



China's Logistics Industry: Development and Policy Directions

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Part One

Development of China's Logistics Industry

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I . Status of Modern Logistics Industry Elevated

- 2001. <Several Suggestions about Speeding up China's Modern logistics Industry>
- 2002. Starting compiling the developing plan of national logistics industry
- 2004. <Guidance on the Development of China's Modern logistics Industry>
- 2005. Formally establishing the joint-conference system among institutions of national modern logistics industry
- 2006. <Outline of the 11th Five-Year Plan for National Economic and Social Development>: "Vigorously develop modern logistics industry".

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II . High-Speed Development of logistics Industry

- During "The 11th Five-Year Period"(2001-2005),the total product of China's logistics Industry was up to 158700 billion, increased by 23% on annual average.

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III. High-speed Development of logistics Enterprises and logistics Market

- The development and maturity of specialized logistics enterprises have been the base of the elementary foundation of logistics industry during the 10th Five-Year period.
- The traditional large-scaled state-owned logistics enterprises, such as 中远(COSCO)、中海(China Shipping)、中外运(Sinatrans), have transformed to modern logistics enterprises by M&A and restructuring.
- Private logistics enterprises developed rapidly, such as BaoGong, NanFang, DaTian.
- Foreign logistics enterprises entered China's logistics market one after another, such as FedEx, UPS, TNT.

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IV. Construction of Infrastructure and informationization of Logistics Developed Rapidly

- Fixed assets investment in logistics industry increased by 19.7% on annual average, 4.2% higher than the number during the 9th Five-Year period.
- In 2005, the total operating railway line was seventy-five thousand kilometers, the total length of highway was 1920 thousand kms, including 41 thousand kms highway
- Informationization of logistics gained outstanding achievement.

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V. Modern logistics Industry in Circulation Field Developed rapidly

- More investment in logistics infrastructure
- Internal logistics of the chain enterprises developed
- Fresh food logistics emerging
- Supply-chain management improved

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VI. Outstanding Gathering Effect of Logistics Area

- Beijing Kong Gang logistics Area, Shang Hai Yang Shan logistics Area, Tian Jin Bin Hai New Developed Zone, etc.
- Automobile logistics Area, Plastic logistics Area, Industrial Products logistics Area, Agriculture Products logistics Area, etc.

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Part Two

Work Directions of Chinese Government for the Promotion of Modern Logistics Industry

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I .Management System: Establishing Cross-sector Mechanism

- 2004. <Guidance on the Development of China's Modern logistics Industry>
- 2005. Establishing the inter-agency joint meeting system

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II. Market Admittance: Changing the original administrative methods

- The related departments adjusted current administrative operating mode by removing some administrative examination and approval procedures
 - NDRC, Ministry of Railways and Ministry of Communication jointly abolished the approval of through transport agencies and railway freight transport agencies
 - MOFCOM cancelling the examination and approval international freight transport agencies
 - SAIC standardized the registration of enterprises

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III. Taxation Policy—Standardizing the Current Tax Policy

- Solving the problem of double income taxation for logistics enterprises
- Standardizing income-tax paying system

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IV. Customs clearance: Adopting convenient measures

- Bonded Logistics Center
- Declaration at local customs, Inspection and release at port customs
- Electronic Ports
- Early declaration, Early inspection and quick release

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V. Investment Policy—Increasing investment to infrastructure

- **Finance Policy**

- 1.3 billion RMB deduction of the interest to national debt by NDRC and Ministry of Finance
- 2 trillion RMB was invested during “The 10th Five-Year” Period

- **Bank Loan**

- From 2005, 50 billion policy loan has been provided

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VI. Foreign Investment Policy— Deepening Reform and Opening-up

- **Opening-up level in logistics field expanding step by step**
 - In 2005, *Measures for the Administration of Foreign-invested Freight Transport Agencies*, foreign solely-owned enterprises allowed
- **International cooperation**
 - Cooperative mechanism in the field of circulation and logistics among China, Japan and ROK.
 - Logistics cooperative mechanism in GMS.

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VII. Technology Policy—Strengthening the application of advanced technology

- **Application and popularization**
 - EDI、GPS、AI、RFID、JIT、QR...
- **Standardization**
 - National Logistics Standardization Technical Commission, National Logistics Information Management Standardization Technical Commission
 - <Logistics Standardization System>
 - <National Logistics Developing Plan during 2005-2010>
- **Cultivating and training Logistics talents**
 - Academic education
 - Professional qualification training

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Part Three

Policy Directions for the Development of China's Logistics Industry

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I .The Description about modern logistics industry in “The 11th Five-Year Plan”

- **Outline of the 11th Five-Year Plan:**

**4 aims on developing modern logistics
industry**

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II. Plans of developing logistic industry in the 11th 5-year Plan

- Compiling <The Developing Plan of National Modern Logistic Industry in the 11th Five-Year>.
- Speeding up to establish the comprehensive transportation system.
- Doing research and proposing suggestions to the hot issues and difficult points in current logistics developing course.
- Establishing a liaison system among key modern logistics enterprises so as to understand the relevant key points of developing course of logistics industry.

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III. Key Tasks in Circulation Field of Modern Logistics Industry

- Promoting logistics socialization inside the circulation enterprises
- Strengthening construction of the freezing products logistics system
- Developing rural modern logistics industry actively
- Promoting the third-part logistics industry
- Popularizing the application of new logistics technologies
- Carrying out logistic experiment and demonstration work actively.

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Thank you!



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