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Market Report China

March 2024

Market Update
Country: China

Date: 03.2024

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Country Profile
Latest Economic data 2023 - worldbank.org
Population: 1,410 Million
GDP/Growth: 17,52 Trillion USD / +5.2%
GDP per Capita: 12,700 USD (Rank:70)

OceanX Local Members

- CSA Global Logistics, Dom Rohrmoser,<Dom.rohrmoser@commodity.ch>, www.commodity.ch
- CIMC Wetrans Logistics Technology, Nina Xiao ninaxiao@globesuccess.com.cn www.cimcwetrans.com
- Honour Lane Shipping, Jason Ho, < jasonhosh@hlsholding.com.cn>, www.hlsholding.com
- Hunicorn Shipping Cooper Wang, <cooper.wang@cn-hunicorn.com>, www.cn-hunicorn.com
- MilkyWay Chemical Supply Chain Service, Wendy Yeh, <wendy.yeh@mwclg.com>, www.mwclg.com
- World Jaguar Jasmine Wang, <jasmine-tj@worldjaguar.com>, www.worldjaguar.com
- Worldwide Logistics, Kevin Chen, < sha.kelvinchen@worldwide-logistics.cn>, www.worldwide-logistics.cn

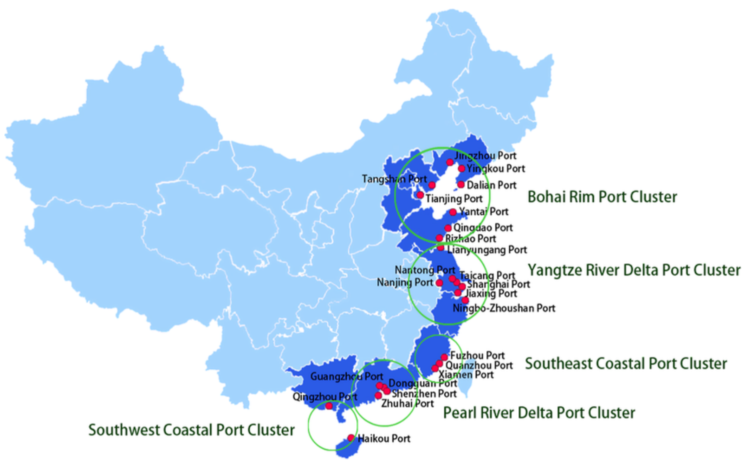
Market Size in TEU 2023
- Total Market: 0.28 Bn TEU (+4.9%) Jan – Nov 2023 (11 months)

Rank	Port	Mio TEU	Growth
1	Shanghai	49.16	3.92%
2	Ningbo	35.30	5.9%
3	Qingdao	30.00	11.9%
4	Shenzhen	29.88	-0.53%
5	Guangzhou	25.41	2.2%
6	Tianjin	22.19	5.6%
7	Xiamen	12.55	1.0%
8	Suzhou	9.58	3.5%
9	Beibu Gulf	8.02	14.3%
10	Rizhao	6.26	7.9%
11	Lianyungang	6.14	10.2%
12	Yinkou	5.33	6.7%

Not all port numbers for 2023 are published at time of writing. Shandong ports have seen massive growth and Qingdao claims to have broken the 30 Mio TEU, but final figures are not yet available.

Market Report by Ruben HUBER
I am doing business with China since over 24 years, worked for Chinese companies, lived in China, learned the language, am married to a Chinese, grateful to have many close Chinese friends and travel to the country regularly (any chance I get), considering it my second home.

It is never easy to write about China, as it remains a complex country with a multitude of dimensions, and it is even harder in geopolitically challenging times. My admiration of the country and its people might be biasing my perspective and comments, albeit I am trying to look at things from different perspectives, thus I shall be laying out my views of the current state of the nation and share some further reading and content with the intention to provide the reader with a point of view as balanced as possible.



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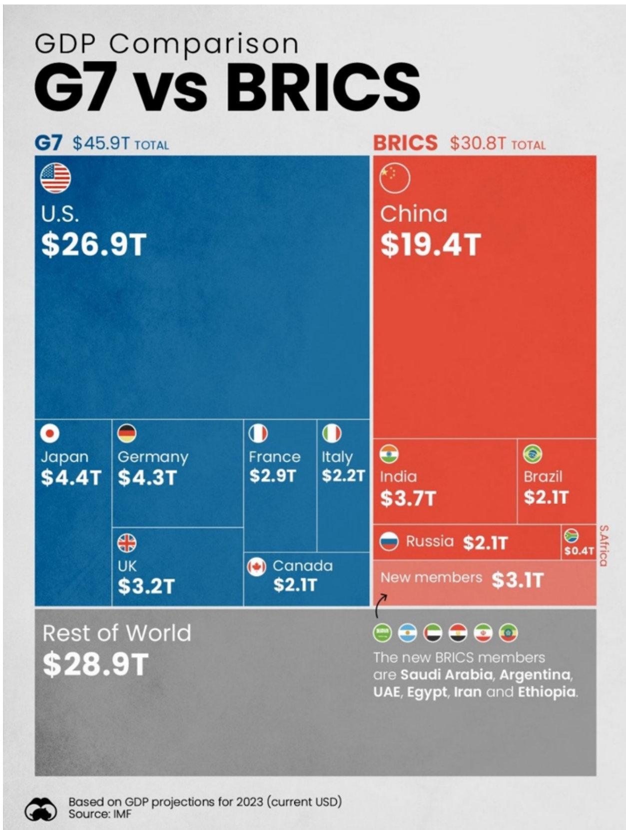
The country boasts a rich history and since the opening up again under Deng XiaoPing in the 1970s, it had an amazing run, becoming the second largest economy in the world and with a throughput volume of 300+ Mio TEU in 2023, the biggest ocean freight market on our planet.

The situation of the country and its economy at the beginning of this year of the dragon is not easy. From my view, the country today is caught between internal structural economic issues and international geopolitical shifts, with no easy answers for most of those challenges.

Beginning with the internal issues, the overreliance on cheap export-oriented production and overinvestment in the property and infrastructure sector has made much of the growth dependent on those areas. Export production in many sectors has become expensive and is shifting to cheaper locations, accelerated by shifts in sourcing due to geopolitical challenges and resulting duties. Meanwhile the almost unlimited investment spending of some regional governments in recent decades is being shifted from infrastructure towards more targeted high tech industries. An often over-educated youth, that is pushed to academic achievements as a holy grail meets a labor market that is lacking the white collar demand. Thus we see highly educated young talents staying at home and being unemployed, while many blue collar jobs remain unfilled.



On the geopolitical shifts, much has been written over rising powers threatening incumbents and how one tries to control the others growth. There are usual two sides of the story and truth is somewhere in between, but no doubt this plays a role. One might add, what I call “poor marketing” into the mix, as the Chinese government often communicates externally, like it communicates internally and what in Chinese language for Chinese ears works well, is not understood in the same way by foreign ears, translated into theirs. However the issue is that those communications and changing of rules and regulations, albeit with certainly positive intention for its people, result in loss of confidence overseas. Something that impacts international relations and not only investor confidence. The lack of frequent international exchanges during the pandemic and the still limited travel, student exchanges, expatriates etc after it, are adding to that issue. All bad for business.

The lack of investor confidence is a key issue, especially in a time when many factories come to a time in their lifecycle where investment decisions need to be made. Many of those today then favor other countries and jurisdictions, with some of them aggressively subsidizing to attract investment too.

