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EXECUTIVE SUMMARY

• The economies of major players of the Eurasian continent – EU, China, India, and Central Asian region – are **forecasted to grow** and therefore experience an increase in investments and trade turnover.

• While most trade between Asia and Europe uses maritime routes, there are **multiple inland routes** that might diversify risks of geopolitical tensions around the Red Sea and the South China Sea on one side and technical limitations for capacity expansion of port infrastructure (land, berths, environment).

• Such diversification of logistics opportunities would **redirect part of cargo turnover** to inland routes as international trade between different regions within Eurasian continent is expected to grow, especially between Europe and East Asia, Middle East and East Asia, Europe and Southeast Asia.

• The Middle Corridor is **demonstrating growth** in cargo volumes, and the expansion of transport infrastructure is critical.

• Kazakhstan, as a key player of the Middle Corridor and the North-South Corridor, is **making significant efforts** to develop its own transport capabilities, including railways, highways, and ports.

• Transport vehicles, railcars, and vessels, air cargo transportation, and storage facilities as well as digitalisation and operational efficiency are also **important areas of focus**.

• The EBRD estimates that total investment needs to significantly improve the transport infrastructure of Central Asia to ensure sustainable connections are **€5.5 bn for Kazakhstan** and **€18.5 bn for Central Asia overall** that includes 32 hard infrastructure projects and 7 soft connectivity measures.

• To meet these needs, investment attraction, proper deal structuring, improvements to PPP and tariff setting mechanisms, digitalisation, international cooperation are required, to which AIFC has already been contributing.
1. GLOBAL ECONOMY & TRADE
The selected countries are the endpoints of the Middle Corridor and North-South Corridor. It is anticipated that trade through these land corridors will increase.

These countries account for 40% of global economy and 43% of global population. All of them are forecast to demonstrate economic growth until 2028.

The economies of India and Central Asia will experience the largest economic growth in percentage terms. The economies of the EU and China is expected to demonstrate the largest economic growth in absolute terms.

India and Central Asia are expected to demonstrate the largest population growth by percentage. While the EU population would remain stable, population of China and Russia is expected to decline.

Source: IMF World Economic Outlook January 2024
According to BCG, global trade will grow at a rate of 2.3% per year through 2031 that is less than the 2.5% annual increase forecast for global economic growth.

EU-China trade will grow, but at a slower rate than the global average, as companies focus on increasing their resilience.

Southeast Asia will see significantly greater trade with China, the US, Japan, and the EU. Companies will be attracted to Southeast Asia by the region’s lower costs and the growing breadth and depth of its manufacturing capabilities.

Source: BCG
2. INLAND INTERNATIONAL CORRIDORS
INTERNATIONAL TRADE ROUTES CONNECTING EAST ASIA AND EUROPE

- While the Northern Sea Route is unavailable in winter and the Cape Route is too long, *inland corridors are the best alternative to the main maritime route* through the Suez Canal which has bottlenecks sensitive to geopolitical tensions and risks.
- There are *multiple inland routes* connecting East Asia and Europe.
- Inland routes also have their own bottlenecks and risks, but they create *diversification opportunities and provide solution* to cases similar to the 2021 Suez Canal obstruction.
- Inland corridors expand logistic capabilities, increases supply of transportation services, and opens opportunities for ‘greener’ freights.

Source: *World Bank, AstanaTimes, Universidad de Navarra, VOA News*
Countries have different railway gauge size. While post-Soviet countries have 1520 mm gauge, China, Iran, Türkiye, and EU countries have 1435 mm gauge.

Changes in gauge size affect the time required for cargo handling at borders and impact the primary comparative advantage of in-land corridors: cargo delivery time. Cargo delivery time could be further reduced through the optimisation of operational and documentation processes, achieved via unification and digitalisation.

The Middle Corridor has two points of gauge change:
- between Central Asia and China;
- at Georgia-Türkiye border (can be replaced by change of mode at Georgian Black Sea ports).
KAZAKHSTAN’S ROLE IN THE MIDDLE AND NORTH-SOUTH CORRIDORS

- Kazakhstan is a key country for the Middle and North-South Corridors. To accommodate the growing cargo flow, capacity expansion of infrastructure, marketing activities, and additional international arrangements is needed.

