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AIRLINES & AIRPORTS

Cathay cuts cargo capacity growth

Cathay Pacific Airways has cut capacity growth to 10% from the planned 17% by deferring delivery of two new freighters amid a bleak industry outlook. Six of the 10 Boeing 747-8 freighters, which were to join Cathay's fleet by the end of last year, will now be delivered in two phases – four this year and two in 2013. However, four of these freighters, delivered earlier, have already been deployed on the transpacific routes. The freighters can hold 16% more cargo than B747-400Fs and can carry up to 134 tons, as they have a wider fuselage and are more fuel-efficient. But the larger capacity also makes it more difficult to fill them to capacity in market downturns. The outlook for air cargo demand appears dim for the first quarter of the year, especially as the Lunar New Year falls on January 23 rather than in February, which is usually the case. The earlier-than-usual festive season means Chinese factories will close for holidays in January. Freight forwarders are refraining from signing minimum-guarantee contracts with airlines for new cargo space, as they are struggling to find shippers to fill the existing contracted cargo space. Cathay and other airlines usually sell cargo space using contracts and spot prices to secure more balanced sales due to the peaks and troughs of air cargo demand. Some freight forwarders suffered big losses last year, as they had signed contracted volumes at HKD20 a kg, while the spot price had dived to HKD15 a kg for long-haul routes to Europe and the United States. The air cargo business is highly cyclical. In the last downturn in 2008, Cathay had to park two freighters as cargo demand from North America fell sharply. The airline remains bullish on the long-term outlook of the cargo business in the region because of China's growth potential, the South China Morning Post reports.

ASR Holdings plans HKD100 million IPO

Air freight forwarder ASR Holdings is seeking a listing in the Hong Kong stock market, with a plan to raise more than HKD100 million to fund expansion in Asia and Europe. ASR said its cargo volume rose 7.35% in the four months to October to an average of 3,052 tons per month, attributing this to a focus on emerging markets. The listing is sponsored by Shenyin Wanguo, while Oriental Patron is the book runner. In a filing with Hong Kong Exchanges and Clearing ASR said its net profit more than doubled to HKD92 million in 2010 from a year earlier. It had a net profit of HKD59.4 million in the first six months of last year – up 42.1% from 2010. Instead of competing for cargo from shippers, ASR purchased air space from airlines and freight carriers, such as Fedex and UPS, and organized time slots, space and priorities for freight forwarders. ASR plans to open a logistics center in a southern city such as Dongguan or Shenzhen to provide one-stop services from warehousing, trucks and documentation to couriers. It also aims to develop an electronic booking system by 2013. Finally, it plans to triple the number of China sales offices from 11 to 33 and add seven sales points in Europe in the next three years. Two new subsidiaries will also be set up in the Philippines and Singapore.

Jade Cargo suspends services

Jade Cargo International Co, China’s first air cargo joint venture, has suspended its service as the Asia-Pacific freight market is hampered by weak demand. The suspension is to be temporary. Shenzhen Airlines owns 51% of the joint venture, Lufthansa Cargo 25% and the German development bank DEG owns 24%. Jade Cargo was founded in 2004 and, until the suspension, operated a fleet of six B747s, which fly to destinations including Frankfurt and Dubai, as well as to Shanghai, Chengdu and other Chinese cities. Earlier media reports said Lufthansa Cargo intended to withdraw from the Chinese market. “We are leaving all options open,” Karl Ulrich Garnadt, CEO of Lufthansa Cargo, said at the Reuters Global Manufacturing and Transportation Summit in December. Beyond the weak demand for air shipping, Garnadt said Lufthansa Cargo had known for years that Jade Cargo was undercapitalized. Lufthansa Group CEO Christoph Franz said in October that the company would review its investment in Jade Cargo. Asia-Pacific freight carriers have seen the steepest decline in transport volumes as a result of U.S. and European consumers’ falling demand for goods manufactured in Asia. From November 2010 to November 2011, shippers in the region saw the volume of goods they were transporting decline by 6.4%. Chinese carriers may be interested in owning shares of Jade Cargo, both because it is a small company and because they are likely to be inexpensive, the China Daily reports.

