



IUMI
International
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IUMI WEBINAR

CHINESE MARINE INSURANCE MARKET

CL CHINA

8 November 2023



Chinese marine insurance market

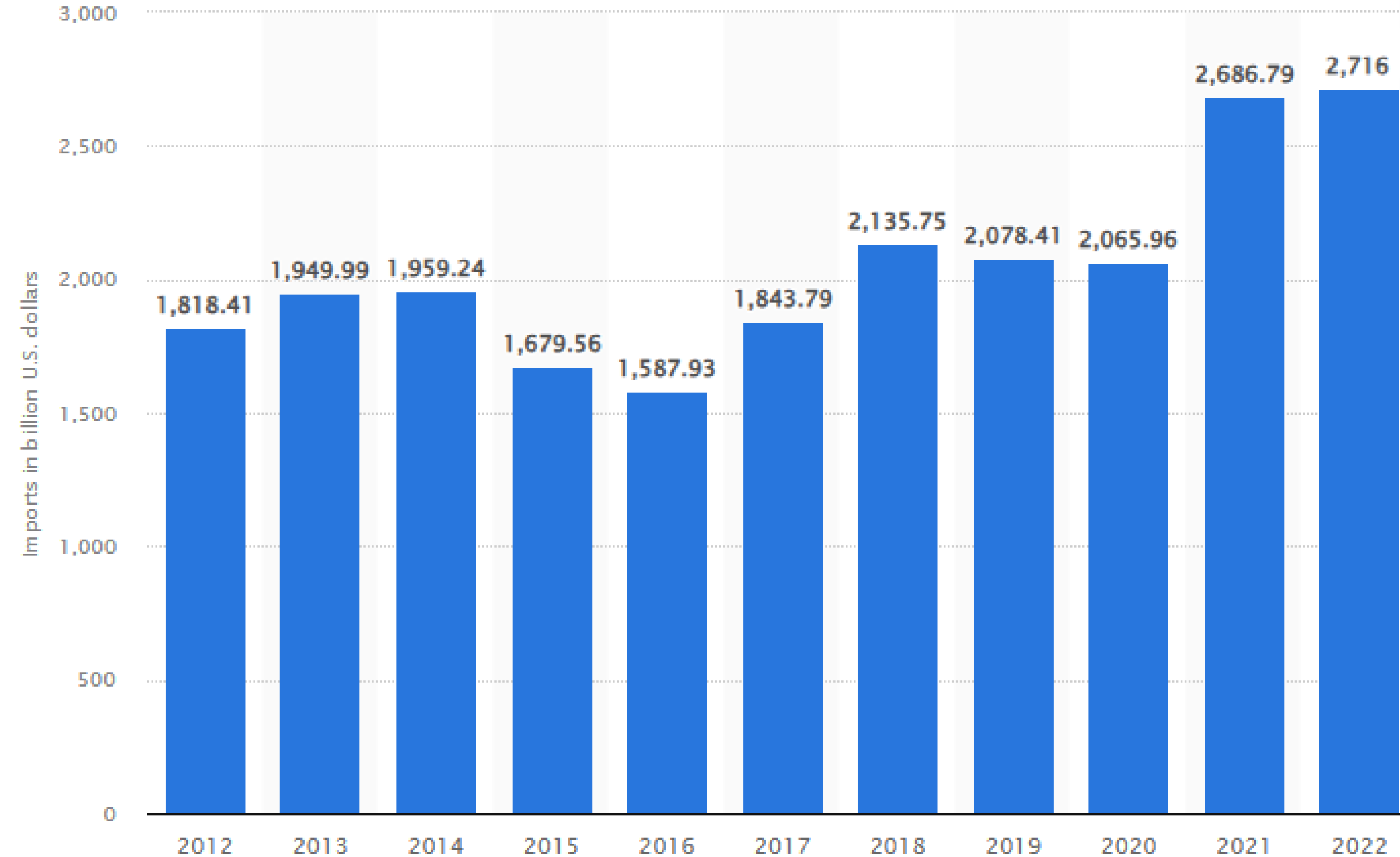
- 1. Trade from & to China**
- 2. China Inspection and Quarantine**
- 3. Litigation management in China**
- 4. The Belt and Road Initiative**

.1.

Trade from & to China

China import market: 50% increase over the last 10 years

Value of import of goods in China from 2012 to 2022
(in billion U.S. dollars)



