Policy News
Ministry of Transport approved the proposal of improving the development of modern logistics industry ................................................................. 3
More than half of items subject to administrative examination and approval were eliminated by the General Administration of Customs ............................................. 4
The Ministry of Industry and Information Technology issued the document to promote logistics informatization ........................................................................ 5
A green, recyclable and low-carbon transport system will be basically completed by 2020 ................................................................................. 6

Industry News
Maersk Shipping Corporation won the Asian Freight and Supply Chain Awards again ........ 6
Shanghai International Shipping Center published "Development Report of Global Ports" .................................................................................. 7
National tally data will be reported and delivered regularly ....................................... 8
Logistics operation tended to be steady from January to April ...................................... 9
The largest container ship in the world will be delivered at the end of June ................. 10
Nanjing (Jiangning) Intelligent Logistics Industry Alliance was established ............... 11

Along Bridges and Lines
The construction of cold-chain logistics project of Urumqi (provincial capital) has been approved ......................................................................... 12
Xinjiang Horgos railway port has been open to traffic for half a year with 400,000 tons of cargos handled ................................................................. 13
The first domestic logistics alliance was established in Zhengzhou, covering 1/3 of the region in the whole country ...................................................... 14
Lianyungang ranked the first in north Jiangsu for its $2.45 billion of total import and export value in first four months.................................................................16
Xuwei New Area of Lianyungang started the construction of industry-driven comprehensive grand port.................................................................18
Lianyungang Port has already been the biggest loading and unloading port for alumina among all the coastal ports in China.................................................................20
Industry Index
China Containerized Freight Index (May 24th, 2013).................................................................13
China Costal Bulk Freight Index (May 24th, 2013).................................................................14
Market Observation
Weekly report of China's transportation market of export container (May 24th, 2013)...........24
Weekly report of China's coastal (bulk cargo) transport market (May 24th, 2013).............26
Policy News

Ministry of Transport approved the proposal of improving the development of modern logistics industry

On May 20th, Yang Chuantang, the minister of the Ministry of Transport, chaired the internal meeting. The conference examined and approved in principle "The Guidance of Communication and Transportation Promoting the Healthy Development of Modern Logistics Industry".

The Guidance proposes that, in guiding ideology, centering on the mainline of impelling transformation of development modes of communication and transportation, speeding up the construction of comprehensive transport system and advancing service quality of logistics should be highlighted as two strategic aspects. Construct three main systems including well-connected infrastructure system, inter-connected logistics information system and fair and standardized market environment system. Grasp four focal points including adjusting transport structure, optimizing transport organization, improving equipment level and integrating logistics resources. On basic principles, we need to insist on the "market-oriented, government-directed; overall planning, stably advancing; innovation-driven, adjusting measures according to local conditions; based on industry, developing collaboratively". For the purpose of development, the construction of a convenient, high-efficient, safe and green transport logistics service system should be basically completed in 2020, which can basically adapt to the demand of development of economy and society in our nation.

"Guidance", combined with the new demands and new situations confronted by the development of communication and transportation industry in new age, proposes seven main missions to promote healthy development of modern logistics industry in a period of time in the future from aspects of infrastructure, transport organization, transport equipments, market subjects, informatization, key areas, and market environment, etc. It also puts forward specific protective measures from five aspects, including strengthening organizational leadership, improving statistical systems,
increasing policy support, focusing on talent training and exerting the function of associations.

More than half of items subject to administrative examination and approval were eliminated by the General Administration of Customs

The reporter got the information on 23rd that, the General Administration of Customs would cancel, assign or transfer 13 items of 21 existing items subject to administrative examination and approval, and the adjustment would be finished before the end of August this year.

The 4 in the 13 items subject to administrative examination and approval have been canceled, including examination and approval of imported and exported goods exempting from customs examination, records of processing trade (modification), outward processing, carryforward of deep processing, carryforward of the carry-over, cancel after verification, giving up approval, modification of customs declaration, revocation of the examination and approval and the ratification of Returning import goods directly.

The assigned 8 items include registration of customs clearance enterprises, establishment and examination and approval of export supervised warehouse and bonded warehouse, check of permanent institutions and non-resident long-term passengers inbound and outbound public and private goods, goods transport record of small ships commuting between Hong Kong and Macao, examination and approval of the household articles of passengers with inbound settlement approval, examination and approval of reduction and exemption of tariff and tax collected by customs on behalf of tax authorities in import link, examination and approval of reduction and exemption of delayed declaration fees of import goods, and examination and approval of deferred payment of tariff and tax collected by customs on behalf of tax authorities in the import link.

Besides, the General Administration of Customs has transferred the qualification approval of customs declarer to related social organizations. The General
Administration of Customs has indicated that except for administrative examination and approval, a comprehensive survey will be conducted on every law enforcement authority, and items concerning administrative examination and approval or other rights which can be canceled and assigned will be canceled and assigned.

The Ministry of Industry and Information Technology issued the document to promote logistics informatization.

In order to implement the "Outline of China's 12th Five-Year Plan for National Economy and Social Development", "Opinions of Policies and Measures for Promoting Healthy Development of Logistics Industry Proposed by the General Office of the State Council", "China's 12th Five-Year Plan of Electronic Commerce" and so on, to put the supporting and guiding role of informatization in the development of modern logistics into full play, and to promote the transformation of the modes of economic development and optimization and upgrading of industrial structure, the Ministry of Industry and Information Technology recently printed and distributed "The Directive Opinions for Promoting Logistics Informatization Proposed by The Ministry of Industry and Information Technology" ("Opinions" for abbreviation).