EXPRESS DELIVERY

Express deliveries to reach record high

The number of domestic express package deliveries is expected to reach a record high of 393 million in the month running up to the Chinese New Year on January 23, according to the State Post Bureau of China. The figure is predicted to rise by 143 million, or 57.2%, from the same period last year, which may paralyze express services in some parts of the country, said Han Ruilin, Spokesman for the State Post Bureau of China. E-commerce dealers often offer large sales promotions and people send more parcels to their home regions in the run-up to the Spring Festival. The Bureau issued a directive to ask Chinese courier companies to maintain normal operations during the year-end delivery period. Express services should hire additional shuttle buses to make sure packages are not delayed. Da Wa, Secretary General of the China Express Service Association, said domestic demand for express services will far exceed supply in China for at least the next five years. Da predicted in December that the number of domestically delivered packages in 2011 will total more than 3.5 billion. China is the world’s third-largest express market, behind only the United States and Japan. The transaction volume showed an average annual growth of 27% in the past five years, with the number of packages and documents processed daily increasing from 3 million to 13 million.

Beijing to foster local rivals to FedEx and UPS

The Ministry of Transport will seek to expand China's express courier sector by 150% by 2015, turning the service into a CNY143 billion business. Under the government's latest five-year-plan, the Ministry will nurture at least five large Chinese express courier companies, each with revenue of more than CNY1 billion by 2015, in the hopes of positioning them against global leaders such as FedEx and UPS. The use of express courier services is increasingly vital with the explosive growth of e-commerce, the Ministry said in a statement on its website. KPMG also said a major factor in the recent domestic growth of logistics was e-commerce. “This business is set to continue growing rapidly,” it said in a report. Morgan Stanley forecasts China's e-commerce revenue will grow 75% from 2010 to 2013. “DHL and FedEx have been unable to conquer the local market,” Anthony Wong, a former President of the Hong Kong Logistics Association said. Establishing large express courier companies would make it easier for Beijing to collect taxes from them, as opposed to the plethora of small couriers that tend to fly under the radar, Wong added. By 2015, the Ministry of Transport wants express courier services to cover 98% of China's municipalities and provincial capitals, with 95% availability of 24-hour delivery services within the same city.

FedEx expands Hong Kong freight center

FedEx Express has expanded its airport facility in Hong Kong by more than a third to improve its parcel-handling efficiency, ignoring the downturn in the air cargo industry. The company installed new equipment and storage space, which would allow it to handle 200 tons of cargo in just under 45 minutes, compared with two to three hours in the past, said Anthony Leung, Managing Director of FedEx Hong Kong and Macao. The ground handling facility of FedEx at the Asia Airfreight Terminal in Chek Lap Kok has been expanded 37% to 4,695 square meters. The number of trucking docks has been doubled to 14 and those with direct ramp access also doubled to four. An additional 748 sq m of caster decks have been added to facilitate faster movement of freight shipments. FedEx has also increased Hong Kong staffing levels by 5%. The expansion in facilities comes as cargo volumes are dwindling. Hong Kong International Airport saw its cargo tonnage drop 4.6% year on year in the first 11 months of last year. Leung said the express cargo business would be less adversely affected by the European debt crisis than general air cargo. This is because importers tend to place ad hoc orders in small quantities rather than in bulk when they need to test customer response on products before placing big orders for them.

- The major Shanghai-based courier firms are charging higher fees to offset rising costs as a result of increasing demand for deliveries and a labor shortage as the Spring Festival approaches. The Yunda and Zhongtong express delivery firms have imposed an additional fee of CNY1 on each transaction, while Huitong is charging CNY0.5 more. Shao Zhonglin, Deputy Secretary General of the China Express Association, said the firms were forced to raise prices because the delivery price could hardly cover rising fuel costs, equipment and labor.
- 18 gang members who cheated United Parcel Service (UPS), causing a loss of more than CNY9.8 million to the shipping company, were served criminal sentences by the Pudong New Area People’s Court. The gang members, including five employees of a UPS outlet in Shanghai, were sentenced from 17 months to 8 years and 10 months in prison and were ordered to compensate UPS for the losses. The gang took advantage of UPS’s DWS freight weighing system, in which a parcel is weighed twice and the system will scan the bar code on the parcel and select the lighter weight to calculate the shipping expense.

