



# THE COMPETITIVE BALANCE OF CHINA PORTS

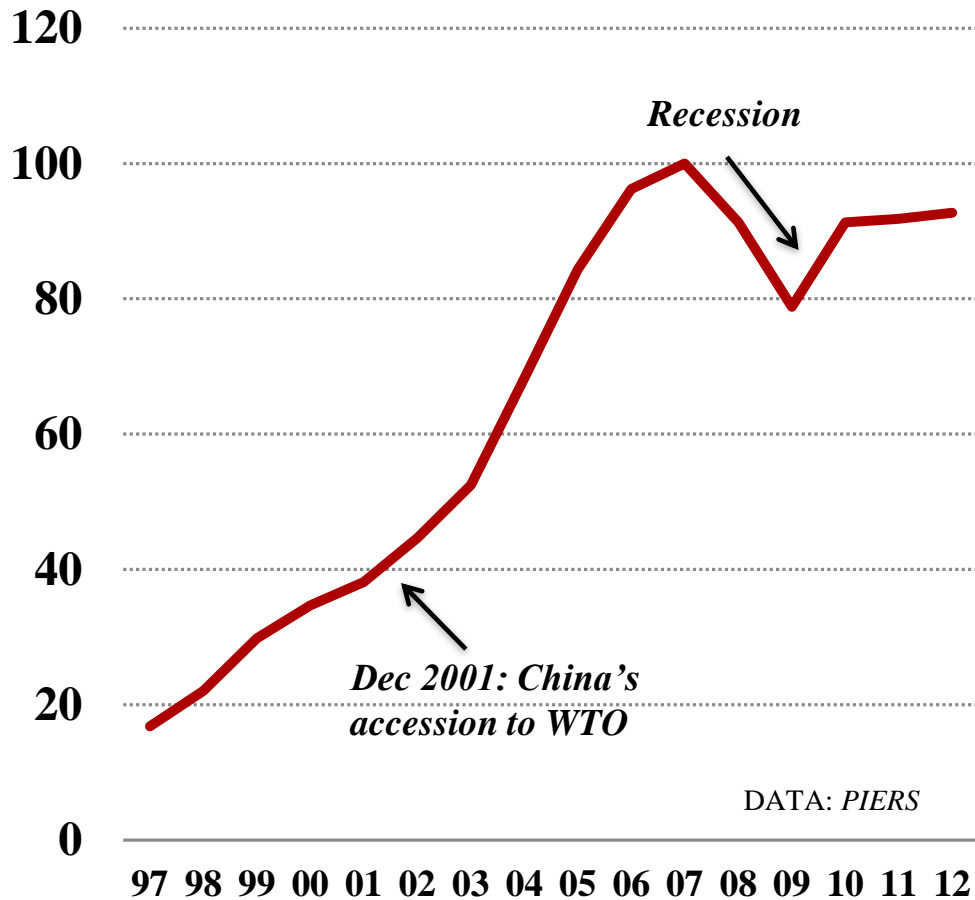
TPM Asia 2013

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Shenzhen | **October 17, 2013**