"Opinions" also has proposed that we should actively promote the application of new technologies such as Internet of Things, cloud computing and so on in the realm of logistics; give key support to the research & development and application of advanced and applicable technologies, such as electronic markers, automatic recognition, information exchange, intelligent transportation, operation and management of logistics, mobile information service, visualization service, location service and so on; support and use software as service, platform as service, cloud computing and other technologies, improve the construction pilot projects of service platform for logistics technologies and information, and advance the research & development, promotion and application level of key common technologies for logistics informatization. Pilot projects of the application of Internet of Things will be conducted in the industries
with high added value or those that need more supervision and management, such as equipment manufacturing, food, drug, hazardous chemical, tobacco and so on; support will also be given to the development and application of many systems, such as smart transportation system, comprehensive management system of logistics base, management system of smart containers, management system of logistics information and informationization management system of zones with special supervision of customs.

A green, recyclable and low-carbon transport system will be basically completed by 2020

A few days ago, Ministry of Transport printed and distributed "Guidelines on Accelerating the Development of Green, Recyclable and Low-Carbon Transport" ("Guidelines" for abbreviation), proposing a new idea of “integrating the construction of ecological civilization with every aspect and the whole process of the development of transport”. Take “Accelerating the promotion of the establishment of green, recyclable and low-carbon transportation infrastructure, the application of energy-saving and environment-friendly transportation equipment, the construction of intensive and high efficient transportation organization system, the construction of scientific and technical innovation and informatization, and the promotion of capability of industry supervision” as main tasks, and "pilot demonstration and special action" as the main promotion mode, so that the green development, recyclable development and low-carbon development of communication and transportation can be realized, and a green, cyclic and low-carbon communication and transportation system will be basically built in 2020.

Industry News

Maersk Shipping Corporation won the Asian Freight and Supply Chain Awards again

A few days ago, the Maersk Shipping, a leading global container shipping company owned by the Maersk Group, stood out from dozens of competitors, and won two awards named "Global Best Shipping Company" and "the Best Shipping Company of
the Asia-Europe Line" in the 27th Asian Freight and Supply Chain Awards (AFSCA)
selection activity.

Yan Ci, the president of Maersk (China) Co., Ltd. said: "We feel quite honored to be
able to get the industry and customer’s recognition. The two awards show that Maersk
Shipping has been committed to improving the products and services.
The achievement gained by Maersk Shipping today is closely related with the hard
work of company's staff and these two awards are also the best approval for them."

Maersk Shipping has successively won the title of "The Global Best Shipping
Company" for 20 years, and won the title of "The Best Shipping Company of
Asia-Europe Line" for the 25th time. Every year, the selection activity of "The Asian
Freight and Supply Chain Awards" is hosted by “Asian Freight”, an authoritative
media of this industry. The award-winning companies make excellent and continuous
contribution in the aspects of service quality, innovation, customer relationship
management, and reliability, and set an example for the transportation and logistics
industry of Asia region.

Shanghai International Shipping Center published "Development Report of Global
Ports"

Shanghai International Shipping Research Center released "Development Report of
Global Ports" (in the first quarter of 2013). Recently, Shanghai International Shipping
Research Center released "Development Report of Global Ports", the first quarter
report of 2013.

As presented in the report, the situation of production and transportation of global
harbours was relatively stable in the first quarter of 2013 and harbors with negative
year-on-year growth obviously decreased compared with the last semi-annual, which
predicted that the global harbours industry was in the process of gradual and stable
recovery due to slow economic recovery. However, at present, the relatively weak
economic recovery has limited the boost on the production and transport of ports.
Therefore, for all the year round, the global port industry will slightly rebound, but it's
unlikely to have sharp rebound of the throughput growth.
Firstly, global ports had a stable increase in the first quarter and the situation of negative growth was somewhat improved. Secondly, the recovery strength of container throughput of global ports was not as good as expected, but it was expected to be better to some extent in the second half of the year. Thirdly, in post financial crisis era, we need to accelerate the model innovation of operation and management system of harbours. With gradual frequency of global trade, there are more and more container harbours whose throughput is more than a million. The number of such container harbours with containers exceeding one million has been more than one hundred.

However, part of the huge-scale super ports with annual throughput of more than a million containers still adopt the long-established mode to operate and simply achieve the accumulation of container's quantity by means of adding wharfs and building new berths. The proper scale effect in unit cost and operation efficiency has not been formed. Based on this, Japan has proposed "super hub harbor" operation model and undertakes fundamental transformation on harbour operation process. This model is the rudiment of the fourth generation harbour, which reflects the fourth generation harbour's production requirements on "precision" and "sharpness".

It can be said that if the harbour wants to seek for development in the future and enhance competitiveness, it must grasp the opportunities in the post financial crisis era, and achieve transformational development through innovation function.

In order to deeply understand the tallying, production and management situation and to ensure the tally industry's operation order and its sustainable development, from May 14th to May 17th, a group headed by Wang Mingzhi and Luo Shuangquan who are the deputy directors of Ministry of Transport went to Qingdao and Lianyungang to conduct a field survey of tally. It is reported that Water Transport Bureau will bring the normal management of tally into the overall planning, and tallying companies in
ports all over the country will submit tallying statistical data regularly through two head offices respectively.

