

The Second Industrial Revolution

The Propeller Club, Basle

21st March 2005

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**Commodity prices soar:
one country's demand fuels record bull market**

Rural-urban population shift largest ever seen

Manufacturing transformed by advances in technology

The Superpower Of The New Century

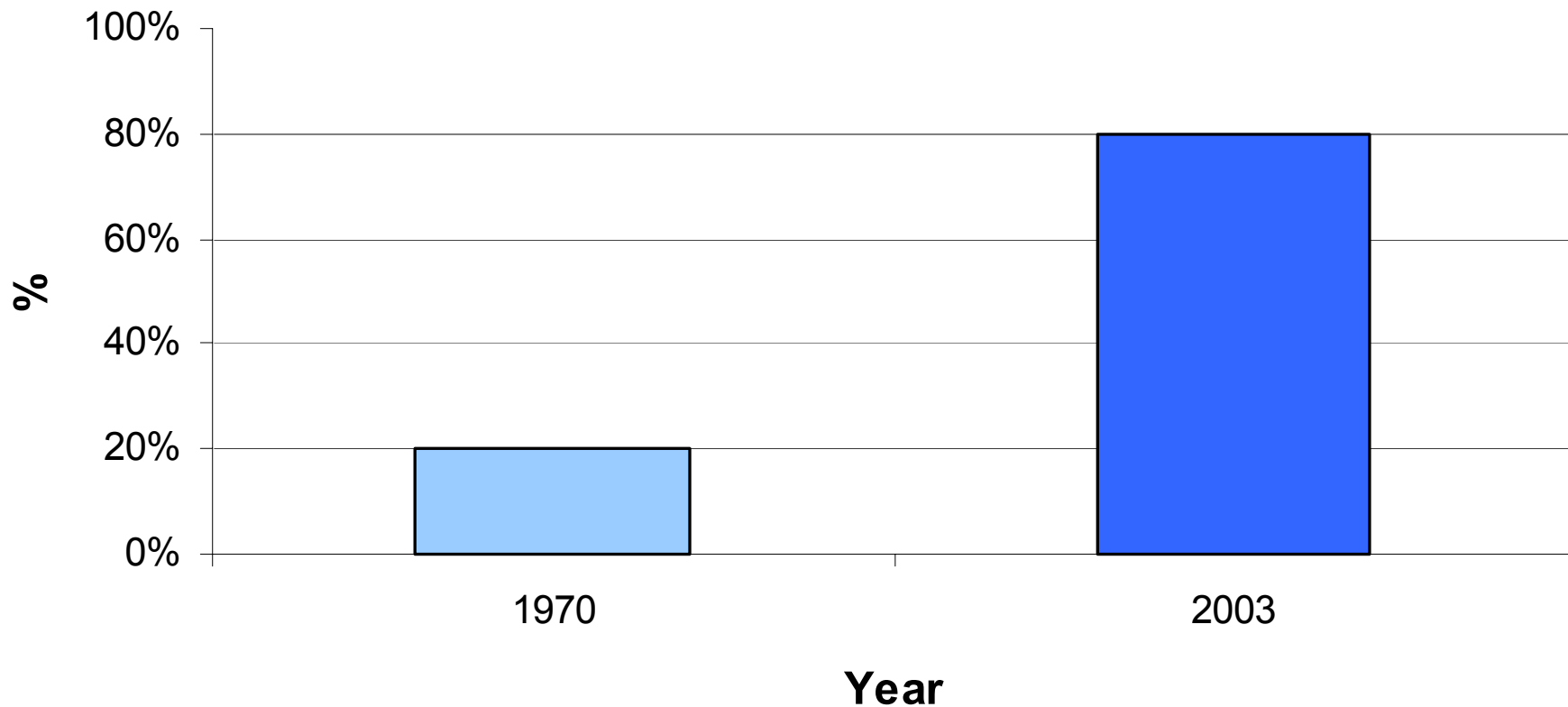
Cities growing at phenomenal pace

Transport Developments Promote New Global Trade Patterns

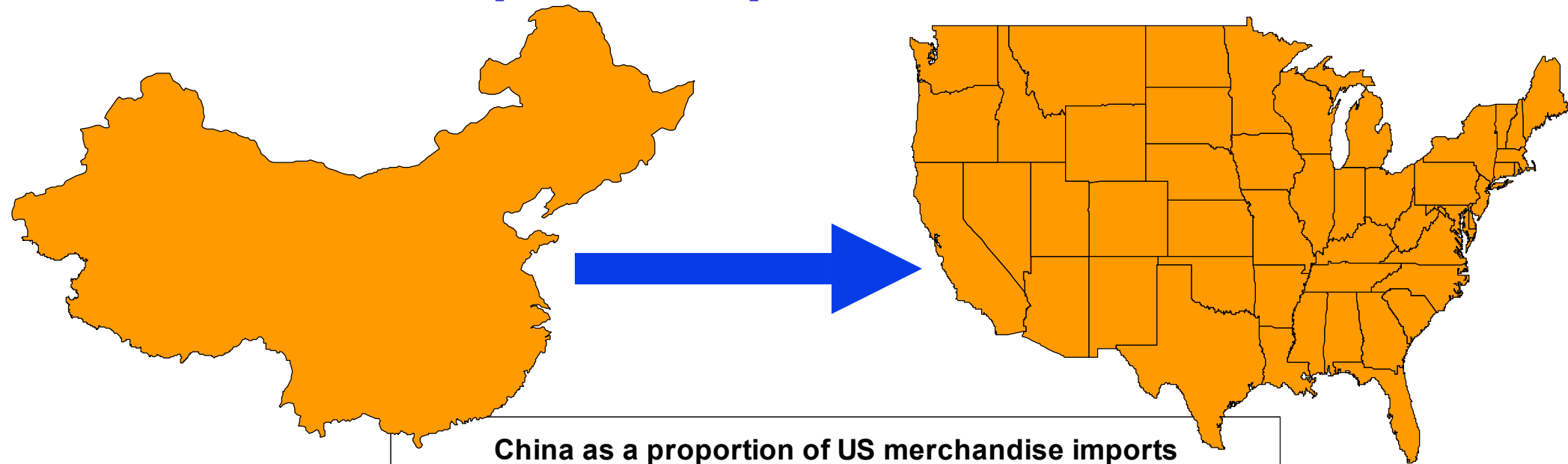


The increasing importance of trade in Asia

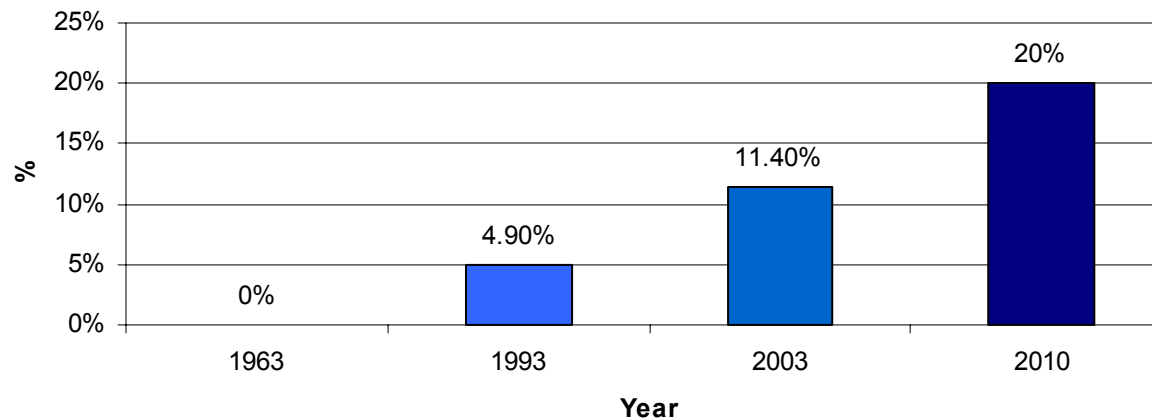
Exports & imports as a proportion of East Asian GDP



Main growth has been Trans-Pacific (so far)



