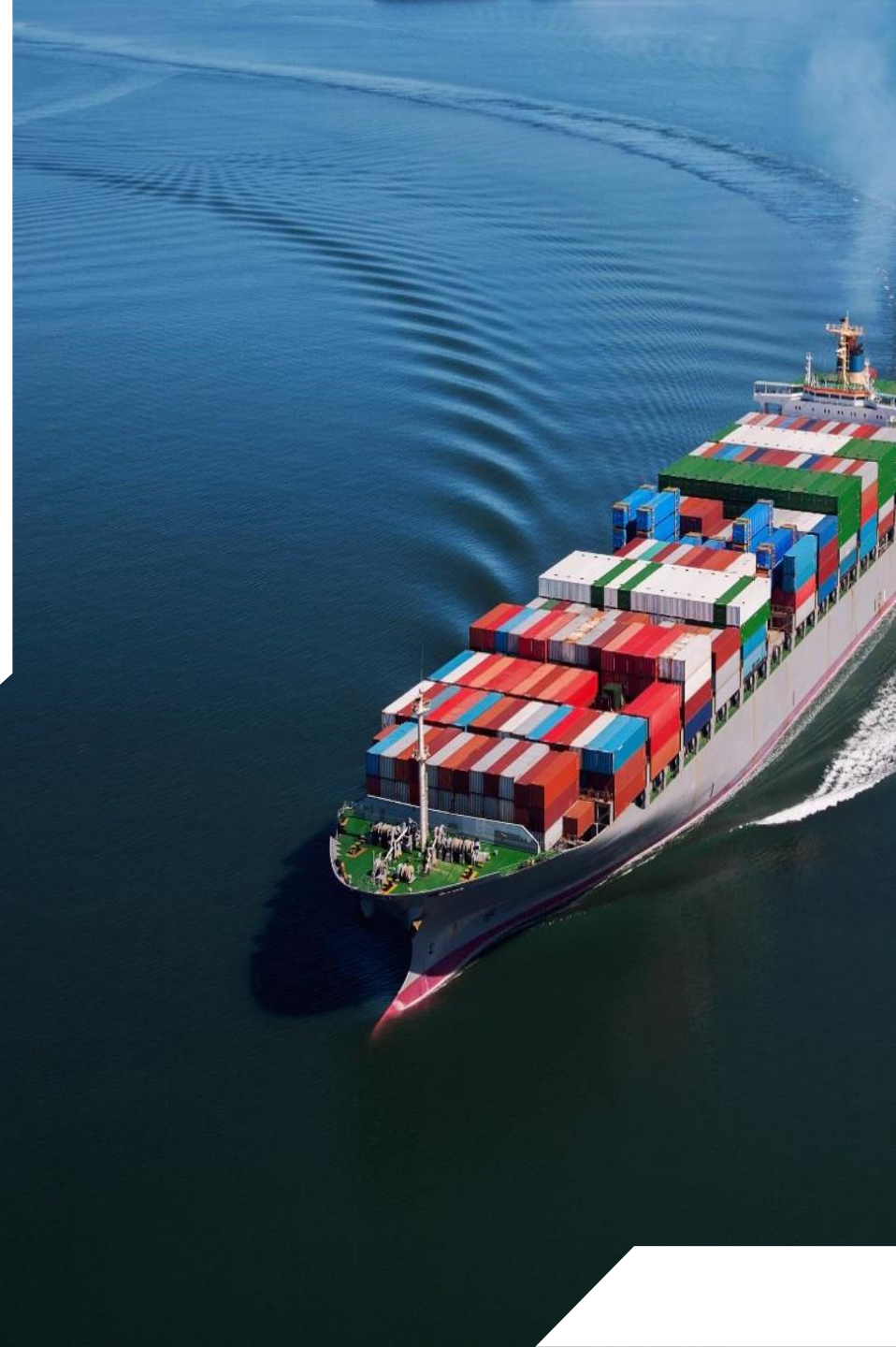


# Overview of the transport and logistics sector investment market in Kazakhstan

May 2024

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# Kazakhstan as a bridge between Europe and China

## Kazakhstan as a logistics hub

Kazakhstan is a country in Central Asia that shares a border with Russia, China, Uzbekistan, Kyrgyzstan, and Turkmenistan. Given its geographical location, the opening of the Trans-Caspian International Transport Route (TITR), the implementation of the TRACECA international transport programme, as well as government investment incentives, Kazakhstan has become a major "trading bridge" between Europe and China. A government initiative to develop and improve all forms of transport, including rail, road, sea, and air, is expected to boost freight volumes and cargo transit volumes to 35 million tons (with container transit up to 2 million TEUs) by 2030.

