



Invest in Kazakhstan

National Company “KAZAKH INVEST”

KAZAKH INVEST

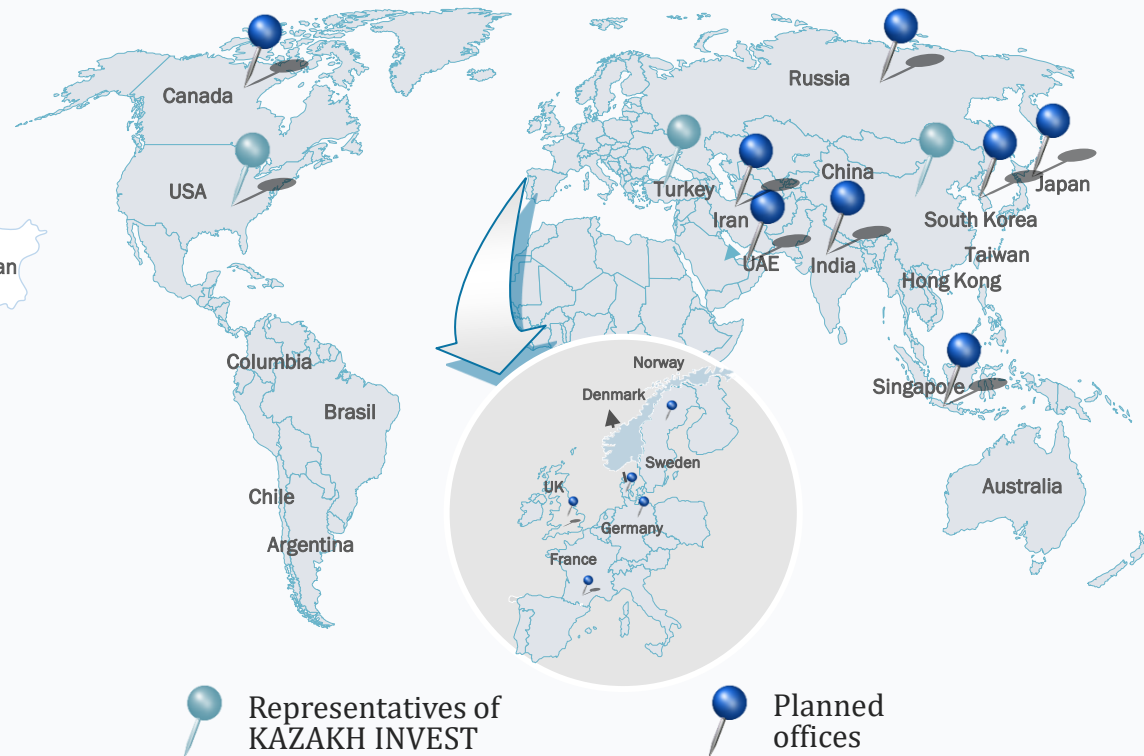
- single entry point
- single negotiator

