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FREIGHT

DHL sees strong US-China goods movement in 2018

Growth thanks to e-commerce, despite rise of trade war, logistics company chief reveals

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The movement of goods in the US-China trade corridor remained "very strong" for DHL Express last year, even as the trade war between the world's two largest economies escalated, according to John Pearson, the logistics company's chief executive.

Pearson, who took over in January after more than three decades at the firm, said e-commerce activity made up for what "would otherwise be a subdued trading" environment between China and the United States.

"When you are all things to all people, all industries, all products and all channels, there are going to be things that are fairing better when other things aren't. E-commerce continued to trade well up to and including 2018," Pearson said. "We remain optimistic, as we do with Brexit, that the trading environment will return to a more positive platform."



DHL handles nearly a million packages a day.

DHL Express is the international delivery arm of Deutsche Post DHL Group. It handled nearly a million packages a day in its core on-time delivery service, which it calls time definitive international.

Revenue in the Express' Asian operations rose 3.3 per cent to €5.74 billion (HK\$50.64 billion) last year, its slowest growth in five years.

By comparison, revenue increased 8.2 per cent in its European operations and 9.5 per cent in its Americas business last year.

Overall, Express reported that its 2018 profit from operations, or earnings before income tax, rose 12.7 per cent to €1.96 billion.

Last year, the US imposed tariffs on nearly half of all goods imported from China as part of an effort to force Beijing to change years of what US President Donald Trump has called unfair trade and industrial policy.

China's exports fell unexpectedly in December last year and dipped sharply in January and February. However, they jumped 14.2 per cent last month as analysts pointed to seasonal distortions following the Lunar New Year holiday and possible intervention by the Chinese government.

Pearson, who ran Express' European operations from 2010 to last year, said it was "very difficult" at the moment to assess the impact of the US-China tariffs.

"For every one negative or protectionist trade environment you might find, there's one or two positive stories," Pearson said. "I believe business and trade are self-resuscitating. It's a hackneyed phrase, but global trade is 'too big to fail'. 'I have' and 'you want' tends to win out."

Pearson noted that when he took over the European operations in 2010, the news was full of "depressing stories" about the economies of Italy, Portugal and Spain.

Journalists kept asking him at the time "how come you're talking about double-digit growth when everything is so gloomy?", Pearson said.

"Those economies very quickly identified that they needed to export their way out of trouble because their domestic markets were so subdued."

Pearson said he was "very positive" about the Asia-Pacific region and the potential for growth in intra-Asian trade as the region's middle class expanded.

Express employs about 26,000 people in its Asia-Pacific business and flies more than 1,000 delivery flights a day.