The survey group held a colloquium with local harbor, maritime and tally companies as well as their customers, listened to the opinions and suggestions on tally industry from all parties, and conducted a survey in the tally site. Research group believed that, to get social recognition, we should strengthen the research on the fairness of tallying, and make the tallying work more reasonable; we should also strengthen internal management, improve service level, and enhance competitiveness; enhance the level of informatization as well as the quality of service. At the same time, we should also strengthen the cooperation between the customs and tallying, and guard the national entrance carefully.

It is reported that Water Transport Bureau will further study the development of tally industry, and make the development planning of tally industry.

Logistics operation tended to be steady from January to April

In April, social logistics demand decreased slightly, but it was still in the expansion interval, continuing to grow rapidly; there was a slight rise in logistics service price, and modest improvement in enterprise benefit was shown. From January to April, the total amount growth of social logistics stopped falling and tended to be steady, fixed asset investment growth continued to rise, and the total cost growth of social logistics continued to fall.

I. Social demand of logistics declined slightly, and the total amount growth of social logistics stopped falling and tended to be steady

II. The total cost growth of social logistics continued to fall

III. The fixed asset investment growth in industries related to logistics maintained the uptrend

IV. Logistics service price was stable with a slight increase, but still fluctuated in a low price

V. The enterprise profit of logistics companies was a little better
Survey of key logistics enterprises showed that in the first quarter of this year, the main business profit of key logistics enterprises increased 7.5% on the year-on-year basis, the growth of which was 6% higher than that from January to February. Taking port enterprises off, the main business profit had a year-on-year growth of 13.4%, an increase of 2.5% compared with that from January to February, and a year-on-year increase of 9.6%. In March and April, the main business profit index in China Logistics Prosperity Index (LPI) showed a rising trend, increasing by 1.1% from 53.2% in April compared with last month.

But at the same time, the operation cost of logistics enterprises had a more obvious increase with a slight decline in profit margin of main business income. In the first quarter, profit margin of main business income was 5.65%, with 0.2% lower than that from January to February, but 0.3% higher than that in the same period of last year; taking port enterprises off, profit margin of main business income was 4.15%, with 0.86% lower than that from January to February.

The largest container ship in the world will be delivered at the end of June

Maersk Shipping said the other day that, 18,000TEU container ship made by South Korea's Daewoo Shipbuilding would be delivered in Jun 28th as scheduled, and would be put into operation in Asia-Europe ocean route, which would make Maersk Shipping the owner of the world’s largest container ship.

Maersk Shipping points that the test of 18,000TEU ultra-large container ship has been finished during February, and will be handed over on June 28th as scheduled. Maersk Shipping has placed an order of 20 containers of the same scale to Daewoo Shipbuilding, and most ships will be put into operation in Asia-Europe Line.

Maersk Shipping established in 2011 is the largest container vessel with "EEE" level in the world. It hopes to improve competitiveness of unit transportation cost by virtue of fuel oil benefits to satisfy the operating environment with global oil price staying at a high level.

Maersk Shipping emphasized that 18,000TEU containers ship being put into
operation in Asia-Europe Line would not influence the balance of supply and demand in the route. However, as ultra-large container ships of other shipping companies have been placed on market, Maersk shipping thinks that the growth rate of transport capability supply in the future will be higher than the growth in demand. Currently, the three largest container shipping companies in the world have obtained 10,000 TEU ultra-large container vessels or larger ones.

Nanjing (Jiangning) Intelligent Logistics Industry Alliance was established

In May 30, national standard research on China Internet of Things-Intelligent Logistics Industry Park, and the founding conference of Nanjing (Jiangning) Intelligent Industry Alliance was held in Jiangning. In the meeting, the Committee of Experts of Nanjing Intelligent Logistics Industry Standardization also announced to be established.

Intelligent logistics is to use intelligent technology of integration so that logistics system can copy human intelligence, and be equipped with abilities of thinking, perceiving, learning, reasoning and judging, and solving some logistics problems independently. It contains many basic activities such as intelligent transport, intelligent storage, intelligent delivery, intelligent packing, intelligent handing, and acquiring, processing and managing of intelligent information. Now, there are only 10 companies with the selling of intelligent logistics storage equipments of more than 100 million yuan, and 4 of them are in Nanjing. Last year, the export of logistics equipments in our city reached 50 million dollars, accounting for about 40% of the total export volume in our country. In addition, logistics companies in the city also took the lead in drawing up about 20 national and industrial standards in the field of intelligent logistics.

Nanjing (Jiangning) Intelligent Logistics Industry Alliance now have above 20 enterprise members, and it will be committed to establishing a platform for public cooperation and joint development, studying and discussing interface and standards of various links in unified industrial chain, organizing the coordination and distribution
as well as collective breakthrough of major programs and key generic technology standards, and improving the sharing of research achievement and intellectual property, so as to finally achieve the overall alliance in aspects of technology research and development, market, technical standard and industry chain, etc., and comprehensively enhance the overall technical level and market competitiveness of the intelligent logistics industry of the city and even the whole nation.

Along Bridges and Lines

The construction of cold-chain logistics project of Urumqi (provincial capital) has been approved

Recently, the municipal Development and Reform Commission in Urumqi has announced that the capital's feasibility report for project of an agricultural products cold-chain logistics construction has been approved by the Development and Reform Commission of Xinjiang municipality. The capital's meat reserve and logistics ability will be improved further.