Provision of 363 public services for investors

Branch network in the regions



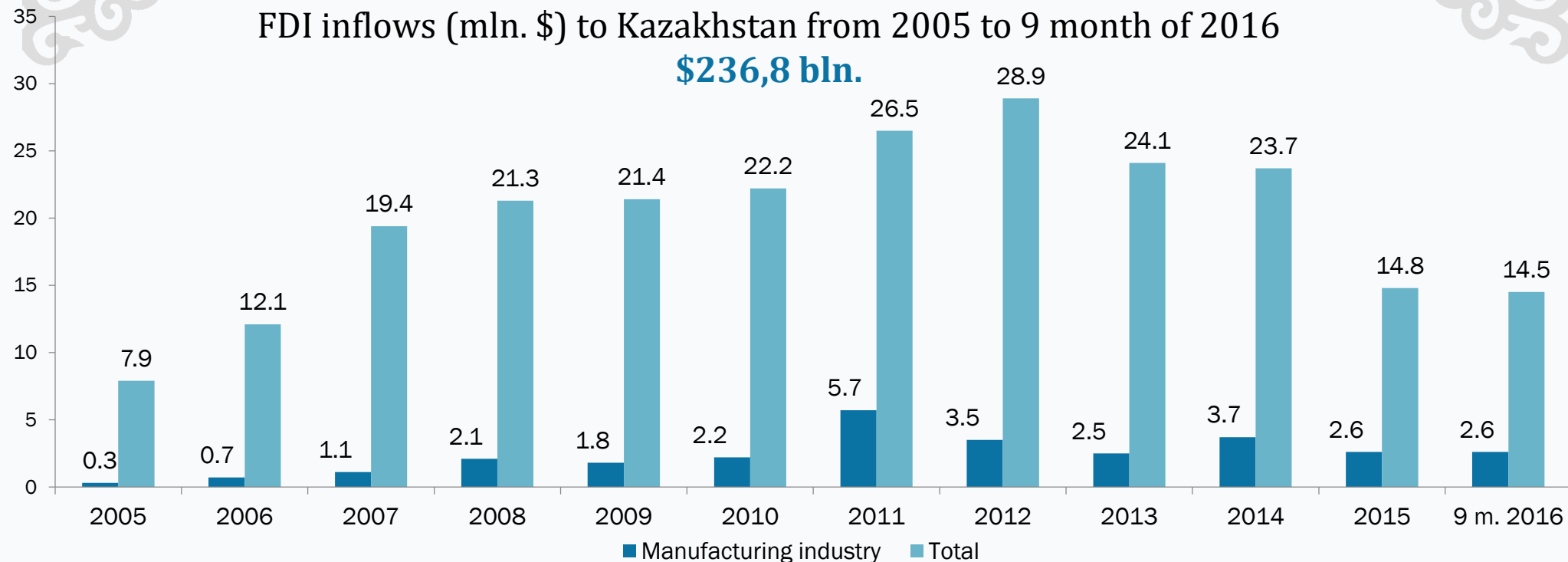
Foreign representatives



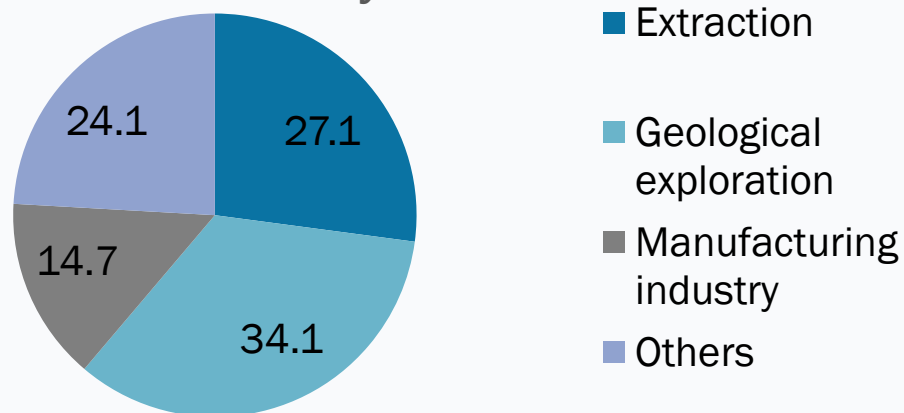
FDI attraction to the Republic of Kazakhstan

FDI inflows (mln. \$) to Kazakhstan from 2005 to 9 month of 2016

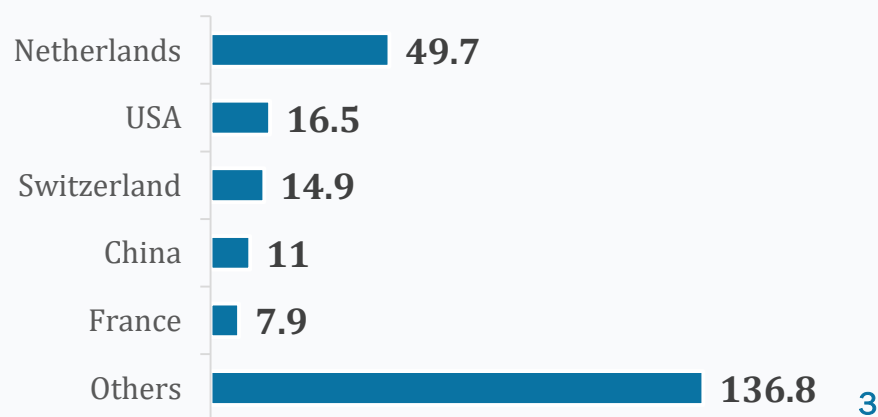
\$236,8 bln.



By sectors



Top investors in Kazakhstan



Why Kazakhstan: Stability

- Member of **OSCE, WTO** and other international organizations.