## Main economic indicators for 2023 (with average data for past 15 years)

**+5.1%** Real GDP growth (vs previous year)

average +3,7%

**9.8%** Inflation rate

average 8,4%

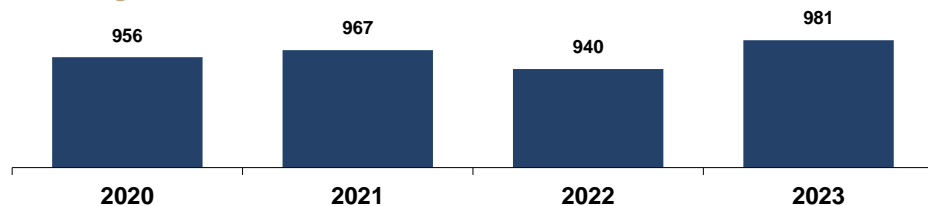
**16.50%** Central Bank interest rate

average 9,4%

**26,217<sup>1</sup>** FDI volume across industries (USD mln)

average 22 800

## Total freight turnover, million tons



Note: (1) Approximation based on 1<sup>st</sup> - 3<sup>rd</sup> quarter results  
Source: Bureau of national statistics, TENET analysis

## Transport industry

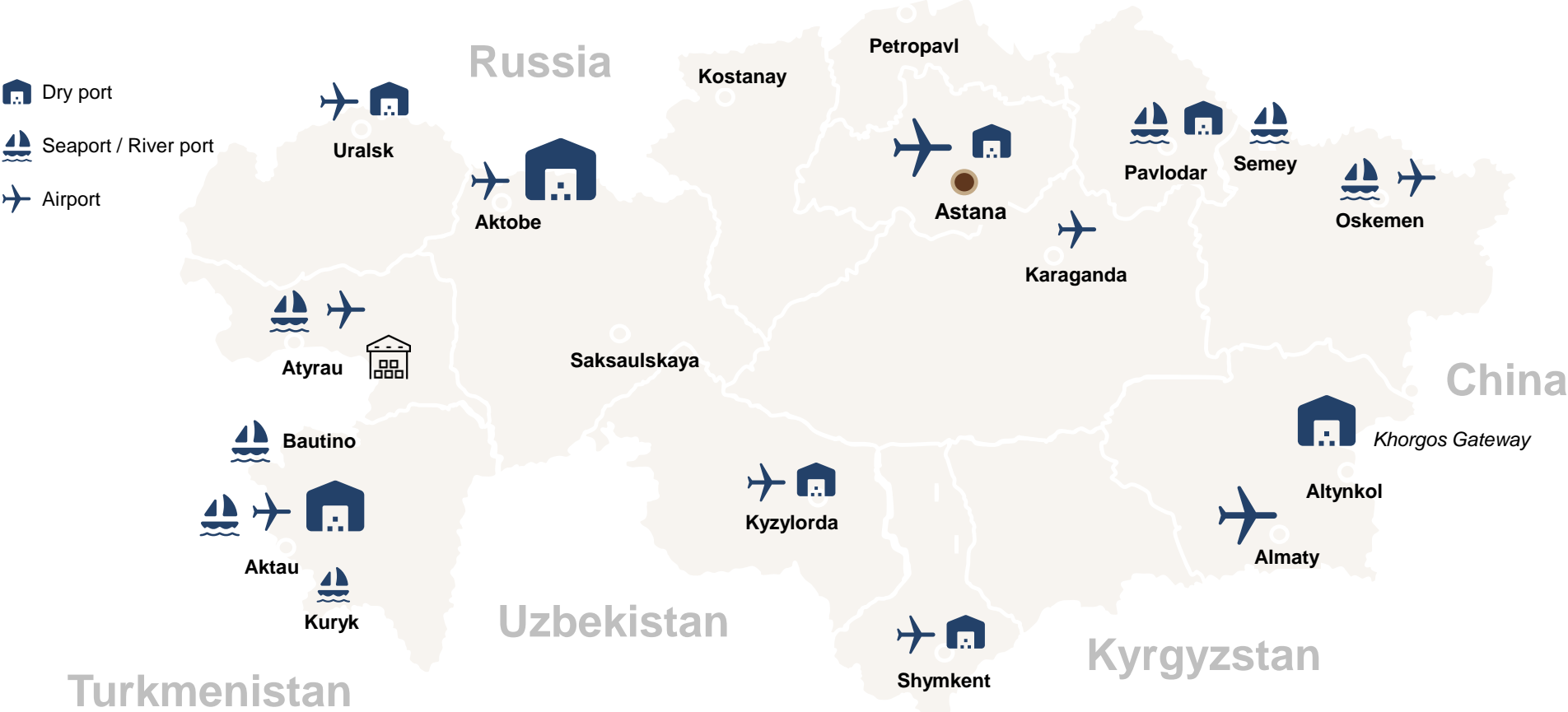
**USD35B** Invested in the transport industry over the past 15 years

