

Toll Group sets up joint venture to run Cambodia railway



AUSTRALIA's Toll Group, which recently acquired logistics assets in Hong Kong and Shenzhen, has signed an agreement with the government of Cambodia to operate the nation's railway system under a 30-year concession.

The Toll Group said in a statement to the Australian Securities Exchange that under the terms of the concession agreement with the Cambodian government, a joint venture will be set up between Toll, the majority partner with a 55 per cent stake in the venture, and the Royal Group which will hold the remaining 45 per cent of what will become the operator of the Cambodian railway network and related freight logistics.

The Royal Group is a Cambodian conglomerate with successful operations in a range of businesses in Cambodia including banking, telecommunications and the media. Kith Meng, a high profile Cambodian businessman and former refugee to Australia controls the business group.

"This agreement complements Toll's existing presence in Cambodia through its oil and gas logistics operation. As the operator of the railways, we now have a strong strategic partnership with the government of Cambodia that will see future benefits for Toll and the Cambodian people," said Toll group MD Paul Little.

"The Cambodian government has committed in our agreement to seeing more freight transported by rail. They have acknowledged that an efficient intermodal rail and integrated logistics operation will underpin Cambodia's economic development both locally and across the Asian region," he said.

"The agreement is conditional upon final confirmation of investment by the international community of about US\$145 million. These funds will be used to upgrade the rail network and develop a modern intermodal facility on 98 hectares in Phnom Penh. Principal funding has been committed by the Asian Development Bank," he said.

"Over time, the Cambodian railways are likely to become a vital part of the planned rail link between Singapore and China that will include Thailand, Malaysia, Cambodia and Vietnam. As the long-term operator of the Cambodian railways through its involvement in the joint venture, the Toll Group will be excellently placed if the planned expansion occurs," said Mr Little.

In April, Toll completed its merger and re-branding of with Hong Kong's BALtrans Logistics Worldwide under the new name of Toll Global Forwarding (TGF). In May, Toll group struck a deal with China Merchants Group to acquire the remaining 49 per cent of shares in Shenzhen-based ST-Anda Logistics.

"We now have operations in over 50 countries globally and China is a critical element of our growth strategy," Mr Little said at the time of the Shenzhen acquisition.