WORLD TRADE
ORGANIZATION



- Credit ranking according to Fitch is **BBB (stable)**

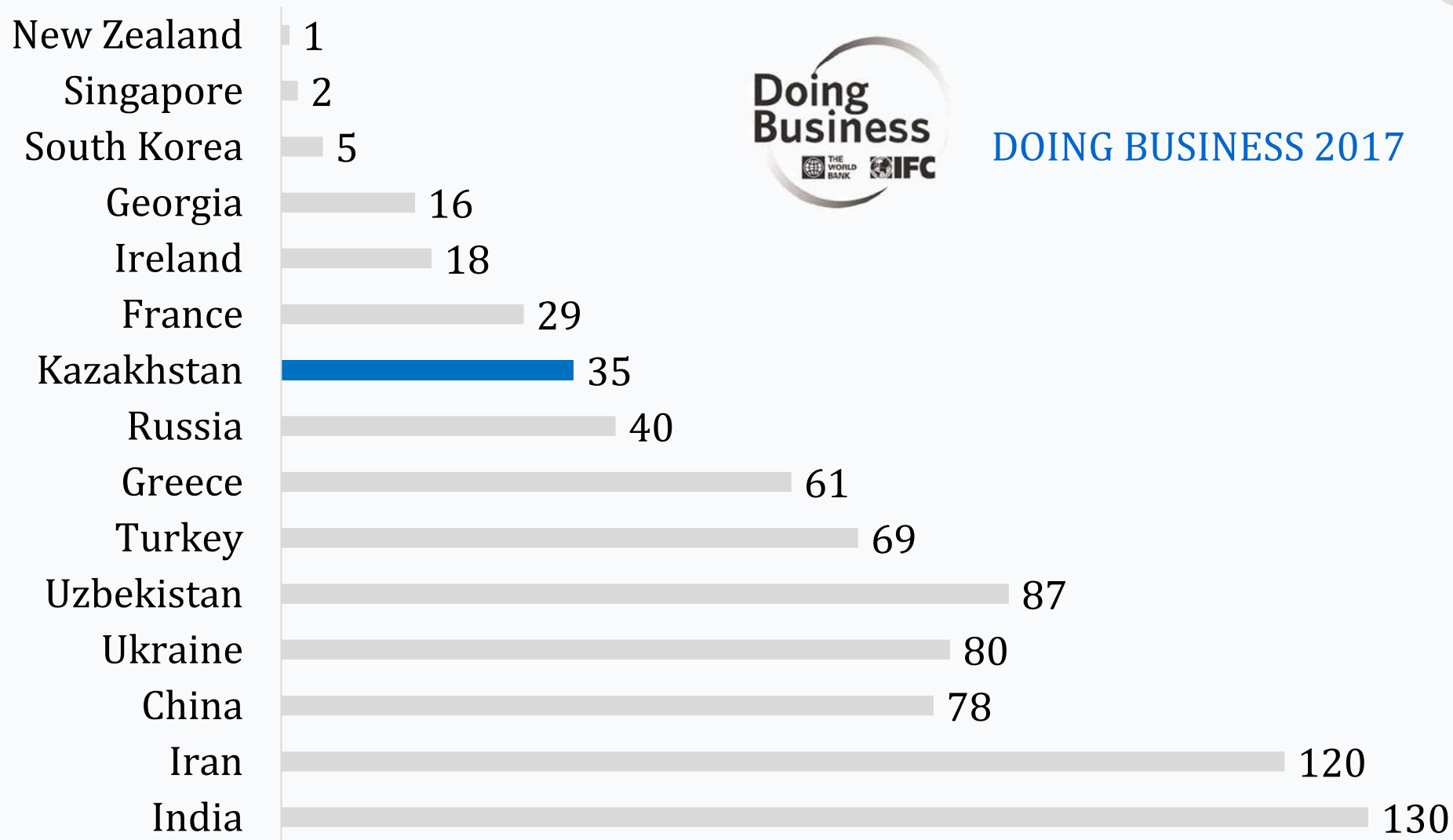
FitchRatings

- With Gross National Income per capita **between \$4,036 and \$12,475**, Kazakhstan is **in upper-middle-income group** of countries as per World bank's classification.



WORLD BANK GROUP

Why Kazakhstan: Business climate



Why Kazakhstan: Business climate

GLOBAL COMPETITIVENESS INDEX

Rank	Country	Score
1	Switzerland	5.81
2	Singapore	5.72
3	USA	5.70
4	Netherlands	5.57
5	Germany	5.57
8	Japan	5.48
...
53	Kazakhstan	4.41
55	Turkey	4.39
65	Slovakia	4.28
76	Iran	4.12
85	Ukraine	4.00

Why Kazakhstan: Taxation

Comparison with China and Russia

	Kazakhstan	Russia	China
Corporate income tax (CIT)	20%	20%	25%
Value-added tax (VAT)	12%	18%	17%
Land tax	from 0.03 to 0.16 USD per 1 sq.m (10.8 sq.ft);	0.3%, 1.5%	-
Property tax	1.5%	2.2%	1.2% assessed value; 12% rental property.

Why Kazakhstan: Modes of transportation



Port infrastructure in other countries:

- the seaport of **Batumi in Georgia**;
- logistics terminal in **the Pacific port of Lianyungang**.



The transcontinental auto corridor “**Western Europe – Western China**”

- Cargo transportation time from Lianyungang in China to St. Petersburg in Russia up **to 10 days**



- **New Silk Road Railway** – route from China through Kazakhstan to Europe
- **Trans-Siberian Railway** - route via northeastern China and Mongolia through Kazakhstan to Russia

Why Kazakhstan: Access to markets



500 million people within 2,000 km

- Central Asian markets of **49 million**
- Countries bordering the Caspian Sea **235 million**
- Western China with **21 million**



Access to a common market of **Eurasian Economic Union** with more than **180 million** consumers



Labor force and education

Population of Kazakhstan = 17.7 million people

Higher and secondary education = 12.9 million people



Bolashak International Scholarship is a scholarship which is awarded to high-performing students from Kazakhstan

Kazakhstan ranked **29th out of 130** world economies for the **Human Capital Index**.



committed to working according to international academic standards

Secondary education attainment

Rank (out of 130)	Country
7	Kazakhstan
14	Russia
28	Italy
39	Singapore
54	China
89	Turkey

Tertiary education attainment

Rank (out of 130)	Country
5	Singapore
16	Russia
37	Kazakhstan
64	Italy
79	Turkey
96	China

High-skilled employment share

Rank (out of 130)	Country
2	Singapore
18	Russia
34	Italy
40	Kazakhstan
69	Turkey
96	China

Employable population = 10.7 million people

Urban population = 10.1 million people

Government support - Investment incentives

Criteria for preferences

1

Conformity to
**Business Activities
for investment
projects**

2

Conformity to
**Business Activities
for investment
priority projects**

3

Newly established
legal entity

4

Investments volume
not less than
**two-million-fold
rate of MCI**

Preferences under investment projects



Exemption from customs duties

Customs duties **0%** up to **5 years** on imported:
– major equipment and spare parts to it;
– accessories, raw materials.



State in kind grants

Free land, buildings, structures,
machinery and equipment, etc.

Exemption of import from VAT



Preferences under investment priority projects

Tax preferences



Corporate income tax
(up to 10 years)



Land tax
(up to 10 years)



Property tax
(up to 8 years)

0%

Investment subsidy

Reimbursement up to 30 % of actual
costs of construction and installation
works and purchase of equipment

Government support - Investment incentives

Criteria for preferences

Preferences under the investment strategic project

Tax preferences



Corporate income tax
(up to 10 years)



Land tax
(up to 10 years)



Property tax
(up to 8 years)

0%

Preferences under special investment projects



Exemption from
customs duties

Customs duties 0% up to 5 years on imported:

- major equipment and spare parts to it;
- accessories, raw materials.

1

Legal entity developing an investment strategic project under the investment agreement signed with the authorized state agency for Investments before 1 January 2015.

2

A legal entity of the Republic of Kazakhstan registered as participant of a special economic zone before 1 January 2012 under the laws of the Republic of Kazakhstan on special economic zones;

3

A legal entity, registered as owner of a free customs zone stock (warehouse) under the customs laws of the Republic of Kazakhstan before 1 January 2012;

4

A legal entity that has signed an agreement on industrial assembly of motor vehicles.

Government support - Investment incentives



Visa-free entrance

From January 1, 2017, a **30-day visa-free regime** is introduced for citizens of 45 countries, including all 35 OECD member-countries.



Investors Service Centre (One Stop Shop)

- Provision of **363** public services for investors (investment contract, land, visa support, etc.)
- Investment law consultations



Investment Ombudsman

The purpose of the Investment Ombudsman is to protect the rights and legitimate interests of foreign investors in Kazakhstan.