**China as a proportion of US merchandise imports
(by value)**

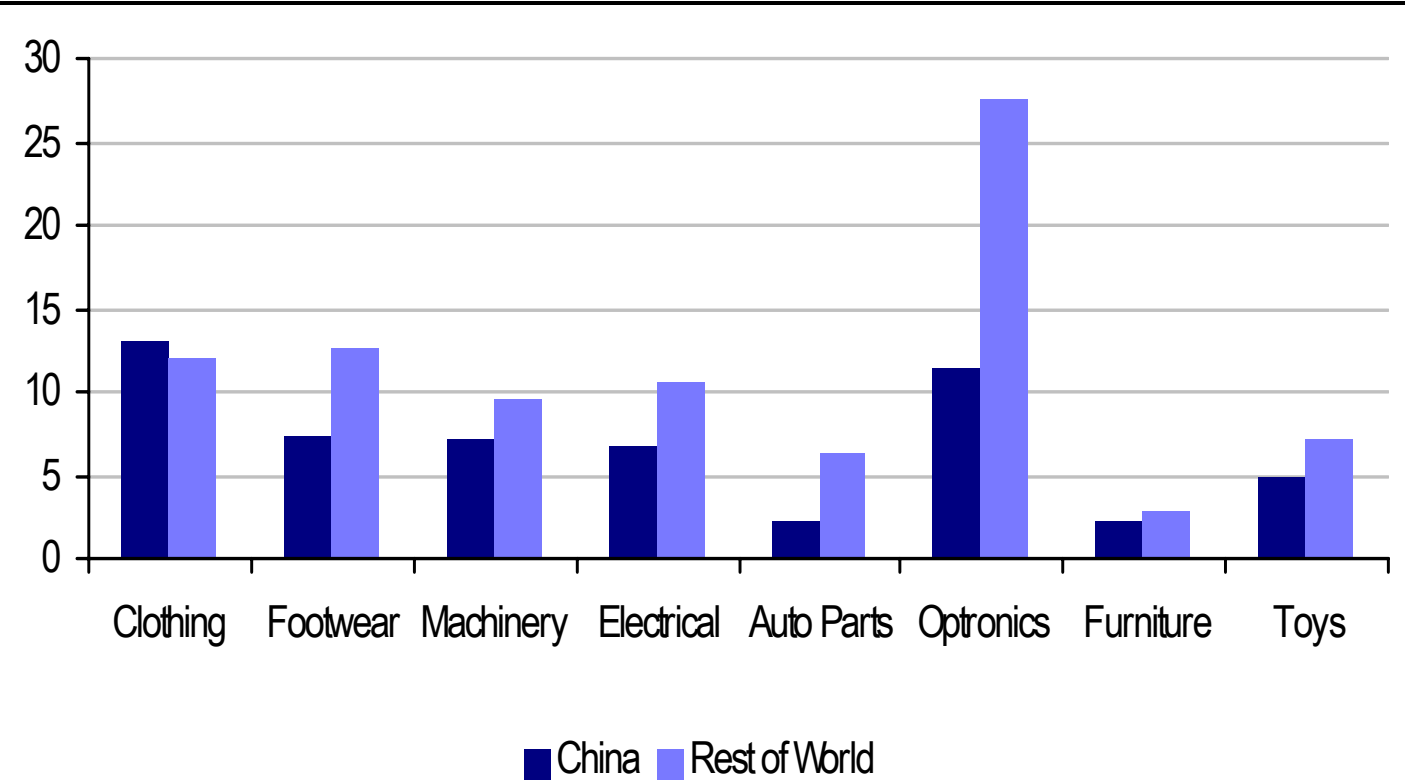


Illustrated by Shanghai's growth



Outsourcing costs less

Average US sea import cost (US\$/kg) by industry from China versus RoW in 2003

