

ResearchInChina

China Logistics Industry Report, 2010-2011

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1. Development of Chinese Logistics Industry

1.2 Status Quo

1.2.1 Total Amount of Social Logistics

In 2010, social logistics amount of China totaled RMB** trillion, increasing 1.6-fold comparing to that in 2005 or the annual gain averaging 21%. This reflected that the logistics demand is expected to maintain upward mobility driven by the robust economy.

Total Amount of Social Logistics in China, 2006-2010 (RMB bn)



Source: China Federation of Logistics & Purchasing; ResearchInChina

During Jan.-Sep. of 2010, the total industrial goods logistics amounted to RMB** trillion, up **% year-on-year, accounting for **% of the total social logistics amount. Of these, it included RMB** trillion import logistics amount, up **% year-on-year, accounting for 7.5% of the total social logistics amount, and agricultural products logistics amount, renewable resources logistics amount, unites and residents items logistics amount, with a respective increase of 4.0%, **% and 13.7%.

Growth of Total Social Logistics Amount by Sector, 2010 (RMB 100 mln)

	Jan.-Sep., 2010			Jan.-Nov., 2010		
	Absolute Value	Comparable Growth (%)	Proportion in Total Logistics Amount	Absolute Value	Comparable Growth (%)	Proportion in Total Logistics Amount
Total Amount of Social Logistics	**	**	**	**	**	**
Total Amount of Industrial Goods Logistics	823,175	16.3	90.0	**	15.8%	90.2
Total Amount of Import Cargoes Logistics	**	25.6	7.5	**	23.6%	7.4
Total Amount of Agricultural Products Logistics	**	4.0	2.0	---	---	---
Total Amount of Renewable Resources Logistics	**	40.7	0.4	---	---	---
Total Amount of Unites and Residents Items Logistics	**	13.7	0.2	---	---	---

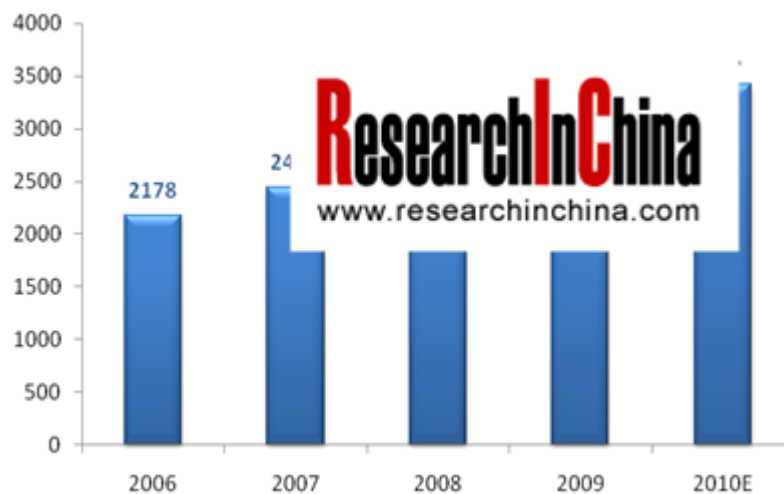
Source: China Federation of Logistics & Purchasing; ResearchInChina

4. Automotive Logistics Industry

4.1 Current Development

At present, the automotive logistics cost in China approximates **% of the gross output value of automotive industry. According to the logistics cost rate, the output value of Chinese automotive logistics in 2006 was RMB217.8 billion, and it is projected to surpass RMB500 billion by 2020.

Automotive Logistics Market Capacity in China, 2006-2010 (RMB100M)



Source: ResearchInChina

4.3.1 Changan Minsheng APLL Logistics Co., Ltd. (CMAL)

4.3.1.2 Operation

Across the first three quarters of 2010, CMAL acquired the operating income of approximately RMB** billion and the profit of roughly RMB131 million, up nearly 33.69% and 43.55% respectively from the same period of 2009.

Operating Income of CMAL by Division, Jan.-Sep. 2010 (RMB100M)

	Division Revenue	Inter-Division Revenue	Revenue from External Clients	Adjusted Operating Profit
Auto Commodity Transportation & Supply Chain Management Service	**	-	**	**
Non Auto Commodity Transportation	1.1648	-	**	**
Other Divisions	0.4436	-	**	**
Total	20.0581	-	**	**

Source: CMAL bulletin; ResearchInChina

5. Petrochemical Logistics Industry

5.1 Current Development

Petrochemical Logistics Market Capacity in China, 2006-2010



Source: ResearchInChina

As for key logistics manufactures engaged in petrochemical industry, an overwhelming majority of them converges on the production of petroleum and downstream logistics, while only a few set foot in petroleum exploiting and environmental development.