China import market

two key sources: energy & food

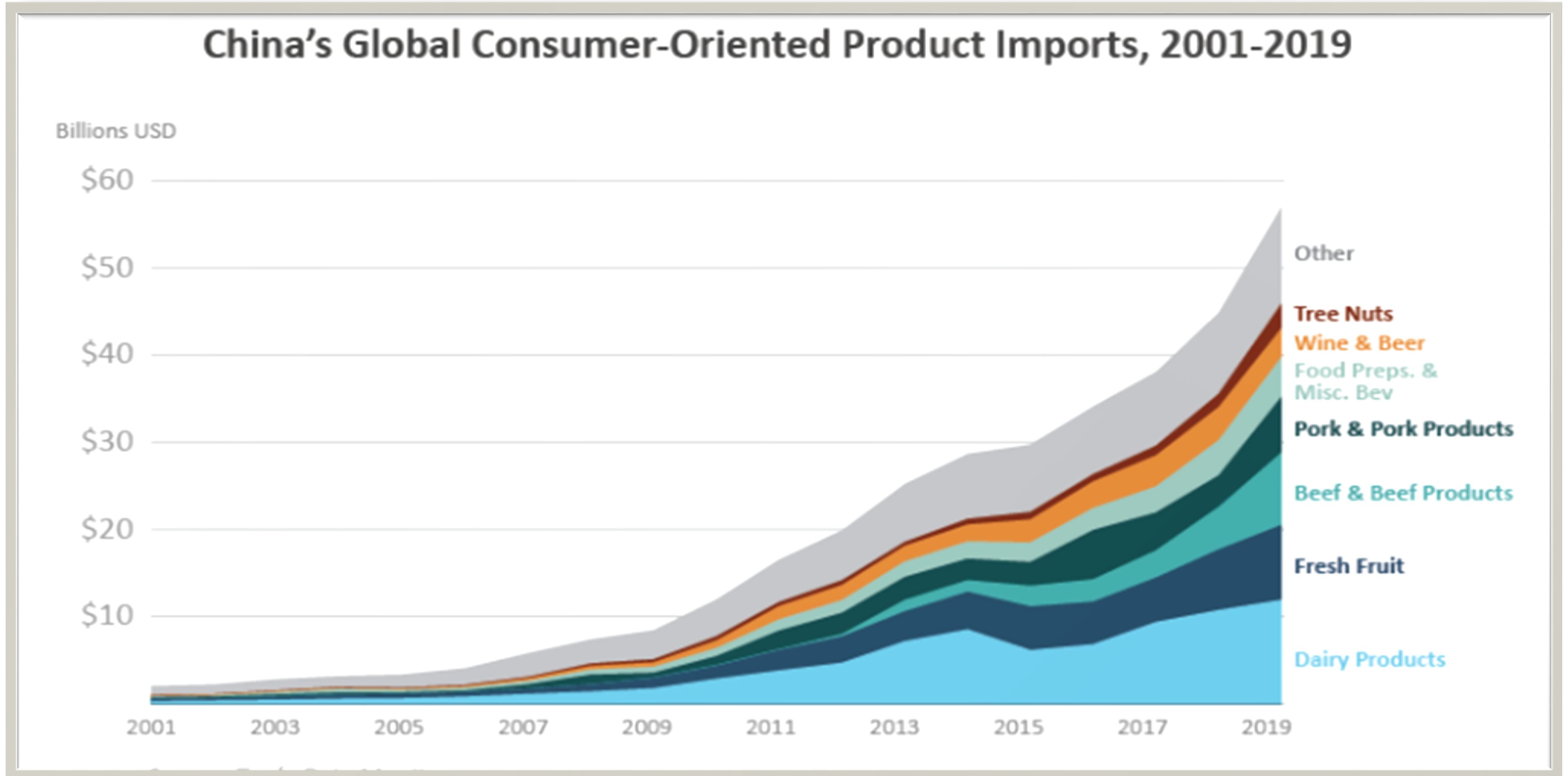
Features of Chinese import market:

- Top imports of China: Crude Petroleum, Integrated Circuits, Iron Ore, Gold, Petroleum Gas
- Rising living standards, average Chinese diet changed → **increase of China's agricultural imports**
- Poultry meat rise by 32%, soybean oil and fluid milk intake tripled
- China is the world's largest pork market with imports of \$6.4 billion



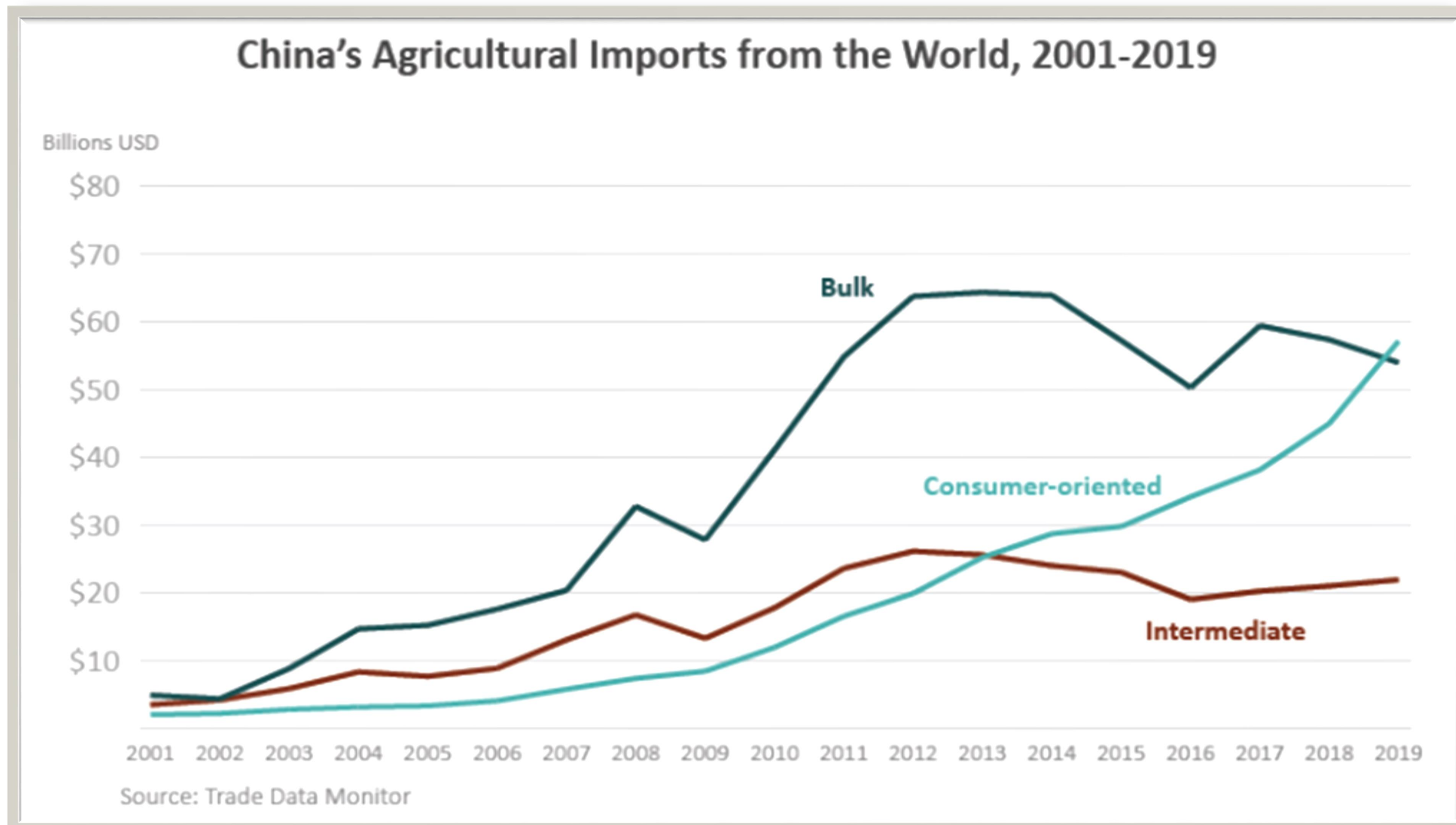
China food commodities import market:

