



Developing logistic centres in Central Asia

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Project for development of international logistics
centres/nodes network in Central Asia



RINA INDUSTRY

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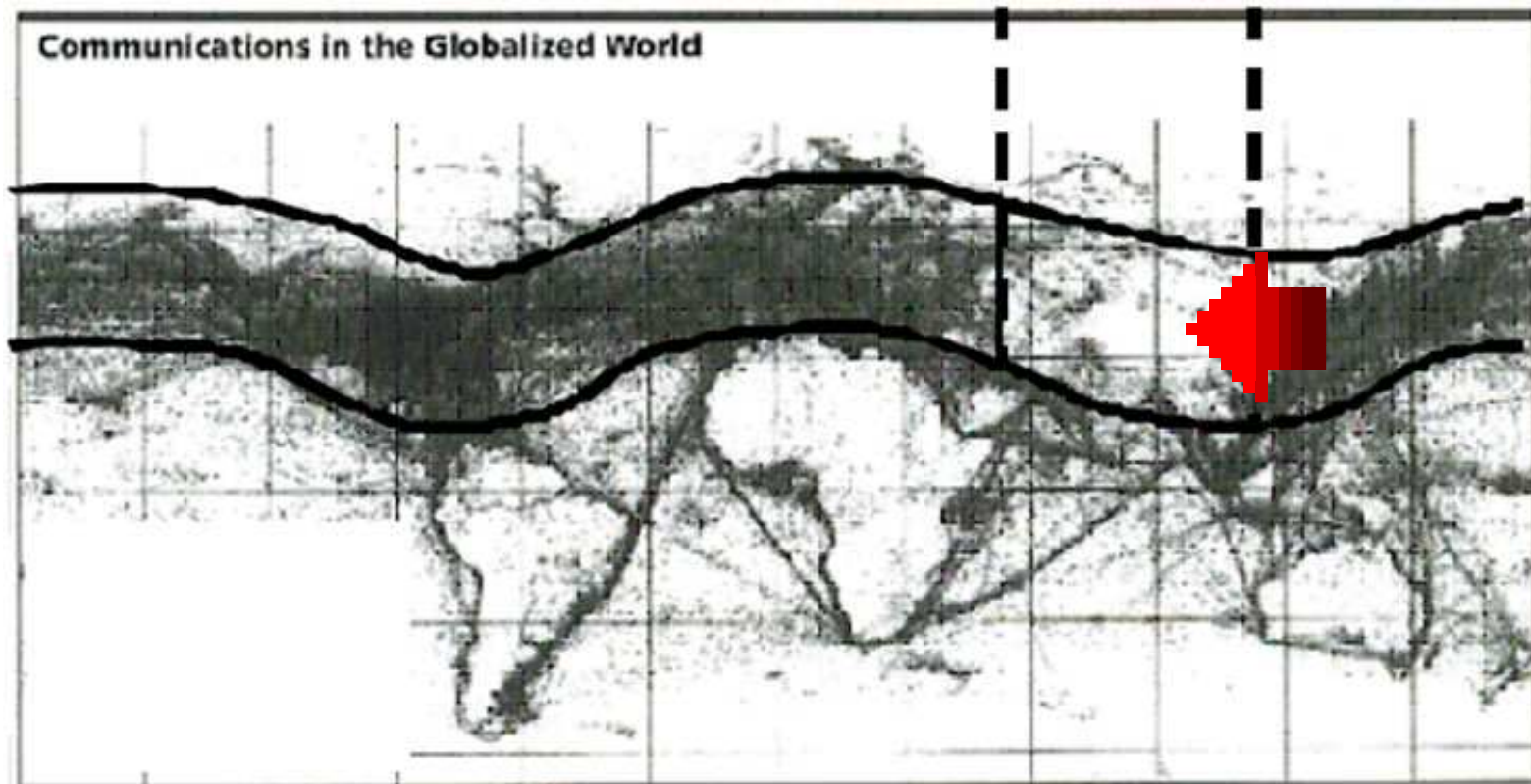
ENGINEERING





Why Central Asia?

Telecommunications gap corresponds to the regions that have not been interconnected to global trade



Source: Centre for Strategic International Studies (CSIS), Washington, DC



Project objectives

- Support international trade and facilitate the movements of goods along the TRACECA corridor through improving logistics capabilities, interoperability and multimodal transport
- Improve the efficiency of transport in Central Asia
- Increase role of the private sector in the development of transport infrastructure.



Project benefits

- Logistics centres will complement the improvements being made to links in the region's transport network
- Reduction of transport costs and transit time
- Potential to increase container shipments between Asia and Europe through Central Asia routes.