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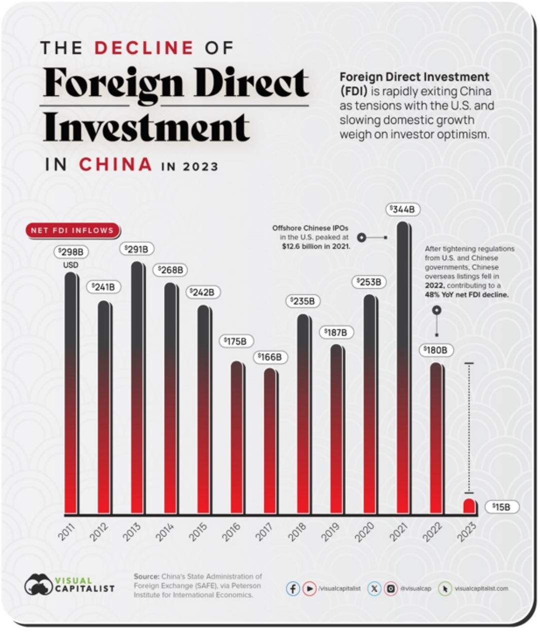

Looking at any challenge in China, one must always bear the massive scale of the country and its population in mind. Thus when looking at issues like the housing market and the current oversupply, even high estimates, like 80 Mio vacant apartments are not a huge percentage in comparison to the population. Further things are often unevenly distributed, with demand still there is some centers, while massive overinvestment has happened in other places. It certainly does not help that the government becomes more secretive with numbers as soon as any do not look good, something that falls on what I called "poor marketing" earlier and it certainly does not help confidence, but that's how things are today.

The Chinese governments approach with the Made in China 2025 initiative already prepared for a shift towards higher tech industries, away from cheap export focused to order production and the country has made amazing strides in many of these sectors. Cost-efficient production at scale is one of the economy's absolute strengths. And even if today there is a lot of debate around deflationary risks from overproduction, we may not forget how this cost-efficient mass production in China and the nation's ability to scale inventions, has been elevating living standards in western countries for decades. More recently now, the solar industry, wind power and electric vehicle markets are just a few examples in this area. Further, in terms of digitalization of everyday life, the country is far ahead of most of the world. To quote my 13 years old son: "this is the champions league, back home is little league…".

Champions League also describes the competitive environment. Jörg Wuttke the parting head of the European Chamber in China once called the country, the gym for international companies. Not only will the competitors try to beat you on cost and price, but also on service and customer satisfaction.

This also extends to our field of shipping, forwarding and logistics. With some still 220,000 freight forwarders in the country, it is one of the hardest markets to compete in. Most international firms still struggle to move beyond "handling" of overseas controlled cargo, as local sales is hard, local relationships difficult to break and customers difficult to satisfy. On the other hand, this hyper-competition of local companies makes profitability a challenge, as there is practically every day someone waking up, willing to invest in growth and acquire business at a loss. A year ago at the beginning of the post pandemic downturn, I would have assumed we would see a decline in market players and unreasonable behaviors fast, but I was mistaken, as even a year later the field remains highly contested.

Whilst growth out of China might be slowing, the market is still vast. And with much Chinese investment across South-East Asia and in other growth regions, we see more and more Chinese controlled cargo outside of the country too.

Net exports of China, as many forecasts show, are not expected to grow in the coming years, but much of the GDP growth is to be based on local consumption. And consumption is still a power that so far has been seen to a limited degree only, as China is featuring one of the highest gross saving rates in the world (around 45%, vs. below 18% in the US and below 14% in Europe). Some commentators even argue, the people hold the government hostage by just not spending.

This consumption power also makes China the potentially largest import market on the planet. Beyond raw materials for production and energy imports, it is already today a massive import market for foodstuffs, fresh and frozen goods. The cold chain logistics market remains a growth area.

Chinese businesses in this challenging environment remain pragmatic. Where in other markets you hear a lot of whining and winching in difficult times, people continue to focus on opportunities. Alibaba CEO Joe Tsai said it nicely the other day: "we can only work on things that we can control." And he made clear that geopolitics is one, they can not. Thus the new normal of US-China relations for example is a given and businesses have to learn to adapt to it. On the other hand, many new opportunities arise, like for example a booming China-Russia lane, an expanding middle east business and a continuously developing Africa trade.

Also a brief word on the highly competitive field of eCommerce, where especially the models of TEMU and SHEIN are making headlines these days. Successful innovations in national eCommerce, are being exported and massive gambles are made to acquire market share. How this will pan out in the longer term, whether loopholes in customs and import regulations supporting these models in destination countries, will get closed down or other barriers erected to stop their advance remains to be seen. However, for now, their volumes keep growing, massive airfreight capacities are chartered, and those volumes are not moving via forwarders, nor independent warehouses and thus pass by our sector.

The National People's congress is just happening and the target of around 5% GDP for 2024 is clear. Thus the 17.52 Trillion USD from 2023 are supposed to grow a further 0.88 Trillion USD this year, which is not far from the size of the Swiss economy. And knowing the people's willingness to work hard, despite all doubts and challenges, not a market to bet against.

Latest IMF report
from Feb 2024 provides the following summary:

"China's economic activity rebounded in 2023 following the post-COVID reopening with real GDP estimated to have grown broadly in line with the authorities' growth target of around 5 percent. The recovery was driven by domestic demand, particularly private consumption, and assisted by supportive macroeconomic policies, including further relaxation of monetary policy, tax relief for firms and households, and fiscal spending on disaster relief.

Looking ahead, growth is projected to slow to 4.6 percent in 2024 amid the ongoing weakness in the property sector and subdued external demand. Over the medium term, growth is projected to gradually decline further and is projected at about 3½ percent in 2028 amid headwinds from weak productivity and population aging. While inflation fell in 2023 largely on account of lower energy and food prices, it is expected to increase gradually to 1.3 percent in 2024 as the output gap narrows and the base effects of commodity prices recede.

Uncertainty surrounding the outlook is high, particularly given the existing large imbalances and associated vulnerabilities. Deeper-than-expected contraction in the property sector could further weigh on private demand and worsen confidence, amplify local government fiscal strains, and result in disinflationary pressures and adverse macro-financial feedback loops. Greater-than-expected weakening of external demand, tightening of global conditions, and increased geopolitical tensions also pose considerable downside risks. On the upside, decisive policy action, including faster restructuring in the property sector, could boost confidence and lead to a better-than-expected rebound in private investment."

https://www.imf.org/en/Publications/CR/Issues/2024/02/01/People-s-Republic-of-China-2023-Article-IV-Consultation-Press-Release-Staff-Report-and-544379