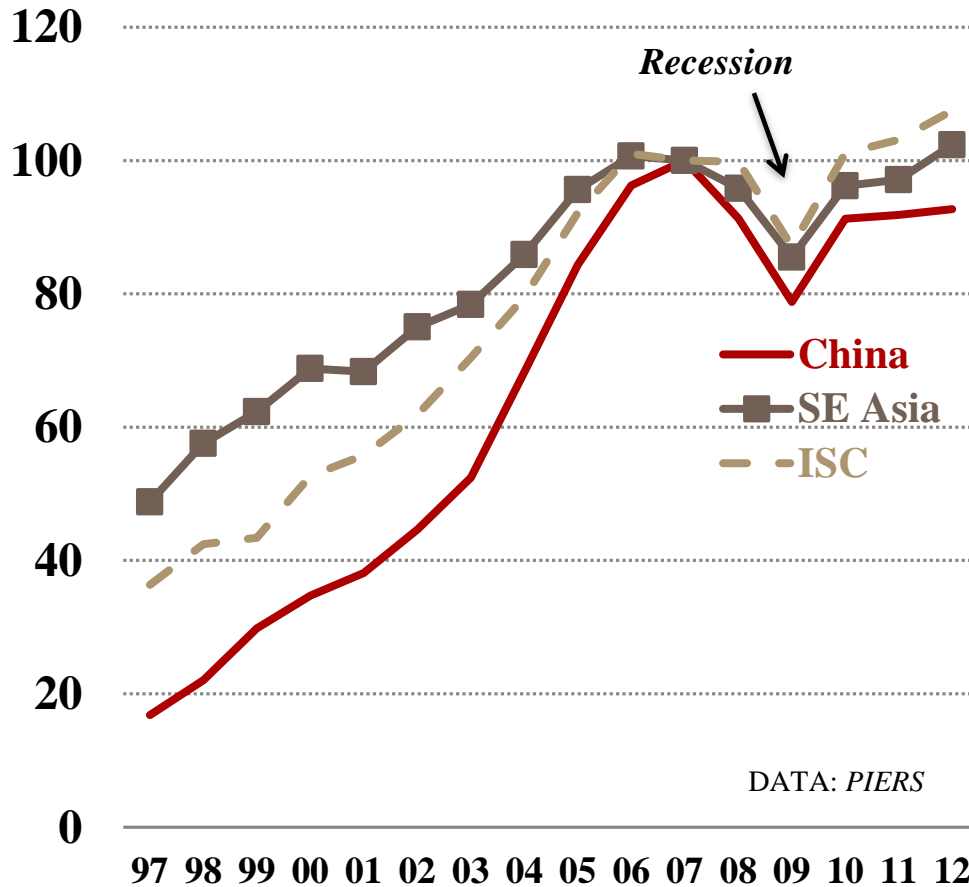
## US Imports from China via Ocean Container, Index 2007=100



## CHINA-TO-US TRADE STILL IN ANEMIC RECOVERY PHASE

- US imports from China via ocean container dropped as much as 20% over 2008-2009
- US imports from China via ocean container at below 2007 peak by 7%
- Despite swift government stimulus, China ports did not escape global malaise
- US experiencing subpar economic growth, impacting imports

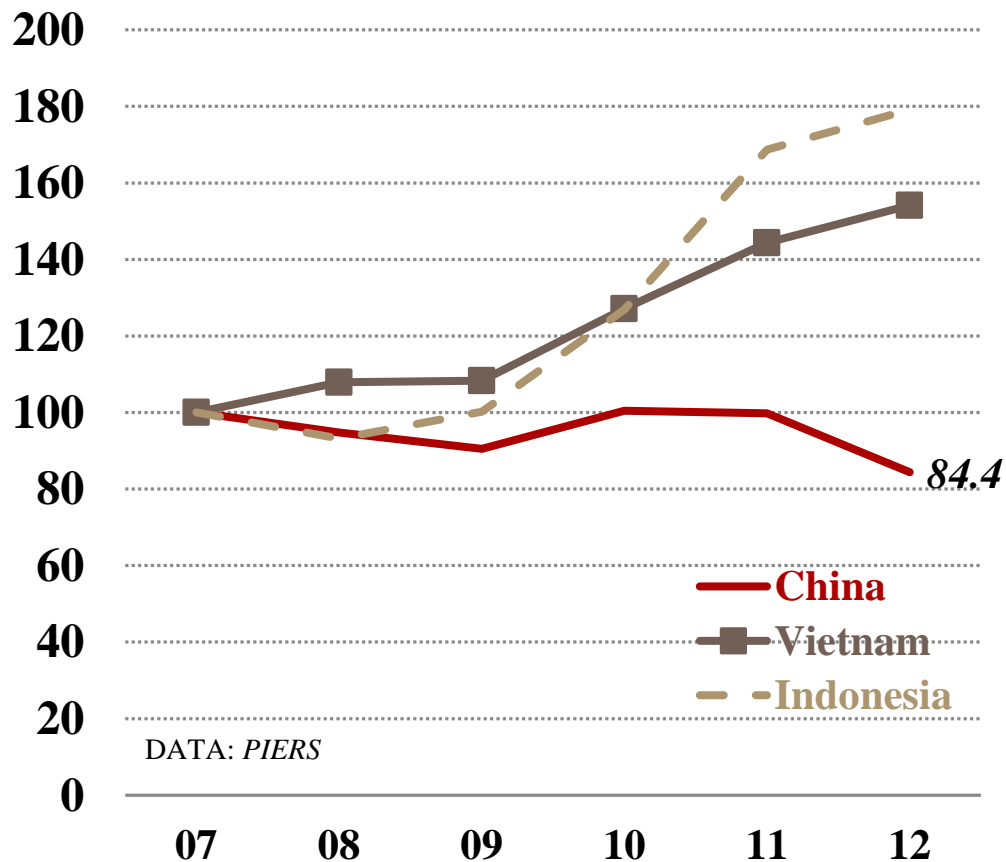
## US Imports from China, SE Asia, Indian Subcontinent, Index 2007=100



