

The West Awakens

Long overshadowed by the east, west China is set to take center stage as it blazes an economic trail to Central Asia **By Bai Shi**

Rakhat, a Kazakh chocolate brand, tapestries of Akhal-teke horses and Turkmenistan's traditional handicrafts were just some of the exotic products from Central Asian countries catching the eye of many a Chinese visitor at the first Silk Road International Exposition held in Xi'an, capital of northwest China's Shaanxi Province between May 23 and 26.

"A major aim of the silk road expo is to implement the concept of jointly building an economic belt along the ancient Silk Road, which was proposed by Chinese President Xi Jinping when he paid a visit to Kazakhstan last September," Lou Qinjian, Governor of Shaanxi, said at the opening ceremony of the expo. During the four-day event, Chinese exhibitors signed contracts totaling \$5.07 billion in value with foreign partners, according to the expo's organizing committee.

President Xi's proposal of building the Silk Road Economic Belt has created a new impetus spurring China's western regions to facilitate trade and investment with Central Asian countries. Now government work centered on building the Silk Road Economic Belt has begun in Shaanxi and other regions of west China, Governor Lou announced at a press conference in Xi'an on May 21.

Convenient transportation

Xi'an, the starting point of the ancient Silk Road, continues to act as an important transportation hub that connects the developed coastal areas to the vast and resourceful west in China. At present, 17 national expressways pass through the province, and Xi'an has become one of the top eight railway and aviation hubs in China, Governor Lou said.

Transportation underpins the construction of the economic belt. At the end of last November, the Chang'an International Freight Train heading to Central Asian countries was put into use. The regular freight train, numbered

Sino-European Express 80001, sets off from Xi'an International Logistics and Trade Park and crosses the China-Kazakhstan border at Alataw Pass in Xinjiang Uygur Autonomous Region, before stopping at nine locations in Kazakhstan, Kyrgyzstan, Uzbekistan and Turkmenistan.

The successful launch of the "Chang'an" train is an important move for Shaanxi in boosting trade with Central Asian countries, said Han Song, Vice Mayor of Xi'an.

China is the biggest trade partner of Kazakhstan. Xi'an's trade with Kazakhstan alone reached \$24 million in 2013. Most cargo from China to Kazakhstan is transported by road. The whole journey from Xi'an to Almaty is 3,866 km long. According to Han, with the Chang'an train, it takes a mere five days to complete a cargo delivery, which will save time and money compared with road transportation.

In the near future, the train's schedule will be expanded to four shifts per month from the present two shifts so as to meet growing demand, Han said.

What's more, the Chang'an freight train makes it possible to transport cargos from Xi'an to as far as Rotterdam in Holland in West Europe by railway. When that time comes, the freight train will bring more business opportunities to countries along the Silk Road on the Eurasian continent, Han said.

Gansu Province and Xinjiang are also catching up with the fast-expanding high-speed rail networks spreading across China.

On June 3, the trial run for the high-speed railway linking Lanzhou, capital of Gansu, with Urumqi, capital of Xinjiang, was launched, marking a countdown to formal operations by the end of the year.

With the new high-speed railway, travel time between Lanzhou and Urumqi will be cut from the current 21 hours to eight hours or less. When it is opened, the existent railway will be mainly used for freight.

At the end of 2013, a passenger railway line from Urumqi to Horgos, a land port in Xinjiang,

was put into operation.

As a result, the railway network from Xi'an to the border areas in Xinjiang is expected to boost trade in the future.

Inland ports

Alataw Pass and Horgos are major ports on the border of China and Kazakhstan.

Alataw Pass, the country's largest land port, has witnessed the export of Chinese-made food, textiles, garments, shoes, building materials and engineering machinery, as well as imports of rolled steel, crude oil and chemical products from central Asian countries since it commenced operations in 1990.

Last year, it handled 29.83 million tons of imports and exports, valued at \$17.43 billion,



BUSY BORDER: A container truck full of goods waits to pass through the borderline between China and Kazakhstan in Horgos, Xinjiang Uygur Autonomous Region, on May 26, 2008

and it reported 11.72 billion yuan (\$1.88 billion) in customs tax revenue, according to statistics from the local government.