5.3 Key Enterprises

5.3.1 NANJING TANKER CORPORATION

5.3.1.2 Operation

In the first three quarters of 2010, the operating income of Nanjing Tanker Corporation realized RMB3.176 billion, up 37.4% year-on-year, with the operating profit and net income reaching RMB161 million and RMB116 million, a respective year-on-year increase of 48 folds and 58 folds, with the basic EPS of RMB0.072. In 2010 Q3, the company's net income reached RMB290,000, increasing year-on-year and decreasing month-on-month.

Traffic Capacity of NJTC, 2009-2013E

	2009	2010E	2011E	2012E	2013E
VLCC Traffic Capacity	**	**	**	16.0	16.0
Effective VLCC Traffic Capacity	3.7	**	**	15.4	16.0
Owned Vessels	1.0	**	**	**	**
Rented Vessels	**	**	**	**	**
MR Traffic Capacity	**	**	**	**	**
Effective Traffic Capacity	**	**	**	33.0	33.0
Owned Vessels	12.7	**	**	23.0	23.0
Rented Vessels	9.2	**	**	10.0	10.0

Note: MR refers to mid-range vessels with the traffic capacity between 20,000 tons and 40,000 tons, approx.

Source: Announcement of NJTC; ResearchInChina

6. Home Appliance Logistics Industry

6.1 Current Development

Home Appliance Logistics Market Size in China, 2006-2010



Source: ResearchInChina

The home appliance industry of China is one among the most competitive industries featuring the earliest marketization and the highest marketization degree; meanwhile, it is one of the industries that set foot in logistics sector at the earliest. Thus the home appliance logistics industry of China has been experiencing full-blown development under the cut-throat context.

7.1 Steel Logistics

7.1.1 Current Development

The boom of steel industry of China stimulates the rapid development of steel logistics industry.

As of January 2010, there were a total of 250,000 enterprises involving in steel circulation and logistics and, many of them dabbled in other sectors like processing, delivery, storage and packing, with the whole industry featuring small and scattered stage.

7.2 Coal Logistics

7.2.1 Current Development

Generally speaking, coal logistics industry features long transportation cycle, no packaging and timeliness.

The problems in coal logistics market of China:

①Lack of Knowledge of Coal Logistics for Most Coal and Coal-Thirsty Enterprises

According to the statistics, an overwhelming majority (roughly 80%) of coal and coal-thirsty enterprises run logistics operation by themselves. Due to the imperfection of market system and the restructuring of modern enterprises in system, there is still a long way to realize socialization in logistics equipments and logistics employees.

②Coal Logistics Market in Chaos

There are so many coal-oriented entities in China that causes the seriously unreasonable prices of coal. In addition, the coal resources of China mainly distribute West and North China, while the major consumption areas concentrate in the East and South, forming the pattern of "north-to-south and west-to-east coal transportation". This largely raises the cost in transportation and trading.

③Low Product Difference but Similar Functions in Coal Logistics Market

The statistics shows that the service contents of China-based coal logistics service enterprises are only confined to basic low-level logistics operation but comprehensive, one-stop and integrated modern logistics services.

7.3 Pharmaceutical Logistics

7.3.1 Current Development

In China pharmaceutical logistics industry, each link in the supply chain is being optimized. China pharmaceutical logistics industry has just emerged, most of the medical logistics projects still focus on the business integration of enterprises and process optimization, instead of the integration of upstream pharmaceutical producers & suppliers, downstream pharmaceutical wholesalers & retailers and hospitals. Therefore, repeated transport, bullwhip effect and overstock cannot be avoided. As a result, the supply chain is inefficient, drug distribution cost rises, and drug prices are unreasonable.

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*Address: Room 1008, A2, Tower A, Changyuan
Tiandi Building, No. 18, Suzhou Street, Haidian
District, Beijing, China 100080*

Tel: 0086-10-82600828, 82600893

Fax: 00-86-10-82601570

Mail: report@researchinchina.com