Latest IMF report – Economic Indicators

China: Selected Economic Indicators

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
						Est.	Projections				
	(Annual percentage change, unless otherwise indicated)										
NATIONAL ACCOUNTS											
Real GDP (base=2015)	6.75	6.0	2.2	8.4	3.0	5.4	4.6	4.0	3.8	3.6	3.4
Total domestic demand	7.42	5.3	1.7	6.8	2.7	6.2	5.2	4.1	3.9	3.7	3.5
Consumption	7.91	6.3	-0.3	9.0	2.0	8.4	5.5	4.3	4.1	4.0	3.7
Fixed investment	7.34	5.3	3.4	3.2	3.4	4.8	4.4	4.0	3.6	3.3	3.2
Net exports (contribution)	-0.49	0.7	0.6	1.8	0.4	-0.5	-0.4	0.1	0.0	0.0	0.0
Total capital formation (percent of GDP)	43.96	43.1	42.9	43.3	43.5	42.3	42.1	41.9	41.7	41.6	41.6
Gross national saving (percent of GDP) 1/	44.14	43.8	44.5	45.3	45.7	43.7	43.4	43.1	42.8	42.5	42.3
Output gap estimate	-0.50	-1.0	-3.6	-1.5	-2.8	-1.4	-0.5	-0.2	-0.1	0.0	0.0
LABOR MARKET											
Urban unemployment rate (year-end) 2/	4.90	5.2	5.2	5.1	5.5	5.2	...	...	...	...	...
PRICES											
Consumer prices (average)	1.93	2.9	2.5	0.9	1.9	0.4	1.3	2.0	2.0	2.0	2.0
Consumer prices (end of period)	1.78	4.5	0.2	1.4	1.8	0.1	1.8	2.0	2.0	2.0	2.0
GDP Deflator		2.1	1.3	3.0	2.2	-1.1	1.5	1.8	1.9	2.0	2.0
FINANCIAL											
7-day repo rate (percent)	4.58	3.0	2.7	2.2	2.3	1.9	...	...	...	...	...
10 year government bond rate (percent)	4.62	3.7	3.2	3.0	3.1	2.8	...	...	...	...	...
MACRO-FINANCIAL											
Total social financing	10.26	10.7	13.3	10.3	9.6	9.3	8.9	7.3	6.9	6.8	6.7
In percent of GDP	247.92	254	278	274	286	300	307	312	315	319	322
Total nonfinancial sector debt 3/	10.79	10.8	13.2	10.4	9.8	9.4	9.2	7.5	7.1	7.0	6.8
In percent of GDP	248.25	254	278	277	284	295	301	305	308	311	312
Domestic credit to the private sector	8.62	8.7	10.8	8.4	8.3	7.7	7.8	5.5	5.1	5.1	5.1
In percent of GDP	161.24	162	173	168	173	179	182	182	180	180	179
Household debt (percent of GDP)	52.30	55.8	61.6	62.1	62.2	63.9	62.8	62.2	62.0	61.9	62.0
Non-financial corporate domestic debt (percent of GDP)	108.94	106	112	106	111	115	119	119	118	118	117
GENERAL BUDGETARY GOVERNMENT (Percent of GDP)											
Net lending/borrowing 4/	-4.28	-6.1	-9.7	-6.0	-7.5	-7.5	-7.4	-7.4	-7.6	-7.8	-8.0
Revenue	28.99	28.1	25.7	26.6	25.9	26.5	26.7	26.8	27.0	27.2	27.3
Additional financing from land sales	2.84	2.9	2.5	2.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Expenditure	33.28	34.2	35.4	32.7	33.4	34.0	34.1	34.2	34.6	34.9	35.3
Debt	36.50	38.5	45.4	46.9	50.6	55.3	58.7	62.1	65.7	69.4	73.4
Structural balance	-4.14	-5.8	-8.8	-5.7	-6.7	-7.1	-7.3	-7.3	-7.6	-7.8	-8.0
BALANCE OF PAYMENTS (Percent of GDP)											
Current account balance	0.17	0.7	1.7	2.0	2.2	1.5	1.3	1.2	1.0	0.9	0.8
Trade balance	2.75	2.7	3.4	3.2	3.7	3.4	3.3	3.5	3.4	3.4	3.3
Services balance	-2.11	-1.8	-1.0	-0.6	-0.5	-1.3	-1.4	-1.6	-1.6	-1.7	-1.8
Net international investment position	15.23	16.0	15.4	12.3	14.2	15.6	16.0	16.2	16.3	16.3	16.2
Gross official reserves (billions of U.S. dollars)	3167.99	3,223	3,357	3,427	3,307	3,299	3,450	3,572	3,642	3,714	3,787
MEMORANDUM ITEMS											
Nominal GDP (billions of RMB) 5/	91577.43	99,071	102,563	114,528	120,502	125,544	133,244	141,013	149,076	157,533	166,113
Augmented debt (percent of GDP) 6/	80.85	86.3	98.8	100.8	107.7	116.2	122.0	127.5	132.8	137.7	142.6
Augmented net lending/borrowing (percent of GDP) 6/	-9.40	-12.5	-17.0	-12.1	-13.4	-13.6	-13.3	-13.0	-12.8	-12.6	-12.4
Change in Augmented Cyclically-Adjusted Primary Balance 7/	2.07	-3.1	-2.6	3.9	-0.8	-0.1	0.2	0.5	0.4	0.3	0.4

Sources: Bloomberg; CEIC Data Company Limited; IMF International Financial Statistics database; and IMF staff estimates and projections.
1/ 2021 GDP will be revised to match official revisions, once full official data are released.
2/ Surveyed unemployment rate.
3/ Includes government funds.
4/ Adjustments are made to the authorities' fiscal budgetary balances to reflect consolidated general budgetary government balance, including government-managed funds, state-administered SOE funds, adjustment to the stabilization fund, and social security fund.
5/ Expenditure side nominal GDP.
6/ The augmented balance expands the perimeter of government to include government-guided funds and the activity of local government financing vehicles (LGFVs).
7/ In percent of potential GDP.

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From JP Morgan's latest study
https://privatebank.jpmorgan.com/apac/en/insights/markets-and-investing/china-outlook-2024-bear-with-it

Exports

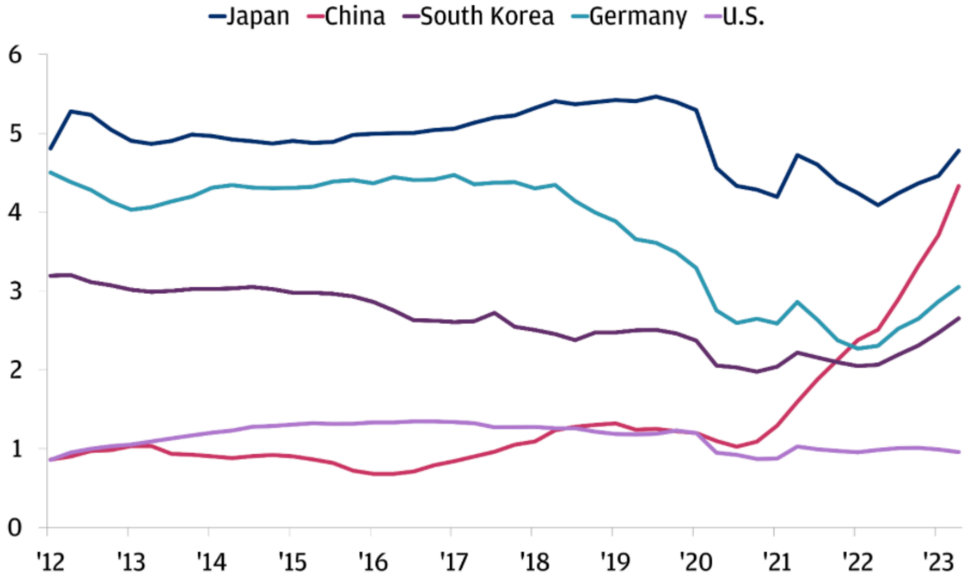
The second element is exports. The cyclical challenge is well-understood given consensus expectations for slower growth in developed markets, and particularly the U.S. Global supply chain diversification is a more structural concern. Both have resulted in falling export prices in 2H 2023 amid concerns about over-capacity.

Bull case: Export prices have since stabilized, suggesting businesses have already adjusted and the export outlook could improve. Emerging sectors like electric vehicles (EVs) have expanded quickly and is becoming a driver of overseas exports. China's dominant role in many high-tech supply chains makes supply chain diversification and "de-risking" more of a buzzword than reality.

Bear case: The rapid growth of EV exports and overall dramatic expansion in manufacturing capacity provided support to the economy during the housing downturn, but the surge in exports and growing attention to issues of overcapacity is beginning to spark pushbacks in global capitals. Trade tensions could result, leading to renewed pressures on China's export and manufacturing industries.

China has quickly become one of the biggest car exporters globally

Passenger car exports, million units, rolling 12-month sum



Source: U.S. International Trade Administration, Japan Ministry of Finance, Korea Customs, China Customs, Verband der Automobilindustrie, Haver Analytics. Data as of August 2023.

Our view: China's crucial role as a global manufacturer is unlikely to abate, and cyclical demand for exports could remain healthy. Deglobalization and de-risking are often pointed to as risks, but the data shows that supply chains are simply lengthening with China's role still intact, and much of the discussed investments flowing into Indonesia and Vietnam are in fact Chinese manufacturers extending their own supply chains. Autos is a highly politically sensitive industry so there is a chance of trade frictions, but it is unlikely to happen quickly, and it will likely be limited to just a few countries, as most of the emerging world lacks an auto sector and are happy to import attractively priced Chinese EVs.