Investment incentives in Special Economic Zones

FISCAL INCENTIVES



- Corporate income tax
- Land tax
- Property tax
- Exemption from the VAT

EXEMPTION FROM CUSTOMS DUTIES

0%  0%

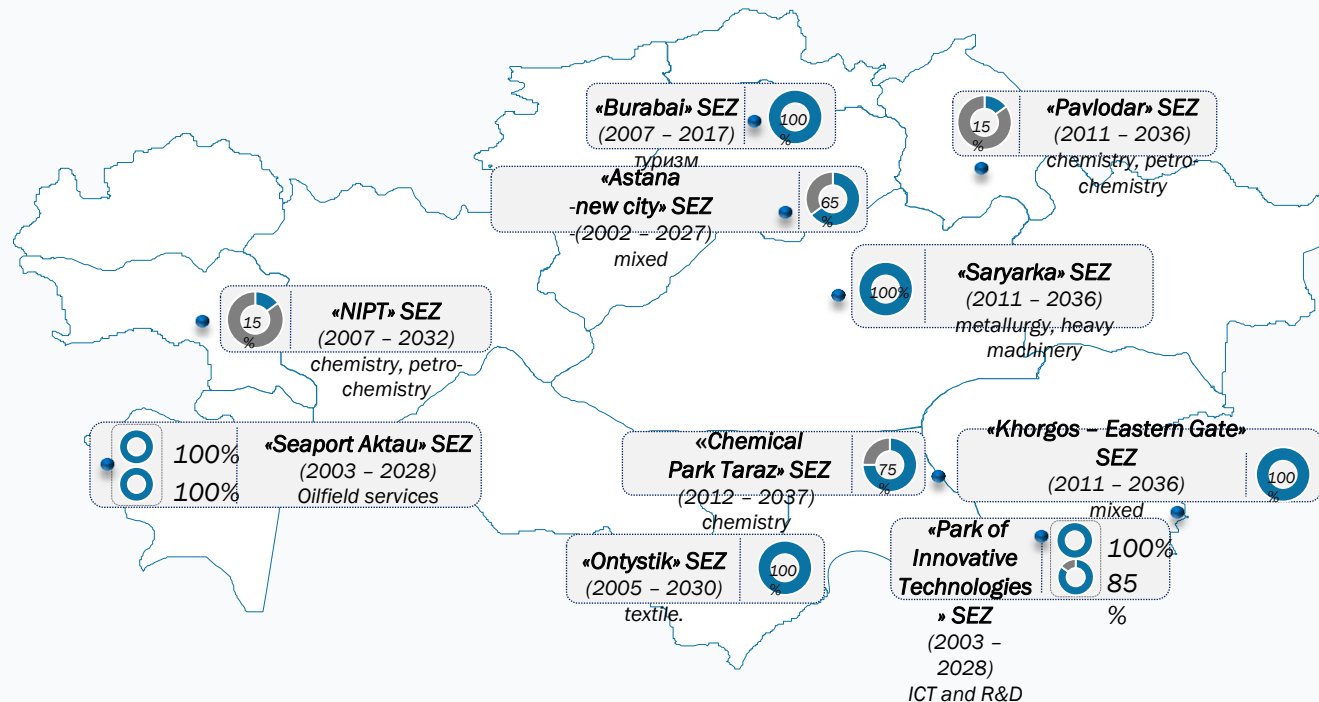
NON-FISCAL INCENTIVES



Free plot of land for the entire period of existence of a SEZ

Simplified procedure for employment of foreign labor

10 Special Economic zones in Kazakhstan





Attractive sectors for investment



Priority sectors



① Machinery

1. Tractors with power exceeding 90 kW
2. Transformers
3. Lead batteries
4. Cable and semi-conductor products

② Agriculture and food industry

1. Milk and dairy products
2. Fruits & vegetables
3. Oil-bearing crops
4. Deep processing of wheat

③ Retail

1. Hypermarkets
2. Discounters
3. Electronics stores
4. Home and garden products stores
5. Clothing and shoes stores
6. Beauty and health stores
7. E-commerce