“an explosion” over the last 10 years



China market overview

Raw commodities import are stabilizing
whereas consumer oriented good imports are sharply increasing



China export market : manufactured product oriented

China's overall share of global goods exports was 14.4% in 2022

Features of Chinese export market:

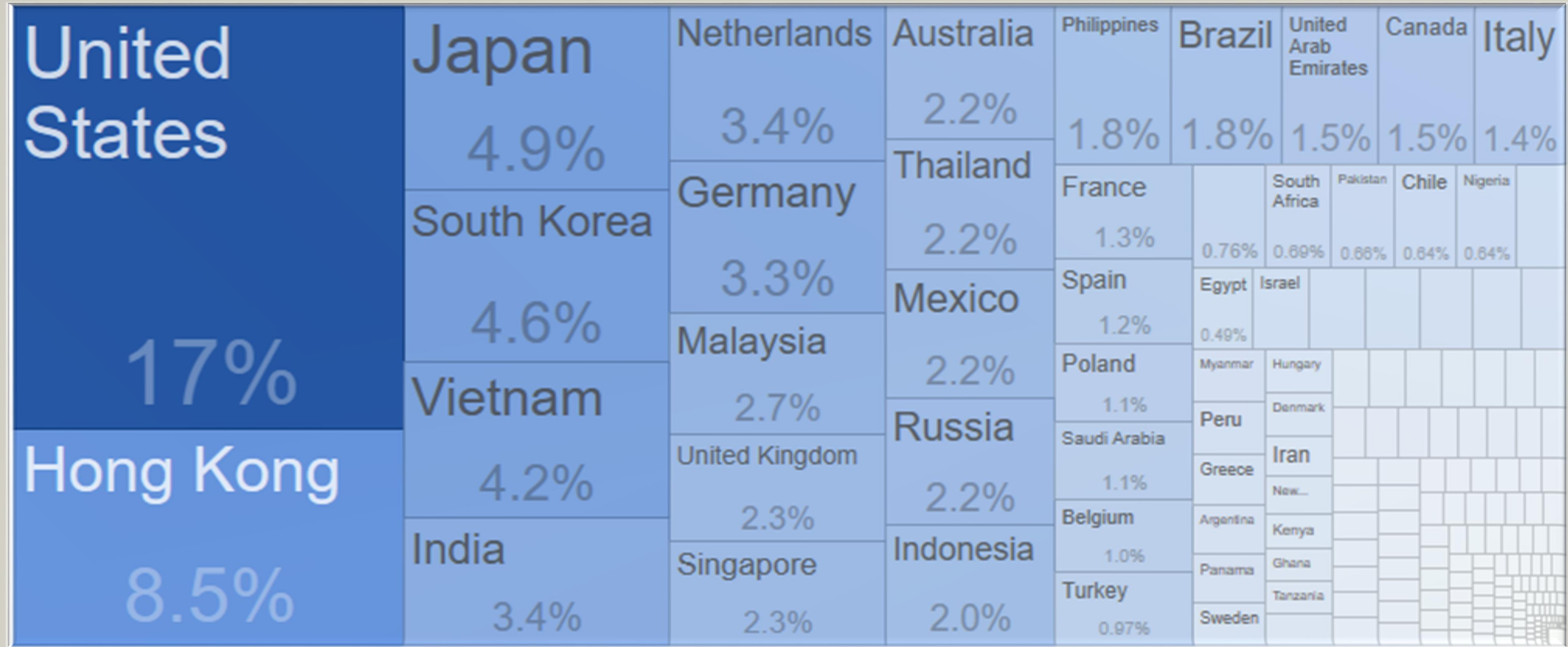
- Electrical and electronic equipment (27%)
- Machinery, nuclear reactors, boilers (16%)
- Furniture, lighting signs, prefabricated buildings (4,1%)
- Plastics / Toys (3,9%)

