

# Overview of Transport & Logistics China – Now and the next 10 to 20 years

Australia - China 2.0 mission

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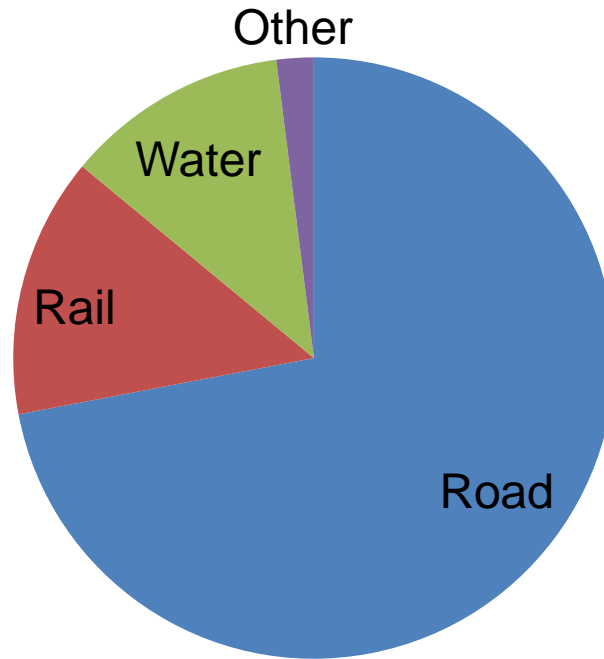


Australian Government  
Australian Trade Commission



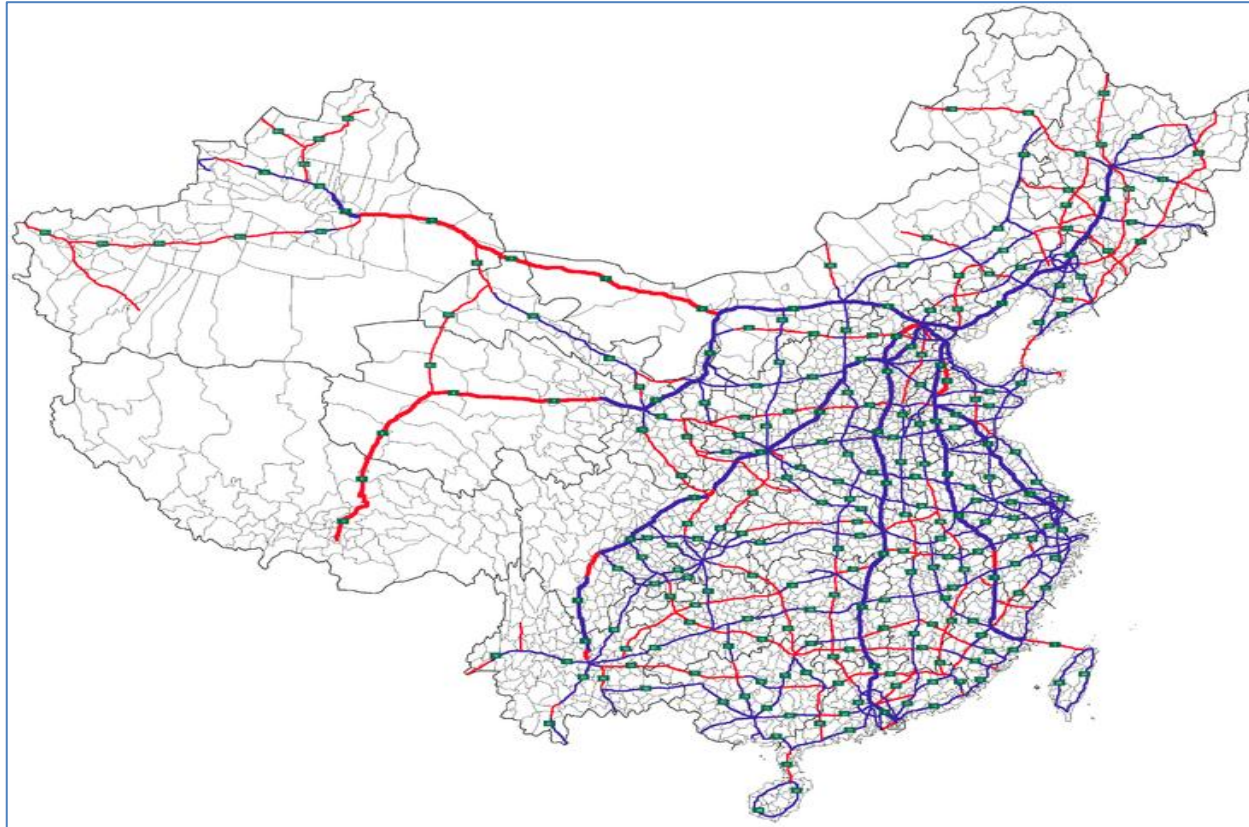
# Most of China's freight is moved by road

