



TUNISIA
PPP 2018



6

Logistics and free trade zone in Ben Guardane

General project presentation

*Ben Guardane project is a **free trade & logistics zone twinned with a touristic resort** offering leisure, health and wellness services, close to the Libyan border. Here the targets are primarily Tunisia and Libyan retailers, traders or individuals travelling and secondly, tourists from Djerba zone who could be interested by one day shopping trip. The project rationale is based on the existing and vivid **cross-border trade** between both Tunisia and Libya. The estimated total cost of the project is **TND 41 million**.*

Ben Gardane is a small town located in Southern Tunisia, 32 km from the Libyan border, 43 km from Zarzis, and 72 km from Djerba island (over a road bridge).



Location:
Ben Guerdane



Company:
Ministry of Transport



Mission:
Logistics and free
trade zone in Ben
Gurdane



Cost:
TND 41 million



Ideally located between Djerba and the Libyan borders



The project in Ben Guerdane includes two main components:

- **Logistic component Imports and Exports**

The logistic platform component is destined for Tunisian and Libyan carriers and exporters to Libya that may be interested in storage including cold storage, packing goods for shipping to the destination market.

The pre-feasibility study reports the operators have request relates to tax environment and trade facilitations issues (tax, customs, rental costs in the future logistics area, simplification and alleviation of installation and export procedures). The logistic platform is bonded and all agencies involved in trade should be present and coordinate in order to facilitate the goods flow.

- **Commercial components**

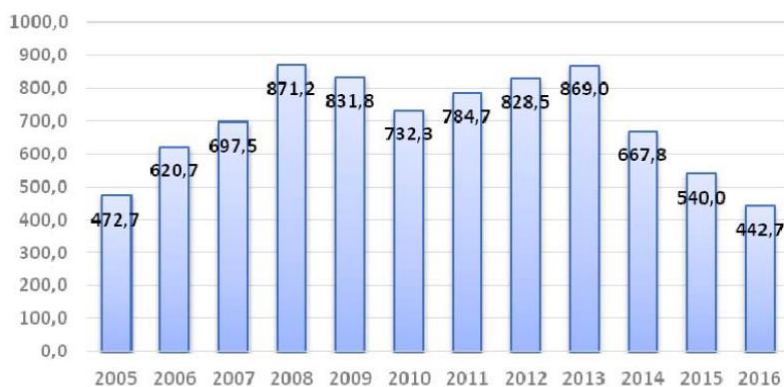
The commercial platform consists of 2 different areas

1. One area open to all public and based on the concept of retailtainment where shopping is combined with leisure and touristic offer. Health & wellness activities will complete the concept and are meant to attract regional tourists.
2. The second area of the project is open to all retailers involved in import and export to Libya, they could benefit from regulatory and administrative favorable conditions. This second part is also bonded and should be reserved to professionals.

Project justification

Ben Guerdane's location is close to the Libyan border. A significant trade between Tunisia and Libya takes place through the Ras Jdir border-post; many travelers are also pending between Tunisia and Lybia.

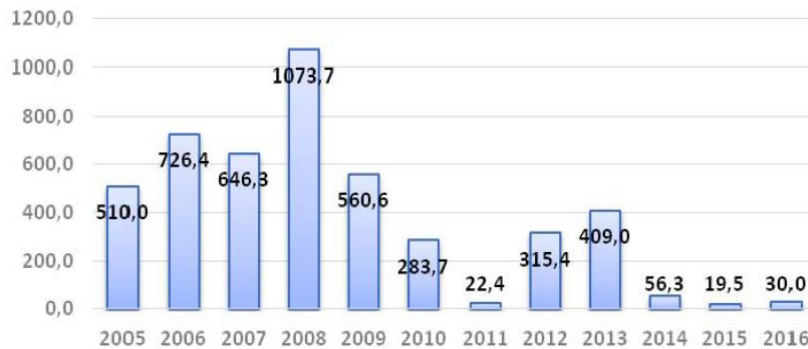
Here the purpose of the commercial and logistic zone is to consolidate and expand the dynamics of exports, trade and tourism by creating adequate infrastructures and equipment to facilitate them. The zone should also help to reduce the share of illegal traffic in giving an “attractive” legal framework to informal trading activities supporting the transfer from formal to informal.



