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China sees Sina-Arab trade surpassing US\$200 billion soon

>> **Global:** China is strengthening bilateral ties with a high ranking economic forum in northwest China's Ningxia Hui autonomous region. China invited more than 6,000 government officials and business people from 66 countries, regions and international organisations to the fifth China Investment and Trade Fair and the first China-Arab States Economic and Trade Forum, held in Yinchuan, the regional capital of Ningxia, home to more than 10 % of the China's 20 million Muslims.

>> *Macro-Economics*



The two sides were urged to intensify efforts to promote trade co-operation and to make the China-Arab trade volume exceed US\$200 billion within

three to five years. More than 190 contracts were signed during the fair and forum, involving more than \$30.4 billion in versatile investments, covering energy and petrochemical, logistics, agriculture and equipment manufacturing projects.

China-Arab trade value reached \$107.4 billion in 2009, six times more than the same period in 2000. In the first half of this year, the bilateral trade volume exceeded \$69 billion, up 52 % year on year. Additionally, Chinese investors have made direct investments in Arab states amounting to US\$3.78 billion by June this year.

The actual investment in China by investors from Arab states has reached \$2.15 billion, involving sectors such as petrochemicals, real estate, food and light industries.

China-ASEAN trades soars 49.6% in the first 7 months

>> **Beijing:** Trading value between China and the ASEAN countries hits US\$161 billion in the first seven months of the year, soaring 49.6 %, with ASEAN enjoying a surplus of \$7.54 billion. The growth rate of ASEAN's export to China has been much higher than imports from China. In the first seven months, ASEAN

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exported \$84.27 billion, an increase of 56.1 % year on year, while its imports amounted to \$76.73 billion, a 43.2 % year-on-year rise.

Under the CAFTA framework, tariffs on 90 % of goods in ASEAN member states, comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam, have been eliminated. China is the ASEAN's largest trading partner and the ASEAN is now China's fourth largest trading partner.

China-Africa trade expected to top US\$100 billion

>>**Global:** The trade between China and African countries is expected to exceed US\$100 billion. Figures show trade between China and Africa soared 65 % year on year to US\$61.2 billion in the first half of this year.

China-Africa trade contracted 14.7 % from the previous year to US\$91.06 billion in 2009, compared with \$106.8 billion in 2008.

More than 1,600 Chinese companies are now investing in Africa in agriculture, mining, processing and manufacturing, infrastructure facilities and commerce. China stopped levying tariffs on 60 % of imports from 26 least developed African countries from July 1.

>> *Shipping Companies*

Cosco Pacific net profit up 81.7% after sale of logistics unit

>>**Hong Kong:** Hong Kong based Cosco Pacific Limited, the terminal operating, container manufacturing and leasing unit of the Cosco Group, has declared a year-on-year first half net profit increase of 81.7 % to US\$189.9 million.

But this did not include earnings from the company's discontinued logistics business, Cosco Logistics, without

which gross profit dropped 4.4 % to US\$69,771,000. First half revenue, however, increased 40 % to \$222.6 million.

With regard to the logistics business, the group completed the disposal of its 49 % stake of Cosco Logistics, realizing a profit (net of tax) of US\$84,710,000 in the period. Cosco Pacific Logistics Company Limited (CP Logistics), a wholly owned subsidiary of the company, entered into an agreement with China Cosco Holdings Company Limited, after which CP Logistics agreed to sell and China Cosco agreed to buy the 49 % for CNY2 billion (US\$292.9 million).

Last year, Cosco took over operations of the Piraeus Container Terminal SA as well as the operation of Pier 2 of the Piraeus Port in Greece, which contributed to first half group revenue growth. But the unit incurred high cost in the start-up period and posted a loss during the first half, which hit company profits.

Another Piraeus Terminal problem is a law suit by consultant Aronis Drettas Karlaftis Consultant Engineers, against Cosco Pacific and the terminal, claiming EUR5.8 million (US\$7 million) for unpaid design work. Container throughput at all Cosco Pacific terminals increased 18.7 % to 22,428,048 TEU in the first half over last year's corresponding period.

The company's container fleet size fell 0.5 % to 1,597,779 TEU over the same period of last year and the overall average utilisation rate rose 5.1 percentage points to 95.4 %. Container leasing and related businesses' profit increased 29.5 % to \$47,993,000. As of June 30, the total container fleet of the group was 1,597,779 TEU, among which 773,328 TEU were owned containers, 118,094 TEU were sale and leaseback containers and 706,357 TEU were managed containers.

First half container manufacturing profit dropped 8.1 % year on year. That included profit from CIMC, as well as the profit of US\$5.51 million from the disposal of the 20 % of Shanghai CIMC Reefer in the first half of 2009.

China Merchants first half profit up 56.1 % to US\$ 244.2 million

>>**Hong Kong:** Hong Kong's China Merchant Holdings, a conglomerate mostly engaged in port operations, has posted a 56.1 % increase in first half net profit to HK\$1.9 billion (US\$244.2 million) against the HK\$1.2 billion profit earned in the same period last year. Container volume at its terminals in China was up 22.5 % to 24,933,000 TEU, an increase from the 2009's throughput of 20,346,000 TEU.