Share of freight by mode 2010



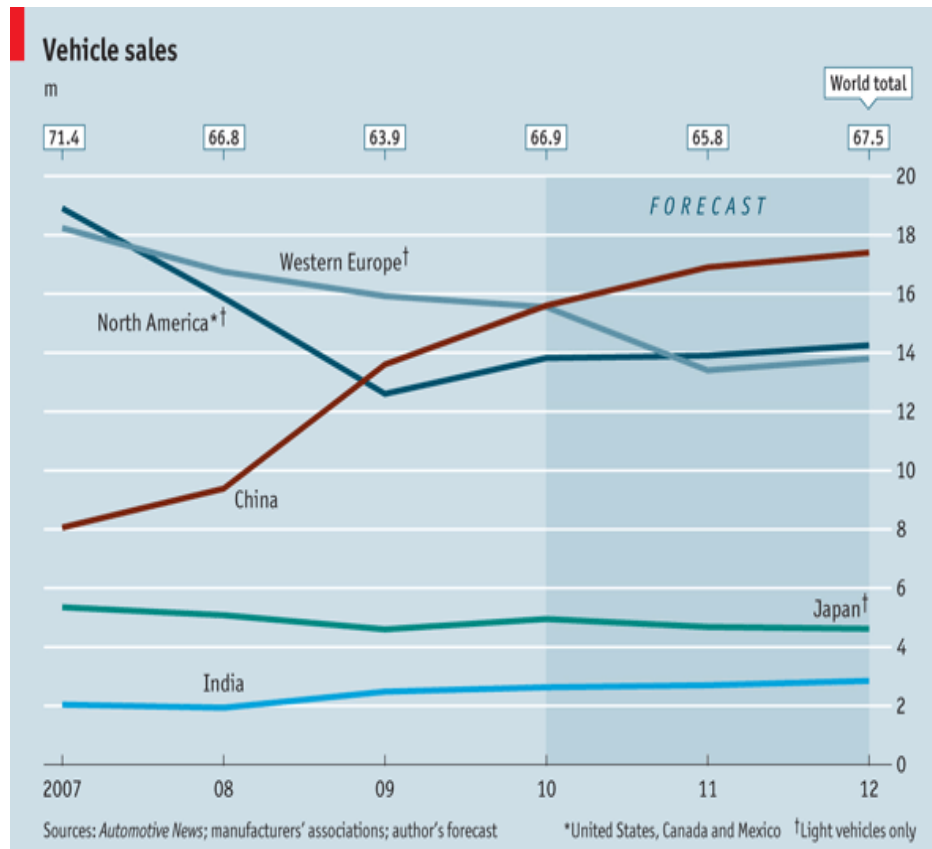
**Coal is by far the biggest freighted commodity accounting for over 40% of rail, 20% of road and 25% of waterborne traffic**

# China's road network has developed rapidly



**By 2020 China plans to have 3 million km of expressways and highways, 50% more than in 2008.**

# China is now the world's largest car producer and consumer



Penetration per capita is still low leaving significant capacity for further development - if the road network can keep pace

.. leading to the “The “Great Crawl of China”



The August 2010 coal truck traffic jam north of Beijing was over 100 km long and lasted for 11 days

