

Analysis on the Development Issues of Dry Ports in Shanxi

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Abstract

With the development of information technology and multimodal transport, China has paid more and more attention to the logistics and transportation between coastal cities and inland areas, and the dry ports can link these two places efficiently. As a major energy supply province in China, Shanxi, who responds to the call of the state for transformation actively, takes efforts to expand cooperation with other countries. This article analyzes the status of dry ports in Shanxi and studies the problems existing in them. And then this article proposes effective countermeasures so as to provide some advice for the development of dry ports in Shanxi.

Keywords

Shanxi Dry Ports, Development Issues, Countermeasures.

1. Introduction

As a large shipping country, China has plenty of advanced ports and a large number of ships. With the development of the global economy, on the one hand, there is the disproportion between the port throughput and the port development in China. On the other hand, an economic imbalance appears between the coastal areas and the inland areas. The emergence of dry ports not only rationally coordinate the resources of inland areas, but also provide effective methods to solve these imbalances[1].

As a big energy and mineral resources province of China, Shanxi has been sending resources to the country and the world for many years. With the enhancement of social environmental protection awareness and the appearance of supply-side reforms advocated by the national government, Shanxi has gradually begun economic structural reforms, which not only improves the province's economy, but also accelerates the transformation of economic development. The emergence of dry ports can help improve Shanxi's economic efficiency and speed up Shanxi's structural reform. On the other hand, they can also bring more development resources to the surrounding areas and ports.

Since dry ports have not been developed in China for a long time, their acceptance in the inland is not very high, and their development speed is relatively slow[2]. For Shanxi dry ports, there are still many problems such as single goods, limited development and the lack of professionals. In view of this, this article analyzes the existing problems in the development of Shanxi dry ports. According to the specific development situation of Shanxi, the strategies for the development of dry ports are proposed.

2. The Introduction of Dry Port

Dry port, also known as "waterless port", is understood literally as a port without water[3]. Different from the traditional ports built on the coast, they are generally in inland areas and use roads and railways as the main transportation methods. Through professional and advanced information

technology, the functions of traditional ports such as customs declaration, material distribution, inspection and quarantine, and port supervision are placed in an inland area. Dry port is an important logistics node in a region, which is also an important support for local enterprises to check out and issue documents[4].

With the continuous development of global economy and trade, the throughput and scale of traditional ports continue to expand. The government and some enterprises cooperated to transform some logistics centers into dry ports[5]. On the one hand, it can alleviate the shortage of site capacity in ports and reduce vicious competition among ports. On the other hand, it helps inland areas to have fast ways to the river and sea, increase cargo turnover, and improve the investment environment.

3. Concepts related to Dry Port and their Difference

Free trade zone refers to an area formed by a free trade agreement which signed by multiple countries in accordance with relevant WTO rules. In this region, these countries can conduct goods liberalization transactions, as well as more mutual commitments such as service trade, investment, government procurement, intellectual property protection and standardization. On the other hand, it is also a specific area within a country's or region's own territory, where the country unilaterally grants more special preferential tax and regulatory policies.

China's free trade zone refers to a multifunctional special economic zone established within China but outside the customs. Enterprises in this area can achieve the purpose of liberalization and facilitation of trade with other countries through special preferential taxation and special customs supervision policies.

Bonded Area, also known as bonded warehouse area, is an area where goods can be stored. It set up by a national customs or registered with customs approval and then subject to them and management for a long time. The goods entering the bonded area can be stored, modified, classified, mixed, exhibited, and processed. Foreign goods can enter and exit freely in the bonded area and overseas, but they need to pay customs duties if they enter the customs territory.

China bonded port area is established with the approval of the State Council of China and is a special customs supervision area with port functions. It integrates port operations, logistics and processing in the port operation area and the specific area connected to it. The functions of dry port are similar to those of the bonded port. But bonded ports are usually near the sea.