## UNEVEN RECOVERY FOR ASIAN SUPPLIERS

- Compared to SE Asia and Indian Subcontinent (ISC), US imports from China growing at slower rate
- US imports from ISC and SE Asia reached new peak in 2010 and 2012, respectively
- Square root recovery for China-to-US trade
- Rising production costs in China triggers source shifting – labor-intensive exports most impacted

## US Footwear Imports from China, Vietnam, and Indonesia, TEU Volume Index 2007=100



## CHINA'S EXPORTS OF LABOR-INTENSIVE GOODS STRUGGLES

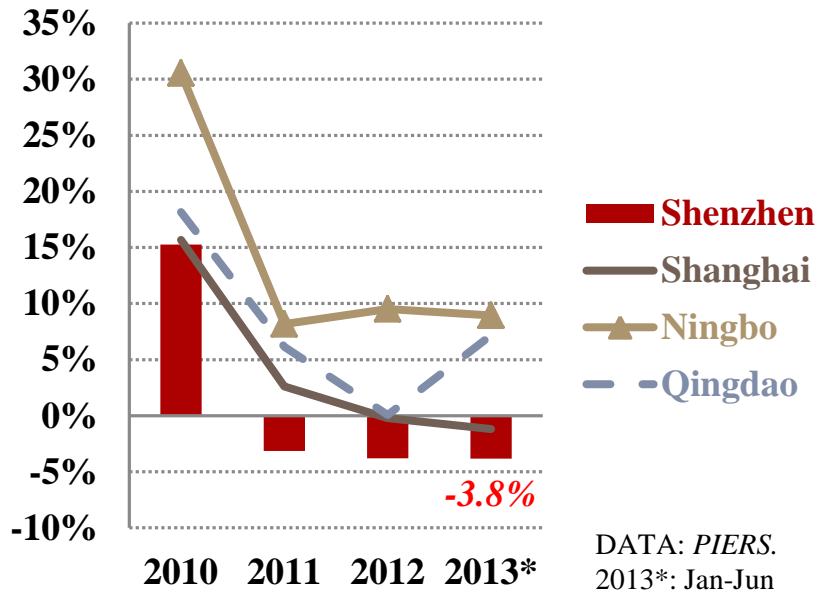
- US footwear imports from China struggle; down 16% from 2007 peak
- Footwear imports from Vietnam and Indonesia way above prior 2007 peak
- Footwear imports from China up 14% in 1H13, BUT imports from Vietnam and Indonesia up 40% and 52%, respectively

# CHINA EXPORT DATA REFLECTS NEW DYNAMICS FOR PORTS

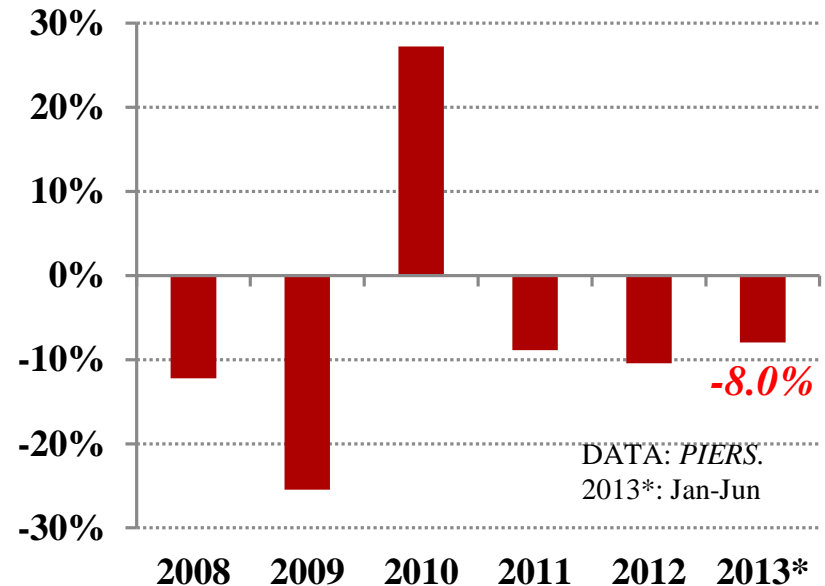
Shenzhen in contraction; other ports show resilience