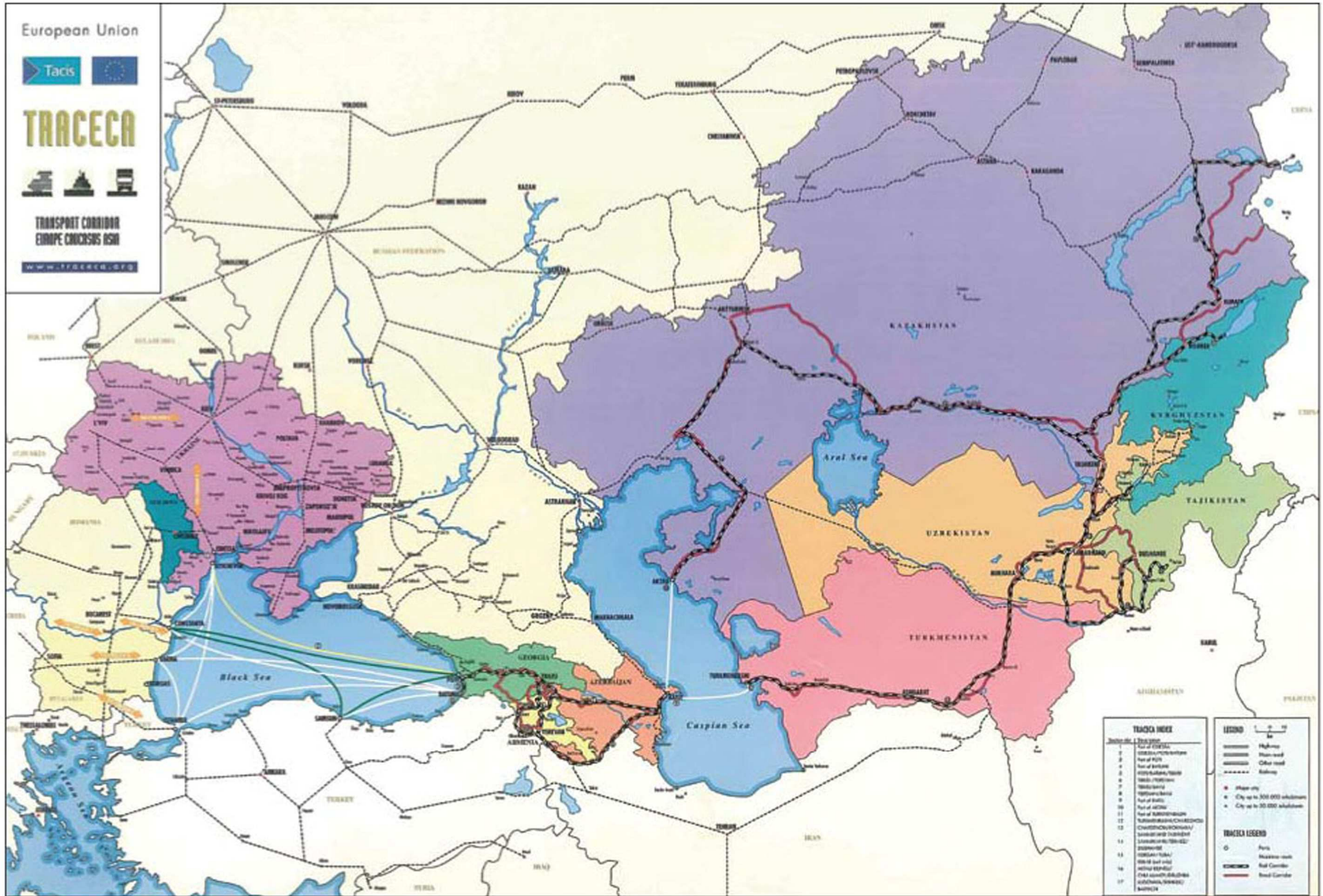
Central Asia logistic links





Typical investment structure

- Mix of financing sources will be required for attractive financial rate of return for private sector.
- Typical proposed structure:
 - 20% private equity
 - 10%-20% from government
 - the rest in the form of debt from local banks and IFIs.
- Financing structure varies between the centres.





Aktau, Kazakhstan

- Centre to be located near Aktau port.
- Government developing a Special Economic Zone.
- Forecast traffic growth through logistic centre:
 - 2012 – 740,000 tons
 - 2020 – 1.3 m tons
 - 2030 – 1.8 m tons





Aktau, Kazakhstan

Development costs

Item	\$ million
Total cost	\$33.4 m
Operating costs	\$3.0 m
Finance loan costs	\$ 4.5 m
Total costs	\$ 7.5 m
Year 1 Income	\$ 4.5 m

Return on investment

Private contribution % of capital costs	FIRR	Investment
100%	4.3%	\$ 33.4 m
10%	15.8%	\$ 3.3 m
20%	21.1%	\$ 6.6 m



Osh, Kyrgyz Republic

- Key city of southern Kyrgyz Republic
- Centre for agricultural production in Fergana valley
- International airport plus railway terminal for southern branch of Kyrgyz rail network.
- Cargo projection 400,000 tons in 2013 growing to 1.0 m tons in 2030.