Source : UN Comtrade

Since 2013, exports to Libya have decreased and amount in 2016 to approximately 50% of their peak volumes in 2013. Nevertheless, the exports remain important, nearly 500 millions USD are being shipped through Tunisia and this do not take into account the informal trade which is said to equal to 30-40% of the formal trade. Exports activities are described in annex 1.

Exports (Millions USD) to Libya were still very high in 2012, a year after the UN military intervention in Libya, Tunisia cross border route serving probably as an alternative to the former main trading route via Tripoli port.



Imports (Millions USD) from Libya collapsed in 2011 as expected but soon and remain very low compared to the year 2000. They consist of crude oil at 90% while exports from Tunisia are very diversified and consists of manufactured goods and foods.

Source : UN Comtrade

Expected activities should employ part of the local workforce and strengthen the regional economy. The creation of the commercial and logistics area will require support services to function properly such as the ones provided by:

- Government agencies: police, customs, representations of the different ministries, management of the zone, administrative and technical services provided in simplified version, etc.
- Public utilities : drinking water, sanitation, energy, supply
- Energy and fuels providers, miscellaneous maintenance services, construction, etc.

Functional scope of the project

The functions of the zone remain not detailed yet. The program is defined as follows:

The two planned components are targeting supply logistics, downstream logistics and reverse logistics.

- the bonded logistics zone includes green fields plot, turnkey warehouses, container and trailer storage platforms. Following the local regulations, this component will be fully fenced or not;
- the not bonded logistics zone will comprise turnkey warehouses and showrooms to market Tunisian products toward potential Libyan importers.

The commercial and service area will display a broad range of services to customers and retailers, and aims at being a regional pole. The pre program components of this area remained unchanged since the feasibility study (2014) with:

- the "Retailtainment" area,
- a hotel residence
- a "Health" center (clinic / health center)

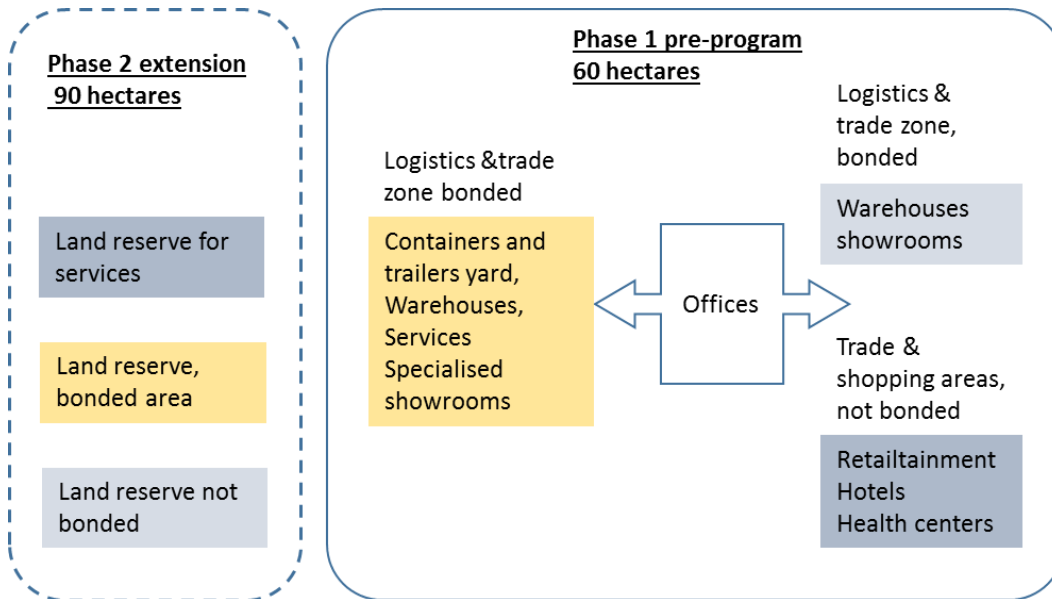
However, this area will not be located in the bonded area as proposed in the feasibility study (2014), and will open to all visitors (nationals and foreigners). Duty-free shops may be included in this zone when allowed under the regulations relating to tax privileges.

The administrative and services area will include:

- head office of the concessionaire or management
- customs services
- civil protection services
- maintenance and upkeep services in the area (general services)



- hygiene and control services.