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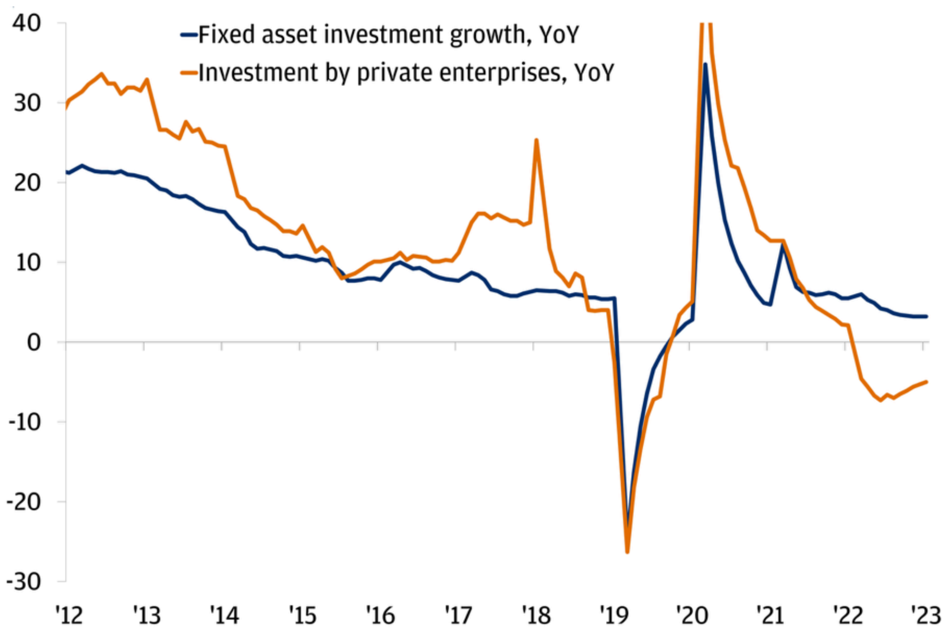
Sentiment

The last element is business sentiment. Given the increase in regulations over the last few years, private sector investment has slowed dramatically. While there is a cyclical element to it, government policies also matter for confidence in the corporate sector.

Business investment has slowed significantly

Fixed asset investment growth and investment by private enterprises, YoY %



Source: Wind Financial Terminal. Data as of December 2023.

View info

Bull case: In recent weeks we saw some mixed signals, but a more clear and predictable regulatory environment will be a key factor towards stabilizing business investment.

In 2023, policymakers delivered a modest amount of monetary and fiscal easing. We expect that monetary policy easing could continue in 2024, and could quicken if the U.S. eases monetary policy, as currently expected by the markets. Fiscal policies could do more heavy lifting – particularly in coordination with other government agencies – towards stabilizing the housing market. A less turbulent housing market combined with more regulatory clarity could hold the key to a more lasting positive economic outlook.

Bear Case: Piecemeal stimulus and policy support for the housing market risks entrenching deflation and exacerbating the downward confidence spiral. Policy could keep growth from cyclically worsening, but in the absence of more forceful stimulus and a plan to restore health to the property sector, growth could remain muted. Amid all the attention to property and stimulus policies, overall government priorities have focused on security and self-reliance at the expense of growth and economic reforms, risking a continued sluggish outlook.

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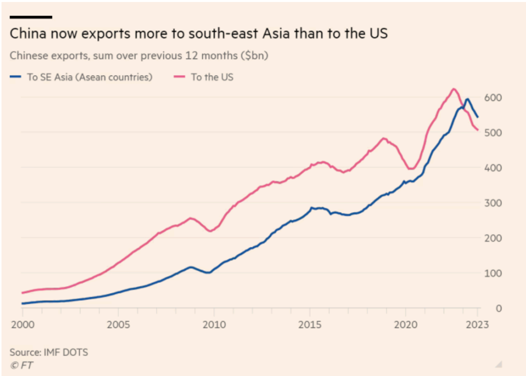
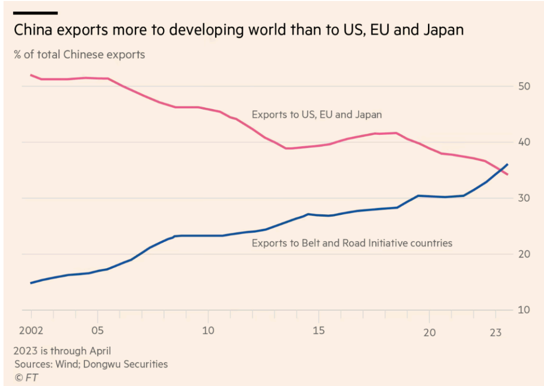
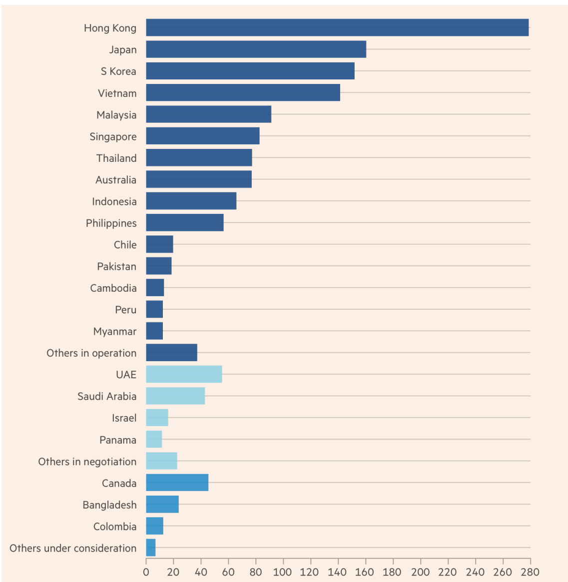
Financial Times on changing trade patterns of China





China Free Trade agreements / China has free trade agreements with countries and territories accounting for almost 40 per cent of its exports / Chinese exports in 12 months ending in Oct 2023 ($bn) Financial Times



FT – China reshaping the world on its own terms: https://www.ft.com/content/c51622e1-35c6-4ff8-9559-2350bfd2a5c1

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Extended Reading Recommendations:

- Good summary of the "New China Playbook" by Prof KeYu Jin at the London School of Economics – Her view is still one of the most balanced and she looks at the good and the bad. : https://www.youtube.com/live/HHpnceEki30

- US-China relations in a recent 60 minutes documentation, which provides a US perspective on where the country stands. https://youtu.be/ODbq_I9--O8

- And maybe a counter perspective in RT… https://www.rt.com/news/593120-xi-china-economy-destroy/

- WSJ also reports the world to be in for another China shock, after the steel in the past, now with oversupply from China in other categories. Maybe it forgets the benefit of the past and of today, China has ability of fast scaling and low cost enabled many consumers in the world to increase their living standard. https://www.wsj.com/world/china/the-world-is-in-for-another-china-shock-3d98b533?st=nqikx3wr0hjnds5&reflink=desktopwebshare_permalink

- TEMU and SHEIN today: https://www.reuters.com/business/retail-consumer/rise-fast-fashion-shein-temu-roils-global-air-cargo-industry-2024-02-21/

- Alibaba CEO Joe Tsai said it nicely: "we can only work on things we can control." Geopolitics is one we can not. We are in the new normal of US-China relations and we have to learn how to deal with it. Some interesting thoughts on TEMU and SHEIN https://youtu.be/wWm7ZCuF1Wk

- And then again, impressive holiday stats, tourism is back. https://www.shine.cn/news/nation/2402192195/

- The port cluster of Shandong province, around Qingdao, Rizhao, Yantai, but also Weihai, Dongying and Weifang port, have grown to 41.32 million TEU in 2023 (up 10.8%). https://www.seatrade-maritime.com/ports/shandong-worlds-largest-port-cargo-volume-2023

LATEST TRADE TRENDS

OVERVIEW
In November 2023 China exported $292B and imported $224B, resulting in a positive trade balance of $68.4B. Between November 2022 and November 2023 the exports of China have decreased by $-3.57B (-1.21%) from $296B to $292B, while imports decreased by $-2.71B (-1.2%) from $226B to $224B.