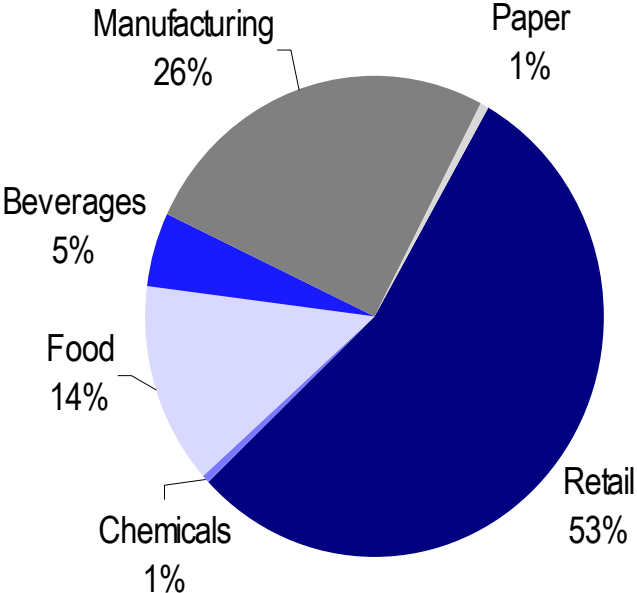


Source: US Census Bureau, UBS



Competitive advantage

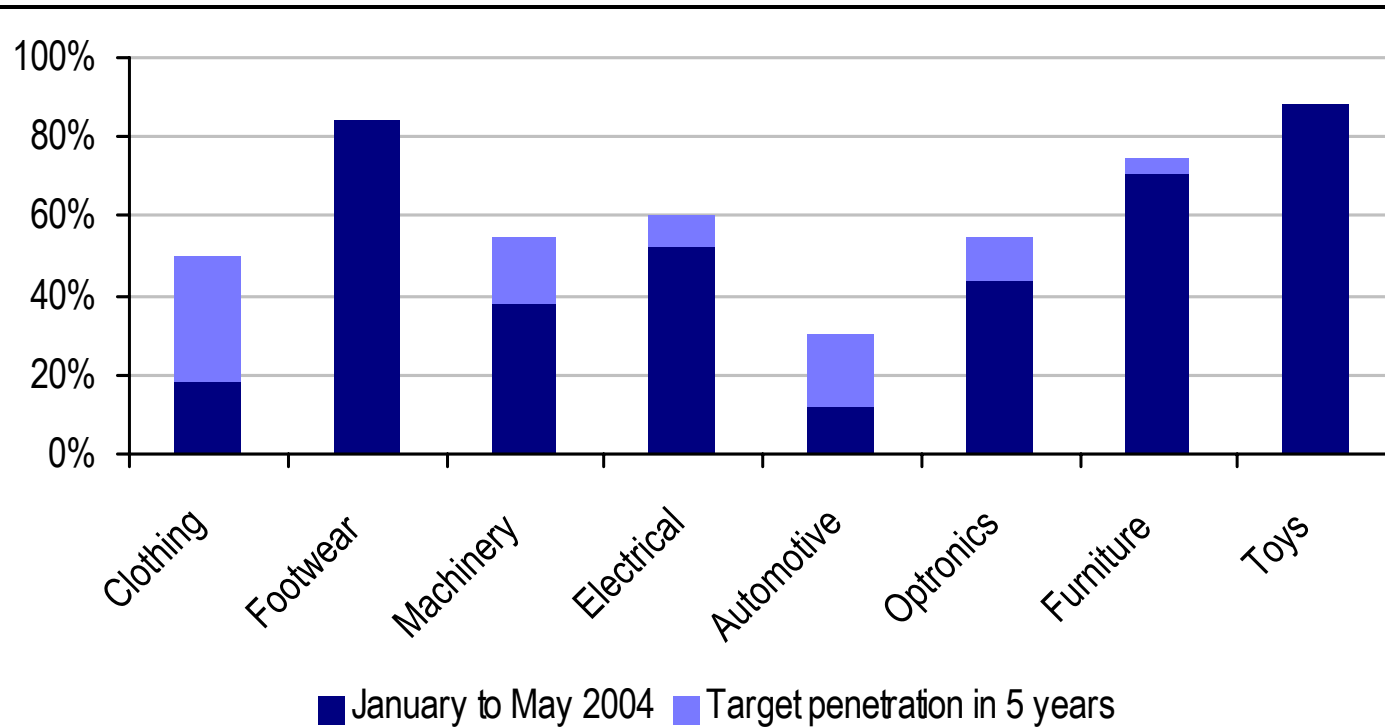
Industry breakdown of top 50 US importers, 2003