# China's is building the world's largest high-speed railway network



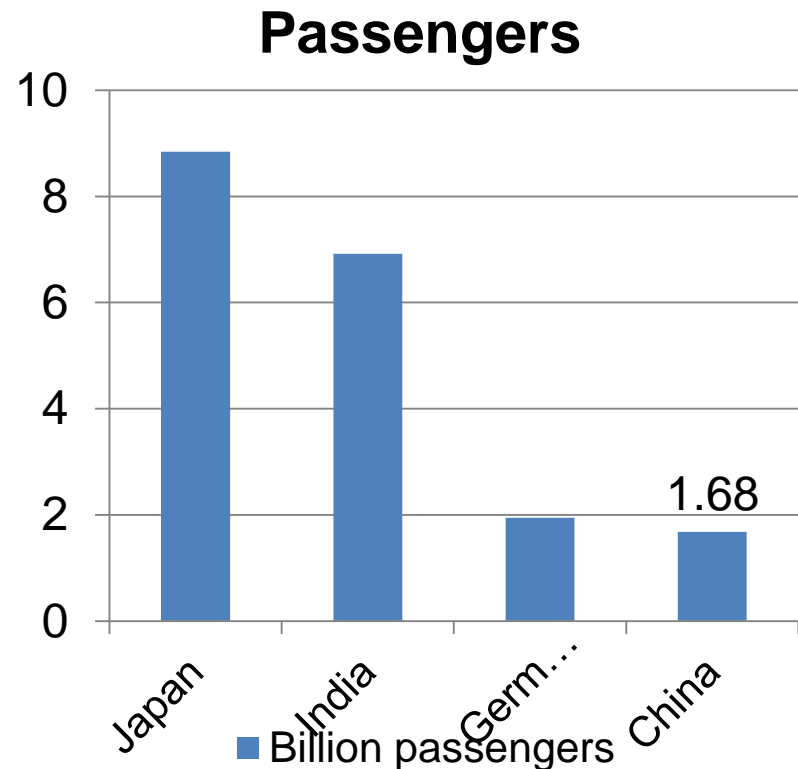
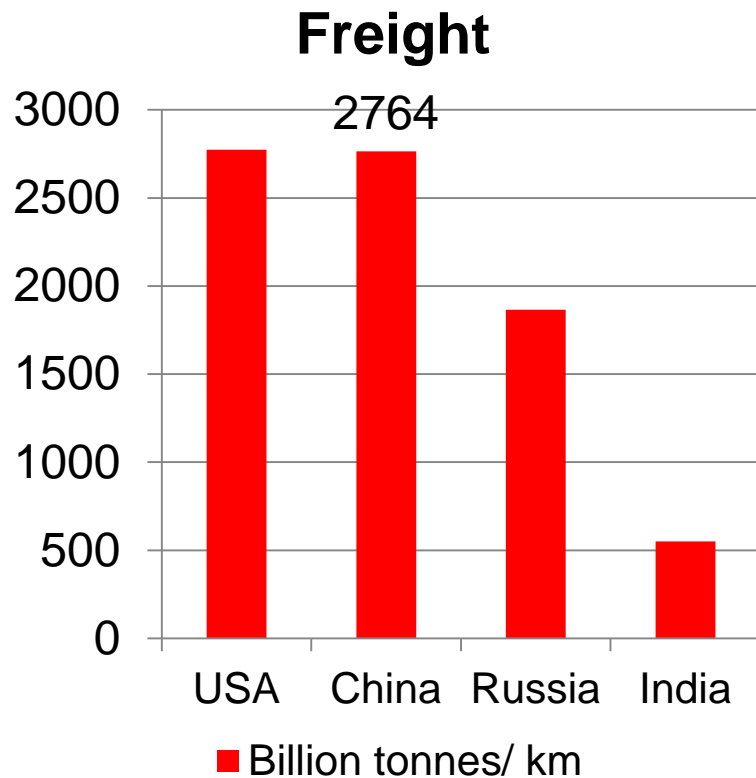
The full network of 20,000 km will be completed by 2020. About half has already been completed ahead of schedule.

**..but the high speed rail program has hit speed bumps**



**Following the bullet train crash in July 2011, average speeds have been lowered and some trains recalled but construction is proceeding apace.**

# Freight dominates China's rail system...



**Trains in China carry one-quarter of the world's combined rail freight and passenger traffic, but the nation has just 6% of the world's track.**  
Source: UIC 2010

