

China logistics sector No. 2 globally

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China's revenue from postal and other express services is surging, reaching 46.36 billion yuan (\$7.54 billion) in the first two months of the year, up 22.4 percent over the same period in 2013.

February accounted for 21 billion yuan of the revenue, a rise of 27.3 percent compared with the same period last year, according to the State Post Bureau.

The postal sector dealt with 990 million pieces of mails and parcels during the two months, down 6.4 percent, while the business done by national express service enterprises increased by 51.2 percent to handle 1.58 billion pieces, earning 25.73 billion yuan, said the bureau.

Shanghai ranked top among 50 cities in express delivery business, handling 168.1 million parcels, followed by Beijing at 154.3 million and Guangzhou at 122 million. It gained revenue of 5.1 billion yuan, followed by Shenzhen at 2.2 billion yuan and Beijing at 1.97 billion yuan.

Still, despite that impressive growth, domestic express delivery firms are concerned about rising competition from international logistics giants, analysts said.

FedEx, the operator of the world's largest cargo airline, said it has found new market growth points in manufacturing and delivering aircraft parts and industrial equipment from developed markets to China and facilities for health-related products at its Shanghai international hub. It will continue to work with the Shanghai Airport (Group) Co Ltd to establish an upgraded international express and cargo hub in Shanghai.

UPS, the world's largest package delivery company by revenue, is also looking to gain a foothold in China's rising delivery market for healthcare products and plans to add another 14 inner-city express services in the country this year.

DHL will bankroll new strategies to retain and grow its market share from the China-Europe trade by railway. Its Global Forwarding formed a new partnership with a preparatory committee of the United Trans-



China's postal sector deals with 990 million pieces of express mails and parcels in the first two months of this year. PROVIDED TO CHINA DAILY

port and Logistics Co in March to develop rail forwarding services on the China-Europe rail route.

Shenzhen-based SF Express (Group) Co, Shanghai-based YTO Express Co Ltd and state-owned China Postal Airlines are also responding to rising competition from global delivery services by buying and leasing more aircraft, renting warehouse space at airports and expanding their delivery options.

SF Airlines acquired four cargo aircraft from Boeing Co last year, bringing its fleet to 33 planes - 14 owned and 19 chartered. It plans to buy another 11 aircraft by the end of 2015. "Our cargo planes do a lot of night flying to deliver packages on time. And we have to apply strict security procedures at all times,"

Li Sheng, president of SF Airlines, said.

Meanwhile, China's burgeoning e-commerce industry is also giving a boost to the nation's express delivery business. Statistics from the China e-Business Research Center showed that online sales in China rose 42 percent in 2013 to 1.85 trillion yuan (\$298 billion). That surge lifted the nation's express shipping market by 37 percent to 144 billion yuan.

China is now the world's second-largest express delivery market after the United States. Last year, more than 9,000 express delivery enterprises handled a daily average of 30 million pieces of express mail and parcels in China.

"China's express delivery business is expected to increase by at least 20 percent year-on-year in the next several years," said

Ma Junsheng, director of the State Post Bureau, adding that the market is expected to generate sales of 200 billion yuan in 2014.

About 60 percent of freight orders came from e-commerce last year. The e-commerce market, which is becoming an integral part of the express delivery business, is expected to generate sales of 48.87 billion yuan in 2015, Ma said.

B2C and C2C online retail markets in China will reach a transaction scale of 2.57 trillion yuan by 2015. "If things go on like today, China will have at least two express delivery enterprises, each having annual revenue of 100 billion yuan, and several firms, each having annual revenue of 50 billion yuan in 2020," he said.

FTZ strengthens Shanghai logistics

By ZHUAN TI

The Shanghai Free Trade Zone is boosting the city's logistics industry chain.

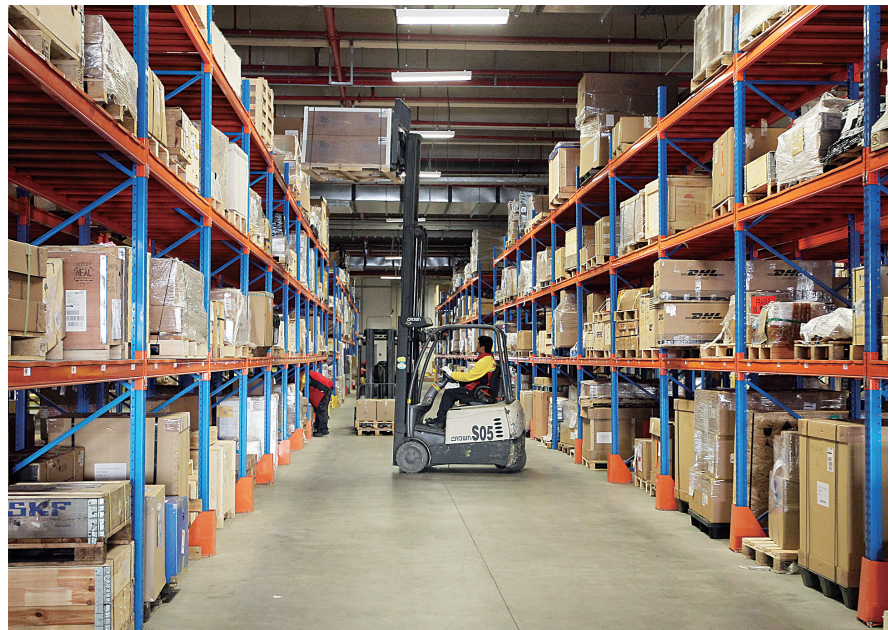
The FTZ has benefited logistics companies by lowering transportation and export costs in the Yangtze River Delta region. It will also allow them to offer multiple services to meet market demand, analysts said.

"Eyeing business opportunities in the pilot area, logistics companies are leaving no stone unturned as they seek to develop their businesses," said an official from the zone.

DHL, the world's largest logistic company, has become the first company to test the waters in the pilot area, launching its first transit air route, which provides goods-transferring services in Shanghai.

The new 3-day route from the German city of Leipzig to Tokyo will be eight hours faster than the old route via Hong Kong, said a DHL manager.

Yu Weijiao, chairman of YTO Express,



A logistics sorting hall at the Shanghai Free Trade Zone. PHOTO BY XINHUA

was quoted by media as saying that the FTZ pilot program will surely bolster YTO's presence in the international market. 15 to 20 percent of the firm's income is expected to come from its international business by 2020, Yu added.

Meanwhile, Shanghai Customs has started a paperless declaration system in the FTZ to save time and costs for companies doing business there.

"We aim to explore a model that can be available to other parts of the country," said a Customs official.

The practice, which took effect in March, allows companies to declare goods with digital copies of documents rather than declare them in person.

The Shanghai Free Trade Zone also offers opportunities for warehouse operators, analysts said.

"The demand for offices in the zone is increasing significantly, leading to a rent hike," said Su Zhiyuan, head of Industrial Operations at DTZ China, a real-estate service company.