- There are several large infrastructure projects on the Middle Corridor and on the North-South Corridor that connect East Asia, the Middle East, and Europe via the continent that require long money and involve stakeholders from different countries.

INITIATIVES/INVESTMENT PROJECTS

**Middle Corridor (TITR)**
1. Kazakhstan-China border crossings (Khorgos, Dostyk, Bakty)
2. Kazakhstan railway system
3. Caspian ports (Aktau, Kuryk, Baku)
4. Caucasus railway system (Azerbaijan and Georgia)
5. Georgian ports on the Black Sea

**North-South Corridor**
6. Kazakhstan railway system and Caspian ports
7. Dry port at the Iran-Turkmenistan border
8. Rail and auto transportation system of Iran
9. Iranian ports on the Gulf

**General initiatives**
10. Enroute trade hubs
11. Wagons and container parks
12. Digitalization and data flow
13. Human capital development

Source: AIFC findings, Aries Shipping Agency, Poti Seaport website, Baku Port website, World Bank, VesselTracker.com
THE MIDDLE CORRIDOR

- The Middle Corridor is a strategically important multimodal corridor with a length of **6 180 km** and a throughput capacity of **6m tonnes**, including 80 000 TEU.

- Transportation time along the Middle Corridor have been reduced from **38-53 days** to **19-23 days**. The goal is 14-18 days in 2024, including 5 days via Kazakhstan.

- The World Bank forecasts volumes on the Middle Corridor to **triple by 2030** and reach **11m tonnes per year** mostly due to economic growth of Central Asia and Caucasus rather than due to growth of transit cargo.

- The World Bank assumes that the Middle Corridor **will remain mostly a regional route**, with intercontinental trade representing under 40% of its volumes by 2030.

Source: Ministry of Transport of Kazakhstan, AstanaTimes, World Bank
3. KAZAKHSTAN’S TRANSPORT & LOGISTICS INFRASTRUCTURE
KAZAKHSTAN’S TRANSPORT INFRASTRUCTURE SYSTEM

- Kazakhstan has invested $35bn in transport and logistics over the past 15 years.
- Share of transport and logistics in Kazakhstan’s GDP is forecast to grow from 6.2% in 2022 to 9% by 2025.

16 000 km of railway network, including 275 km in other countries

94 800 km of highway network, including 24 900 km of international and national level highways

Caspian ports
Aktau Marine Trade Port, Aktau Marine Northern Terminal, and Kuryk Marine Complex

25 airports
International or local airports

29 000 km of pipeline system including 9 200 km of oil pipelines and 16 500 km of gas pipelines

2 170 km of rivers

Source: AstanaTimes, Bureau of National Statistics of Kazakhstan
Although the cargo load has stabilised in recent years, it has **grown significantly** over the last decade.

In terms of cargo load, **railways transport** is the most used mode of transport in Kazakhstan, followed by automobile and pipelines.

In real terms, cargo volume via other modes of transport **remains insignificant**.

Rivers of Kazakhstan have limited capacity for cargo transportation, unlike those from North America or Europe.

**CARGO VOLUME BY MODE OF TRANSPORT, 2014-2023**
(billion tonnes-km)

<table>
<thead>
<tr>
<th>Year</th>
<th>Railway</th>
<th>Automobile</th>
<th>Pipeline</th>
<th>Others (Air, Marine, and River)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>487</td>
<td>512</td>
<td>515</td>
<td>555</td>
</tr>
<tr>
<td>2015</td>
<td>116</td>
<td>116</td>
<td>115</td>
<td>130</td>
</tr>
<tr>
<td>2016</td>
<td>155</td>
<td>159</td>
<td>161</td>
<td>162</td>
</tr>
<tr>
<td>2017</td>
<td>214</td>
<td>236</td>
<td>237</td>
<td>262</td>
</tr>
<tr>
<td>2018</td>
<td>283</td>
<td>289</td>
<td>302</td>
<td>327</td>
</tr>
<tr>
<td>2019</td>
<td>139</td>
<td>136</td>
<td>161</td>
<td>158</td>
</tr>
<tr>
<td>2020</td>
<td>136</td>
<td>125</td>
<td>141</td>
<td>147</td>
</tr>
<tr>
<td>2021</td>
<td>139</td>
<td>144</td>
<td>149</td>
<td>144</td>
</tr>
<tr>
<td>2022</td>
<td>144</td>
<td>144</td>
<td>144</td>
<td>144</td>
</tr>
<tr>
<td>2023</td>
<td>144</td>
<td>144</td>
<td>144</td>
<td>144</td>
</tr>
</tbody>
</table>

