

BPO visiting China

Navigating through the changing waves



Photo: Neoventure Co. Ltd.

The conference delegation visiting the Museum of the Port of Tianjin

China Port & Shipping Conference held on May 26-27 in Tianjin, partnered by BPO, gave us an outlook on Chinese ports' matters with a small reference to China-Europe (and Baltic) relations. A new strategy in Chinese maritime policy was also revealed.

The conference organized by Neoventure Co. Ltd. was attended by both international and Chinese officials and leaders in shipping and ports sectors. Besides crisis matters, the topics concentrated on, e.g. development strategies and expansion of the international shipping centre to the North East of the country.

Baltic relations with China

Chinese trade with BSR is relatively small. However, the region is becoming more popular for Chinese businesses and a recent opening of the first direct container connection from Asia is a great example of this. For Baltic countries the Chinese share in trade is quite significant. Whereas in 2009 EU imports from the People's Republic of China (PRC) took 17.9% (exports 7.5%) of its total trade exchange volume, the figures for BSR were higher (18.7% import and 10.8% export). The year of the crisis had an impact on BSR's import figures which dropped down to 12 mln tonnes but its export to PRC was higher by 32.3% than in the previous year reaching a level of 11 mln tonnes. In Baltic-Chinese mutual relations sea transport makes up 92.5% of the whole trade exchange with PRC. In comparison rail takes only 0.3% of the volume. China is planning to extend its railway connections to Europe but maritime transport is still more competitive in cost and capacity. Sea traffic also takes the biggest share in value but the figures here are much lower, only 67.4% (EUR 71.6 mln). Even though aviation takes only 2.1% of the commodity exchange in volume,

its share in value accounts for 23.9% (EUR 25.3 mln). As a rapidly developing country, China needs technologies and machineries for further growth. Hence these goods make up the biggest part of the Baltic countries' export to China. On the other hand BSR is mainly an importer of leather, textiles and clothing; however machinery, engines and transport equipment altogether make up half of the total share. The average value per exported tonne from BSR is EUR 2,865, whereas the value of the commodities imported from PRC equals EUR 3,849/tonne.

Among the European ports Hamburg plays the most crucial role for Baltic-China relations. In 2008 PRC constituted over 3 mln tonnes in its handlings. The volume decreased last year down to 2.3 mln tonnes but the estimations for 2010 are to reach 2.5 mln tonnes. Altogether Germany handles the biggest share of the Baltic region's trade exchange with China (77.6%). The Port of Barcelona on the other hand is aspiring to become the main hub port in the Mediterranean region. Jordi Torrent, the port's strategy manager, claims that transportation via Southern Europe reduces logistics costs and transit time (Hong Kong-Barcelona 20 days, Tianjin/Xing'an-Barcelona 33 days) and it is more effective and economical to go through Barcelona. From there the hinterland connection system to the most strategic areas of Europe (Spain, France, and Germany) is well-developed which, according to Torrent, leads to lesser transportation costs.

Despite the crisis in 2009 Baltic-Chinese bilateral trade exchange is developing as the numbers in the first half of 2010 show. "In spite of the weak economic situation and its impact on

our relations I believe that the upward tendency will proceed. The Baltic ports are well prepared for developing their relations with China," says Bogdan Ołdakowski, secretary general of BPO. "We already have one direct connection from Asia to the ports of Gdańsk, Gothenburg and Aarhus." Moreover, the Baltic has a vast feeder network with 18 feeder operators, 125 container ships and about 120,000 TEU of total capacity.

Changes in Chinese port strategies

Yu Rumin, chairman of the Port of Tianjin, presented the recent tendency in Chinese maritime policy to extend the international port centres to the northern shores of PRC. As the southern regions of the country are gradually running out of resources, it has become essential for the economy to start looking for them in other regions. The Bohai Bay region with the Port of Tianjin is the place where the new centre is to be concentrated. Tianjin is located near Beijing (170 km south-east of the capital city) in the only part of China where an increase in container turnover was observed last year. Other Chinese ports marked a decrease of more than 10% of containers.