TRADE
In November 2023, the top exports of China were Telephones ($24.3B), Computers ($12.9B), Integrated Circuits ($12.4B), Cars ($7.71B), and Commodities not elsewhere specified ($6.19B). In November 2023 the top imports of China were Integrated Circuits ($32.7B), Crude Petroleum ($27.6B), Iron Ore ($12B), Gold ($9.3B), and Petroleum Gas ($7.48B).

ORIGINS
In November 2023 the exports of China were mainly from Guangdong Province ($63.2B), Jiangsu Province ($43.2B), Zhejiang Province ($41.3B), Shandong Province ($22.8B), and Shanghai Province ($20.5B), while imports destinations were mainly Beijing ($38.4B), Guangdong Province ($37.5B), Shanghai Province ($28.1B), Jiangsu Province ($24B), and Zhejiang Province ($16.3B).

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DESTINATIONS

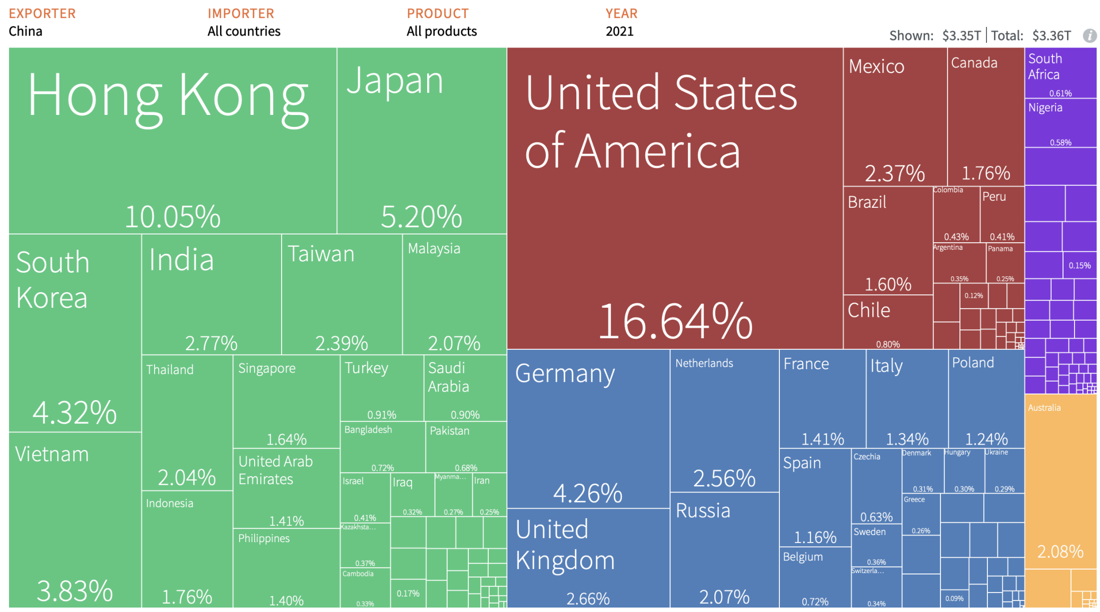
In November 2023, China exported mostly to United States ($43.8B), Hong Kong ($26.9B), Japan ($13.3B), Vietnam ($12.9B), and South Korea ($12.5B), and imported mostly from Taiwan ($18.4B), South Korea ($15B), Japan ($14.1B), United States ($14B), and Australia ($12.8B).

GROWTH

In November 2023, the decrease in China's year-by-year exports was explained primarily by an decrease in exports to Germany ($-1.55B or -16.7%), Netherlands ($-1.45B or -15.6%), and Philippines ($-1.43B or -24.1%), and product exports decrease in Computers ($-1.33B or -9.33%), Refined Petroleum ($-1.1B or -20.4%), and Electrical Transformers ($-1.07B or -23.3%). In November 2023, the decrease in China's year-by-year imports was explained primarily by an decrease in imports from United States ($-2.48B or -15.1%), Indonesia ($-1.57B or -20%), and United Arab Emirates ($-1.46B or -32.4%), and product imports decrease in Crude Petroleum ($-4.03B or -12.8%), Petroleum Gas ($-1.41B or -15.9%), and Precious Stones ($-746M or -96.5%).

Trade Pattern 2021 – Exports by commodity & country (Source: https://atlas.cid.harvard.edu)

Where did China export to in 2021?



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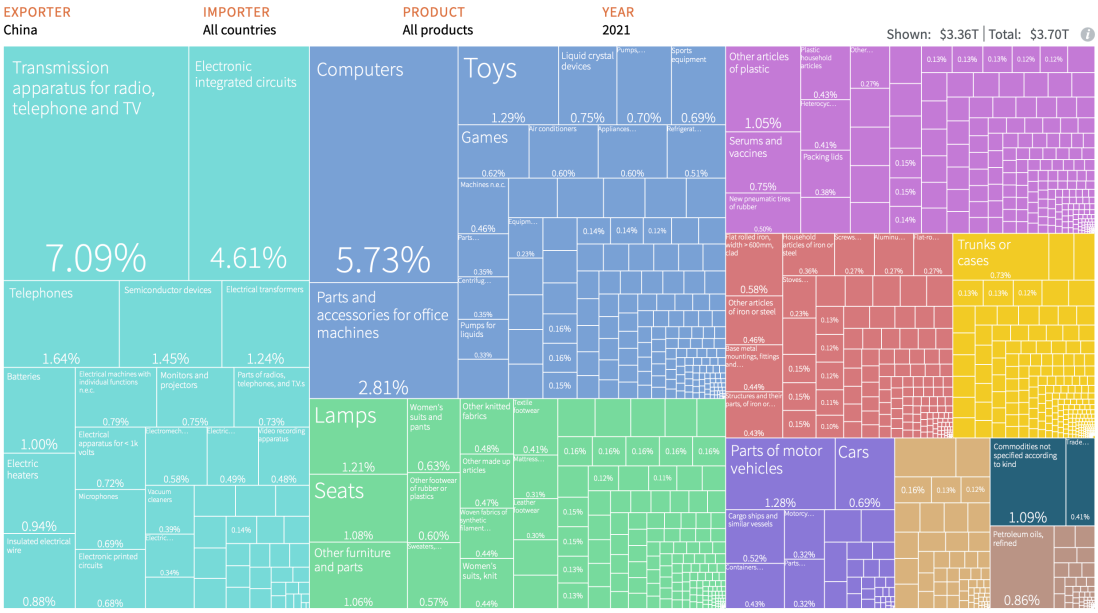
Market Update

Country: China

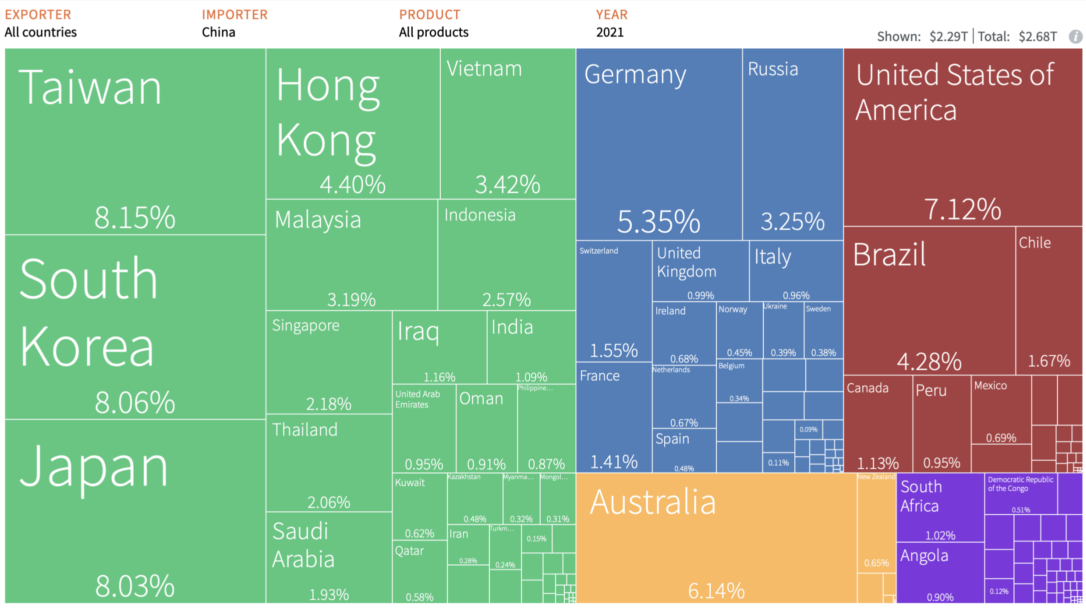
Date: 03.2024

What did China export in 2021?



