8-25-2018

The driving force analysis of the overseas ports invested by Shanghai international port group

Yuewen Hu

WORLD MARITIME UNIVERSITY

Shanghai, China

The Driving Force Analysis of the Overseas Ports Invested by Shanghai International Port Group

By

HU YUEWEN

China

International Transport and Logistics

2018

Declaration

I certify that all the material in this research paper is not my own work has been identified, and that no material is included for which a degree has previously been conferred on me.

The contents of this research paper reflect my own personal views and are not necessarily endorsed by the University.

HU YUEWEN
2018.06.01.

Abstract

Shanghai International Port (Group) Co. Ltd. is China's largest port enterprises. As the main mode of implementing international strategy, exploring the overseas markets in the global perspective is the inevitable choice for realizing the vision of SIPG. The industrial expansion of the terminal and related businesses is an important platform for SIPG to create value for its shareholders. The implementation of the international strategy aims at cultivating the international operation ability, enhancing the international management level and gradually forming a trans-regional and multinational operation pattern that radiates the domestic and international markets.

The international strategy of SIPG is mainly to lock in mature terminal assets. Compared with the rapid deployment of the "Yangtze River Strategy", the international strategy of Shanghai International Port Group has implemented steadily very much. Standing on the level of listed companies to consider, SIPG's international strategy will both obey the national interest and pursue some necessary economic returns. Under such a prudent idea, SIPG currently has a total of two overseas investment projects. One is the Zeebrugge Harbor project at the APM wharf in Belgium and the other is the Haifa New Port project in Israel, which is independently funded by SIPG. Both belong to the important node of the "Belt and Road".

KEYWORDS: overseas markets, international strategy, important node

Content

1. Introduction

1.1 Research Background

On the southeast coast of the Mediterranean, Haifa Bay Newport in Israel is under construction. After its completion, the wharf has a total length of 1,500 meters and a designed annual throughput of 1.86 million TEUs. It will be Israel's largest seaport. SIPG has been granted the right to operate 25 years of Haifa New Port since 2021. This is an important breakthrough made by Chinese enterprises in their cooperation of the "Belt and Road" node port. For SIPG, building Haifa New Port into an international shipping center facing the world is an inevitable choice for the national strategy of "One Belt and One Road". On the other hand, Zeebrugge wharf has been in operation for eight years and has played a significant role in the development of Shanghai Port in recent years. As a result, SIPG has deepened its strategic links with the shipping lines of Asia-Europe shipping companies and established a good cooperation mechanism with other terminal operators in the world, accumulating rich experience in the project. Geographically, Zeebrugge Harbor is the end of the Asia-Europe route and the export of the European side of the Silk Road. It is at the hub of the shipping systems of Western and Northern Europe. Haifa New Port radiation throughout the Middle East and Eastern Europe, after completion of all, the terminals estimated annual throughput of 1.86 million TEUs, accounting for at least one-fourth to one-third of Israel's national container throughput.

In recent years, SIPG has focused on the overseas investment in terminals. The main direction is the mature terminal assets. Since 2008, the financial crisis has had a great impact on the overall shipping market. However, the terminal assets have shown the property of avoiding risks. In the future, with the initiative of “Belt and Road”, SIPG will continue to increase its overseas investment.

1.2 Research Purpose

The main goal of this dissertation is to analyze the reasons why SIPG will choose these two ports. In this dissertation, the author mainly analyzes and discusses the driving forces of the overseas ports invested by SIPG. In order to achieve this purpose, the problems to be solved are as follows.

1. Studying the reasons why the SIPG chose to deploy these two ports instead of the other ports is a major issue. There are many ports in the world. In order to expand the distribution point of overseas layout, the decision of selecting these two ports worth exploring.
2. What happens to the port network after the layout? In other words, after the layout, It is also worth exploring what changes are made to the development of the Shanghai International Port Group.
3. What method can be used to reflect the data and how to analyze? This whole process is the author's main content.
4. In the end, what are the advantages and disadvantages of these two ports invested?

1.3 Research Methodology

It is crucial to analyze the overseas strategy of SIPG from a number of driving forces. The shipping company is the client of the port. If the shipping company invests in the port, then the shipping company can benefit from the profit of the port. This dissertation mainly uses qualitative and quantitative methods to analyze and discuss Haifa Bay New port and Zeebrugge Harbor. By comparing the capacity of each port and the influence of each driving force on the port, author analyzes the two ports chosen by SIPG.

1.4 Literature

For the Chinese coastal port enterprises, "going global" has long been the key measure of strategic development for the purpose of seeking a broader space for development and obtaining a higher return on investment.

SIPG has been promoting the layout of overseas investment and expanding international operation network. In 2010 they tried to cooperate with Maersk to invest Zeebrugge Harbor in Belgium. Despite its small investment, the terminal has provided important experience and resource reserves for the follow-up overseas operation of SIPG.

On May 28, 2010, SIPG formally announced that it has acquired 25% of its stake in Zeebrugge Marina in Belgium with EUR 27,162,500 from Danish A.P. Moeller-Maersk Group, becoming the second largest shareholder of the terminal company. This is the first time that SIPG has participated in overseas terminal companies and is also the first overseas investment project of Chinese ports.

Zeebrugge Harbor, located in Belgium, is one of four deep water ports on the North Sea coast of continental Europe. It is the Europe's largest gas port and liquefied gas import port. It is also the sixth largest container port in Europe. Zeebrugge terminal company is one of the container terminals in Zeebrugge Marina, which is 100% owned by APM Terminal, a unit of Maersk.

As early as September in 2006, SIPG had signed a cooperation agreement with Maersk Line for the Zeebrugge wharf project in Belgium. Later because of the financial crisis, this project was temporarily shelved. After that, world port shipping industry are undergoing positive changes. SIPG said that this participation mark one of the company's three major international strategy has taken a substantive first step.

Not long ago, SIPG obtained the terminal franchise of 25 years from 2021 in Haifa New Port, Israel. Outstanding container terminal operating advantages make SIPG stand out. At the time of bidding, Israeli government has high hopes for the strategic future of Haifa New Port.

They hope that the Haifa Bay can develop into 'Barcelona of Israel', which means that the Haifa New Port Terminal will have the capacity of handling the world's

largest container ship and the maturity of operating experience. This is exactly what SIPG specializes in.

As the world's No.1 container port, Shanghai Port completed a total container throughput of 35.285 million TEUs in 2014. The Group's single-dock company has annual work volume of over 8 million TEUs. Moreover, Shanghai Port single bridge crane annual workload of more than 200,000 TEUs, which is twice the world average. In addition, Shanghai Port also owns an independently developed container terminal operation information system, which has resulted in the standardization of work processes in the organization and management of container operations.

In the design of Haifa New Port, SIPG also fully considered the application of automation technology and introduced the construction of the fully-automated terminal technology of the fourth phase of Yangshan Port. It is precisely because of the above factors that Israel handed the franchise to SIPG, cooperating to create the largest hub in the Mediterranean.

Under the agreement, the basic part of Haifa New Port will be completed by Israel, and SIPG will be responsible for the facilities construction, mechanical equipment configuration and routine operation and management of Haifa New Port. The first phase of the project will build 800-meter quayside. After two phases completed, the total length is 1500 meters. After all the terminals are completed, the designed annual throughput capacity is nearly 2 million TEUs, which will become one of Israel's largest deep-water terminals.

Geographically, Haifa New Port Terminal is located on the southeastern coast of the Mediterranean Sea, next to the Suez Canal and across the sea from the port of Piraeus, Greece. It is an important hub for the global shipping logistics chain. Israel is currently planning to build a high-speed rail link to the Red Sea and the Mediterranean Sea. After completion of the railway, Haifa Bay will be located in the center of the Mediterranean and the Red Sea’s freight passage. So the seaborne cargo from Asia can be transported directly to the Mediterranean seaport by rail and then transported to Europe. At that time, Israel will become China's trade channel

exporting to Europe.

Based on this, SIPG decided to turn to Haifa New Port Terminal for seeking a more substantial economic return. At present, the group has started to contact the shipping company to discuss market development and route setting preparations. According to SIPG, the supply of Haifa New Port can be mainly divided into the local cargoes imported and exported by Israel and the transit cargoes passed through Haifa Port to other countries. In the operation of Haifa New Port, the Group will use its own technical experience and industry influence to attract more international transshipment cargo to Haifa New Port on the basis of ensuring the efficient and smooth operation of local cargoes in Israel.

