

SPONSORED SUPPLEMENT: SHIPPING & LOGISTICS - JAPAN

ClassNK delivers full range of services to meet client expectations

Established in 1899, Nippon Kaiji Kyokai (ClassNK) has developed an international reputation for safeguarding life and property at sea, preventing marine pollution, protecting the marine environment and supporting the development of "green-shipping".

ClassNK provides clients with a full range of services, including classification and statutory surveying, registration of ship safety management systems, auditing and consultation services, material and equipment approvals, certification of quality, environmental and occupational health and safety management systems.

At the end of January it had 7,718 ships totalling more than 195 million gross tonnage on its register, which is approximately 20 per cent of the world's classified merchant fleet.

Today, ClassNK is the world's largest ship classification society on a per-tonnage basis, and international shipowners are keen to partner with ClassNK and apply for the highest standards of classification.

Headquartered in Tokyo, ClassNK also maintains an independent research centre in nearby Chiba prefecture. The society has also expanded its international footprint to include almost 100 international offices, 11 of which can be found in China.

Noboru Ueda, chairman and president of ClassNK, recognises that the society's growth in China is due to the continuing growth of the Chinese shipbuilding industry.

"China is the world's largest shipbuilder and our goal is to expand our share of the Chinese market by promoting to shipyards and shipowners, the high quality of service that we provide," he says.

Shipowners on the mainland account for approximately 20 million tonnes on the society's register. This translates to more than 10 per cent of the total tonnage registered with ClassNK, and ClassNK's registered share of newly built vessels in China has expanded rapidly over the past several years.

ClassNK's research, services and classification standards are unmatched in the industry. The society's attention to detail in the surveying procedure continues to gain international recognition.

"In order to ensure that new vessels are built to the highest possible standards, we assemble teams, including naval architects, to inspect the hull, mechanical engineers to survey the machinery and electrical engineers to appraise the electrical installations. Our teams stay on site for several months in order to survey the vessel throughout the construction process," Ueda says.

Since ClassNK established its first office in Hong Kong nearly 40 years ago, Hong Kong and the mainland have remained important markets for the society. "As we look to the future, we expect Hong Kong to become an increasingly important market for ClassNK," Ueda says.

www.classnk.or.jp



Noboru Ueda, chairman and president

Collaboration and expertise lead to maritime success

As an industrial export powerhouse, Japan has a reputation second to none. The country has manufactured every conceivable mode of transport, from green hybrid vehicles, groundbreaking Shinkansen trains, high-performance MotoGP motorcycles and even a significant portion of the Boeing 787 Dreamliner.

As the first country in Asia to develop its own shipbuilding industry, Japan is continuing to build on its reputation as a pioneer in the international shipping industry.

When the shipbuilding industry in Japan achieved international recognition in the 1970s, South Korea was one of the first nations to identify the industry as a driver for their own economic growth.

It took decades for the country to overtake Japan as the world's largest shipbuilding nation, which it finally accomplished in 2003. China began its own manufacturing of vessels in the 1990s and is expected to overtake South Korea in the next few years and become the largest shipbuilding nation by gross tonnage.

While the quality of new buildings in China has increased significantly, Japan's "quality first" credo and dedication to environmental technologies has enabled it to remain a significant player in the industry, despite increased international competition.

"Craftsmanship plays a very important role within Japanese culture and this is reflected in our shipbuilding industry. Japanese shipyards only hire the most highly trained expert craftsmen to work on their vessels," says Hiroaki Sakashita, deputy director-general of the Maritime Bureau of the Ministry of Land, Infrastructure, Transport and Tourism.

Japan's Asian neighbours continue to build low-costs vessels and with the appreciation of the yen against the dollar, high material prices and increasing labour costs, Japan's shipbuilding industry faces many challenges.

"To remain competitive in the world market, Japanese shipyards are continuing to build highly sophisticated, quality vessels that are equipped with the



Japan continues to build on its reputation as a pioneer in the international shipping and logistics industries.



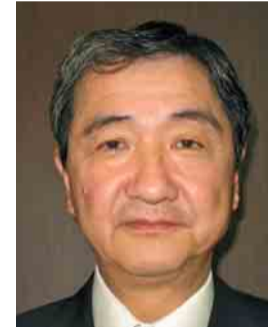
Hiroaki Sakashita



Masahiro Akiyama



Shoichi Kitamura



Makoto Igarashi

latest innovations in industry technology," Sakashita says.