According to Chinese regulations, a comprehensive bonded zone refers to the gradual integration of existing export processing zones, bonded logistics parks, cross-border industrial zones, bonded port areas and qualified bonded zones. But the prerequisite is that this zone does not exceed the original planned area[6].

The functions of dry port are similar to those of bonded port, but they are located in different geographical environments. The functions of dry ports, bonded areas, bonded port areas, and comprehensive bonded areas are mainly bonded warehousing, export processing, and entrepot trade for physical goods. These regions are still unable to conduct highly free and developed international trade. However, the free trade zone not only means to achieve liberalization and facilitation of trade and investment, but also to achieve a high degree of development in finance and service trade.

4. The Introduction of Shanxi's main Dry Ports

As a large resource province, Shanxi has been sending resources to the whole country and the world for many years. With the increase of social environmental protection awareness and the supply-side reform promoted by the state, Shanxi has gradually begun to change the development mode and reform economic structure. While improving the economy, this province also accelerates the economic development and transformation. The emergence of dry ports can not only help improve Shanxi's economic efficiency and bring more development resources to the surrounding areas and coastal ports, but also bring opportunities to speed up Shanxi's structural reform.

The types of dry ports in Shanxi are mostly coastal ports-dominated dry ports and coastal port-inland cities cooperative dry ports. These dry ports mainly distributed in the central and southern of Shanxi. Datong International Dry Port is an important large-scale hub in the north of Shanxi. The central part of Shanxi is represented by Huayuan Dry Port Group and Zhongding Logistics. And the south is based on Fanglue Dry Port Group as an important node. These dry ports have established more cooperative relations with northern ports in China such as Tianjin Port and Rizhao Port.

Datong International Dry Port is located in the Economic and Technological Development Zone of Datong City. It is connected to the Erenhot Guangzhou Expressway to the west and is close to the 109 National Highway. There is also a railway line next to it. This port is a modern, regional and comprehensive international dry port. It plans to build many multiple functional areas, such as a bonded logistics center, a designated inspection field for imported meat, a national grain quarantine and inspection center, an electronic port “single window”, Sea-rail-air-land multimodal transport connection area, the exhibition and sales center of Tianjin port’s directly-operated commodities, food processing area, bulk commodity trading center and etc. The area is mainly responsible for food processing, import and export, and agricultural products storage and processing transactions[7].

Huayuan Dry Port Group is located in Taiyuan City. It was established in April 2020 and is a new dry port. After getting the approval of the provincial government, it was reorganized and established by Shanxi Energy Transportation Investment Co., Ltd. It is mainly responsible for the layout of Shanxi’s major logistics hub. Its business involves railway facilities, infrastructure, park operations, multimodal transport, supply chain management, and bonded Services. This dry port also involves other services like land-port technology, modern financial services, cross-border e-commerce and business circulation and so on[8].

Zhongding Dry Port is in Zhongding Logistics Park. It is located at the junction of Taiyuan and Jinzhong, with a very advantageous geographical location. There are 7 main railway lines in the zone, including Taizhongyin, Daxi High-speed Railway, Taijiao, and North-South Tongpu. It connects with 3 expressways, namely Beijing Kunming Expressway, Qinghai Yinchuan Expressway and Erenhot Guangzhou Expressway. It is adjacent to the 108 National Highway[9]. In addition, it is also close to Wusu Airport, Jinzhong High-speed Railway Station and Intercity Line 2. The transportation goods are mainly coal, metal materials, auto parts and agricultural products. It has signed production, supply and marketing integration agreements with six major ports including Qinhuangdao Port, Caofeidian Port, Jingtang Port, East Port, Tianjin Port, and Rizhao Port. In the future, it plans to develop long-term cooperation projects with these ports.