It is no accident that SIPG won the bidding of the Haifa New Port Terminal because of its strong internationalization strategy, behind which is their clear plan of expanding overseas investment and developing their internationalization in the future. The subsequent investment in Haifa New Port is a further attempt by SIPG on the international path to promote the business linkages between Shanghai Port and the relevant national ports along the 21st Century Maritime Silk Road.

Shanghai port now has close business ties with most large-scale ports in the world, including Haifa New Port. After investing in Haifa New Port, it will be beneficial for SIPG to further extend its service network and integrate more closely into the global logistics service network.

In the next step, the Group will continue to follow up on a series of overseas port logistics investment projects, further expanding industries of investment projects and finding suitable investment opportunities in the areas of finance, trade, e-commerce and information technology.

2.Analysis of Shanghai International Port Group and potentially acquired ports

2.1 The objective of SIPG

It takes SIPG 7 years to overturn the global container port pattern and firmly occupy the first place in the world. It is another seven years from the first declaration of "going abroad" to the beginning of the announcement of port diversification transformation. What seems to be behind the coincidence of time is not simple. SIPG's goal is not only to make money, but also to make a layout. Internationalization strategy is the next priority of SIPG. In the face of both weak growth and overdraft of throughput capacity, the simplest way is to expand throughput capacity and increase throughput. But the old approach seems a bit outdated, at odds with Shanghai Port and China's port industry. Shanghai International Port Group has been aware that the traditional port operation model would be difficult to operate for a long time, so they began to deploy overseas early. Strategically, SIPG complies with the national policy. In accordance with the internal planning of SIPG, the basic pace is intensifying investment in overseas ports in the next three to five years in order to complete terminal operator transformation all over the world. SIPG gradually enter the overseas market and integrate the port logistics resources, and eventually form the basic network that radiates to Asia, Europe and some developing countries and regions. It is clear that if this strategic alignment is finally completed, SIPG will form a big game of chess. Now Shanghai Port is in the important turning point, so transformation from a port operator to a global terminal operator is a qualitative leap. The attempt of SIPG have certain security, because SIPG has the world first-class port facilities and operation ability after years of development. Moreover, SIPG accumulated a certain ability to do some investment and financing, and its credit is good. Since SIPG has ability, ambition and determination, the overseas investment trend is inevitable.

2.2 The introduction of Haifa New Port and Zeebrugge Harbor

Haifa, the port city of northern Israel, is the third largest city in Israel after Jerusalem

and Tel Aviv. To its west is the Mediterranean Sea with its back to the Carmel mountains. Haifa means beautiful coast. The railroad between Damascus and Haifa was completed by the end of the 19th century. And Haifa became a modern city after the Jews emigrated to Haifa. The city covers 60 square kilometers and has a population of 280,000 (in 2011). In addition, the metropolitan area has a population of 1,039,000. Iraq and Saudi Arabia have pipelines to ship to the port. The port was expanded in 1930 and is now the largest port in the Palestinian territories. Railways and roads connect the mainland. The city can be divided into several districts where Arabs mainly live and Herzl street where the Jews live.

Israel's port authority had previously announced that Shanghai International Port Group (SIPG), the operator of Shanghai port, China's largest port, had won the bidding to build a new port in Haifa. Construction is expected to begin this year and will operate in 2021. According to Yisrael Katz, Israel's minister of transportation, the entry of international terminal operators into the Israeli port market marks an important turning point in Israel's development. “Winning the bid by the Chinese team will certainly enhance the competitiveness of Haifa port,” he stressed. “The port of Ashdod and the port of Haifa will operate according to international standards, and the Israeli transport ministry and the Israeli port company are confident that they will be the engines of Israel's economic growth”.

The climate is mild and pleasant, and it is a famous tourist destination on the eastern coast of the Mediterranean Sea. Industry mainly includes oil refining, pharmaceutical, chemical fertilizer, plastic, rubber products, weapons, shipbuilding, automobile assembly, electrical manufacturing, wireless, cable, construction materials, textile, food and other departments. So it is the main distribution center and important port of Palestinian agricultural and mineral products because of its commercial prosperity.

Zeebrugge harbor is a port city in the western of Belgium, which is close to the North Sea. It has a 10-kilometer canal (with a surface of 69 meters and a water depth of 7.8 meters) that connects with Brugge. When entering the port, it needs to pass the Zander Fairway. It is an important fishing port and oil import port. Its throughput is second only to Antwerp, so it is Belgium's second largest port. Zeebrugge is governed by

Brugge and belong to its outer port. It is very close to the United Kingdom, so it has been the place of transportation connecting the around place since ancient times. Today, there are still ferry connections between Zeebrugge and the British ports of Hull and Dover.

The port is building two new container terminals, meaning that the port depends on container transportation for most of its growth. Traditionally, Zeebrugge harbor has mainly carried out ferry transportation and transportation between offshore ports. At present, it has taken advantage of its geographical convenience to vigorously develop ocean transportation. Maersk group has developed a versatile new terminal according to Albert phase II project. The first phase project added 900 meters of coastline, and purchased 5 new over - panama type bridge crane with an extension of 65 outreach. The project has been completed in May 2006. PSA HNN not only invested in the equipment of container terminals in Zeebrugge harbor, but also expanded Albert II. After the expansion, the car ro-ro dock is located on the inner side of the port, while the container terminal is located on the outside. The new terminal will be put into use in the second half of 2007. The director of Zeebrugge harbor said that several shipping companies have already expressed interest in entering the port. Maersk Shipping Group has opened routes to the far east, India and South America. The port of Antwerp is interested in forming a Belgian port alliance with the port of Zeebrugge to promote both development.

Figure 1– World's major shipping routes

Source: World shipping ports introduction

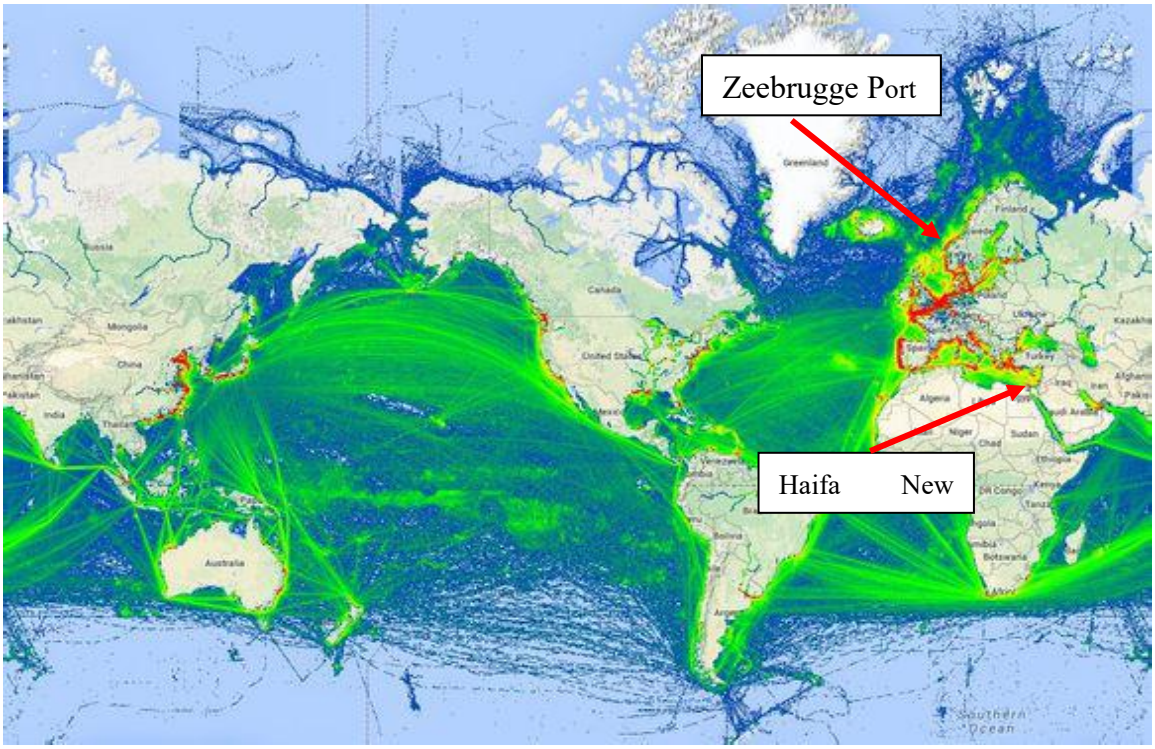

Figure 2– Port density in the world

Source: World shipping ports introduction

The above is the situation of Haifa new port and Zeebrugge Port and other overseas ports, including the world's major shipping routes, major seaports and Port density.