It is known that 22.6 million yuan in total has been invested in the approved cold-chain logistics project of Sinkiang Hanging's Livestock Product Development Co., Ltd. The company plans to finish the construction of refrigeration storage with 3000 tons in 2014.

Ma Fenjun, chairman of the company said that the newly-built refrigeration storage, which was located in Taipingqu Village, Gumudi Town, Midong District, would serve the function of slaughter, acid discharge and storage of beef and mutton. After being approved, the construction of this project will be started in the first half of this year.

Director of the municipal Development and Reform Commission said that the construction and implementation of the project would play a positive role in improving the storage capacity of meat and the adjustment of market supply.

According to the introduction of Qiu Pinji, an associate researcher of Institute for Economic Research under the Development and Reform Commission in the autonomous region, perishable food is the primary target of cold-chain logistics,
including low temperature processing, low temperature transportation and delivery, low temperature storage and low temperature marketing and so on. The construction of cold-chain logistics system of agricultural products is listed as a livelihood project by the autonomous region. This year, Development and Reform Commission in autonomous region will continue to promote the grain and oil transit storage, as well as meat, fruit and vegetable cold-chain logistics facilities, and will build 200 thousand tons of the grain and oil transit storage and 100 thousand tons of meat, fruit and vegetable cold-chain logistics facilities.

Xinjiang Horgos railway port has been open to traffic for half a year with 400,000 tons of cargos handled

Report from China News in Urumqi on May 23 (Rui Haitao, Yu Xiao) On December 22, 2012, the second railway exit from Xinjiang to Central Asia ----Horgos railway port was completed and open to traffic. Since it was open to traffic half a year ago, goods volume in Horgos railway port has been on the stable rise. By 18:00 on May 22nd, the port had completed the goods volume of 399 thousand tons with 379 thousand tons of export goods included.

Journalist knows that during the six months when the Horgos railway port was open to traffic, trains carrying goods from Lianyungang, Beilun, Qingdao and Chongqing continuously drove through the Horgos railway port and headed to Central Asia and Europe. Among that, more than a hundred of scheduled freight trains from Lianyungang to Horgos has been started, which saves half transporting time compared to marine transport and drives many enterprises to choose railway when they go to the Western countries.

Currently, main types of transport goods in Horgos railway port are containers, and auto spare parts, electromechanical products, electronic products and other high value added goods are transported from the port to Central Asia and other places. With the continuous improvement of the railway port facilities and the increasing growth of Central Asia trade, the Horgos railway port has become China’s important export
channel for high value products recently.
The Horgos railway station is located in the Ili Kazak Autonomous Prefecture, Xinjiang Province, China. It is 90 kilometers away from the state capital Yining City, and 378 kilometers away from Central Asia trade center Alma-Ata. Since Horgos highway port was reopened officially in 1983, the port has been perfecting its facilities and business environment continuously, which lays the foundation of the opening of the freight volume and the increasing freight volume of the Horgos railway port with its unique location advantage.

In the future, Horgos port station will be built as an international logistics center with the integration of passenger flow, logistics and information flow, as well as functions such as transport of passengers and goods, storage, and electronic commerce. According to the characteristic of regional economy and the development trend of Horgos port freight, the import and export volume of Horgos port is expected to reach two million tons in 2020, with import volume of 11 million tons, and export volume of 9 million tons; it is expected to reach 35 million tons in 2030, including import volume of 20 million tons, and export volume of 15 million tons.

The first domestic logistics alliance was established in Zhengzhou, covering 1/3 of the region in the whole country

On May 30, “the establishment of Central China Logistics Alliance and Seminar to Promote the Construction of Economic Comprehensive Trail Pilot in Zhengzhou Air Harbor” co-sponsored by Communication and Transportation Office of Henan Province and people’s government of Zhengzhou was held in Zhengzhou. Famous experts from National Development and Reform Commission, Ministry of Transport, China Logistics Association, and China’s member enterprises of Conference of Asia Pacific Express Carriers (CAPEC) had a discussion about topics such as “logistics liability and future development trend under the background of the construction of economic comprehensive trial pilot in Zhengzhou air harbor". Xue Yunwei, member of the standing committee of the municipal Party committee, deputy mayor and
honorary chairman of Zhengzhou Logistics Association, attended the seminar and presided over the launching ceremony of Zhongyuan logistics network. The alliance can cover 1/3 of the region in the whole country.

According to introduction, Central China Logistics Alliance was proposed by Changtong Logistics, a leading enterprise in logistics of our province, and was co-launched and co-founded through uniting the leading logistics enterprises in Anhui, Hubei, Shaanxi, Shanxi, Hebei, and Shandong, to build a central plains logistics network in the form of distribution circle with the radius of 500 km, with Zhengzhou in the center of the circle. The alliance will follow the principle of "enterprises operation led by government", integrate logistics resources in 7 provinces, construct infrastructure network with modern logistics park as the key point, establish the logistics organization network led by industry leading enterprises, and build logistics information network guided by industry web portals and e-commerce platform, so as to realize the organic integration of the three and form a logistics network system covering seven provinces in central China.

