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LOGISTICS NEWSLETTER | 28 MARCH 2013

AIRLINES & AIRPORTS

Tests continue on China's largest cargo aircraft

China completed two more ground tests for the Y-20, its biggest home-grown transport aircraft, following its successful maiden flight on January 26. Tang Changhong, Chief Designer of the Y-20, or Transport-20, said it took five years for Chinese designers to manufacture and test-fly the jumbo air freighter. Other large strategic air freighters in active service globally include the Antonov An-225, the Ilyushin Il-76 and the Boeing C-17 Globemaster III. The Y-20 will serve as China's jumbo transport aircraft "over a very long period of time". It will probably be put in service within five years. The 15-meter-high Yun-20 has a load-carrying capacity of 66 metric tons and a maximum take-off weight of 200 tons. Domestically designed and manufactured engines will be tested and once they have passed, they will replace the Russian engines which are currently used. The Chinese engines perform better in terms of fuel efficiency and thrust-weight ratio.

- Cathay Pacific Airways cancelled an order for eight Boeing 777-200 freighters as it revamps its fleet. Cathay will instead buy three Boeing 747-8 freighters worth USD1 billion at list prices. The firm will sell four Boeing 747-400 converted freighters to Boeing as part of the restructuring.
- Cargo throughput at airports in Shanghai, Beijing and Guangzhou accounted for over half of the total cargo volume handled by all Chinese airports in 2012, the Civil Aviation Administration of China (CAAC) said. Chinese airports handled 11.99 million tons in cargo traffic in 2012, up 3.6% on 2011.

ECONOMIC HUBS

Hefei expanding as business hub

Hefei is 500 kilometers inland from Shanghai, but the provincial capital of Anhui province has ambitions to become a player in the business world. Over the past year, it has defied the national decline in foreign direct investment (FDI), and already attracted multinationals such as Unilever, Coca-Cola and Hitachi Construction Machinery to set up shop, thanks to lower wage and land costs, according to city Mayor Zhang Qingjun. Now it plans to build on those gains by rolling out an infrastructure program of road, water, power and rail networks to lure more business from the coast. “The trend of businesses moving inland from coastal regions is becoming very clear,” the Mayor said. “Our priority is to establish high-end manufacturing as well as research and development facilities.” The migration of funds to Hefei is reflected in the CNY43.9 billion in direct investment in the city in the first two months of the year. That amounted to a 20% year-on-year increase, with 94% of the total coming from other provinces, he said. Over the same period, Hefei's exports more than tripled year-on-year while China's exports rose by less than a quarter.

EXPRESS DELIVERY

Complaints about courier companies on the rise

Shanghai YTO Express has apologized to a local customer after a delivery man threatened to spread her personal information on the internet if she complained. The customer, surnamed Fu, called after a courier was late in picking up a package, asking him to come right away because it was urgent. The delivery man not only refused but also threatened her by saying “if you dare to lodge a complaint against me, I will publicize all your personal information on the internet,” according to Fu. YTO has punished the man with a salary cut and started new training for all its staff to prevent similar incidents. Leaks of private information have become one of the major problems of the courier industry in China, said Li Bin, Director of the Customer Complaints Reception Center of the State Post Bureau. The center received 192,000 complaints in 2012, and 27% were about company couriers, including some about information leaks, Li said. An industry has grown up around such leaks. On the Dan114 website, customers’ courier numbers from major firms including YTO, Yunda and ZTO are being sold at CNY0.4 to CNY1 each. Merchants can create fake favorable reviews of their services using such information. Courier service managers can be fined CNY5,000 to CNY10,000 if couriers are found collecting or selling personal information of customers, according to the Courier Industry Regulation issued by the Ministry of Transport that took effect this month. There are now more than 800,000 delivery workers nationwide and the number has been increasing by about 200,000 annually. Some 30 million parcels are delivered across China every day.

