

**COSCO**

**Grasping the opportunities, Exerting the advantages and Extending the cooperation in shipping and logistics**

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## **Ocean shipping is the tie which links the development of world economy and trade flows**



- **Account for more than 90% of international cargo transport volumes**
- **According to statistics, the global seaborne trade will increase by 1.6% if the world economy grows by 1%**
- **The global seaborne trade will definitely increase together with the growth of the world economy**

**Since the new century, the international trade has kept a rapid growth in both volume and scale.**



- **From 2000 to 2007, the average annual growth rate of world cargo trade was keeping 5.5%**
- **In 2007, the sum of international trade achieved 28.1 trillion US dollars and the volume increased by 7.5%**
- **In 2006 the global shipping volumes were 7.4 billion tons with 4.3% increase year-on-year**
- **Everyday 20 million tons cargoes were floating on the sea**
- **In 2007, the world merchant fleet already exceeded 1 billion DWT with 8.6% increase year-on-year.**

## **The world trade dependence ratio has continued to increase**



- **From 2001 to 2007, the trade dependency ratio increased from 48.4% to 69.5%**
- **The trade dependency ratio of the advanced economies increased from 46% to 56.5%;**
- **The ratio of developing economies increased from 57.6% to 73.4%.**
- **The relations of world economies among the countries are improving and the trade flow which based on the international trade is being enhanced in the world.**

## **Affected by the international financial crisis, the world economy has been facing with the serious challenges**



- **the world economy is forecasted to be decreased by 1.4% in 2009, which is the worst economic recession since the World War II.**
- **IMF also predicts the GDP of the advanced economies will decline by 3.8% this year, among which US, Euro regions and Japan will decline by 2.6%, 4.8% and 6% respectively.**
- **The growth rate of GDP in emerging and developing countries are estimated to slow down with a slight increase of 1.5% in 2009.**

## **The global container volumes and port throughputs appear weak status in the 1H of this year**



- **The container volumes on main liner services declined by over 15%, with 19.8% decrease on the Asia-Europe liner services.**
- **Among the leading ports in the world, only Qingdao and Tianjin ports in north China, kept one-digit increase of the container throughputs, the others all faced two-digit decrease.**
- **The container throughputs of global ports in 2009 will only reach 471 million TEUs with 10.3% decrease year-on-year.**

**The bilateral trade between Asian and Europe has been keeping negative growth.**



- **Europe is the largest trade partner of China. China is the second largest trade partner of Europe, only following the USA. Besides, Europe is also the largest export market of China.**
- **In the 1Q 2009, the volumes of export from China to Europe decreased by 20%, meanwhile 15% of decline from Europe to China.**
- **The Chinese government always attaches great importance to the trade relationship between China and Europe.**

**The bilateral trade between Asian and Europe has been keeping negative growth.**



- **China adopt some extraordinary measures, such as sending high-rank trade promotion delegation to Europe,**
- **China has determination and confidence to increase the volume of import from Europe and enhance the rapid recovery of both economies.**

## **The Asia-Euro land bridge transport has made a great impact on the Asia-Euro transport market**



- **the Asia-Euro land bridge transport appears a surprising increase instead of decrease although affected by international financial crisis.**
- **In 2008, the export and import volumes which were transported by new Asia-Euro land bridge achieved 120 thousand TEUs with 22% increase year-on-year .**

## **Problems in the infrastructure investments between Asia and Europe**



- **Because of the imbalance of economy, in some areas, the supply of transport and logistic infrastructure (such as depot, warehouse, etc.) is not enough.**
- **Congestion, inefficiency and weak inland link system in some hub ports become the bottleneck for the development of multimodal transport.**
- **It is difficult for achieving seamless link between the infrastructures in different areas because of lacking a whole transport and logistics developing strategy, and therefore limits the transport efficiency.**

## **Problems in the infrastructure investments between Asia and Europe**



- **The financial institutes are cautious to invest, which causes the difficulties of financing.**
- **In order to improve the construction of transport and logistics network between Asia and Europe, the governments should set up an integrated synergy system and public/private partnership (PPP), expand the infrastructure investments and fundamentally break the bottleneck of developing the Asia-Euro transport and logistics network.**

## **In the future, the value chain of shipping industry will continue to extend**



- **Shipping has played the key role in the international multimodal transport because most cargoes of international trade are transported by shipping.**
- **Horizontally, the value chain will cover the industries of terminal construction and operation, ocean shipping, inland storage and transport, ship/container building and leasing, shipbroker, financing, labor services and etc;**
- **Vertically, it will cover production and sales.**

## **In the future, the value chain of shipping industry will continue to extend**



- **The strategic cooperation partnership among the participants in all links are the key points to extend value chain and achieve added value successfully.**
- **The shipping companies will improve their services, extend shipping industry chain to both sides, create integrated logistics system including shipping, terminal operation, logistics supporting facilities, value added services, and eventually transfer from traditional shipping carriers to global logistics suppliers.**

## Several transport modes will be co-existing in the transport and logistics industry between Asia and Europe



- **With the development of Asia-Euro trade, the multimodal transport including shipping, trucking and rail has improved very fast.**
- **In the current situation of international financial crisis, new Asia-Euro land bridge, namely “transport corridor between east and west”, has been paid attention by more and more logistics suppliers and traders.**
- **Relying on its higher efficiency and lower logistics cost, land bridge is becoming another potential transport mode following the traditional shipping industry.**

**COSCO is willing to contribute the development of transport and logistics industry between Asia and Europe.**



- **COSCO is focusing on the shipping business while providing global customers with combined transport modes including shipping, trucking and rail transport.**
- **In shipping business, COSCO, K-line, Yangming and Hanjin, the so-called CKYH alliance, provide 9 liner services together in Asia and Northwest Europe/Mediterranean trades.**

**COSCO is willing to contribute the development of transport and logistics industry between Asia and Europe.**



- **On the basis of new Asia-Euro land bridge, COSCO has set up an international rail transport network which takes Qingdao and Lianyungang as bridgeheads in China, and links Korea, Japan, Southeast Asia, Central Asia, Russia, Mongolia and European countries.**
- **COSCO is willing to cooperate with all in the relative sectors and make our best efforts to contribute the development of transport and logistics industry between Asia and Europe.**



COSCO

**Thank You !**