Yang Zhiping, chairman of Zhengzhou Logistics Association said that after Central China Logistics Alliance was established, its annual logistics amount in total would reach 30 billion yuan, and with Zhengzhou as its center, it could influence one third regions of the whole nation and would become the biggest regional logistics cooperation platform in China. Meanwhile, the establishment of the alliance will achieve the coalition and complementary advantages among competitive enterprises, which is good for constructing a regional logistics platform with super-strong radiation capacity and competitiveness, providing a development platform for Central Plains Economic Region to participate in global competition.

Wang Ming, deputy director of Institute of Comprehensive Transportation of National Development and Reform Commission and vice chairman of China Logistics Association (CLA) thought that facing the opportunity of air harbor area construction, Zhengzhou should achieve the transformation from a transport hub with trafficability
characteristic to a logistics hub with organization characteristic, and should also develop logistics industry into the pillar industry and core competitiveness of Zhengzhou.

**Port Express**

Lianyungang ranked the first in north Jiangsu for its $2.45 billion of total import and export value in first four months

According to latest statistics of Customs of Lianyungang, the total import and export value of the whole Lianyungang City in first four months was $2.45 billion, ranking the first in north Jiangsu. Among that, the export value reached $1.28 billion, a year-on-year growth of 12.7% and 8.3% higher than the average increase range of the whole province. Since the beginning of this year, the foreign trade of the port city has shown the overall situation of continuous turnaround, making increasing contribution to the economic growth of the whole city.

Substantial growth of bonded trade is the primary factor for Lianyungang’s import and export to maintain the growth. In the first four months, the general trade, processing trade and bonded trade of the city respectively achieved 1.27 billion U.S. dollars, 290 million U.S. dollars and 880 million U.S. dollars of import and export, among which the bonded trade outshone others with a year-on-year growth of 80.4%, and accounted for more than 30% of the city's foreign trade. The rapid expansion of bonded trade volume was the biggest highlight of this city's foreign trade development in last year. Two enterprises of Sinotrans and Landbridge public bonded warehouse had a net increase of export with $130 million, stimulating export growth of 15.3%.

Although the export of the key industries was mixed, the structure of export products of the city presented a gradually optimized situation. According to statistics, among key industries and products in Lianyungang City, the export growth of high-tech products, textile and garment and chemical pharmaceutical products exceeded the average growth rate of Lianyungang City. It is worthwhile mentioning that the export
of new energy resources, new pharmaceutical products, new materials, and high-end equipment manufacturing amounted to USD 53.26 million, USD 23.78 million, USD 16.25 million, and USD 41.42 million respectively, and the export of high-tech products increased abruptly based on its accumulated strength and had great potentials. But in contrast, the proportion of "high energy consumption, high pollution, and resource" products in the city’s export decreased from 7.3% last year to 6.8%, indicating the gradual optimization of the structure of export products.

In terms of specific products, the export of traditional superior products in Lianyungang City saw steady growth. Rapid growth could be seen in the single agricultural product at the country’s leading level, among which, the export of fresh-kept vegetable, loach, processed fruits products and prepared food amounted to USD 72.31 million, an increase of 25.6%, promoting the export of other agricultural products of the whole city to rank the second in the province, which further highlighted the features and supporting role of superior export agricultural products. Besides, rapid growth could also be seen in the export of superior products like containers, citrate, silicon carbide, plywood, lead ore sand and concentrate lead ore sand, and a new force of the export of ferrochrome, unalloyed aluminum and so on sprang up. In the first four months, the number of export companies in the whole city increased by 20 on a year-on-year basis, and they completed the export increase of 370 thousand dollars averagely and reached to the amount of 2.08 million dollars.

The export growth of local goods has made foreign trade contribute more to economic development and harbor development. In terms of origin of goods, export value of local goods such as minerals, oil, containers and textiles is 1.01 billion dollars, accounting for 78.7% of export products, 4.3% higher than that of the same period of last year. The foreign trade dependence of the city and the export dependence of local cargo supply respectively increase 1% and 0.6% than that of the same period last year, which directly reflects the explosion of import and export, and cargo throughput of Lianyungang port. They also fully show that export's function in promoting local
economy increases and foreign trade makes more contribution to economic growth.

Xuwei New Area of Lianyungang started the construction of industry-driven comprehensive grand port

Recently, city leaders have come to Xuwei New Area for investigation for many times. They required to closely focus on the objective of opening Xuwei port area, spare no effort to boost the construction of every major project related to opening the port, improve the support of relevant policies and ensure the opening of the port before the end of the year. All the things show that the construction of Xuwei New Area has stood in a brand new beginning. There is no doubt that the construction of the port has great significance for expanding the development space of Lianyungang, improving the integrated functions of port, production and city, and realizing the sustainable development of the city.