LOGISTICS INDUSTRY

Yangshan copper premium price launched

The Yangshan copper premium – which is paid on top of the benchmark London Metal Exchange cash copper price – has been launched as the first in a series of commodity prices under the “Yangshan Price” banner, designed by the Shanghai Free Trade Zones to develop the Yangshan bonded area into a bulk commodity trading platform. As China’s first physical price for nonferrous metal in bonded areas, the Yangshan copper premium will be published on authoritative and independent platforms including Bloomberg and Xinhua 08. Up to 63 leading commodity enterprises have established divisions in Yangshan port, with a combined registered capital of CNY3.5 billion, laying a solid foundation for the port to develop broader futures delivery businesses, said Wang Xinling, Deputy Director of the Management Committee of the Shanghai Free Trade Zones. “The launch of the Yangshan Price will create closer links between the domestic and international market, and help Chinese bulk commodities enterprises gain more of a say in international pricing,” said Chen Quanxun, Chairman of the China Nonferrous Metals Industry Association. Fan Xin, President of the Shanghai Metals Market website, a leading metals information provider, said: “The release of the Yangshan copper premium is backed by the rapid growth in copper imports and exports via Yangshan port, as well as huge inventories in the port.” Around USD10 billion worth of electrolytic copper was imported through the Shanghai Free Trade Zones in 2012, accounting for a third of the nation’s total imports. It is expected the Yangshan Price will become a benchmark with international influence on copper trading in the future, said Wang. Shanghai will add 80,000 to 90,000 square meters of storage capacity for metals by the middle of this year to the existing 50,000 sq m, the China Daily reports.

Tom's JV with China Post will step up mobile e-commerce initiative

Tom Group, which narrowed its net loss last year, has started to ramp up the mobile retail capabilities of its e-commerce venture with China Post after the operation saw sales volume double. Tom's Chief Executive Ken Yeung said he agreed with Jack Ma, Chairman of Alibaba Group, that e-commerce in China was entering a golden age and that online transactions would make up about 30% of the country's total retail sales in the next five years. Beijing Ule E-Commerce, which Tom and China Post rolled out in 2010, provides an e-commerce platform that supports online and offline store integration, distribution and logistics, and marketing and promotion to merchants. Unlike Alibaba's market-leading Taobao online retail operations, which rely on third-party logistics service providers, Ule.com is backed by the resources of China Post. This infrastructure includes 52,000 postal outlets, 150,000 postal delivery workers, 80,000 postal vehicles, 433 train carriages, 16 cargo aircraft and three ships. Ule.com’s gross merchandise value, the total worth of goods sold, reached CNY500 million.

- China Grain and Logistics Corp will become a subsidiary of China National Cereals, Oils and Foodstuffs Corp. Zheng Yujie, Analyst with CI Consulting, said that “the takeover is an important step for the company’s whole industry chain strategies.”

PORTS & SEA TRANSPORT

Pacific Basin looks to expand its fleet

The dry bulk operator Pacific Basin Shipping is planning to expand its fleet, even though the dry bulk market is likely to remain challenging in 2013, according to Chief Executive Mats Berglund. The firm, which has USD753 million for vessel acquisitions, has already spent USD122 million since September to acquire eight dry bulk ships. These comprise seven second-hand Handysize and Handymax vessels and a new Handysize which was sold by a shipyard after the original owner failed to take delivery. Berglund said the firm's two key objectives were to buy “more Handysize and Handymax ships at attractive prices” and expand its customer and cargo base. He confirmed that the company has sold its 45% interest in a cargo terminal in Nanjing, which it bought for USD16 million in 2007, as part of a continuing disposal of non-core assets. Executive Director Wang Chunlin, who was recruited to develop the ports business, will step down at the annual meeting in April. Berglund said Pacific Basin, one of the world's biggest operators of Handysize and Handymax vessels, with 172 owned and chartered ships, outperformed the Baltic Handysize index by 44% last year, thanks to higher charter earnings particularly on return voyages, its large fleet and strong links with charterers. However, overall daily charter rates were still down, by 22% to 23% last year, which reflected continued weakness in the dry bulk market, Berglund said. He added the firm was also expanding its towage business in Australia, with the launch of harbor towage operations in Newcastle later this year using tugs redeployed from the Middle East. Pacific Basin was also “well positioned to win more business” on Australia's liquefied natural gas projects, where the firm is providing construction support and towage on the Gorgon project and is eyeing Chevron's Wheatstone LNG development. Overall, the firm reported a USD158.5 million net loss last year from a USD32 million net profit in 2011. This included a USD199 million write-down on its ferry business, the South China Morning Post reports.

