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Jax company enters China

TNT explores new ground

Jacksonville Business Journal - by Lisa R. Schoolcraft

First, Nixon. Then Jacksonville-based **TNT Logistics North America** stepped into China.

"Until now, [China] was very tightly controlled and foreign companies have been prohibited from conducting distribution services [there]," said **Jim Valenti Jr.**, an attorney with Rogers Towers, which represents TNT. "Really, TNT is one of the first outside logistics companies to do a venture of this type in China."

TNT, a subsidiary of **TPG N.V.** (NYSE: TP), recently formed a joint venture with **Shanghai Automotive Industry Corporation Group** to provide logistics services for automotive parts.

The joint venture, the largest foreign investment to date in the China logistics service industry, is expected to be operational in March.

With China's entry into the World Trade Organization, logistics and distribution has become one of the targeted industries, said **Valenti**, who specializes in business ventures in the Asia-Pacific region.

TNT spent \$30 million buying half of An Ji Auto Logistics Co. in China. No Jacksonville jobs will be added because of the deal, but TNT employees are working with the company.

The joint venture will provide inbound materials management for automotive manufacturers, starting with Shanghai Volkswagen and Shanghai General Motors, said

Bob Schotman, TNT director of marketing and e-business. "We're bringing to the table intellectual capital and technology, business logistics savvy and experience in doing that kind of business."

Amsterdam-based TPG N.V. brokered much of the China deal, Schotman said. But Jacksonville played a role, too.

About three months ago, senior executives from Shanghai Automotive concluded their U.S. tour of TPG N.V.'s holdings in Jacksonville.

Shanghai Automotive is China's leading automotive company, employing more than 60,000 workers in vehicle and parts manufacturing and producing 250,000 automobiles a year, through joint ventures with Volkswagen and General Motors.

"This is [an] illustration to Chinese companies, Chinese businesses, that companies based here in North Florida can offer substantial joint venture and alliance opportunities," said Valenti, who is also president of World Trade Group, a consulting firm that helps U.S. companies establish business operations in the Asia-Pacific region.

Jacksonville is ideally suited for Chinese products destined for South America, he said. "We have the infrastructure here to make us a very suitable candidate for locating those kinds of distribution services here, rather than have Chinese businesses going to Atlanta, New York or Miami."

Jacksonville is seen as an ideal distribution point because of its highway, rail and port infrastructure.

The joint venture will generate about \$88.2 million and employ more than 600.

"We are right now developing new business in the automotive industry in China," Schotman said. "It is a very large market and it has tremendous opportunities going forward in consumption."