

YICT to meet future demand with enhanced capabilities

Yantian International Container Terminals, Yantian Port, Shenzhen, China

A senior official at China's Ministry of Commerce recently suggested that nowadays, most people in the world own on average one pair of shoes and at least three items of clothing that have been manufactured in China. Not so long ago, such a claim would have seemed far-fetched, but today in all likelihood it's probably not too far from the truth, as China rapidly transforms itself into the 'World's Factory'. This metamorphosis has had a subsequent impact upon the global logistics supply chain and in particular the port industry.

Tens of thousands of export enterprises in the Pearl River Delta (PRD) manufacture, on a daily basis, hundreds of thousands of products intended for consumption in many of the world's markets. In keeping pace with these transitions, Yantian Port, situated in Shenzhen, is one of China's major export cities who on average process 13 Twenty-foot Equivalent Units (TEU) per minute to fulfil the import and export requirements of this flourishing multi-billion dollar industry.

Expansion

New berths

In an effort to further accentuate service levels, enhance the efficiency and productivity of the Port and respond to the ever increasing volume of goods being produced, an expansion project valued at over RMB 10 billion was launched in the last quarter of 2005, between the Hutchison Port Holdings Group (HPH) and the Shenzhen Yantian Port Group to further develop Yantian Port into the region's centrifugal hub port. This project incorporates a 136 hectare greenfield site to realise a quay length of 3,297 metres, which allows for the construction of six new container berths, capable of accommodating

the imminent arrival of the next generation of mega-vessels with hold capacities of 10,000-plus TEU. It is expected that the first berth will come on stream in the second half of 2006 with the entire project anticipated to be completed by 2010. Upon completion of the project, the HPH Group member port Yantian International Container Terminals (YICT) will have a total area of 344 hectares with 15 deep-water container berths.

New cranes

The Yantian Expansion Project is a proactive response to industry changes, which is increasingly witnessing the move towards even greater containerised vessels. These leviathan vessels will provide economies of scale for shipping lines, enabling them to reduce the number of vessels on line-haul routes and focus on calling at a handful of regional hub ports around the world. With more than 150 of the first generation of mega-vessels with a hold capacity of 8,000-plus TEU due for deployment between 2006 and 2009, the Yantian Expansion Project ensures YICT is well prepared to face this new industry challenge. With HPH support, YICT has been equipped with the very latest technologies to facilitate this influx in container movement. 30 quay cranes will be in place with the latest tandem lifting technology capable of handling two forty-foot containers or four twenty-foot containers simultaneously, thus enhancing quayside productivity to ensure swifter turnaround times.

New transportation routes

These efforts are being supported by traffic improvement initiatives both inside and outside the yard in order to meet the increase in yard activity and render the seamless flow of goods in and out of the Port. YICT in cooperation with the Shenzhen Government have



Full view of YICT.

agreed to develop the surrounding areas of the Port by building more highways to facilitate the freer transportation of goods to and from the Port. Construction on the Yanpai Highway, the Nanpin Expressway, the Wutongshan Interchange and the second access to Yantian Port are now all underway and are expected to be completed between 2006 and 2007.

In 2005, Shenzhen Port handled over 16 million TEU of which YICT took up almost 50 per cent. The utilisation of technology combined with a customer service plus attitude has led to the continued improvement of quayside efficiency, as indicated in the chart below:

	Quay Crane Rate (moves per hour)	Truck Turnaround Time (minutes)	Shipping Services
2004	33.01	37.36	61
2005	35.54	36.54	72
Change	7.7%	-2.2%	18%

Customs

Customs clearance has always been regarded as a necessary, but time-consuming process, which has intensified in the post September 11 era with greater calls for increased port security. At YICT, thanks to the effective communication systems between Yantian Port and Customs, a pilot customs clearance scheme has been instigated, the programme includes pre-declaration and electronic customs clearance procedures. These initiatives deployed through the community platform EASYPORT, a real-time data exchange system, have helped streamline custom clearance procedures and passed significant savings onto customers.

In the last quarter of 2005, Yantian Port Free Trade Zone commenced a pilot programme of Zone-Port Interactive policies with the view to create a 'Free Trade Port'. This is



Expansion Project under construction.

the first and only zone in Guangdong Province that has been allowed to implement such policies. The Yantian Port Free Trade Zone covers an area of 0.96 square kilometres and is adjacent to YICT. Furthermore, new policies relating to export processing also makes possible the swift payment of tax refunds once domestic cargo has entered the zone. Previously tax could only be refunded once the export cargo had physically left the territory; also cargo exchanged within the zone is exempt from value-added tax and consumption duties.

In 2006, the Government seeks to further enhance customs procedures at YICT. The planned efforts will include Customs, Quarantine, Frontier Inspection and the Maritime Bureau respectively.

Operational technology

Ongoing improvements in operational technology enable YICT to provide a differentiated value-added service to customers. At the gatehouse, the launch of the Port Community Card has simultaneously streamlined gatehouse procedures and



Berths 1 to 5 of YICT.



Berths 6 to 9 of YICT.

eliminated the need for unnecessary paperwork. In the yard, the deployment of the in-house developed Position Determination System installed in the Rubber Tyred Gantry Cranes ensures every container in the yard is in its correct location. Whilst at the quay side, the chassis alignment system AlignFlex® has significantly reduced the tractor positioning time to support the quay crane productivity ratio of 35 moves per hour.

Since YICT rolled-out its scalable Next Generation Terminal Management System (nGen) in 2003, it has constantly sought to enhance its operational capabilities. The recent deployment of Just-in-time Shuffling (JIT) and N-step Shuffling (NSS) testify to this, in which the revised system will proactively and intelligently generate in-stack shuffling instructions for crane operators to enhance yard efficiency and the profile of the yard during cool-off periods to ensure high productivity during vessel operations. YICT's commitment to continually improve terminal operations was the impetus behind its new internal tractor managing device, Tractor Mobile Terminal (TMT). This new model, replaces the previous tractor paging device, and paves the way for a more dynamic deployment of internal

tractors with its two-way paging capabilities and the adoption of the latest technology in wireless communication.

Conclusion

These efforts have resulted in YICT being awarded a number of coveted industry awards by highly regarded logistics specialists such as the Global Institute of Logistics in London, the China magazine Cargonews and the China Ports Association, which separately named YICT as the Best Global Container Port and China's Number One Container Port respectively for 2005-2006.

As China's economic development policies continue to avail themselves to the world's market forces there will continue to be a surge in the production of domestic goods intended for the global market. This requires the port industry not only to meet present demands but to proactively source innovative business solutions that will engage future needs. YICT is well on the way to ensuring these needs will be met and is fast becoming the region's premier port of call.

ABOUT THE COMPANY

Located in Eastern Shenzhen, Yantian International Container Terminals (YICT) is one of the leading container terminals in Southern China and a preferred port of call for mega vessels.

YICT operates round the clock to provide customers with professional terminal operational services, including loading and unloading, storage, warehousing, assistance in Customs declaration and integrated logistics services.

ENQUIRIES

Helen Du – Corporate Communications Manager
Yantian International Container Terminals
Yantian Port, Sha Tou Jiao, Shenzhen 518081
China

Tel: +86 755 25290457 Fax: +86 755 25290234
E-mail: Helen.du@yict.com.cn Website: www.yict.com.cn