



News Break

Issue 6 / June - July 2010

SEAFREIGHT

China port volumes up in first half but slowdown forecast

Chinese merchandise trade figures continue to defy Europe's credit woes as China recorded its highest-ever level of exports in June, reaching \$137.4Bn, 44 percent higher than the same period last year and 4 percent more than May, according to Alphaliner. Imports were 34 percent higher than a year ago, at \$117.4Bn. This brings China's trade surplus to \$20.0Bn, the highest monthly surplus recorded since October last year. The recovery in foreign trade has pushed up China container traffic dramatically. In the first half of 2010, China coastal ports handled 61.9 million Teu, up 22.1 percent, comparing to the same period last year. Shanghai reported a 18.7 per cent year-on-year increase in container throughput in the first half of the year to 13.86 million Teu, hitting a record high. The port's container throughput would likely beat the earlier projection of 25.5 million Teu for full-year 2010. The recovery in foreign trade has taken the industry by surprise and resulted in a temporary shortage of boxes, according to Cargonews Asia. However, analysts do not expect this sudden good fortune to continue in the second half. Although the June's port volumes are still the second highest on record, throughput showed signs of weakening. Guangzhou and Shanghai reported the sharpest month-on-month declines and lost 7.1 percent and 5.1 percent respectively. According to the Ministry of Transport, because of the delayed impact of the European sovereign debt crisis, "the growth in container volumes is expected to slow down in the second half of the year". Analysts also said the container shortage could be short-lived with an anticipated slowdown in export growth.

China Top 10 Ports 2010 1H

- Alphaliner

	Port	M teu	Change
1	Shanghai	13.86	18.7%
2	Shenzhen	10.43	29%
3	Ningbo	6.27	34.4%
4	Guangzhou	6.00	16.9%
5	Qingdao	5.68	11.4%
6	Tianjin	4.71	13.1%
7	Xiamen	2.74	28.3%
8	Dalian	2.45	16.6%
9	Lianyungang	1.89	40.9%
10	Yingkou	1.65	36.1%
Total Top 10 Ports		55.68	22.4%
Total Coastal Ports		61.90	22.1%
Total River Ports		6.80	24.3%
Total All Ports		68.70	22.3%

China and Greek become year's biggest buyers of containerships

Sales and purchases of containerships in the last 18 months have been dominated by Greeks and Chinese, who account for 35 per

cent of the vessels sold and 50 per cent of the tonnage since January 1, 2009, reports Alphaliner. Chinese buyers have emerged in recent months, mostly seeking small to medium sized vessels of below 20 years for re-flagging to the Chinese register to serve the domestic trades. China's share of the world's containership fleet rose from 5.3 percent to 5.6 percent during the same period. Germany still commands the largest share despite being the largest group of sellers in the market.

AIRFREIGHT

China's civil aviation industry sees double-digit growth in first half of year

Due to sharp rise in air traffic demand, China's aviation industry has achieved double-digit growth in the first six months this year, reported Xinhua. From January to June, China's aviation industry saw 25.38 billion ton/km in air traffic turnover, up 31.7 percent year-on-year, according to the statistics of the Civil Aviation Administration of China (CAAC). During the period, passenger volume totaled 126 million, up 17.6 percent over the same period last year. Cargo volume reached 2.64 million tons, up 38.6 percent. Fixed asset investment in the civil aviation sector hit 17Bn yuan (\$2.5Bn) in the first half of the year, up 19.7 percent. The robust development of civil aviation industry is partially attributed to local governments' enthusiasm for the industry, according to the officials.

New Fuel and Security in CNY*

EU trade	AF	BA	CA	CK	CV	KL	LH
Fuel**	9.9	8.0	11.0	11.0	9.5	9.9	9.0
Security **	1.2	1.2	1.2	1.2	1.2	1.2	1.5

All based on chargeable weight. *Current rate for month of June (all in CNY). Fuel to be charged subject to fluctuation with or without notice/
**Price per Kg

CONTRACT LOGISTICS

Wuhan-Guangzhou rail frequency down to 8 minutes at peak hours

China expanded railway services in July with cargo and passenger capacity on the Wuhan-Guangzhou railway increasing, as train frequencies between the two places some 900 kilometres come down to eight minutes at peak hours and every 20 minutes





off peak. Xinhua reported that Guangzhou Railway Group said since the Wuhan-Guangzhou high-speed passenger rail service upgraded from 33 runs daily to 63 runs daily at peak season, the passenger transportation pressure on the Wuhan-Guangzhou section of the Beijing-Guangzhou railway has been relieved, thus the cargo capacity on this section increased. More than 250,000 tonnes in extra cargo capacity per day has been added to the Wuhan-Guangzhou railway, facilitating their plan to offer customers more diversified and tailor-made services of higher quality. From July 1 on, China has increased the cargo rail service frequencies from 15 to about 20 runs every day and launched 11 new cargo service on the southern section of the Beijing-Guangzhou railway. China will also launch six new international intermodal and automobile rail transportation services from Yueyang to Hengyang, from Wuhan to Guangzhou and from Shaoguan to Hunan.