Osh, Kyrgyz Republic

Development costs

Item	\$ million
Build cost	\$ 8.7 m
Operating costs	\$ 1.1 m
Finance loan costs	\$ 1.1 m
Total costs	\$ 2.2 m
Year 1 Income	\$ 1.5 m

Return on investment

Private contribution % of capital costs	FIRR	Investment
100%	5.4%	\$ 8.7 m
10%	10.6%	\$ 0.9 m
20%	19.2%	\$ 1.7 m



Nizhniy Pyanj, Tajikistan

- Traffic volume rising from 314,000 tons in 2013 to 1.7 m tons in 2030.
- Associated with Special Economic Zone.
- Important for developing cross-border trade with northern Afghanistan.



New bridge across river Pyanj to Afghanistan





Nizhniy Pyanj, Tajikistan

Development costs

Item	\$ million
Build cost	\$ 8.5 m
Operating costs	\$ 0.8 m
Finance loan costs	\$ 1.1 m
Total costs	\$ 1.9 m
Year 1 Income	\$ 1.0 m

Return on investment

Private Investment % of Total Costs	FIRR	Investment
100%	5.8%	\$ 8.73m
10%	12.3 %	\$ 0.87 m
20%	24.3 %	\$ 1.75 m



Navoi, Uzbekistan

- Korean Air cargo has major investment with air cargo rising to 0.5 m tons / year.
- Free Economic Zone being developed.
- Forecast traffic:
 - 2011 – 160,000 tons
 - 2020 – 980,000 tons
 - 2030 – 1.46 m tons





Navoi, Uzbekistan

Development costs

Item	\$ million
Total cost	\$10.4 m
Operating costs	\$1.0 m
Finance loan costs	\$ 1.4 m
Total costs	\$ 2.3m
Year 1 Income	\$ 1.3 m

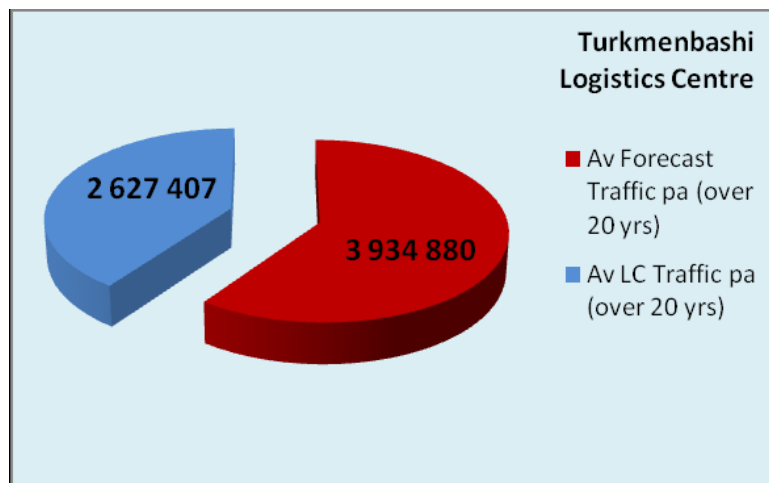
Return on investment

Private contribution % of capital costs	FIRR	Investment
100%	5.8%	\$ 10.4 m
10%	7.5%	\$ 1.0m
20%	21.5%	\$ 2.0 m



Turkmenbashi, Turkmenistan

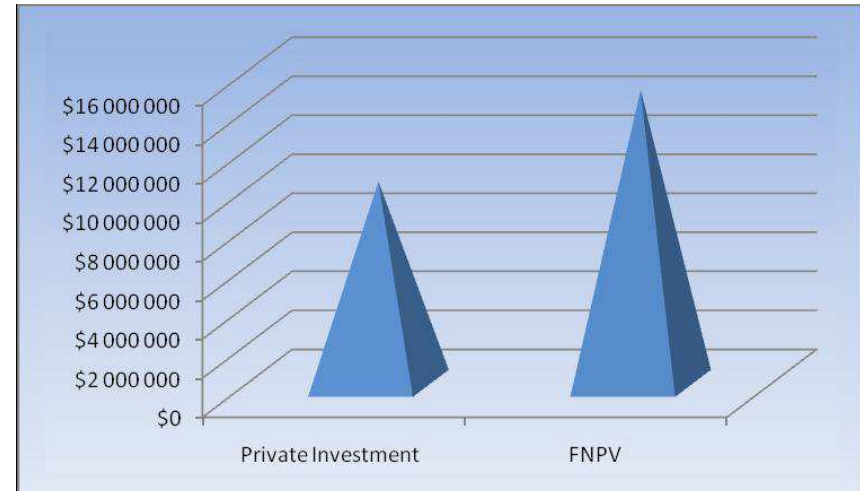
- Forecast traffic of logistic centre:
 - 2014 – 1.2 m tons
 - 2020 – 2.2 m tons
 - 2030 – 2.7 m tons





Turkmenbashi, Turkmenistan

- Proposed logistics centre is 12 ha on land to be reclaimed from the Caspian Sea as by Government.





