

A EUROPEAN UNION FUNDED PROJECT INTERNATIONAL LOGISTICS CENTRES/NODES NETWORK IN CENTRAL ASIA



Multi-modal logistic systems, logistic centres and better links between shipping and inland transport

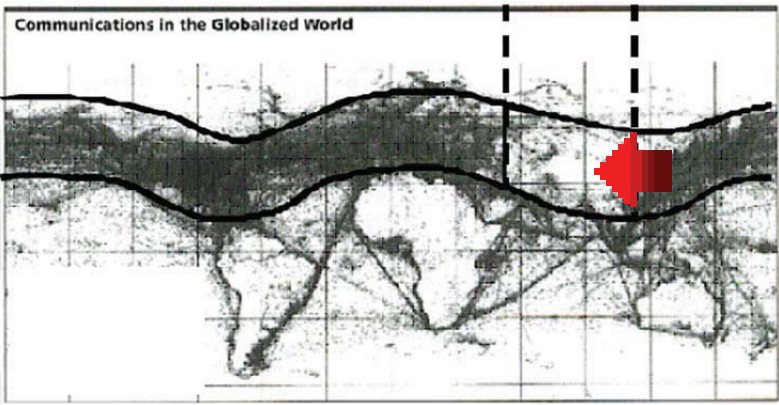
Anthony Pearce
Senior Adviser
Project for development of international logistics centres/nodes network in Central Asia



A EUROPEAN UNION FUNDED PROJECT INTERNATIONAL LOGISTICS CENTRES/NODES NETWORK IN CENTRAL ASIA

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



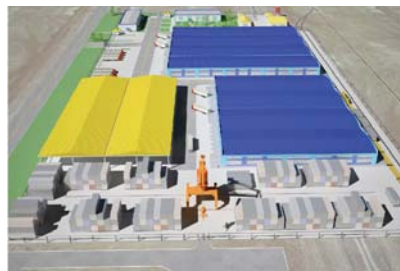
Typical investment structure

- 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
- Development cost \$33.4 m
- RoI for 20% investment 21%



Osh, Kyrgyz Republic

- Centre for agricultural production in Fergana valley
- International transport links to Uzbekistan and China.
- Cargo projection 400,000 tons in 2013 growing to 1.0 m tons in 2030.
- Development cost \$ 8.7 m
- RoI for 20% investment 19%



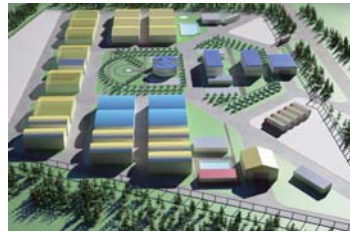


Nizhniy Pyanj, Tajikistan

- Associated with Special Economic Zone.
- Traffic volume rising from 314,000 tons in 2013 to 1.7 m tons in 2030.
- Important for developing cross-border trade with northern Afghanistan.
- Development cost \$ 8.5 m
- RoI for 20% investment 24%



New bridge across river Pyanj to Afghanistan



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
- Development cost \$ 10.4 m
- RoI for 20% investment 21%





Turkmenbashi, Turkmenistan

- Forecast traffic of logistic centre:
 - 2014 – 1.2 m tons
 - 2020 – 2.2 m tons
 - 2030 – 2.7 m tons
- Major port upgrading with World Bank help.
- Development cost \$44.4 m
- RoI for 20% investment 20%



Potential investors

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



Financing lessons

- If governments want to develop PPPs in central Asia work needs to be done on the enabling environment, particularly legal framework.
- IFIs should be involved at an early stage – more particularly IFIs' PPP advisory services
- Better dialogue should be developed between governments and investors.



Coordination





Thank you for your attention
Благодарю вас за внимание

Anthony Pearce

calogistics@irfnet.net

<http://logisticsec.kz/>