Hong Kong in contraction too

**Top China Gateways for Containerized Exports to US**  
Annual Growth Rates



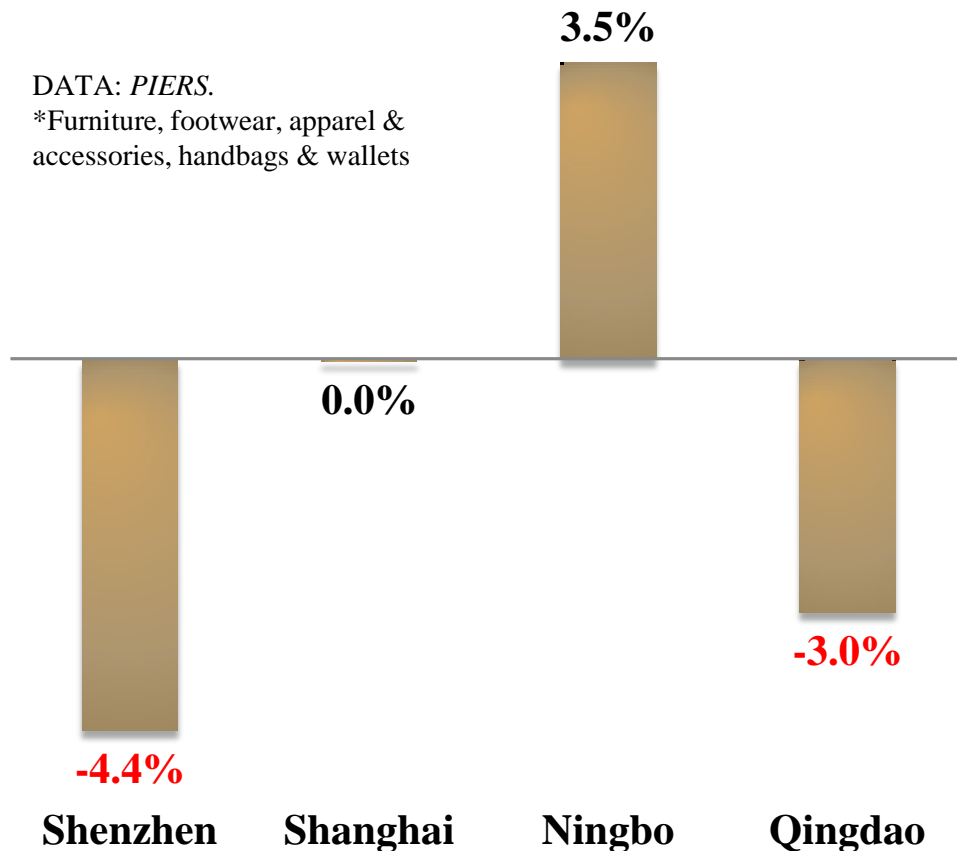
**Containerized Exports to US via Hong Kong Port**  
Annual Growth Rates



## Changes in China Ports Shares of Major Consumer Goods\* Exports to US by TEU Volume, 2012 over 2007

DATA: *PIERS*.