Source: Journal of Commerce, UBS

Moving up the value chain

Current and estimated Chinese share of US sea imports

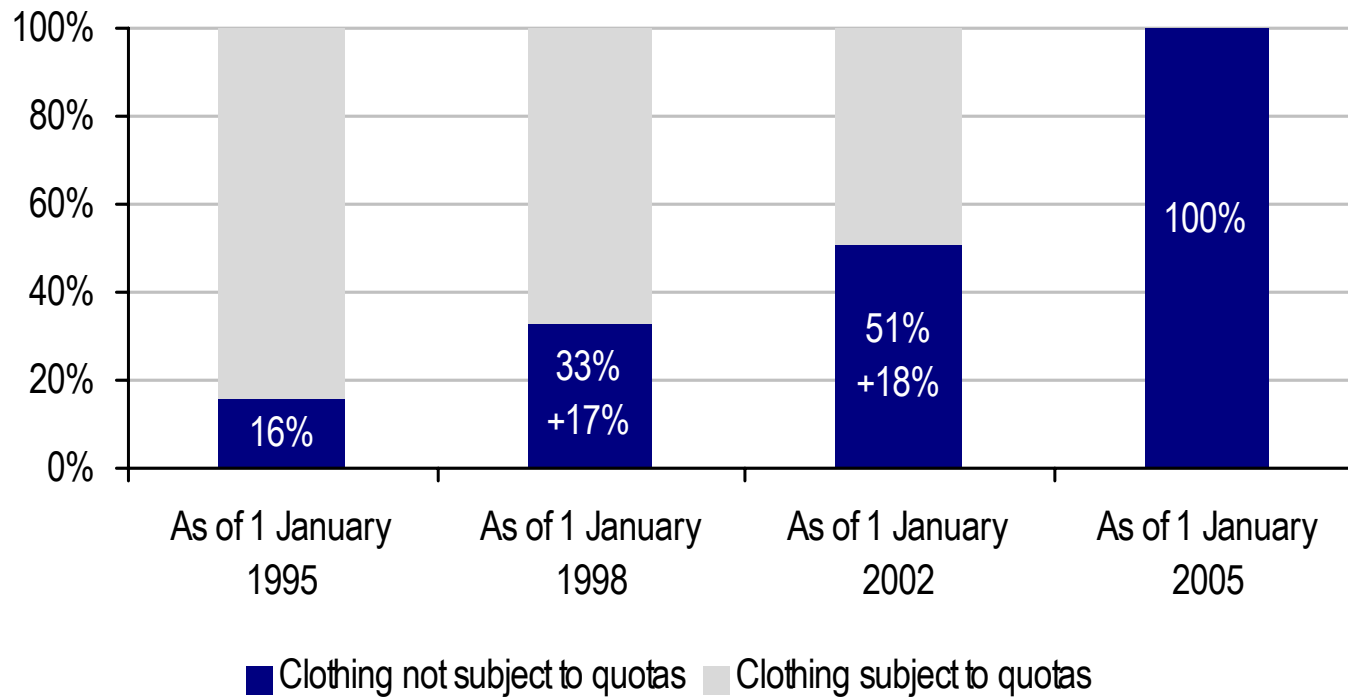


Source: US Census Bureau, UBS



Reduction in quotas

Proportion of clothing exports to Canada, EU, US included in WTO quota and tariff elimination agreements