Nearly **half** (49%) of all Chinese exports remain within the continent

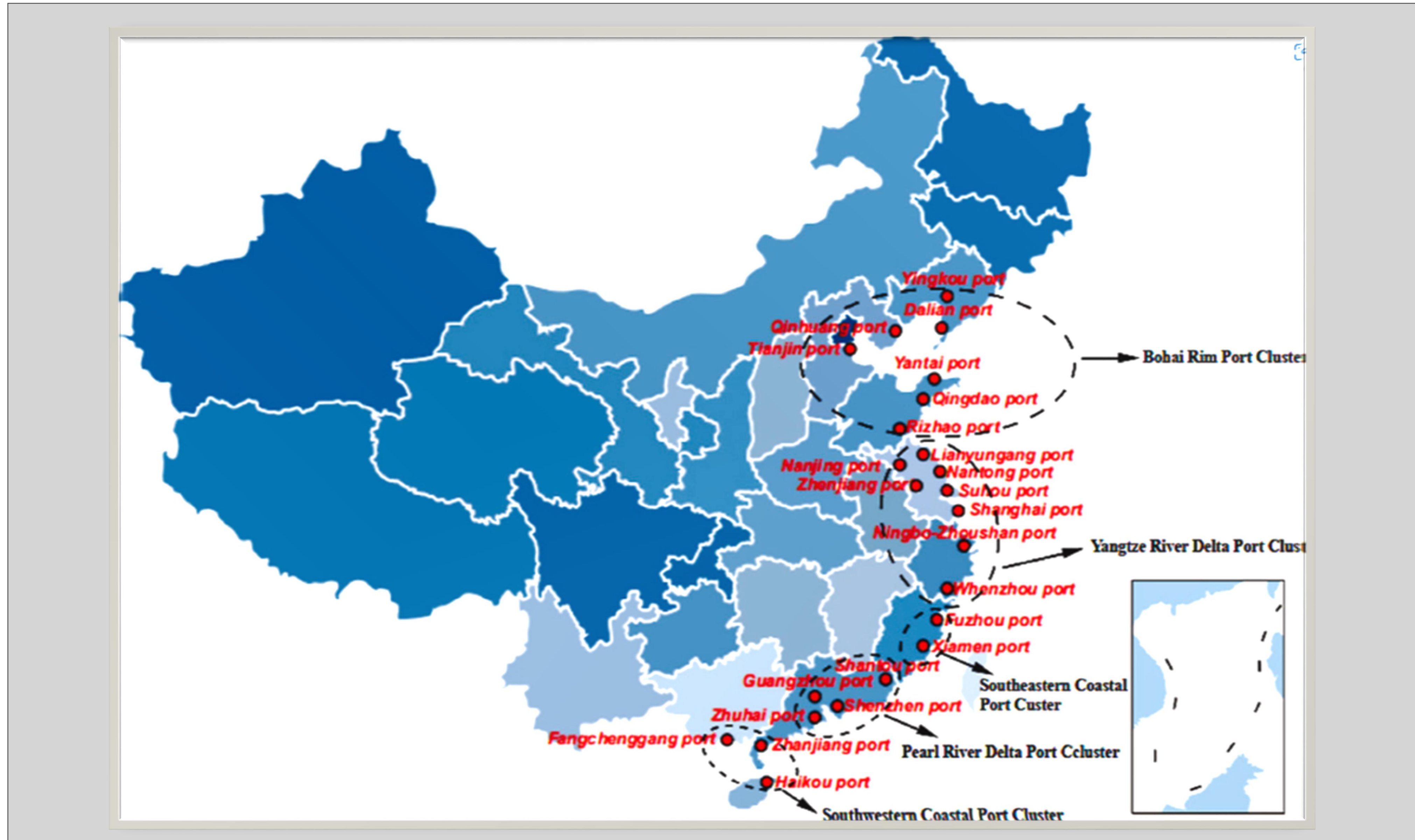
Plastics represented the fastest-growing exported product with about 150% increase from 2009. This is followed by **furniture** (130%) and **Made-in-China vehicles** (120%)