YPSN: Maritime industry needs future direction in Hong Kong

A blueprint setting out the future direction of Hong Kong's maritime industry should be prepared and the government should then commit to implementing the plan if Hong Kong is to stave-off competition from other regional shipping sectors. The proposal, which includes signing more double tax agreements with potential trading partners, tax incentives for companies planning to incorporate in Hong Kong, and subsidized training, was made by the directors of the Young Professionals in Shipping Network (YPSN). "The government needs to first commit to a plan for the industry," said Su Yin Anand, one of the group's three Directors. "After that, an independent Ministry for Transport covering maritime, logistics, and aviation should be set up to focus on developing these industries. Anand said increasing costs and lack of talent were among the challenges facing Hong Kong's maritime sector. Another was lack of government support in promoting the city as a transport hub, resulting in Hong Kong being eclipsed by Singapore, Shenzhen and Shanghai. Co-founder Tabitha Logan said the government had recently begun to take note of the maritime sector in Hong Kong. The group's third Director, Marija Pospisil said that to attract and retain the best talents to the sector, both locally and from abroad, more effort should be made to promote shipping as one of the pillars of Hong Kong's economy. Hong Kong owners, operators and managers control about 10% of the world's merchant tonnage, while the Hong Kong shipping register is the world's fourth-largest with ships totaling 80 million gross tons flying the Hong Kong flag. Reports are expected on ways to develop Hong Kong as an international maritime center, a Hong Kong 2030 port master plan, and on Hong Kong's role as a regional distribution center, all by consultant BMT Asia Pacific. The maritime center report was already submitted to the Transport and Housing Bureau while the other two are expected to be lodged with the Port Development Council and Trade Development Council later this year. The young professionals said it was too early to say if there had been a change in the government's attitude to the maritime sector since Leung Chun-ying became Chief Executive "though there have been positive indications".

China Merchants Group sees no end yet to slack in dry bulk cargo

The business woes of dry bulk cargo shippers are unlikely to end this year because of excess capacity, according to the Chairman of the China Merchants Group, Fu Yuning. "The dry bulk cargo shipping sector will still be under pressure," Fu said. "I don't expect the problem of excess capacity to improve this year." Excess capacity has put pressure on freight rates, hurting shipping companies' profits. He said China Merchants, a state-owned conglomerate which has operations in shipping, ports and property, had no plans to expand its shipping fleet any further this year. But its capacity would continue to increase, because some ships ordered earlier had still to actually join the company's fleet, he said. Fu said he expected volumes on Pacific routes to improve this year as the European economy had stabilized. "Once global trade picks up slightly, shipping companies should take the chance to rearrange their capacity," he said, but he added that fuel costs would stay high because of high oil prices. He said he expected China's exports to increase from last year but achieving 8% growth in foreign trade would not be easy, as uncertainty over the European debt crisis remained.