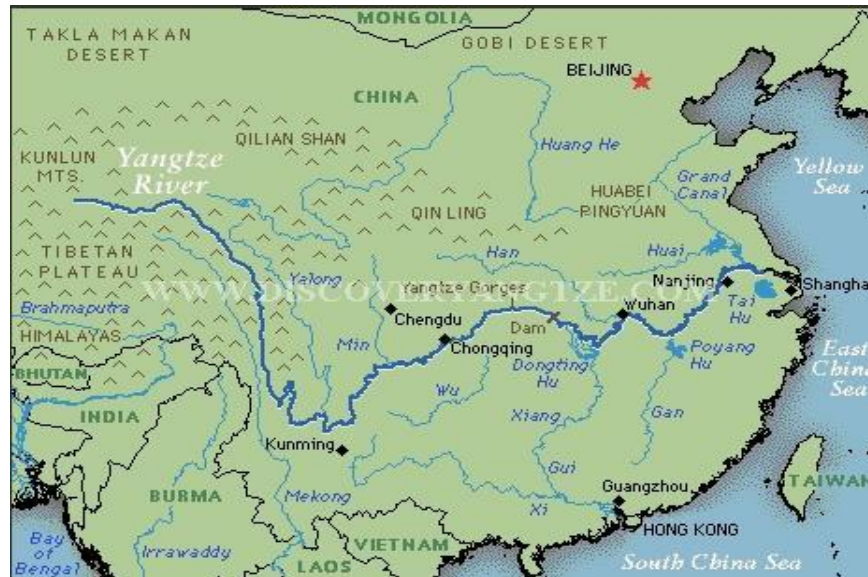


## ..and is the economic driver behind China's high-speed rail network program

- A shift in passenger traffic to the new high-speed rail routes has freed up congested older rail lines for freight.
- Coal mines and shippers to switch to cheaper rail transport from costly trucks for heavy cargos.

***The tonnage hauled by China's rail system increased in 2010 by an amount equaling the entire freight carried by the combined rail systems of Britain, France, Germany and Poland***

# The Yangtze River “Golden Waterway” is supporting rapid growth in central and western China



The Yangtze’s 2,800 km of navigable length serves 2/3 of China’s population but with less than 50% of China’s GDP.

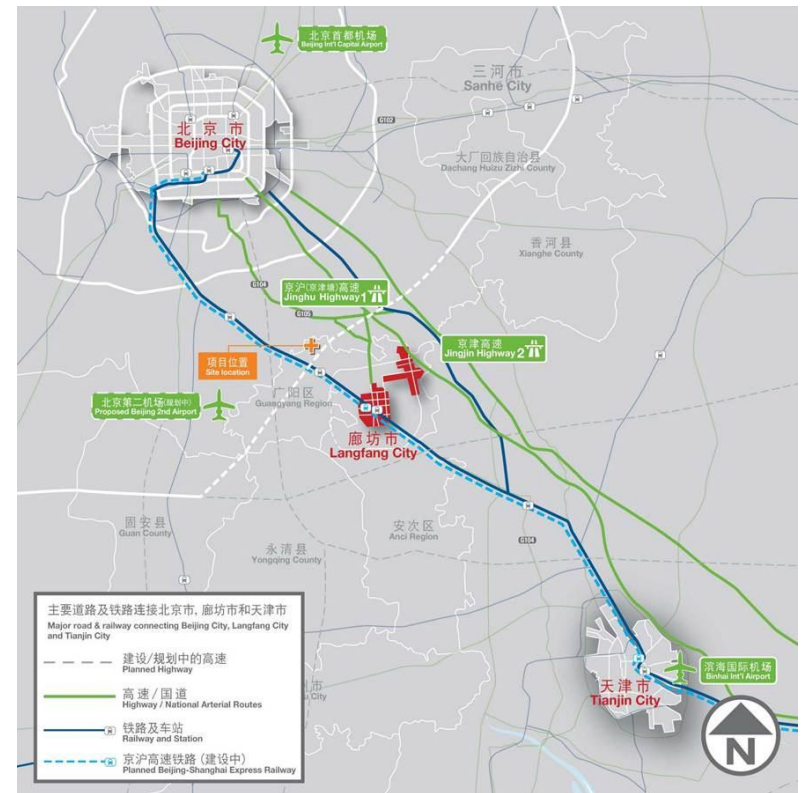
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# China's airports are also developing rapidly

- By 2020, a further 54 new airports giving a total of 224
- By then 30 airports with more than 30 million passengers/year (Sydney 35 million)
- Annual average passenger increase of 11.4 percent to 2020
- Air freight increasing at 14 percent per annum.
- Big expansion plans in regional airports in central and western China.