The first graph is the route distribution. The second picture is the port density. In the first picture, the green line represents the routes. It is easy to find a lot of routes in northwest Europe. The region where Zeebrugge port is located mainly has a lot of import and export trade with the American market, and the route density is also quite large. Many important ports are clustered here. The location of Haifa new port not only connects two major plates in Europe and Africa, but also is an important hub port. Through this hub port, the various coastal ports in Europe, Asia and Africa are closely linked to form a systematic route. This is the purpose of SIPG—— Overseas distribution and connection of various busy fulcrum ports. Therefore, there are many quantifiable goals. Strategically, the state advocates that goods flow without borders. In order to strengthen economic trade and enhance economic strength, type of goods and the flow of goods are worth discussing. They are closely connected with the ports of investment. The greater the flow of goods in a region, the more trade there is in imports and exports, and the more routes there will be. The layout of these nodes will bring great benefits. In terms of layout， the geographical location of the ports and substitutability of port are the most important two content. If the location is a transportation fortress and there are no other ports (or very few ports) to replace it, such ports are our key investments. In terms of return on investment, throughput, port capacity and value added of a port are directly linked to benefits. The ultimate purpose of investment is to get income, and several aspects related to the return on investment are worth exploring.

Therefore, these two ports have their own characteristics and advantages. What are the reasons why Shanghai port group chooses these two ports? I will provide analysis and discussion to solve the following problems:

*Why did the SIPG choose these two ports?

*Which mathematical method can be used to solve the problem?

* How to process and reflect data?

* Is it possible to predict future port development?

*Draw conclusions about investing in these ports.

3. The driving forces Impacting the Haifa Bay New Port and Zeebrugge Harbor

3.1 Goods flow from strategic level

It is important to forecast and analyze the market situation of the goods through the new port of Haifa. The competitiveness of a port mainly depends on the throughput of the port. Only when the port is under use can its value be realized. The port of Haifa is still in preparation, but it can be predicted according to its location and surrounding conditions.

It is easy to know oil, pharmaceutical, chemical fertilizer, plastic, rubber products, weapons, building materials, automobile assembly, electrical manufacturing, wireless, cable, construction materials, textile, food, Palestinian agricultural commodities, grains and so on are all important transportation of goods in this area.

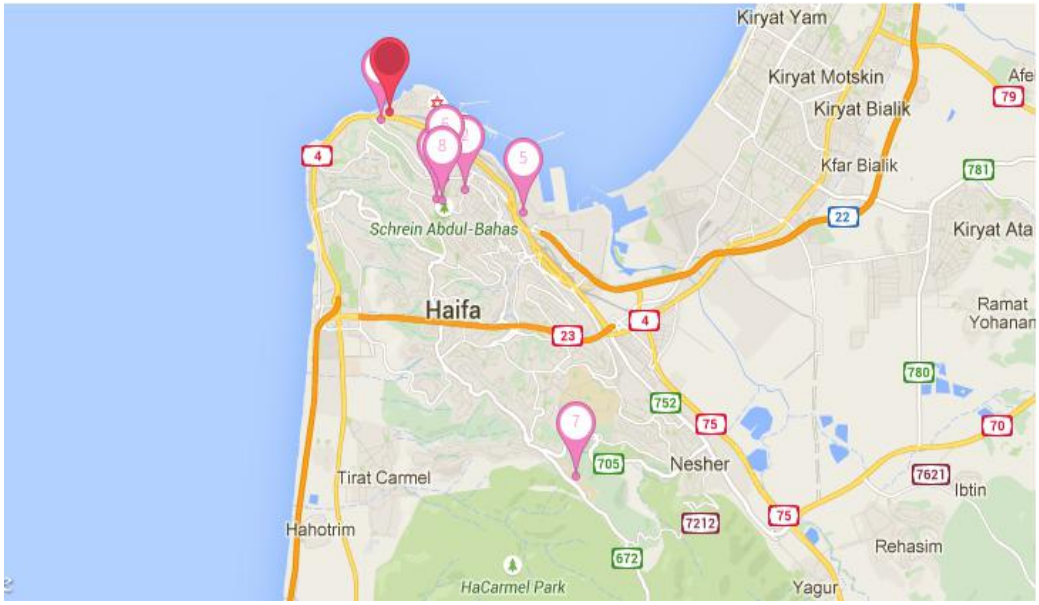

Figure 3– Shipping lines in Europe
Source: Port density research

Because the economy of scale is small and its domestic market are relatively limited, Israel can only boost growth by expanding exports. The state has been devoting most of its creative resources to strengthening its industrial exports.

Manufactured goods exports, according to the current prices in more than 50 years has increased by nearly 2200 times. From $13 million in 1950 to $52 million in 1955. Then in 1975 it increased to $1.4 billion. At last, from $5.6 billion in 1985 to $28.3 billion in 2000.

In recent years, about 70 percent of all imports have been used to produce goods and fuel. 42 percent of these imports comes from the European Union. 23 percent comes from the USA. 15 percent comes from Asia and 20 percent come from other countries. Meanwhile, 32 percent of Israel's exports are shipped to the European Union. And 32 percent are shipped to the USA, 16% percent are shipped to Asia and 20 percent are shipped to other countries. For much of the 1990s, Israel's industrial exports to the United States exceeded imports from the United States. This has been the case since 2000, even without the export of diamonds.

Israel acceded to the general agreement on tariffs and trade, and it has established a free trade area with the European Community (1975) on industrial goods and the United States (1985) on all products so as to improve the export competitiveness of Israel. In this way, all the goods of Israel can be duty-free to access to the European Union and the United States market (a total of 630 million consumers), which enables local producers to target foreign markets that are more than 100 times larger than the domestic market and to attract investors who want to export the duty-free products to Europe.

In pursuit of the greatest chance of success, Israeli companies have been trying to identify areas of international trade that can open up their own unique market positions. Joint ventures with foreign industrial companies often give play to the advantages of Israeli companies in innovation and foreign companies in mass production and market penetration. Joint projects have been carried out in many fields, such as electronics, computer software, medical equipment, printing and computer graphics. There are also four institutions, such as the inter-state development and research foundation, supported by the relevant governments, which are providing active assistance to many of these joint projects in the form of financing by joint venture.

Back to look at Zeebrugge harbor, since container and large oil tanker docked at the port for the first time in 1968, it has become a comprehensive port which is capable of handling bulk cargo, containers, rollers and large oil tankers, and one of the fastest-growing ports in Europe.

Zeebrugge harbor is divided into two main port areas, the outer port area and the inner port area. There is no ship lock at the outer port area, and ships docking at the inner port need to enter through the lock.

（1）The outer harbor area is reclaimed from the sea, including bulk cargo wharf, container terminals, the liquid gas storage terminals and double ro-ro wharf. The shoreline of the dock is 10797 meters long, with the maximum water depth of 20 meters. And it can be used for berthing ships of 150,000 deadweight tons. Large oil tankers from Algeria's liquefied natural gas (LNG) can be docked at dedicated docks. Gas from Norway reaches the terminal transfer station at the terminal of the dock via the 648 nautical mile gas pipeline under the sea and is then transported to a large area of central and southern Europe.

（2）In the inner port area, there are coal, ore, agricultural and sideline products, containers and other wharfs. The shoreline of the dock is 3,500m long. The water depth of the north is 14m, and the water depth of the south is 18m. The inner port area is controlled by two locks. The length and width of the large lock are 500m and 57m, and the service depth is 18.5m. The coal terminal has 18 to 28 tons of self-propelled cranes and 15 tons of grab loading and unloading Bridges. The loading capacity reaches 30,000 tons per day. It has a yard capacity of 2 million tons and is equipped with screening equipment and trucks with electronic weighing. Coal unloading capacity reaches 60,000 tons every 24 hours.

The port imports mainly coal, liquid natural gas, automobiles, building materials, petroleum, timber, fertilizers, fruits, grains, explosives, scrap iron and agricultural and sideline products. While the main exports of goods are coal, coke, potatoes, cattle, oil refining, logs, scrap iron, train ferries and car ferries. Cargo throughput reached 33 million tons in 1992, an increase of 8% over 1991. Container throughput reached

490,000 TEU in 1993. The port has been carrying goods and passengers from continental Europe to the United Kingdom. Regular rolling liners in northern Europe, southern Europe, the Middle East and the far east have been operating since the first ro-ro ship opened in 1966 between Zeebrugge harbor and the British port of Dover. In 1990, 800,000 vehicles were transported. The port is also Belgium's main fishing port, with an annual output of 20,000 tons. The fishing port covers an area of 230,000 square meters and has an auction hall and fish processing center.