Weak Western growth to hit cargo demand

Shipping executive says despite higher container rates, 2013 will be as difficult as last year. Anaemic growth in the U.S. and little improvement in Europe's economic conditions will make 2013 as "challenging" as last year for Orient Overseas Container Line (OOCL), Ken Cambie, Chief Financial Officer of Orient Overseas (International) (OOIL), said. First-quarter cargo demand was as difficult as 2012 although container rates were higher than this time last year. He said OOCL was looking to increase rates in the coming months as cargo contracts are renewed with freight owners on transpacific and Asia-Europe trades and general rate rises are implemented. Asked if there was concern cargo owners could resist rate rises, Cambie said OOCL was seeing a typically seasonal pattern with a weak January and this was expected to be followed by a stronger spring and summer. Cambie said Søren Skou, Chief Executive of Maersk Line, the world's largest container shipping company, expected freight rates will be higher in 2013 than last year. Cambie confirmed that the average load factor on OOCL's fleet of 98 ships fell to 73%, down 3 percentage point compared with 2011. But the firm was "quite happy to take 73% and be profitable rather than 90% and be losing money," he said. OOIL's net profit climbed 63% to USD296.4 million last year, up from USD181.6 million in 2011. Revenue climbed to USD6.46 billion, up from USD6 billion in 2011. Net profit at OOCL more than doubled to USD197.2 million last year compared with USD86 million in 2011. OOCL posted a second half operating profit of USD111 million against a USD38.3 million operating loss in the second half of 2011.

Hutchison acquires container terminal from DP World

Hutchison Port Holdings Trust acquired Asia Container Terminal from DP World and a unit of PSA International for HKD3.2 billion in cash. The purchase will help Hutchison Port boost capacity at Hong Kong after container volumes gained in the past two years, according to Karen Li, Analyst at JPMorgan Chase & Co. DP World is selling its assets in the city as it seeks funds needed for expansion in other markets and shore up its capital. Li Ka-Shing's Hutchison Whampoa, the world's second-biggest container port operator, owns 28% of Hutchison Port Holdings. Hutchison Port handled 22.9 million TEU last year at its facilities in Hong Kong and Shenzhen, 5% more than a year earlier. DP World, the world's third-largest container port operator, sold a 55.2% stake in Asia Container Terminals to Hutchison Port for USD279 million. It also offloaded 75% of its stake in CSX World Terminals Hong Kong and ATL Logistics Center Hong Kong to Goodman Hong Kong Logistics Fund for USD463 million. DP World said it will form a strategic partnership with Goodman Hong Kong to manage Kwai Chung Container Terminal and the ATL Logistics Center, and will continue to manage port operations with completion of the transaction expected at the end of the first half. DP World said it expects to make a net capital gain of USD151 million from the transactions, the Shanghai Daily reports. The deal will enable Hutchison Port Holdings to combine operations at CT8 (West) and CT8 (East), which it already owns through Cosco-HIT. It also agreed to pay HKD750 million to repay existing debt owed by the ACT Holdings group to the affiliates of DP World and PSA. The company is financing the deal from a HKD4 billion term loan agreement. CT8 West has two container berths totaling 740 meters that handled 1 million TEU last year against total handling capacity of 1.4 million TEU. Cosco-HIT's CT8 East has two berths with a total quay length of 640 m, with a further sea frontage of 448 m for barges.

Sinotrans Shipping's net profit drops

Sinotrans Shipping's net profit slumped 78.1% to USD20.1 million last year, down from USD91.7 million in 2011. Prospects for the dry bulk cargo sector, which contributed 89.8% of total revenues of USD222.2 million last year, remain gloomy in 2013. Xie Shaohua, Chief Financial Controller (CFO), said "a large amount of fresh tonnage will pour into the [dry bulk] market" this year. He estimated there would be a 7.4% increase in the dry bulk fleet this year based on figures from Clarkson, the British ship broking house. Although this would ease from the 10.3% tonnage rise last year, Xie said there would be just moderate growth of 5% in dry bulk seaborne trade volumes in 2013. Sinotrans Shipping operates 42 dry cargo and nine container ships. Executive Director Li Hua said the container market's prospects were linked to economic recovery in the U.S. and Europe. Barclays Analysts Esme Pau and Jon Windham said the net profit figure indicated Sinotrans Shipping barely broke even in the second half, making all the profits in the first half. They said: "Despite some early signs of improvement in current spot rates, Sinotrans' [exposure to] long-term contracts renders it less capable of benefiting from spot rate increases." Sinotrans Shipping posted a USD7.5 million operating loss last year which included an impairment provision of USD7.04 million, mainly on four elderly container ships. But this was offset by an increase in investment income which boosted total cash to USD916.8 million in 2012, against USD892.1 million in 2011. The Barclays analysts said the firm's cash pile "would make it an apt candidate to make vessel purchases at current low new-building prices should the company opt to do so". Li reiterated plans for Sinotrans to expand its fleet, although after taking delivery of two new dry bulk Panamax ships last year no other ships are on order. Li hoped the Chinese government and shipping industry could "formulate policies that would be beneficial for healthy development" of the shipping sector, including possible rebates for shipbuilders and tax breaks.

