



Rijksdienst voor Ondernemend
Nederland

Sector Report
Logistics Development in Zhengzhou
Henan Province

NBSO Jinan

*>> Duurzaam, Agrarisch, Innovatief
en Internationaal ondernemen*



Colofon

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1 Overview

Zhengzhou is the capital of Henan Province, the most populous province lies in central China with over 100 million inhabitants. It is an important logistics hub and nominated as one of the eleven China Central Cities in the top strategic masterplan carried out by the central government.



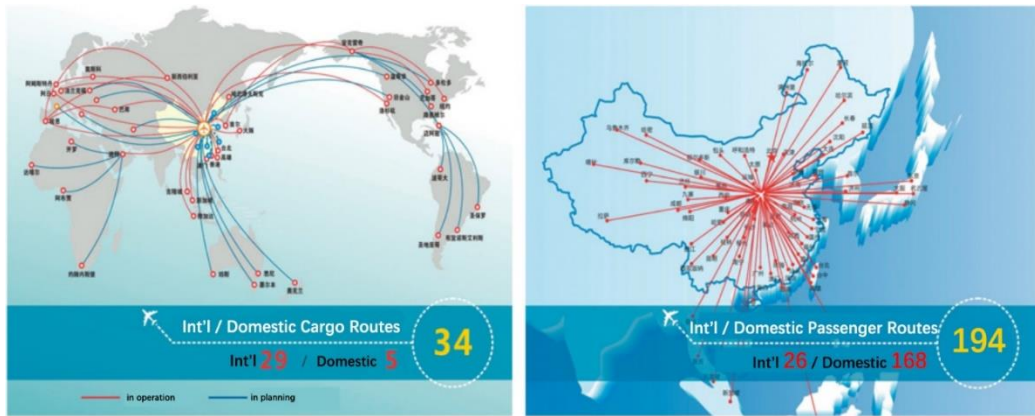
As an inland city, Zhengzhou has witnessed tremendous development in construction of logistics infrastructure and vigorous interaction with the rest of the world, specifically countries and regions along the 'new silk road' between China and Europe, where stand for a substantial part in China's 'Belt & Road' initiative. Today, Zhengzhou represents one of the most important portals and top aviation logistics centers in China. Every week, 16 Zhengzhou-Europe block trains (8 inbound, 8 outbound) travel between Zhengzhou and Hamburg/Munich via Almaty, Moscow and Warsaw and some other stations; and 27 cargo airlines operate over 110 weekly flights on 34 air routes, among of which 29 are international.



Sketch Map of Zhengzhou Int'l Block

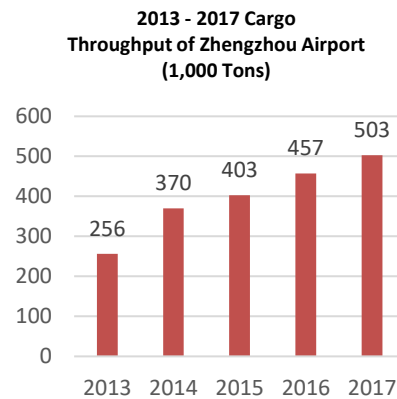
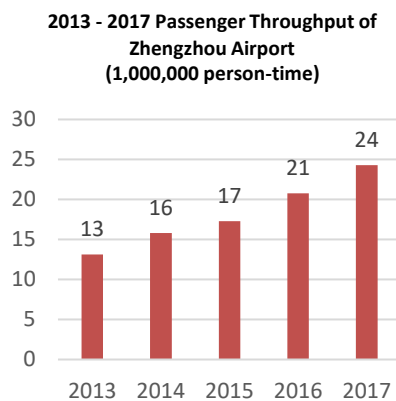
2 Highlights of Zhengzhou Logistics *

- Zhengzhou Xinzheng Comprehensive Bonded Zone (also known as Zhengzhou Airport Economic Zone) ranks 1st in trade value among all bonded zones in China, approximately 65% of Henan's import and export.
- Zhengzhou airport ranks 13th and 4th in terms of passenger and cargo transport in China, namely 24.3 million person-time and 502.7k tons respectively.
- Zhengzhou-Europe Block Trains rank the 3rd in number after Chengdu and Chongqing.



- Distribution center for Apple and other smart phones (39k tons); Microsoft and Lenovo products (11k tons); BMW and Daimler car spare parts (9k tons).
- Trade center for inbound fruit & chilled seafood (5.7k tons Latin fruits imported, >70% of China's airfreight import).
- Full cold chain transport between Zhengzhou and Hamburg/Munich, and cold chain distribution center in China (delivery time <24hrs within 800km radius and <36hrs within 1,500km radius).

* Based on statistics of 2017.



Source: Henan Airport Group

The main drivers of this development in Zhengzhou are as below.

Firstly, given a favorable geographical location, Zhengzhou is a natural logistics hub where a few national traffic arteries meet. This has laid a solid foundation for further development in logistics infrastructure.