## Leading countries in terms of foreign investment since 2022, USD mln



Source: "Kazakhstan's Rise as Premier Global Investment Hub" Astana Times, National Company Kazakh Invest, TENET analysis

# Largest infrastructure facilities in the transport sector



## Transport and logistics overview:

 <ul style="list-style-type: none"> <li>5 transit corridors</li> <li>16K km railways</li> <li>135K freight wagons</li> <li>27 interstate checkpoints</li> </ul>	 <ul style="list-style-type: none"> <li>18 international airports</li> <li>13 open sky airports</li> </ul>	 <ul style="list-style-type: none"> <li>8 transit corridors</li> <li>&gt; 95K km roads</li> <li>80% of the volume of transported goods</li> </ul>	 <ul style="list-style-type: none"> <li>3 sea ports (Aktau, Kuryk, and Bautino)</li> <li>Capacity 27M tons</li> <li>Cargo storage &amp; terminal</li> <li>Container handling</li> </ul>
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Source: "Kazakhstan's Rise as Premier Global Investment Hub" The Astana times newspaper, Open sources and TENET analysis  
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# Current transport and logistics projects



The Special Economic Zones (SEZ) Law of 21 July 2011 establishes SEZ as a territory within Kazakhstan that enjoys special tax and legal privileges and has all necessary infrastructure to carry out business in priority activities for up to 25 years. There are four types of SEZ (industrial, services, technical, and with combined activities) and 13 sectors, including petrochemical, chemical, metallurgical, and logistics. Over half of potential transport projects are concentrated in the Almaty and Astana SEZ regions.

## Transport industry projects

No	Investment project	Year of entry	FDI country	Cost, USD million
1	Construction of Almaty International Airport passenger terminal	2024	Turkey	200
2	Construction of logistics park	2028	Oman	130
3	Multifunctional innovative industrial park	2025	Germany	120
4	Construction of logistics centre	2024	Russia	100
5	Logistics Park (OZON)	2023	Russia	90
6	Construction of transshipment facility Sukhoi Port at logistics complex Qostanay	2025	UAE	85
7	Construction of wholesale distribution centre	2024	Turkey	65
8	Depot network construction	2026	France	35



Source: National Company Kazakh Invest, TENET analysis

For a detailed description of projects see Appendix 1

# ABD and EBRD are the main active investors in the Kazakh transport infrastructure



International Financial Institutions (IFIs) are global organisations that have been set up to offer financial and technical support to countries and regions across the globe. Their main objective is to promote economic development and stability and to reduce poverty. In Kazakhstan there are number of projects supported by the Asian Bank of Development (ABD) and European Bank of Reconstruction and Development (EBRD).

