



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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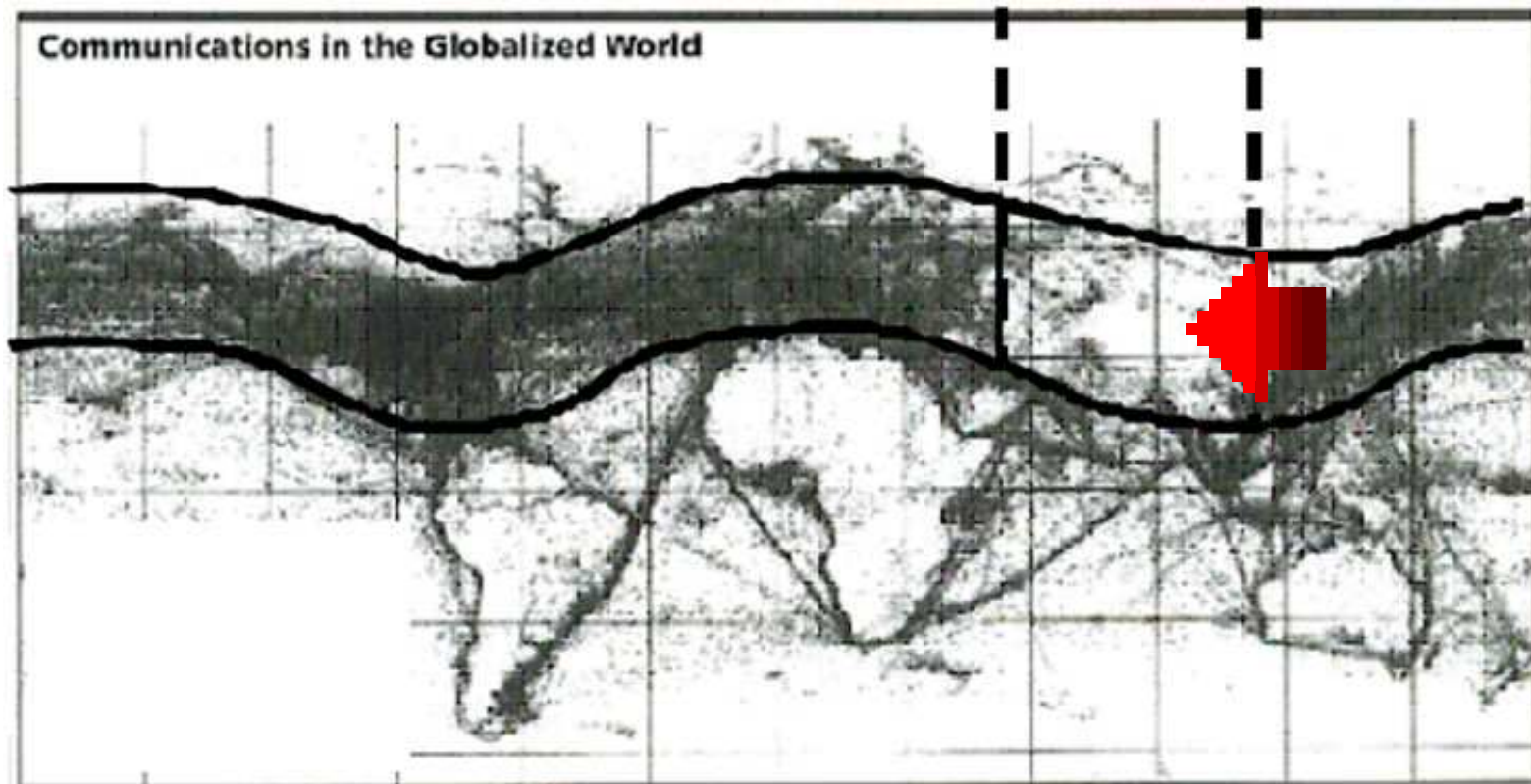
ENGINEERING





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



Our aim

- Central Asia has some of the world's highest transport costs.
- Our focus is to improve transport efficiency, reduce costs and improve competitiveness of the region.



