



China's Policy Concerning the Development of Its Modern Logistics Industry (9-29-2009 Bangkok Thailand)

China Federation of Logistics &
Purchasing (CFLP)

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1、 China's Understanding about the Logistics industry

Logistics industry is a new one combining and merging with all economic activities, and its features conclude that of all industries such as manufacturing, logistics, transportation, warehousing, information etc. Therefore, it is a new and compound industry.

2, The present condition of the development of China' s logistics industry

After entering into this century, and with recent years of development, China' s modern logistics industry already passed the period of “starting” , and it is entering into a new period of reasonable, pragmatic and fast development.

First, the position of China's modern logistics industry has been confirmed

- In 2001, 6 departments jointly printed and distributed the Certain Opinions about Fostering the Development of China's Logistics Industry
- In 2003, the related leader from the State Council made some very important comments,
- In 2004, approved by the State Council, 9 departments jointly printed and distributed the Opinion about Promoting the Development of China's Modern Logistics Industry
- In 2006, National People's Congress passed the To Strive to Develop China's Modern Logistics Industry of the Outline of China's the Eleventh Five-year Plan

Second, logistics industry is in the trend of fasting developing

- According to the statistics from National Development and Reform Committee (NDRC), National Statistics Bureau (BNS) and CFLP, in 2008, the total logistics costs reached RMB 89.9 trillion Yuan , 2.4 times bigger than that of the year of 2000, increasing 23% for each year.
- The ratio between the total logistics costs and GDP, decreased from 19.4 in 2000 to 18.3 in 2008.
- In 2008, the total logistics costs increased by 2 trillion Yuan, 1.9 times bigger than that of 2000, and each year increasing by 18.3%, accounting for 16.6% of the increasing value of the total social service industry .

Third, the logistics market is further expanding and the competition is more intense

✦ A group of big state owned companies has been already reorganized and moving into the line of modern logistics companies. And a group of private logistics companies also got the fasting development. By honoring the WTO promises, China's logistics market is further opening. With their advantage of strength and management, companies like Maersk, FedEx, DHL fasten the integration and expansion of the industry by the ways of solely owning, joint venture, merging and acquisition etc so as to intensify the competition of China's logistics market.

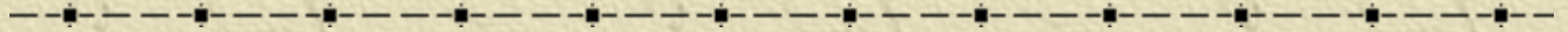
Fourth, the logistics companies got faster growing

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- ✦ All types of logistics companies has been bigger by the ways of reorganization, acquisition, and deepening service. According to the research of NDRC, BNS and CFLP, each year China has its To 50 logistics companies, and the minimum line is 100 million Yuan in 2005, 350 million Yuan in 2006, 630 million Yuan of 2007 and 740 million Yuan of 2008.

First, outsourcing is fasting

With the development of the logistics industry, the idea of “Small and Comprehensive” “Big and Comprehensive” has changed to “Separation of Comprehensive and Supporting and Service Outsourcing”, according to the research of CFLP, in 2006, the increasing speed of selling outsourcing is 5% to 10%, transportation and warehousing outsourcing is 10% to 15%, and the entrusting of third party of transportation accounts for 67.1% of company’s transportation business. The manufacturing and logistics has merged together.

Sixth, all basic jobs have been strengthened.



- ✦ — — Technical standard
- ✦ — — Statistics and accounting
- ✦ — — Talent training
- ✦ — — Theory
- ✦ — — Publication

Seventh, the policy environment has been further improved

In August 2004, approved by the State Council, together with 9 departments, NRDC and Ministry of Commerce jointly printed and distributed the Opinions Concerning Improving the Development of China's Modern Logistics and put out a series of policies and measures to promote the development of China's modern logistics industry.

3, Policy about China's Logistics Development

- ✦ In recent years, all departments of the State Council and all local governments set up many policies to promote the development of modern logistics. Represented by the Opinion about Promoting China's Modern Logistics Industry, all policies have comprised a relatively comprehensive policy system.

1、Accessing Policy

It mainly adjusted the existing administrative ways

----To regulate the pre-approval of company registration

----To reform the administrative management of goods agent

To cancel the approval of qualification of the domestic rail road agent, water way agent, international agent, civil aviation agent etc.

2、Tax Policy

---To reasonably confirm the benchmark of business tax.

---The transportation fee in the invoice can be seen as the input tax of VAT

---To allow the qualified logistics companies to pay the income tax in the provincial area.

3、 Technical Policy

-----To establish and improve the standardization system of logistics technology standard.

----- To improve the information level of logistics industry, to encourage the establishment of public internet platform and optimize the supply chain management.

4、Talent Education and Training Policy

----- To adopt various ways to fasten the development and training of HR.