**SHARES OF TRANSPORT MODES, 2023**

- Railway: 24%
- Automobile: 23%
- Pipeline: 53%
- Others (Air, Marine, and River): 0.2%

**TRANSPORTATION INCOME BY MODE OF TRANSPORT, 2014-2023**
(nominal billion tenge)

<table>
<thead>
<tr>
<th>Year</th>
<th>Railway</th>
<th>Automobile</th>
<th>Pipeline</th>
<th>Others (Air, Marine, and River)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1403</td>
<td>1479</td>
<td>1798</td>
<td>1945</td>
</tr>
<tr>
<td>2015</td>
<td>622</td>
<td>768</td>
<td>1040</td>
<td>1129</td>
</tr>
<tr>
<td>2016</td>
<td>84</td>
<td>110</td>
<td>1643</td>
<td>108</td>
</tr>
<tr>
<td>2017</td>
<td>684</td>
<td>589</td>
<td>696</td>
<td>1129</td>
</tr>
<tr>
<td>2018</td>
<td>1340</td>
<td>149</td>
<td>772</td>
<td>149</td>
</tr>
<tr>
<td>2019</td>
<td>209</td>
<td>209</td>
<td>843</td>
<td>209</td>
</tr>
<tr>
<td>2020</td>
<td>939</td>
<td>939</td>
<td>1357</td>
<td>939</td>
</tr>
<tr>
<td>2021</td>
<td>1070</td>
<td>1070</td>
<td>212</td>
<td>1070</td>
</tr>
<tr>
<td>2022</td>
<td>1209</td>
<td>1209</td>
<td>337</td>
<td>1209</td>
</tr>
<tr>
<td>2023</td>
<td>1543</td>
<td>1543</td>
<td>1720</td>
<td>1543</td>
</tr>
</tbody>
</table>

Source: Bureau of National Statistics of Kazakhstan
KAZAKHSTAN’S RANKING IN THE 2023 LOGISTICS PERFORMANCE INDEX

- In 2023, Kazakhstan ranked **79th out of 139 countries** with an overall index of 2.7 out of 5.0.
- Kazakhstan's performance (grade/rank) by the index components:
  - Customs – 2.6 / 74
  - Infrastructure – 2.5 / 80
  - International Shipments – 2.6 / 91
  - Logistics Competence – 2.7 / 81
  - Timeliness – 2.9 / 93
  - Tracking and Tracing – 2.8 / 80

Source: World Bank’s Logistics Performance Index 2023

**KAZAKHSTAN’S RANK IN THE LPI**

SINGAPORE LEADS IN THE 2023 LOGISTICS PERFORMANCE INDEX

Note: Ranking is shown for countries along the Middle Corridor and Singapore as ranking leader; Azerbaijan is not presented in the index.
4. RAILWAY TRANSPORTATION
RAILWAY INFRASTRUCTURE IN KAZAKHSTAN

- Railways are a key cargo transportation mode in Kazakhstan.
- In 1991, Kazakhstan had **comparatively developed but segmented** railway network: West Kazakhstan, North Kazakhstan, and East Kazakhstan were connected to South Kazakhstan, but not to each other.
- Major cities and every region had a railway connection; however, there were many **connections through other countries**, making intra-country transportation challenging.
- In recent years, Kazakhstan worked on **integrity of own railway network** by constructing intra-country connections such as Pavlodar – Oskemen, Aktobe – Kostanay, Zhezkazgan – Aktau, and others, but also on **new international connections for external trade** such as railways to Turkmenistan and Iran, and to China.

Source: Qazaqstan Tarihy website
ELECTRIFICATION OF RAILWAYS

- Electrification of a railway determines what types of locomotives and at what speed can use it.
- The electrified railways of Kazakhstan operate under 25kV AC, capable of serving high-speed trains.
- However, only 4200 km out of a total of 16000 km of railways are electrified. Kazakhstan plans to electrify additional 1000 km by 2025.