Port has advantages of convenient transportation, and there are four roads to connect the European highway. So it can be easy to arrive to Italy and Austria within 24 hours. to central and eastern Europe countries within 36 to 48 hours. And railway is connected with all the major European industrial city. The inland waterway carries 8,000 tons of ships to Bruges and through the canal system into the European canal network. There is no working in holidays, if necessary, workers can work overtime at special rates.

Along with the formation of the European market in 1993, the Belgian government and Zeebrugge harbor authorities speed up the construction of the port of Zeebrugge in order to change the adverse situation of the port of Antwerp and the port of Ghent in the Netherlands, and to makes the port of Zeebrugge more competitive.

Figure 4– Connection between ports in Europe

Source: ports analysis report

3.2 Geographical location from the layout of the port

North of Haifa, the city's industrial region, has one of Israel's two largest oil refineries (the other in Ashdod). It can process 9 million tons of crude oil (66 million barrels) a year. Besides, there are various petrochemical industries in Haifa area. Two of the cooling towers, built 76 meters high in the 1930s, have long been the market standard of Haifa.

The port of Israel is 74 nautical miles north of the port of Beirut, 147 nautical miles northwest of the port of LEMES SOS, 67 nautical miles south of the port of Ashdod and 163 nautical miles south of the port of Said. The port consists of old and new ports. The old port area is at the southeast corner of the eastern gulf, which is the Kishore river port area. It has a concave shape from the outside to the inside, and the interior is inland. There is a short breakwater outside for protection. There is a small river in it and all the boats go out to sea. It is divided into inward and outward ports. The east coast of the outer port is the free port area, and the west coast of the other

side is the ro-ro dock. The water depth along the edge is 8.5 meters, with a total length of 985 meters of cargo and chemical terminal lines. Haifa new port is also an important seaport and industrial and commercial center in northern Palestine. It is close to the southern shore of Haifa bay in the Mediterranean Sea and protected by a breakwater which extends from west to east. There are basically coastal wharves in the harbor, with only two jetties in the middle extending northward, and a short breakwater in the east extending northward, which is one part of the western port area. The harbor is wide and deep.

West Port has a total length of 1,520 meters along the shore, of which 1240 meters is 8.1-11.00 meters along the edge of water depth. It is used for containers (with two berths), miscellaneous goods, grain, and passengers. The eastern part of the West Port has a 350-meter oil jetty line, which is 10 meters deep. There are three sea-going tanks in the harbor, with water depths of 15.8-17.7 meters. The cargo embankments have 2 berths, which are 205 and 107 meters long respectively, and their water depth is 6.8 meters. Between the West Port and the old port in the east, there is a newly built middle port in the mid-1980s. There are three containerized and ro-ro berths.

The total length of the terminal line is 600 meters, of which the container terminal is 420 meters long and the water depth is 12-13 meters. There are two 35-ton loading and unloading bridges on the wharf (ready to add another two in the future). The terminal area is 30 hectares and is the largest throughput port in Israel.

In addition, Matam industrial center of science and technology is located in the southern entrance of Haifa, which is Israel's largest and one of the earliest industrial park. Many domestic and international high-tech companies such as Intel, Microsoft and Google, Philip and IBM all have branches here, carrying out the production, research and development. In addition, Haifa port is Israel's busiest passenger port and one of the largest cargo ports.

Several Israel's largest petrochemical companies and its largest technology and industrial center, the modern industrial park, are located in Haifa city. The main industries are oil refining, chemical agents, rubber products, casting, ammunition, cables, shipbuilding, electrical equipment, radio, building materials, textiles and food,

etc.

It is also the industrial, transport, seaport and commercial center of northern Palestine. It is the world headquarters of the Bahai sect as well. The port area is located in the south coast of Haifa bay, where exist oil refining, chemical agents and chemical fertilizers. Industry has oil refining, steel, shipbuilding, food, textiles and other departments. It is the main distribution center and important port of Palestinian agricultural and mineral products. Iraq and Saudi Arabia have pipelines carrying oil to the sea, the largest port in Palestine.

The port of Zeebrugge is the second largest port in Belgium. APMTZ borders Hamburg and Le Havre, and it is close to the UK. Zeebrugge harbor is Belgian business port., located on the northwestern coast of the country. Outside it has trains and ferries connecting Hariri, UK, 90 miles apart. The port is 42 miles from Dunkirk and 65 miles from Calais and Antwerp. There is river transportation, roads and railways, so it is easy to make full use of these traffic tools to get to Ghent and Brussels and so on. From the sight of whole port, it can be divided into internal and external port branches in the port area. The inner port is in the lock. The wharf line is more than 2000 meters long and the water is shallow along the edge. There are two breakwaters in the outer harbor. The ship can enter the harbor from the east, and there are three jetties on the east side of the harbor area. More than 20 berths are mainly used for oil, ferry and container ships. Oil tanker terminals are 595 meters long and 13.1 meters deep. Container terminals are the most important part of foreign ports. There are three berths at the ocean-going container terminal on the west side of the western jetty. With a total length of 725 meters, Zeebrugge harbor is equipped with three 35-45 tons loading and unloading Bridges. It has an area of 12 hectares of dock, 10,000 Twenty-foot Equivalent Unit in storage yard and 60 refrigerated power connectors. In addition, there is also the coastal container terminal on the east side of the channel outside the gate. It is 270 meters long, equipped with two 30-ton loading and unloading Bridges, with 5 hectares of dock area and 16,000 Twenty-foot Equivalent Unit in the depot. There is also a new container terminal built by Canadian shipping company from foreign port, covering 38 hectares. The terminal line is 600

meters long and the water depth is 16 meters, equipped with 3 Panamanian loading and unloading Bridges. And the annual capacity can reach 50 Twenty-foot Equivalent Unit. In addition, there are also the North Sea ferry ro-ro terminals, Atlantic ferry ro-ro terminals and other places. The total cargo capacity of Zeebrugge harbor is 20.6 million tons, and the container load and unload 250,000 Twenty-foot Equivalent Unit. When the new container terminal is completed, it will not only be the port of entry and exit for Belgian containers, but also be one of the container transport hubs in Europe. Over the past two years, the port has grown by 5 million per year. Moreover, it is also Belgium's largest passenger port, with more than 2.3 million passengers coming in and out of Belgium each year.

As a transport hub to all directions, the port has a good network of roads and railways connecting countries in continental Europe, as well as coastal ports in northwestern Europe, central Europe and eastern Europe. Moreover, Zeebrugge port is a natural deep-water port, which can meet the requirements of large ships.

Located on the northwest coast of Belgium, on the southeast side of the North Sea, it is the second largest port in Belgium. The port area extends from Bruges to the seaside town of Zeebrugge, with a five-nautical mile canal in the middle. There are trains and ferries service between the port and the British port of Harwich, about 10 kilometers from the Dutch border. Founded in the 15th century, Bruges is a shipping, commercial and financial center in Belgium. By the end of the 19th century, the Belgian government had decided to build a new port on the north coast of Bruges. Its name means Bruges by the sea. Since its operating in 1907, by the 1960s, due to its unique geographical location, it had become the hub of Europe's continent relations with Britain and was constantly developing.

3.3 Substitutability of the ports from the layout of the port

Haifa bay, located on the eastern and southern Mediterranean coast, is the largest port in Israel, which across the sea from the Greek port of Piraeus. The port, which will open in

2021, is ambitious by the Israeli government, which hopes to turn Haifa bay into “Israel's Barcelona”. Israel is planning to build a high-speed rail link the Red Sea and the Mediterranean. When completed, Haifa bay will be at the center of the Mediterranean and the Red Sea’s freight channel. Sea freight from Asia can bypass the Suez Canal and be transported directly by rail to Mediterranean ports, then to Europe. At that time, Israel will be a trade route for China to export to European markets, reducing its dependence on the Suez Canal and shortening transport times. The acquisition of the operation right of Haifa bay new port is an important breakthrough for Chinese enterprises in One Belt One Road port cooperation. It is an irreplaceable node.