-----To fasten the academic degree education and encourage the universities to develop logistics education

-----To actively explore the jobs of logistics certificate

-----To introduce the advanced foreign logistics qualification system

5、 Foreign Capital Policy

To actively promote the opening of logistics market in line with the promise to WTO

----To encourage the large foreign logistics companies to establish the braches in China according to the Chinese laws and regulations.

----To encourage to use foreign capital, equipments and technologies to participate the domestic logistics construction or operation.

6、Custom Policy

- To carry out a new custom mode
- To actively promote the pilot job of bonded area
- In the whole China, comprehensively carry out the mode of “locally ally, local port checking and approving”

7、 Management System

Leaded by NRDC, to establish a coordinative system participated by MOC and other associations.

8. To put out the plan to adjust and invigorate the logistics industry

✦ On 25, 2, 2009, Premier Wen Jiaobao hosted the State Council meeting to approve the plan to adjust and invigorate the logistics industry. And on 10 March, State Council's Plan on Adjusting and Invigorating the Logistics Industry was established.

Basic Content of the Plan of Adjusting and Invigorating the Logistics Industry

- ✦ To analyze the present condition and future position of the logistics industry
- ✦ To put out the basic target of 2009 to 2001
- ✦ To put out the ten tasks to adjust and invigorate the logistics industry and nine policies and measures.
- ✦ To put out the regional layout of the development of logistics industry

Key Task of the Development of Logistics Industry

To actively expand the demands of logistics market

To strongly promote the socialization and specialization of logistics service

To fasten the merging and reorganization of logistics companies

To promote the development of logistics in the key area.

To Promote the Logistics Development in the Key Area

To establish the logistics system in oil, coal and other important mineral products area.

To promote the bulk food transportation and cotton transportation

To develop the cool chain logistics of farm products

To establish the rural logistics system

To develop the urban unified delivery system so as to improve the delivery efficiency

To carry out the urban unified medicine purchasing and delivery so as to promote the development of medical logistics

To strengthen the tracing and monitoring of dangerous chemical logistics and regulating the management

To promote the spare parts and automobile logistics so as to establish a comprehensive automobile logistics service system

To develop the reclaiming of wasted logistics products so as to improve the recycle of energy

To fasten the express transportation so as to make people

Key Task of the Development of Logistics Industry

To fasten the development of international logistics and bonded area

To optimize the regional layout of the development of logistics

To strengthen the coordination of fundamental construction of logistics

To improve the information level of logistics

To improve the standardization of logistics system

To strengthen the development and application of new technology of logistics

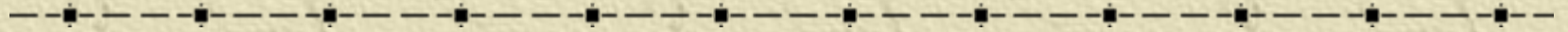
Nine Big Regions of Logistics Area

✦ With the center of Beijing and Tianjin, North China area, with the center of Dalian, Northeast China, with the center of Qingdao, Shandong Peninsula, with the center of Shanghai, Nanjing, Ningbo, Yangtze Delta, With the center of Xiamen, Southeast coast, with the center of Wuhan, Zhengzhou, middle China, with the center of Xi'an, Lanzhou, Urumqi, Northwest China, Chongqing, Chengdu, Nanning as the center, Southwest China.

Ten Big Logistics Channels

Northeast channel, East channel, middle channel, East coast channel, Northwest Channel and Yangtze channel etc.

National and Local Logistics Point Cities



- ✦ The national logistics point is confirmed by the state, and local one confirmed by the local governments.

National and Local Logistics Point Cities

✦ National points include: Beijing, Tianjin, Shenyang, Dalian, Qingdao, Jinan, Shanghai, Nanjing, Ningbo, Hangzhou, Xiamen, Guangzhou, Shenzhen, Zhengzhou, Wuhan, Chongqing, Chengdu, Nanning, Xi'an, Lanzhou, Urumqi, local ones include: Harbin, Changchun, Baotou, Huhehot, Shijiazhuang, Tangshan, Taiyuan, Hefei, Fuzhou, Nanchang, Changsha, Kunming, Guiyang, Haikou, Xining, Ningxia, Lassa etc.

Nine Key Projects

- ✦ Multimode transportation and transfer transportation project
- ✦ Logistics garden area
- ✦ Urban delivery project
- ✦ Bulk commodity and rural logistics project

Nine Key Projects

- ✦ Manufacturing and logistics unification project
- ✦ Logistics standard and technology promotion project
- ✦ Public platform of logistics information project
- ✦ \ Key problems of tackling of science and technology
- ✦ Emergency logistics project

Policy and Measures

- ✦ To strengthen organization and coordination
- ✦ To reform the logistics management system
- ✦ To improve the laws and regulations
- ✦ (To put into place of planning

Policy and Measures

- ✦ To put more investment into the logistics industry through more channels
- ✦ To improve the logistics statistics index
- ✦ To continuously promote the opening and international cooperation
- ✦ To fasten the logistics talents' training and education
- ✦ To bring the associations role into play