26% Share of electrified railways in Kazakhstan

Source: Atameken Business

Image source: KTZ website
In Kazakhstan, the most loaded railway sections are Dostyk-Moiynty and Shu-Shymkent.

Kazakhstan is currently expanding Dostyk-Moiynty capacity with construction of a second railway track and started to build a new line to connect Bakty (Kazakhstan-China border point) to the national railway system.

Source: World Bank
The railway cargo volume has significantly grown over the last years, reaching 327 bn t-km in 2023.

The cargo volume kept growing even in 2020, the height of the Covid-19 pandemic.

The railway passenger volume has recovered from the Covid-19 pandemic.

Cargo volume CAGR between 2014 and 2023

+4.8%

Passenger volume CAGR between 2014 and 2023

+0.5%

Source: Bureau of National Statistics of Kazakhstan
KAZAKHSTAN TEMIR ZHOLY (KTZ)

- KTZ is a transport and logistics holding, operator of Kazakhstan's railway network, and national railway carrier of cargo and passengers.
- In 2023, KTZ:
  - transported **270 bn tonnes-km of cargo** (82.5% of total rail cargo) in Kazakhstan (+7% vs 2022)
  - started construction of **Almaty bypassing railway line**
  - continued construction of the second railway track on the **Dostyk-Moiynty** section
  - initiated the construction of **Bakty-Ayagoz railway**
  - created a **joint venture with PSA** to manage the Middle Corridor
  - purchased **112 locomotives**
  - repaired **1 369 km of railways** (2x vs 2022)

Source: KTZ website
Between 2012 and 2022, the number of locomotives decreased from 1,865 to 1,730, a 7.4% decline.

Number of electric locomotives grew from 552 to 583.

Over the same period, number of cargo railcars increased from 127,695 to 137,189, a 7.4% growth.

Number of state-owned cargo railcars decreased from 66,503 to 53,873.

Flat wagons account for the largest share among state-owned cargo railcars.

Source: Bureau of National Statistics of Kazakhstan
5. AUTOMOBILE TRANSPORTATION
HIGHWAY NETWORK OF KAZAKHSTAN

- Highway network is around 94,800 km, including 24,900 km of international and national level and 31,800 km of regional (oblast) level highway.
- There are about 230 autocars per thousand people in Kazakhstan that is comparable to Albania or China, and twice less than in Hungary, Romania, Brazil, and Bahrain.
- Category IV accounts for the largest share in highway network.

BREAKDOWN OF HIGHWAY CATEGORIES (km)

<table>
<thead>
<tr>
<th>Highway Category</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily throughput capacity in sedans equivalent</td>
<td>&gt; 14,000</td>
<td>from 6,000 to 14,000</td>
<td>from 2,000 to 6,000</td>
<td>from 200 to 2,000</td>
<td>&lt; 200</td>
</tr>
</tbody>
</table>

Source: Bureau of National Statistics of Kazakhstan, List of countries and territories by motor vehicles per capita
▪ Automobile transport in Kazakhstan accounts for a significant share of freight traffic, **24% in 2022**, and **more than 90% of passenger traffic**.

▪ After reaching its peak in 2019, the automobile cargo volume **has been decreasing**.

▪ From 2003 to 2008, the number of automobile cargo transport count increased almost twice – **from 223 000 to 414 000**.

▪ After that, the number of cargo automobiles was volatile, but the overall trend was upward.

447 000
number of automobile cargo transport in 2022

\[-19\%\]
decline in automobile cargo volume from 2019 to 2023

Source: **Bureau of National Statistics of Kazakhstan**
6. KHORGOS
Khorgos is a multimodal hub at Kazakhstan-China border, which was established in 2011 to create an efficient transport, logistics and industrial centre to support Kazakhstan-China trade.

The construction of the railway to Khorgos was completed in 2012. Khorgos is accessible via the Altynkol railway station.

The Dry Port Zone is developed by Khorgos Gateway (created in 2016) – a joint company of Kazakhstan Temir Zholy (51%), COSCO Shipping (24.5%), and Port of Lianyungang (24.5%).

