

Subject: News Update – Week 12, 2012
Date: March 19, 2012

Politics and Economy Update

China posts vast trade deficit in Feb

For the first time in a year, China recorded a trade deficit of \$31.48 billion in February, the largest in a decade, as import growth far outpaced exports.

Exports rose by a six-month-high of 18.4 percent from a year earlier to \$114.47 billion in February, while imports were up 39.6 percent, the highest growth in 13 months, to \$145.96 billion, customs data showed Saturday.

The relatively fast nominal expansion was fueled by the lower comparative base for last February, when the Chinese Lunar New Year holiday cut working days from the month and skewed trade data, the General Administration of Customs (GAC) said. The week-long holiday fell in January this year.

After seasonal adjustments, the annual growth of exports slowed to 4 percent in February, while that of imports was cut down to 9.4 percent.

The country's foreign trade rose 7.3 percent year-on-year to \$533.03 billion in the first two months, with a combined trade deficit of \$4.25 billion, the GAC said.

China's trade with the European Union, its largest trade partner, grew 4.7 percent year-on-year in the January-February period to \$79.8 billion. However, China's sales to the Eurozone slid 1.1 percent in the first two months year-on-year.

In February, the United States, the nation's second-largest trade partner, replaced the EU as China's largest export market, as monthly sales to the US outnumbered that to the EU. China's trade with the US gained 9.2 percent year-on-year to \$66.05 billion. The government has targeted an annual rise of around 10 percent in foreign trade this year, tumbling from a 22.5-percent increase registered in 2011.

The target will be attainable, but will require "arduous efforts," Minister of Commerce Chen Deming said Wednesday on the sidelines of the country's annual parliamentary session. Liu Ligang, director of the economic research department of ANZ Greater China, was cautiously optimistic about the country's export outlook this year, saying export growth may rally, buttressed by the government's supportive policies and stabilizing external conditions.

China Daily, Mar 10 2012

China's fixed-asset investment growth slows

China's urban fixed asset investment climbed 21.5 percent to 2.1189 trillion yuan (\$336 billion) in the first two months of 2012 from a year earlier, the National Bureau of Statistics (NBS) said Friday.

The growth rate, down 2.3 percentage points year on year, dropped to the lowest level since 17.4 percent in 2002, official data showed.

During the January-February period, investment in the primary industry jumped 43.9 percent year on year to reach 30.4 billion yuan.

Investment in the secondary industry totaled 893.9 billion yuan, up 24.9 percent, while that in the tertiary industry expanded 18.5 percent to 1.1946 trillion yuan.

Investment in the country's central regions increased 28.4 percent, followed by 28 percent in the western regions.

The more developed eastern regions registered an 18.8-percent increase in investment to hit 1.1619 trillion yuan, roughly 2.5 times the central region's total.

China Daily, Mar 9 2012

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More equipment parts exempted from import tax

China's Ministry of Finance (MOF) has revised a list of major items of technical equipment enjoying import-tax exemption, according to a circular issued by the body on Monday.

Chinese manufacturers of items of large technical equipment have been exempted from customs duties and import value-added tax for the necessary import of crucial equipment parts and raw materials since July 1, 2009, according to the MOF.

The ministry has made the revisions "based on the development of relative industries and taking into consideration suggestions from industry authorities, associations and enterprises," according to the circular.

The MOF has added items including oil refinery equipment, ships and oceanographic engineering equipment into the list.

The revisions will be effective from April 1 this year, and a detailed list of the revisions is available on the MOF website.

China Daily, Mar 13 2012

Shipping Industry Update

China ports throughput grows 8.5 percent in Jan-Feb

Freight flows passing through the ports of China in January-February 2012 rose 7% year-over-year to 1.45 billion tons, the Transportation Ministry of China statistics said.

The two-month traffic at the nation's seaports increased by 7.6% to 1.02 billion tons, in river ports – by 5.6% to 427,850,000 tons.

In the reporting period, container throughput grew by 8.5% to 25,460,000 TEUs.

Shipments of containers through the country's seaports rose 8.3% to 22.83 mln TEUs, from river ports – by 10.1% to 2.63 million TEUs.

In 2011, total container throughput at the country's ports amounted to about 9 billion tons.

Port News, Mar 14 2012

Shandong seaports' container throughput up 10 per cent in first two months

Seaports in eastern China's Shandong province lifted 2.92 million TEU in the first two months, 10 per cent more than in the same period in 2011, Xinhua reports.

Throughput at these ports increased nine per cent to 170 million tonnes. Foreign trade cargo grew 11 per cent to 103 million tonnes.

Shandong's three largest ports, Qingdao, Rizhao and Yantai recorded an aggregate throughput of 160 million tonnes, taking up 93 per cent of the province's total.

Qingdao's throughput climbed six per cent to 65.92 million tonnes. Rizhao's increased 14 per cent to 48.02 million tonnes. Yantai's grew eight per cent to 41.59 million tonnes.

Another the big port of the province Weihai recorded a throughput of 8.25 million tonnes, up seven per cent. Weifang port handled 2.57 million tonnes, up 17 per cent.

Shipping Gazette, Mar 15 2012

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Asian ports will grow faster: Shanghai study

According to the latest report by Shanghai International Shipping Institute, while world port throughput growth this year is estimated to slow down to seven per cent, Asian ports will grow faster than those in the rest of the world, with the increase estimated at nine to 10 per cent.

The report points out that emerging markets will account for an increasing percentage of world trade and that the gap in throughput growth between developed countries and developing countries will continue to widen this year.

In the meantime, the growth gap between container and other kinds of cargo will narrow. The rise in containerised cargo will be about five per cent globally and six per cent in Asia, the report projected.

Last year, global throughput had increased 7.3 per cent, substantially down from 2010's 14 per cent. Chinese ports took up seven positions in the list of the world's top 10. Boosted by fast-growing trade in emerging markets, the world's container shipping volume managed to maintain a rapid increase of 9.4 per cent last year. Throughput at Far Eastern ports kept a healthy increase while those in troubled Western Europe are slowing down, the report said.

Transport Weekly, Mar 13 2012

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