## IFI Project List

No	Description	Loan Provider	Cost, USD million
1	Boost the transport efficiency of CAREC* Corridors 3 and 6 (Saryagash Bypass)	ABD	350
2	Refurbishment of CAREC* Corridors 1,2 and 6 (Kyzylorda – Zhezkazgan)	ABD	260
3	Road Maintenance Sustainability Project of M36 road between Kostanay and Russian border	ABD	187
4	Air Astana	EBRD	42
5	Provide loan to LLP Atasu Group, intermodal logistics operator	EBRD	27
6	Aktau Port modernisation	EBRD	20
7	Construction of bonded logistics warehouse with assembly and processing facilities at Aktau SEZ	EBRD	14



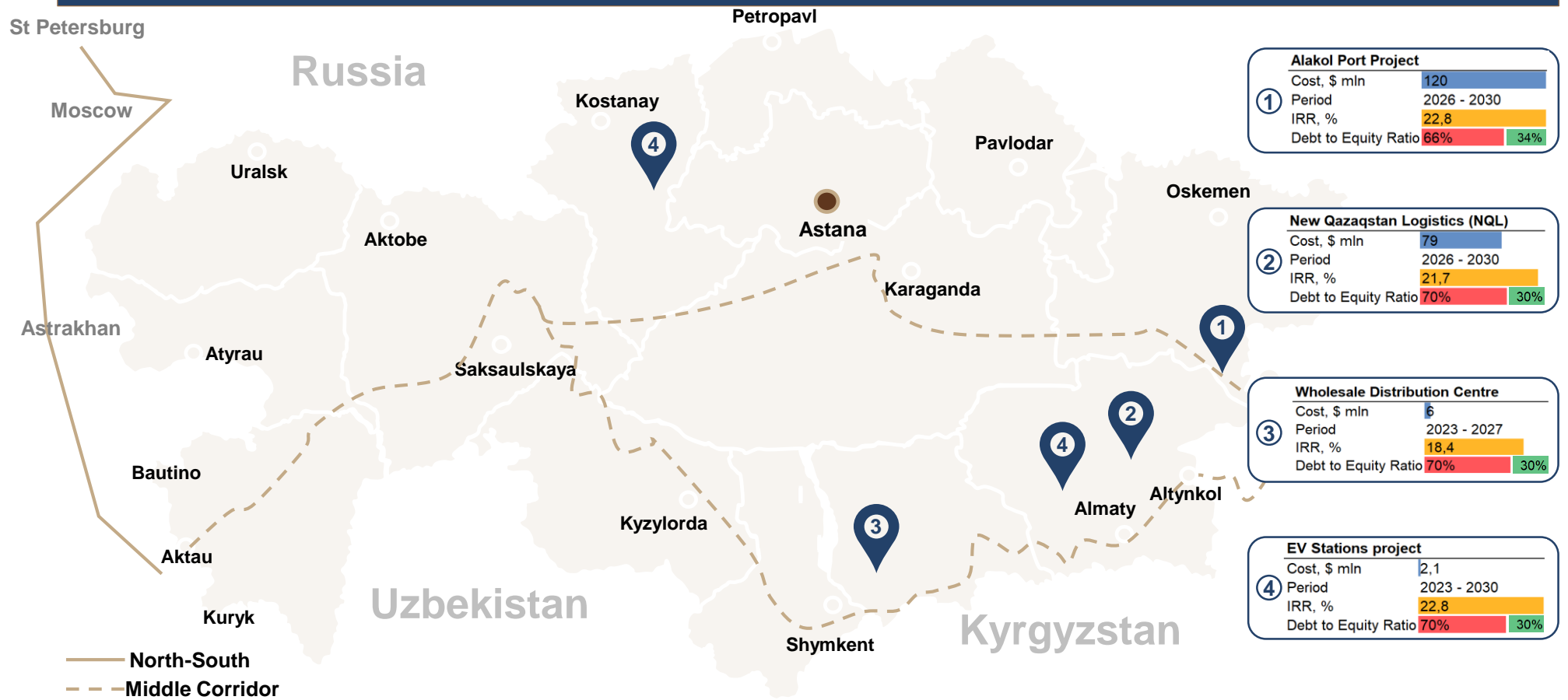
Source: The Asian Development Bank, The European Bank of Reconstruction and Development, TENET analysis

\* CAREC – ABD programme to promote economic cooperation among the countries of Central Asia and the surrounding areas of Transcaucasia and South Asia.

For additional information on loans issued by IFIs see Appendix 2

# Transport and logistics projects

**The Middle Corridor.** The Trans-Caspian International Transport Route (TITR), known as the Middle Corridor, is a rail freight and ferry system linking China with Europe. A main focus area for the Nury Zhol (“bright path”) state programme (directly tied to the China The Belt and Road and The New Silk Road initiatives and geared towards developing transit cargo transport between Europe and China, with expected total investment of USD18 bn), TITR is expected to attract major infrastructural investment in upcoming years. Examples include a recent announcement by rail operators of Kazakhstan, Azerbaijan, and Georgia to create a USD100 million joint venture to develop multimodal services to enhance TITR capacity.