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





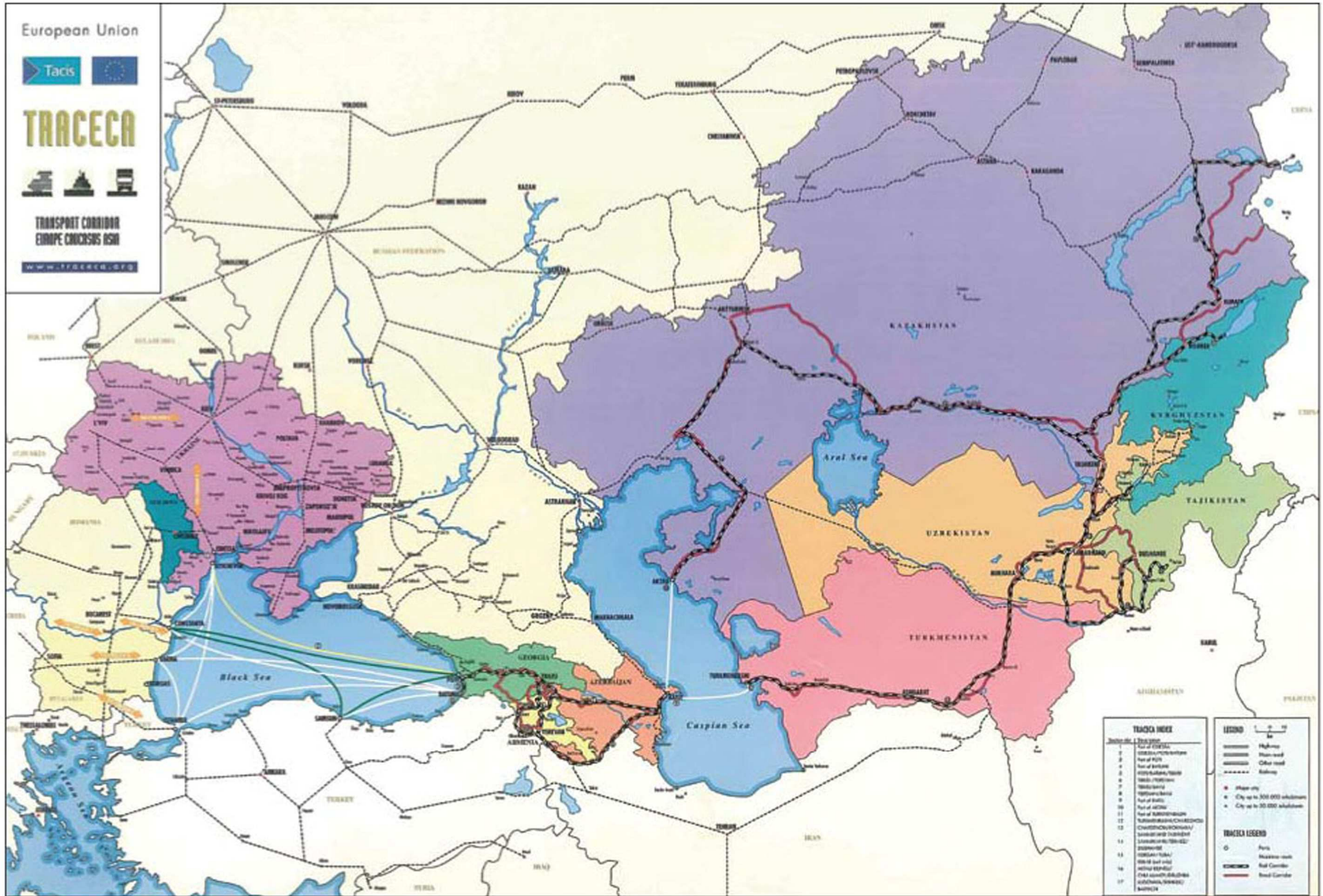
Project progress

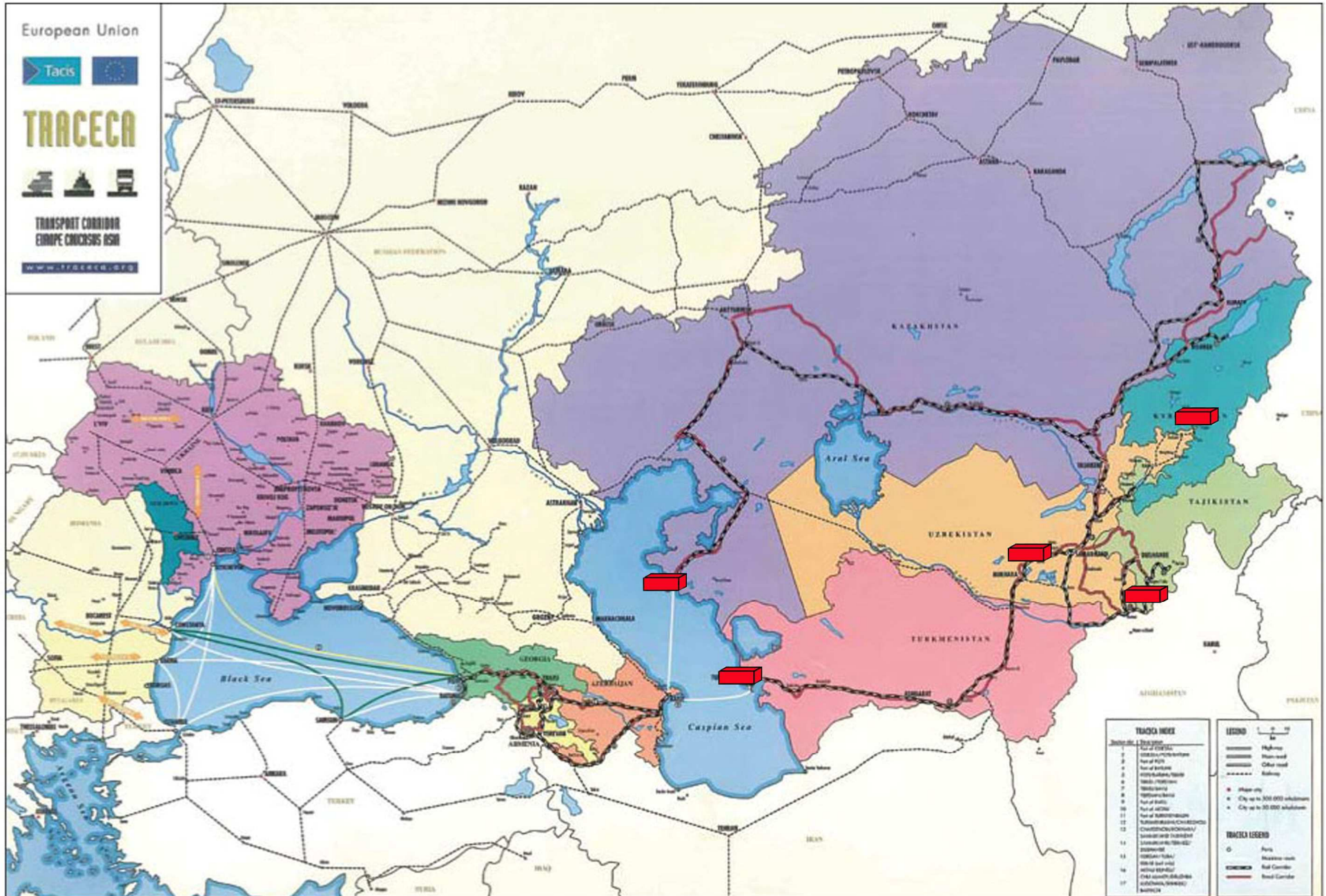
- Sites of the logistic centres have been decided.
- Traffic forecasts, economic and financial feasibility evaluations have been completed.
- Size and preliminary construction costs of proposed facilities have been estimated.
- Financing models with variable rates of public/private contribution towards construction costs are being prepared.



Typical investment structure

- Mix of financing sources will be required for attractive financial rate of return for private sector.
- Typical proposed structure:
 - 20-30% 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:
 - 2010 – 600,000 tons
 - 2020 – 3.3 m tons
 - 2030 – 3.9 m tons





Aktau, Kazakhstan

Development costs

Item	\$ million
Build cost	\$30.00 m
Warehouse equipment	\$ 1.03 m
Operating costs	\$1.47 m
Finance loan costs	\$ 4.15 m
Total costs	\$ 5.63 m
Year 1 Income	\$3.24 m

Return on investment

Private contribution % of capital costs	FIRR	Investment
100%	7.4%	\$ 31.03 m
10%	35.9%	\$ 3.10 m
20%	22.4%	\$ 6.20 m
30%	16.1%	\$ 9.39m