INLAND RIVER TRANSPORT

Cargo throughput at Three Gorges rises

Throughput at the Three Gorges Dam exceeded 100 million tons last year — the first time since it became operational in 2003. The annual throughput of the dam has risen by 17%

since then.

LOGISTICS INDUSTRY

CIC and GPL to invest in Japan's logistics industry

China Investment Corp (CIC) has teamed up with Global Logistic Properties (GLP) to set up a joint venture to invest in the logistics industry in Japan. CIC and GLP, Asia's largest industrial and logistics infrastructure provider, will each hold 50% in the total investment of USD1.6 billion. The joint venture will acquire 15 modern logistic facilities in Japan belonging to LaSalle Investment Management, a unit of the world's second-largest commercial real estate broker, said GLP, who will act as the asset manager of the acquired properties. The acquisitions may be done in the first quarter of 2012. The 15 properties to be acquired cover 770,989 square meters, with over 90% in the Tokyo and Osaka areas. The properties enjoy an occupancy rate of 98.3%. "The properties to be acquired come with a strong tenant profile — 67% of the space is utilized by large third-party logistics service providers and 13% is leased by e-commerce companies," said Ming Z Mei, CEO of GLP. He said GLP's Japan portfolio will grow 30% to 3.6 million sq m after the acquisitions.

China to improve logistics in agricultural sector

China will strive to improve logistical connections between farms and supermarkets to develop the agricultural sector while stabilizing food prices, said Vice Minister of Commerce Jiang Zengwei. China will facilitate the construction of logistics and storage facilities for farm products, improve the market information network for farmers and provide financial support to retail markets of agricultural products. With better logistics, city dwellers could get much cheaper food, while farmers could earn 10% more by selling directly to supermarkets instead of using middlemen, according to the Ministry of Commerce (MOFCOM). Logistics costs account for more than 20% of the price of China's agricultural products. For fruit, the percentage is even higher, said Ma Wenfeng, Senior Analyst at Beijing Orient Agribusiness Consultant. "The government will encourage the development of several major companies for cold-chain transportation, packaging and the storage of agricultural products," said Jiang. Less than 15% of China's agricultural products are transported using cold-chain equipment, industry data show. Shandong province, one of the chief sources of fruit and vegetables in China, has 140 cold-chain transportation systems and a total logistics capacity exceeding 300,000 tons, the China Daily reports. China National Cereals, Oil and Foodstuffs Corp (COFCO), the largest state-owned agricultural conglomerate, plans to build up its global logistics and processing systems next year, handling products such as corn, soybeans, rapeseed oil, sugar and wheat, said Chairman of the Board Frank Ning. COFCO will also expand abroad through mergers and acquisitions (M&As).

Lack of space and facilities holding back Kwai Chung

Poor land-use planning coupled with a shortage of logistics facilities could limit the capacity of Hong Kong's Kwai Chung container terminals and air cargo operations, say experts. Hong Kong has increasingly become a transshipment hub for Chinese and other Asian cargo rather than an origin and destination center. As a result, more space is needed for the development of distribution centers serving Asian markets and to provide capacity to handle transshipped containers that spend more time in port than originating cargo. Around 60% of the cargo handled by Hong Kong's port in 2010 – equivalent to 13.1 million TEU – was transshipment cargo, with 39% exports and imports from southern China. This compared with around 55% of the container throughput in 2007. Transshipped containers can stay in port for a week waiting for their next sailing whereas export or import cargo may spend less than two days in port. Jonathan Beard, Managing Director of GHK (HK), noted that the 2020 Hong Kong port master plan study carried out in 2004 for the Port Development Council said it was vital to provide additional land around Kwai Chung and Tsing Yi for container terminals and related uses as a first priority and that in the short term this would provide additional capacity at lower overall cost. But he said progress in finding this extra land had been limited by the "piecemeal approach to logistics land planning and desire to maximize returns to treasury". He called for a city-wide approach "to balance the need for value-added logistics facilities and warehouses with [the] need for land adjacent to container terminals to maximize port capacity". He said the 2020 study identified a need for between 32 and 113 hectares of extra land to ensure maximum capacity at the nine Kwai Chung terminals.

