
PORT OF NANSHA

Emerges as the Jewel
of the West Pearl
River Delta



A White Paper by Port of NANSHA, Guangzhou Port Group



Port of NANSHA is the only deep-water terminal serving this crucial manufacturing and trading region, making it a smart choice as an alternative to Yantian and even Hong Kong.

As shippers discovered once again during the U.S. West Coast port slowdown in the winter of 2014/2015, disruptions at ports can have far-reaching effects on even the most efficient and well-planned supply chain. Imports into the West Coast shrank 4.4 percent to \$221.7bn during the month of February 2015 alone, according to data from the U.S. Commerce Department. Further, *The Wall Street Journal* predicted that “the disruption is expected to redraw the trade routes that goods take to reach U.S. factories and store shelves.”

But the importance of having options in ports of *origin*, not just destination, has often been overlooked. Generally, the focus has tended to be on disruptions at U.S. ports that receive imports, but the ever-increasing complexity and time-sensitivity of current international supply chain operations means that shippers should be increasing their options — and therefore their agility in responding to changing conditions — at ports of origin, too.

“To fully manage and utilize your end-to-end supply chain, it’s very important to have strong relationships with both ends,” says, Jeff Evanoff, Inbound Logistics, Bobs Furniture Discount Stores, Inc. “Port of NANSHA has done an extremely good job in helping our vendors deliver our goods, dispatch empties, and provide us with origin port options.”

Improving agility by expanding port of origin choices is just one of the many reasons U.S. shippers with cargo originating in the Pearl River Delta should consider using the Port of NANSHA. The Port represents a compelling alternative to Yantian (Shenzhen) and other facilities in the Pearl River Delta and South China region, offering multiple benefits that include savings in time and money, as well as significantly improved convenience.

A great opportunity

Put plainly, the Port of NANSHA Terminal represents a previously overlooked, yet convenient and lower-cost gateway to the U.S. from the Guangzhou economic area, offering many attractive advantages compared to other ports in the region.

For shippers, benefits include savings of 30 to 50 percent on local dray charges, lower congestion, and shorter transit times between manufacturer and port, compared to shipping from Yantian (Shenzhen).

For carriers, Port of NANSHA represents a lower-cost port of call, as it is owned by Guangzhou Port Group Co., Ltd. — a state-owned entity — meaning services are lower across the board than at Yantian, Chiwan or Hong Kong. The recent consolidation in the carrier market highlights the need for carriers to review every operating option in avoiding losses, and therefore every carrier should consider calling at NANSHA.

“Shippers are realizing that it’s very important to have port of origin options, as well as port of origin relationships,” said John Painter, President and CEO of Guangzhou Port America. “It’s critical to have those options in place.”

Five reasons to choose Port of NANSHA

1. Closer. It is located close to a dense and growing area of manufacture of goods bound for the U.S. market.
2. Faster. The Port is less congested than those in the Shenzhen region, meaning trucks can get in and out quickly — resulting in the chance for two trips a day between factory and port, compared to one per day with other ports.
3. Flexible. It is a true deep-water port, capable of accommodating the largest vessels in service. There are four or more sailings to the U.S. per week, making for flexible scheduling.
4. Customs-friendly. Shippers/forwarders can work with on-site Customs officers right at the port.
5. Cost effective. Saving 30 to 50 percent on drayage charges means lower total landed costs.

Fastest Growing Port in PRD

Port of NANSHA holds the exciting position of being the fastest growing port in the PRD region, with volumes increasing every year since opening in 2004. The port is fully capable of handling the biggest ships on the seas today, and has recently invested in a range of projects — including dredging and terminal facilities — that make it a world-class option. It is now actively courting trade to Europe and the U.S. The Guangzhou government has allocated some \$45m in cash and tax incentives to attract new liner services and increase container volumes over the next two years.

Although the Port of NANSHA handles 13 million containers per year (and growing), its potential to serve the U.S. market is currently under-utilized, giving U.S. shippers the opportunity to gain a competitive edge by embracing the port's advantages. Shippers looking to increase their agility in port of origin choices in the region would be wise to ask their carriers to insert FOB NANSHA into their contract negotiations this year.

In particular, Port of NANSHA offers an irrefutable edge for shippers of goods originating in the rapidly developing trade area around the Western Pearl River Delta, who can thereby increase their options, reduce costs and enjoy enhanced convenience by using Port of NANSHA.

Many manufacturers, including those who make products for the U.S. market, are migrating to the West of the Delta because it is cheaper to produce goods there. The area is already popular with makers of furniture and white goods, but even high-fashion apparel manufacturers are seeing the appeal of the Western region near Port of NANSHA.