Source: National Company Kazakh Invest, TENET analysis

For a detailed description of projects see Appendix 3

# SWOT analysis of Kazakh transport and logistics sector

## Strengths

- **Geographical location**, which in turn serves as a trade bridge between Western Europe and China
- **Progressive investment policy**, in particular special economic zones (SEZ) and launch of the Astana International Financial Centre (AIFC)
- **Extensive assistance to foreign investors** via government-based programmes and agencies such as Kazakh Invest
- Membership of large international transport and logistics alliances such as **TITR and TRACECA**


## Weaknesses

- **Low level of government transparency**
- **Overall low rail terminal capacity**
- **High underdevelopment of rail infrastructure, container terminals, shipbuilding, and ship repair facilities**
- **Limited transit capacity potential** due to the underdeveloped transport infrastructure of neighbouring countries through the Caspian Sea (Azerbaijan, Armenia and Georgia)


## Opportunities

- **Further growth in Europe-China trading volumes**
- Nurly Zhol programme aimed at **developing transit cargo transport**
- Elaboration of a unified tariff policy to facilitate cargo export and transit within **the Middle Corridor**

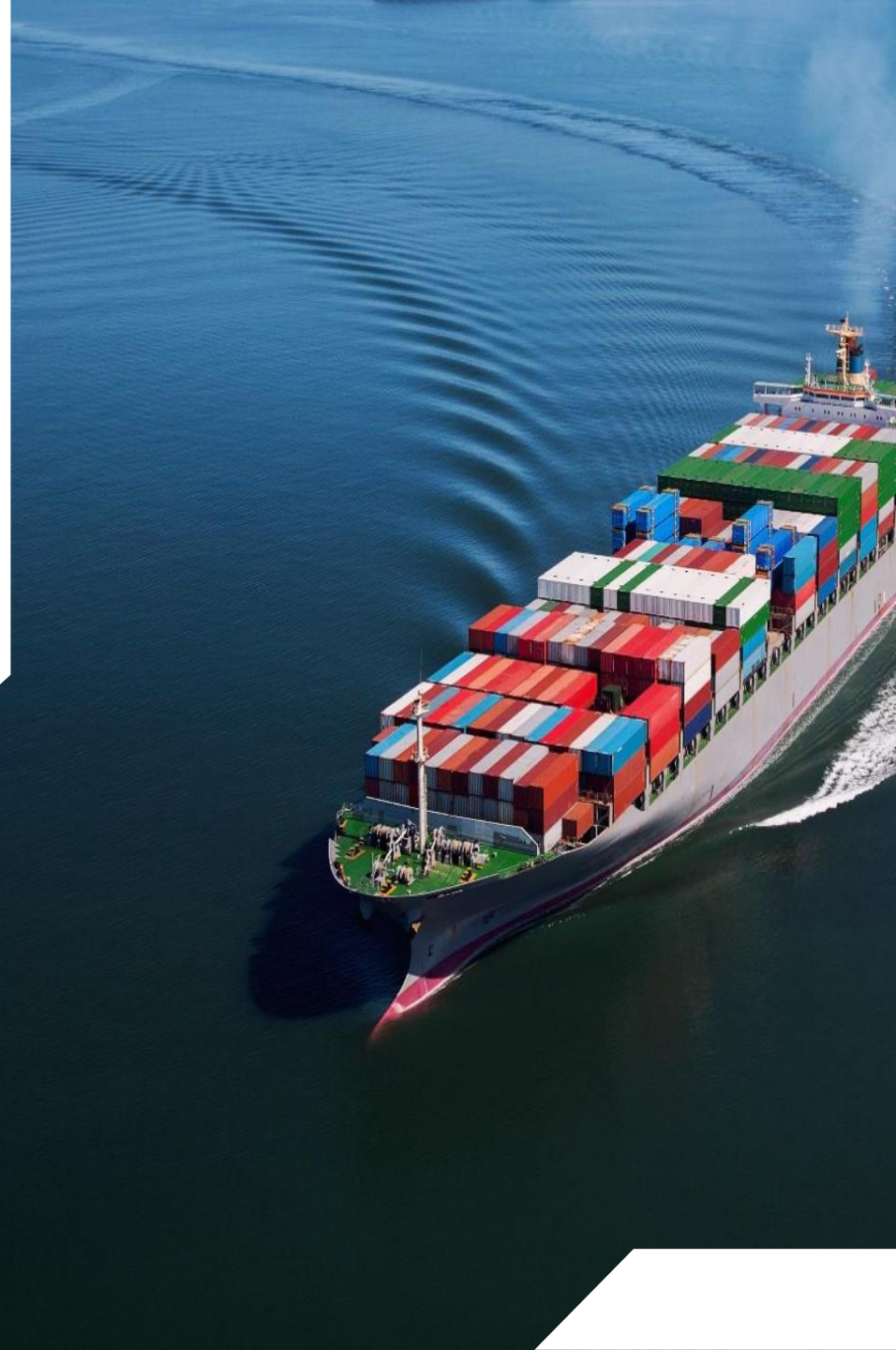

## Threats

- **Risk of secondary sanctions by the EU and US** due to economic relations with Russia
- **High key rate of the Central Bank of Kazakhstan (14.75%) and high inflation (over 9%)**
- **Lack of a qualified workforce to carry out projects**
- **Decline in Chinese economic growth**




# Appendices



# Current transport and logistic industry projects

Transport industry projects (2022–2028)								
No	Investment project	Investor's company	Investor's country	Period	Region	Project cost, USD million	Project purpose	Project status
1	Construction of passenger terminal at Almaty International Airport	TAV Airports Holding (Turkish airport operator)	Turkey	2022–2024	Almaty city	200	<ul style="list-style-type: none"> <li>Update airport ecosystem to boost passenger traffic</li> <li>Expand geography of flights</li> <li>Ensure comfort levels for Almaty residents and guests</li> </ul>	Construction and installation works