- Sinotrans Group will be the logistics services supplier for the Chinese Olympic Committee (COC) over the next four years. Sinotrans has provided major sports logistics for two decades starting with the 1990 Beijing Asian Games and continuing through the 2008 Beijing Olympic Games, the Guangzhou Asian Games in 2010 and the recent Universiade held in Shenzhen in August.
- Shenzhen plans to spend CNY285 billion on a giant new logistics center at Qianhai on the Pearl River estuary.
- China will further encourage domestic logistics companies to acquire overseas distribution centers to “facilitate the nation’s trade growth”, said Wang Xuanqing, Deputy Director of the Department of Circulation Industry Development at the Ministry of Commerce (MOFCOM). Wang Huimin, Deputy Director of the Bureau of Economic Operations Adjustment at the National Development and Reform Commission (NDRC) said logistics accounts for 17% of the nation’s services industry.
- Kerry Logistics will start by June construction of a 40,000-square-meter logistics center in Zhengzhou, Henan, which is due for completion in March next year. The facility will focus on providing warehousing and logistics services for customers in the electronics, technology, automobile, industrial and material science sectors.

PORTS & SEA TRANSPORT

Container lines form G6 Alliance to better compete

Container shipping lines including Cosco, China Shipping Container Lines and Evergreen may have to join forces with rivals if they are to compete with mega-carriers on Asia-Europe trade routes, analysts said. Six carriers, including Orient Overseas Container Line, announced plans to pool their services to better compete with Maersk, the Danish shipping giant, and European carriers CMA CGM-Mediterranean Shipping. The six lines, which also include Singapore's APL and South Korea's Hyundai Merchant Marine, have formed the G6 alliance which, together with Maersk and CMA CGM-Mediterranean Shipping, control about 65% of the Asia-Europe container trade. The G6 alliance will deploy more than 90 large box ships on nine joint Asia-Europe and Asia-Mediterranean services, offering at least one sailing a day from ports such as Hong Kong. The alliance will compete directly with Maersk's daily service launched in October. “The formation of the G6 and CMA CGM-Mediterranean Shipping partnerships, both to start in April, is in direct response to Maersk launching its daily operation,” said one shipping executive. “By coming together, they have created fleets that can compete with Maersk's service levels and port coverage. The question is how smaller shipping lines can compete.” Analysts said these smaller operators – including the Cosco-led CYKH alliance and independent lines CSCL, Evergreen and United Arab Shipping – could be squeezed if they don't join forces. A European-based shipping analyst added: “It is relatively likely that Evergreen Line, CSCL and Zim, which already have a good partnership on Asia-Europe, could be next in line to announce a tie-up,” the South China Morning Post reports.

Shanghai container throughput hits new record

Shanghai, the world’s busiest container port, saw its annual container traffic volume surpass 30 million TEU last year, marking a new milestone. Throughput increased from 7,951 TEU in 1978 to 29.05 million TEU in 2010. The city’s customs oversaw a total of USD790 billion worth of imports and exports in the first three quarters of last year — a 19.3% year-on-year increase. Logistics services have been pushing the port beyond its traditional role as a cargo and container handler as it seeks to pull in more value-added income.

China allows Valemax ship to dock

One of Vale's giant new Valemax ships has been allowed to dock in China for the first time. The Berge Everest, owned and operated by Singapore-based dry bulk shipowner Berge Bulk but chartered long-term to Vale, was allowed into the port of Dalian to unload in late December. Chinese authorities had refused permission for the Vale Brazil to dock in June, threatening to turn Vale's plan to control its iron ore shipments into a failure. The vessel had to turn around and head for Taranto, in Italy, instead. The vessels have since been unloading in Malaysia and the Philippines, with smaller vessels taking the ore on to China. Vale declined to comment on the Berge Everest’s operations, but the Brazilian company has always argued that its program to build 35 Valemaxes is vital to help it better compete with BHP Billiton and

Rio Tinto, whose mines in Australia are much closer to the Chinese market. “[The] Australians are 10 days from China, we are 45 days. So for us it is very important to keep things moving,” said José Carlos Martins, head of iron ore at Vale. The Valemaxes, 19 of which the company plans to own outright, are also far more efficient. René Kleyweg of UBS in London estimates the cost of shipping a ton of iron ore using a Vale max is USD4 to USD5 cheaper than a conventional capsize ship. However, the Chinese Shipowners’ Association has resented Vale’s effort to establish a stranglehold over dry bulk shipping on the Brazil to China route. There have also been questions about the suitability of Chinese ports for such large ships. It remains unclear whether the permission for the Berge Everest to dock reflects a general change of heart towards the Valemax carriers on the part of the Chinese authorities or will be limited to the four vessels operated by Berge Bulk, the Financial Times reports.