\*Furniture, footwear, apparel & accessories, handbags & wallets



## SHENZHEN HIGHLY EXPOSED TO EXPORTS OF MAJOR CONSUMER GOODS

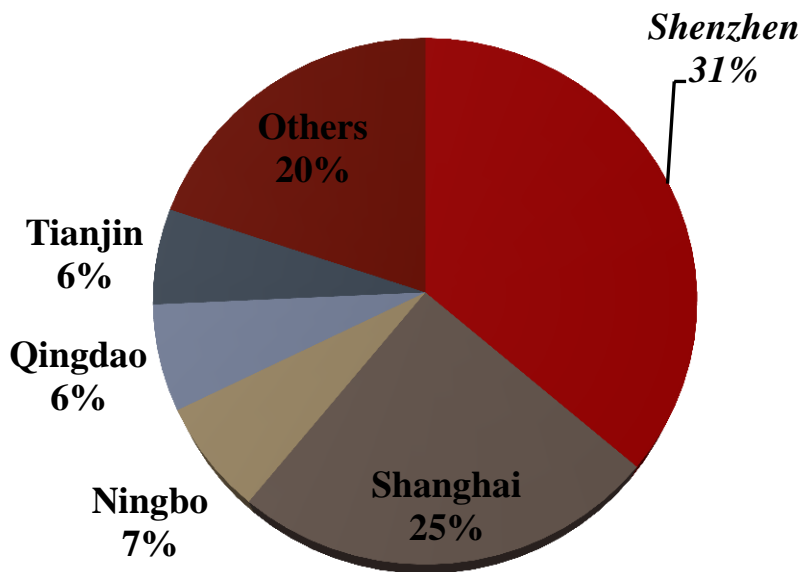
- 45% of all exports to US via Shenzhen in 2012 were consumer goods\*, down from 49.4% in '07; AND total export volume to US down 20% from 07
- 24.5% of all exports to US via Qingdao in 2012 were consumer goods\*, down 3% from '07, BUT total export volume to US is up 12% over '07
- 40% of all exports to US via Ningbo in 2012 were consumer goods\*, up 3.5% from '07; AND total export volume to US is up remarkably by 46% over '07

# TOTAL CHINA-TO-US CONTAINERIZED TRADE BY PORTS: Market Share Changes

Top 5 ports held 83% of all US-bound container traffic in 2012, up 8% from 2007

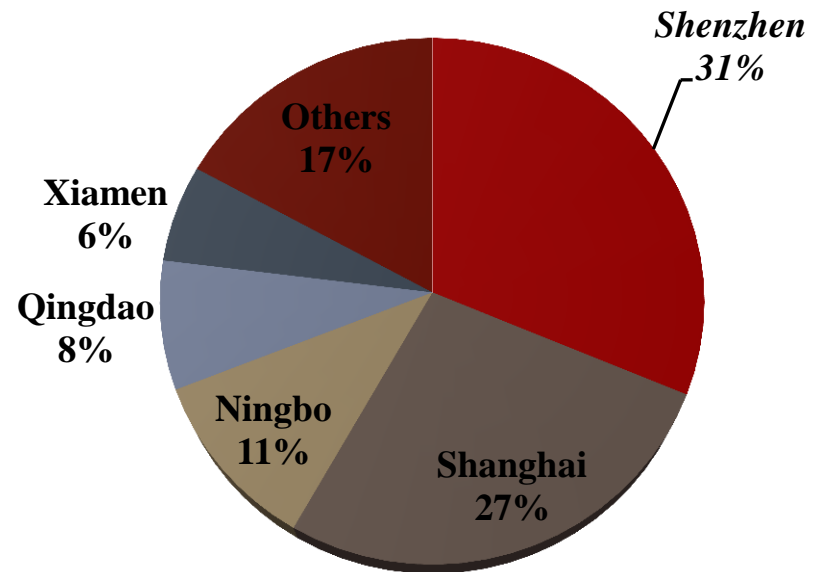
Shenzhen holds steady, but Shanghai, Ningbo, Qingdao gain

