



Development of logistics undertaking and pallet standardization in China

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OUTLINE

- Development of logistics undertaking in China
- Development of logistics standardization in China
- Pallet standardization and Pallet pool system



1. Development of logistics undertaking in China

During the period of Tenth Five-Year Plan in 2001-2005, development of Chinese modern logistics undertaking is striding into a new stage which trends to rational and practical development.



1. Development of logistics undertaking in China

- Industrial status of modern logistics has been established in China and is getting a wider attention from the society.
 - In 2001, the notice of “Attitudes to how to accelerate the development of national modern logistics” was co-distributed by six departments of national government.
 - In 2002, the national programming of logistics development was started up.
 - In 2003, “Investigation report on modern logistics’ development” was presented by National Committee of Chinese people’s Political Consultative Conference.
 - In 2004, approved by State Council of People’s Republic of China, the notice of “Attitudes to enhance the development of national modern logistics industry” was co-distributed by nine departments of national government.
 - In 2005, agreed by State Council of People’s Republic of China, joint conference system of national modern logistics at department level was established formally.



1. Development of logistics undertaking in China

- logistics economy is developing rapidly.
 - During the period of Tenth Five-Year Plan, the ratio of total logistics cost to Chinese GDP was decreased from 19.4% in 2000 to 18.6% in 2005, 0.8% was dropped in five years.
 - In 2005, logistics value added exceeded 1.2 trillion Yuan, was up to 12.7% year-on-year increase, and was 16.6% of the value added of service industry.



1. Development of logistics undertaking in China

- Logistics enterprises and logistics market grow rapidly during the period of Tenth Five-Year Plan
 - Traditional state-owned large-scale logistics enterprises were restructured and reorganized to transit to modern logistics enterprises.
 - Private logistics enterprises developed remarkably
 - Foreign logistics enterprises also entered into Chinese market actively.



1. Development of logistics undertaking in China

- Infrastructure construction of logistics and logistics information are expedited.
 - During the period of Tenth Five-Year Plan, average growth rate of investment in fixed assets in logistics industry was up to 19.7%, and climbed 4.2% than that during the period of Ninth Five-Year Plan.
 - By 2005, railway and highway mileages in China are 75,000 km and 1,920,000 km respectively, expressway mileage is up to 41,000 km.
 - Construction of logistics parks were also started during the period of Tenth Five-Year Plan.
 - Through constant integration, optimization and upgrade on enterprise logistics information, initial successes on the construction of information platform of industrial logistics were secured.



1. Development of logistics undertaking in China

- Especially in 2005, accomplishments of Chinese logistics industry are as follows.
 - The ratio of social logistics costs to GDP was decreased from 18.8% in 2004 to 18.6% in 2005.
 - Logistics value added exceeded 1.2 trillion Yuan, was 16.6% of the value added of service industry and got 12.7% year-on-year increase.
 - Domestic logistics related industries investment in fixed assets grew 22.8% during 2005, and maintains a relatively high growth rate.



1. Development of logistics undertaking in China

- Preliminary background works of logistics industry are all round expended and an initial programming of national logistics development has been completed.
 - Organizations like National Logistics Standardization Technical Committee and Technical Committee of National Logistics Information Management Standardization have also been set up.
 - “National programming of logistics standards 2005-2010” is on drawing.
 - Today in china, 165 universities and institutions have majors relative to logistics, which effectively ease the resource shortages of logistics personnel.



1. Development of logistics undertaking in China

All these achievements in China not only improve greatly the basic operational conditions for modern logistics but also enhance strongly the capacity of logistics industry for its sustainable development.



2. Development of logistics standardization in China

- Actualities

330 items of national standard have been published in logistics field

Logistics equipment	40 items
Logistics technology	36 items
Logistics management	153 items
Logistics information	101 items

- Problems: stale content, non-systemized, diversified and decentralized management



2. Development of logistics standardization in China

- Organizations
 - National Logistics Standardization Technical Committee
 - Technical Committee of National Logistics Information Management Standardization
- Plan:
 - National programming of logistics standards 2005-2010