The planned layout for the phase 1 are as follows:

| Components | | Sub-components | Surfaces (hectares) | Yearly capacity (dynamic) | storage |
|-------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------|---------------------|---------------------------|---------|
| Phase 1 | Bonded logistic area | Turnkey warehouses | 5 | 750 000 tons | |
| | | Showrooms and other services | 5 | 750 000 tons | |
| | | Open air yard for containers and trailers | 4 | 400 000 tons | |
| | Shopping and logistics area (not bonded) | Turnkey warehouses | 7 | 1 000 000 tons | |
| | | Greenfields plots | 7 | 1 000 000 tons | |
| | | B to B showrooms | 2 | - | |
| | Shopping and services area (not bonded) | Retailtainment | 12 | - | |
| | | Health centers, Touristic accomodations | 2 | - | |
| | Administration | - Management offices - Customs, police - Other control offices - General services | 1 to 2 | - | |
| | Phase 1 (build area) | | | 46 | - |
| Phase 1 internal access roads | | | 13 | - | |
| TOTAL | | | 59 | - | |



Completed technical studies (on going or yet to be carried out)

Since 2017, a well-established Tunisian Consultant, SCET Tunisie, is in charge of updating the studies and of developing the implementation plan of the zone. The detail of the assignment, still in progress) is defined as follows:

A. Project planning studies

- **Step A1: Finalization of the masterplan of the entire zone (150 ha) (completed)**
- Step A2: Rollout plan for the development of the whole zone (in progress or not available)
- Step A3: Detailed plan for the first phase of the project (60 ha), (in progress or not available)

B. Functions and technical characteristics of the zone, international procurement documents for the turnkey construction (first phase)

- Step B1: Development of the functional and technical program of the first phase of the project (60ha), (in progress or not available);
- Step B2: Preparation of the international tender dossier for the turnkey construction of the first tranche of the project and elaboration of the C file, (in progress or not available);
- Step B3: Contracting authority assistance for the evaluation of bids submitted relating to the developer or concessionaire, (in progress or not available).

C. Business plan and financial feasibility study

- Step C1: Real estate analysis and strategic position of the zone, (in progress or not available);
- Step C2: Financial modelling, (in progress or not available);
- Step C3: Analysis of the profitability of the project for the promoter, (in progress or not available).

Recommended additional studies or analysis

- In-depth marketing assessment regarding trade retails and logistics zone,
- Refined concept for the retailtainment zone
- Open urban and architectural competition for the different components of the zone: hotels, health centre, shopping centre/villages, administrative buildings. The different components may be implemented at different pace following investment opportunities.
- Social and environmental approach regarding the zone implementation

Project schedule and prior agreements obtained or to be obtained (approvals, permits, licenses and various approvals)

- Free zone status or bonded warehouse status: flowing trade procedures are a good part of the advantage of the zone. It is therefore necessary to ensure either free zone status or bonded areas are to be granted by the customs administrations.
- Urban detailed plan « Plan d'urbanisme détaillé » should stressed on all networks connections and generally speaking on the "inclusion "of the zone in its environment.
- Transfer or opening of new offices for the governmental agencies in charge of international trade should be secured.
- Convenient roads access, including parking areas for the trailers outside the zone and inclusion of the zone in the transport public network should be approved by local authorities.



Tentative cost estimates: CAPEX and prospective revenues

Costs estimates - CAPEX

The forecast volumes are based on a 50% share of exchange goods cross-border passing through the zone as follows:

| Year | Import & Exports through Libyan border (tons) |
|-------------|----------------------------------------------------------|
| 2016 | 1 325 000 |
| 2020 | 1 803 000 |
| 2030 | 3 900 000 |



The detailed cost estimate is not yet available. Here the estimates are based on the initial project supported in the feasibility study from 2014 and adjustments should be made. Nevertheless the overall infrastructures surface remain the same (60 hectares will be equipped).

