



TRACECA INVESTMENT FORUM 2012

Brussels, 28th February 2012

**“ZVARTNOTS” INTERNATIONAL LOGISTIC CENTRE,
FREE ECONOMIC ZONE AND
TRANSPORT LINKS**

REPUBLIC OF ARMENIA



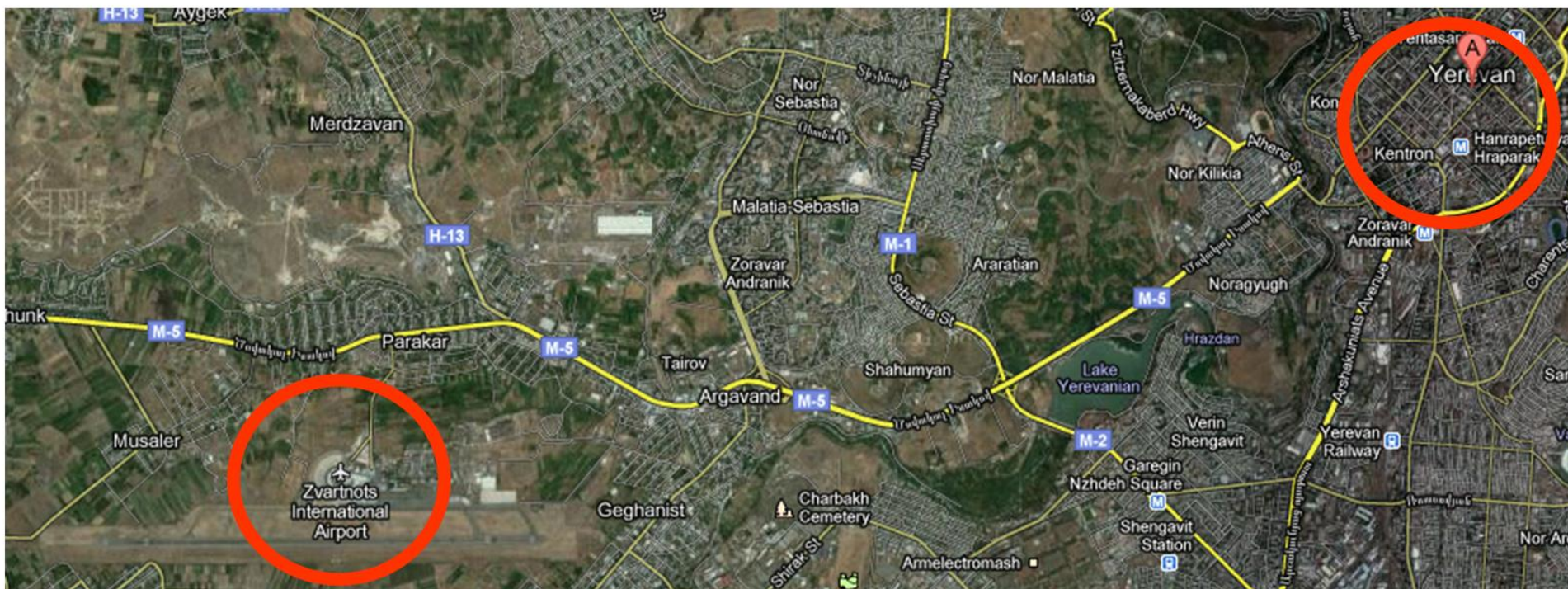


"ZVARTNOTS" INTERNATIONAL LOGISTIC CENTRE, FREE ECONOMIC ZONE AND TRANSPORT LINKS





"ZVARTNOTS" INTERNATIONAL AIRPORT – ARMENIA'S GATEWAY TO THE WORLD





PROJECT DESCRIPTION

Overall Objective

- Ensuring necessary transport infrastructures within and to the territory of Zvartnots International Airport.
- Improvement in rail connections between Zvartnots airport and large cities around the country.
- Ensuring various high quality logistic services.
- Existence and efficient exploitation of modern equipment.
- Development of Foreign Trade in Armenia.
- Promotion of Logistics Industry.
- Connection to the highways of the country and the North-South Road Corridor.