MAP OF THE DEVELOPMENT PLAN OF KHORGOS

**CAPACITY OF THE DRY PORT**

- **540k TEU/year** Throughput capacity
- **48 500 m²** Storage warehouse area, of which 700 sq. m are refrigerated
- **31.4 ha** Railway station area and 27.5 km of railway tracks
- **18 000 TEU** Container storage capacity

*Includes rail-mounted automated gantry and pneumatic wheel cranes, carriers, forklifts*

Source: ICBC Khorgos website, AstanaTimes, 24kg, South China Morning Post
7. CASPIAN PORTS
THE CASPIAN SEA

- The Caspian Sea connects Kazakhstan via Aktau and Kuryk to Azerbaijan, Iran, Russia, and Turkmenistan.
- The Caspian Sea is capable for cargo vessels and connected to the global ocean via the Volga-Don river canal, which is located in Russia.
- Kazakhstan, Russia, Azerbaijan, Turkmenistan, and Iran agreed on the legal status of the Caspian Sea in 2018 defining sovereignty over seabed, subsoil, and airspace.
- In Aktau there are two “sub-ports”: a state-owned port in the south (ASCP) and a new public-private terminal (AMNT) to the north of ASCP.
- Kuryk port is under development with only ferry terminal operating currently.

![Traffic in the Caspian Sea](image-source: MarineTraffic)

**20m tonnes**  
Combined estimated capacity of Caspian ports in Aktau and Kuryk

**4.7m tonnes**  
Traffic via the Aktau port, including 44 200 TEU of containers, in 2022

**Breakdown of cargo traffic via the Aktau ports, 2022**

- Oil: 20%
- Container: 14%
- Grain: 52%
- Others: 14%

Source: ASCP website, AMNT website, Ministry of Foreign Affairs of Kazakhstan

Retrieved on April 9, 2024
AKTAU PORT: ASCP AND AMNT

ASCP
Aktau Sea Commercial Port
- Open ice-free port
- 11 berths of 5.1-7.0 m depth
- Open area is 79 700 sq. m
- Covered transit area is 2 000 sq. m
- Ferry, petroleum, metals, grain terminals
- Total capacity is 11.8m tonnes annually, including ferry terminal – 2m tonnes, oil terminal – 7.5m tonnes, grain terminal – 1m tonnes, dry cargo terminal – 2.5m tonnes
+ Bautino Terminal – non-standard industrial and construction cargo handling as oilfield services

AMNT
Aktau Marine Northern Terminal
- Open ice-free port
- 4 berths
- Total storage area is 100 000 sq. m
- Container, general cargo, grain terminals
- Total capacity is 4.0-4.5m tonnes annually, including container terminal – 70 000 TEU, general cargo terminal – 2m tonnes, grain terminal – 1m tonnes

Source: ASCP website, AMNT website
KURÝK PORT

Kuryk Port Ferry Terminal
- Open ice-free port state-owned
- 4 berths of 7 m depth
- Total area is 67,400 sq. m
- Railway ferry and motorway ferry
- Total capacity is 4.1m tonnes annually
- Processes up to 5 ferries per day (a ferry accommodates up to 54 railway wagons)

Results as of 10 months of 2023:
- Load was 44% of the capacity (1.8m tonnes)
- 17% growth compared to the same period of 2022

Sarzha Multimodal Marine Terminal
- Under development
- Open ice-free port private-owned
- 4 berths of 7 m depth
- Total area is planned to be more than 110,000 sq. m
- Grain terminal* – 1.5m tonnes
- General cargo terminal* – 1.65m tonnes
- Oil terminal** – 2.6m tonnes
- Container cargo terminal** – 150,000 TEU

* Construction is to be initiated in 2024
** Construction is not yet started

Source: Kuryk Ferry Terminal website, Kuryk Port Development website
MARINE CARGO AND VESSELS STATISTICS

- Cargo volume of marine transport has been falling since reaching its peak in 2011. This was mainly because the volume of oil exports via the Caspian Sea ports were replaced by other modes of transport.
- In 2022, the volume of cargo transhipped through Kazakhstan's seaports reached 6.5m tonnes, 19% increase compared to 2021.
- In 2022, number of vessel calls in Kazakhstan’s seaports reached 2 237, a 23% increase compared to 2021.
- In terms of vessel types, tugboats, barges, sea boats, and supply vessels account for the largest shares.
- Majority of the vessels are older than 10 years.