Trade Pattern 2021 – Imports by commodity & country (Source: https://atlas.cid.harvard.edu)

Where did China import in 2021?



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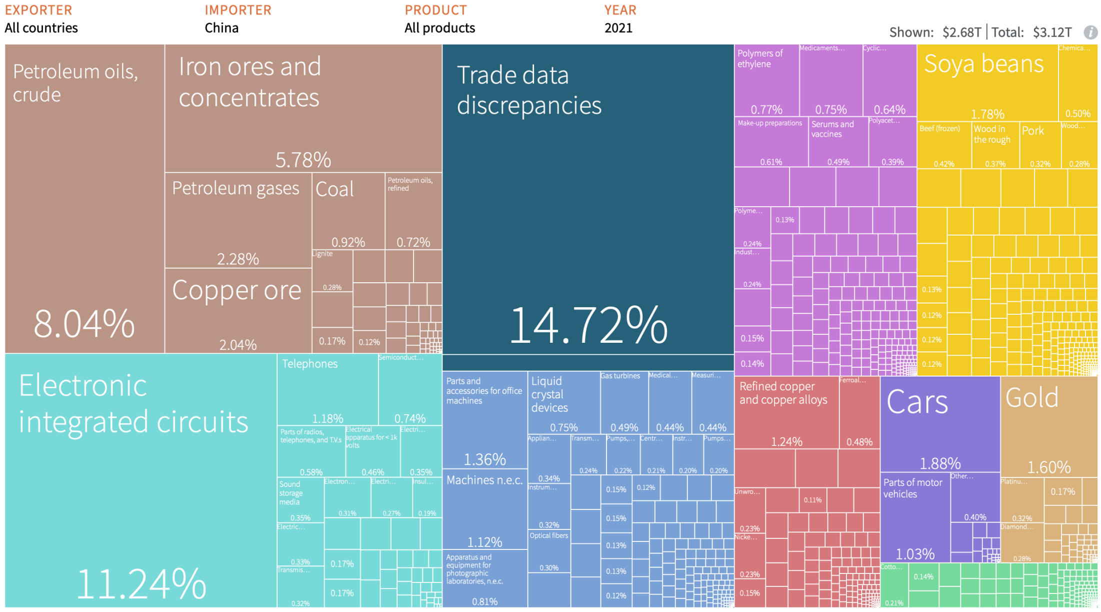
What did China import in 2021?



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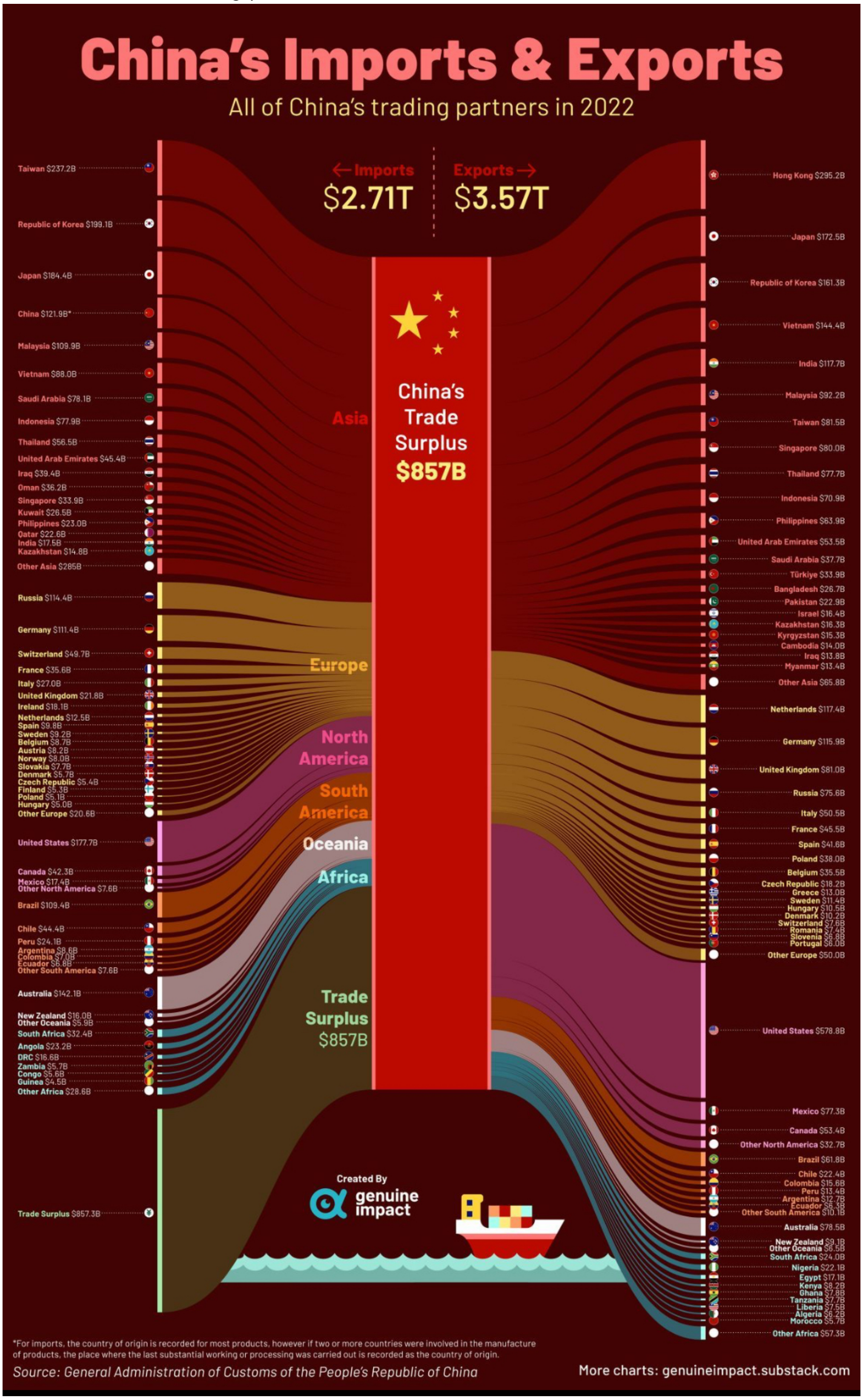
An overview of trading partners and their scale in 2022



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The 10 major ports of China as per MarineInsight
https://www.marineinsight.com/know-more/10-major-ports-in-china/

The People's Republic of China (PRC) is a major shipping and industrial nation in Eastern Asia. It is the 2nd largest country in terms of land area and is surrounded by water on the Eastern front.

China is a major economic power in the region and is known for industries that produce different types of products and ship them all over the globe. It is a major financial centre with several global banks and companies based in Shanghai, Hong Kong, Beijing, and Shenzhen.

The shipbuilding industry of China is also very strong, and it is the world's largest shipbuilding nation, having overtaken South Korea.

COSCO, formed from the merger of the erstwhile CSIC and CSIG, is now the largest shipbuilder overtaking even the likes of Hyundai (HHI), Samsung (SHI), and Daewoo (DSME).

The maritime ports of China have played a major role in the country's development. The country's coastline is dotted with numerous harbours and small ports that deal in trade, fishing, containerized goods, ores and minerals, automobiles, and agricultural produce. This article will look at the top 10 ports in China.

They are ranked based on overall traffic in cargo (in a million tons) and containers (in a million TEUs). These values are provided alongside the administrative province and UN/LOCODE for identifying the port.