China export market: USA & ASIA



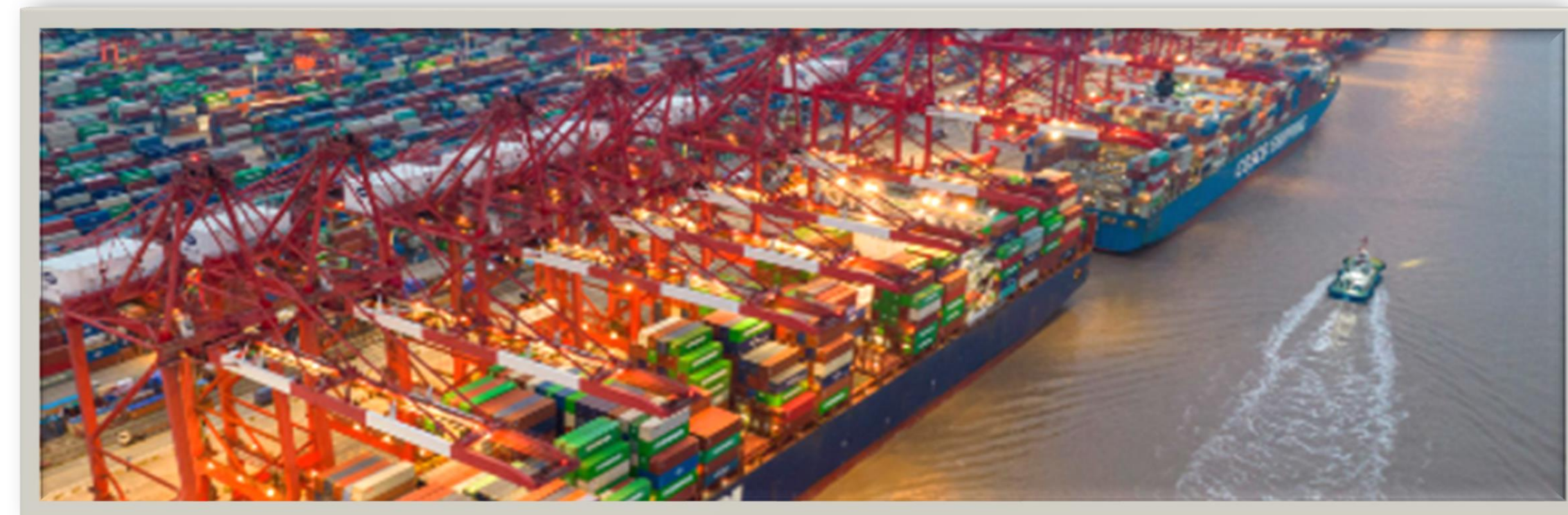
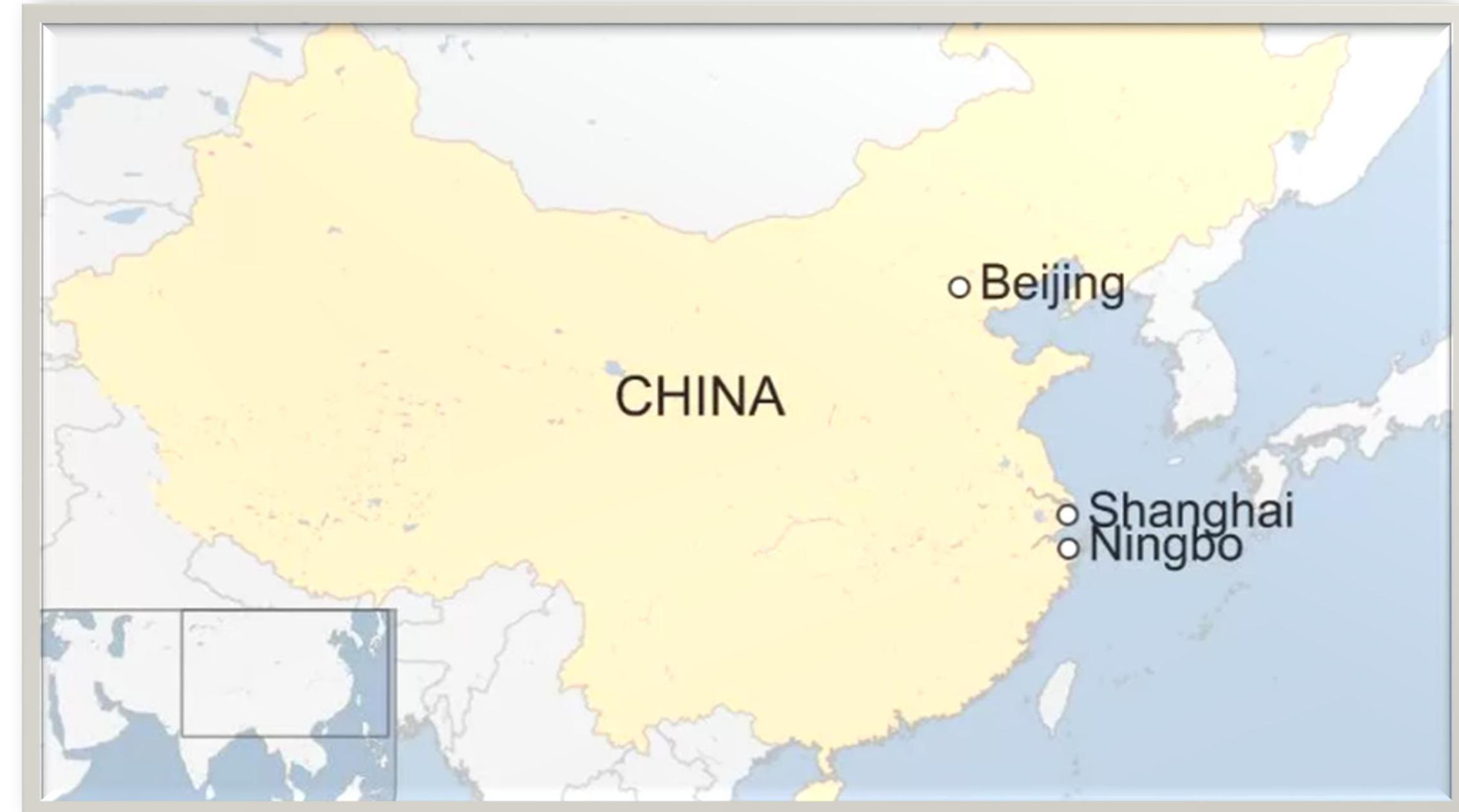
Importation in China: the different ports



The Eastern Region

Main ports:

- **Shanghai Port:** World's biggest for 11 years // 2,000 vessels monthly - Connected to the Yangtse River → deep into mainland
- **Ningbo Port:** (second most TEU) → 33.4 million TEUs of containers handled last year (being almost 3 times more than Antwerp port)



The Southern Region

Main ports:

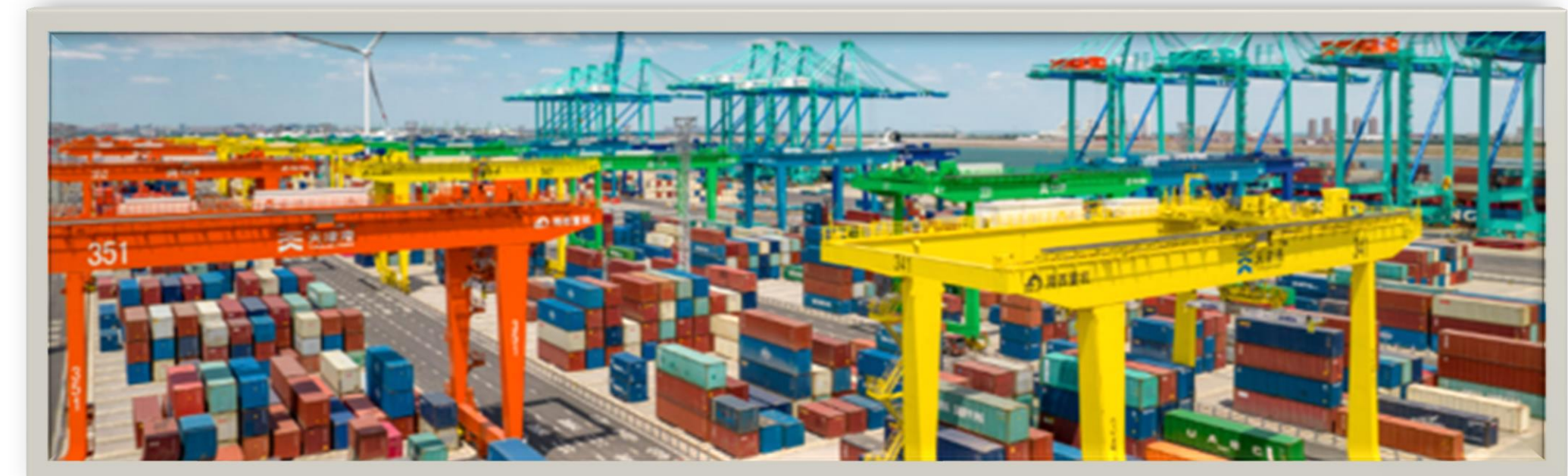
- **Shenzhen district - Yantian Port:** efficiency, speed, automation and cutting-edge technology, tech industry, lots of startups and tech companies
 - **Guangzhou Port area - Nansha Port:** older (textiles, footwear, and furniture)
→ about 25 mio TEUs of containers as of 2022
- Trade with countries in Southeast Asia, Africa, and South America



The Northern Region

Main Ports:

- **Tianjin Port:** main port of entry for trade to Beijing:
 - Rich history and cultural heritage (Great Wall of China etc.)
 - Main activity: industry manufacturing, chemical and petrochemical
 - about 20 million TEU as of 2022
- **Qingdao Port:** one of China's fastest growing ports
 - First hydrogen-powered port in the world
 - about 20 mio TEUs of containers as of 2022

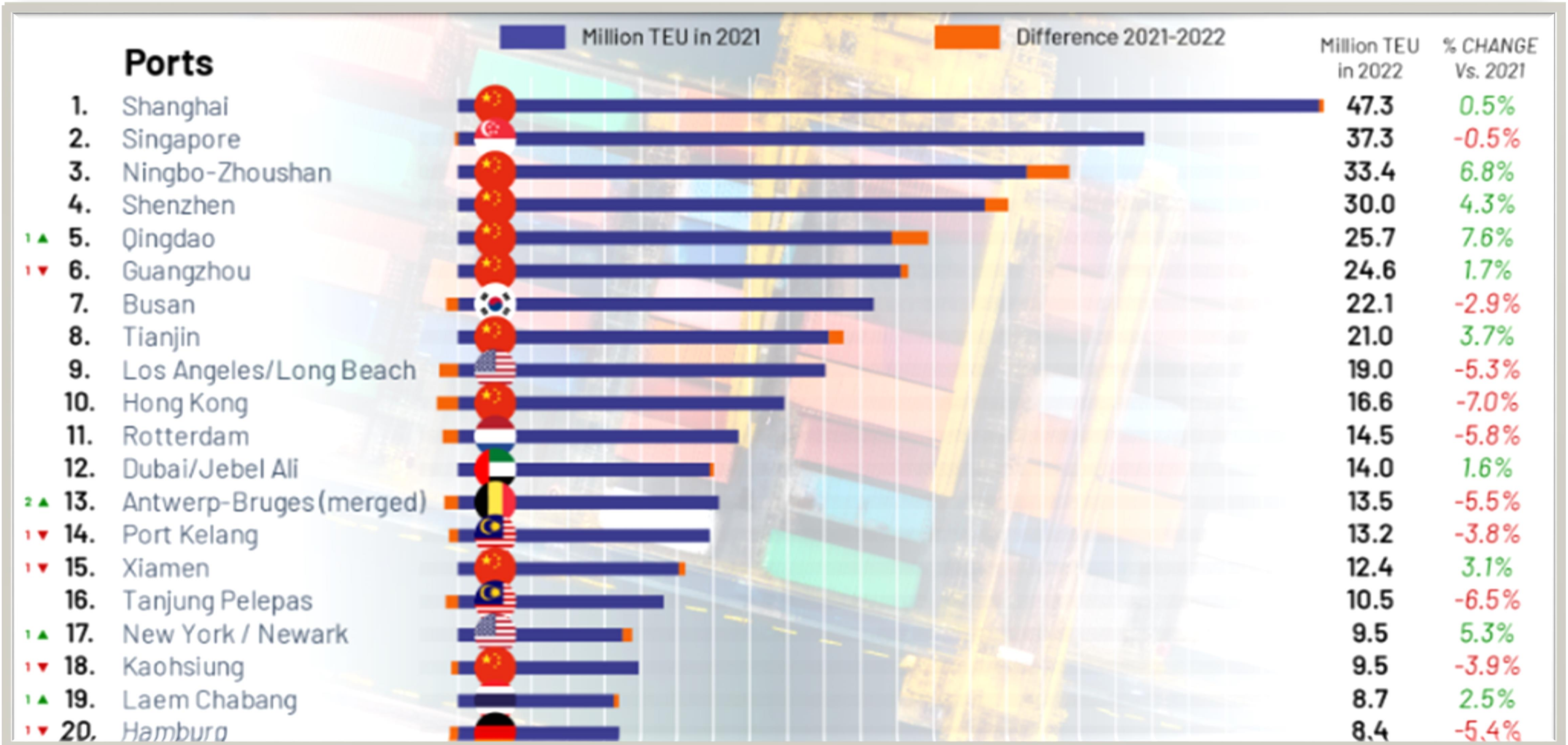


The Western Region

- **No port/seaside.** Railways is developing.
- Advantages of rail transportation:
 - **Faster delivery times:** 18-22 days from Europe by rail against to 40-45 days by sea
 - **Economic saving** compared to transport by air
 - **Less environmental impact**
- In 2022, the cargo volume transported by the China-Europe Railway Express amounted to around 1.6 million TEUs → still very limited
- **Recurrence of cases:** immobilization of reefer containers at Chinese border with power supply issue