New pollution regulations need to be clarified, shipowners say

Shipowners with ships calling at Chinese ports face tougher oil pollution regulations, but there is still confusion about the way the rules are being implemented at the ports. All major coastal ports began enforcing the oil-spill regulations from January 1, 21 months after the marine-pollution legislation became law in March 2010. The delay was caused by maritime-safety officials taking time to approve spill clean-up contractors and finalize procedures for enforcing the rules. But ship insurers and shipping executives said even after such a lengthy preparation period, there was still a raft of issues that needed to be clarified. Under the oil-spill and hazardous-material regulations, shipowners or ship managers have to appoint a pollution clean-up contractor to be on stand-by to tackle any spills before their ships arrive at a Chinese port. Owners or managers who fail to comply face a fine of up to CNY50,000 and risk having their ship stopped from leaving port. The regulations apply to all sea ports and Nantong on the Yangtze river. Arthur Bowring, Managing Director of the Hong Kong Shipowners Association, said he thought the regulations were likely to be lightly enforced, at least initially. But the International Group of Protection and Indemnity Clubs, which represents the top 13 global ship insurers, said if no prior agreement had been signed, then it was up to the local maritime-safety administration to decide whether to allow the ship into port and a contract would be needed before the ship is allowed to leave. Some ports are delaying full enforcement of the regulations till a later date. “The fee mechanism is also complicated, with different tariffs in all ports,” said a senior executive at a Hong Kong-headquartered ship-management company. While the vetting of clean-up contractors had been going on for the past two years, about 90% of the firms had only been certified since November. The China Maritime Safety Administration, based in Beijing, had approved about 100 clean-up contractors nationally, although the five major consortiums authorized so far were only approved in the last week of December, and the Maritime Safety Administration (MSA) in Shanghai would not accept the model national agreement of the China MSA in Beijing governing clean-up operations, the South China Morning Post reports.

Lawsuits filed in U.S. against HNA firms

HNA, the maritime, aviation and property group, and several of its shipping offshoots are facing a fresh round of legal disputes in the U.S. from rival companies over its vessels. The wrangles come as at least one Hong Kong broking house said it stopped referring ship owners to Jinhai Heavy Industry, the shipbuilder owned by HNA, after the shipyard halted paying broker commissions on new orders. Shipbrokers receive 1% of the contract price in commission, but Jinhai Heavy Industry allegedly failed to pay it on a recent supertanker deal – a 320,000 DWT very large crude carrier, costing USD100 million. Danish shipping firm Norden confirmed it was taking action against Grand China Shipping Hong Kong. It is named together with four other co-defendants including HNA Group, China Logistics Holdings and Grand China Shipping Yantai, in documents filed in California's Central District Court in Los Angeles. HNA is the corporate guarantor. The dispute is thought to relate to Grand China Shipping's failure to make hire payments on one of the 180 dry cargo ships operated by Norden. Tumac also filed in the same court against Grand China Shipping Hong Kong and the same four defendants. Tumac, which controls the large 178,000 DWT dry cargo ship Monemvasia, is one of the shipping companies linked to Greek shipowner Minerva Marine, which took Grand China Logistics to arbitration in London last year. Minerva Marine alleged Grand China Logistics owed about USD2 million in unpaid charter payments on the Monemvasia, the South China Morning Post reports.

