

# Partnering with the Private Sector in Pakistan's Port Sector



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# Sequence of Presentation

- Pakistan's Economy / Policies**
- PPP experiences of other Pakistani Ports**
- PPP projects of Karachi Port**
- Deep Water Container Port**
- Benefits of PPP**

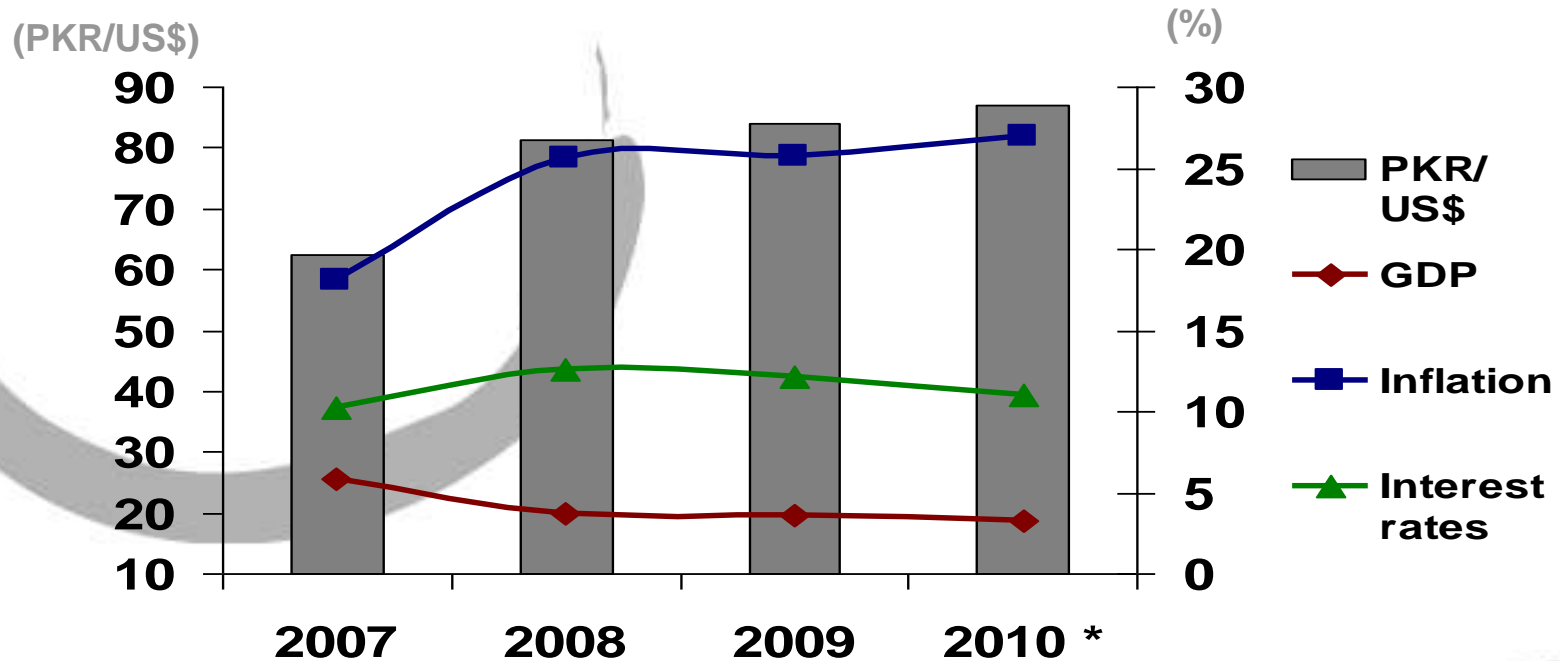


# Pakistan's Profile

- ❑ **Population:** 169 million (2009 est.)
- ❑ **Foreign Investment:** US \$19.8 billion (FY07-09)
- ❑ **Foreign Investment:** US \$8.0 billion (FY10 est.)
- ❑ **GDP per capita:** US \$1,046 (FY09)
- ❑ **GDP Growth FY09:** 2.00%
- ❑ **FX Reserves (March 2010) :** US \$14.94 billion
- ❑ **Stock Market Index (April 8, 2010) :** 10,523
- ❑ **Repatriated Profit (Jul 09 - Feb 10)** US \$377.9 million