In 2011, Xinjiang began to establish the region's first bonded zone at Alataw Pass. Currently, the bonded zone is still under construction.

Horgos is also building a comprehensive bonded zone. "This is good news for importers and exporters. We will be exempted from value-added tax when we warehouse imported goods in the zone," Habuli, a Chinese importer told *Beijing Review*.

Last year, the value of trade through Horgos reached \$14.2 billion, said Liu Yanong, Deputy Director of Committee of Horgos Economic Development Zone.

For northwest provinces like Shaanxi and Gansu, foreign trade did not amount to much in the past owing to their location far from sea ports and borderlines. Now, by building bonded zones, it has become possible for them to become new trade centers.

Xi'an launched the plan of building an international inland port six years ago. At present, the project has only partially come into operation.

Xi'an International Inland Port includes a trade and logistics park, a bonded zone, two export processing zones and a hi-tech zone.

The trade and logistics park has established business cooperation relations with seaports in east China and cities along the western border, Han said.

In April, the park reached an agreement with Kazakhstan National Rail Corp. on establishing joint transport business to promote the transport and warehousing of each other's cargos.

With the aid of the regular international freight train and the logistic park, Xi'an plans to build itself up as a major inland center of goods collection and distribution toward Central Asia, Han said.

In 2011, Xi'an established the first comprehensive bonded zone in northwest China. The bonded zone, covering an area of 6.18 square km, is under the special supervision of Chinese Customs and enjoys the highest opening level, the most preferential policies and the most complete functions.

With its bonded logistics and preferential policies, the Xi'an bonded zone can perform functions such as acting as a seaport for import and export enterprises and save them time in going through customs. The local government is also making efforts to put in place the service of 72-hour transit without visa at Xi'an Xianyang International Airport as soon as possible. All these efforts are expected to spark more trans-actions of foreign trade in Xi'an, Han said.

Construction of the Lanzhou Comprehensive Bonded Zone began this March, Zhang Shengzhen, Secretary General of Gansu Provincial Government, told *Beijing Review*.

Agriculture is an economic pillar of Gansu. Agricultural products, such as potatoes, are the main goods exported to the Central Asian market. Lanzhou's bonded zone is expected to boost the local food-processing industry in the near future. At present, five enterprises, including two Central Asian companies, have reached agreements to establish factories in the zone, Zhang said.

Cross-border free trade

Chinese and Kazakhstan people have a tradition of exchanging in-demand goods. Chinese consumers like to buy agricultural and dairy

products made in Kazakhstan, and Kazakhstan people often buy light industrial products and goods for daily use from China.

Horgos has established an international cooperation center together with Kazakhstan. The center covers an area of 5.28 square km across the borderline, including 3.43 square km in China and 1.85 square km in Kazakhstan. Merchants and companies from both countries are free to do business in the center and enjoy preferential policies jointly issued by the two sides.

"The center in fact is a pilot free trade zone under an agreement reached by the two leaders of China and Kazakhstan," Liu said. Up to now, 18 Chinese enterprises have promised to open their business in the center.

At the Chinese side of the center, a market building has been put into use. Gu Hongfei, a merchant from east China's Jiangsu Province who has been engaging in border trade in Horgos for eight years, has opened a booth for wholesaling bedclothes in the newly built market.

"I opened the booth as soon as the market building was put into use last September. The center has exempted all booths in the market from paying rent for one year. For this reason, I decided to move into the market," Gu said.

In the market, Gu now has more customers than ever before. He said the daily sales at his booth are stable between 10,000 yuan and 20,000 yuan (\$1,600-3,200).

"The center provides convenience in terms of customs procedures, logistics and warehousing, which reduce a lot of work for us," Gu said.

"Every customer is permitted to buy goods with a total value of 8,000 yuan (\$1,280) daily in the center, which is helpful in promoting trade growth for individual merchants like me," Gu said.

Gu said his only gripe regarding the center is that the settlement of exchange needs to be improved, for banks have yet to open in the center. ■



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