Recent innovations have focused on green shipping, an aspect of the industry in which Japan has remained a leader. Conceptualisation and development of new categories of vessels have included

reducing CO₂ emissions. Mitsubishi Heavy Industries has finalised a conceptual design for a new Panamax containership vessel which reduces CO₂ emissions by 35 per cent. IHI Marine United has developed a design for a 13,000 TEU-class type container ship which reduces greenhouse gas emissions and cuts fuel consumption by 30 per cent.

In order to further drive innovations, almost all Japanese shipyards collaborate with industry associations, universities and think tanks. An example is the Ocean Policy Research Foundation which develops new technologies to reduce emissions and improve vessel efficiencies.

"In order to reinforce Japan's competitiveness within the global shipbuilding industry, we undertake comprehensive research and prepare major studies on ocean policy and maritime technology. We also encourage international co-operation and facilitate open dialogues on industry developments," says Masahiro Akiyama, chairman of Ocean Policy Research Foundation.

Solutions developed by the maritime cluster which lead to safer and greener

technologies are being applied to supporting industries.

The Japan Marine Equipment Association consists of almost 300 members. Accounting for a significant portion of the supply chain, the association's members support initiatives towards cleaner technologies.

"Our members are some of the most respected companies in their fields and supply the shipbuilding industry with high quality, innovative environmental technology solutions," says Shoichi Kitamura, executive managing director of the Japan Marine Equipment Association.

Member companies include manufacturers of diesel engines, navigational equipment, shaft and propeller systems, deck and marine auxiliary machineries and marine boilers. "What helps drive our industry is the close collaboration between the various actors within the sector. While 90 per cent of Japanese shipowners order from local shipyards, 95 per cent of Japanese shipbuilders order from Japanese equipment manufacturers," Kitamura says.

As an export-driven economy with high levels of imported foreign goods,

Japan depends heavily on its shipping and logistics sectors – the country's commercial fleet is the largest in the world. NYK Line, K Line, Mitsui OSK line and Nippon Express remain some of the biggest names in global shipping and in addition to their well-established global networks these giants provide a vital link from Japan to the world.

"When discussing the significance of international shipping in terms of our own economy, China is perhaps Japan's single most important market," explains Makoto Igarashi, vice-president of the Japanese Shipowners' Association. "Our shipowners have a long history of conducting business in China and they are continuing to secure long term contracts with companies engaged in steel, chemicals, power plants and other industries."

As bilateral trade between the world's second- and third-largest economies continues to grow, so too does China's coverage of the entire shipping industry's supply chain.

Japanese marine equipment and machinery manufacturers, shipping houses and logistics companies have a significant presence in China.

Most companies have multiple offices throughout China and some Japanese shipyards have manufacturing capabilities there.

Trading companies such as China & Japan Marine Industries, Kyushu-based logistics provider GENEQ Corporation and shipbrokers Matsui recognise the advantages of working closely with the mainland.

"I believe the Chinese economy will continue to grow," Sakashita says. "In order to sustain the country's expected growth, it is essential to further develop the cooperation which has been established between Chinese and Japanese companies."

Last year, the International Maritime Organisation's 40-member council elected Japan's Koji Sekimizu to the position of secretary-general.

"This appointment is very significant for Japan and the rest of Asia as Sekimizu is the first Asian to be elected secretary-general. We are proud of the fact that Asian countries are increasing their representation in the organisation," Sakashita says.

Throughout Asia and the rest of the world, opportunities for the industry to come together in major maritime hubs are highly anticipated. SEA Japan 2012 takes place in Tokyo from April 18 to 20 and is seen as platform for Japanese maritime companies to showcase their latest technologies and establish partnerships.

"Working alongside one another within the maritime industry has enabled Japan to remain competitive. We have the desire to push the limits of technology and seek new business opportunities. In addition, strengthening our relationship with China is very important for the future of our industry," Sakashita says.

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www.yusen-logistics.com

Yusen Logistics drives trade

The major drivers for NYK Group's logistics business, NYK Logistics and Yusen Air & Sea Service, have integrated under a single brand, Yusen Logistics. Long-term global partnerships, sophisticated information technology platforms and unparalleled service quality today position the company as a leader in international logistics.

Japan spearheaded the new brand in October 2010 and integration on the mainland will take place this year.