Shanghai port's revenue up, but earnings down

Despite retaining its position as the world's busiest port for the second straight year, Shanghai International Port's earnings fell 13.7% last year to CNY4.68 billion even though revenue rose 13.3% to CNY21.64 billion, according to the company's preliminary estimate. In December, Shanghai's container throughput rose 7.4% to 2.65 million TEU, according to Shanghai International Port Group (SIPG), the Shanghai-listed operator of the city's port. That helped lift the city's container throughput for 2011 to 31.74 million TEU, up 9.2% from 2010. Shanghai should maintain its momentum of modest growth in throughput this year, said Sunny Ho, Executive Director of the Hong Kong Shippers' Council. The container throughput of Shenzhen, the second-busiest Chinese port, saw an unusually sharp 7.6% surge to 1.93 million TEU in December, according to the Shenzhen Ports Association. For the whole of 2011, Shenzhen's container throughput edged up 0.27% to 22.57 million TEU. Given that Hong Kong's container throughput totaled 22.28 million TEU in the first 11 months of 2011, Shenzhen is unlikely to overtake Hong Kong as the world's third-busiest port for last year.

Probe on partial sinking of COSL supply ship

An investigation is under way after a CNY740 million off-shore supply ship being built for China Oilfield Services (COSL) by Wuchang Shipbuilding Industry partially sank during trials. COSL, majority owned by China National Offshore Oil Corporation (CNOOC), told the Hong Kong and Shanghai stock exchanges that the accident took place on January 14 at the shipyard's Nantong wharf in Jiangsu. The company said there was an incident which caused “a leak in the hold of Hai Yang Shi You 682 and led to the grounding of the vessel. The company and the shipyard are investigating the cause of the incident and the company is actively assisting the shipyard in taking remedial actions”. The ship has tilted 10 degrees with the hull sitting on the riverbed. The firm said there was no environmental pollution. COSL said the ship was fully insured and it has already started claim procedures, while the shipyard was responsible for any loss or damage to the ship. Wuchang Shipbuilding Industry is a subsidiary of China Shipbuilding Industry Corporation (CSIC), China's second-biggest shipbuilder. The 6,000 DWT ship was one of two sister vessels being built by Wuchang at its Nantong facility in Jiangsu under contracts totaling CNY1.48 billion signed in 2009. Both vessels are due to be delivered to COSL this year.

CSCL set to post huge loss for 2011

China Shipping Container Lines (CSCL), China's second-largest container carrier, is set to post a massive loss of up to CNY2.5 billion for last year due to the downturn in consumer demand in western economies and slower growth in China. The company issued a profit warning and said it expected to report a net loss for 2011 following a net profit of CNY4.2 billion in 2010. Analysts said CSCL was the first container line to issue a profit warning, but it is unlikely to be the last. “The full-year profit warning was not really a surprise especially after CSCL reported a CNY610.7 million net loss in the first half of last year,” one analyst said. “Operating conditions deteriorated in the third quarter as container volumes failed to meet expectations and it was unable to impose peak-season surcharges until very late in the year. The fourth quarter was probably only marginally better than the third quarter.” In October, the company said it saw a net loss of CNY1.58 billion for the first nine months of 2011, including a net loss of CNY951.2 million between July and September. Another analyst expected full-year losses at CSCL to top CNY2.5 billion. CSCL also attributed the expected loss to a fall in container freight rates and higher oil prices. Barclays Capital has forecast a CNY127 million net profit for CSCL in 2012 on revenue of CNY34.7 billion.

- Taiwan shipping line Evergreen Marine will strengthen its cooperation with Cosco Container Lines and its fellow CKYH green alliance members on weekly Asia-Europe and Asia-Mediterranean services from spring, but Evergreen will not join the partnership. The move is intended to counter the threat posed by the creation in December of the G6 alliance between six shipping lines including Orient Overseas Container Line and a tie-up between CMA CGM and Mediterranean Shipping.
- Tianjin’s ports handled 450 million tons of cargo and 11.5 million TEU of containers last year, both record highs, the local port operator said.
- Hong Kong Admiralty Judge Anselmo Reyes freed a dry cargo ship that had been under arrest since Christmas Day in a dispute over a charter hire agreement involving

more than USD1.2 million. The 39,988 DWT Jimrise, which is anchored near Lamma island, is owned by Jimrise Shipping, but operations were managed by Jimei Hua Shipping, registered in the British Virgin Islands. The ship was arrested by Hong Kong law firm Hart Giles on behalf of Cosmotrade Export, but the seizure was challenged by lawyers from Holman Fenwick Willan, working for the ship's owner.

