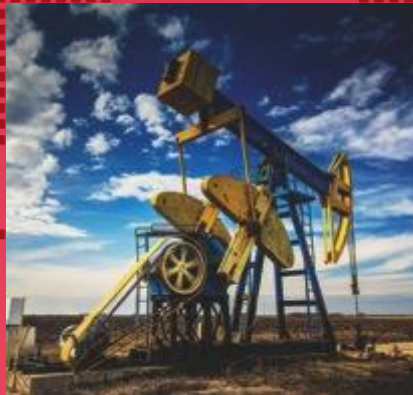


Central Asia supply chain challenges and opportunities

TPM Asia, October 16-17, 2013

Shenzhen, China



In this presentation



- Region overview
- Entry points and routes
- Cross border information
- Opportunities

Kazakhstan



Uzbekistan



Turkmenistan



Tajikistan



Kyrgyzstan



Trading across the border – distance to frontier

www.doingbusiness.org

Economy	DB 2012	DB 2013
Singapore	91.5	91.5
Korea, Rep.	91.2	91.3
Hong Kong SAR, China	89.9	89.9
Germany	83.4	83.4
Canada	78	78
China	70.5	69.6
Iran, Islamic Rep.	52.8	50.6
Russian Federation	34.6	31.4
Mongolia	22.6	17.6
Kyrgyz Republic	8.5	7.5
Chad	5.8	5.8
Afghanistan	3.3	3.3
Iraq	3.3	3.3
Kazakhstan	5.4	2.1
Tajikistan	2.2	1.7
Uzbekistan	0	0

What is measured:

1. Time and cost associated with import and export.
2. Requirements and procedures at customs.
3. Time and cost of inland transport.
4. Paperwork and cost of customs formalities.

100 – the easiest territory to deal with

0 – the most difficult territory to deal with

Trading across the border – paperwork

Challenges

www.doingbusiness.org

economyName	Rank	Documents to export (number)	Documents to import (number)
Singapore	1	4	4
Hong Kong SAR, China	2	4	4
Korea, Rep.	3	3	3
Russian Federation	162	8	11
Kyrgyz Republic	174	8	10
Mongolia	175	10	11
Iraq	179	10	10
Chad	180	8	11
Congo, Rep.	181	11	10
Kazakhstan	182	9	12
Tajikistan	184	11	11
Uzbekistan	185	13	14

Logistics solutions from S.- E. Asia & China to Central Asia

Transportation Mode:

- **Containers** (multimodal and rail)
- **Wagons** (for general cargo, export from China)
- **Half-wagons and platforms** for equipment and OOG goods (export from China and possible reloading of transit cargo from bulk vessel onto platforms/half-wagons)
- **Trucks** (FTL & LTL)
- **Air Freight**

Entry points

www.doingbusiness.org



Container Transportation. Main entry points from S.- E. Asia to Central Asia

Route	Up side	Down side
Baltics (Riga; Tallinn)	Predictability	Cost, transit time
Black Sea ports	Cost for few destinations (West Kazakhstan area)	cost, transit time
Bandar Abbas	Cost for few destinations	Predictability, political restrictions
Lianyungang/ Qingdao	Transit time, Cost	Seasonal challenges
Vladivostok	Can be used as an alternative way during the possible congestion on KZ/CN border	Cost, transit time

Container transportation. Costs comparison

September 2013 rates

Loading port	Discharge Port	Currency	Size	Ctr owner	Almaty	Tashkent	Ashgabat	Dushanbe
Singapore	Guangzhou	USD	40HQ	ART	6,135	8,070	11,585	12,985
Singapore	Lianyungang	USD	40HQ	ART	5,882	7,817	11,332	12,732
Singapore	Riga	USD	40HQ	COC	10,185	10,575	-	-
Singapore	Vladivostok	USD	40HQ	COC	9,675	9,605	-	-

Included Container Usage, Ocean Freight, Local charges at T/S port, Rail freight till the destination, re-loading charges on Dostyk

Container transportation. Transit time

Approximate transit time via different entry ports

Loading port	Discharge Port	Size	Ctr owner	Almaty	Tashkent	Ashgabat	Dushanbe
Singapore	Guangzhou	40HQ	ART	27+	34+	40+	36+
Singapore	Lianyungang	40HQ	ART	30+	37+	43+	39+
Singapore	Riga	40HQ	COC	40+	45+	-	-
Singapore	Vladivostok	40HQ	COC	45+	50+	-	-

Cross-borders: China - Kazakhstan

Challenges

Alashankou / Dostyk; Khorgos / Altyntkol



Container transportation. Border Crossing Information

Alashankou/Dostyk; Khorgos/Altynkol

Main Documents needed for CN / KZ border crossing:

- Invoice
- Packing list
- Certificates (PS, CO)
- SMGS Rail way bill

Transit formalities on CN/KZ border takes approx. 2-3 days

Cross-borders: China – Kazakhstan. Alashankou



Cross-borders: China – Kazakhstan. Alashankou



Cross-borders: China – Kazakhstan. Alashankou

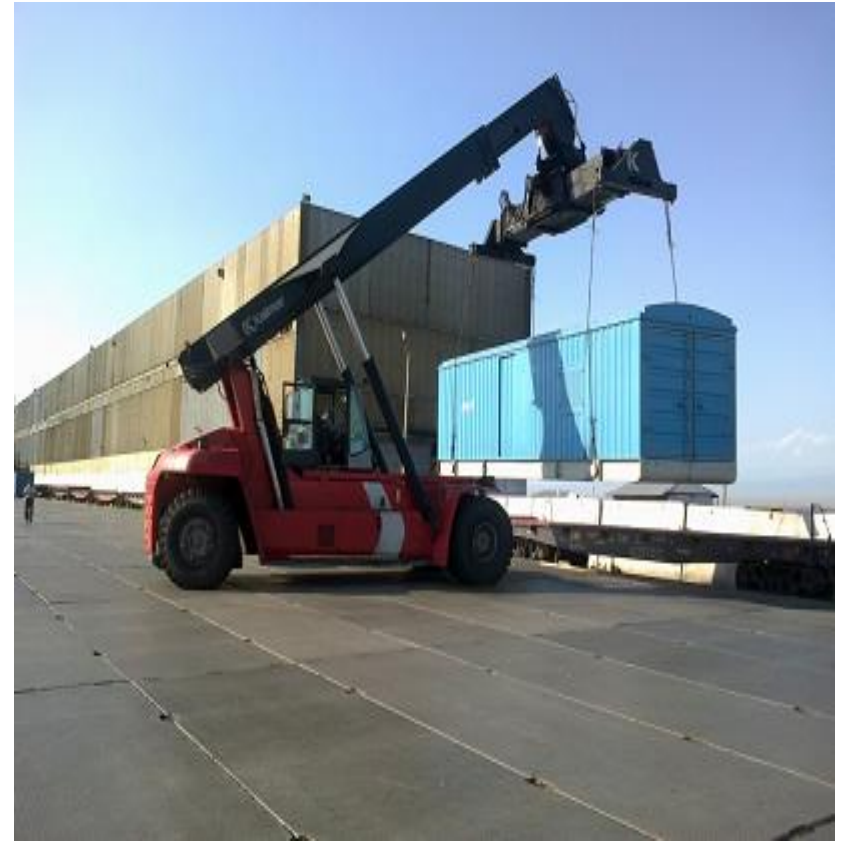


Cross-borders: China – Kazakhstan. Dostyk



Cross-borders: China – Kazakhstan. Dostyk

Reloading process



Cross-borders: China – Kazakhstan. Dostyk



Cross-borders: China – Kazakhstan. Dostyk

Challenges



Opportunities: macro view

Which industries are growing?

- ✓ Oil and Gas
- ✓ Mining
- ✓ Agriculture
- ✓ Energy

Opportunities: macro view

Projects. Kazakhstan

- **CNPC bought a part in Kashagan Project on Caspian Sea**

“Oil and gas deals, including on building an oil refinery in Kazakhstan, are among 22 agreements worth some \$30 billion reached during Xi Jinping’s visit “

<http://www.reuters.com/article/2013/09/07/us-oil-kashagan-china-idUSBRE98606620130907>

- **South Korean companies Kepco and Samsung purchase 75% in Balkhash thermal plant**
- <http://en.government.kz/site/news/092009/02>

- **The Bozshakol Copper Project** (30 June 2010 - Kazakhmys PLC awarded Aker Solutions a contract for the provision of services for a feasibility study of the development of the processing facility for the proposed Bozshakol Copper project. The Bozshakol Copper project will be a major new development for Kazakhmys and builds on Aker Solutions' current activities and experience in Kazakhstan. The contract value to Aker Solutions is approximately USD 15 million.) <http://www.akersolutions.com/en/Global-menu/Media/Press-Releases/All/2010/Aker-Solutions-undertakes-Bozshakol-Copper-Project-feasibility-study-for-Kazakhmys/>

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Opportunities: macro view

Projects

- The China National Chemical Engineering Group Corp. (CNCEC) has won the contract to construct a new 350 million euro (\$476 million) PVC complex at the site of the [Uzbekistan](#) chemical company Navoiyazot
- China National Petroleum Corp (CNPC), the parent of oil and gas producer PetroChina), will be the sole service contractor implementing the second phase of development at Galkynysh, [Turkmenistan](#). Galkynysh, which means "Renaissance" in Turkmen and holds an estimated 13.1 trillion to 21.2 trillion [cubic](#) meters of gas reserves, will supply an additional 25 bcm a year to China by 2020 on top of existing contracts to increase shipments by 20 bcm in coming years. <http://www.reuters.com/article/2013/09/04/us-gas-turkmenistan-galkynysh-idUSBRE9830MN20130904>

Opportunities: what do clients want?

- 1) Faster connection for LTL cargo from China to Kazakhstan and Central Asia.
- 2) Multimodal solutions for O&G, energy, construction and mining cargo.
- 3) Better solutions for rail bulk deliveries.
- 4) More competitive private container solutions between South East Asia to Central Asia via China.
- 5) More transparency and consultancy [in paperwork](#)