

The Belt and Road Initiative is breathing new life into distant outposts like the Khorgos dry port on Kazakhstan's border

By **KARL WILSON** in Sydney
karlwilson@chinadailyapac.com

Until recently, Khorgos was considered the middle of nowhere, straddling the border between China and Kazakhstan.

But today the Khorgos Gateway is the world's biggest dry port, connecting China to Central Asia and Europe. It is a key component of the Belt and Road Initiative, the China-led plan for a trade and infrastructure network that revives the ancient Silk Road routes.

The Khorgos Gateway sits within the Khorgos Eastern Gate Special Economic Zone, a 600-hectare development area strategically positioned in Kazakhstan, on the border with China.

According to Grisons Peak, a London-based merchant bank, it is the "heart of an emerging network of trans-Eurasian rail lines which directly connects cities in China with cities in Europe".

Grisons Peak monitors Chinese outbound investment across countries and industries. The bank's founder and CEO, Henry Tillman, said: "Khorgos is about as far away from the ocean as you can get. But, it is fundamental to the Belt and Road connecting China to Central Asia and Europe."

Central Asian countries, such as Kazakhstan, are often associated with the historical overland Silk Road trade routes.

In May, China COSCO Shipping Corporation, one of the world's largest shipping companies, and the Port of Lianyungang in East China's Jiangsu province acquired a 49 percent stake in the Khorgos Gateway. At that time, after just one year of operation, Khorgos was already handling more than 20 percent of its 2020 goal of 500,000 twenty-foot equivalent units per year, according to *Forbes*.

Grisons Peak said: "With its new partners, cargo volumes are expected to increase significantly."

"The Port of Lianyungang is one of the larger seaports in the world, moving 200 million tons of cargo and five million containers per year," the merchant bank said in a report released on Nov 22. Also, it is one of the starting points of the Belt and Road's central overland corridor between China and Europe.

"The partnership involving ... China's shipping industry with the Kazakh dry port shows the increasing importance of Kazakhstan within the (Belt and Road Initiative)," the bank said.

Railway cargo from Khorgos can



Vehicles to be exported are lined up at the Port of Lianyungang, East China's Jiangsu province, on Sept 30. Railway cargo from Khorgos, home to the world's biggest dry port, can reach Lianyungang in five days and European destinations in about 10 days. IMAGINECHINA

At the heart of it all

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Xu Lirong, chairman of China COSCO Shipping, said in May that the dry port is the company's first overseas railway investment project since the corporation was established.

He said the company aims to build it into an important trade passage-way and a model Belt and Road project for China and Kazakhstan.

Because of the differences in rail gauges between China and the old Soviet Union, as freight trains converge on Khorgos, massive gantry cranes move up and down the rail tracks to lift and transfer containers to trains heading in the opposite direction.

"To the credit of Khorgos' detractors, the place truly is unbelievable," *Forbes* magazine said earlier this year.

"It's a colossal development zone that contains a conurbation of national-level projects that are rising up on both sides of the China/Kazakhstan border — the proverbial middle of nowhere."

"The Khorgos area is nothing if not remote. It is situated a tick from the Eurasian Pole of Inaccessibility, the farthest point on Earth from an ocean. Radiating out from all sides of this place is little more than sand dunes and mountains," *Forbes* said.

"The thinking here is that the middle of nowhere could also be the center of the world — a great crossroads between east and west, north and south."

Ten years ago there was nothing in Khorgos, but today it has become

one of Kazakhstan's primary dry ports for handling trans-Eurasian trains. These trains travel more than 9,000 kilometers from cities like Southwest China's Chongqing and Chengdu, and Yiwu in East China's Zhejiang province, to cities in Europe like Barking, on the outskirts of London, Duisburg in Germany, and Lodz in Poland.

There are currently 39 such China-Europe routes in operation — an emerging network that is revolutionizing the rail industry across Eurasia.

Hans Hendrischke, professor of Chinese business and management at the University of Sydney Business School, said the dry port at Khorgos has become vital to the inland Belt and Road.

"We should not underestimate its importance to the Belt and Road as it opens up a vital corridor between the eastern seaboard of China, Central Asia and Europe," he told *China Daily Asia Weekly*.

"It is faster than shipping goods to Europe and as capacity builds up, so too will volume. It will not replace shipping, but provides an alternative."

He said the different rail gauges between China and Europe are a problem which adds to cost, but the time factor would go some way toward compensating this expense.

"I think China and a number of countries in Central Asia and Europe would like to see a dedicated, straight-through rail link, but I think that may be some way off. The inland route would reduce pressure on the South China Sea route."

Hendrischke said Khorgos was a

good example of how development can take place along the inland route, "opening up new avenues of trade with China, Central Asia and Europe."

Khorgos is just one of the many projects along the Belt and Road.

In Oman, construction has begun on a multibillion-dollar investment that will transform Duqm, 550 km south of Muscat, into a major special economic zone and industrial center, providing jobs and helping to transition the economy away from its main exports of oil and gas.

Oman's economy has been particularly hard hit by low oil prices.

Duqm, which sits on the Arabian Sea, is seen as a potential operating base for Chinese businesses near export markets which China wants to develop in the Gulf, the Indian subcontinent and East Africa, said a report by Reuters on Sept 5.

The result could be a bonanza for Duqm, according to Ali Shah, chief executive of Oman Wanfang, a Chinese consortium. Eventually, Chinese firms aim to invest up to \$10.7 billion there, he told Reuters.

"Duqm isn't like Jeddah or like Dubai. It's still new, it needs time to develop. But we at Wanfang are thinking the future for Duqm will be better than those cities inside the Gulf," the report quoted Ali Shah as saying.

Speaking to investors, Yahya Jabri, chairman of a China-Oman industrial park, said: "As a World Trade Organization member, we have rolled out a string of favorable policies for investment."

"Besides oil, we enjoy an advantageous location, a good deep-water

port, and complete ship-repairing facility," Jabri said at the China-Arab States Expo in Yinchuan, capital of Northwest China's Ningxia Hui autonomous region, on Sept 8.

He said goods transported via Duqm will reach 22 million metric tons in the next decade and predicted the country will become the gateway to North Africa.

"Oman welcomes more Chinese entrepreneurs to set up joint ventures or solely foreign-owned businesses," he said.

Although still under construction, Jabri's industrial zone is expected to be an exemplary project in China-Arab industrial cooperation, the Xinhua News Agency said in September.

With the foundation stone laid in April, it is designed to develop into a logistics center, commercial harbor and tourist site for the Arabian Sea, covering an area of nearly 1,200 hectares.

"With huge market potential and unique natural resources, Arab economies are complementary to China," Chen Zhou, vice-chairman of the China Council for the Promotion of International Trade, told Xinhua.

"The new cooperation not only allows China to give full play to its competitive industries but helps Arab countries improve infrastructure and build a more sophisticated economic structure."

Besides traditional projects in energy and resources, Chinese and Arab businesses have started to explore more sectors, such as chemical industry, telecommunications and manufacturing, said Li Shaotong, an official at the Ministry of Commerce.