Since the construction began officially in October, 2009, it has taken Xuwei New Area more than three years to construct and implement 23 key projects around the port, and complete investment of 6.2 billion yuan, which has ensured the quick propulsion of the construction of the harbor area. Currently, the construction of channels for evacuation of cargoes from port such as Xuxin Highway, 226 Provincial Road and Gangqian Avenue has been rapidly promoted. Road mileage of 31 km has been finished, and construction road for builders to enter the harbor area has been opened within a short time. The road network framework of “four verticals and four horizontals” has been basically formed, which helps to realize the connection and intercommunication between harbor area and peripheral main transportation framework; The first phase of Xuwei Water Plant has implemented pilot run with the water supply line extending to Gangqian Avenue, and has the capability to provide water for harbor area. The first stage project of sewage treatment plant has been totally finished, with interface preset in the middle channel, and has the capability of sewage treatment. The Yangqiao transformer station of 220 KV is built and put into service, and the corridor of electricity transmission leading to Gangqian Avenue is
basically completed, creating favorable conditions for the large-scale exploration of the port area; Pearl River steel 1626 pre-precision welding production line has been finished and put into operation, Baotong Nickel Industry Phase One ore-smelting furnace workshop is in the process of the installation of main equipment, and the main part of supporting facilities affiliated to Honggang Petrochemical has been completed, laying a sound foundation for the construction of channels and wharfs in Xuwei harbor area.

So far, the construction of 26 key projects carried out by the Xinwei New Area like harbor infrastructure of port area, supporting service facilities, key docks and channels and so on has totally entered the “countdown” stage, and the construction of Xinwei harbor area has been fully started in June. At present, the preliminary work of projects such as project approval, waters argument, maritime environmental assessment and constructional drawing design, etc. goes on smoothly, and meanwhile the field basic throwfilling and the pioneer road construction are pushed forward. It is planned that the construction of a package of major projects such as the secondary channel of the second port pool in Xuwei New Area, the supporting land formation, maritime affairs and security monitoring platforms, and port integrated service centers, etc. has been started together in mid June, with the total investment of 740 million yuan. Then, the scene of large-scale construction of the harbor area will be seen in Xuwei New Area. With an effort of around 3 years, the throughput capacity of the harbor in Xuwei harbor area will surpass 100 million tons. By 2020, the cargo throughput of Xuwei harbor area will exceed 200 million tons, which will make it an industry-driven comprehensive big port living up to its name.

Looking forward to the future, Xuwei New Area will give full play to the superiority of deep channel and the 300,000 tons Wharf, integrate with port transport, road transportation, railway traffic and sea-river combined transport, and build up a large world-class logistics, transportation, chemical engineering, steel, market, and industry base, so as to provide a fast, efficient, and high-quality service channel for
the opening to the outside world, economic rise and industry modernization in middle west and Huaihai economic zone. At the same time, centering on the service subject, we will speed up the building of the professional market, bonded logistics, and processing logistics, reserve the function of the long-term development of container transportation, and provide logistics support for big industries, big cities and big opening, so that the Xuwei harbor area will become a logistics supporting system with better storage and transportation of bulk cargo as well as processing and production of related resources and materials.

Lianyungang Port has already been the biggest loading and unloading port for alumina among all the coastal ports in China.

On May 20th, the construction of main steel structure of warehouse No.1 and warehouse No.2 of alumina and bulk chemical fertilizer specialized wharf of Lianyungang Port is in progress. Lianyungang 100,000 tons alumina and bulk chemical fertilizer specialized berth wharf is the key construction project of Lianyungang Port, and at present, the construction of rear stockpiling yard and storage facilities matching the wharf as well as living infrastructure and so on is rapidly advancing. It is said that Lianyungang Port has already been the biggest loading and unloading port for alumina among all the coastal ports in China.
## Industry Index

### China Containerized Freight Index

<table>
<thead>
<tr>
<th>Line</th>
<th>Prior period May 17, 2013</th>
<th>Current period May 24, 2013</th>
<th>Increase/decrease from last week (%)</th>
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<tr>
<td>CHINA CONTAINERIZED FREIGHT INDEX</td>
<td>1069.97</td>
<td>1057.92</td>
<td>-1.1%</td>
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<td>JAPAN SERVICE</td>
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<td>1097.39</td>
<td>1106.1</td>
<td>0.8%</td>
</tr>
<tr>
<td>E/C AMERICA SERVICE</td>
<td>1221.68</td>
<td>1217.04</td>
<td>-0.4%</td>
</tr>
<tr>
<td>HONGKONG SERVICE</td>
<td>768.57</td>
<td>778.94</td>
<td>1.3%</td>
</tr>
<tr>
<td>KOKEA SERVICE</td>
<td>638.79</td>
<td>604.89</td>
<td>-5.3%</td>
</tr>
<tr>
<td>SOUTHEAST SERVICE</td>
<td>844.81</td>
<td>808.61</td>
<td>-4.3%</td>
</tr>
<tr>
<td>MEDITERRANEAN SERVICE</td>
<td>1206.72</td>
<td>1226.62</td>
<td>1.6%</td>
</tr>
<tr>
<td>AUSTRALIA/NEW ZEALAND SERVICE</td>
<td>1037.07</td>
<td>1043.64</td>
<td>0.6%</td>
</tr>
<tr>
<td>SOUTH AFRICA SERVICE</td>
<td>749.66</td>
<td>731.57</td>
<td>-2.4%</td>
</tr>
<tr>
<td>SOUTH AMERICA SERVICE</td>
<td>837</td>
<td>798.4</td>
<td>-4.6%</td>
</tr>
<tr>
<td>WEST EAST AFRICA SERVICE</td>
<td>887.85</td>
<td>888.1</td>
<td>0%</td>
</tr>
<tr>
<td>PERSIAN GULF/RED SEA SERVICE</td>
<td>1127.51</td>
<td>1134.8</td>
<td>0.6%</td>
</tr>
<tr>
<td>TAIWAN SERVICE</td>
<td>825.09</td>
<td>826.94</td>
<td>0.2%</td>
</tr>
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</table>