PROJECT DESCRIPTION

Project Purpose

- Ensuring the flow of passengers at Zvartnots International Airport.
- Fully ensuring the flow of goods at the airport's Cargo Complex.
- Opportunity for natural activity and further dynamic development of the Logistic Centre and Free Economic Zone in the area adjacent to Zvartnots International Airport.
- A reduction in traffic for the only road leading to the airport.
- Rise of Yerevan's profile as a city of tourism.



PROJECT DESCRIPTION

Cross Border Impact

As an international airport Zvartnots International Airport and the envisaged ILC will naturally have a border .

Armenia is a landlocked country, so any additional actions directed to the development of the existing and foreseen infrastructures at the airport (cargo/passenger terminal, logistic centre, Free Economic Zone, etc.) will greatly contribute to the improvement of customs, trade and other services.

Accordingly, the project itself has a very significant cross border impact.



Recent Expansions



New Passenger Terminal





PROJECTS AND ACTIONS PROPOSED

- Establishment of International Logistic Centre (Program and Master Plan prepared in the framework of EU TRACECA)
- Establishment of Free Economic Zone
- Construction of a new passenger terminal (Concessioner)
- Creation of the largest transport hub in Armenia
- Ensuring necessary transport infrastructures: construction of new highway and rail line to the Airport



GEOGRAPHICAL DESCRIPTION

Zvartnots International Airport is centrally situated close to the capital of Armenia, Yerevan.

Government has considered the geographical-political location of the country, the necessity of a sufficient transport hub (due to the increase in the volume of cargo loads), as well as the fact that approximately 60% of Armenian citizens have settled in Yerevan and its suburbs. After reviewing several additional factors the Government has come to the conclusion that project implementation requires urgent and complete attention.



TECHNICAL DESCRIPTION

Prediction of Loads Transported to the Airport:

Opening of the proposed ILC (2012-2013)	Starting year of the exploitation of the ILC	20 years of evaluation period	Final Development Stage of the ILC
GDP = same as in 2007	Cargo volume = 0.4 mln. tons Demand growth = GDP growth of 6 months = 4.5% annually	Demand = more than 0.9 mln. tons annually	Goods volume = 0.6 mln. tons annually Volume of the Cargo Terminal = 0.5 mln. tons annually



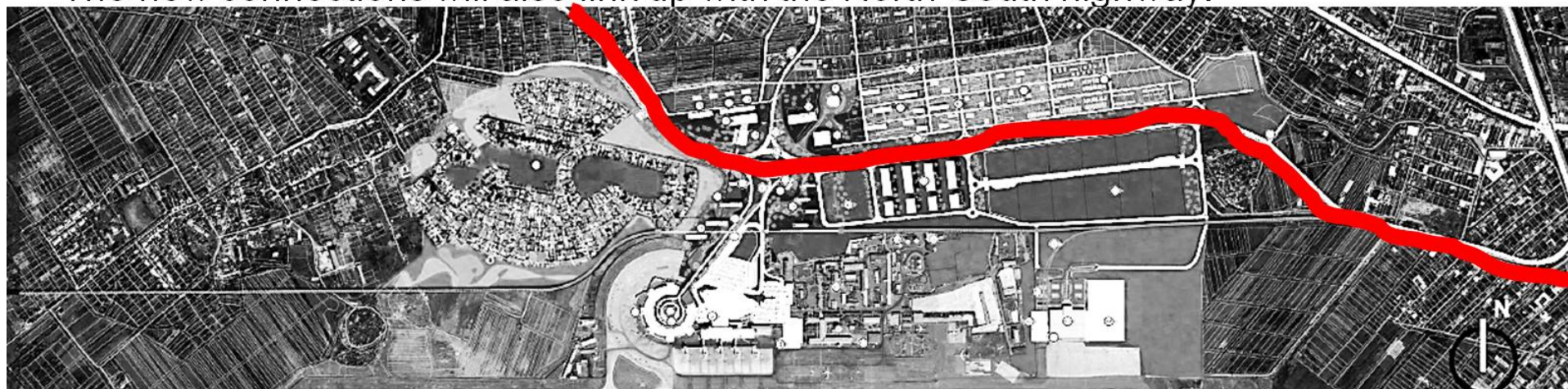
TECHNICAL DESCRIPTION

Approximation of Roads

A new road network extension will more directly link the capital to the airport through a 6-lane highway.