④ Chemical industry

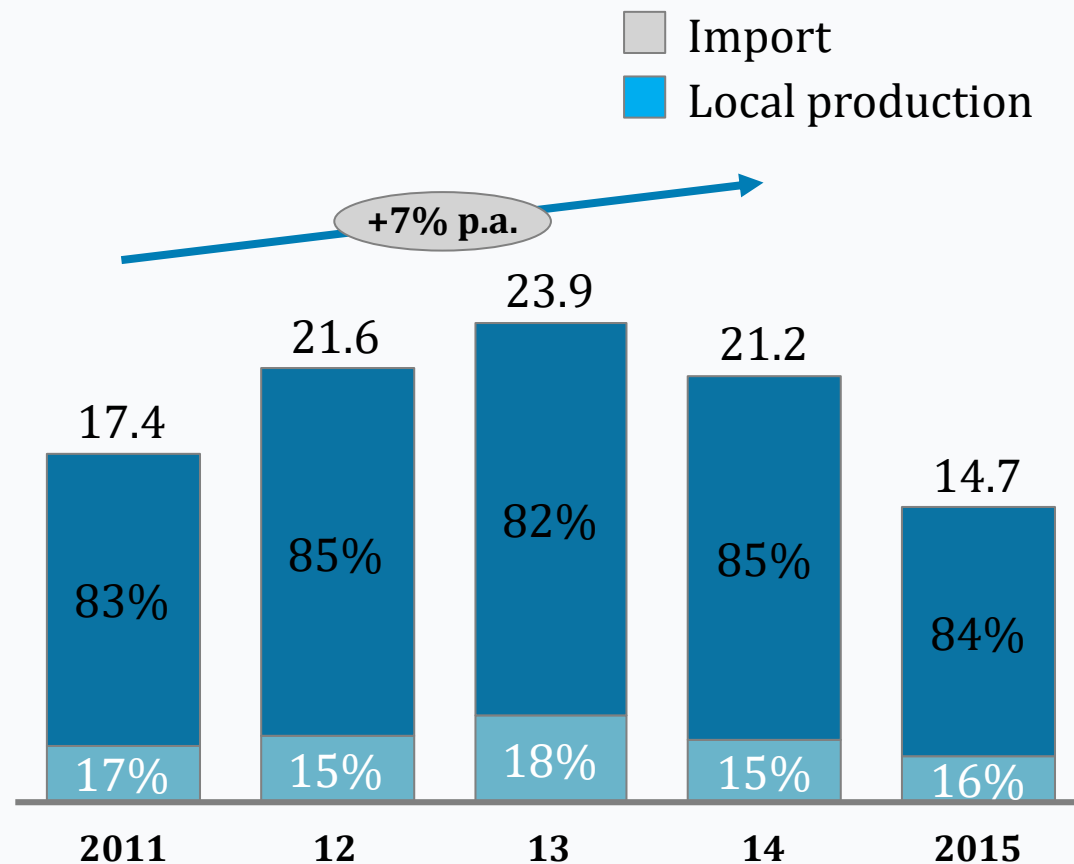
1. Basic chemicals
2. Petrochemicals

Machinery sector

Kazakhstan machinery market overview

Kazakh machinery market size

USD bln



- In 2015, the machinery market size of Kazakhstan amounted to **USD 14.7 bln**
- A sharp decline in 2014 and 2015 was due to the **devaluation** of tenge
- **Import share remains the same at ~80-85% of the total market**

SOURCE: Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

Machinery sector

Attractive subsectors for FDI attraction

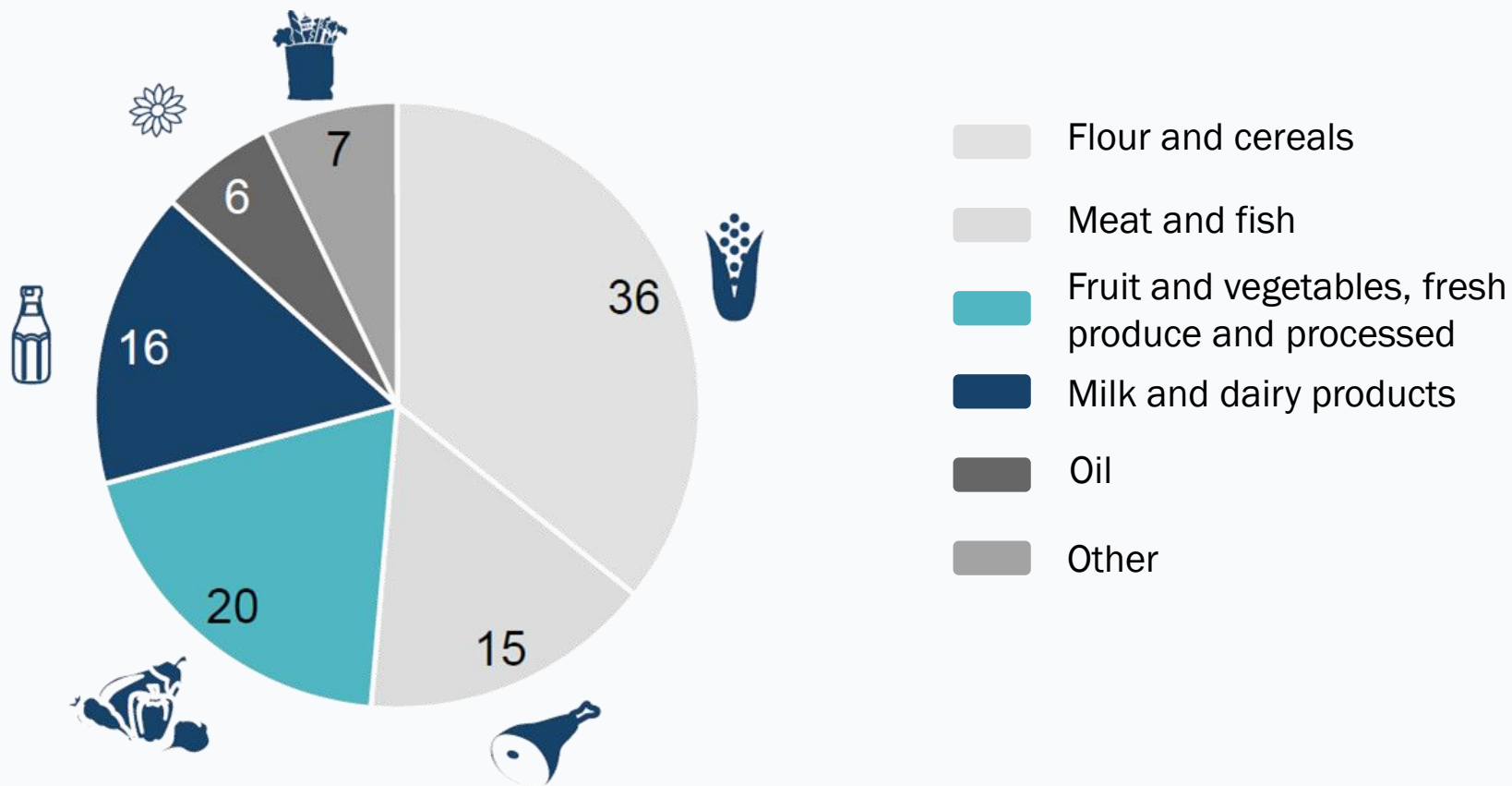
Product/subsector	Key ideas	Market	RK advantages
Tractors with power exceeding 90 kW	Tractor manufacturing including assembly and manufacturing of main components, focused on import substitution on the domestic market	<ul style="list-style-type: none"> Domestic market of Kazakhstan Russian market 	<ul style="list-style-type: none"> Relatively lower cost of labor and electricity Vacant niche - lack of major international players Consumer support from the government
Transformers	Medium-power transformer manufacturing targeted at the domestic market and export to the CIS	<ul style="list-style-type: none"> Domestic market of Kazakhstan Russian and CIS markets 	<ul style="list-style-type: none"> Availability of a major player with a large market share Skilled staff Relatively lower cost of labor and power Duty-free access to the Russian market
Lead batteries	Production of lead batteries using capacities of the existing manufacturer with a focus on import substitution in the premium segment and exports to Russia and Central Asia	<ul style="list-style-type: none"> Domestic market of Kazakhstan Russian and Central Asian markets 	<ul style="list-style-type: none"> Availability of capacities and equipment of the existing player Relatively lower cost of labor and electricity Access to raw materials (lead)
Cable and semi-conductor products	Production of a wide range of cables and conductors, including electrical cables, high-voltage transmission lines, and fiber optic cables	<ul style="list-style-type: none"> Domestic market of Kazakhstan 	<ul style="list-style-type: none"> Growing market Vacant niche - lack of major international players