# A new mega airport is being built to serve the Beijing/Tianjin megalopolis

- Beijing New International Airport
- Planned opening 2017
- 8 runways + 1 military runway
- 40 million passengers in Stage 1
- 130 million passengers capacity
- Mainly domestic traffic
- “aerotropolis” concept
- “sustainable” development plan
- Dutch firm NACO won master plan



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# China's fragmented logistics sector is a barrier to more rapid growth

- Efficient distribution of raw materials and finished goods is one of the biggest challenges associated with China's rapid economic growth
- From 2006 to 2010 China's total logistics costs have fallen from 18.3% of GDP to 17.8% but are still double the cost of developed countries (USA = 7.7% of GDP)
- Foreign-invested manufacturers and logistics companies are seeking to improve their supply chains and improve service to customers

# E-commerce is driving China's logistics sector

- China's e-commerce sector is growing very rapidly with 30% of China's 420 million-strong internet users shopping online.
- China's logistics sector is fragmented and a big barrier to growth in e-commerce
- Alibaba China's largest e-commerce firm is setting up its own logistics network which aims to ensure 8 hour delivery times by 2020



# China's logistics sector is relatively open to Australian investment

- **Toll Group** 拓领集团
  - *Toll Global Forwarding*
    - 17 offices in 9 Chinese cities.
  - *Toll Global Logistics*
    - 23 logistics facilities with 20+ distribution centres,.
  - *Toll Autologistics/ Tianjin Anda Logistics*
- **Linfox Logistics** 林孚克斯道路运输
  - Shanghai, Beijing, Guangzhou, Urumqi, Hong Kong
  - Warehouse locations: Beijing, Guangzhou
- **Goodman Group** 嘉民集团
  - Industrial estates ,warehouse and distribution centres.

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# China's logistics sector is relatively open to Australian investment (2)

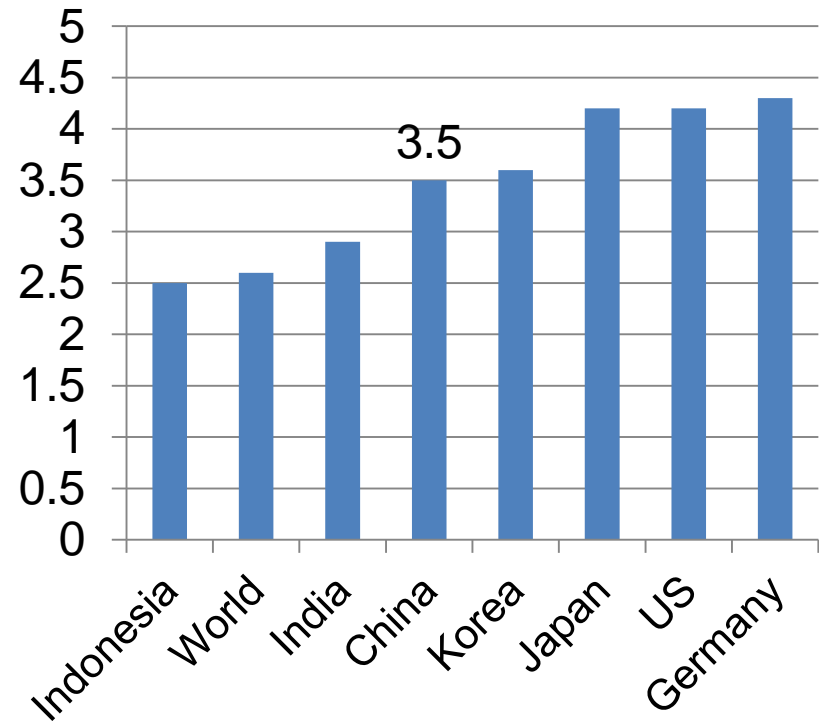
- **Sai Cheng Logistics** 赛诚国际物流
  - Australia Post JV with China Post
- **Transtar** 全事兴
  - HK, Shanghai, Ningbo, Qingdao, Shenzhen,
- **Pacific Network**
  - One of Australia's largest independent freight forwarders
  - 1 office in HK (1992) and 8 offices in China since 2002



# Superior infrastructure gives Chinese exporters a long-term advantage

- China's secret: third-world wages but first-world infrastructure
- China's trade infrastructure is on a par with South Korea and far higher than the world average
- Emerging -market competitors such as India are lagging well behind

**Index of trade infrastructure quality**



Source: World Bank Logistics Performance Index