Bank contribution assumed to be 20% for all private options



Osh, Kyrgyz Republic

- Key city of southern Kyrgyz Republic
- Centre for agricultural production in Fergana valley
- International airport
- Railway terminal for southern branch of Kyrgyz rail network
- Main functions of logistic centre
 - Inland Container Depot (ICD) and intermodal operations
 - Agricultural marketing and logistics
 - Import/export clearance
 - Storage and bonded storage (particularly for goods from China)
- Cargo projection 400,000 tons in 2021



Osh, Kyrgyz Republic

Development costs

Return on investment

Item	\$ million	Private contribution % of capital costs	FIRR	Investment
Build cost	\$14.31 m	100%	8.6%	\$ 16.1 m
Warehouse equipment	\$ 1.80 m			
Operating costs	\$ 0.99 m			
Finance loan costs	\$ 2.16 m	10%	27.3%	\$ 1.6 m
Total costs	\$ 3.15 m	20%	19.0%	\$ 3.2 m
Year 1 Income	\$ 0.99 m	30%	14.8%	\$ 4.8 m

Bank contribution assumed to be 20% for all private options



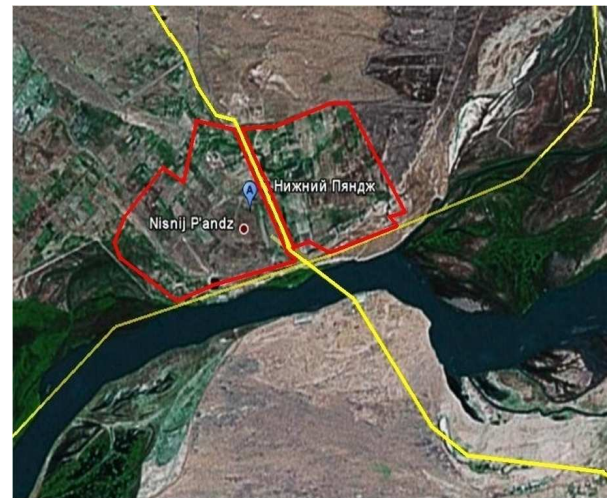
Nizhniy Pyanj, Tajikistan

- Traffic volume rising from 370,000 tons in 2013 to 1.3 m tons in 2030.



New bridge across river Pyanj to Afghanistan

- Associated with Special Economic Zone.





Nizhniy Pyanj, Tajikistan

Development costs

Item	\$ million
Build cost	\$ 7.96 m
Warehouse equipment	\$ 0.77 m
Operating costs	\$ 0.77 m
Finance loan costs	\$ 1.17 m
Total costs	\$ 1.94 m
Year 1 Income	\$ 1.59 m

Return on investment

Private Investment % of Total Costs	FIRR	Investment
100%	3.5%	\$ 8.73m
10%	41.2 %	\$ 0.87 m
20%	29.9 %	\$ 1.75 m
30%	24.2%	\$ 2.62 m

Bank contribution assumed to be 20% for all private options



Turkmenbashi, Turkmenistan

- Forecast traffic of logistic centre:
 - 2015 – 1.3 m tons
 - 2020 – 3.7 m tons
 - 2030 – 3.9 m tons
- Part of redevelopment of Turkmenbashi port.





Turkmenbashi, Turkmenistan

Development costs

Item	\$ million
Build cost	\$ 50.0 m
Warehouse equipment	\$ 1.6 m
Operating costs	\$ 1.9 m
Finance loan costs	\$ 6.9 m
Total costs	\$ 8.7 m
Income	\$ 5.4 m