Source: Bureau of National Statistics of Kazakhstan
8. AIR TRANSPORTATION
Kazakhstan’s aviation industry is recovering after a three-year downturn due to the Covid-19 pandemic. As the industry recovers, air traffic is being restored, flights are resuming, and new flight destinations are opening.

Progress has been made in recent years to modernise and expand the country’s international airports.

Now, the development and expansion of cargo terminals is a priority for the country and is underway at two of the biggest airports: Almaty International Airport (Almaty) and Nazarbayev International Airport (Astana).

Source: KazAeroNavigatsiya
TRANSIT FLIGHTS THROUGH KAZAKHSTAN’S AIRSPACE

- Transit flight routes changed in 2022, making Kazakhstan’s airspace more important.
- In 2022, number of serviced flights via Kazakhstan’s airspace increased almost 2.5x times compared to 2021. In 2023, it exceeded 308 thousand (transit and landing).
- Number of Air Traffic Service (ATS) routes via Kazakhstan was stable in 2016-2019 and started to grow after the fifth freedom was accepted on 1 November 2019.

**SERVICED FLIGHTS VIA KAZAKHSTAN**

<table>
<thead>
<tr>
<th>Year</th>
<th>Kazakhstan Companies Flights</th>
<th>Foreign Companies Flights</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>145</td>
<td>82</td>
</tr>
<tr>
<td>2017</td>
<td>154</td>
<td>94</td>
</tr>
<tr>
<td>2018</td>
<td>164</td>
<td>98</td>
</tr>
<tr>
<td>2019</td>
<td>165</td>
<td>102</td>
</tr>
<tr>
<td>2020</td>
<td>97</td>
<td>164</td>
</tr>
<tr>
<td>2021</td>
<td>126</td>
<td>89</td>
</tr>
<tr>
<td>2022</td>
<td>314</td>
<td>97</td>
</tr>
<tr>
<td>2023</td>
<td>308</td>
<td>107</td>
</tr>
</tbody>
</table>

+91% Growth in the total number of serviced flights via Kazakhstan in 2022

+148% Growth in the number of serviced flights by international companies via Kazakhstan in 2022

+37% Growth in the number of Air Traffic Service (ATS) routes via Kazakhstan after 5th freedom was accepted

**Note:** ATS route is a specified route designed for channeling the flow of traffic as necessary for the provision of air traffic services and refers to a variety of airways, including jet routes, area navigation (RNAV) routes, and arrival and departure routes.

Source: Ministry of Transport of Kazakhstan, KazAeroNavigatsiya
INTERNATIONAL AVIATION HUB IN ASTANA

- Nursultan Nazarbayev International Airport of Astana could be developed into a **transit hub for cargo airlines** flying from China to Europe.
- Its main competitive advantage is comparably **lower prices offered for ground handling** and jet fuel*.
- Currently, the Astana airport serves **more than 2,000** cargo transit flights per year, whereas pre-Covid the figure was less than 50 transit cargo flights.
- **Trade operations** via the Astana airport:
  1. Transit freight on the routes Asia-Europe;
  2. Imports of goods from East and Southeast Asia, Europe;
  3. Exports of goods to neighboring countries.

*Note: Jet fuel supply must be ensured since most transit cargo flights are carried out on heavy aircraft, which require a large amount of refueling.

Source: NNIA website, KazAeroNavigatsiya
9. PIPELINES
Pipelines are one of the most heavily utilised modes of transportation in Kazakhstan, primarily due to the dominance of the oil and gas industry in the country’s exports.

Pipelines are the cheapest mode of transportation for exporting oil and gas. Consequently, their development is closely tied to the oil and gas sector and is financed accordingly.

In 2023, Caspian Pipeline Consortium accounted for transportation of 80.1% of Kazakhstan’s total crude oil exports (56.5m t out of 70.5m t) or 62.8% of total crude oil production (89.9m t).

Currently, Kazakhstan is also working on increasing its oil exports via the Caspian Sea.

