

Neway Valve – Leading Customers on

Neway Valve International Inc. has solidified its position as a leader in the valve industry since its foundation in 1997. With a presence in over 100 countries, the valve giant from China continues to grow with production expansion and sales facilities on a worldwide scale. Neway is able to deliver comprehensive engineered valve solutions rapidly around the globe through its seven production facilities in Mexico, Saudi Arabia and China and sales and marketing offices in the United States, Brazil, Italy, Singapore, Dubai and the Netherlands.

Officially joining the company on March 2nd, 2015, President Mr. Shelby Coleman has been a valuable addition to the Neway team bringing a solid reputation and over 30 years of industry experience to his new role. Valve World Americas had the opportunity to speak to Shelby about Neway's evolution under his leadership, how the company remains competitive as an emerging manufacturer and the quest for continuous improvement.



By Sarah Bradley

What changes has Neway experienced in the industry in the last 2 years?

Neway commodity products have been widely accepted throughout our industry providing the client base with quality and performance, all while ensuring that commercial goals are met. With a positive performance record our client base is now looking to Neway for higher alloys, higher pressure classes, and engineered products. Neway's core business has traditionally been focused in refining and chemical. However, we are now experiencing companies in markets such as production, pipeline, power, and LNG partnering with Neway to provide the same performance, technical and commercial solutions.

What challenges are your clients faced with in the quest for continuous improvement and how do these challenges impact the industry as a whole?

The obvious first answer would be safety, which is paramount in our industry. Our industry works with manufacturers, like Neway, to ensure the products installed in their systems meet the highest quality standards as set forth by the industry. Secondly would be efficiency; to provide a product that maximizes run time and minimizes downtime. The industry is continuously challenged with environmental, health, and safety regulations all while having to compete in a global market. Continuous improvement enables our clients and manufacturers a platform to provide a safe environment and remain competitive on a global scale.



What is the process like for Neway? What does continuous improvement mean to Neway as a company?

Continuous improvement means Neway is constantly focused on meeting our client's requirements and exceeding their expectations for safety and efficiency. Neway, as compared to legacy companies, is a relatively "young" company. Our product designs have been developed in conjunction with our industry partners and their requirements; be it special seal designs, metallurgical requirements, or application specific engineered products. Because of this, Neway has invested over \$100M in the last decade for research, development, and continual product improvement.

Can you describe the challenges faced by manufacturers in the process for continuous improvement and the commercial impact?

While the continuous improvement process allows Neway to be more efficient and provide a quality product to our clients, the industry continues to allow lower cost companies to enter the market. These lower cost companies can typically address the commercial requirements, but don't always meet the technical requirements. Meanwhile the industry continues to hold Neway and other legacy companies to strict compliance. It becomes a balance of meeting technical standards while controlling commercial cost.

From a commercial standpoint, how are your U.S. operations impacted by being a global company?

Today's market is in a continual state of change. We are seeing more global pricing agreements with end users and EPC's. These agreements are conducted at the point of manufacture, with little to no input from global subsidiaries. Managing profit margins on a local scale is, at best, challenging.

How important is it to be a global company in the current market?

As these pricing agreements are put in place, global companies are looking for manufacturers, such as Neway, that provide scope of product, production capacities, global support locations, and financial sustainability. Neway

has continued to grow, not only at the manufacturing base but throughout all subsidiaries due to product demand and Neway's continual investment in the mentioned areas.

As a Chinese manufacturer, what challenges are companies faced with in being qualified in the United States?

For decades, the valve industry has been utilizing Chinese, offshore components, or complete private labeled manufactured products. The perception

of being a legacy brand is that these products are still manufactured in the USA. Neway has presented itself to the market as a transparent company and that all manufacturing and raw material sourcing originates in China. The challenge is to "have the opportunity" to tell the Neway story of how and why Neway has grown to be one of the largest valve manufacturers in the world. Neway does understand this perception which is a deficit in some cases, predominantly in the USA. Having said

NEWAY VALVE SIGNS FIRST DOMESTIC SUBSEA VALVE CONTRACT WITH OFFSHORE OIL ENGINEERING CO. LTD

Neway Valve (Suzhou) Co.,Ltd has signed a supply contract with offshore oil engineering Co.,Ltd for 9-2/9-3/10-3 gas field cluster project for subsea ball and subsea gate valves.

WC9-2 gas field is 146km away from East China Sea Wenchang city, Hainan Province, 262km away from Zhanjiang, Guangdong. The water depth of the gas field ranges from 110m to 130m. WC9-3 gas field is 5km away from WC9-2, whose water depth is approx. 123m. WC10-3 gas field is 25km away from WC9-2, with the water depth ranges from 130m to 150m. Neway's winning subsea valves primarily apply to WC10-3 gas field's PLEM system. The oil, gas and water exploited from gas field will be processed in WC9-2/9-3CEP gas field. After separating, measuring and condensing, dry gas will be sent to Hong Kong onshore terminal through the underwater pipeline from Yacheng to Hong Kong. The oil and water will be delivered to HYSY116 FPSO through WC8-3WHPB and seafloor multiphase pipeline.