GLOBAL MARKET

Record vessel deliveries in July

Paris-based AXS Alphaliner said deliveries of new containerships would reach over 200,000 Teu in July, which was the highest ever level of deliveries in a single month. The record increase is partly down to the size of the vessels being delivered: at least eight of over 10,000 Teu will be delivered this month, compared with seven of this size arriving over the first six months of the year. Combined with the re-activation of 1.2 million Teu of ships between January and July, active capacity will have grown by 16 percent by the end of July, which, “threatens box freight recovery”. The surge in new ships entering the market comes on the back of vessels totalling 747,000 Teu, that have been delivered in the first half of this year. Total new ship deliveries for the first seven months of the year will reach 950,000 Teu, or 7.3 percent of the fleet. These units are to be handed over to only four major operators – CMA CGM, Maersk, MSC and Zim – with Evergreen taking one of the Zim ships on charter. The new deliveries include a number of vessels which were completed last year, but mothballed at the shipyards. In total, 1.45 million Teu would be delivered in 2010, resulting in a 9.6 percent capacity increase. The previous monthly record was April 2008, when 156,000 teu of capacity was delivered.



Demand for air freight capacity out of Asia remains “unseasonably strong”

“Rising air freight rates over the past eight to nine months have not really deterred shippers from using air freight,” commented Thomas Lehmann, Kuehne + Nagel’s Senior VP for air freight in the Asia-Pacific region, during an interview with London’s International Freighting Weekly (IFW). Lehmann said demand for air cargo space from Asia “into just about all geographical areas had been very strong – unusually, and unseasonably, in



comparison not only with 2009, but with 2008”. Volumes out of the key Asian gateways of Hong Kong and Shanghai had been robust, while uplift demand from the Indian Subcontinent was also reported as “very strong” across a range of commodities. “Hi-tech-related products and raw materials remained the key driver,” Lehmann added. “With pressure on overall logistics spend, and increased focus on total supply chain cost, there is a tendency – where possible and justified – to move from air freight to sea freight. “However, seafreight is also experiencing tight space situations, coupled with equipment shortages and increasing rates. This has made the switch less viable than initially expected.”

KUEHNE + NAGEL

Half-Year Results 2010: Growth accelerating, momentum increasing

During the first half of 2010, the Kuehne + Nagel Group’s volume development exceeded the market average in all business units, with accelerated growth in the second quarter. Compared with the previous year’s period, turnover increased by 15.9 percent to CHF 9,849 million. The operational result (EBITDA) grew by 1.9 percent to CHF 475 million while net earnings improved by 8.9 percent to CHF 281 million. **Sea freight:** with a volume growth of approximately 20 per cent in the first six months of 2010, Kuehne + Nagel clearly outperformed the market and returned to its pre-crisis growth dynamics. **Air freight:** Kuehne + Nagel’s growth rate of 31 percent marked a record high. Volumes grew in all trade lanes, especially on the routes to and from Asia-Pacific. **Road & Rail Logistics:** Expanding activity in groupage, and less-than-(LTL) and full-truckload (FTL) services led to a 13.3 percent increase (excluding currency impact) in net turnover. **Contract Logistics:** the 4.7 percent increase in net turnover (excluding currency impact) reflected new business wins Kuehne + Nagel concluded and implemented in the first half of 2010. Due to this convincing start, Kuehne + Nagel is optimistic about the further development of our business. However, continued credit risks in some southern European countries and the situation in international finance markets still require great vigilance, commented Executive vice chairman Karl Gernandt.

About Kuehne + Nagel

With approximately 55,000 employees at 900 locations in over 100 countries, the Kuehne + Nagel Group is one of the world’s leading logistics companies.

As the first global logistics provider operates a “wholly owned enterprise” in China, Kuehne + Nagel presents at 40 locations in China with a workforce of about 2,600 specialists and 21 nationalities

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