

BRI Pulse

Great Stone Industrial Park (2012-2020)

Belarus' Great Stone Industrial Park (Great Stone) is a special economic zone (SEZ) located 25km from Minsk. It is between China and Belarus, is the largest international industrial park with Chinese investment and has been declared a flagship project of the BRI. It is owned and being developed by the China (68%)-Belarus (31%) Industrial Park Development Company (CBIPDC). The entire project is expected to occupy over 100 km², be completed in 2030 with total investments aggregating to \$2 billion, \$1.2 billion of which in high-tech economy sectors. Great Stone is focussed on becoming a vital logistics link between China and Europe and a digital hub for SCO countries.

Great Stone was established in 2012, was visited by President Xi in May 2015, the year construction began. By late 2016, Great Stone had 8 residents.

In 2017, China Merchants Group (CMG) and Sinomach announced that the main infrastructure facilities at the starting area of 3.5 km² had been completed (previously scheduled for 2018). In order to attract smaller companies, Great Stone lowered the cost of investment from \$5 million to only \$500,000 (minimum term of 3 years). By May 2017, it had 13 residents, including four which had joined within the prior week. During the remainder of 2017, more than 10 companies from China, Belarus, Russia, Austria, the USA and Lithuania became new residents. Also in May 2017, the first stage of the China-Belarus Commerce & Logistics Park was commissioned. About \$120 million was invested in the construction of this logistics subpark with a total area of 100,000 m².

Separately, in April 2017, the \$585 million Sino-BLR Industrial Investment Fund, L.P. (SBIIF), was established. The fund mainly targets those companies which will enter Great Stone in the following sectors; Industry 4.0, Fine Chemicals, HealthCare, Advanced Manufacturing and TMT. Sponsored by SASAC and initiated by CMG, SBIIF is managed by China Merchants Capital (selected investments made by SBIF are set out in the Appendix).

As at 1st January 2018 Great Stone had 23 residents. During H1 2018, Duisburger Hafen AG (duisport) acquired a 1% stake in CBIPDC. As part of the transaction, a rail terminal (including a logistics area) was to be built, led by duisport, as well as China Merchants China-Belarus, the Belarus state-owned railway and Hupac Intermodal (Swiss), Europe's leading intermodal (and green logistics) provider.

The 80-hectare logistics parcel is to include a 30-hectare bimodal terminal with an initial annual handling capacity of 180,000 TEU (future up to 500,000 TEUs). The other 50 hectares are to be used for attracting logistics companies. In addition, duisport, China Merchants China-Belarus Commerce & Logistics Corporation and Erontrans, along with Belintertrans, a subsidiary of the Belarus state-owned railway, also founded the dpa Polska Intermodal, whose activities focus mainly on the development, marketing and organization of rail transport between Poland and Germany. dpa Polska Intermodal aims to significantly reduce the delays for China trains at the Polish-Belarus border from the then current 14 to ten days.

As at August 2018, Great Stone was home to 36 resident enterprises, 20 of which were from China, the other 16 from countries including Austria, Belarus, Germany, Israel, Lithuania, Russia, and the USA. By the end of 2018, \$430 million had already been "invested".

In early July 2019, just prior to hosting its own first Belt and Road Forum, 44 companies had been registered as residents at Great Stone, with nearly \$500 million invested by shareholders, investors, loans, and technical aid (at least \$110 million from CDB, \$170 million from China EXIM, \$120 million from CMG)

On 2nd July 2019, Great Stone hosted the first Belt and Road Forum or Regional Cooperation and Development. The key topic was global opportunities for investors in the Great Stone. More than 700 participants from more than 30 countries attended the forum during which Great Stone welcomed 11 new residents from Belarus, China, Switzerland and Israel. The volume of investments announced by the new residents was circa \$60 million.

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Highly efficient logistics play a key role in China-EU intermodal transportation. Thus Great Stone must be both efficient and a profitable Chinese distribution centre. As Belarus does not have sea ports of its own, cargo transportation has been envisaged through Lithuanian and Latvian ports. As such, during the forum, “Baltic Container Terminal”, the largest container terminal of the port of Riga, signed a MOU with CMG which envisages an opportunity to increase container transshipment volumes between Great Stone and the “Baltic Container Terminal” (and increase competitiveness with the port of Klaipeda). When built, this will link into Rail Baltica, one of the EU’s priority projects.

By mid-August 2019, Great Stone had 56 companies resident in the park and their contractual investment totalled \$1.1 billion.

In October 2019, it was announced that Belarus is considering the implementation of a project to launch a HSR service en route Minsk-Gorodishche-China-Belarus industrial park Great Stone – Minsk National Airport. Before year end 2019, the Belarusian Government invited the EBRD to take part in this project.

In November 2019 – The World Free and Special Economic Zones Federation (FEMOZA) named Great Stone Industrial Park the world's fastest-growing SEZ. According to FEMOZA President, the key to determining the winner was the prospects of the SEZ for global investment and the rapid pace of its development.