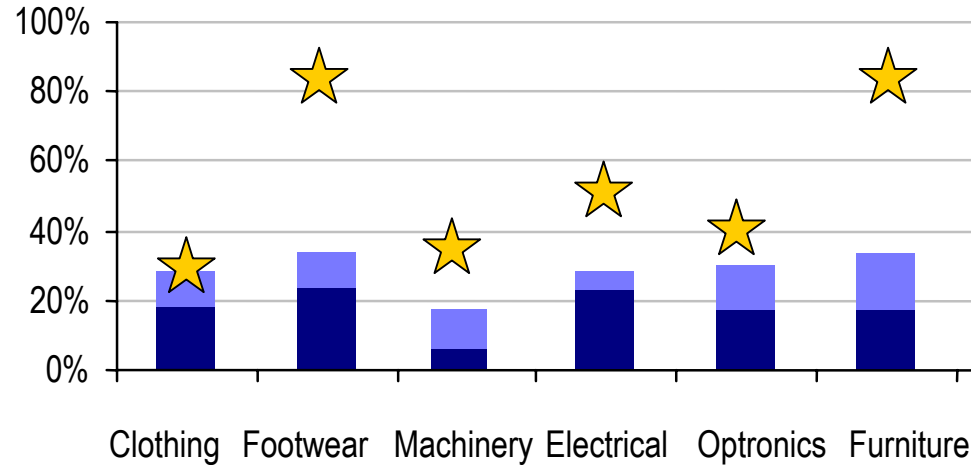


Source: WTO, UBS



Europeans now outsourcing

Current and target market share for China in European import market



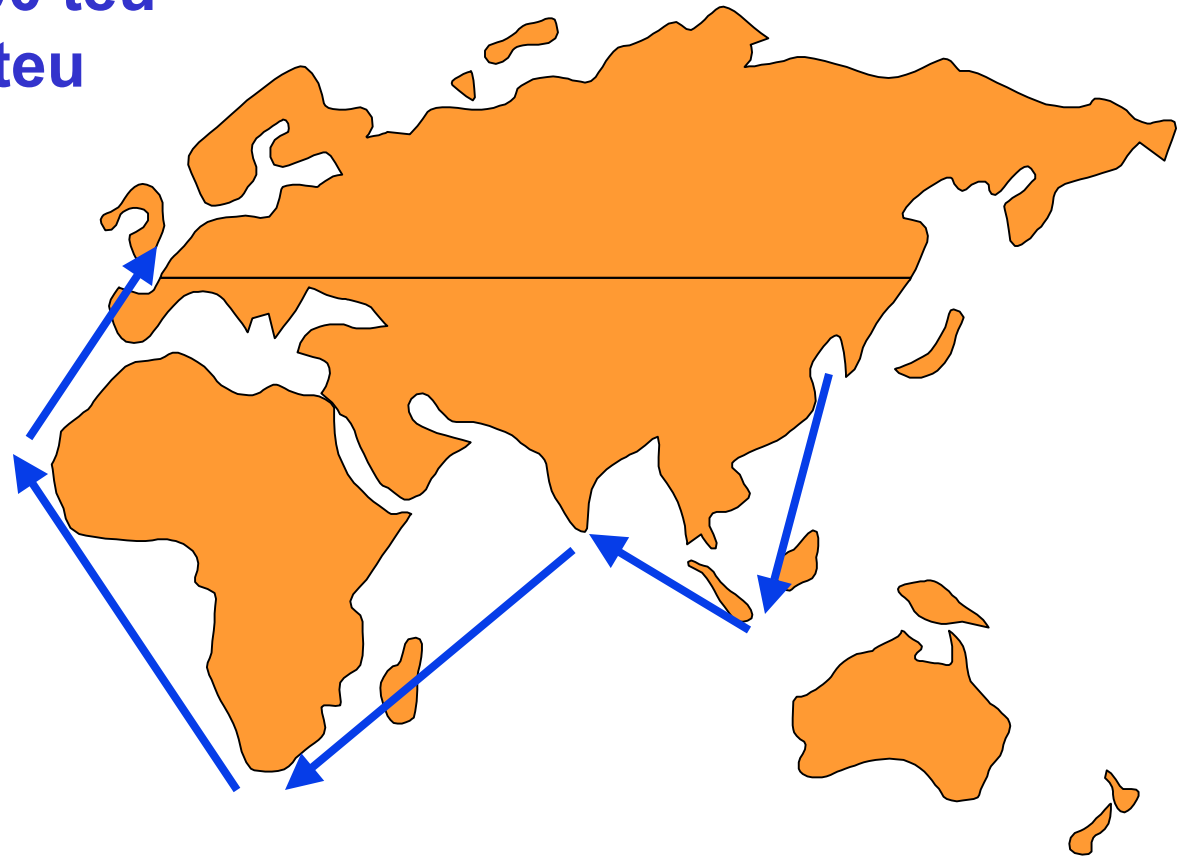
■ January to May 2004 ■ Target penetration in 5 years ★ Current US import levels