The importance of the port of Zeebrugge depends on the close ties between Belgium and China. Belgium's deputy prime minister and minister of economy and employment said at the signing ceremony that China is now Belgium's third-largest export destination. Under the framework of One Belt One Road, Belgium-China economic and trade exchanges are getting closer and closer. Last year, the opening of a central European train between the port of Zeebrugge and Daqing, China, is the best proof. Qu xing, China's ambassador to Belgium, said that in 2014, the two countries launched a new era of One Belt, One Road maritime strategic cooperation and laid a solid foundation for today's signing. By actively exploring cooperation with China, the port of Zeebrugge has significantly increased its importance in international shipping, especially in the route of northwest Europe. Looking ahead to 2014, we have full confidence in the future of China-Belgium relations and economic and trade cooperation. Therefore, the port of Zeebrugge is also unique.

3.4 Port throughput from the return on investment

Port throughput (or the Port handling capacity) refers to the total amount of goods exported, imported, and loaded or unloaded by water during a period of time. It can be measured in tons or TEU (Twenty-foot Equivalent Unit).

Port throughput, it is an important quantitative index of port production and operation achievements. Direction of goods flow, quantity, composition and classification of

port throughput are the most direct manifestation of the port's position, function and influence in the international and regional water transportation chain, and they are quantitative references for measuring national, regional, urban construction and development.

It is estimated that Haifa Bay New Port radiates throughout the Middle East and eastern Europe. When completed, the terminal is designed to handle 1.86 million TEU a year, accounting for at least a quarter to a third of Israel's total container capacity. Estimates can be made based on the overall container throughput of Israel. Israel's container port throughput reached 2,450,400.00TEU in 2016. Compared with 2489500.00 TEU in 2015, it went down gently. The port throughput data of container in Israel are updated annually, and the average value between 2008 and 2016 is 2,411,300.00TEU. The historical peak for the data was 2,541,000.00TEU in 2012, while the historical nadir was 2,033,000.00TEU in 2009. (data from the United Nations Conference on Trade and Development)

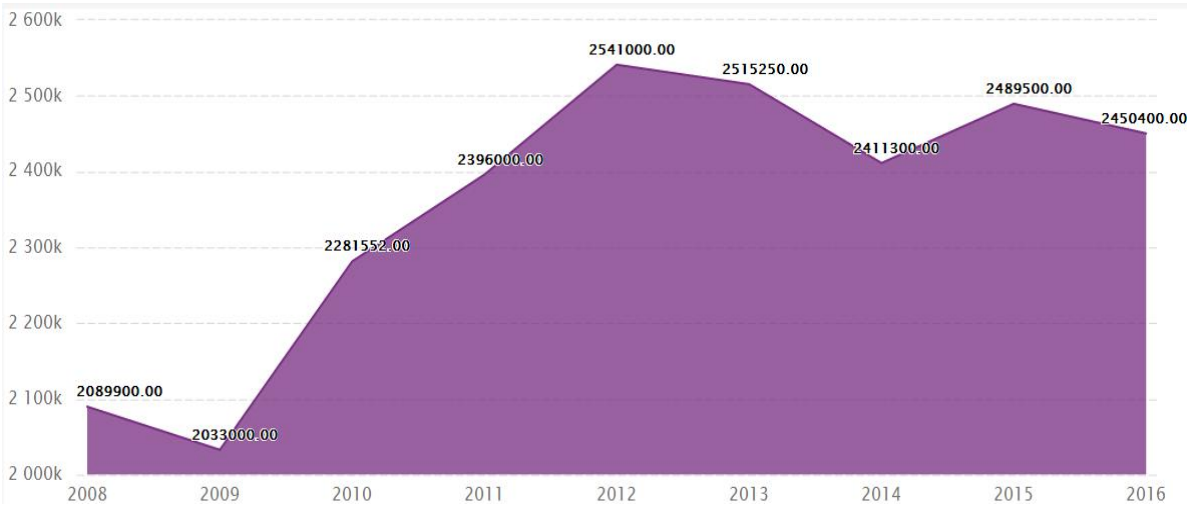

Figure 5– Haifa New Port's container port throughput

Source: United Nations Conference on Trade and Development

However, as can be seen from the figure below, the cargo throughput of Zeebrugge harbor in Belgium increased by 8% in 1992 compared with that of 1991. Container throughput reached 490,000 TEU in 1993. In 1994, container throughput was about 600,000 TEU, up 24.3 percent from last year. And in 2005, the throughput was

1,407,933TEU, up 17.6 percent from the previous year. The overall throughput growth is optimistic.

The port handled 1,407,933TEU in 2005, up 17.6% from the previous year and ranking 64th in the world. Zeebrugge harbor in Belgium transported 4.202 million tons of goods in 2008, roughly the same as the previous year. The total number of TEU containers was 2.21 million TEU, up 9.4 percent year on year. Although 2.13 million loading and unloading vehicles cause the reduction of 3. 7 percent, the port has the highest new car throughput in the world. In January and April 2009, the total cargo throughput decreased by 7 percent compared with the same period last year, but the container throughput of ocean-going routes increased by 3.1 percent.

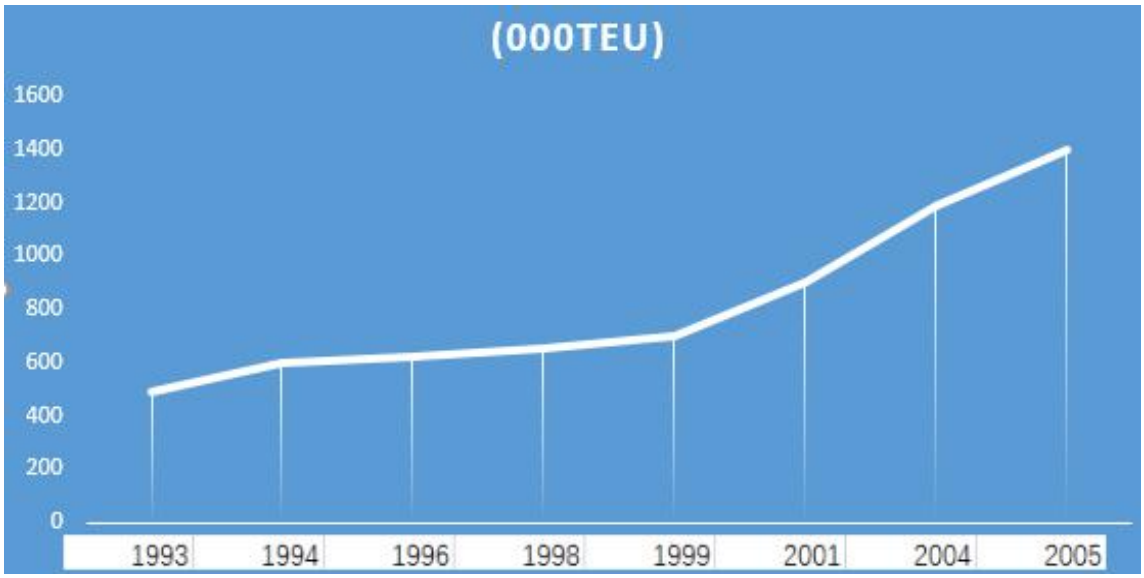

Figure 6– Zeebrugge harbor's container port throughput

Source: United Nations Conference on Trade and Development

3.5 Port Capacity from the return on investment

I will build the BCG model and linear programming to solve these problems. See the table in detail.

First, I choose the throughput of two ports invested by SIPG in the past three years for analysis. Throughput is an important quantity index to reflect the production and operation results of the port. The rate of flow, quantity, composition and classification

of throughput is the most direct manifestation of international and regional water transport chain. For the sake of more intuitive representation, I also choose some ports of different continents for comparative analysis. (Ps: Haifa new port is calculated at one-fourth of the total throughput of Israel.)

To analyze the whole investment systematically, the comparative method must be used. SIPG recently invested not only in the two overseas ports, but also in 11 Chinese ports (Yangtze strategy). It is necessary to compare the capabilities of these ports with those of overseas ports.

Table 1-Port's handling capacity

PORTS' HANDLING CAPACITY	2014	2015	2016
Haifa	602,825.0	622,375.0	612,600.0
Zeebrugge	7,890,000.0	8,650,000.0	9,040,000.0
Shanghai	35,290,000.0	36,510,000.0	37,130,000.0
Long beach	6,820,000.0	7,190,000.0	6,780,000.0
Hamburg	9,730,000.0	8,820,000.0	8,910,000.0
Los Angeles	8,340,000.0	8,160,000.0	8,360,000.0
Tanjung Pelepas	8,520,000.0	9,120,000.0	8,280,000.0
Rotterdam	12,300,000.0	12,230,000.0	12,390,000.0
Jiujiang	224,100.0	251,100.0	273,900.0
Chongqing	684,000.0	600,000.0	780,000.0

As can be seen from table 1, the throughput of Shanghai port and Rotterdam port is relatively large, which is closely related to its geographical location and environment. The capacity of Haifa New Port, Jiujiang port and Chongqing port is small. However, it is not enough to just compare the size of handling capacity. Because the more handling capacity, the more investment capital is needed. In other words, the purpose of a company is to maximize profits. This not only need increase revenue, but also

take costs into account. Therefore, another indicator needs to be considered, namely the growth rate. The higher the port growth rate, the greater the port potential.