Issued by Shanghai Shipping Exchange
## CHINA COASTAL BULK FREIGHT (WEEKLY)

<table>
<thead>
<tr>
<th>Line</th>
<th>Ship types for reference</th>
<th>Prior period May 17, 2013</th>
<th>Current period May 24, 2013</th>
<th>Increase/decrease from last period (yuan/ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goods of grain</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dalian/Jinzhou-Guangzhou</td>
<td>20-30 thousand DWT</td>
<td>40.3</td>
<td>39.8</td>
<td>-0.5</td>
</tr>
<tr>
<td>Yingkou-Shenzhen</td>
<td>40-50 thousand DWT</td>
<td>40.3</td>
<td>40</td>
<td>-0.3</td>
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<tr>
<td><strong>Goods of metallic mineral</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qingdao/Rizhao-Zhangjiagang</td>
<td>20-30 thousand DWT</td>
<td>26.3</td>
<td>26.3</td>
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</tr>
<tr>
<td>Zhaolun-Zhenjiang</td>
<td>30-40 thousand DWT</td>
<td>18</td>
<td>18</td>
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<tr>
<td>Zhoushan-Zhangjiagang</td>
<td>5-10 thousand DWT</td>
<td>17.5</td>
<td>17.5</td>
<td>0</td>
</tr>
<tr>
<td><strong>Goods of refined oil</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daliang-Guangzhou (diesel oil)</td>
<td>30-40 thousand</td>
<td>107</td>
<td>107</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>DWT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------</td>
<td>-----</td>
<td>---------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td><strong>Daliang-Nanjing (diesel oil)</strong></td>
<td>5-10 thousand DWT</td>
<td>96</td>
<td>96</td>
<td>0</td>
</tr>
<tr>
<td><strong>Tianjin-Wenzhou, Taizhou (diesel oil)</strong></td>
<td>2-5 thousand DWT</td>
<td>116.5</td>
<td>116.5</td>
<td>0</td>
</tr>
<tr>
<td><strong>Goods of crude oil</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ningbo/Zhoushan-Nanjing</td>
<td>30-40 DWT</td>
<td>61.6</td>
<td>61.6</td>
<td>0</td>
</tr>
<tr>
<td>Ningbo-Shanghai</td>
<td>30-40 DWT</td>
<td>34.1</td>
<td>34.1</td>
<td>0</td>
</tr>
<tr>
<td>Guangzhou-Nanjing</td>
<td>30-40 DWT</td>
<td>108.4</td>
<td>108.4</td>
<td>0</td>
</tr>
</tbody>
</table>

*Issued by Shanghai Shipping Exchange*
Market Observation

Weekly report of China's transportation market of export container (May 24th, 2013)

Transportation demand remains weak    Index rising lacks for momentum

China’s transportation market of export container remained weak: deficient momentum in volume growth on the market of Europe and Mediterranean Service as well as shipping companies’ strategy of colleting cargo with low price constrained the market freight rate from increasing. The North America Service started the plan of lifting the price, slightly boosting booking price in this week and slowing the decline of comprehensive index. On May 24, the China Containerized Freight Index (CCFI) issued by Shanghai Shipping Exchange (SSE) was 1057.92, a decline of 1.1% from last week. The Shanghai Containerized Freight Index (SCFI) was 991.25, barely changed from last week.

On the Europe Service, freight rate kept downward this week, with the lowest level below $600/TEU. In terms of transport capacity, carriers were cautious about putting their own transport capacity on the market, which partly offset the effect brought by newly launched ships. According to Aphaliner data, weekly transport capacity on the Asia/Europe Service in May dropped 1.2% from the same period of last year. Nevertheless, goods supply on the Europe Service still had a weak foundation, the average space utilization rate of vessel starting from Shanghai was around 80%, and carriers waged price war again, which caused the continuous decline of market freight rate from mid-March, with the total decrease range up to $800/TEU. On May 24, the freight index of Europe Service exporting from China issued by Shanghai Shipping Exchange was 1203.17, a decline of 3.6% from last week, and decreasing 16.7% from the end of last quarter. To restore the market freight rate, carriers announced to increase freight rate by $500/TEU-$1000/TEU from June. Since the market freight rate has currently reached to a low line, insiders hold a positive attitude to the new
wave of rise in price, but say that the actual increase rate should be based on the market's performance.

Carriers said that the performance from Mediterranean Service to East-Med Service performed was obviously better than that to West-Med Service under the support of the strong volume generated by Ramadan holiday. However, because current lowest freight rate for West-Med Service has fallen below $700/TEU, carriers urgently need to restore the market freight rate. For this reason, following the slight price increase on East-Med Service, some carriers on West-Med Service started to push price up in early June, while no turnaround could be seen. On May 24, the freight index of the Service exporting from Shanghai to base ports of Mediterranean (ocean freight and surcharge for ocean freight) issued by Shanghai Shipping Exchange was $760/TEU, decreasing 2.4% from last week. The decline of overall market freight rate was under great pressure on the North America Service. Despite good macroeconomic data of U.S. recently, and decent demand recovery, supply/demand condition on this Service continued to worsen as weekly capacity increased nearly 10% over the same period of last year due to transport capacity upgrading, launching of new ships, and some carriers’ deployment of transport capacity in busy season. Average space utilization rate of vessel for both W/C and E/C America Services stood at around 80%. Some shipping companies have put off or even cancelled the rate increase plan this week. The actual average increase range on market was less than $100/FEU. Meanwhile, according to insiders, annual service contract negotiation this year is not positive, and the general freight rate increase in the contract is below expectation. On May 24, Shanghai Shipping Exchange, the mirror of the general market, issued the freight index of W/C and E/C America Services of 1106.10 and 1217.04 respectively, almost unchanged from last week. The freight rate (ocean freight and surcharge for ocean freight) of Service from Shanghai to base ports of W/C and E/C America, a mirror of the spot market, was $2093/FEU and $3254/FEU respectively, up by 4.0% and 2.7%
respectively from last week.