Turkmenbashi, Turkmenistan

Development costs

Item	\$ million
Build cost	\$ 44.4 m
Operating costs	\$ 2.2 m
Finance loan costs	\$ 5.9 m
Total costs	\$ 9.2 m
Income	\$ 4.6 m

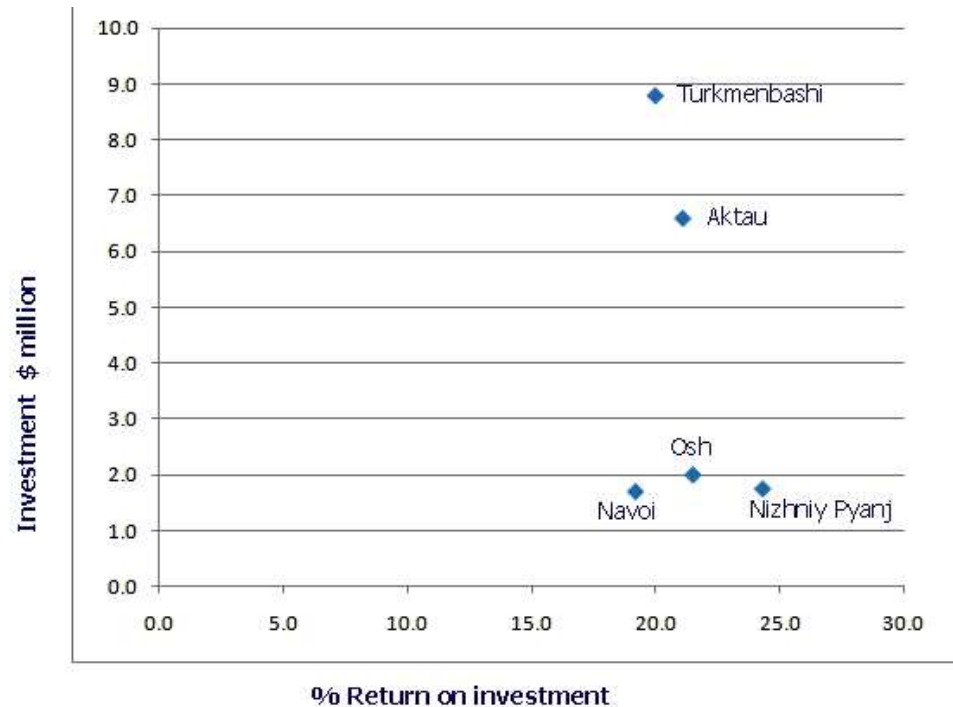
Return on investment

Private Investment % of Total Costs	FIRR	Investment
100%	4.9%	\$ 44.4 m
10%	14.3%	\$ 4.4 m
20%	20.0%	\$ 8.8 m



Opportunities for investment

- Network of logistic centres will produce real economic benefits for Central Asia.
- Good opportunities for profitable investments in logistic centres





Potential investors

Centre	Potential investor
Aktau	Major regional logistics operator
Navoi	Government
Nizhniy Pyanj	National logistics operator
Osh	National logistics operator
Turkmenbashi	Gulftainer



Lead advisor

- IFC's PPP Transaction Advisory Department provides advisory assistance to governments in structuring public-private partnerships.
- IFC would provide the service for the beneficiaries.
- IFC is important because if there is a private sector operator, they can provide equity, loans for equity, or loans.



Gulftainer

- Established in 1976 in the Emirate of Sharjah in the United Arab Emirates.
- Primary role to manage and operate container terminals in Port Khalid and Khorfakkan on behalf of Sharjah Port Authority.





Gulftainer

- At Sochi Investment Forum announced a \$800 million fund in collaboration with Prominvest, investment arm of Russian State Corporation Russian Technologies for investing in transport and logistic infrastructure in the CIS.





Gulftainer

- Interested in investments in Africa and Asia, and has long been interested in Turkmenbashi.
- Has had an interest in Turkmenbashi for many years, and would like to help to develop the sea port.





Thank you for your attention
Благодарю вас за внимание

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<http://logisticsec.kz/>