2007



DATA: PIERS

2012

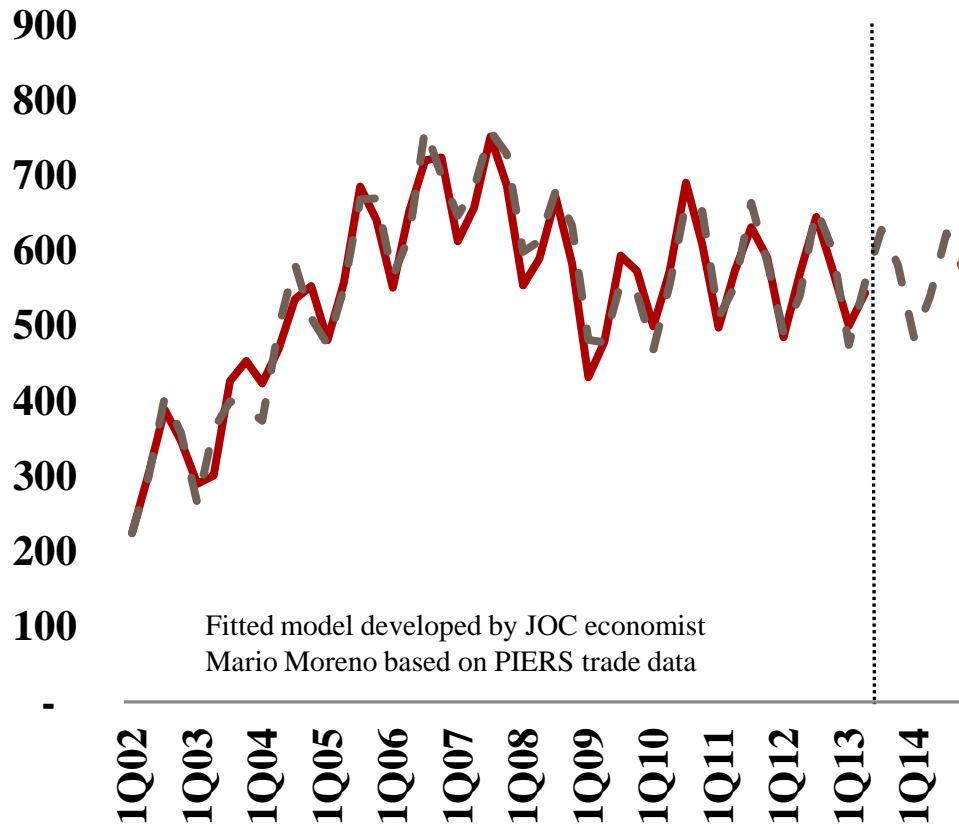


DATA: PIERS

## China Exports to US via Shenzhen

*In Thousands of TEUs*

— Actual    - - Forecast



## SHENZHEN STRUGGLES

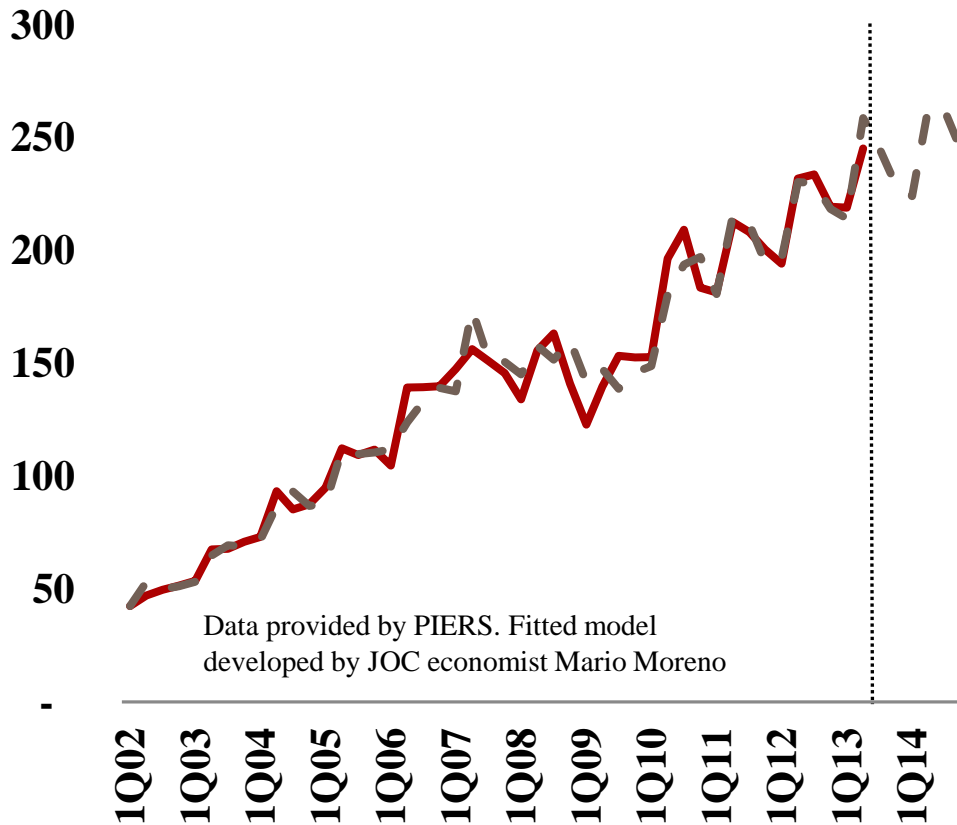
- Trend: DOWNWARD
- In 2012, 45% of all China exports to US via Shenzhen were major labor-intensive consumer goods, down from 49.5% in 2007
- Shipments from Shenzhen to decline 0.9% in 2013



