CMG wants to make African port of Djibouti 'new Shekou'.

China Merchants Group, a Hong Kong-based conglomerate with extensive port business, is hoping to replicate the success of Shenzhen's Shekou Industrial Zone in development of its Djibouti port projects.

Djibouti is a country located in the Horn of Africa. It is of strategic significance as a main channel for international maritime cargo.

China Merchants Port Holdings Co, the group's port and logistics arm, invested in the Port of Djibouti in 2012 and completed the construction of a new port with a stronger handling capability.

Li Xiaopeng, president of CMG, said in an exclusive interview with China Daily: "Making full use of Djibouti's geographical advantages, we are in the process of making the country the 'Shekou of East Africa' - a hub for regional shipping, logistics and trade."

He said: "We will use our experience in Shekou and adjust the model to local conditions. We will put this model into practice in countries such as Djibouti."

LI Xiaopeng, president of China Merchants Group

The group wants to use model of Shekou, dubbed "Port-Park-City" or PPC as a template to build an industrial park and subsequently a city to supplement the initial development of a port.

The Port of Djibouti is in further expansion along the lines of the Shekou model. The group has invested in the development of a 48.2-square-kilometer free trade zone in Djibouti with $400 million investment in November 2016.

The free trade zone in Djibouti will be equipped with infrastructure development, including a trade and logistics park and an export processing zone, as well as financial services.

Djibouti is also expecting urban development in the old port area after the operation of the new port commences later this year, and aims to build a new business district with commercial and tourism facilities.

The innovative model successfully transformed Shekou from a small fishing village to a metropolitan hub, and the concept will be applied to the future development of the company's port projects abroad, said Li.

With the majority of its port project in areas along the Belt and Road Initiative, the group owns a network of 46 ports in 18 countries and regions. CMG's investment in overseas ports has reach $2 billion, with major projects in Sri Lanka, Djibouti, Nigeria, Togo, Turkey and France.

As the return on investment for the Port of Djibouti has increased, the income of the local workforce involved in the project has been growing steadily at 8 percent, and the company is also investing $2 million in providing training opportunities for local staff in a three year time span, according to Li.