Agriculture and food industry

Structure of domestic market by key categories

Market structure of key food products in RK

Percent, 2015



Agriculture and food industry (1/2)

Attractive subsectors for FDI attraction

Product/subsector	Key ideas	Market	RK advantages
Milk and dairy products	<ul style="list-style-type: none"> Production of dairy products (pasteurized milk, butter, cheese, cottage cheese, yogurt, kefir, etc.) for domestic market: replacement of imported products in the context of growing demand and satisfaction of latent demand 	<ul style="list-style-type: none"> RK domestic market 	<ul style="list-style-type: none"> Availability of abundant inputs for production of dairy products Competitive prices for raw milk Low share of processing of raw milk
Fruits & vegetables	<ul style="list-style-type: none"> Raw fruits & vegetables <ul style="list-style-type: none"> Fruits production (apples, grapes) and vegetables (cucumbers, tomatoes) for domestic market: replacement of imported products in the context of growing demand and satisfaction of latent demand Import potential to RF 	<ul style="list-style-type: none"> RK domestic market RF market 	<ul style="list-style-type: none"> Availability of cultivated areas Availability and introduction of new irrigated areas Huge potential to increase yield when using modern technologies and greenhouses (for vegetables) Competitive production cost for import to RF
	<ul style="list-style-type: none"> Processed fruit and vegetables <ul style="list-style-type: none"> Production of canned fruits and vegetables for domestic market: replacement of imported products in the context of growing demand and satisfaction of huge latent demand Import potential to RF 	<ul style="list-style-type: none"> RK domestic market RF market 	<ul style="list-style-type: none"> Competitive production cost associated with availability and cost of raw material input and labor
Oil-bearing crops	<ul style="list-style-type: none"> Production of vegetable oil for domestic market: import substitution in the context of growing demand Production of seeds and vegetable oil for export to North-Eastern China 	<ul style="list-style-type: none"> RK domestic market North-Eastern China 	<ul style="list-style-type: none"> Availability of cultivated areas Relatively lower cost of raw material and finished product
Deep processing of wheat	<ul style="list-style-type: none"> Starch production and its derivatives (glucose and fructose syrup) for domestic market as a substitute for sugar Production of associated products of deep processing of wheat (gluten) to export to Europe and Middle East 	<ul style="list-style-type: none"> RK domestic market Europe and Middle East 	<ul style="list-style-type: none"> Availability of cultivated areas Relatively lower cost of inputs and finished product

Agriculture and food industry (2/2)

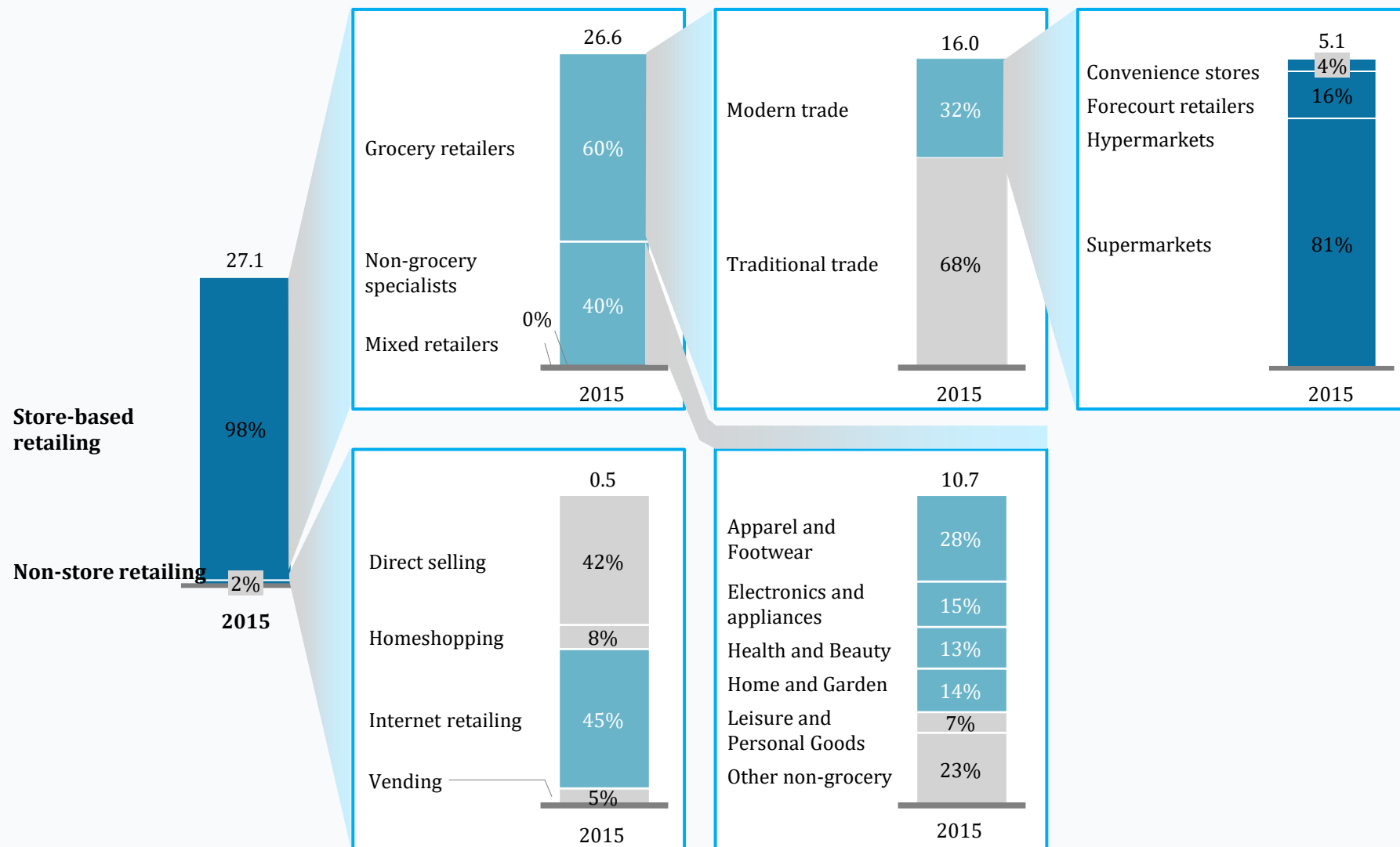
Attractive subsectors for FDI attraction