Return on investment

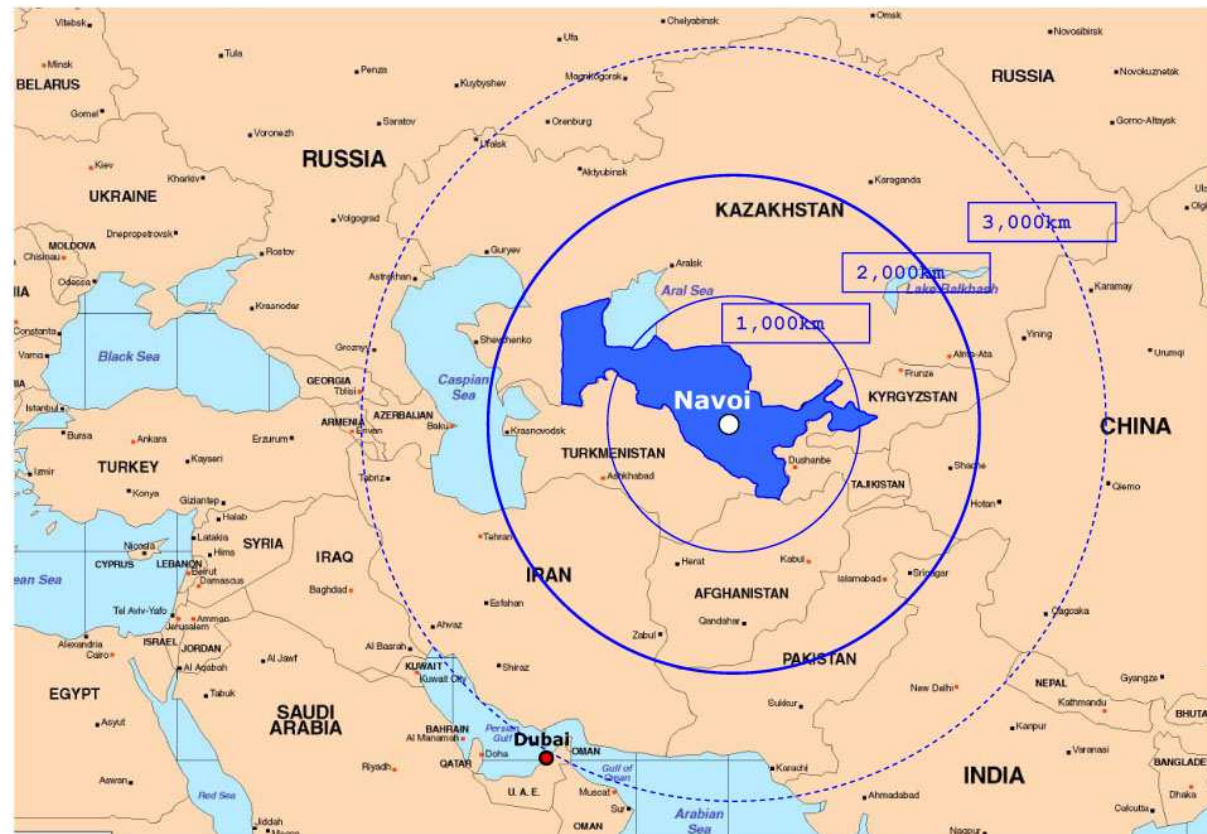
Private Investment % of Total Costs	FIRR	Investment
100%	9.9%	\$ 51.68 m
10%	28.6%	\$ 5.17 m
20%	20.9%	\$ 10.34 m
30%	16.7%	\$ 15.50 m

Bank contribution assumed to be 20% for all private options



Navoi, Uzbekistan

- At the crossroads of international "North-South" and "East-West" land and air corridors.





Navoi, Uzbekistan

- Korean Air cargo has 150,000 sq m cargo terminal to handle 100,000 tons a year air freight rising to 500,000 tons.
- 747-400F Incheon-Navoi-Milan flights started in August 2010.

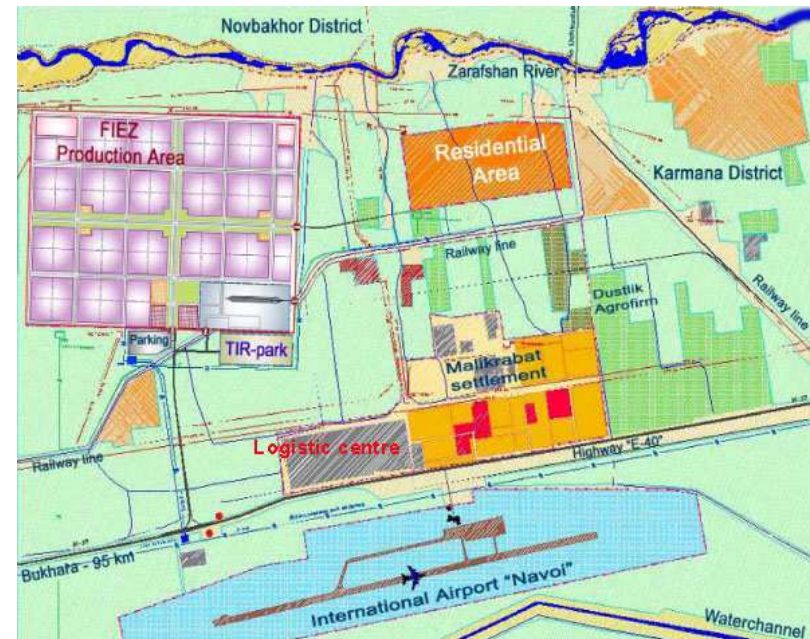
"Korean Air will spare no effort in supporting the growth of Navoi into Central Asia's best logistics hub."