One interesting thing to note is that while all the other ports lie within mainland China and are referenced using the UN/LOCODE prefixed with CN- (to signify China), the port of Hong Kong lies in the Special Administrative Region belonging to the PRC. For this reason, it is often treated as separate from the rest of the mainland country.

It is referenced via the UN/LOCODE prefixed with HK- (separate Locode for identification from mainland Chinese ports). It is such an important harbour and hub for shipping activities that there are numerous ports within Hong Kong. The one referred to in this article is the Hong Kong Harbor with the code (HK-HKG), the region's largest and most developed port.

1. Port of Shanghai

Shanghai Province
UN/LOCODE: CN-SGH
Container traffic in 2019: 43.3 million TEU
Cargo tonnage in 2019: 514 million tons

Operational since 1842 as a treaty port, Shanghai port is the largest port in China and the world. It had consistently topped the rankings since 2010, when it overtook the Port of Singapore.

Owing to the sheer volume of trade through this port and its effect on the local population, Shanghai has been designated as one of the four large port megacities across the globe. It is a deep-sea and riverine port.

It is managed exclusively by the Shanghai International Port (Group) Company. It took over from the existing Shanghai Port Authority in 2003, and the Shanghai Municipal Government owns its majority shares.

The port is built along the junction of the Yangtze, Huangpu, and Qiantang rivers. Hangzhou Bay flanks it to the South and the East China Sea to the East.

The nearby satellite port of Yangshan is built to handle traffic during shallow water conditions and is connected to the main port via the Donghai Bridge. Smaller ports have allowed Shanghai to process more cargo than any other Chinese port. The port is classified into working areas- Huangpu, Yangtze, and the Yangshan Deep Water Zone.

Shanghai port has received numerous accolades for its operations, including the "Best connected port" title from UNCTAD. The Yangshan Port is the world's largest automated port and handles most container traffic.

Overall, Shanghai supplies a vast hinterland and spans an area of over 3,500 sq kilometres. It is naturally protected due to its location and close to China's industrial and manufacturing zones. These factors have contributed to the rapid growth of Shanghai Harbor.

2. Port of Shenzhen

Guangdong Province
UN/LOCODE: CN-SNZ
Container traffic in 2018: 27.7 million TEU
Cargo tonnage in 2018: 194.9 million tons

Shenzhen is ranked 2nd nationally and 3rd globally in cargo thoroughfare, a naturally protected harbour in the Pear River area.

Formed by several smaller ports, it is one of the most evolving ports in the region.

It works as a feeder port, serves over 50 global shipping lines, has over 130 international routes, and services nearly 10,000 vessels annually. The Spanish port of Santa Crus de Tenerife is its sister port.

The port is classified into various zones that process different types of goods and cargo. Da Chan Bay, Donjiaotou, Neihe, Shayuchong, Yantian, Shekou etc., are the main zones with over 140 berths. Of these, there are 51 berths dedicated to large vessels of 10,000 DWT or more. The remaining are split between 43 berths for 10,000 DWT vessels, nine consignee berths, 18 container berths, 23 non-production berths, and 18 passenger ferry berths. The port is also divided by the Kowloon Peninsula into the Eastern and Western zones.

The Western zone is a deep-water port connected to the other Chinese ports via the On See Dun waterway. The Eastern zone is a natural harbour more suited to receiving larger cargo vessels and passenger ferries.

Shenzhen has over 250 kilometres of coastline and is part of the Hong Kong-Shenzhen Western Corridor used for road transport across the provinces' border.

3. Port of Ningbo-Zhoushan

Zhejiang Province
UN/LOCODE: CN-NBO and CN_ZOS
Container traffic in 2018: 26.4 million TEU
Cargo tonnage in 2018: 1.12 billion tons

Shipping over 1 billion tons of cargo annually is the busiest port globally for cargo. Comprised of the ports of Ningbo and Zhoushan, this port lies on the East coast across Shanghai on Hangzhou Bay. It is well connected via waterways, rail, and roads to

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interior China. The port is owned and managed by the Ningbo Zhoushan Port Group Co. The merger between the two neighbouring ports was in 2006, and it overtook the leading port of Shanghai in 2012 (in terms of cargo).

The port is connected to 90 countries and 560 ports. It serves as a multi-purpose port with nearly 200 berths, of which about 40 can process ships over 10,000 DWT. A dedicated terminal for processing crude oil handles supertankers over 250,000 tons and OBO (ore bulk carriers) vessels over 200,000 tons. There is a terminal for liquid chemicals holding 50,000 tons and a special terminal for 6th-generation container vessels.

The port has one of the largest ore handling yards. The port tied up with Vale miners in Brazil to build the Shulanghu hub that processes iron ore grinding. The storage yard has a capacity of 4.1 million tons and has dedicated shipping berths. The Ningbo Zhoushan port is close to the Zhejiang Free Trade Zone, which serves several leading companies worldwide.

4. Port of Guangzhou

Guangdong Province
UN/LOCODE: CN-GGZ
Container traffic in 2018: 21.9 million TEU
Cargo tonnage in 2018: 600 million tons

One of the busiest ports in mainland China, Guangzhou, is a seaport on the Pearl River Delta. It is managed by the Guangzhou Port Group Company, the largest Southern port in China. It trades with over 80 nations and 300 ports. It merged with the regional Huangpu seaport, making it one of the largest comprehensive ports.

The port is well connected with rail, road, air, and inland waterway connections. It lies on the rivers of Dongjiang, Beijiang, and Xijiang and is connected to the industrial hubs surrounding it.

The port is endowed with over 4,500 berths and 2400 anchorage points. The port is close to the base for Nansha Wetland Park. Large storage spaces, bonded warehouses, customs checkpoints, and logistics centres exist. The commonly shipped goods include agricultural produce, foodstuff, industrial goods, machinery, oil, fertilizers, steel ore, minerals, automobile parts etc.

Work is underway to expand the port's capacity to handle vessels over 100,000 deadweight tons through dredging activities. There is also work to increase the passenger handling capacity.

5. Port of Hong Kong

Hong Kong – Special Administrative Region
UN/LOCODE: HK-HKG
Container traffic in 2018: 19.6 million
Cargo tonnage in 2018: 258.5 million tons

Hong Kong is a major deep-water seaport located in the Victoria Harbor of South China. It is one of the world's largest and busiest ports. Although part of China, its administration treats Hong Kong as a special region.

The region is famous for being a financial and commercial hub. For this reason, Hong Kong has expanded from a small fishing village to one of the top ports in the world. It is under the management of the Port Operations Committee of Hong Kong.

It receives nearly 0.5 million vessels annually, over 250 million tons of cargo, and over 25 million passengers annually. It has one of the lowest turn-around times in the region, with an average of 10 hours for container vessels and 47 hours for tankers anchored off-site. The main container terminals are Kwai Chung, Tuen Mun, Stonecutters Island, and Tsing Yi.

The companies that operate these terminals are Modern Terminals Ltd. (MTL), Asia Container Terminals (ACT), COSCO Information and Technology HK, Hong Kong International Terminals (HIT), and DP World (DPW). The nine terminals provide 18 berths for incoming vessels, and work is underway for a 10th terminal.

The Hong Kong Port is also famous for mid-stream operations, where vessels do not have to approach the port during peak or hazardous conditions. There are regular ferry services to Macau and other ports in mainland China. The port serves over 15 million passengers from these services. There is also a government dockyard and fleet comprising various national services. There are docks and slipways for manufacturing vessels of different sizes and classes.

6. Port of Qingdao

Shandong Province
UN/LOCODE: CN-QIN
Container traffic in 2018: 18.26 million TEU
Cargo tonnage in 2018: 600 million tons

Located on the Yellow Sea, Qingdao is ranked 8th globally in traffic and is a major seaport in Eastern China. It is only topped by two other Asian ports- Busan and Singapore. Qingdao serves a large portion of vessels from Eastern China and is mainly directed at nations in the Pacific region, such as Japan, South Korea, the Americas and Russia. It carries out trade across 130 countries and over 450 ports. It also owns stakes in the Italian Vado Gateway Terminal.