Product/subsector	Key ideas	Market	RK advantages
Meat products	<ul style="list-style-type: none">Pasture-raised meat production (beef, mutton, etc.) for domestic consumption and export to neighboring countries	<ul style="list-style-type: none">RK domestic marketChinese marketRF market	<ul style="list-style-type: none">Availability of pasture land for pasture raisingCompetitive price of cattle and pasture-raised livestock
Organic or without GMO products	<ul style="list-style-type: none">Production of organic or non-GMO products for domestic consumption and export to China and EU, including meat, halal and dairy products such as cow, horse and camel milk, oilseeds, cereals and feed crops, fruit and vegetables	<ul style="list-style-type: none">RK domestic marketChinese marketEU countries	<ul style="list-style-type: none">Great potential of land for organic crop productionGreat potential of land for organic animal breeding

Retail

Kazakh retail market structure

USD bln, %



SOURCE: Euromonitor International

Retail

Attractive subsectors for FDI attraction

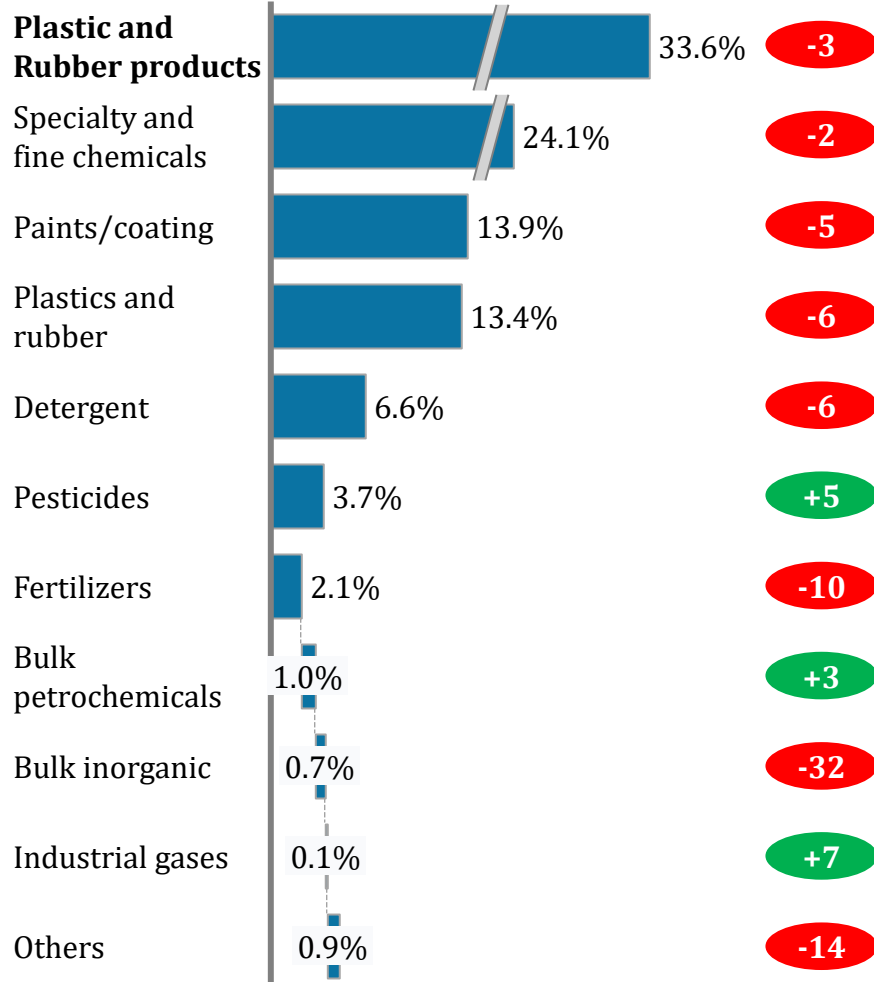
Product/subsector	Key ideas	Market	RK advantages
Hypermarkets	The launch of hypermarket chain	RK cities with pop. over 100,000	<ul style="list-style-type: none"> Existing demand Demand growth potential Access to high quality retail space and land/infrastructure on the outskirts of cities Availability of internal and external logistics infrastructure
Discounters	The launch of discounter chain	RK cities with pop. over 100,000	<ul style="list-style-type: none"> Access to high quality retail space Availability of internal and external logistics infrastructure
Electronics stores	The launch of home appliances and electronics chain	RK cities with pop. over 100,000	<ul style="list-style-type: none"> Existing demand Demand growth potential Access to high quality retail space Availability of internal and external logistics infrastructure
Home and garden products stores	The launch of home and garden products chain	RK cities with pop. over 100,000	<ul style="list-style-type: none"> Existing demand Demand growth potential Access to high quality retail space and land/infrastructure on the outskirts of cities Availability of internal and external logistics infrastructure
Clothing and shoes stores	The launch of clothing and shoes chain	RK cities with pop. over 100,000	<ul style="list-style-type: none"> Existing demand Demand growth potential Availability of logistics infrastructure Availability of enablers
Beauty and health stores	The launch of beauty and health chain	RK cities with pop. over 100,000	<ul style="list-style-type: none"> Existing demand Demand growth potential Availability of logistics infrastructure Availability of enablers
E-commerce	The launch of multi-category online player	National	<ul style="list-style-type: none"> Existing demand Demand growth potential Availability of logistics infrastructure Availability of enablers