Source: KazTransOil website, CPC website, National Energy Report KAZENERGY 2023, Bureau of National Statistics of Kazakhstan
10. STORAGE
STORAGE AND WAREHOUSES

- The current amount of warehousing property in Kazakhstan is about 1.3m sq. m of Class A and Class B warehouses.
- According to the NF Group study (2023 3Q), 1% of Class A and Class B warehouses are vacant in Kazakhstan.
- Existing economic centres (Almaty, Shymkent, Astana, Aktobe and others) can be natural points for the local consolidation of traffic flows and the development of warehousing and storage facilities.

59 m²

Sufficiency of high-quality warehousing property per thousand people (October 2022)

Note: Class A and Class B are covered warehouses of at least 10m and 6m ceiling height respectively

Source: Kursiv, NF Group
11. INVESTMENT PROJECTS
CONCEPT FOR THE DEVELOPMENT OF KAZAKHSTAN’S TRANSPORT AND LOGISTICS POTENTIAL UNTIL 2030

MAIN DIRECTIONS

▪ develop a network of cross-border hubs and terminals to service additional transit volumes and to ensure continuous multimodal transportation
▪ increase the capacity of international transit transport corridors
▪ modernise and expand fleet of vehicles including trucks, rail, sea, and air transport
▪ eliminate non-physical barriers and simplify customs administration
▪ improve national legislation and develop “soft” infrastructure

TARGET INDICATORS & EXPECTED RESULTS

29.3% increase in labour productivity in T&L compared to 2019
98.4% increase in fixed capital investments in T&L compared to 2019
100% of international and republic auto highways in standard technical condition
95% of regional and local auto roads in standard technical condition
30% share of private carriers in railway cargo transportation
35m tonnes transit volume, including 2m TEU
100% of republic auto highways with mobile network with at least 3G Internet access
3% share of passenger railcars with service life of over than 25 years
34m railway passengers
3m transit air passengers

Source: Government Decree 1116 dated December 30, 2022
ONGOING MAJOR TRANSPORT AND LOGISTICS INVESTMENT PROJECTS IN KAZAKHSTAN

- The 893-km highway from Aktobe and Atyrau to Russia's Astrakhan is being reconstructed
- By 2025, the reconstruction of 587-km highway Atyrau – Oral – Russia's Saratov highway

- By 2025, an additional container hub at the Aktau seaport
- A capacity of more than 200 000 TEU
- Cost of $42.3m

- Sarzha multifunctional sea terminal at the Kuryk seaport:
  - grain terminal of 1m tonnes/year
  - oil terminal of 5.5m tonnes/year
  - universal terminal of 3m tonnes/year

- By the end of 2025, new Darbaza-Maktaaral railway line connecting Kazakhstan and Uzbekistan
- Aims to enhance transit connections to Central Asia and South Asia
- The cost is estimated at $523.1m

- By 2025, the construction of the second track on the Dostyk-Moiynty section (836 km)
- Valued at $1.1bn to boost the capacity of the section fivefold
- To increase the speed of transportation to 1 500 km/day from the current 800 km/day

Source: Government of Kazakhstan, Ministry of Transport of Kazakhstan, KazLogistics, WorldBank
RECENT AGREEMENTS OF SAMRUK-KAZYNA

CRRC Corporation Limited is a Chinese corporation, the world's largest manufacturer of railway transport.

Signed in February of 2024, the document is of a strategic nature, aimed at strengthening ties and searching for new investment opportunities.

It was noted at the meeting that Kazakhstan is also interested in deep localisation of locomotive production using advanced technologies and creation of service centres for equipment maintenance. CRRC, in turn, can gain access to the EAEU and European markets through Kazakhstan.

Azerbaijan Investment Holding is a state investment holding created in 2020 to manage the country's state-owned companies in the oil and gas sector, telecommunications, logistics and others.

An agreement on a strategic partnership to create a fund was signed in March of 2024. The fund will invest in projects that contribute to the development of the economies of the two countries, including projects to develop the Trans-Caspian International Transport Route (TITR).