Port of Antwerp attracting Chinese investors

The port of Antwerp is not only seeking to increase Chinese traffic, but also urging Chinese investors to get involved in a multibillion-euro expansion of the port. Officials from the Antwerp Port Authority have been in Ningbo, in Zhejiang province, and Shanghai to attract Chinese business partners and shipping companies, and they have more visits planned to other Chinese port cities this year, the China Daily reports. Luc Arnouts, its Chief Commercial Officer, said he aims to attract Chinese interest to a city which is considered an ideal springboard to Europe. He said that 60% of European purchasing power is located within a 500 kilometer radius of Antwerp, and the port is highly cost-efficient compared to other European sites. Another highlight of his pitch to potential Chinese business partners is that

Antwerp is serviced by one of the longest navigation channels in Europe, at 100 kilometers, enabling it to receive the very largest container vessels. He said Chinese investors are being invited to participate in all the projects being planned at the port, including new logistics, loading and downloading services. However, despite having more than 900 companies operating in the port area, only a handful are Chinese, including China Ocean Shipping (Group) Co and a few logistics companies. Arnouts said the port is perfectly located to handle goods destined for France and Germany, particularly.

“We are always correcting the wrong impression that we are a port in a small country, Belgium. In fact, we are the second-biggest European port,” said Arnouts. “This is very important for Chinese commercial decision makers, and we visit here three times a year to reinforce this message.” The main goods being shipped between China and Antwerp are containerized freight, metal products and chemicals. In the opposite direction are shipped containerized freight, ore and recycled metal, and petroleum products. Arnouts said that by 2025, about €1.6 billion is expected to have been invested in the expansion of Antwerp port, building its capacity on three fronts: cargo handling, logistics and general industrial facilities. Marc Van Peel, Authority Chairman and Vice Mayor of Antwerp, said trade between the city and China had expanded rapidly in recent years, and official figures show China is now its fourth-largest trading partner, contributing about 5% of Belgium’s economy. He added that the port has also become a learning hub for Chinese port management staff, with more than 3,000 going through training in Antwerp over the years, the China Daily reports.

CSCL unit buys 24% stake in terminal in Belgium

China Shipping Terminal Development will make its first terminal investment in Europe after agreeing to buy a 24% stake in APM Terminals Zeebrugge. The move came six months after the firm, which is wholly owned by China Shipping Container Lines (CSCL), expressed interest in taking a stake in the Zeebrugge facility, one of three terminals at the port. The company will acquire its interest from APM Terminals, the ports division of AP Moller-Maersk, which owns 75%. Shanghai International Port Group (SIPG) holds the remaining 25% interest in APM Terminals Zeebrugge which it bought for €27.16 million in 2010. The deal should be finalized by the end of June. Mark Geilenkirchen, Managing Director of APM Terminals Zeebrugge, declined to say how much China Shipping will pay for its stake, but he hoped it would generate more container traffic through the terminal. “The reason why we are selling is that we get hold of an Asian carrier,” according to Geilenkirchen. He said CSCL has one service calling at Zeebrugge, adding that talks to expand the number of services are being held. China Shipping Terminal Development has stakes in terminals in Los Angeles, Seattle and Egypt together with interests in 13 port facilities in China. The two-berth Zeebrugge terminal handles about 350,000 TEU a year but has an annual handling capacity of 1 million TEU. Jan Vannieuwenburg, General Manager for China and Asia at the Port of Zeebrugge, said the deal sent “a very important message to the Chinese market. More than 50% of Zeebrugge's cargo is China-related”. CSCL owns and operates a fleet of about 140 vessels including eight 14,074 TEU container ships dedicated to Asia-Europe services, the South China Morning Post reports.