Source: US Census Bureau, UBS



Asia - North Europe trade: 1965

Total trade: c200,000 teu
China Volume: c8,000 teu



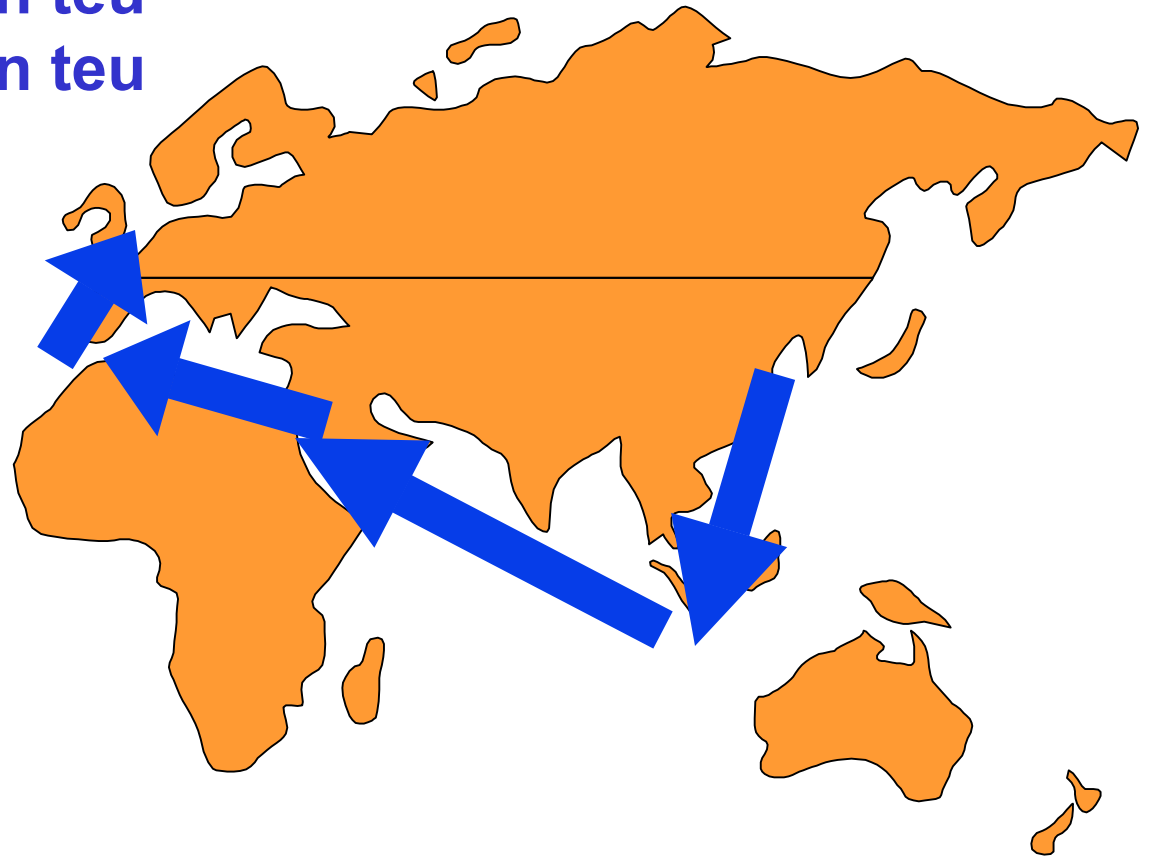
Pembrokeshire

- 172 metres
- c600 teu
- 120 days via Cape
- 3 round trips p.a.