Table 2-Ports' trend

PORTS	2014/2015	2015/2016
Haifa	3%	-2%
Zeebrugge	10%	5%
Shanghai	3%	2%
Long beach	5%	-6%
Hamburg	-9%	1%
Los Angeles	-2%	2%
Tanjung Pelepas	7%	-9%
Rotterdam	-1%	1%
Jiujiang	12%	9%
Chongqing	-12%	30%

As can be seen from table 2, the development of Haifa port, Zeebrugge port, Shanghai port, Rotterdam port and Chongqing port is much better. In addition, port of Hamburg, port of Los Angeles and port of Jiujiang also have a good growth trend. However, the ports of long beach and Tanjung Pelepas showed significant declines from 2015 to 2016. In fact, due to overcapacity and other reasons in 2016, most of the port throughput is depressed.

So under the circumstances, the ports that can still grow have their advantages. Therefore, according to this trend, the future predicted port strength is obvious.

Table 3- Investing proportion of SIPG

PORTS' HANDLING CAPACITY	2014	2015	2016
Haifa	602,825.0	622,375.0	612,600.0

Zeebrugge	1,972,500.0	2,162,500.0	2,260,000.0
Shanghai	35,290,000.0	36,510,000.0	37,130,000.0
Long beach			
Hamburg			
Los Angeles			
Tanjung Pelepas			
Rotterdam			
Jiujiang	206,200.0	231,000.0	252,000.0
Chongqing	342,000.0	300,000.0	400,000.0

Table 4- The degree of investment of SIPG

PORTS' HANDLING CAPACITY	2014	2015	2016
Haifa	100%	100%	100%
Zeebrugge	25%	25%	25%
Shanghai	100%	100%	100%
Long beach	0%	0%	0%
Hamburg	0%	0%	0%
Los Angeles	0%	0%	0%
Tanjung Pelepas	0%	0%	0%
Rotterdam	0%	0%	0%
Jiujiang	92%	92%	92%
Chongqing	50%	50%	51%

The share and proportion of the port held by the SIPG can be seen in tables 3 and 4. In particular, table 4 clearly shows the share. SIPG accounts for a high proportion in Haifa port, Shanghai port and Jiujiang port. For the rest of the port, the SIPG's share of investment is much smaller. The port of Chongqing accounts for half and the port of Zeebrugge occupy a quarter.

I developed the BCG model based on the ports' handling capacity and ports growth rate to find out which ports are stars and which are dogs.

Table 5-BOSTON CONSULTING GROUP MATRIX- Ports' handling capacity/ Ports growth rate

Ports invested and analysis BCG model

BOSTON CONSULTING GROUP MATRIX- Port's handling capacity/Ports Growth Rate

Table 5.

Ports / *Growth Rate*	Port's handling capacity			
	STRONG	FAIR	WEAK	VERY WEAK
STRONG GROWTH (SG)	3			
MODERATE GROWTH (MG)		2 5 6 7	4	
STATUS QUO (SQ)			1 10	
DECLINE (DCL)				9

As can be seen from table 5, the advantages of Shanghai port and Rotterdam port are obvious, because they have large throughput in the past years. On the other hand, the development of port of long beach, Los Angeles, Tanjung Pelepas and Zeebrugge are relatively slow, but they were still doing well in the past few years. Besides, since Haifa port, Chongqing port and Jiujiang port occupy little throughput compared with the others, so they are in a "dog" position.

3.6 Future development from the return on investment

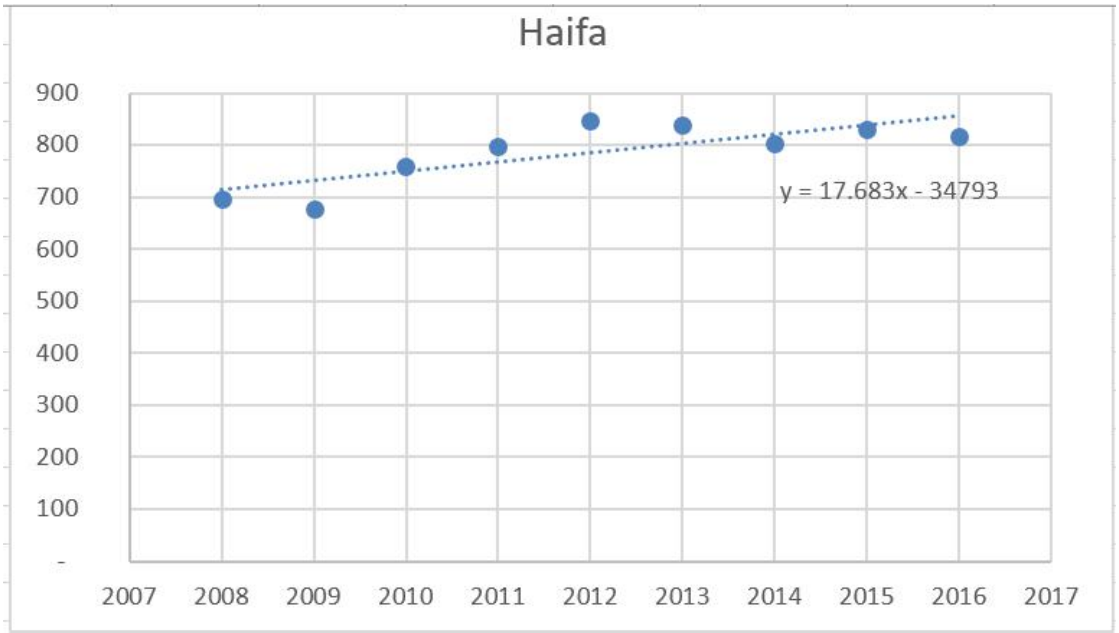

Figure 7-Future forecast of Haifa New Port's throughput

Table 6-Future forecast of Haifa New Port's throughput

Haifa	Handling capacity （in thousand）
2008	697
2009	678
2010	761
2011	799
2012	847
2013	838
2014	804
2015	830
2016	817
2017	783
2018	800
2019	818
2020	836

2021	853
2022	871
2023	889
2024	906
2025	924
2026	942
2027	959
2028	999
2029	995
2030	1012

From the above table, we can know the future development of the Haifa New Port. I use regression to predict the situation of the Haifa New Port in the next 10 years. Now I want to introduce my calculating process about forecast. At the beginning, I chose to use moving average method to predict data. But obviously this approach failed. The reason was that this method was close to real data very much. Any abnormal data had a great influence on the accuracy of whole data, and it cannot predict data in future. So I decided to change to another method for forecasting.

From the chart point of view, it is still relatively good, the entire throughput has increased. The linear method has several advantages. First, linear trend lines are suitable for simple linear data acquisition. From the data point of view, there are continuous fluctuations during the eight years. After 2012, the overall trend has declined slightly. However, after the data processing, the throughput situation in the next few years is excellent. By 2030, it is possible to break through 1,000,000 TEU, and the steady increase from 697,000 in 2008 illustrates the potential of Haifa Port. The use of a scatter plot to find the trend line and the use of independent variables to obtain the predicted value is an effective and reliable method.