First commercial trip on Arctic Ocean route planned

A Chinese shipping firm is planning the country’s first commercial voyage through a shortcut across the Arctic Ocean to the United States and Europe this year, Yang Huigen, Director General of the Polar Research Institute of China, said. Last year, the icebreaker Xuelong explored the route. For China, the route would save time and money. The distance from Shanghai to Hamburg is 5,200 kilometers shorter via the Arctic than via the Suez Canal, Yang said. According to one scenario, 5% to 15% of China’s international trade, mostly container traffic, would use the route by 2020. “We see a potential there but it will not be the new Suez Canal,” said Christian Bonfils, Managing Director of Denmark-based Nordic Bulk Carriers, which sent 10 ships through the route last year carrying products such as iron ore. “You will not see a boom in the construction of ice-class vessels – the season is too short,” he said of a shipping season that lasts from about July to November, referring to ships needing specially hardened hulls. Sergei Frank at Russia’s Sovcomflot, said that there had been a steady increase in the numbers of vessels using the route in recent years. The thaw will also make it easier to reach remote regions in the Arctic, without crossing from the Pacific to the Atlantic.

Mixed fortunes ahead, says Cosco International

Cosco International, the marine fuels, paints and ship-trading subsidiary of Cosco, is facing mixed fortunes this year as shipping markets get tougher and it targets opportunities and acquisitions. Chairman Ye Weilong said there would be limited recovery in freight and ship charter rates this year, while the supply of new ships being delivered would outpace the growth in cargo demand. Consequently, shipping companies will adopt more stringent cost control measures, which could see ship repairs and maintenance cut. He said the company was exploring more development opportunities. Cosco Europe and Yuantong Marine Service signed a memorandum of understanding to acquire German marine equipment company Hanyuan Technical Service Center. Managing Director Xu Zhengjun said the company was still continuing to discuss merger and acquisition opportunities in the marine fuels sector, but there was no specific timetable for acquisitions. The opportunities include the 50% stake held by Cosco's parent company, China Ocean Shipping (Group), in marine fuels company China Marine Bunker (PetroChina). Ye said there was speculation that the central government could adopt shipping-friendly policies later this year. Among the possibilities thought to be under consideration were tax breaks for Chinese shipping companies and shipyards and minimum freight rates for domestic cargoes. Cosco International saw net profit drop 7% to HKD363 million last year from HKD390 million. Turnover fell 6% to HKD10 billion from HKD10.66 billion a year earlier. Marine fuel was the biggest revenue earner, contributing HKD6.28 billion of the total, while marine and container coatings were the main profit drivers, generating HKD137.86 million in net profit.

China Cosco could raise billions from divestments

China Cosco may raise as much as CNY27 billion selling assets to its parent. It plans to sell Cosco Logistics, valued at about CNY7 billion, to state-backed parent company China Ocean Shipping. The company is also considering selling other assets to China Ocean to raise as much as an additional CNY20 billion, but the final amount China Cosco will seek has not been decided. Shares in China Cosco fell after the logistics sale was announced, on concern that divesting the profitable unit would undermine earnings over the longer term, but on the other hand gains from asset sales may help China Cosco avoid a third straight annual deficit. “It's not a good time to sell shipping assets because the value of such assets is difficult to determine right now given the industry environment,” said Davin Chunpong Wu, Transport Analyst at Credit Suisse. “China Cosco's objective is obviously to return to profit this year.” Cosco Logistics recorded an operating profit of CNY388 million in the first six months of 2012, compared with a CNY1.3 billion loss at its main container shipping division and a loss of CNY3.4 billion from the dry-bulk fleet, according to a company statement. The shipping company said it will use gains from the logistics unit sale to boost operating results in 2013 and reduce the risk of its stock being suspended from trading in Shanghai. Analysts at Citigroup estimated that the division may fetch CNY6.4 billion to CNY9.1 billion, which would result in a gain of as much as CNY4.6 billion. China Cosco could also sell assets including its stake in China International Marine Containers, Citigroup said.