Yusen has been established for more than 30 years in Hong Kong and, today, Yusen Logistics has positioned itself as the ideal partner offering world-class ocean, land and air transport expertise. Established in 1885, NYK, one of the world's most trusted names in shipping and logistics, has worked alongside Yusen since 1955.

Today, customers recognise the benefits of working with Yusen Logistics as the two founding companies have developed a wealth of experience working together.

Covering 37 countries, Yusen Logistics focuses on airfreight forwarding, ocean-freight forwarding, land transport and



Yusen Logistics is committed to Hong Kong.

contract logistics in five strategic regions – Japan, the Americas, Europe, East Asia and South Asia and Oceania.

As an international logistics provider, Yusen Logistics understands the importance of providing clients with a high-quality, "made-in-Japan" approach

to its services in order to distinguish the company from other logistics groups.

Yusen Logistics is committed to the expansion of its business within the Asian region, particularly on the mainland and Hong Kong, as the company recognises the importance of Hong Kong's geographical position as a regional hub.

April last year saw Yusen Logistics (Hong Kong) initiate operations focusing on freight forwarding (air/ocean) and contract logistics.

As one of the most exciting, energetic business areas in the world, the port plays an important role in Yusen Logistics' future strategy for the region.

Yusen Logistics' commitment to Hong Kong is set to continue through the company's new Hong Kong warehouse facility, due to open next month.

As China's consumer market develops, Yusen Logistics is poised take advantage of the increased inland opportunities by reinforcing and expanding its network from Hong Kong into the western areas of the mainland.

www.yusen-logistics.com

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Quality networking in China

Headed by remarkable growth in China, the economies of the region remain prosperous. As Western countries continue to post minimal economic gains, the shift in global trade towards Asia is being helped by regional supply and demand dynamics. Eight of the 10 major ports in the world are located in East Asia, the largest of which is Shanghai, followed closely by Singapore and Hong Kong.



Jiro Nakamura, executive vice-president and chief managing officer

Global logistics providers play a crucial role in helping with the flow of goods between cities and countries in Asia. As China's growth continues to generate a wide variety of logistics services, Nippon Express has established local hubs in China to form a country-wide network specifically designed to satisfy these requirements.

"Considering the amount of trade and container movement that takes place in the Asian region, the expansion of our logistics services in China and the Asia-Pacific region has become one of the main pillars of our global strategy," says Jiro Nakamura, executive vice-president and chief managing officer of Nippon Express.

Divided into a global five-hub system (the Americas, Europe, East Asia, South Asia/Oceania and Japan), Nippon

Express' global network is extensive. The company is present in more than 394 locations in 37 countries and understands customer requirements within the global logistics sector better than most.

Switching transport from land, rail and air, referred to as "modal shift", is often the most cost-effective and fastest way for clients to move goods. Nippon Express promotes co-operation between

companies and has successfully implemented numerous cases of modal shifts throughout its global five-hub system.

Established in 1979, Nippon Express' Hong Kong office has been at a leading position in the company's operations for the entire East Asia region. Excluding Japan, the combined size of Nippon Express' facilities in Shanghai, Hong Kong and the rest of China represent more than 50 per cent of the company's total facilities in Asia and Oceania.

"China is a vitally important market for Nippon Express and is of key strategic importance for us," Nakamura says. "Hong Kong's geographic position as a gateway to the Chinese mainland and its role as a regional hub for Southeast Asia encouraged us to strengthen our position in Hong Kong. The new warehouse facility which we recently opened clearly demonstrates the commitment we have to our customers in Hong Kong."

Its ability to attract foreign direct investment has led to a huge number of international companies establishing offices and facilities in Hong Kong. As a logistics hub, Hong Kong requires a tremendous capacity of warehouse

facilities. In order to manage the movement of goods and meet client needs, Nippon Express uses just-in-time (JIT) delivery and vendor-managed inventory (VMI) systems. In addition to packing and price ticketing services, the company also presents customers with Rewards – a patented global inventory management system with additional value incentives to customers who use Nippon Express' warehouse services.

In addition to Hong Kong, the company operates other warehousing facilities with logistics capabilities in major cities on the mainland such as Shanghai, Beijing, Shenzhen and Guangzhou.

Nippon Express' China-centric Asian expansion prompted the company to develop SS7000, an overland transport network extending more than 7,000 kilometres between Shanghai and Singapore. This corridor uses a vast trucking transport network through major cities across Asia. "The purpose of building an intra-regional supply chain is to provide our customers with multiple low cost integrated solutions to help them reach core markets," Nakamura says.