## China Exports to US via Ningbo

*In Thousands of TEUs*

— Actual    - - Forecast

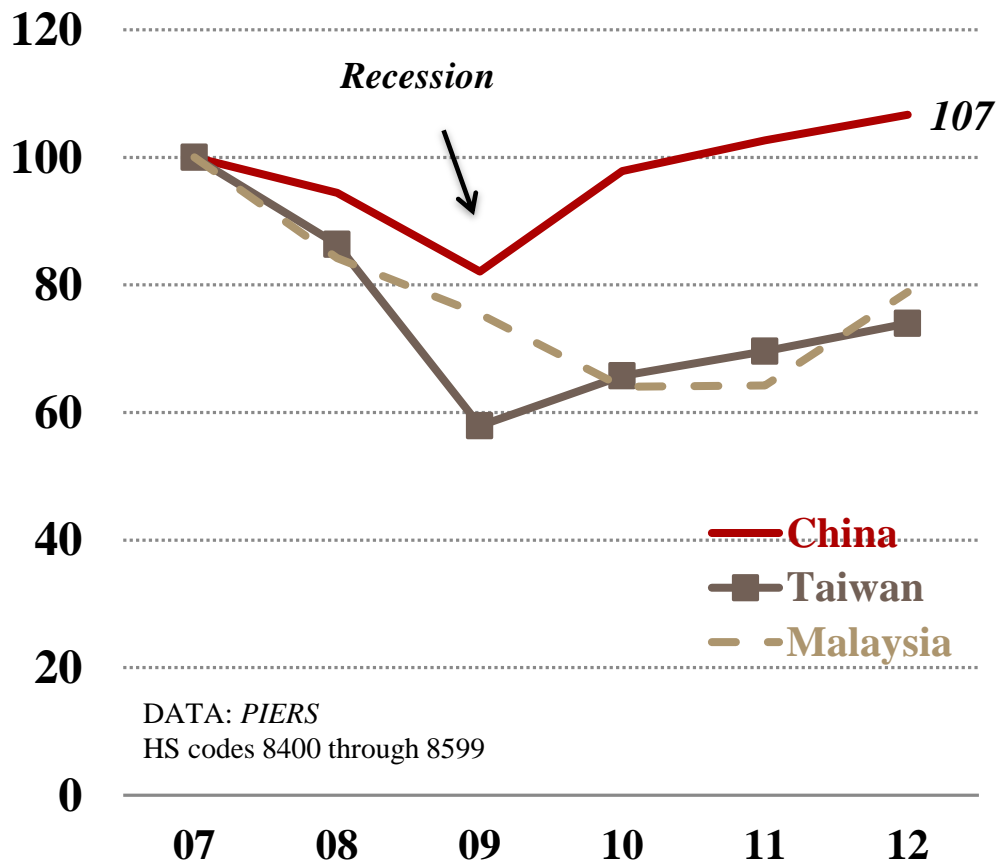


Data provided by PIERS. Fitted model developed by JOC economist Mario Moreno

## MID COAST, NORTHERN PORTS APPEAR TO BE HOLDING UP

- Trend: UPWARD
- In 2012, 40% of all China exports to US via Ningbo were major labor-intensive consumer goods, up from 36.3% in 2007
- Shipments from Ningbo to grow 6.7% in 2013