In early January 2020, Great Stone announced that total of \$526.4 (budget \$520 million) had been invested in the project from its start to December 2019. The number of park residents had increased 2.6 times since the start of 2018; there were 60 residents from 16 countries, including 33 from China, 15 set up with the participation of companies from Austria, Germany, Israel, Canada, Cyprus, Latvia, Lithuania, Russia, USA, Switzerland, and Estonia, and 12 set up by Belarusian companies. By the end of 2020 the park is expected to have at least 80 resident companies with the declared volume of investments at \$1.5 billion.

In 2020 Belarusian Railway plans to start the construction of a new intermodal terminal for handling products transported between China and the EU. At the initial stage, the participants intend to invest around \$30 million (€26.7 million) into the project which includes the construction of the terminal itself, storage areas and railway sidings. It will be focused on the export of products manufactured at the park to EU countries and import of Chinese components, necessary for the companies based at the park.

On 21st April, the 2nd plan of five-year development was adopted in Great Stone. To date, 32 kms of roads have already been built, with an engineering network of over 230 kms, about 90,000 m² of commercial real estate. By the end of 2020, this figure is expected to increase by a third.

Other key 2020 developments to date include:

- On 26th February a pilot project to develop 5G technology in Great Stone saw an agreement signed between Beltelecom and Huawei
- On 12th May, the first driverless bus was tested in the park. The electric bus is based on the technology from Singapore, has a maximum speed of 40km/hr, a driving range per charge of circa 180 km on charging time of no more than 4 hours. Work on this transport began at the end of 2019 when a decision on the 5G test zones was initially taken
- On 12th May there was also a groundbreaking ceremony for Sinomach's park Fakel (Torch). The park will implement four R&D and design projects in optical technologies, mechanics, electronics and new materials. Sinomach R&D institutes and companies, companies of the Zhongguancun Technology Park and the National Academy of Sciences of Belarus have been invited into the project

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- On 13th May China's Crownhomes was registered a resident of Great Stone. The new resident plans to set up a centre to make production lines for the woodworking industry based on the industry 4.0 principles. Production is scheduled to start in 2022.
- On 21st May – Preparations for the second regional Belt and Road forum which is due to take place in the Great Stone Industrial Park in 2020 has been discussed in Beijing as announced by the Belarus Chinese Embassy.

Potential Opportunities for Future Investment – International Investors

- Infrastructure/development along planned HSR railway
- Investment into duisport Group/Hupac (excellent recent financial growth)
- Co-investment with SBIIF in tech investments
- Co-investment with EBRD/local PE (Zubr Capital)
- Co-Investment with local Minsk/Belarus companies involved with increasing Chinese exports

Appendix

SBIIF – Actual Great Stone Investments

- 28/08/2018 International Intelligent Machines Co Ltd (Shenzhen), a leading Chinese intelligent service robots developer and manufacturer, announced it raised \$20 million in a Series A financing round, amid growing demand in the service robots market. The new fundraising is backed by the SBIIF. Proceeds from the new funding will be used for research, development and manufacturing of smart service robots in the property management and education sectors, system construction, channel deepening and team building.
- 09/04/2019 Zhuiyi Technology (Shenzhen) AI startup announced that it had raised \$41 million in its C round of financing, with SBIIF as a lead investor. The funds will go towards the development of AI technology and products, recruitment, ecosystem building and overseas expansion. Zhuiyi Technology is one of the first AI platforms to develop deep learning technology for China enterprises. The company announced it was venturing into the hospitality industry in 2018, when it unveiled its YiButler assistant and cooperation with China Hospitality Technology Alliance (CHTA).
- 20/06/2019 Innoviz Technologies (Israel), a provider of high-performance, solid-state lidar sensors and perception software, raised \$170 million in Series C funding. The round is marked by new major investors including China Merchants Capital (SBIIF). This raise will support Innoviz's commercialization of its InnovizPro and InnovizOne solid-state lidar solutions and address growing demand for autonomous vehicles (AV) technologies worldwide. In February 2020, Innoviz was selected by Shaanxi Heavy Duty Automobile to deploy autonomous trucks for an upcoming project in one of the biggest ports in China.
- 27/04/2020 ForwardX Robotics (Beijing) announced that it has raised \$15m in a Series B funding round, led by SBIIF. In just over three years, ForwardX has cultivated its own competitive advantages and grown to become a leading autonomous mobile robot (AMR) provider. One of its solutions, targeted at the logistics and manufacturing industries, uses patented computer vision technology to boost efficiency and cost savings. Experienced in warehousing, 3PL (third-party logistics) and manufacturing facilities, the company is currently serving a number of Fortune 500 enterprises and has seen an average increase of 200% to 300% in productivity metrics, such as UPH (units /hour) and throughput and a labour cost reduction of up to 51%.

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