Asia - North Europe trade: 2004

Total trade: c6 million teu
China Volume: c3 million teu

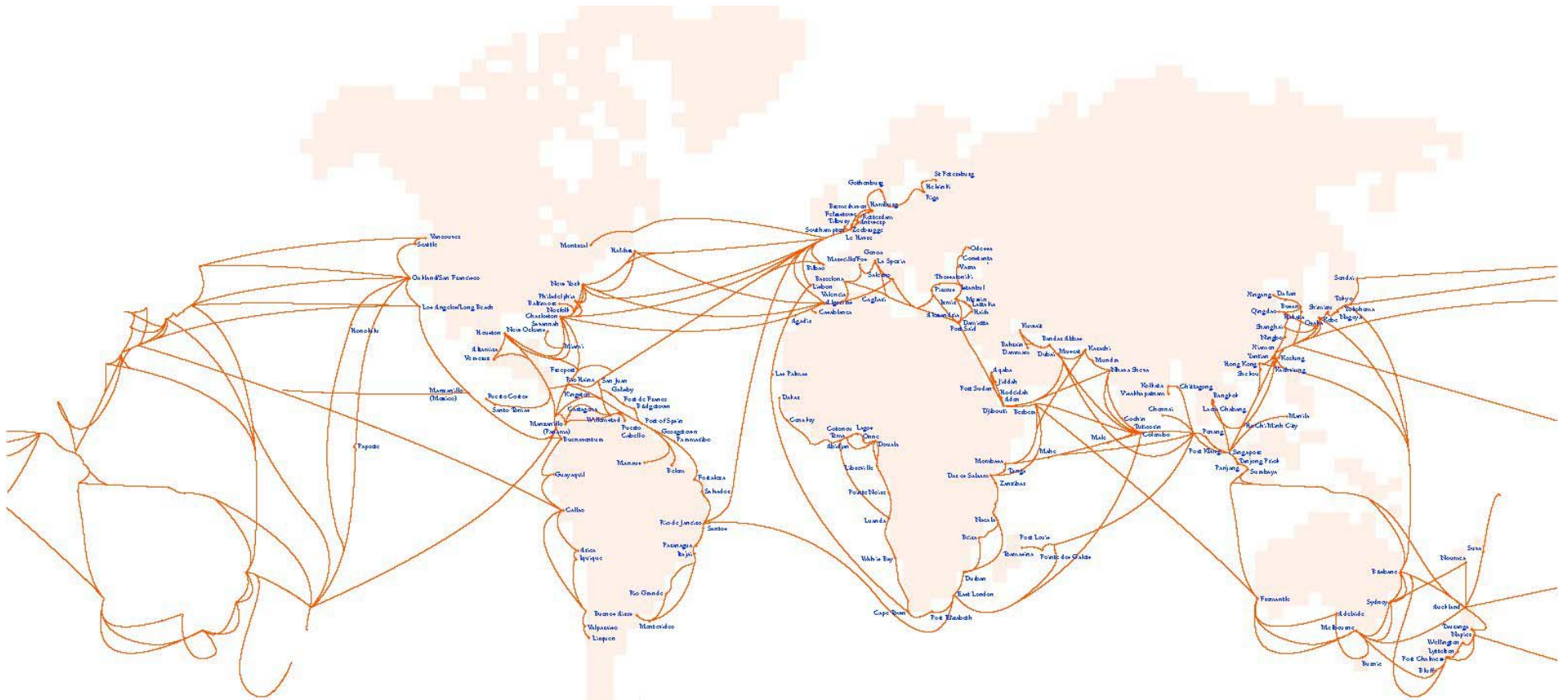


Mondriaan

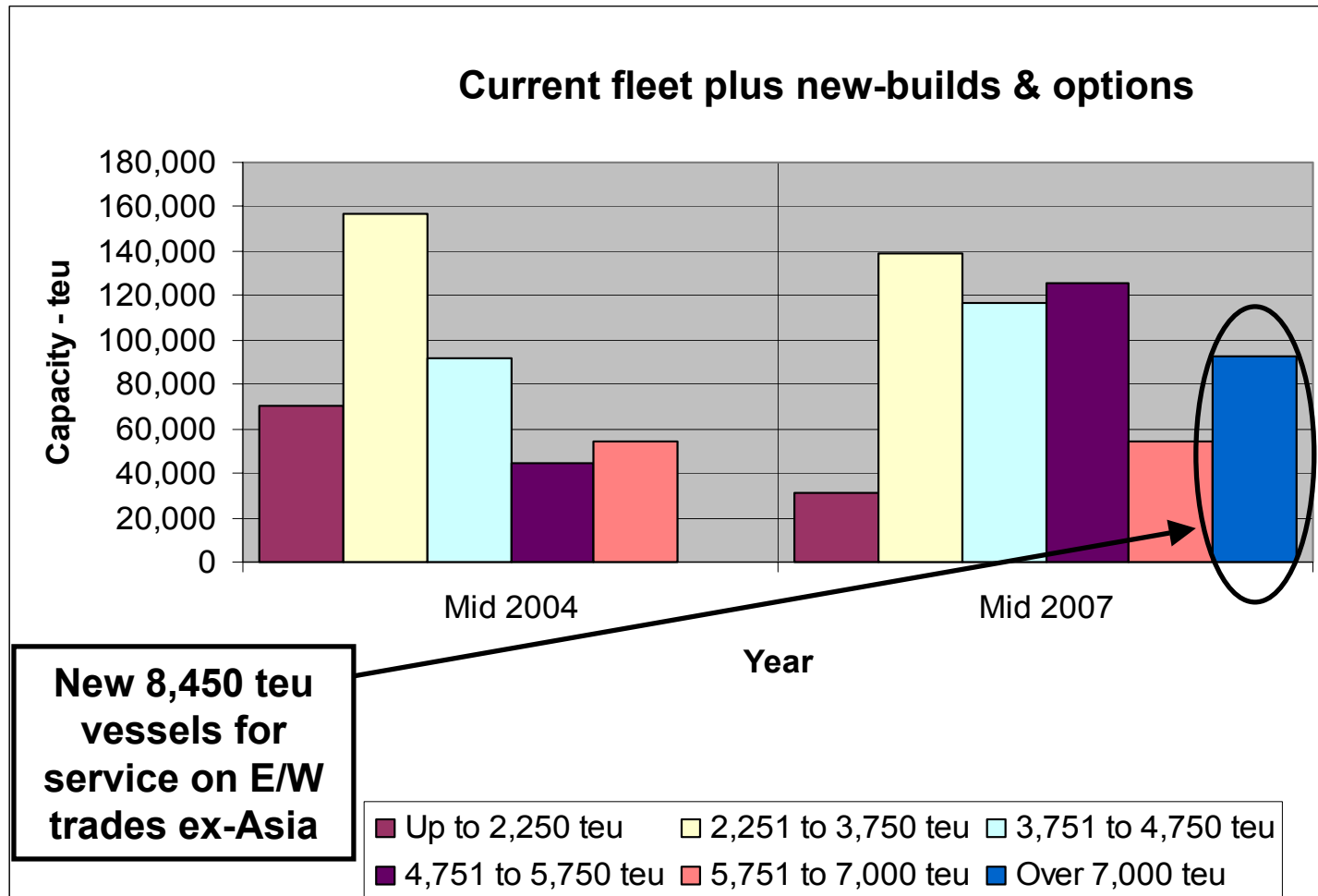
- 335 metres
- 8,450 teu
- 56 days via Suez
- 6 round trips p.a.



P&O Nedlloyd Global Network



PONL will employ scale & capital on key routes



Becoming best in class

- Vision and Values
- Change of culture
- Customer focus
- Staff engagement
- Shareholder value



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