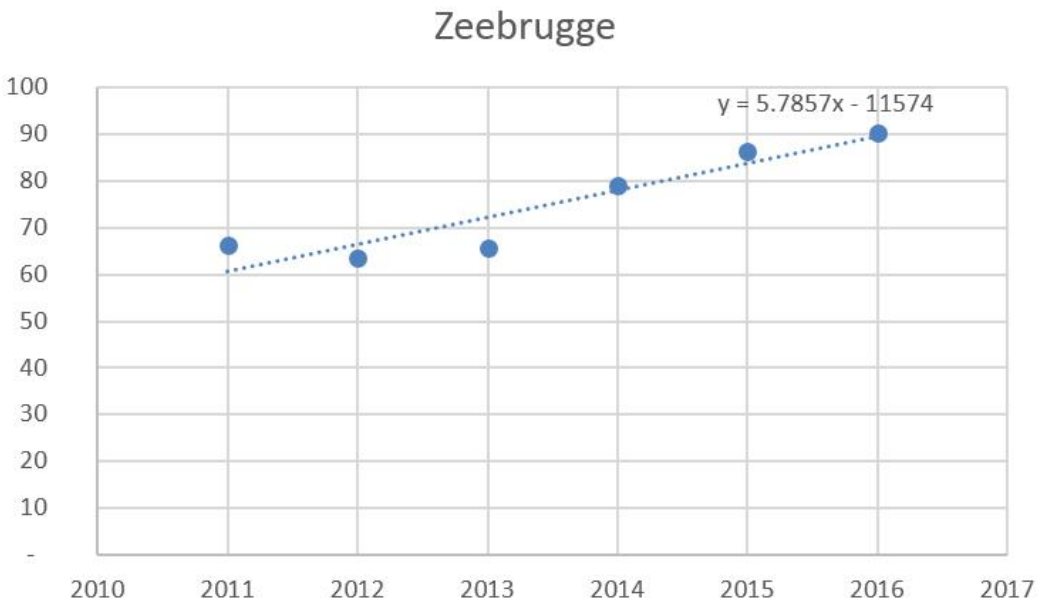

Figure 8-Future forecast of Zeebrugge Port's throughput

Table 7-Future forecast of Zeebrugge Port's throughput

Zeebrugge	Handling capacity (in thousand)
2011	6600
2012	6300
2013	6600
2014	7900
2015	8700
2016	9000
2017	9600
2018	10200
2019	10700
2020	11300
2021	11900
2022	12500
2023	13000
2024	13600
2025	14200

From the data point of view, the throughput of Zeebrugge port is obviously much larger than that of Haifa Port. From the formula of this regression prediction, it can be seen that the slope is relatively large. The greater the slope, the faster the growth and faster return, which is inseparable from the location of the Zeebrugge and the maturity of the port.

4. The impact of overseas ports investment for SIPG

4.1 The benefits and disadvantages of overseas ports invested by SIPG

Here I will use SWOT to analyze ports. SWOT can clearly see the advantages and disadvantages of each port. SWOT is a strategic analysis method, through analyzing the object's strengths, weaknesses, opportunities and threats, such as comprehensive evaluation and analysis conclusions, through the organic combination of internal resources and external environment to clearly identify the analysis object resource advantages and defects.

Understanding the opportunities and challenges, and then adjusting the methods and resources at the strategic level can ensure the implementation of the target and achieve the target.

S is strengths.

Combined with the analysis I mentioned earlier, Haifa New Port deserves the most praise for its location. Its geographical location and future sustainable development will bring much convenience and benefits to China-EU trade. There is no doubt about that. Moreover, it also has the potential to be developed as a transit center. The advantage of Zeebrugge Harbor is that it has been operated for a period of time. It has a certain mature foundation. SIPG directly investment will greatly reduce the time required for preparation. And its throughput has been growing steadily.

W is weaknesses.

Haifa New Port's biggest weakness is its throughput, although the port's throughput is expected to achieve a third to a quarter of the whole of Israel in the future, it is still a little insufficient compared with other developed completely port. The deficiency of Zeebrugge port is that its development is very average, there is no outstanding point. So there will not be a big breakthrough. Since its formal participation in the stock market in 2010, SIPG has yet to receive a direct return on its investment in Zeebrugge port. In 2012, SIPG lost a full-year net profit of 4.843 million euros (3.8417 million yuan) at Zeebrugge port. In this regard, SIPG's overseas layout has not been smooth.

In addition to the direct benefits, SIPG will face many challenges, such as talent reservation, cultural integration and policy digestion. SIPG does not lack experience in port investment operation, but overseas port investment operation experience is obviously insufficient. First of all, as a pioneer of Chinese port enterprises in the transformation of the global terminal operator, SIPG needs to make further planning on talent strategy. Otherwise, it will be difficult for both the investigation and research in the early stage of investment and the personnel adjustment after investment.

O is opportunities.

As mentioned earlier, Haifa New Port will soon build a railway from the Mediterranean Sea to the Red Sea. Although this opportunity cannot be realized immediately, there will be great development in the future. Zeebrugge port will continue to implement the advantages of Belgium's second largest port.

T is threats.

According to Israel's newspaper, two Israeli companies declined to build Haifa port according to the conditions given by the Chinese company when bidding. They are asking for hundreds of millions of shekels to be added to the bid from China Harbor Engineering Co. Ltd for the project. The port of Haifa is bidding for 3.5 billion shekels. Israel port development and assets co., ltd. plans to have Israeli Shapir

engineering Company and Ashtrom Group build Haifa port according to the same conditions given by the Chinese company. But now the two company both reduced now. So Israel ports contacted a third company in the bid, but they all rejected the offer again. If neither side makes a compromise, the project will issue a new tender. This is an uncertain factor in the new port of Haifa.

Each of the two ports has its own advantages and disadvantages. The advantages have a positive impact on SIPG, but the disadvantages cannot be ignored.

4.2 Consideration of overseas distribution of SIPG

Since the outbreak of the global financial crisis in 2008, great changes have taken place in the speed and pattern of global economic growth, trade and investment growth. The shipping industry on which the development of the port depends is facing an unprecedented harsh environment. And the profit model of the traditional port industry is facing a bottleneck gradually. Therefore, Shanghai International Port Group is clear about the future path, which is strategic transformation, namely from the hinterland to the hub port

In the first half of 2017, Shanghai International Port Group container business set a new record, with its container throughput reaching 18,022,000 Twenty-foot Equivalent Unit, up 4.4% year on year. And the group expects to keep growing in the second half. The head of strategic research department in Shanghai International Port Group said port handling is the cornerstone of the group's development.

Because the global recovery is slow and demand of downstream is weak, the port business growth slow down and even decline. Under this circumstance, SIPG will grasp the national strategic orientation of One Belt One Road, and take the advantages of container business to consolidate and enhance the port development model of inter hinterland and transit. Additionally, it is vital to use the economic conditions in the hinterland to further promote the internationalization strategy of state-owned enterprise reform and going global.

The excellent location of Haifa New Port and the maturity of Zeebrugge Port have

brought convenience to the layout of Shanghai International Port Group. Although this is good, their throughput and transshipment are not in the front compared with other ports. However, to obtain the maximum benefit at the least cost is what Shanghai International Port Group needs to do now. When it is not possible to invest in other European ports, it may be a wise choice to choose these two ports.

5.Summary and conclusion

5.1 Author’s recommendation

One Belt One Road has brought a opportunity for development to Shanghai port. The company will focus on the opportunities brought by the Maritime Silk Road. Both the Shanghai International Port Group and the port cities on the node of entire Maritime Silk Road maintained good communication and friendly contacts. Shanghai International Port Group stated that in the future, it will also plan to bring these ports of the Maritime Silk Road together through a certain form to exchange views on how the port can serve its own trade and serve the shipping companies. Cooperating with these ports, if possible, making some investments can help local ports improve their hardware and software.

Zhou qiao, general manager of the Investment Development Department of Shanghai International Port (Group) Co., Ltd., said that the port industry needs new investment every year to drive future growth. Some of the Group's existing port areas have already reached capacity bottlenecks and need to invest in further expansion.

The Shanghai International Port Group’s investment provides operating funds for the main industry. It can also be seen that the Shanghai International Port Group's overseas investments are not impulsive. After careful planning and careful consideration, in order to achieve future financial returns and port development and further promote China and the world’s trade links, Haifa New Port and Zeebrugge Port are appropriate choice.

The shipping industry is a cyclical industry. The downturn is a relatively good time for investment. Before 2017, the entire shipping industry was in a relatively depressed state. In the first half of 2018, the entire shipping industry has recovered. So investment made before 2018 is a wise choice.

5.2 Conclusion

Nowadays, there is limited room for growth within the port. Therefore, we need to broaden our horizons, innovate ideas, and introduce new kinetic energy. Only in this way can we accelerate our growth. Recent years, many domestic port companies have been targeting overseas. Friendly cooperation, development of routes, equity participation, investment and construction, overseas investment and cross-border operations will be carried out to get the goal of an internationally competitive global terminal operator.

At different levels, the main driving forces are goods flow from strategic level, geographical location and substitutability of the ports from the layout of the port, port throughput, port capacity and future development from the return on investment.