## US Machineries Imports from China, Taiwan, and Malaysia, TEU Volume Index 2007=100

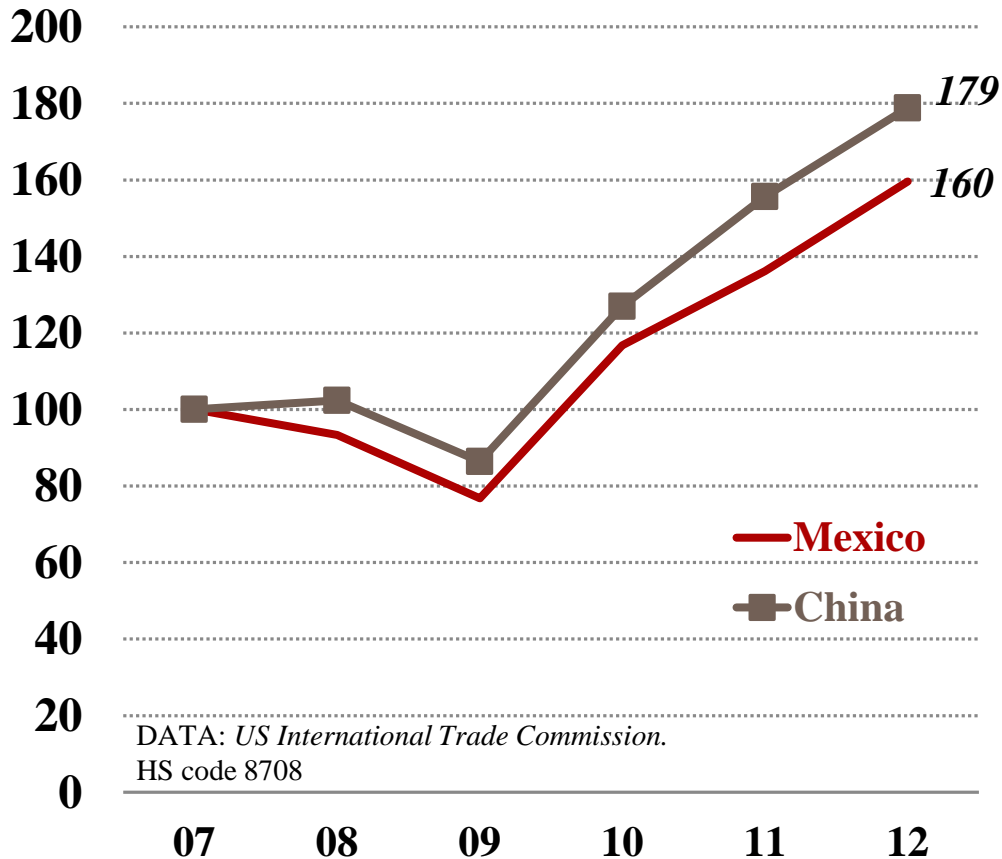


## DIFFERENT TREND FOR CAPITAL-INTENSIVE GOODS

- Machineries include computers, heaters, TV sets, etc
- US imports from China stood above prior 2007 peak in last 2 years
- US imports from Taiwan, Malaysia struggle; more than 20% below 2007 peak
- US imports from China and Malaysia up modestly by 1% in 1H13; from Taiwan down 10%

## US Auto Parts Imports from Mexico and China by Dollar Value

*Index 2007=100*



DATA: US International Trade Commission.  
HS code 8708

## DIFFERENT TREND FOR CAPITAL-INTENSIVE GOODS (CONT'D)

- Mexico gains presence in auto parts sourcing to US, so does China
- Auto parts imports from Mexico at 60% over prior 2007 peak
- US auto parts imports from China at 79% over prior 2007 peak
- US imports from China up 8% in 1H13

# FINAL REMARKS

- Wage hikes, go West driving cargo inland, and out of China
- Contraction at Shenzhen, high growth at mid-coast and northern ports illustrates changes
- Policy is to lessen dependence on low-value exports, rebalance economy, keep people closer to home; still a work in progress
- But this is a trickle, not an exodus as China has far superior infrastructure than other emerging competitors in Asia

# THE COMPETITIVE BALANCE OF CHINA PORTS

Thank you!

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