# Pakistan's General Economy



Year	GDP Growth (%)	Inflation SPI (%)	Interest rates %	PKR/ US\$
2007	5.8	18.1	10.26	62.50
2008	3.7	25.6	12.54	81.30
2009	3.6	25.7	12.09	83.90
2010*	3.3	27.0	11.00	87.00

\* Forecasted by SBP & financial institutions

# Why Foreign Companies Invest in Pakistan? it's the Liberal Investment Policy

- ❑ Equal opportunity for local & foreign investors
- ❑ All economic sectors open to foreign investors
- ❑ Foreign equity 100% allowed
- ❑ No Government permissions required
- ❑ Attractive tax, tariff and other incentives
- ❑ Remittance of capital, profits, royalty, technical & franchise fee allowed
- ❑ Network of Export Processing Zones / Industrial Estates
- ❑ Statutory protection for foreign investment
- ❑ Bilateral Agreements :
  - Investment Protection 47 Countries
  - Avoidance of Double Taxation 52 Countries

# Pakistan at the Center of Asian Growth



# PPP Initiatives in the Public Sector

## ☐ Pakistan Railways

- PR already playing with 'wooden' concessions using PRACS
- PR off-dock terminals, PAX and freight stations
- PR land-management and development

## ☐ National Highway Authority

- Transit Freight Stations
- Improved regulation of totally de-regulated freight sector
- Pakistan Automated Customs Community System (PACCS), Customs, Finance and Logistics

## ☐ Civil Aviation Authority

- Private owning of airline/ airfields allowed
- Sialkot International Airport Authority Limited (SIAL) a new experience
- Medium size Airports development an emerging PPP opportunity

# PPP Initiatives in the Port Sector

**IT'S A SUCCESS STORY**





# **Pakistan's Maritime and Ports' sector offer an established track-record in PPP**

- ❑ Terminal Concessions—QICT, KICT, PICT and other emerging green-field projects**
- ❑ Cargo handling companies**
- ❑ Development of port facilities including modal-exchange terminals**
- ❑ Maintenance of port facilities—dredging, piloting and tugs, shipyards**
- ❑ New Shipping Policy for re-emergence of Pakistan based private Merchant Fleet**

# Qasim International Container Terminal (QICT): 1<sup>st</sup> BOT Project

- ❑ Port Qasim Authority in 1994 tendered for the construction and operation of what would be Pakistan's first Dedicated International Container Terminal, on BOT basis
- ❑ QICT was formed by a consortium put together by P&O Ports, Mackinnons Pakistan, P&O Containers Pakistan Limited, the Commonwealth Development Corporation of the UK, and the Pakistan-Kuwait Investment Company, the later being a joint venture between the governments of Pakistan and Kuwait.
- ❑ Subsequently P&O Ports bought out other partners. In 2006 P&O Ports were globally acquired by Dubai Ports World (DPW)

# Qasim International Container Terminal



## Phase 1

➤ Terminal Area	250,000 sq m
➤ Quay Wall	600 m
➤ Draft	12m
➤ Capacity	750,000 TEUs
➤ Equipment	6 STS Cranes 23 RTG's
➤ Cost	US\$ 100 million
➤ 2009 TPT	750,000 TEUs
➤ 2010 TPT	770,000 TEUs (est.)