Location, location, location...



The NANSHA Terminal of Guangzhou Port is located at Longxue Island in South Guangzhou city, making it the only deep-water container terminal on the west Pearl River Delta (PRD) region.

“Frankly, most U.S. shippers don’t know where the Port of NANSHA is. When they look at a map, they tend to say: ‘Wow, where did this port come from?’” said Painter. “We’re the only port in South China that’s been growing rapidly for the last 10 years, so we must be doing something right.”

Less congestion, shorter transit times

Aside from its unbeatable location, another huge advantage of using the Port of NANSHA is the lack of congestion compared to other ports in the region – with an average 31-minute turn time in 2016. Port of Yantian (Shenzhen),

on the East side of the Delta, is a very high-profile facility, but it comes with a hefty price tag, along with problems of congestion.

As trade routes expand and shift, ports that were once the best option – or, indeed, the only option – in the South China region have become congested. Twenty years ago, Hong Kong was the only game in town, but it became so busy that trade naturally moved to Yantian. As Yantian, in turn, reaches its capacity, trade has shifted to Chiwan. Now, Port of NANSHA is poised to take on the mantle of the port in the region with the best facilities and the fastest throughput.

“Sometimes, when I talk to people about switching to our port, they say: ‘We always do things this way.’ Well, people used to use Hong Kong for all cargo out of China, but that port got congested and expensive, so then Shenzhen became popular. Now, Shenzhen is becoming congested and expensive and we’re positioned very well to be the next smart step for shippers and carriers in the region,” said Painter. Economic activity is constantly migrating west, and we’re the only port in the picture capable of serving that business.”

Although the Port is particularly attractive for cargo originating in the West Pearl River Delta, it is also within 100km of all cluster cities in the Pearl River Delta, making it an excellent hub for the Pan-Pearl River Delta, served by an advanced network of highways and waterways.

World-Class Services



The Port is expanding and investing in its facilities; putting millions of dollars into on-rail access and widening the harbor, making sure it not only serves its customers today, but is gearing up for the future. There is a growing logistics park across from the terminal (on the same site), which has seen rapid growth from logistics providers who want to capitalize on NANSHA growth and the increasing trend of manufacturers moving West. All this points to increased services available from 3PLs in freight consolidation and other operations.

As the market for large shippers continues to expand, they are discovering that the port serving that area, at NANSHA, is fully capable of meeting their needs for export all over the world. Port of NANSHA is ideally suited

to big-box U.S. retailers, and our existing customers include Electrolux, Ace Hardware, Mohawk Carpet, and other household names.

Port of NANSHA currently offers five sailings per week to North America, served by most major shipping lines, including Maersk, CMA CGM, MSC, and COSCO Shipping. The deep-water port already loads the latest mega vessels, such as the *Ben Franklin* (18,000 teus) – whose maiden voyage from NANSHA to Long Beach, CA, was the subject of a video report by Bloomberg News – and has completed an additional 15 mega vessel loads since February 2016. The terminal has excellent equipment and facilities, including cranes that can move containers stacked 180 feet high and 24 boxes wide, as well as on-site Customs, and container freight services (CFS), for packing freight into containers at the port. For carriers and shippers alike, there are cost advantages to the Port of NANSHA being Chinese-owned, therefore offering lower stevedoring and *per diem* demurrage charges.

Improved supply chain options all around

Ocean shipping rates from NANSHA to the U.S. are the same as from other ports in South China, so shippers should ask their carriers to quote FOB NANSHA. With NANSHA in the picture, shippers can explore significant savings and efficiencies in their supply chains. Often, the shipping department may not even know that the sourcing and buying teams have moved their orders over to factories in the West Pearl River Delta area. The chances are that switching to Port of NANSHA would be a simple matter, shortening the supply chain, with all the advantages that brings, including lower landed costs.

Many U.S. retailers are under pressure to lower their carbon emissions, so another advantage offered by the Port of NANSHA is that shorter drayage times to this well-located port will make a difference in fossil fuel consumption and therefore carbon footprint, as well as saving money.

The global reach of Port of NANSHA is growing. Following the success of the company's Northeastern U.S. office, opened in early 2016, the New Year brought the announcement of a further new office in The Hague in The Netherlands, to serve and foster European shipper customers for the Port. Port of NANSHA is set to redraw the map when it comes to trade with Asia, provided a world-class, convenient and non-congested facility for shippers and carriers serving trade not only within Asia, but also from Asia to Europe, the Mediterranean, the U.S. and the rest of the world. Early adopters who recognize this opportunity and capitalize on it will gain significant competitive advantage.

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