- Total length – about 3.5 km
- Cost of construction – around 45 mln. USD (without alienation zone), out of which:
- Construction of 2x3 layer road and Escada – 2.5 mln. USD
- Transport link, engineering communications, lighting pillars – 20 mln. USD

The new connections will also link up with the North-South highway.





SOCIO-ECONOMIC DESCRIPTION

Logistic Center will offer various logistic services, will be equipped with modern infrastructures and will provide high quality of service, which will create excellent conditions for logistic service providers in promoting active logistics industry, as well as will significantly contribute to the development of foreign trade in Armenia.



SOCIO-ECONOMIC DESCRIPTION LOGISTIC CENTER

Direct relationship with:

- The Free Economic Zone
- The airport cargo terminal
- The new cold storage
- New transport infrastructure





SOCIO-ECONOMIC DESCRIPTION

FREE ECONOMIC ZONE

Already constructed and operational are:

- A fully equipped cargo terminal and
- A high capacity cold storage facility

In addition, the FEZ will contain:

- Client-specific warehouses
- Processing, packaging and logistics



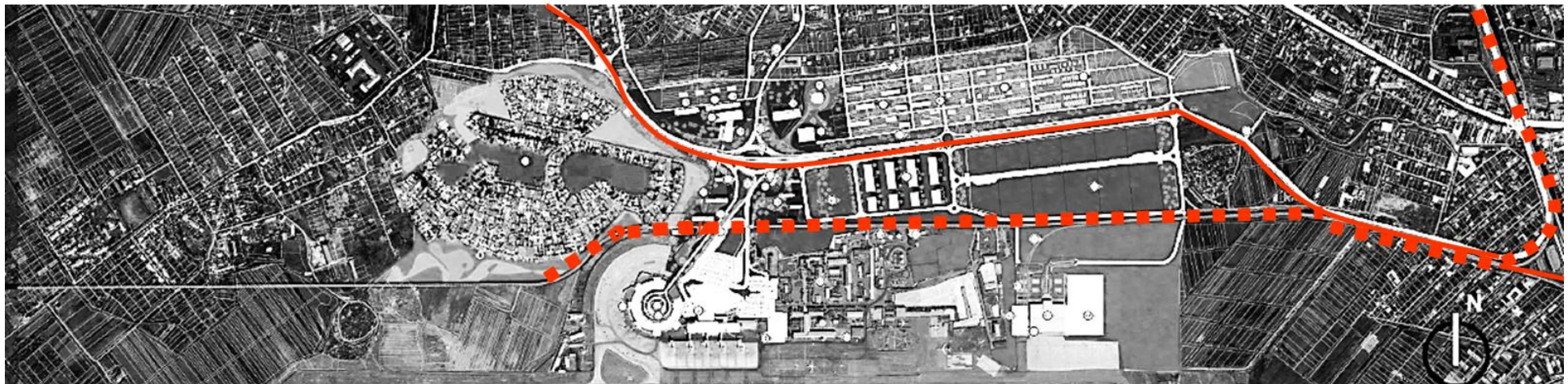


ENHANCED RAIL CONNECTION

A rehabilitated rail connection will bring freight trains to the airport and Free Economic Zone logistic center.

This new line will serve both the logistics center needs and the airport jet fuel needs reducing costs and increasing efficiency.

MoTC of Armenia, jointly with “South Caucasus Railway” JSC, is preparing detailed design for the rail construction.