Chemical industry

Export and import dynamics

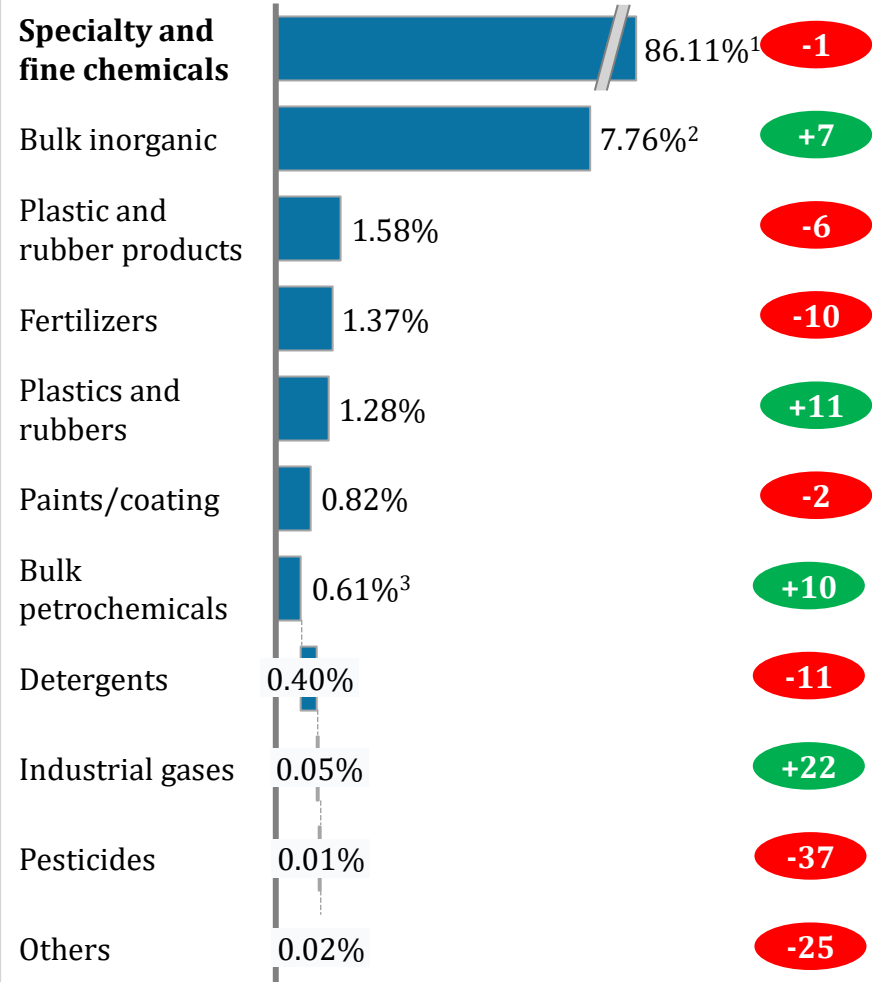
Chemical imports

USD 3,325.9 mn; 2015, 100%



Chemical exports

USD 3,331.0 mn; 2015, 100%



More than 80% is uranium (USD 2,348 mn) 2. 85% is yellow phosphorus 3. 95% is ethane, butane, and isobutane to Russia

Chemical industry

Attractive subsectors for FDI attraction

Product/subsector	Key ideas	Market	RK advantages
Petrochemicals	PP <ul style="list-style-type: none"> Production of polypropylene and derivatives Potentially through a JV with UCC under the current KPI project until 2019 	<ul style="list-style-type: none"> RK domestic market Russia, China, and Turkey 	<ul style="list-style-type: none"> Cheap feedstock New capacity to be launched by 2019 Preferences for investors
	PE <ul style="list-style-type: none"> Production of polyethylene and derivatives using planned capacity Potentially through a JV with UCC under the planned KLPE project 	<ul style="list-style-type: none"> RK domestic market Russia, China, and Turkey 	<ul style="list-style-type: none"> Cheap feedstock Shortage of supply in the region Low operating costs due to high ethane (C₂H₆) content New capacity to be launched by 2020 Preferences for investors
	PTA, PET <ul style="list-style-type: none"> Production of PTA and PET from paraxylene Potentially through a JV with Almex petrochemical (Atyrau Refinery launched PX production in 2015) 	<ul style="list-style-type: none"> RK domestic market Russia and China 	<ul style="list-style-type: none"> Cheap feedstock Shortage of supply in the region Existing production capacity (Atyrau Refinery), x1.5 the capacity in Russia Preferences for investors
Basic chemicals	Chloralkali production <ul style="list-style-type: none"> Production of hydrochloric acid, caustic soda, calcium chlorides, and other derivatives Potentially via JV with Kaustik (expansion) and UCC (new production) 	<ul style="list-style-type: none"> RK domestic market Russia 	<ul style="list-style-type: none"> Cheap feedstock The location of existing Kaustik production in the border region (Pavlodar) Preferences for investors

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Thank you
for your attention