Fanglue Dry Port is located in Houma City, which has a well-developed transportation network. It is next to Jinhan Expressway and Jingkun Expressway. It has 6 dedicated railway lines with a total length of about 10.09 kilometers, which can accommodate 10,000 tons. It is also directly connected to the large railway marshalling station-Houma Railway Marshalling Station[10]. Fanglue Dry Port is a modern enterprise group integrating international trade, logistics operations, bulk cargo, container transportation and other businesses. In addition to the import and export of coal and steel products, it also covers many metal development and processing, chemical products and light industrial products. The total annual transportation volume of it has reached more than 10 million tons.

In addition to these large-scale dry ports, some cities have also cooperated with other provinces to jointly establish dry ports. In 2017, Yangquan, China Railway Beijing Group, Tianjin Port Group and others jointly established Shanxi (Yangquan) International Dry Port Group Co., Ltd. They aimed to build a modern logistics network with coal transportation as the main business and container transportation as a supplement. In December 2019, Jiexiu, Xiaoyi and other cities signed cooperation agreements with Shandong Rizhao Port Group. They expected to build 3 new integrated cooperative dry ports, and to create a coastal port-led international dry port through further integration of upstream and downstream resources.

5. The Analysis of the Problems

5.1 The Connection of Dry Ports is not Close. And the Development is Limited

Due to the large division of provinces in China, the development layout of dry ports is limited to the province or even in a certain local area. It shows that dry ports' business scope of radiation become smaller and their development become more restricted. In addition, there is a problem that the distribution of Shanxi dry ports is uneven. Most dry ports are concentrated in the south of Shanxi, and Datong is the only large dry port in the north. Under this circumstance, the dense distribution of dry ports can easily lead to the problem of snatching supply of goods and vicious competition. Some of the scattered dry ports cannot meet the business needs, which will make a large number of surrounding cargo sources can't get timely turnover. And this also results in the demurrage of cargo transportation in the end.

In addition, existing data shows that dry ports have more cooperation with sea ports, while dry ports in the same region have less cooperation. On the one hand, vicious competition among multiple dry ports will appear when the supply of goods is small and the quantity is limited, which further restricts the development of dry ports. On the other hand, the lack of close communication among dry ports can easily lead to asymmetric information acquisition, which will also increase the cost of time and labor.

5.2 The scope of cargo business is one-sided, and transportation needs to be more greener.

As the concepts of green logistics and green supply chain are advocated throughout the development of transportation more and more, Shanxi economic development structure is also facing huge adjustments. However, except Datong International Dry Port, whose main business is the processing and transportation of meat and agricultural products, the business of other dry ports is still concentrated on coal and other mineral resources in the development of dry port business. The reason is that there are many resource-heavy industry companies around these dry ports. This can also cause many problems. First of all, this situation will confine the company to the drawbacks of a single source of supply, resulting in a "only strongest status" situation of coal logistics. It also weakens the dry port's sensitivity to the market, and prompts them to slow down in response to changes in the future situation. Overall, these single sources are not conducive to the longer-term development of the dry port companies. Secondly, this situation will also lead to problems such as high transformation costs, poor transformation timeliness, and mismatch between the transformation sources and the scale of enterprise equipment when the country conducts green transformation of enterprises.

In addition, freight trucks are not only heavy energy users, but also the large emitters. But its convenience is that the goods can be directly transported "door to door". Compared with other modes of transportation, road transportation accounts for a very large proportion in Shanxi. In addition, medium- and heavy-duty diesel trucks, especially coal trucks, have high exhaust pollution and strong noise pollution, and even cause great damage to the highway, which brings many problems to Shanxi's environmental governance. If the main source of supply was coal all the time, the future sustainable development and transformation of Shanxi dry ports will be full of challenges.

5.3 The Lack of Professionals.

Located in the inland area, many colleges and universities in Shanxi rarely have counterparts related to ports and shipping. And affected by employment prospects and ideas, many logistics and shipping professionals across the country tend to work in coastal and riverside cities. Many factors have caused the lack of comprehensive high-quality professionals, especially in the construction of Shanxi's dry port. In addition, the mismatch between jobs and majors can easily cause problems such as increased difficulty for companies to cultivate compound talents and increased training costs.