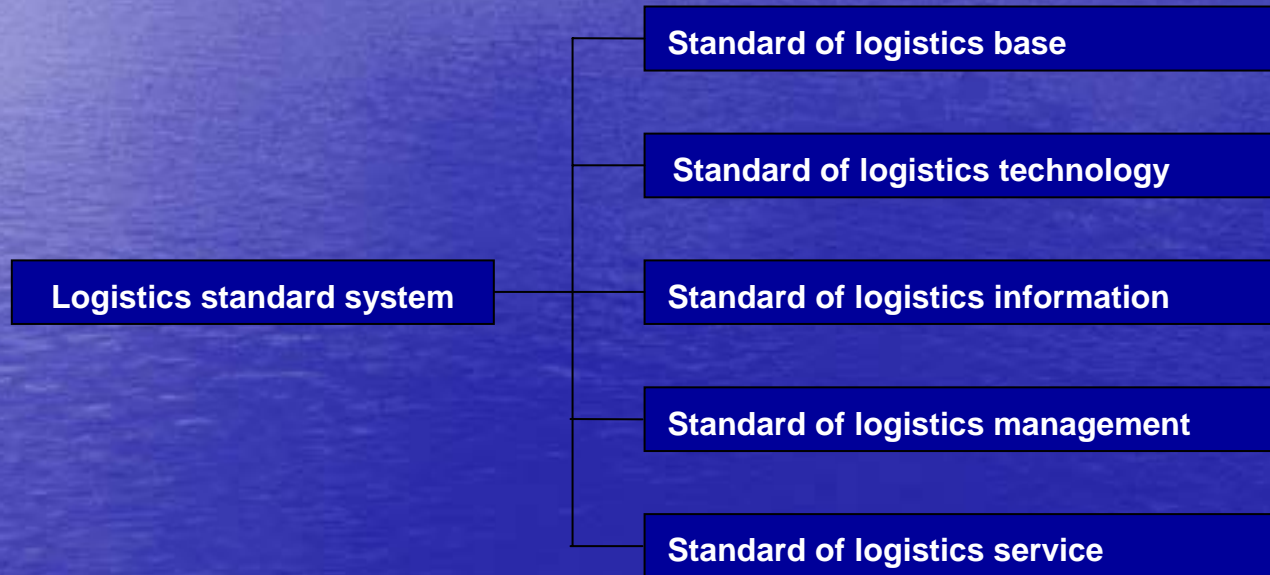


2. Development of logistics standardization in China

- Key items in development programming
 - Basic standards, such as: logistics terms standard
 - Technical standards, such as: logistics operation technique standard
 - Standard of Logistics information, such as: logistics information classification and coding standard
 - Standard of Logistics management, such as: standard of Logistics safety
 - Standard of Logistics service, such as: standard of Logistics quality

2. Development of logistics standardization in China

- Logistics standard system





2. Development of logistics standardization in China

- Future work
 - To revise 33 old standards in five years
 - To constitute 275 new standards before 2010



3. Pallet standardization and Pallet pool system

- Pallet standardization has been attached importance to meet the need of modernization of logistics in China
 - In 2002, China Pallet Association was founded
 - In 2005, research group to revise national standard of pallet was founded
 - In 2006, the national project of revising the national standard of “General-purpose flat pallets for through transit of goods ---- Principle dimensions and tolerances” is started and will be accomplished by Dec. 2006



3. Pallet standardization and Pallet pool system

- Pallet investigation in China in 2005
 - The investigation was carried out by China Pallet Association.
 - More than 60 pallet manufacturing and circulation enterprises were involved in the investigation.
 - The results show that there are dozens of prevalent specifications in pallet circulation.
 - According to the statistics of the total amount of the flat pallet production by the pallet manufacturers from 2002 to 2004, pallets which size 1200x1000mm account for 27.8%. 1100×1100mm 26.42%. 1200×1000mm and 1100×1100mm are also widely used among the investigated enterprises.



3. Pallet standardization and Pallet pool system

- Pallet investigation in Tobacco trades in 2005
 - The investigation was carried out by China State Tobacco Monopoly Bureau to survey the situation of pallet usage in Chinese tobacco industry.
 - Totally 33 tobacco production enterprises responded to the investigation.
 - 19 enterprises use pallet, and totally about 100,000 pallets are used. Among them, 53% of pallets are 1200×1000 pallet while 8% is 1100×1100 pallet.
 - 132 tobacco commercial companies responded to the investigation. 67 companies use totally 68000 pallets, where 28% and 9% of them are 1200×1000 and 1100×1100 pallets.



3. Pallet standardization and Pallet pool system

- To make effort to push the pallet standard proposed by APSF
 - In the new Chinese pallet standard, it is necessary to choose one or two sizes of pallets as the recommended standard pallets.
 - The two pallet sizes of 1200×1000 and 1100×1100 are under consideration.
 - It's expected that, via the construction of Chinese pallet pool system, the recommended standard pallets can be popularized and account for a certain proportion in China.



3. Pallet standardization and Pallet pool system

- Plans for pallet standardization
 - The first draft of the Pallet Standard has been formulated after investigation and discussion.
 - Two seminars within the scope of the industry enterprises will be held before Oct. 2006 in Beijing and Shanghai respectively.
 - Suggestions about the draft will also be collected through the Internet.
 - An expert review meeting will be held before Dec. 2006.
 - The final draft will be submitted to the National Standardization Committee to get approval in Dec. 2006.



3. Pallet standardization and Pallet pool system

- Pallet pool system

Recent years, great importance has been attached to the reasonable use of pallet and the improvement of the efficiency of the logistic system. Government sections and relevant enterprises have paid much attention to the construction of the pallet pool system. It might say that the conditions for China to establish its pallet pool system have been mature. However, as the project is of large scale and great difficulty, and no experiences have been seen in China, it should be carried out prudentially.



3. Pallet standardization and Pallet pool system

- Pallet pool system

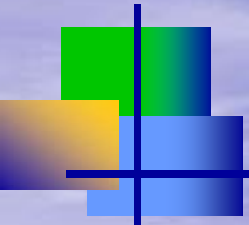
A preparation committee has been organized to push this undertaking at present. Government support and financial support should be won afterwards. Progress plan and organizational scheme are being built. Meanwhile, domestic and overseas shareholders are recruited. Appropriate regions are chosen as the experimental units for enlarging and setting up operation networks.



3. Pallet standardization and Pallet pool system

- Pallet pool system

The modernization of Chinese logistic industry needs the reinforcement of the international cooperation. Since the cooperation of China, Japan and Korea in the pallet field has been lasting for many years, the Pallet pool system in China will be completed earlier if the three parties can plan it together. The foundation of Asian Pallet Pool System Union will facilitate the standardization of the pallet in Asian area and the establishment of the pallet pool system. It will also strongly support the development of Chinese pallet industry.



Thanks