largest industrial automation company believes the key role played by the country's robot makers in keeping global supply chains running will insulate them from rising global protectionism as they try to expand overseas.

Zhu Xingming, chair and founder of Shenzhen Inovance, said it hopes to challenge incumbents — which include western groups such as ABB and Siemens — for a place in the top three largest companies in the sector globally within five years.

The self-made billionaire's comments come as the west, particularly the US and the EU, increases its scrutiny of Chinese technology and hardware exports, from [social media platforms](#) and solar power to steelmakers and electric-vehicle manufacturers.

"I don't think there will be protectionist barriers in the automation field," he said, in a Financial Times interview.

"[The automation industry] should be the last barrier set up. Because our industry

solves problems concerning people’s livelihood.”

Inovance, the country’s biggest automation company by value with a market capitalisation of about \$25bn, is China’s number one domestic supplier of parts for AC servo systems, which produce motion in industrial machines. It is the second-largest domestic producer of [industrial robots](#) and an important maker of motors and other components for electric vehicles.



Inovance chair Zhu Xingming © Ma Xiao

Dubbed “little Huawei” in the industry, Inovance was founded by a group of former Huawei engineers, including Zhu himself, and has an employee stock ownership plan and high R&D spend that are similar to the telecoms group. The company has forecast its 2023 revenues will have risen in the region of 30 per cent to about Rmb30bn (\$4bn). It currently has three overseas factories, one in India and two in Hungary.

Zhu said expansion plans were guided by a “global-local” strategy of combining local engineers, factories and research centres with innovations from the Chinese supply chain.

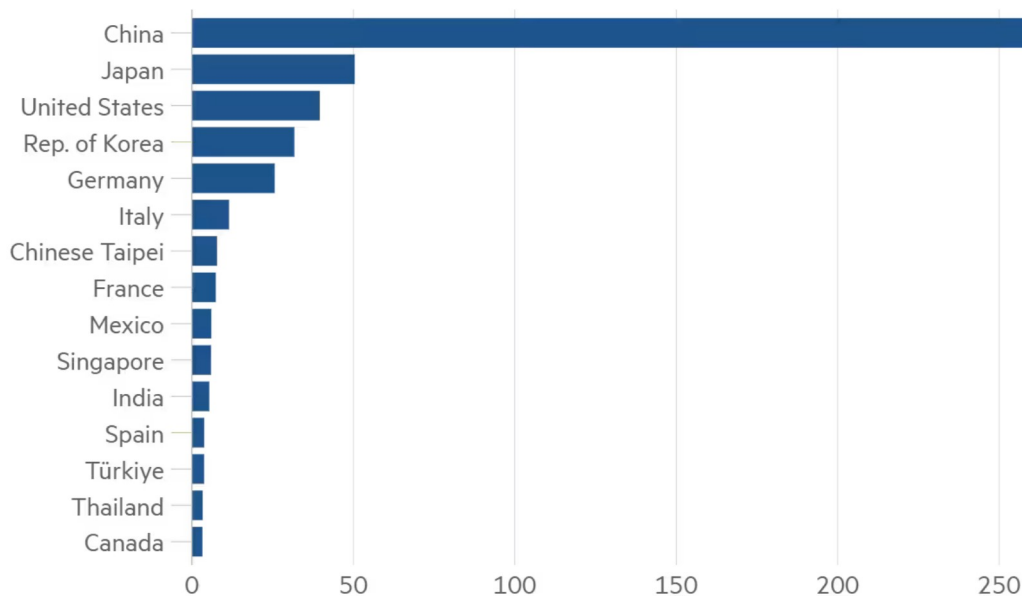
He added that, while the strategy would help to mitigate geopolitical risks, its primary purpose was to bring the company closer to its clients and customise its products to their needs.

Chinese companies, offering tech from conveyor belts and motors to advanced manufacturing robots, are also expanding rapidly in their home country, which is the world’s largest market for the sector. More than half of all industrial robot installations in the world took place in China in 2022, according to figures from the International Federation of Robotics.

Domestic groups, including Inovance and Nanjing-based Estun, have been increasing their share of the home market for industrial robots, accounting for 45 per cent in the first nine months of last year, up from just 24 per cent in 2017, according to Corey Chan, head of A-share industrials and renewables research at HSBC Qianhai Securities.

Annual installations of industrial robots in 2022

'000 of units



Source: International Federation of Robotics

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Chan added that Chinese companies benefited from being closer to domestic manufacturers, and from using parts they made themselves or obtained from other suppliers at home, helping them to offer cheaper products than foreign competitors.

However, overseas expansion would be more difficult, said Catherine Yeung, investment director at Fidelity International, given how well-established their western and Japanese competitors were.

“The customers have to trust you because it’s basically a mission-critical part of the production line. The advantage [Chinese groups] have is low cost and a robust supply chain,” she said, adding they were also able to tailor “bespoke” robots and services to their customers’ needs.

Zhu said that the company had benefited from a relatively co-operative environment in the industry, with many of its staff starting their careers abroad at other groups.

“We have always maintained a very deep and close co-operative relationship with

European, American and Japanese manufacturers in the industrial chain,” Zhu said.
“If there are even [protectionist] restrictions against us, the world really is closed off.”

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