Eventually, more regions on the mainland will open up and present



Opening ceremony of Hong Kong Unified Nippon Express Cargo Terminal (HUNT)

opportunities which Nakamura intends to capitalise on, "We closely follow the progression of China's growth and see the country continuing its role as an important economic player. At Nippon Express, we look forward to expanding our services to the growing number of developing Chinese cities."

Through its extensive global network

and comprehensive transport solutions, Nippon Express is committed to strengthening its position as a total logistics provider.

"We will continue to develop Nippon Express as a best-in-class logistics solutions provider. Adding value to our products and services will be done so in line with keeping costs low. Our business

in the mainland and Hong Kong represents a significant part of our global business and we will remain committed to expanding the quality of our services as we continue to work closely with our partners and customers throughout China," Nakamura says.

www.nipponexpress.com

Closer co-operation helps strengthen maritime ties

With the continued growth of China's shipbuilding industry, opportunities for Japanese maritime product manufacturers are on the increase. Japanese marine equipment manufacturers typically sell products directly to Chinese buyers or through distributors in China. For close to a century, The China & Japan Marine Industries company, based in Kobe, has developed a different strategy by positioning itself as a specialised trader of marine products.



Hiromasa Sai, president

Originally founded in 1915 and re-established in 1949, the company name illustrates the strong ties the company has with its trade partners in Hong Kong and the mainland.

The China & Japan Marine Industries president, Hiromasa Sai, says: "We initially established business ties with shipowners in Hong Kong through our partnership with Kawasaki Heavy Industries. Our business expanded once we began selling diesel engines, propellers and other marine equipment to the mainland. As our trade with China developed, so did our footprint throughout the region."

In 2006, the company established Senkori Trading, a consolidated subsidiary in Dalian, a main city and seaport in Liaoning province, northeast China. Branch offices were opened in Nantong in Jiangsu province in 2008 and Shanghai in 2010.



"The competitive advantage we have is that we are an established and specialised trader in marine products. This allows us to offer our customers tailored solutions in order to meet client expectations. Instead of visiting several different suppliers in Japan, customers can purchase their products directly from us. We also offer warehousing and logistics services to our customers, which enables us to perform as a one-stop-shop offering a complete solutions package for all our customers in China," Sai explains.

The China & Japan Marine Industries company deals in the highest quality products from the most reputable Japanese companies. Partners include machinery, hull and electric outfitters, marine paint manufacturers, catering equipment firms, electric cable producers and soot-removal system suppliers.

"We aim to focus on environmental technologies and vessel efficiency in the future," Sai says. "Japanese manufacturers are spearheading this essential aspect of the maritime industry through innovative product developments. As The China & Japan Marine Industries company moves forward, we intend to supply our valued customers in China with 'green' products as we continue to work ever more closely together."

www.sai-g.co.jp

Customers appreciate a total support company

Cargo ships, large deep-sea fishing boats and other types of vessels, all require their high-powered engines to run efficiently, cleanly and without incident.

Established as a manufacturer of diesel-powered engines, Yamaoka Hatsudoki Kosakusho (Yanmar) is today celebrating 100 years as an international maritime leader. Yanmar Engineering, established in 1958 as a "total support company", aims to assist customers with the maintenance, management and repair of Yanmar diesel engines installed in their vessels.

In order to train and assist customers, the Yanmar Engineering head office in Amagasaki, Japan, incorporates a technical training school (TT school) offering novices and fully-fledged engineers the most advanced and extensive training curriculum combining theory and practice.

"Every year, we have hundreds of customers visit our training school to train with the latest and largest Yanmar diesel engines. We expect to train 350 customers this year," says president Kentaro Tsudaka. "Once they have completed their training, our customers essentially become Yanmar engineers. They are instructed on the principles of diesel engine design and construction through to the dismantling and assembling of our engines."

In order to be closer to their customers, the company has expanded its network of training schools to include China and the Philippines. "In addition to our overseas

offices in Taiwan, Greece, the United Arab Emirates, North America and Hong Kong, we are opening a fourth training school in Mumbai this year. Due to increased demand, we expect further expansion of our TT schools in the future," Tsudaka says.

"This year, our Hong Kong subsidiary office is celebrating its 15th anniversary. Hong Kong is a very important market for us because of its geographic location and proximity to the mainland and Southeast Asia," Tsudaka explains. "As Hong Kong is a maritime centre, many ship management companies have offices located there. Our customers in Hong Kong include local players, Japanese and European ship management companies."