Top 20 container ports by total sea cargo traffic in 2022

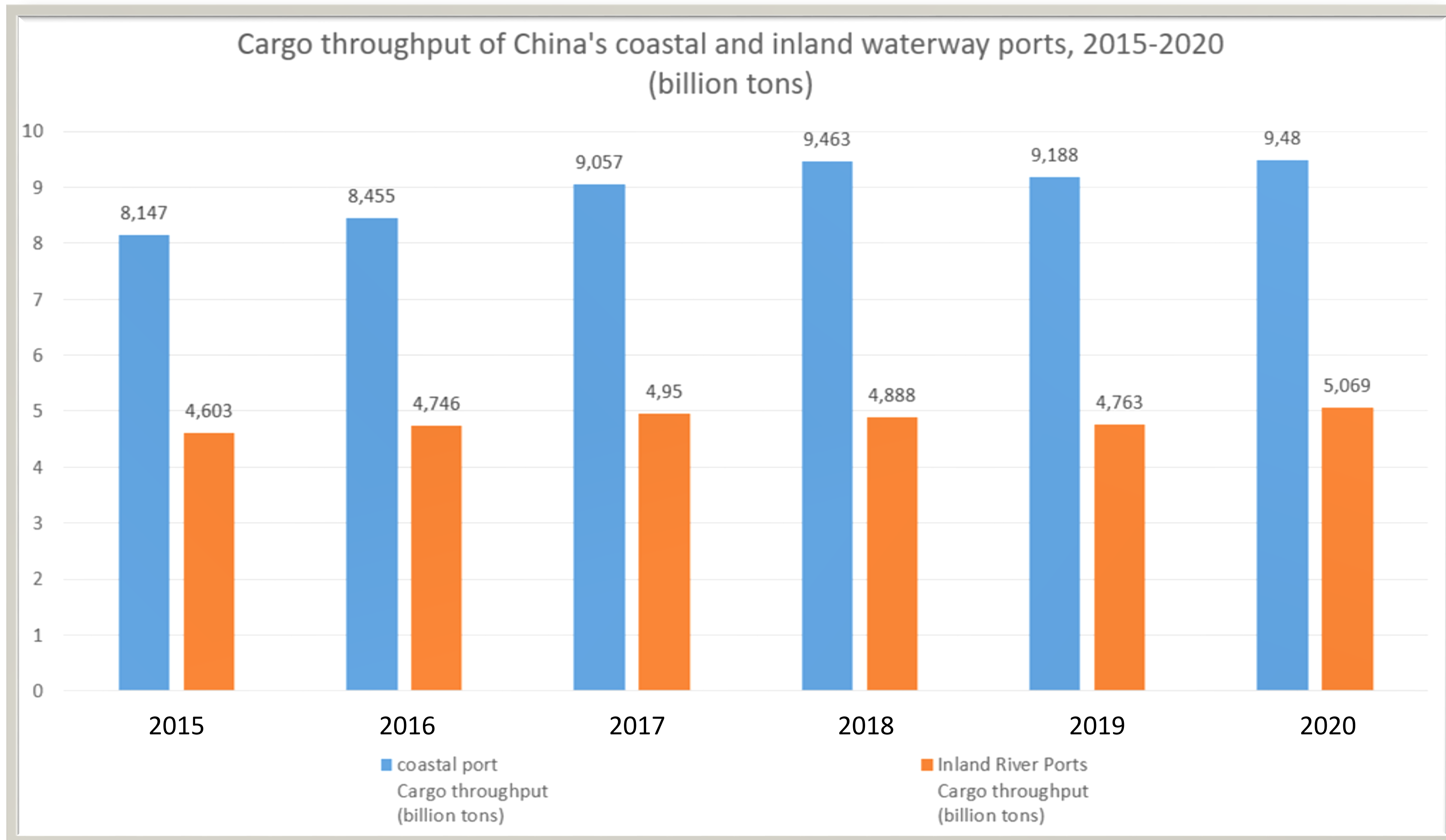


Transport modes from port to land



- **Main Inland Waterways in China:**
 - Yangtze River
 - Pearl River
 - Songhua River

Transport modes from port to land



Throughput of coastal ports far exceeds that of inland river ports

Multimodal Transportation Development Rises as a National Strategy

- In 2016, the **Ministry of Transportation and the National Development and Reform Commission (NDRC)** jointly announced the "**first batch of multimodal transportation demonstration projects**", in which a number of port-led projects, including Ningbo Port, Tangshan Port, Qingdao Port, and Dalian Port, were first included
- In recent years, China has issued a **series of policies**, such as:
 - "Inland Waterway Transportation Development Program"
 - "Create a good market environment to promote the integrated development of transportation and logistics implementation plan",
 - "China-European liner construction and development plan (2016-2020)",
 - "Transportation Construction Program",
 - "National Comprehensive Three-dimensional Transportation Network Planning Outline"
- The multimodal transportation development has been raised as a **national strategy**

.2.

China Inspection and Quarantine



Inspection frame of the CIQ (China Inspection and Quarantine)

- **Entry-Exit Inspection and Quarantine (China Inspection and Quarantine)**
- Formed by the original administrations:
 - Commodity Inspection
 - Health Quarantine
 - Animal and Plant Quarantine
- Inspect goods, people, transportation, containers, baggage and parcel carriers entering and leaving the country, including sanitary and quarantine, animal and plant quarantine, commodity inspection, etc., **in order to ensure the safety and hygiene** of people, animals and plants, **and the quality** of commodities.