On Persian Gulf Service, political turbulence in places of receipt continued to suppress the demand for supply of goods. Average space utilization rate for Persian Gulf Service and Red Sea Service stayed around 80%. Market freight rates on Persian Gulf Service were under pressure as space utilization rate remained low and some carriers cut price to attract cargoes. On May 24, the freight rate of Service exporting from Shanghai to base ports of Persian Gulf (ocean freight and surcharge for ocean freight) issued by Shanghai Shipping Exchange was $873/TEU, dropping by 5.0% from last week.

On the Japan Service, a slight decline of market volume could be seen. Average space utilization rate for ships from Shanghai to Japan slid to under 70%. Market freight rate also decreased slightly. On May 24, the freight index of the Service exporting from China to Japan, issued by Shanghai Shipping Exchange, was 742.96, 1.5% lower than that of last week.

Weekly report of China's coastal (bulk cargo) transport market (May 24th, 2013)

(The market quotations in off seasons remain low and the freight rate of coal is at the bottom line) Currently, the coastal bulk cargo transport market is still in the traditional off season, with the overall low transport demand, the worsening situations of ships more than goods, and the freight at the bottom line. On May 24, the index of Chinese coastal (bulk cargo) comprehensive freight rate issued by Shanghai Shipping Exchange was 1007.03, which dropped by 0.9% than last week. Among them, the freight rates of coal and grain dropped.

At the same time of previous years, electricity enterprises successively began to welcome the electricity-consuming peak in summer. However, the overall growth speed of economy slows down and the demand for industrial electricity consumption is low in this year. Especially under the situation of current climate optimum and
withdrawing of civil electricity, the inventory of coal for electricity in power plants continues to be high, and the discharge ports in downstream are even in the saturation condition for long. The power plants don’t need to increase the inventory of coal by purchasing the coal for electricity. On May 22nd, the comprehensive average price of steam coal of 5500 kcal was closed at 611 yuan per ton, which decreased by 1 yuan per ton compared with the price of last session. The phenomena of stop-producing or limit-producing in coal producing areas obviously increased. The domestic demand for coal still couldn't get rid of the sluggish situation. The supply of goods in the shipping market was scarce. The number of the ships to be loaded in northern anchorage ground decreased obviously. Coastal coal transportation market condition still continued drifting lower in the "winter", the freight was still comprehensively downward, and part of the ships started a new round of off-the-line plans.

On May 24, The Coal Cargo Freight Index issued by the Shanghai Shipping Exchange was closed at 1,067.25, 1.3% lower than that of last week. In the China Coastal Bulk (Coal) Freight Index (CBCFI), there is a decrease to some extent in all lines. Among them, the freight rate of Qinhuangdao-Shanghai (40-50 thousand dwt) line in East-China Line is 25.6 yuan/ton, a decline of 0.5 yuan/ton from last week;

The freight rate of Qinhuangdao-Zhangjiagang (20-30 thousand dwt) line in Jinjiang Line is 31.9 yuan/ton, a decline of 0.9 yuan/ton compared with last week; the freight rate of Qinhuangdao-Nanjing line (30-40 thousand dwt) is 33.8 yuan/ton, a decline of 0.8 yuan/ton compared to last week. In East-China Line, the freight rate of Qinhuangdao-Guangzhou (50-60 thousand dwt) line is 35.2 yuan/ton, a decline of 0.2 yuan/ton compared to last week.

Currently, steel plants still suffers heavy losses with insufficient confidence in the aftermarket, and basically keep the operation of low inventory of raw materials. The demand for imported ore remains low with few deals in the market. The rebound of the situation of coastal transportation market of metallic ore lacks supporting factors.
On May 24, Coastal Metallic Ore Freight Index was 872.70, keeping unchanged from last week. Among them, the freight rate of Beilun-Zhenjiang (30-40 thousand dwt) Service was 18.0 yuan/ton.

Because of the high volume of grain arriving at ports and the weather turning warm in South, mildewing of the grain became more serious, and feed mill held wait-and-see attitude. As a result, the price was unfavorable for north. In view of profits, traders' initiative in delivering cargos was relatively low and the market fell into the dilemma that there was no cargo to carry again. On May 24, the coastal grain cargo freight index was 734.15, a decline of 1.0% from last week.

Currently, the excessive supply and weak demand of market resources of refined oil plays the leading role in the market. At the same time, because of the short price adjustment time for the new mechanism, the wait-and-see mood of backward position is still strong, end demand weakens further, and most transactions of diesel wholesale are small orders. There is still no sign of improvement in the situation of transport market at all. On May 24, the freight index of petroleum products issued by Shanghai Shipping Exchange was 1259.22.