Secondly, the ever-increasing logistics demand called for extra capability in handling the flow of goods in recent years. For example, as a key manufacturing base of smart phones, Zhengzhou supplied about 202 million smart phones to the world market in 2015, accounting for 1/7 of the global supply. Moreover, thanks to the efficient traffic network, neighboring regions such as Yangtze River Delta, Pearl River Delta, and Beijing-Tianjin-Hebei region, have become crucial contributors to the flow of goods into and out of Zhengzhou. The development in logistics infrastructure in turn leads to flooding in of a complex of companies including home appliance dealers, logistic companies, and e-commerce platforms, such as JD, VIP, Cainiao, and Suning.

Last but not least, Zhengzhou government showed strong ambition and determination to build an internationalized logistics hub with world-class concept and long-term vision. Zhengzhou has been working with worldwide expertise to ensure the full delivery of world best practice and perspectiveness for the next 10-20 years.

3 Main Players

Henan Airport Group

www.zzairport.com

Henan Airport Group is a state-owned enterprise which is engaged in construction and operation of Zhengzhou Xinzheng International Airport (ZXIA) with a registered capital of 2.1 billion CNY. The construction of Zhengzhou Airport Phase 3 will be carried out in two phases from June 2018 to 2025, with a total investment of 50 billion CNY. The passenger and cargo throughput will increase to 53 million person-time and 3 million tons by 2025.

Zhengzhou International Hub Development and Construction Co., Ltd. (ZIH)

www.zzquojilugang.com

ZIH is a state-owned enterprise with a registered capital of 400 million CNY. ZIH is the operator of Zhengzhou-Europe block trains and has a land area of 5.78km². Other main businesses include cross-border e-commerce, functional port, cold chain logistics, intelligent equipment R&D, and development of information platform.

Zhengzhou Airport Economy Zone (ZAEZ, also known as Zhengzhou Xinzheng Comprehensive Bonded Zone)

www.zzhkgg.gov.cn

ZAEZ is the first state-level airport economy comprehensive pilot project in China. ZAEZ has an approved planning area of 415km² and generates nearly US\$6 billion in imports and exports each year, ranking the 1st in trade value among China's 48 free trade zones.

Aerotropolis Institute

www.aicthink.com

Aerotropolis Institute is a wholly invested enterprise of ZAEZ, and it is the main thinktank and undertaker for the masterplan of Zhengzhou aerotropolis concept. Mr. John D. Kasarda - director of the Center for Air Commerce at the University of North Carolina's Kenan-Flagler Business School, is the president of Aerotropolis Institute in Zhengzhou.

4 Foreign Involvement

Cargolux

In 2014, HNCA (Henan Civil Aviation), a state-owned enterprise became 35% shareholder of Cargolux. Today, Cargolux operates over 34 weekly flights into and out of Zhengzhou.

DB SCHENKER

DB SCHENKER is the partner of Zhengzhou to jointly operate Zhengzhou-Europe block trains.

5 Opportunity

With remarkable logistics achievements and as part of the national development strategies, Zhengzhou has been pursuing an ultimate position as the key logistics hub and gateway to China, as well as a prosperous hub in world logistics. To this end, further ambitious investment plans in the short and long term will be carried out to construct logistics infrastructure, improve services and trade. As a top 5 best logistics hotspot in Europe, the Netherlands will find opportunities in Zhengzhou's logistics development.

Terminal cooperation

Zhengzhou is looking to expand their international operations and service offerings in EU which is a main trade partner. There will be opportunity for both terminals to set up direct transportation and cooperation.

(P.S. C.H. Robinson just announced in May to operate a new train route which will connect Tilburg and Zhengzhou and other 14 cities - 7 in China 7 in Europe.)

Sustainable logistics

The demand for logistics services is expected to grow steadily in coming years based on a favorable economic situation and increasing purchasing power of Chinese people. The whole logistics industry is under strain – how to build it clean, lean, and environment-friendly in line with sustainable rules, where Dutch companies may share how to improve performance with minimized impact to the environment.

IT innovation

Technology is changing every aspect of traditional logistics operations and it's the key to smart logistics. Main players in Zhengzhou pay much attention by working on own information platforms and innovative applications, e.g. information technology and IoT. Dutch companies in this business may find opportunity to introduce their innovative solutions to Zhengzhou.

Added-value logistics

ZIH has so far the best cold chain logistics facilities in China which has made Zhengzhou an important warehouse and distribution center for imported fruits and chilled seafoods. Dutch expertise and solutions may be introduced to optimize the current system and develop more added-value services to clients.

Connectivity of multimodal transportation

An alignment of cutting-edge infrastructure and world-class service providers in the Netherlands makes connectivity easy and efficient. Relevant knowledge and know-how may be shared to improve connectivity in multimodal transportation in Zhengzhou.

6 Contact Information

In case of any information request in Henan Province, please contact NBSO Jinan office.

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7 Source

- Official introductions and speeches on Innovation & Development Conference of the 'Belt and Road' Multimodal Transportation, 18 April 2018, Zhengzhou
- Henan Foreign Affairs Office
- Official websites of relevant parties

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