Overview of vessel berthing time in Chinese main ports in first-half of 2022

Ports	Throughput of container 2021 (Million TEU)	Average time of vessel stay in port		Average time of vessel berthing time	
		Time in port 01-06/2022 (day)	YoY 2021 (%)	Berthing time 01-06/2022 (day)	YoY 2021 (%)
Shanghai	47,03	2,09	-18,5%	1,03	2,8%
Ningbo	31,08	2,78	18,1%	1,10	14,6%
Shenzhen	28,77	1,98	-6,2%	1,23	3,5%
Guangzhou	24,18	1,55	18,1%	0,90	30,4%
Qingdao	23,71	2,17	11,7%	1,15	5,4%
Tianjin	20,27	1,75	-3,1%	1,25	-6,6%
Hongkong	17,79	1,15	-4,6%	0,87	8,1%
Xiamen	12,05	1,48	11,9%	1,10	13,1%
Average		1,87	3,4%	1,08	8,9%

Overview of vessel berthing time in Chinese main ports in 2023

Ports	Throughput of container 2022 (Million TEU)	Average time of vessel stay in port		Average time of vessel berthing time	
		Time in port 01-06/2023 (day)	YoY 2022 (%)	Berthing time 01-06/2023 (day)	YoY 2022 (%)
Shanghai	47,3	1,85	-11,5%	0,89	-13,1%
Ningbo	33,35	2,38	-14,4%	1,03	-6,7%
Shenzhen	30,04	1,27	-35,8%	0,86	-30,0%
Guangzhou	24,6	0,92	-40,8%	0,62	-31,7%
Qingdao	25,67	2,37	9,5%	1,00	-12,8%
Tianjin	21,02	1,9	8,3%	1,24	-0,7%
Hongkong	16,69	1,01	-11,5%	0,63	-26,8%
Xiamen	12,43	1,16	21,6%	0,80	-27,2%
Average		1,61	-9,3%	0,88	-18,6%

The cause of delay = COVID consequences

- **Imbalanced container flow** among ports in world
- Shortage of **manpower** in ports
- **Supplemental control** imposed to cargo due to epidemic
- **Disinfection operation** imposed to cargo and containers due to epidemic

On-site experiences

- **Drastic policies taken to tackle Covid-19:**
 - **Lockdown of cities:** Shanghai shut for two months
 - **Congestion** of containers at port (Shanghai, Guangzhou, Nansha...)
 - **Delay of sea transit** → sudden soar of cases with quality issue of chilled products
 - Fruits markets **not accessible**
 - **Interdiction to board vessels in transit at Chinese ports:** no preventive inspection and no survey possible on board

On-site experiences



Concrete cases of quarantine in China

The transit delay of cargo causes by the quarantine policies during the **COVID-19 epidemic period** in China:

- Impact on vessels in port
- Detention of containers
- Cargo impact: fruits and chilled products' expiration date

→ This caused a tremendous increase of casualties for the years 2020-2022

Back to normal since 2023: COVID has not expired but the aggravated risk of casualty expired



Conclusive experiences

- Risk aggravation period for goods in transit in China is over (due to delays)
- Coherence of claims → rare abusive reject of cargo and flexibility of Chinese importers (minded to mitigation through commercial arrangements rather than to claim proceedings)

“In China, we are looking for solutions rather than looking for problems”

.3.

Litigation management in China

Litigation management

Common dispute types in Chinese maritime transport

- Disputes of Contract for the carriage of goods by sea
- Disputes of Contract for ship chartering contract
- Adjudicated by the China Maritime Court

Litigation management

Demurrage and detention in Chinese ports

- The disputes of demurrage and detention have always existed
- Demurrage and detention charges at China's top 10 ports soared by 126% between 2020 and 2021
- In 2023, the global average demurrage and detention charges have fallen by **25%**
- There are still 11 ports where demurrage and detention are still **higher than 2020 levels, 5 of which are in China**

Litigation management

China's Judicial Interpretations

- Adjustment of laws and judicial practice
- During the period of Covid-19, the court might require carrier and consignee to proceed **fair and reasonable adjustment of contract agreement** to appropriately extend the free use period of containers
- In general judicial practice, the container detention charge in China is limited to the **price of a new container**

Litigation management

Disputes arising outside China

- Dispute is raised **outside China** and the defendant or responsible party is **located in China**
- **Arbitral awards** > Judgments
- Recognition by the People's Courts of China
- Under the frame of “New York Convention” since 1987

.4.

The Belt and Road Initiative

The Silk Road

- Network of Eurasian trade routes from 2nd century BC to 15th century AC
- Spanning over **6,400 km**
- Originate from highly lucrative trade of silk textiles
- **Core commodities:**
 - From the East: tea, dyes, perfumes, and porcelain
 - From the West: horses, camels, honey, wine, and gold
- Significant impact on realms/culture history
- Lost its importance with the rise of the Ottoman Empire in 15th century →
alternative routes were needed

The New Silk Road

- **Eurasian Land Bridge:**

Completed in 1916, the Trans-Siberian connects Moscow with Russian Pacific seaports such as Vladivostok

Rail transport route for moving freight and passengers overland

- **Chinese Belt and Road Initiative (BRI):**

Adopted by the Chinese government in 2013 to invest in more than 150 countries → network of railways, energy pipelines, highways, and streamlined border crossings, both westward and southward

- **Maritime section of the Silk Road:**

Ambition of growth target for 2023 up to 6% for 2023

Currently: 42.6% of goods go through the sea routes on the Maritime Silk Road



The New Silk Road





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THANK YOU
谢谢