Shanghai International Port Group obtained 25 years of port operation rights in Israel's Haifa New Port. This is a representative step for state-owned port enterprises to invest in overseas ports and is also a landmark event. Because the Shanghai International Port Group knows clearly that port cooperation is better than competition. Infrastructure construction is the focus of the One Belt and One Road. For the Maritime Silk Road, the port is the most important and key node for layout, and it is also the key node of the 21st Century Maritime Silk Road.

After the layout, Shanghai gang group has joined the routes of Europe, Asia and Africa to lay a foundation for future trade development. The framework concept of 《Vision and Action》 mentioned that the 21st Century Maritime Silk Road tried to directly trade from China's coastal ports Sea to the Indian Ocean and to Europe through the South China. In order to achieve this goal, the document proposes to build a smooth, safe, and efficient transport corridor as key nodes.

Before 《Vision and Action》 was issued, Chinese-funded enterprises have paid great attention to the layout of overseas ports. On the day of the release of 《Vision and Action》, Shanghai International Port Group won the bid for 25 years of terminal operating rights in Israeli ports. China Harbor Engineering Group (China Gulf) also plans to participate in the construction and operation of two ports in Egypt. Previously, Chinese companies were investing in ports in Singapore, Malaysia, Sri Lanka, Pakistan, Egypt, Israel, Greece, Italy, Belgium, and the Netherlands. Among them, there are not only central enterprises with traditional port investments such as China Merchants, COSCO, and China Harbor, but also local port operators such as Shanghai Port, Qingdao Port, and North Gulf Port. They are also actively participating overseas port in various ways.

Chinese-funded enterprises set off an investment boom in overseas ports. After the launch of the 《Vision and Action》, Chinese enterprises have made significant progress in the investment and development of a series of overseas ports. Shanghai International Port Group acquired the franchise of Haifa New Port, Israel, for 25 years starting from 2021. The investment in this project exceeded US$600 million (approximately 3.7 billion RMB). For Shanghai International Port Group, the significance of investing in Haifa Newport lies in seeing its superior geographical location. Haifa Newport is located on the east coast of the Mediterranean Sea. According to Israel's vision, the future port will be docked with a high-speed rail across the Mediterranean Sea and the Red Sea, becoming an important trade route between China and Europe. In 2015, China Merchants Group, which has a port-based industry, has already deployed in 35 ports in eight countries around the world. Ports of France, Belgium, Morocco, and Malta are all on the 21st Century Maritime Silk Road. The COSCO Group, a central company, has also been investing in overseas ports through COSCO Pacific for many years. At present, COSCO has equity investment in ports in Singapore, Antwerp in Belgium, Naples in Italy, and Sade in Egypt. Its shareholding ratio is between 20% and 50%.

Investment in the port has been continuously upgraded. As the port's strategic position has gradually gained importance and its investment experience in the sea has increased, Chinese companies' strategies for investing in overseas ports have also been changing.

They have started to shift from previous participation to share control, from participation in construction to participation in operations, and to obtain long-term franchise, and to strive for long-term franchise rights or even direct acquisition of the port equity. COSCO Group currently has more than 40%, 25% and 20% equity participation in ports in Singapore, Antwerp in Belgium, and Side in Egypt. 20% of Shanghai International Port Group's business comes from international investment. Qingdao Port is also an example. As early as 2011, Qingdao Port and China National Petroleum Corporation signed a strategic framework agreement for the operation of the crude oil terminal of the China-Myanmar crude oil pipeline. Qingdao Port has also signed a strategic cooperation agreement with Dubai Port to seek the development of international business. In addition, Guangxi North Gulf Port Group also acquired a 40% stake in Kuantan Port on the east coast of Malaysia in 2013, which is also a new port construction plan proposed by the Malaysian government.

Compared with developed European countries, emerging countries along the Maritime Silk Road are strongly pushing for port construction and are more willing to give Chinese companies more initiative. In the process of the "One Belt, One Road" strategy, Chinese-funded enterprises are more inclined to invest in ports in developing countries. The acquisition agreement for the Zeebrugge Port means that the Shanghai International Port Group will also retreat from its first overseas terminal project. In 2010, Shanghai International Port Group completed the acquisition of a 25% stake in APMTZ, which is a substantial first step in Shanghai International Port Group's internationalization strategy. In March 2015, the Shanghai International Port Group successfully won the bid for the terminal operating. For Shanghai International Port Group, the decision to withdraw from APMTZ is not a difficult decision. On the one hand, after years of operation, it has accumulated experience in investing in overseas terminal projects. On the other hand, APMTZ has suffered losses in recent years. For listed companies, it means stop loss in terms of exit. In addition, this transaction made it possible for COSCO Group to acquire 100% APMTZ. As a close and cooperative partner, this small concession is harmless.

In June, COSCO SHIPPING Group made transfer agreement with Shanghai Tong

Sheng Investment (Group) Co., Ltd., which holds 3.376 billion shares of Shanghai International Port Group. Its purchase price was 18.944 billion yuan. After the completion of the transfer, COSCO SHIPPING Group will hold 15% of Shanghai Port Group.

After becoming the third largest shareholder of Shanghai International Port Group, the strategic cooperation between COSCO SHIPPING Group and Shanghai International Port Group is even closer. COSCO SHIPPING Group and Shanghai International Port Group have established capital ties. On the one hand, they can enhance the asset management capabilities of Shanghai International Port Group through resource and experience sharing. On the other hand, they will conduct comprehensive business cooperation with Shanghai International Port Group, fully realizing the complementary advantages and enhancing the international cooperation between the two parties to create a safer, faster and more efficient logistics path.

After the two sides realized equity cooperation only one month later, on July 9th, COSCO SHIPPING Group and Shanghai International Port Group jointly announced the offer to acquire Orient Overseas (International) Limited. Assuming full acceptance of the offer and completion of the transaction, COSCO Shipping Holdings Company, which is owned by COSCO Group, will hold 90.1% of OOCL's equity, while Shanghai Port Group holds 9.9%.

In the first half of the year, Shanghai International Port Group achieved operating revenue of 16.72 billion yuan, up 8.5% year-on-year. And it gets net profit of 3.37 billion yuan, up 15.6% year-on-year. It is still the most profitable port company in China. As a result, rich Shanghai International Port Group joins hands with COSCO Shipping Group, and it is bound to accelerate on the road to internationalization in the future

.

Reference

Ye W. (2017). *Shanghai International Port Group Accelerating Layout of New Silk Road.* Business and Culture,16.

Song W.P., & Wang Z.J. *SIPG strategy.* Retrieved from World Wide Web:

http://finance.sina.com.cn/stock/s/2017-05-22/doc-ifyfkkmc9973418.shtml?cre=financepagepc&mod=f&loc=4&r=9&doct=0&rfunc=34

Qi W.M. (2013). *Israeli Foreign Trade Situation.* Tony Hebrew School Learning Materials

Ming H. (2009). *Zeebrugge expects to become a node port of the Asia-Europe route.* China Ocean Shipping.

Port handling capacity. Retrieved from World Wide Web:
https://baike.baidu.com/item/ *Port handling capacity* /7040661?fr=aladdin

Zhang Q. (2018). *"One Belt One Road" Project Settled in Zeebrugge, Belgium.* Xinhuanet.

Jin B.(2016). *Developing Marine Economy and Reshaping Port Advantages.* Zhejiang Online

Yuan Z.L. *Shanghai Hong Kong wins Haifa Newport operation rights Chinese enterprises acquire "One Belt and One Road" port cooperation.* Chinese economy.

Yang Y. &Chen T.Y. (2018). *Shanghai International Port Group Strategic Transformation: From the Hinterland Port to the Hub Port.* Shipping industry.

Jin L. *Shanghai International Port Group invests in the long-term.* State-owned think tank

Fen W. (2015). *Coastal ports- New port of Haifa, Israel*. Journal of China Communications newspaper, 007.

Hua X. (2015). *An important breakthrough made by marine Silk Road node port cooperation.* Journal of Port economy, 04.

Huang S.H. (2010). *The first time for SIPG to participate in overseas pier*. Journal of China securities, A10.

Hua C. (2005). *A massive construction of the Zeebrugge port.* Shipping information, (12) :26-27.

Liu H.Q. (2017). *The Security Challenges of the "One Belt, One Road" Initiative and China's Choices*. Croatian International Relations Review, 129-147.

Ma Z.B. (2009). *The investment and construction course and future development direction of the last 60 years.* Water transport engineering, 7-12.

Chen Y.X. (2015). *SIPG's right to operate the biggest port of Israel.* Shanghai state-owned assets, 57-59.