

New shores— strengthening JA Solar's position in the European market



JA Solar's background

JA Solar Technology Co., Ltd. is a leader in photovoltaic (PV) power generation solutions. In 2005, the company's founder and chairman, Mr. Jin Baofang, established the company, focusing on manufacturing solar cells. By 2010, the company's industrial chain extended downstream to modules. In 2012, it expanded into the PV power generation business, achieving a vertically integrated industrial chain. JA Solar has established multiple production bases worldwide. It has 16 overseas sales companies, creating a vertically integrated industrial chain of wafers, cells, modules, and PV power stations. With over 30,000 employees, the company has a presence in 178 countries and regions. For several years, its annual module shipment volumes have consistently ranked among the highest globally.

JA Solar Technology Co., Ltd.



Industry:
Solar



Company size:

Annual Sales Revenue 2024: 8.1 billion CHF; Employees: 37,289

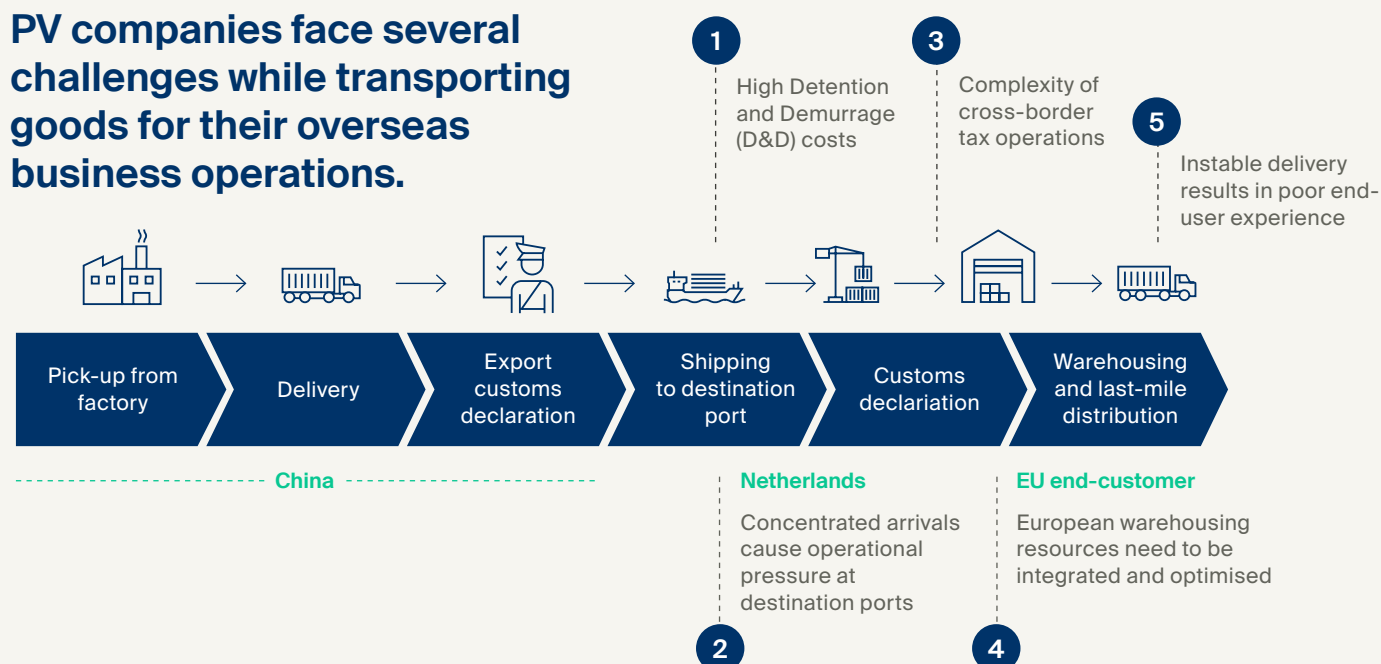


Main activity:

Manufacturer of high-performance PV products



PV companies face several challenges while transporting goods for their overseas business operations.



Unique challenges and needs

Steady growth and global market penetration present unique challenges for running supply chains efficiently.

1 High detention and demurrage (D&D) costs

The first hurdle JA Solar had to face for taking business overseas arose during the COVID-19 pandemic. At a time when overseas logistics resources were scarce, JA Solar would often have to store cargo at the Netherlands port since cross-docking facilities were overloaded. This resulted in high detention and demurrage (D&D) costs. Therefore, finding suitable cross-docking space and increasing visibility became pressing needs, especially to avoid D&D expenditure.

2 Concentrated arrivals cause operational pressure at destination ports

When shipping overseas, PV companies often centralise purchasing to specific shipping companies, arranging several containers on ships within the same alliance of companies. This leads to the centralised arrival of containers at destination ports, and with it, multiple challenges to operational efficiency. Not only does this method trigger cargo hold-up, but it also increases the risk of damage due to multiple transfers and handling after arrival. This results in delivery delays, which, unsurprisingly, have a serious impact on European end customer satisfaction. With little differentiation in PV modules across the market, delivery speed is key to competitiveness. PV companies that deliver reliably are more likely to win orders, especially in a fierce European market.

3 Complexity of cross-border tax operations

Complex tax operations have become a major pain point for Chinese enterprises engaged in cross-border European business. The tax declaration process is far more cumbersome than imagined. Enterprises urgently need professional assistance to reduce the burden of imported value-added tax and other financial pressures while simultaneously ensuring compliance.