- China Ocean Shipping (Group) Co (Cosco) is confident of returning to profitability in 2013, President Ma Zehua has said in Beijing. Cosco said on January 25 it may report a large loss for 2012 – the second year of losses in a row. In 2011, Cosco lost CNY10.4 billion. If Cosco records another loss in 2013, it risks being delisted from the stock market.
- China Petroleum & Chemical Corp (Sinopec) and other fuel producers and traders are borrowing more than USD500 million to build storage facilities at Fujairah in the United Arab Emirates (UAE). It is the biggest oil port in the Persian Gulf region outside the Strait of Hormuz. Borrowers in the region are paying the lowest interest rates since 2010, according to data for 209 GCC loans compiled by Bloomberg. Investors are betting that demand for refined oil products in a region holding 48% of the world's crude reserves will boost their profits from storing fuel in Fujairah, now one of the largest ports for refueling ships with bunker fuel.
- A rising number of shipping companies have been found moving cars overseas in containers without filing proper reports, which could lead to problems due to the dangers of car batteries and fuel, Shanghai maritime authorities said. Maritime supervisors this year have seized 36 such containers with more than 130 vehicles and fined the shipping companies. Most of the vehicles are used and will be sold in other countries, using Shanghai as a transshipment point. Authorities said the vehicles

should be classified as dangerous goods if there is fuel left in the vehicles' tanks.

- Nanjing Tanker would be suspended from the Shanghai stock exchange this year if it reported a net loss for 2012, which would be its third consecutive negative result. CSC Phoenix faces similar action by the Shenzhen bourse if it posts a net loss next year. The firms will be delisted if the losses continue for a fourth year. A profit warning had been issued for Nanjing Tanker but the firm's 2012 annual results had not been released.
- China Shipping Development saw net profit drop 93.1% to CNY73.74 million. The firm, which operates dry cargo ships and oil tankers, only remained profitable as a result of a CNY469.14 million one-off tax gain. The firm's pre-tax loss was CNY331.37 million, fueled by a CNY220.3 million loss from its tanker business, while dry bulk posted a CNY21.7 million pre-tax profit.

RAIL TRANSPORT

Chengdu expanding its rail hub

Chengdu has played an increasingly prominent role in cargo transport as the starting point of cargo lines to Shanghai, Guangzhou, Nanjing, Xuzhou, Ningbo, Lanzhou and Lianyungang. It is also home to one of 18 container stations. Covering more than 140 hectares, the station was put into use in early 2010. Built to have annual handling capacity of 26.26 million tons, it is said to be the largest in Asia. Logistics parks built around the station link to at least 55 cities. Improved logistics will help local businesses cut their shipping costs by some 30%, according to a local newspaper. Cargo rail links have been extended to Europe. In 2012, a freight route linking Chengdu and Duisburg in western Germany, opened to traffic. Local products can now be shipped to Germany within 16 days. Later that year, InterRail and China Railway International Multimodal Transport Co began a pilot route connecting Chengdu to Lodz, the third-largest city in Poland. Chengdu also boasts a well-developed road network with national-level expressways extending out to Shanxi and Yunnan provinces, the Tibet autonomous region and Chongqing. Thanks to Chengdu's enhanced transport infrastructure and geographical location, some 50 modern logistics companies including UPS, DHL and Maersk had set up offices in the city by early March, the China Daily reports.

ROAD TRANSPORT

Freight truck crashes kill 19 in China

A brake failure caused a semi-trailer loaded with cement crashing into a car, a bus and a truck on an expressway in southern Fujian province, killing 11 and injuring 35 others. A second accident happened in northern Hebei province, where a truck loaded with stones crashed into a village temple fair in Fuping county. The truck rolled over, the stones fell off and hit villagers, killing six immediately. It says two more people died in hospital from their injuries. Road accidents involving heavy trucks are common in China, where overloading is routine and where drivers often ignore safety measures.

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Membership rates for 2013:

- Large enterprises: €975
- SMEs: €385

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