2	Construction of logistics park	n/a	Oman	2023–2028	Almaty region	130	Boost the efficiency of logistics supplies: to expand the capacity of processing, accepting and shipping goods both to southern metropolis markets and other Kazakh regions	Legal documents preparation
3	Multifunctional innovative industrial park	Medal Verwaltungs GmbH	Germany	2023–2025	Kyzylorda region	120	Set up the production of fibre cement, gas concrete, and dry building mixtures	Legal documents preparation
4	Construction of logistics centre	Wildberries (e-commerce company)	Russia	2023–2024	Almaty city	100	Provide access for Kazakh producers to expand their presence in all regions of Wildberries operations	Legal documents preparation
5	Logistics Park (OZON)	OZON (e-commerce company)	Russia	2022–2023	Astana city	90	Provide access for Kazakh producers to expand their presence in all regions of OZON operations	Commissioning
6	Construction of transshipment facility Sukhoi Port at logistics complex Qostanay	n/a	UAE	2022–2025	Kostanay region	85	<ul style="list-style-type: none"> <li>The new port will be able to serve up to 350,000 wagons per year. These are transshipment, storage, clearance, and consolidation of cargo services</li> <li>Expansion of North Kazakhstan - South Urals transport flows</li> </ul>	Legal documents preparation
7	Construction of the wholesale distribution centre	n/a	Turkey	2022 - 2024	Almaty region	65	<ul style="list-style-type: none"> <li>Significant e-commerce segment growth in Kazakhstan</li> <li>Reduce shipping costs as primary costs of e-commerce companies</li> <li>Reduce time spent ordering new stock / restocking shelves</li> <li>Give companies more control over their supply chains</li> </ul>	Construction and installation works
8	Depot network construction	n/a	France	2022–2026	Astana city	35	<ul style="list-style-type: none"> <li>Increasing the train fleet</li> <li>Enhancing the train maintenance system</li> </ul>	Legal documents preparation

Source: National Company Kazakh Invest, TENET analysis

# IFI investment in Kazakh transport sector

Asian Development Bank

## Central Asia Regional Economic Cooperation Corridors 1, 2, and 6 Connector Road, USD 260 mln

## Goals:

- boost the efficiency, safety, and sustainability of the road network in central Kazakhstan

Asian Development Bank

## Road Maintenance Sustainability Project, USD 187 mln

## Goals:

- upgrade the road to meet Category II standards
- repair of structures and drainage