## Phase 2

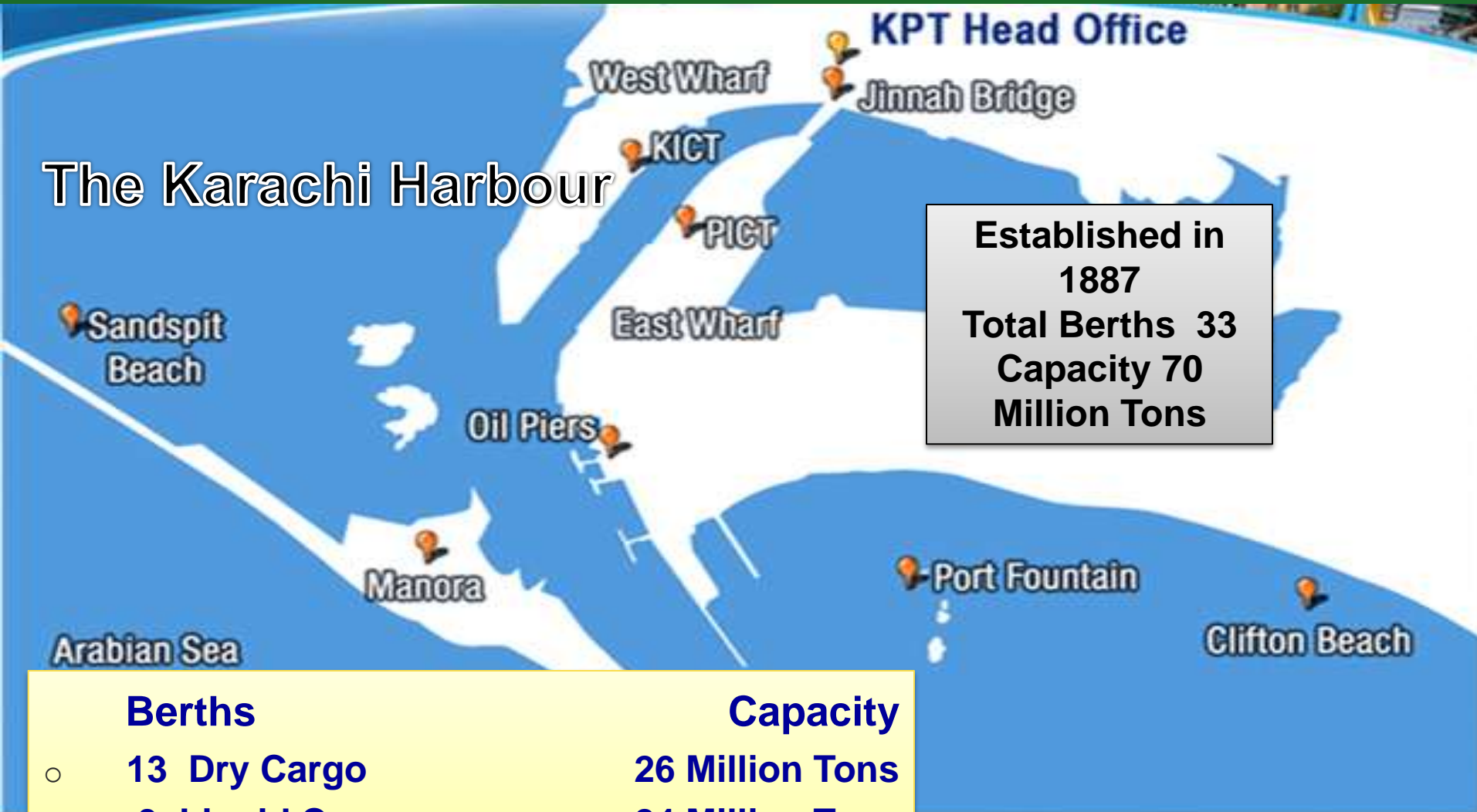
➤ Terminal Area	250,000 sq m
➤ Quay Wall	700 m
➤ Draft	14 m
➤ Capacity	600,000 TEUs
➤ Equipment	8 STS Cranes 24 RTG's
➤ Cost	US\$ 300 million

# Gawadar Deep Sea Port

- **Gawadar Port was constructed in two phases.**
- **While technical and financial feasibility studies were completed in 1993, construction did not start until 2002.**
- **Port of Singapore Authority (PSA) was given the concession for its management and operations. After it became operational in 2008.**
- **PSA signed a 40-year concession agreement with the Gawadar Port Authority to operate a multi-purpose terminal, and carry out future expansion.**

# Karachi Port Trust

## The Karachi Harbour



**Established in  
1887  
Total Berths 33  
Capacity 70  
Million Tons**

	<b>Berths</b>	<b>Capacity</b>
○	<b>13 Dry Cargo</b>	<b>26 Million Tons</b>
○	<b>3 Liquid Cargo</b>	<b>24 Million Tons</b>
○	<b>9 Container/Gen. Cargo</b>	<b>20 Million Tons</b>
○	<b>8 Under Re-construction</b>	

# **Karachi International Container Terminal (KICT) 2<sup>nd</sup> Container Terminal on BOT**

- ❑ Karachi Port Trust in 1996 leased out 3 of its berths to M/s.American President Line (APL) a USA based firm in joint venture with International Container Terminal (ICTSI) Philippine to develop a dedicated modern container terminal**
- ❑ The joint venture firms formed Karachi International Container Terminal (KICT). APL was appointed to arrange designing and construction of the terminal**
- ❑ The Phase I of KICT was operational in 1998**
- ❑ Initial investment:                      US\$ 69 million**
- ❑ In 2000 Hutchison Port Holdings Hong Kong acquired KICT from ICTSI**



# Karachi International Container Terminal



## Developed in 3 Phases

- Terminal Area 261,122 sq m
- Quay Wall 973 m
- Draft 14 m
- Capacity 700,000 TEUs
- Equipment  
7 STS Cranes  
2 MHCs  
23 RTG's
- Cost US\$ 120 M
- 2009 TPT 724,000 TEUs
- 2010 TPT 770,000 TEUs (est.)