| Costs | Details | Surface (sqm) | Cost sqm (DT) | Cost (in DT) |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------|---------------|-------------------|
| Concessionaire/ management start-up | Inception phase | | | 500,000 |
| Studies and consulting | Conception and design (conceptual design, detailed design and contractors tender dossier) | | | 1,500,000 |
| | Steering and works supervision | | | |
| | Assistance to procedures of works final acceptance and to project operationalisation | | | |
| Off-site works relating to network connections | Connecting infrastructures for water supply, drainage, energy supply, telecommunications and road access | | | 4,500,000 |
| In site works relating to network connections | Earth work and inner infrastructures for all networks (see above) | | | 5,625,000 |
| Administration buildings | Concessionaire / management offices building | 600 | 900 | 540,000 |
| | Utilities buildings | 300 | | 270,000 |
| | Administrations and gouvernemental agencies | 3,000 | | 2,700,000 |
| | Customs offices | 1,000 | | 900,000 |
| | Miscellaneous control offices | 1,000 | | 900,000 |
| | Police | 150 | | 135,000 |
| | Civil security | 2,000 | | 1,800,000 |
| Retailtainment area | Touristic and leisure areas | | | 150,000 |
| | Duty free Mall | 16,000 | 1,100 | 17,600,000 |
| | Parking area | 9,000 | 55 | 495,000 |
| Retail shopping area outside free zone | Showrooms | 4,000 | 700 | 2,800,000 |
| | Parking area | 5,000 | 55 | 275,000 |
| | Utilities | 500 | 800 | 400,000 |
| Total | | | | 41,090,000 |



Revenues estimates

In the 2014 feasibility study, the revenues are detailed as follows:

| Revenues | Activities | Détails | Built area (sqm) | Rent or fees per sqm (DT°) |
|------------|-------------------|-----------------------------|-----------------------|----------------------------|
| Renting | Turnkey warehouse | Bonded | 50,000 | 64 |
| | | Not bonded | 20,000 | |
| | Display shop | 50 sqm shows room (modules) | 10,000 | 122 |
| | Showroom | Building renting | 4,000 | 75 |
| | Duty free mall | Rent unit | 12,000 ^(*) | 170 |
| Concession | Warehouse modules | Bonded | 140,000 | 21 |
| | Open air yard | Bonded | 100,000 | 14 |

The revenues are exclusively coming from the rents and the concession fees and according to the final montage, their share will differ. In both cases, the revenues are only originated from the use of land or built facilities and the competitive position and exclusivity of the zone to attract this type of activities is therefore crucial. The concession revenues are per se stable compared to rents that can fluctuate strongly following demand. The estimates here are not taking into account the investments made by the public entities for the roads and network connections but these costs should somehow be covered by land tax.



Annex 1: Detailed export activities

| Exports | Yearly volumes between 2005-2010 | | Yearly volumes between 2011-2016 | | Unit |
|--------------------------------------------|-------------------------------------|--------------|-------------------------------------|--------------|------|
| | Tons | Value (M\$) | Tons | Values (M\$) | |
| Agro-food products | 311 727 | 236,2 | 300 326 | 324,8 | Tons |
| Steel | 39 601 | 89,7 | 53 171 | 35,2 | Tons |
| Minerals | 1 001 459 | 76,8 | 432 704 | 31,5 | Tons |
| Furnitures, toys, others house ware | 26 032 000 | 75,2 | 24 664 | 69,7 | Unit |
| Chemicals | 148 387 | 70,9 | 196 577 | 65,3 | Tons |
| Paper Paperboard | 39 679 | 61,2 | 24 322 | 29,0 | Tons |
| Industrial appliances and electric devices | 10 609 000 | 57,8 | 8 566 | 47,5 | Tons |
| Building materials of which : | - | 31,1 | - | 20,2 | - |
| - Cement | 28 520 | 3,1 | 38 888 | 3,5 | Tons |
| Brick, and tiles- | 18 643 | 1,3 | 18 128 | 1,5 | Tons |
| - Building bricks | 123 175 961 | 5,3 | 75 624 503 | 3,7 | Unit |
| - Cladding | 53 136 400 | 13,9 | 27 575 708 | 6,3 | sqm |
| - other – sanitary appliances | 5 531 181 | 6,8 | 3 692 771 | 4,8 | Unit |
| - Glass items | 936 | 0,7 | 548 | 0,4 | Tons |
| Plastic and natural gum items | 12 969 | 24,5 | 17 582 | 24,8 | Tons |
| Others | - | 17,2 | - | 10,5 | - |
| Total | - | 740,6 | - | 658,5 | - |