

Russia preps containerized rail corridors from Far East to China

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The Russian government is preparing to launch the first of two new transportation corridors linking Russia's Far East ports with China's northeast provinces by taking steps intended to cut transportation costs by 15%.

Those preparations include a revamping of border control processes and agreements with China to facilitate the flow of the goods across each country's border.

The first route, known as **Primorye-1, will link China's Suifenhe province with Russia's Nakhodka and provide capacity for 7 million tonnes** (7.7 million tons) of containerized cargo per year.

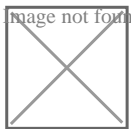
To boost traffic on the route a federal law that will enter into force Oct. 1 simplifies border inspection and customs clearance at the country's Far East ports, which should speed up container handling at those ports, according to Alexander Galushka, head of Russia's Ministry of Far East Development.

Measures in the law include the introduction of a single electronic window and non-stop operation of customs checkpoints.

In order to further simplify container handling on both routes, the Russian government **plans to sign a package of agreements with China** on the simultaneous inspection of containers and the provision of transshipment status to cargo returning to China.

The Primorye-1 route **will open at the end of the year after the 10 billion ruble (\$250 million) reconstruction** of State Border and Ussuriisk road and expansion of Grodekovo railway station.

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Moving containers of goods made in China through Chinese ports is still cheaper and faster than through the Russian Far East seaports, taking some 85 hours against 220 to 240 hours, according to a recent report by McKinsey analysts. However, the policy

changes and cost reductions could make Russia's Far East ports more attractive for goods originating in China's far northeast.

The **second corridor, Primorye-2, will cost 165 billion rubles**, according to the Ministry of Far East Development. The majority of this sum will be allocated for the construction of terminals and related infrastructure. Of that total, about 35 billion rubles will be invested in the building of a railway line to Zarubino, with another 30 billion rubles to be invested in the building of a road to the port. Potential investors include Russia's largest stevedores and terminal operators.

The Primorye-2 route connecting Hunchun, China to Zarubino should be **officially commissioned by 2020 and able to handle 15 million tonnes of containerized cargo per year**.

Zarubino is the site of construction for a seaport with an initial capacity of 600,000 twenty-foot-equivalent units, according to the Summa Group, the Russian conglomerate behind the project. The second stage will have a capacity of 1.5 million TEUs.

Summa is working on financial modeling for the project that will be synchronized with federal and regional targets. To date, the company has completed land allocation and engineering surveys for the project.

(By Eugene Gerden, JOC)