Qingdao harbour is divided into four zones which function as autonomous ports. Dagang and Qianwan handle cargo and container traffic. The Huangdong Port is primarily for oil and petroleum tankers. The last zone of Dongjiakou is located away from the city and other ports. The port deals in containers, cargo, and iron ore. The container terminals are mainly the Qingdao Qianwan and Cosport Terminals. While Qianwan primarily deals in domestic containers, the Qingdao Cosport is an international terminal. The Qingdao port also has a large facility for handling iron ore shipments.

Qingdao is also linked with several other ports by treaties aimed at improving logistics and operations. Yantai, Weihai, Rizhao, and Qingdao ports have tied up with the largest port in South Korea- Busan Port, to build an Asian logistics centre. The Chinese ports are from the Eastern Shandong region and are under the Shandong Port Authority.

7. Port of Tianjin

Tianjin Municipality
UN/LOCODE: CN-TXG or CN-TSN or CN-TNJ
Container traffic in 2018: 15.97 million TEU
Cargo tonnage in 2018: 428.7 million tons

As the largest port in the Northern region, Tianjin harbour is a major deep-sea and riverine port in China. Known as the Port of Tanggu, Tianjin is the largest artificial harbour in China and is the primary maritime route to the capital- Beijing.

Like many regional ports, Tianjin lies near Bohai Bay along the Haihe River. It is one of the largest ports in the world, covering over 120 sq kilometres. The port is owned by the

Tianjin State-Owned Assets Supervision and Administration Commission (Tianjin SASAC) and operated by the Tianjin Port Group (TPG).

This port has over 200 berths for ships of all sizes, including containers, cargo, and passenger vessels. The port witnessed just over 0.1 million passengers in 2015.

Tianjin is ranked 4th worldwide in terms of cargo traffic (based on tonnage) and is ranked 9th in terms of container traffic. It services vessels from over 600 ports spread over 180 nations. Over 100 different shipping lines run services here, while 60 liners have operations in Tianjin. One of the few Large Port Megacities in the world, Tianjin lies within the SEZ in Northern China.

The port is classified into nine zones, of which the main ones are Beijing, Nanjiang, and Dongjiang. Ship locks and tidal barriers facilitate vessel movement while sheltering the harbour from adverse climate conditions. The port is self-sufficient, with in-house police, ambulance, and emergency services. There is a customs house, a border protection unit, and an Anti-Smuggling Bureau. Tianjin also has many shipyards capable of building and large-scale repairs. The major yards are the Taku dockyard, CSIC Tianjin Xingang shipyard, and the CCCC Bomesc Maritime Industry.

8. Port of Dalian

Liaodong Province
UN/LOCODE: CN-DAL
Container traffic in 2018: 9.77 million TEU
Cargo tonnage in 2017: 455 million tons

The Northern port of Dalian is a major seaport that serves much of the Pacific coastline. It handles a large portion of container and cargo traffic from the Pacific Rim nations to North and Eastern Asia. Situated on the Bohai Sea and the Yellow Sea, it is a deep-water port that is the 2nd largest transhipment hub on the Chinese mainland. It services vessels from over 160 different nations across 300 ports. Dalian port has been operational since 1899. The Dalian Port Corporation manages it.

Container trade began in 1972, and was the first port to handle international container shipments from China. The main port has smaller zones of Daliangang, Dalianwan, Ganjinzi, Dayaowan etc. The major routes operational through Dalian are 68 international container routes. However, Dalian primarily receives a majority of revenue through its domestic loads of cargo and minerals. The Yingkou and Dalian ports have signed an agreement to integrate port management.

The Dalian Container Terminal (DCT) runs seven berths previously owned by Nippon Yusen, Singapore Dalian Port Investment, and PSA China. The port is well connected by rail and road. There are also large storage zones for cargo and containers. Modernized berths are deep water and have an average depth of 16 meters.

9. Port of Xiamen

Fujiang Province
UN/LOCODE: CN-XAM
Container traffic in 2018: 10.7 million TEU
Cargo tonnage in 2018: 218 million tons

Located on Xiamen island along the Jiulongjiang river, Xiamen is a deep-sea port ranked 17th in the world in terms of cargo thoroughfare. It is one of the few ports that can process 6th-generation ships and mega vessels. Xiamen is managed by the Xiamen Port Authority and is majority-owned by the Xiamen Municipal Government. It was merged with the Port of Zhangzhou in 2010, making it one of the largest ports in the world. It is currently the largest port in South-East China.

The port operates across 12 different zones with a combined 74 berths. Of these, nine are dedicated container handling terminals, while the rest are for cargo. The average cargo handling tonnage of these berths is 10,000, although there are also berths that can process 100,000 tons. The average anchorage depth is 17 meters, and the port spans over 30 kilometres of the harbour. Some operational zones include Heping, Haitian, Liwudian, and Dongdu.

Xiamen is technologically advanced and serves all the top shipping lines. It serves nearly 500 vessels monthly from over 50 countries and has a regular service of 70 routes passing through the top ports from Europe, the Americas, and Africa. The port also operates a small passenger ferry connecting Xiamen to other mainland ports. Hong Kong, Guangzhou, Shanghai, and Wenzhou have regular ferries, while service is also provided to Kinmen island.

10. Port of Yingkou

Liaoning Province
UN/LOCODE: CN-YIK
Container traffic in 2018: 6.5 million TEU
Cargo tonnage in 2018: 21 million tons

Despite being one of the smallest ports in China, Yingkou Harbor is larger than the top ports of other nations. Managed by the Yingkou Port Group Corporation for the Republic, this port operates 27 berths and numerous smaller piers and docks. The main imports here are coal, steel, automobiles, and grain. The primary exports are containerized goods, machinery parts, mass-produced goods, electronics, and foodstuff.

The port is divided into two working zones- the Old Yingkou Port on the Daliao river and the Bayuquan Port on the Bohai Sea. The seaport offers services to incoming ships, including loading, pipeline transportation, pilotage, communication vessels, and transportation through road and rail. The main Bayuquan container terminal was jointly built by the port authorities and the Chinese Shipping Corporation (COSCO).

Yingkou began international operations in 1858 and was ranked in the top 50 in 2015.

Recently, the Russian government and Yingkou port signed an MoU to develop an international logistics terminal in Russia jointly. Yingkou also bought a large portion of the Bely Rast Terminal operated by the Russian Railways.

Market Update

Country: China

Date: 03.2024

OCEANX MEMBERS IN CHINA

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Chinese branch organisation of Swiss based Commodity Supplies, handling office for many leading European retailers, Commodity Traders and NVOCCs.

CIMC Wetrans Logistics Technology
Key Contact: Nina Xiao ninaxiao@globesuccess.com.cn
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Forwarding arm of the largest container producer in the world and one of the largest Chinese shippers. Through several acquisitions in recent years, they have acquired different specialised capabilities.

Honour Lane Shipping
Key Contact: Jason Ho, < jasonhosh@hlsholding.com.cn>
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Leading, independent NVOCC on the Transpacific trade since many years, Honor Lane has expanded into many other trade lanes.

Hunicorn Shipping
Key Contact: Cooper Wang, cooper.wang@cn-hunicorn.com
www.cn-hunicorn.com

Strongest, neutral FCL player on Asia Europe trade, with a clear trade lane and market focus, aiming to deliver best rates and service in a highly efficient manner.

MilkyWay Chemical Supply Chain Service,
Key Contact: Wendy Yeh, <wendy.yeh@mwclg.com>
www.mwclg.com

China's leader in Chemical and Dangerous Cargo logistics, with many specialised assets and a strong position in the growing battery storage and electric vehicle sector.

World Jaguar
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www.worldjaguar.com

One of the leading consolidators in China, with a stronghold in the country's north. The dynamic and innovative team has expanded in many different product segments over recent years.

Worldwide Logistics
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One of the largest freight forwarders in China, counting Alibaba group's Cainiao and Cosco among its investors. The group features a very strong project cargo division and dedicated teams for other verticals.

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