In order to support customers with vessels out at sea, the company launched "ships supporter". This advanced Engine Management System uses the Inmarsat satellite system to manage engines in ocean-going vessels. "From our Ships – Support Center in Japan, our engine manufacturing specialists are able to monitor an engine's condition and performance and provide customers with a range of diagnostic services and technical support," Tsudaka says.

With 1,000 ships expected to use ships supporter from now until 2015, Yanmar Engineering is dedicated to providing the best solutions to customers worldwide.

www.yanmar-e.co.jp



Kentaro Tsudaka, president

Complete 'logistics' provider



The most southwesterly of Japan's four main islands and the country's third-largest land mass is the island of Kyushu. With its proximity to China and the rest of Asia, Kyushu is known as the "gateway to Asia" and has developed strong trade ties with markets throughout the region.

Kyushu has been home to GENEQ Corporation, one of Japan's leading logistics services companies, for more than 50 years.

GENEQ is focused on harbour transport, coastal cement shipping, distribution, customs clearance, warehousing and international shipping. Since 1989, the corporation has developed particularly strong ties to the growing Chinese market through its maritime transport services.

"We play an increasingly important role in Japan-China trade," explains Masahiro Aoyama, president of GENEQ. "We established the Acacia Line in 2000 to service sea freight between Dalian and ports in Japan."

"In 1986, we were the first Japanese



Masahiro Aoyama, president

logistics provider to establish a general logistics company (Dalian Youyi Container Freight Inc) in the Dalian Development Zone. This company enables us to provide our clients with integrated transportation services to and from inland China."

While competition and lower cost offerings from local Chinese players represent challenges, GENEQ is the only Japanese company operating in the area. This position has given the company a competitive edge by enabling GENEQ

to showcase its expertise and excellence of service – both qualities which are associated with Japanese companies.

"Our aim is to grow our business in China and to offer potential customers the value-added services we are in a position to provide," Aoyama says.

"Our Japanese customers recognise our abilities and our strong client focus. We intend to share our expertise and skills with our customers in China."

The company's Japanese client base includes sanitary goods manufacturer TOTO, leading food and beverage companies such as SUNTORY, and semiconductor and air conditioning manufacturers.

GENEQ also handles the transport of Toyota's automotive parts to manufacturing facilities in Kyushu.

GENEQ intends to develop its reputation while continuing to operate from Kyushu's major international ports of Moji and Hakata and Fukuoka airport.

As the company's business concept – total logistics – indicates, GENEQ is committed to providing land, sea and air transport in order to deliver complete customer satisfaction.

www.geneq.co.jp

Matsui aims for stronger Sino-Japan ties

Shipbrokers act as intermediaries between shipowners, charterers, buyers and sellers of ocean-going vessels. Japan and China's ocean-going trade links remain as important as ever and understanding the opportunities to collaborate is the key to success.

Japan's economic power has increased through the country's ability to develop strong foreign trade links. As Japan and China continue to benefit from their close ties, ship broking continues to play an increasingly important role.

Shigeru Matsui, chairman of Matsui & Company, says: "As Japanese shipbrokers, it is essential for us to build solid relationships with shipbrokers in China. We have established a strong China network and continually work towards developing our partnerships."

Matsui & Company's services include new-building contracts, sales and purchase, and tanker-chartering brokers in China. "We need the right approach,



Shigeru Matsui, chairman

reliable connections and close partnerships. I am an advocate of Sino-Japan relations and fully expect our countries to work ever closer in the future," Matsui says.

As lines of communication improve

between Japanese and Chinese brokers through open dialogue, there is an expectation that both countries can work in partnership to make improvements within the shipping industry.

Having been active in the maritime industry for more than 40 years, Matsui has developed lasting friendships. During his career, he has also brokered deals with international players such as Teekay Shipping, ExxonMobil, Valero and Hong Kong-based Wah Kwong Shipping.

"Matsui & Company has been doing business with Wah Kwong Shipping for many years and we remain committed to this partnership – we want to build on this relationship," Matsui says.

"We encourage other shipbrokers in Japan to establish ties with our friends in China as we believe this will strengthen the Japanese shipping industry."

www.matsui-tokyo.com

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New facility is 923,000 sq. ft (Opened Feb 6, 2012)

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