Source: Samruk Kazyna website
EU-EBRD STUDY ON CENTRAL ASIA CONNECTIVITY

MAP OF PROJECTS

- The study revealed 7 soft connectivity measures and **32 hard infrastructure** needs for Central Asia worth **€18.5bn**.
- For Kazakhstan, there are **13 hard infrastructure projects** worth **€5.5bn**.
- Transit container volume via the Central Trans-Caspian Network is forecast to increase from 18 000 TEU in 2022 to **130 000 TEU** by 2040 under a BAU scenario.
- If all the investment projects and soft connectivity measures are implemented, this number could increase up to **865 000 TEU** by 2040 (a 48x increase).

Source: EU-EBRD Study on Sustainable Transport Connections between Europe and Central Asia
1. Digitalisation of transport documents
2. Increased interoperability
3. Enhanced PPP environment
4. Trade facilitation
5. Market liberalisation
6. Improvements to tariff setting mechanism
7. Increased funding

- Consistent tariff implementation
- Development of regional tariffs
- Timely tariff updates
- Removal of cross-subsidisation
- Transparent tariff-setting mechanisms
- Cabotage for rail operations
- Cabotage for road operations
- Liberal quota / permit systems
- Stronger SPS regulations
- One-stop border post
- Inclusive trade facilitation
- Digitalisation
- Removal of non-tariff barriers
- TFA adoption and implementation
- ADR ratification
- Alignment of weight / dimension standards
- Alignment of cargo security
- Streamlined framework
- Improved legal basis for PPPs
- Transparent procurements
- Contract management

Source: EU-EBRD Study on Sustainable Transport Connections between Europe and Central Asia
## EU-EBRD Study on Central Asia Connectivity

### Kazakhstan Hard Infrastructure Projects

#### Short-term needs (5 projects)  €1.25bn
- **Construction of Shalkar-Beyneu highway**  €709m
- **Construction of the Darbaza-Maktaral railway line**  €318m
- **Construction of a railway bypassing Almaty**  €200m
- **Expansion of the capacity of the Altynekol terminal**  €18m
- **Expansion of the Saryagash railway station**  €9m

#### Long-term needs (3 projects)  €417m
- **Expansion of the merchant fleet in the Caspian Sea**  €200m
- **Expansion of rolling stock and fitting platforms at key ports/terminals**  €149m
- **Construction of the Kyzylorda-Uchkuduk (Uzbekistan) highway**  €68m

#### Medium-term needs (5 projects)  €3.8bn
- **Construction of second tracks of the Aktau-Beyneu line and electrification of tracks**  €1.67bn + €368m
- **Construction of second tracks of the Almaty-Khorgos line and electrification of tracks**  €927m + €290m
- **Expansion of Aktau port capacity**  €307m
- **Reconstruction of the railway line Beyneu-Nukus (Uzbekistan)**  €159m
- **Construction of warehouses and distribution centres in the multimodal logistics centres of Almaty and Shymkent**  €90m (€45m each)

Source: [EU-EBRD Study on Sustainable Transport Connections between Europe and Central Asia](https://www.ebrd.com)

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12. AIFC’S ROLE IN TRANSPORT & LOGISTICS
AIFC AS JURISDICTION OF CHOICE FOR TRANSPORT AND LOGISTICS

1. Ease of structuring and financing of the investment projects at all stages

2. Opportunity to choose an independent legal system / jurisdiction

3. Platform for dispute resolution through an independent arbitration

Source: AIFC findings
Currently, 66 transport and logistics companies are AIFC participants. Below is an information on select JVs involved in the Middle Corridor:

<table>
<thead>
<tr>
<th>TRANSPORT AND LOGISTICS COMPANIES IN AIFC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Caspian Integrated Maritime Solutions Ltd</strong></td>
</tr>
<tr>
<td>Maritime and coastal freight transport</td>
</tr>
<tr>
<td><strong>REGISTRATION DATE</strong></td>
</tr>
<tr>
<td>13 February 2023</td>
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<tr>
<td><strong>RECENT DEVELOPMENTS &amp; PLANS</strong></td>
</tr>
<tr>
<td>Two oil tankers (‘Taraz’ and ‘Liwa’) were purchased for transcaspian oil transportation.</td>
</tr>
</tbody>
</table>

Source: KazMunayGas website | Source: PSA International website | Source: AstanaTimes |
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