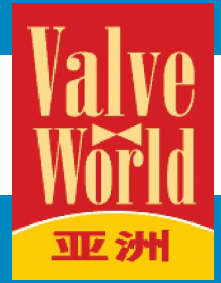
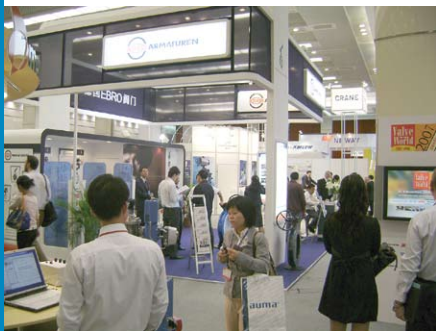


# “THE CHALLENGE IS OUR ENERGY”



**Pudong, Chinese Manhattan. To the left the center of conventions where the Valve World Asia 2007 was carried through**



**Valve World Asia Exposition**



**To the deep one, the Center of Convention and International Exposition of Xangai, where the Exposition was carried through**

**P**etrobras was selected for the first time to make a presentation at Valve World Asia Conference and Exhibition 2007, the world’s largest event in the area of flow control which took place on October 17 & 18, 2007 in Shanghai under “Brazilian device for lapidating large diameter non-lubricated metal seated Plug valves for the Oil & Gas segment”. This was created by this columnist and patented by Petrobras in 2003.

### Why is this conference so important?

The Brazilian Industrial park has been going through a massive expansion, such as the building of a new refinery in the Northeast, new units at the national refineries and new platforms. The demand of the world market for valves is expanding with new applications and uses. At this exact moment there are billions of cubic meters of liquids and gases flowing through pipelines all over the world, which need valves for regulating the flow.

Over 25,000 companies around the globe make valves. This year such companies will generate \$43 billions in sales, and until the year 2010 these figures will rise up to \$53 billions.

This growth will be incremented by the new applications in the developing countries, with special focus in Brazil. The great demand for the purchase of valves, along with the limitations of production of the national market stimulates Brazilian companies to look for alternatives and more competitive prices abroad. This was the reason for such great opportunity in participating in the Conference Valve World Asia and to visit some Chinese valve factories.

China is nowadays a major valve buyer, while the United States holds the position of the top buyer for repair parts. On the other hand, China is the second largest exporter of valves in the world, considering that many of the Brazilian companies that have been purchasing such valves have been experiencing unpleasant surprises concerning the performance and the



**Jay Shu General Manager GWC**

**Assembly line**



**Group of benches of test of valves**



Valve sphere of the GWC

Nations joined in the fair Valve World

Great valves

quality of some of the equipments. To illustrate my point-of-view, in the energy segment, China has been acquiring more valves for its industries. This alone is more than the sum of all the other countries in the world. China is also the leader in the majority of the segments of the heavy industry.

The environment represents a continuous-growth area for the valve suppliers. The water treatment, the desalinization of the sea water, and the conventional treatment for drinking water are all developing sectors. A two-digit figure is being obtained in the valve sales for cleaning systems, used for the cleaning of exhausters in the power plants and other industries.

The consumption of valves is larger in the petrochemical sector, with sales above \$7 billions in 2006. This sector is undergoing rapid change. The fast growing of Liquefied Petroleum Gas (LPG) is presenting opportunities for companies that can produce valves for high pressure and high temperature. The development of non-conventional sources of fuel, such as bio-diesel creates a market for valves of a more sophisticated conception.

China rapidly became a large producer of valves. The largest producers of valves technically more competent were located in the developing countries as shown by the fact that the United States, Germany,

Japan and Italy together represent fifty per cent of the world's production of valves in 2004. However, China is becoming a great competitor ( and gross exporter ), with its production reaching close to \$4.5 billion in 2004.

The participation in the Valve World was a unique opportunity to consolidate our national technical presence in China and to contribute with the international technical community demonstrating the Brazilian creativity for problem-solving situations, besides the excellent opportunity to be in contact with the latest technological advances in the production of valves e the best practice adopted for these equipment in the world.

During my stay in Shangai I had the opportunity to visit two plants. I went to the unit that produces spherical valves from GWC AARON, which has 120 employees. This company also produces other models of valves and its main client is the American market. GWC has a similar profile to some good Brazilian makers of valves.

Immediately after the presentation of my seminar at the Conference, I received an invitation from Mr. Godwin Cheng and Bin Lu, President and Vice-President of the world's second largest

valve maker to visit its installations in the following day. This visit changed my mind about the valves that are made in China. This factory has 1900 employees and produces with high technology and quality and reliability many models of valves, such as: GATE, GLOBE, BALL , DIAPHRAGM, and CHECK VALVE in all sizes, pressure and materials.

These two visits during my stay in Shangai, along with the contacts that I made at the Conference and Fair in Valve World Asia 2007 shows the great interest and the high investments that China is doing in order to reach new markets, leaving a previous condition of valve maker that operated under the requirements of the Russian pattern GOST, and evolving due to a market requirement for API, ASME etc.

Despite being China's cost so attractive, you are never too careful. My sharp eye for valves and the many conversations that I held during the Valve World I was able to note that there are many Chinese producers with deficient valve projects which would hardly match the expectations with reliability and safety of the Brazilian market.

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