Offshore oil engineering Co.,Ltd required all valve suppliers to have a series of strict type tests on the proj-

ect prototype according to API6A and API17D, including PR2 test, hyperbaric test and life test. Neway Valve is the first domestic valve supplier who have completely passed authentication of subsea gate and subsea ball valves and obtained Gemanischer Lloyd Certification. Neway's first subsea valve project order is also the first subsea valve order awarded to a China based manufacturer and the success of this subsea valve order breaks the market monopoly by overseas valve manufacturers in the subsea valve field.

This is a positive development for Neway's market expansion and planned business growth. This success also lays a solid technical foundation for Neway's continued research and development plans for deep water valves.



the Quest for Continuous Improvement



that, plans are underway for manufacturing in multiple countries outside of China such as The Netherlands, Italy, USA and Mexico.

Can you speak to the complexity of bridging the gap from being just a brand name to securing a place on an AML?

The first step is overcoming perception issues with the technical authority, of three critical words: "Made in China". Commercial then becomes a catalyst to prompt technical to investigate the company. End users on a global scale are auditing and visiting our facilities daily. Neway takes pride in our ability to provide open inspection of our facilities, products and documentation. Depending upon the end

user and their technical requirements, this process could last anywhere from 6 months to 1.5 years before appearing on the end user AML.

Is it difficult to meet the parameters of international standards? How do standards vary between the U.S. and global expectations – do they conflict or interact? How does it affect manufacturers and the manufacturing process?

Neway is an international company therefore we must comply with all global standards and manufacturing requirements. There are similarities among varying standards across the globe. The key for any manufacturer is understanding requirements in each country, then ensuring compliance and acceptance to meet global end user requirements. Neway facilities can conduct nearly all valve testing procedures required by the industry globally. We perform in cooperation with client requirements, while meeting global standards such as API, NORSOK, DIN/EN (AD2000), ISO, and GOST.

What are the associated costs involved with reaching these standards?

As Neway has grown into a global company, more than \$100M has been dedicated to not only our research and development, but to meet and obtain certification of international standards.

As an emerging manufacturer how do you remain competitive and solidify your position in the market in competition with legacy brands? Are there benefits to being the relative new kid on the block?

As we know, the valve industry has followed emerging countries that provide low cost manufacturing and labor. A decade ago, China was the leader but that is not the case today. Neway owns three foundries in China that sup-



port our manufacturing base. As costs continue to rise with materials and labor, Neway must remain committed to owning the process. Whereas other manufacturers may easily shift casting and forging procurement to lower cost countries. The challenge for Neway is to continue to improve on foundry and manufacturing efficiencies as well as move toward strategic global sourcing and manufacturing.

Can you describe Neway's relationship to the end user? How important is it to be a partner for your end user customers and in what ways does the company develop, build and maintain those relationships?

Having a relationship with the end user is vitally important to Neway, or any manufacturer for that matter. Even though much of our products are managed through the distribution network, having direct contact with the end user allows us direct feedback on performance, future approvals and requirements as well as a general barometer with the relationship of the two companies. Our overall goal is to move a relationship into a partnership. As far as building a relationship; it's pretty simple, there is a need from the client and we have to perform and meet or exceed expectations. That formula builds and maintains a relationship, quite similar to a wife and husband.

What do you foresee for the future of the valve industry globally and what role do you believe Neway will play in the valve world? What do you foresee for the future of the industry in the U.S. in particular?

Over the past 20 years, Neway has grown significantly in the global valve market. In the US specifically, our initial focus was in the MRO refining and chemical market. The development of our product scope has allowed Neway to move into new markets such as LNG, Pipeline, Upstream Production, and Power. In the foreseeable future, we believe that Neway will be a significant contributor to the valve industry in the US.

■ NEWAY AT A GLANCE:

Established: 1997

Head Office: Suzhou, China

Industries Served: Oil & Gas, Chemical, LNG, Pipeline, Power, Production, Marine, Mining, General Industrial System, and Water Treatment

Product Portfolio: Gate, Globe, & Check Valves, Ball Valves, Butterfly Valves, 6D/Pipeline Valves, Knife Gate Valves, Switch Control Valves, Control Valves, Nuclear Valves, 6A Valves, and Special Valves

Industrial Certificates: ISO 9001, API Q1, API 6A, API 6D, CE/PED, ASME N & NPT, TA-Luft, ABS, GOST R&K, and Fire-Safe approvals.

Locations: China, USA, Brazil, Netherlands, Italy, Singapore, UAE, Saudi Arabia (JV)

Global Facilities & Service: 1 general valve assembly plant, 1 API 6A valve plant, 3 foundries (Tong'an, Tongshang, Dafeng), and 1 R&D center

Number of Employees: 4270
Total Number of Employees worldwide = 2000 (Valve Division) + 1200 (Metal Industry Division) + 550 (CNC Equipment Division) + 120 (Oil Equipment Division) + 100 (Overseas Subsidiaries) + 100 (Nuclear Valve Division) + 200 (Safety Valve Division)



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