6. Development Advice

6.1 Strengthen Cooperation and Achieve Dislocation Development

While expanding their own business development, dry port can strengthen cooperation with each other, share part of the information and surrounding sources of goods. By this way, they can build an inland port network system in Shanxi Province. On the one hand, this network can improve the timeliness of cargo transportation and avoid the situation that the business cannot be carried out or completed in time due to insufficient supply of goods. On the other hand, dry ports can bring goods to each other. When one's own zone cannot meet the requirements of cargo transportation or processing, the information will be timely transmitted to the optimal dry port, whose conditions is the most suitable. In this way, they can complete the business, smoothly solve customer needs and increase customer satisfaction. It is well known that Xi'an dry port is an important hub connecting the western region. If many dry ports in Shanxi can cooperate with Xi'an dry ports in information and resources, it will open up Shanxi's resource market in western China and the Middle East. In summary, cooperation can be carried out between dry ports inside and outside the province, which will greatly improve the disadvantages caused by regional division. In addition, dry ports need to recognize the dangers of vicious competition. They can moderate competition, dislocation development, and achieve a win-win situation.

6.2 Expand Business Scope and Accelerate Green Transformation

Shanxi dry port needs to actively respond to national policies, grasp market trends, adjust development goals timely, increase the types of goods operated in the province, expand the scope of business, and contribute to the development of Shanxi. At the same time, these companies need to gradually get rid of coal logistics, avoid the high cost of green transformation and the high difficulty of pollution control.

In addition, the global spread of COVID-19 virus has not ended. Therefore, the situation of imported viruses under cold chain transportation cannot be ignored. When importing foreign sources of goods, dry ports must formulate targeted epidemic prevention plans, improve epidemic prevention facilities, and conduct regular quarantine on their staff and overseas cold chain products. Dry ports can also store foreign goods and domestic goods in different regions to create a safe cargo turnover model.

In the process of green development, dry ports can start in many ways. First, it can strengthen the development and use of new energy and clean energy facilities and equipment, eliminate non-compliant vehicles, and reduce pollution from operating vehicles. Secondly, Shanxi dry port must actively respond to the government's request for 'transforming highways into railways' and actively communicate and cooperate with the government and railway groups, and promote railway construction projects based on actual conditions. They should also facilitate rationalization of transportation, improve transportation efficiency and enhance the level of green transportation.

6.3 Strengthen the Training of Professionals

Led by the government, dry port can establish a school-enterprise cooperation model with universities. They can regularly provide internships and teaching venues to partner universities. Universities can also help to train dry port staff. This helps both parties to improve the practice and comprehensive training of professionals in management, finance, logistics and transportation. In the cooperation, universities continue to improve teaching standards, promote education specialization and matching, provide more employment channels for graduates, and solve more employment problems. Universities and dry ports help with each other and develop together.

7. Conclusion

As a hub connecting Shanxi with other provinces and coastal regions, Shanxi dry port plays a very important role in promoting the development of the region. Many problems, which are the lack of

close links among dry ports, the single type of goods and the lack of professionals, have restricted the development of dry ports in Shanxi.

This article proposes some strategies. For dry port itself, it must increase the types of goods, make green reforms in transportation, and cultivate more talents by means of school-enterprise cooperation. For all Shanxi dry ports, they must strengthen cooperation with each other and build a comprehensive network. Through these two perspectives, we can improve the development level of dry ports and increase their proportion in trade and transportation. However, the research in this article is not perfect, and there are still many problems to be solved in the future, including:

First, the solution proposed in this article is not specific and comprehensive.

Second, as there are few data and analysis on Shanxi dry ports, the data provided is not comprehensive enough. Affected by this factor, the conclusion may not be objective enough.

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