European trade with PRC going via the Bohai Bay region may result in raising transportation costs which may of course lead to increasing the prices of products based on Chinese materials. However, as PRC has been and still seems to be one of the most important partners, Europe has to come to terms with the new standards of trade with it.

Hanna Oliwa

Baltic Ports Conference

Baltic-Asia transit & port sector in change and BPO General Assembly

9-10 September 2010

Tallink Spa & Conference Hotel
Galaxy Room

Tallinn, Estonia



9 Sept. 2010

- 9.30 Opening of the 1st day of the Baltic Ports Conference**
Official speeches:
– **Julian Skelnik**, Chairman, BPO
– **Juhan Parts**, Ministry of Economic Affairs and Communications, Estonia
– **Ain Kaljurand**, CEO of Port of Tallinn
– **Victor Schoenmakers**, Chairman, ESPO
- 10.00-10.30 Kazakhstan – hinterland for the Baltic ports**
Azat Bekturov, Vice-Minister of Transport and Communications, Ministry of Transport and Communication
- 10.30-11.00 European Ports and the challenge of the global competition**
Henrik Hololei, Head of Cabinet, Cabinet of Vice President Siim Kallas, European Commission
- 11.00-11.30 European Maritime Policy – main challenges**
Dimitrios Theologitis, Head of Unit, Maritime transport & ports policy; maritime security, European Commission
- 11.30-12.00 Development Strategy of the Port of Tallinn**
Ain Kaljurand, CEO of Port of Tallinn
- 12.00-12.30 Tallink Group's approach to the market during the turbulent times**
Peter Roose, Sales and Marketing Director, Tallink
- 12.30-13.30 Lunch**
- 13.30 Morning Session: Economic and trade development: Where are we now?**
- 13.30-14.00 Macroeconomic situation in the world and in the Baltic countries**
Hardo Pajula, Analyst, SEB Bank Estonia
- 14.00-14.30 Trade and transport development in global scale – impact on the Baltic**
Steve Wray, Senior Consultant, Ocean Shipping Consultants
- 14.30-15.00 Management models in European ports – trends and changes**
Patrick Verhoeven, Secretary General, ESPO
- 15.00 Afternoon Session: Asia-Baltic Transit – land or sea?**
- 15.00-15.30 Development of Chinese ports – perspective for Europe-China shipping**
Wai-duen Lee, Senior Consultant (GHK Hong Kong Ltd), GHK
- 15.30-16.00 Coffee Break**
- 16.00-16.30 What if the ice disappears – Northern shipping route**
Yury A. Shcherbanin, Eatucanterconsult

16.30-17.00 Asia-Western Europe rail route development – trends, facts and figures

- Walter Schulze-Freyberg**, CEO Polzug Intermodal GmbH
17.00 End of the 1 day of the Conference
19.00-19.30 Bus leaves for Gala Dinner
20.00-23.00 Gala dinner

10 Sept. 2010

- 8.00-9.00 BPO General Assembly 2010**
9.00 Morning coffee and refreshment
9.30 Opening of the II day of the Baltic Ports Conference
9.30 Morning Session: Port sector – adjusting to the after-crisis situation
9.30-10.00 Title of the speech to be announced
Thomas Franck, CEO, Rettig Group Oy Ab Bore; Chairman of the board of Finnish Shipowners' Association
- 10.00-10.30 Sentiment of the Baltic ports – Baltic Port Barometer 2010**
Antti Saurama, Head of Unit, Research and Consulting Services, Centre for Maritime Studies, University of Turku
- 10.30-10.45 The gateway function of the Baltic Sea Region – challenges for Baltic ports**
Wiktor Szydarowski, Project Manager, TransBaltic – Towards an integrated transport system in the Baltic Sea Region
- 10.45-11.15 Coffee Break**
- 11.15 II Session: Is it a good time for port investment?**
- 11.15-11.45 Container terminal operator - lesson from the crisis**
Diego Teurelinx, Secretary General, FEPORT
4 speech slots
- 13.30 Summary and end of the conference**
- 13.30-14.30 Lunch**
- Afternoon – two options:**
– visit the Old City of Tallinn
– visit the Port of Tallinn (bus tour)

11 Sept. 2010

Tourist attraction will be proposed



General Sponsor:

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