- Chinese shipbuilders finished building 76.65 million DWT of ships in 2011, an increase of 16.9%, according to data released by the Ministry of Industry and Information Technology (MIIT). New shipbuilding orders slumped 51.9% to 36.22 million DWT amid the global economic slowdown. 83.9% of ships built in China were exported last year.
- China Shipping (Group) Co (CSG) has decided to focus more on emerging markets to off-set thinning orders from the European and U.S. markets, said Li Shaode, Chairman of CSG. In the first 11 months of last year, Shanghai-based CSG shipped a total cargo volume of 135.87 million tons, up 20.74% year-on-year, earning a profit of CNY1.134 billion.
- Shanghai Waigaoqiao Shipbuilding Co has delivered Dan May, a 206,000 DWT capesize bulk carrier, to United States-based Foremost Maritime Corp in December. Shanghai Waigaoqiao has completed output of ships totaling a record high of more than 8.1 million DWT last year, the first Chinese shipbuilder to top 8 million DWT in annual tonnage output.
- China’s export cargo accounts for more than one third of Maersk Line’s entire business across the world. “That is how important China is for us,” Hanne Sorensen, global Chief Commercial Officer (CCO) said. Maersk Line launched its “Daily Maersk” service on October 24, connecting four ports in Asia (Ningbo, Shanghai, Yantian and Tanjung) and three major container ports in Europe (Felixstowe, Rotterdam and Bremerhaven). The service also promises a fixed transportation time to emphasize its reliability. “With the Daily Maersk service, we would like to establish a new norm for the whole industry,” Sorensen added.
- From January to November last year, 33.69 million DWT of new vessels were ordered from Chinese shipyards, down 47.3% compared to the same period in 2010. For the January-October period, Chinese shipbuilders reported total losses of CNY3.03 billion, up 40.6%.
- Chinese cargo ships have been attacked at a pier on the Mekong river in Myanmar, less than a month after China resumed cargo ship traffic on the waterway. Traffic was halted after the killing of 13 Chinese sailors on the river's Thai section in October. Two high-explosive shells were fired on the four ships and one Myanmese patrol vessel but missed their targets. There were no casualties. The attack has again raised concerns over the river's safety.
- A survey of the leading 29 ship finance banks by Petrofin Research at the end of last year showed more than 48% thought banks' total ship loan portfolio, which topped USD461 billion in 2011, would fall by 10% this year and start to recover only in 2013.
- The China container freight index, compiled by the Shanghai Shipping Exchange and which measures container freight rates from China on key trade lanes, fell 16% last year.
- China Ocean Shipping (Group) Co (COSCO) said its net profit plunged 54.8% to CNY153.66 million in 2011.
- Shipyard overcapacity in China and South Korea, changing trade patterns, higher energy prices and tougher environmental controls are the key challenges facing shipowners, Martin Stopford, Research Director at Clarkson, the world's biggest shipbroker, said. He added that delivery of new ships peaked in 2010, when ships totaling about 116 million DWT hit the water. A further 99 million DWT was delivered last year.
- Wah Kwong Maritime Transport, Hong Kong's largest independent tanker owner, has taken delivery of its latest ship, the USD140 million 298,000 DWT Trikwong Venture supertanker capable of carrying two million barrels of oil. The vessel is the first to be jointly owned by Wah Kwong and Sanko, Japan's fourth-largest shipping company by fleet size. The tanker, which is expected to carry a portion of China's oil imports, was partly financed with a loan from the Bank of China (BOC) and is manned by an all-Chinese crew. Wah Kwong owns 17 tankers, including five supertankers (VLCCs) and 11 dry cargo ships.

- Cuts in container shipping services on both Asia-Europe and transpacific routes have been exacerbated by a pre-Lunar New Year cargo rush, as Chinese factories completed export orders ahead of the holiday shutdown. This has led to delays in loading containerized cargo at Hong Kong and mainland ports, while cargo owners have also resorted to paying shipping lines extra money on top of the normal freight rate to guarantee shipment of their consignments. Cargo capacity on transpacific services has been cut by more than 15%.

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