# **Pakistan International Container Terminal (PICT) 3<sup>rd</sup> Container Terminal on BOT**

- **After 4 successful years of KICT operations Karachi Port Trust sought proposals once again from private sector investors to develop the second modern, fully equipped international standard container terminal at Karachi Port.**
- **Premier Mercantile Services (Pvt.) Ltd. ("PMS"), a Marine Group Company, was awarded a 21-year Concession to build and operate a dedicated container terminal at Berths 6-9, Karachi Port, on a BOT basis in April 2002.**
- **PICT was formed as the Terminal Operating Company and commenced operations in 2004**
- **IFC is also a partner in this venture**



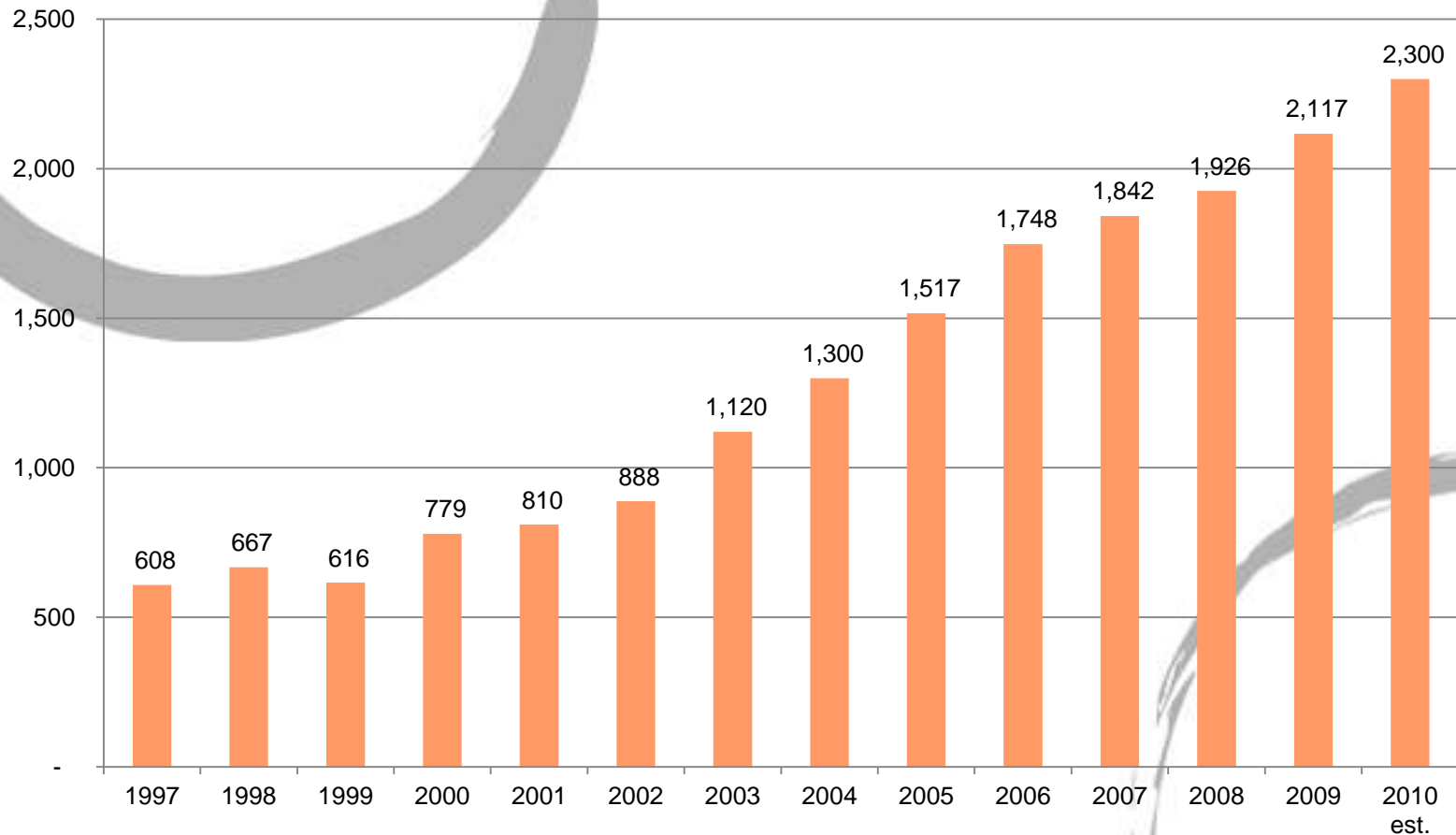
# Pakistan International Container Terminal