4 European warehousing resources urgently need to be integrated and optimised

JA Solar has an abundance of warehousing space in Europe. However, too many resources can lead to waste and low utilisation of some warehouses. At the same time, the sheer number of countries in Europe and the diversity of spoken languages make communication harder and more costly. As JA Solar continues refining its supply chain, optimising regional warehouse resources, including deployment and planning, has become a core focus.

5 Inconsistent last-mile delivery

JA Solar faced challenges in last-mile delivery due to fluctuating costs and inconsistent service levels, which at times impacted end-customer experience.

Faced with these challenges and in order to enhance its competitiveness in the European market, JA Solar needed an experienced global logistics partner who could offer cost-effective logistics solutions and help optimise synergy across the entire supply chain.



Why JA Solar turned to Kuehne+Nagel

To tackle these challenges and meet these needs, JA Solar turned to Kuehne+Nagel. Given our widespread European presence, JA Solar gained access to extensive warehouse and distribution resources in the Netherlands. As mentioned, warehouse space during the pandemic was at a premium. Amid unprecedented global supply chain disruptions, securing adequate storage capacity became increasingly difficult, leading to elevated D&D fees and distribution challenges across Europe. We became aware of the situation through regular dialogue with JA Solar. This led us to propose the provision of a nearly 10,000 m² warehouse to address urgent capacity issues.

By offering top-to-top carrier communication, we could offer more favourable pricing for JA Solar's freight demands. Kuehne+Nagel's solar logistics team in China carefully listened to JA Solar's problems. After conducting an in-depth analysis, we were able to provide JA Solar with a truly end-to-end logistics solution and world-class operational services based on their needs. This included one contact window, which significantly reduced communication costs.

Finding the right solutions



Warehousing and D&D reporting

Over the course of our partnership, we have been able to steadily increase the Dutch warehousing space offered to JA Solar into the region of several tens of thousands of square meterage. API integration with JA Solar's transportation management system (TMS) and customisable D&D reporting provided destination visibility and efficient inventory management. Once these solutions were in place, we extended the service scope to factory pick-up, sea freight from China to the Netherlands, and last-mile delivery.



Provide a multi-alliance shipping schedule

Carefully planning shipping schedules achieved capacity dispersion and staggered arrival, reducing the risk of centralised container arrival. In addition, digital early warning tools helped with monitoring port dynamics in real time. These tools, combined with warehousing diversion and multimodal transport capacity, enabled us to offer customised shipping solutions to JA Solar, helping them optimise cargo volume allocation and remove the pressure of centralized arrival.



Provide bonded and non-bonded programs

We provided both bonded and non-bonded solutions, giving JA Solar the flexibility to choose the best fit for its needs. We also assisted in finding a professional agent to handle VAT deferrals.



Integration and optimisation of European warehouse and distribution resources

We provided both core and satellite warehousing in the Netherlands to cover JA Solar's distribution to European countries. Leveraging Europe's extensive water transportation network, transshipment enabled us to increase additional stacking and free box time at designated warehouses. By observing warehouse utilisation rate and the end consignee's delivery address, we effectively slotted in-transit goods into warehouse planning to maximise storage and savings.



Stable last-mile delivery service

The service quality and efficiency of our delivery team were honed through continuous performance appraisal, thus ensuring a stable delivery service.



The results

Working closely with JA Solar not only meant its immediate needs were met, but it also had some very clear results for its business.



Avoiding extra logistics costs

The Dutch warehousing and distribution solution, coupled with our customised D&D report, significantly improved destination visibility management and cut down related costs. This meant that JA Solar could better control its overall logistics expenditure in Europe, thus greatly improving operational efficiency.



Ease pressure at destination ports

Based on Kuehne+Nagel's multi-alliance shipping strategy, JA Solar could formulate a more resilient shipment plan. This helped the PV firm relieve operational pressure caused by concentrated cargo arrival at European ports, therefore enhancing efficiency and reducing related costs.

Our end-to-end global logistics solution successfully helped JA Solar improve its operational efficiency and optimise its logistics cost structure. It successfully aided the PV firm's European business expansion plans while strengthening its competitiveness overseas.



Optimising tax management and profit structure

We helped alleviate the pressure of European tax operations for JA Solar, ensuring the firm could reduce high import VAT and other costs while maintaining complete compliance. This contributed to improving JA Solar's profit structure whilst steadily enhancing competitiveness.



Enhanced efficiency of collaborative efforts

Proper planning and use of warehouse resources in Europe reduced costs and improved overall efficiency. It also minimised difficulties associated with European supply chain management for JA Solar's team, enabling them to instead focus their energy on core tasks.



Shoring up last-mile delivery

By providing reliable last-mile delivery at a reliable price, we were able to safeguard the satisfaction of JA Solar's customers and protect their future business prospects.

Are you curious to find out how you could create your own success story with Kuehne+Nagel? Contact one of our logistics experts today.

About us

With more than 82,000 employees at almost 1,300 sites in close to 100 countries, the Kuehne+Nagel Group is one of the world's leading logistics providers. Headquartered in Switzerland, Kuehne+Nagel is listed in the Swiss blue-chip stock market index, the SMI. The Group is the global number one in air and sea logistics and has strong market positions in road and contract logistics.

Kuehne+Nagel is the logistics partner of choice for 400,000 customers worldwide. Using its global network, logistics expertise and data-based insights, the Group provides end-to-end supply chain solutions for global companies and industries.

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