Navoi, Uzbekistan

- Free Economic Zone with manufacturing of:
 - Electro-technical and telecommunications equipment;
 - Machinery and computers;
 - Pharmaceuticals and medical ;
 - Plastics and polymers.





Navoi, Uzbekistan

- Forecast traffic:
 - 2011 – 486,000 tons
 - 2020 – 1.04 m tons
 - 2030 – 1.20 m tons
- Extensive road (E40), rail and air connections





Navoi, Uzbekistan





Navoi, Uzbekistan

Development costs

Item	\$ million
Build cost	\$ 7.48 m
Warehouse equipment	\$ 0.86 m
Operating costs	\$0.81 m
Finance loan costs	\$1.2 m
Total costs	\$ 1.9 m
Income	\$ 1.2 m

Return on investment

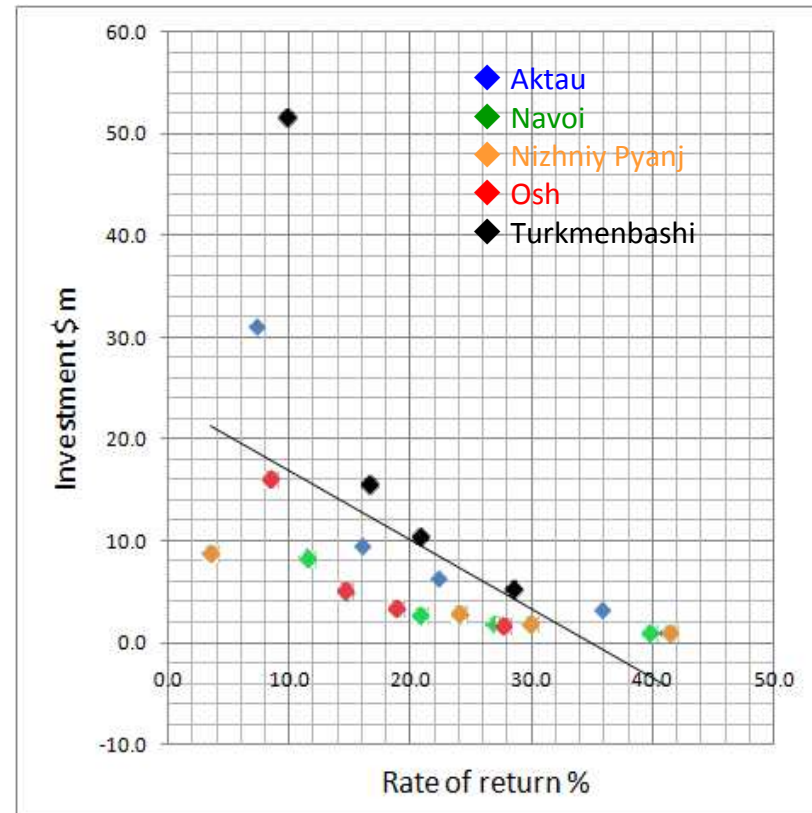
Private Investment % of Total Costs	FIRR	Investment
100%	11.5%	\$8.34 m
10%	39.9%	\$ 0.83m
20%	26.9%	\$ 1.67 m
30%	20.9%	\$ 2.50 m

Bank contribution assumed to be 20% for all private options



Opportunities for investment

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





Thank you for your attention
Благодарю вас за внимание

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<http://logisticsec.kz/>