- **Cost**                    **US \$ 75 million**
- **Terminal Area**   **220,000 sq m**
- **Quay wall**            **600 m long**  
                                 **3.7 m deep**
- **Equipment**         **6 STS Cranes**  
                                 **2 MHCs**  
                                 **20 RTGs**
- **Capacity**             **450,000 TEUs**
- **2009 TPT**             **583,000 TEUs**
- **2010 TPT**             **600,000 TEUs (est.)**

# “You build it, they will come” Pakistan Container Volume

TEUs in 000





# Pakistan Deep Water Container Port

# Pakistan Deep Water Container Port Main Features

- ❑ **CONSULTANT** : Royal Haskoning and Scott Wilson of UK
- ❑ **HANDLING** : Super Post Panamax Ships
- ❑ **BERTHS** : 10 (4 in 1<sup>st</sup> Phase)
- ❑ **DRAFT** : 18 M
- ❑ **TURNING RADIUS** : 700 METER
- ❑ **QUAY WALL** : 5 KM (1.5 KM in 1<sup>st</sup> Phase)
- ❑ **TOTAL COST** : US\$ 1.6 BILLION
- ❑ **COMPLETION** : 2013 (1<sup>st</sup> Phase)

**Public Private Partnership Project**



# PAKISTAN DEEP WATER CONTAINER PORT

## MODULES

### Dredging and Reclamation Works

Awarded to M/s China Water Electric (**CWE**)

US\$ 325 million

### Marine Protection Works

Awarded to M/s China Harbour Engineering Co. (**CHEC**)

US\$ 160 million

### Quay Wall Construction

Awarded to M/s China Harbour Engineering Co. (**CHEC**)

US\$ 225 million

Navigational Aids – tender documents under preparation

# AWARD OF CONCESSION

- ❑ Conceptual designing
- ❑ Road shows to major operators
- ❑ Hire port experts to prepare methodology/documents
- ❑ Strict conditions for qualification
- ❑ Tender requirements including:
  - Business plan
  - Assured investment
  - Guaranteed royalty
  - State of art equipment

# South Asia Pakistan Terminal (SAPT)

<b>BOT Operator</b>	<b>M/s Hutchison Port Holding (HPH), Hong Kong</b>
<b>Agreement</b>	<b>8<sup>th</sup> November 2007</b>
<b>No of Berths</b>	<b>4</b>
<b>Backup area</b>	<b>850,000 Sq m</b>
<b>Quay wall</b>	<b>1500 meter</b>
<b>Initial Depth</b>	<b>16 meter extendable to 18 meter</b>
<b>Lease Period</b>	<b>25 Years (Extendable)</b>
<b>Investment</b>	<b>US\$ 457 Million</b>
<b>Total Cost</b>	<b>US\$ 1.2 Billion</b>
<b>Guaranteed Royalty</b>	<b>US\$ 1.1 Billion</b>
<b>Completion</b>	<b>2013</b>



**HPH**

# Why PPP?

- Induct additional resources**
- Bring in private sector efficiency**
- Client – Port symbioses for Port**
- Development and diversification**
- Strong Global networking**
- New business opportunity**



# Benefits to Karachi Port

- Feasibility vindicated**
- Assured return on investment**
- \$100 million advance**
- Global networking of operator**
- State of the art Container Terminal**
- 24/7 working**
- Competitive tariff compared to monopolized tariff**
- Zero waiting time for ships**
- Reduced turn around time**

# PPP Projects of KPT

## Completed

## COST IN MILLION \$

Karachi International Container Terminal	120
Pakistan International Container Terminal	75
Bulk Cement Export Facility	12

## Under Construction

South Asian Port Terminal	457
Port Grand (Food Court)	12

## On Offer

Cargo Village	400
KPT-77 Kulachi Enclave	350
Port District	168
Port Bridge	417
<b>Total</b>	<b>2011</b>



**CONCLUSION**