EBRD

## DFF - Atasu II, USD 27 mln

## Goals:

- contribute to the development of transport services along the Middle Corridor (Trans-Caspian Corridor)

Asian Development Bank

## Central Asia Regional Cooperation (CAREC) Corridors 3 and 6 Turkistan Oblast Highway, USD 350 mln

## Goals:

- improve the capacity, safety, and sustainability of the road network in Kazakhstan's southern region of Turkistan,
- enhance regional connectivity and trade with national and international markets

EBRD

## Air Astana. Equity investment in global depository receipts (GDRs) of Air Astana JSC, USD 41,99 mln

## Goals:

- help the Company's fleet expansion and modernisation programme, supporting the acquisition of 20% more fuel efficient new generation aircraft

EBRD

## Aktau Port Modernisation, USD 20 mln

## Goals:

- allow rail throughput capacity to balance effectively when passing through the Caspian Sea

EBRD

## Eurasian Logistics, USD 14 mln

## Goals:

- improve logistics infrastructure and services to facilitate trade along the Middle Corridor (Trans-Caspian International Transport Route)

EBRD

## DFF – Temirservice Astana Phase 2 (construction of railway tracs), USD 3 mln

## Goals:

- support the Company's profitability
- expand rail infrastructure to avoid congestion and reduce CO2 emissions

Source: Open sources, TENET analysis

# Transport and logistics projects

Transport industry projects (2022–2030)							
No	Investment project title	Project	Company description	IRR, %	Period	Region	Project cost, USD million Capital Structure
1	Alakol Port Project	Build a logistics centre with a capacity of 4.3 million tons per year Provide full control and coordination of all stages of bulk cargo transshipment from arrival to shipment to the Alashankou station in China	SG Solutions LLP was created in February 2023 to implement a project to build the Alakol Port Logistics Centre	22.8	2022–2026	Abay region, Zhalanashkol station	120 66.23% (79.2 USD million) – investor participation 33.7% (40.8 USD million) – own funds
2	Industrial and logistics hub New Qazaqstan Logistics (NQL)	Reach full capacity with annual cargo turnover of 250 thousand TEU per year	G-Trans Service LLP is a project company established for the hub creation	21.7	2026–2030	Almaty region	79 70% (USD 55,292 thousand): debt financing subject to 30% collateral (USD 23,696 thousand) – investor participation
3	Wholesale Distribution Centre (Taraz LLP)	The WDC will comprise a complex of 8 warehouse facilities with refrigeration, ventilation, and a regulated gas environment with a 50-thousand-ton capacity	WDC Taraz LLP has been storing and selling agricultural produce since 2019; an affiliate of Auyl Bereke LLP, which owns a large food market in Dzhambul Oblast	18.4	2023–2027	Dzhambul region	6 70% (USD 4,142 thousand): debt financing subject to 30% collateral (1,775 thousand USD) – investor participation
4	EV Stations Projects	Launch the manufacture and operation of charging stations for electric vehicles in Kazakhstan	Adele Energy Group Ltd. develops, manufactures, and operates charging stations for electric vehicles with own software to manage a network of charging stations. Adele Energy has sold 103 stations in Kazakhstan and 20 in Ukraine	22.8	2023–2030	From Kostanay to Almaty	2.1 70% (USD 1,483 thousand): debt financing subject to 30% collateral (USD 635 thousand) – investor participation

Source: National Company Kazakh Invest, TENET analysis

# Sources of information

## Open sources of information

- Daily newspaper in English from Kazakhstan // [Kazakhstan's Rise as Premier Global Investment Hub - The Astana Times](#)
- Data provided by National Company «Kazakh invest» // [Invest In Kazakhstan | Main](#)
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- National Bank of Kazakhstan // [National Bank of Kazakhstan](#)
- Data and report provided by Consulting Agency Aser // [Transport and logistics review report of Kazakhstan \(Russian\)](#)
- Kazakhstan Bureau of National Statistics // [Agency for Strategic planning and reforms of the Republic of Kazakhstan Bureau of National statistics – Main](#)
- The Asian Development Bank // [Projects | Asian Development Bank \(adb.org\)](#)
- The European Bank of Reconstruction and Development // [EBRD Project Summary Documents](#)

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