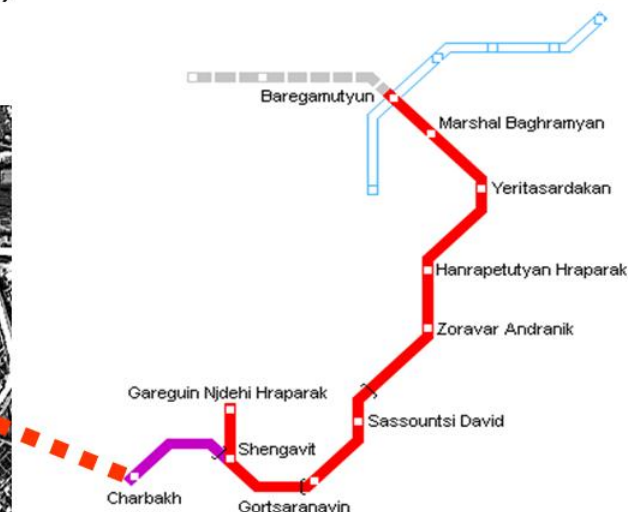
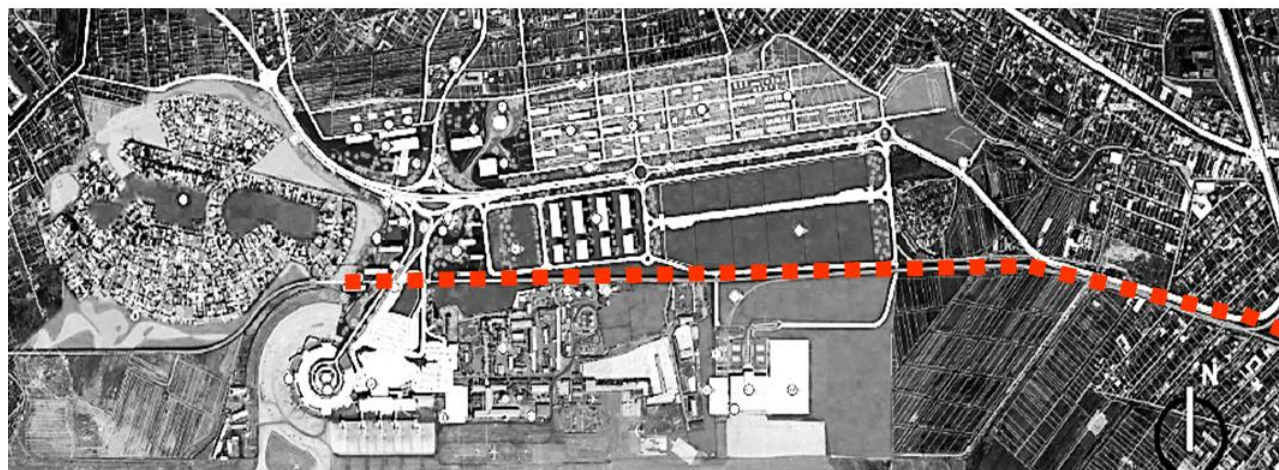


ENHANCED RAIL CONNECTION (METRO)

Developed alignment for the new rail line (passenger terminal – Charbakh metro station, cargo terminal – Karmir Blur station by express train)

Cost of construction:

- Construction of the alignment – 5 mln. USD
- Construction of new railway – 3.1 mln. USD (3.9 km)
- Rehabilitation works – 1.5 mln. USD (3.5 km)
- 2 artificial structures – 0.4 mln. USD





MULTIMODAL HUB

Creation of the largest transport hub in Armenia







INVESTMENT AMOUNT AND REPAYMENT

Total cost	
Zvartnots International Logistic Center	25 mln EURO
Free Economic Zone (FEZ)	
Transport Infrastructure	
Road	45 mln USD (without alienation zone)
Rail	5 mln USD (without land acquisition)
TOTAL	Around 90 mln USD (without FEZ)

Sources for Financing

PPP/Investors/Russian Railways and the Concessioner of the “Zvartnots” International Airport/interested stakeholders and IFS.



OTHER SOCIO-ECONOMIC DESCRIPTIONS

Environment

The environmental impact of road and rail construction involves two known sites of archaeological interest: The green area along the bank of the Hrazdan river will be affected by minor visual impacts and will experience changes in air quality, noise and vibration.

Rates of Return

Since there is no final Feasibility Study or detailed design available at this stage, the answer to this part of the fiche will be known later.



OTHER SOCIO-ECONOMIC DESCRIPTIONS

Risk Assumptions and Constraints

There are no apparent assessed risks or constraints to the project at this stage.

This is a business program and has minimal risks related to resettlement and land acquisition (the alienation zone experiences density of residential housing and businesses).



LONG-TERM VISION: AIRPORT CITY





SUMMARY

Investment Amount
25 mln. Euro



After the completion of construction of the new passenger terminal of the “Zvartnots” International Airport it is also planned that the new building will be able to serve 3 million passengers instead of 1.6 million passengers annually.



THANK YOU !