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While Hong Kong headquartered and listed, the China Merchants is domiciled on the mainland, said a company statement accompanying the results. More than 90 % of its non-current assets are on the mainland and 90 % of its revenue is derived from mainland port operations.

During the first half, EBIT from port operations amounted to HK\$2.7 billion, an increase of 56.4 % year on year and accounting for 85.8 % of the overall EBIT of the group, itself an increase from 79.7 % in the same six-month

period last year. The group's terminals in Hong Kong handled 3,016,000 TEU in the first half, an increase of 9.7 % year on year. Shenzhen Western Port Zone handled 5,568,000 TEU, an increase of 31.7 % year on year.

Shanghai International Port (Group) Co Ltd ("SIPG") handled 13,855,000 TEU, an increase of 18.8 % year on year. Ningbo Daxie China Merchants International Terminals Co Ltd handled 755,000 TEU, an increase of 46.1 %. Tianjin Five Continents International Container Terminal Co Ltd handled 910,000 TEU, a decrease of 3.6 %. Zhangzhou China Merchants Port Co Ltd (Zhangzhou Port) handled 229,000 TEU, an increase of 60.3 %. Qingdao Qianwan United Container Terminal Limited, a joint-venture, handled 459,000 TEU. Zhanjiang Port (Group) Co Ltd handled 124,000 TEU, an increase of 47.5 %.

The group raised its stake in Mega Shekou Container Terminals Limited 80 %, representing the final stage of the completion process in accordance with the asset restructure agreement signed with Modern Terminals Limited in December 2006. China Merchants continued its efforts to develop Shenzhen Western Port Zone to enhance its competitiveness. Business integration endeavours at Shenzhen Western Port Zone have helped to intensify the cooperation of container terminals within Group's Western Port Zone, namely, Chiwan Port Zone, Shekou Port Zone and Mawan Port Zone.

>> Shipbuilding

Evergreen orders ten 8,000-TEU ships from Samsung Heavy Ind.

>>Global: Evergreen, the largest Taiwan carrier, has placed a US\$1.03 billion order for ten 8,000-TEU containerships with South Korea's Samsung Heavy Industries, the first of which is to be delivered in 2013.

Seven of the new ships will be owned by the group's Taiwan-based flag carrier Evergreen Marine and the other three by its Panama-registered Evergreen International.

Evergreen placed an initial order for 10 vessels with Samsung earlier this year, scheduled for delivery from 2012. Optimistic about the growing demand in a long run, Evergreen chairman Chang Jung-Fa said the company planned to buy 100 containerships over the next 10 years.

>> China Ports

Chinese port slip of peak as August eclipses September

>>Shanghai: Mainland China's top 10 ports handled a total of 12.3 million TEU in September, a decline of three % compared to August's peak of 13.1 million TEU, as the annual slack winter season begins.

On the other hand, growth in the first nine months of the year hit 20.7 % with total throughput of 96.8 million TEU, compared to the same period last year. A breakdown of the results show that all the ports surveyed enjoyed double-digit growth year on year for the first nine months of the year. But all ports, except for Dalian and Tianjin, saw volumes drop in September compared to August (Lianyungang and Yingkou came out even). China's biggest terminal, Shanghai, saw its nine-month volume surge 18.5 % year on year to 21.5 million TEU, though its September throughput of 2.53 million TEU was down 3.8 % on August's total.

As for the second, Shenzhen, its throughput growth was at 28.4 % for the first nine months of the year, but its September volume of 2.06 million TEU was down by 7.2 % on August.

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Beibu Gulf port volume to hit 300 million tons by 2015

>>Nanning: With the vast business opportunities unfurled by the establishment of the China-ASEAN Free Trade Agreement, throughput of the Beibu Gulf ports is to supposedly rise to 300 million tons by 2015.

The current utilization rate of the 267-kilometre usable coastline of Guangxi, where the gulf locates in southeast China coast, is less than 10 %. In the three years from now, the Beibu Gulf port plans to build a number of 100,000-tonne container terminals, 300,000-tonne and 100,000-tonne oil terminals, 200,000-tonne ore terminals and 150,000-tonne bulk terminals.

During the first half of year, Beibu Gulf ports handled 41.85 million tons of cargo. By the end of 2009, the port had already had 46 berths of over 10,000 tons with a capacity of over 100 million tons. The port lifted 60.16 million tons of cargo in 2009.

Fuzhou New Port handles more than 60,000-TEU in August

>>Fuzhou: Fuzhou New Port, a deep-water container terminal in southeast China's Fujian province, has handled more than 60,000 TEU in August, up 23 % year on year. The port is equipped with three berths, capable of handling 100,000-TEU containerships with a throughput of two million TEU per annum.

As the largest container terminal in Fuzhou with an annual throughput increase of 30 % since it opened in 2002, it has handled more than 430,000 TEU from January to August, up 35 % year on year.

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