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III. Priority Sectors
IV. Existing Regimes
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Types of transportation | Specification
--- | ---
Overland | Access to nearby the markets
Airways | Global access, more than 90 directions

Types of markets | Countries
--- | ---
Traditional | CIS, China, Central African Republics
Developed | Europe

RUSSIAN FEDERATION

CHINA

Astana

Types of markets

<table>
<thead>
<tr>
<th>Countries</th>
<th>Types of markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIS, China, Central African Republics</td>
<td>Traditional</td>
</tr>
<tr>
<td>Europe</td>
<td>Developed</td>
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</table>

<table>
<thead>
<tr>
<th>City</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Klaipeda</td>
<td>4</td>
</tr>
<tr>
<td>Moscow</td>
<td>2.8</td>
</tr>
<tr>
<td>Novorossisk</td>
<td>2.8</td>
</tr>
<tr>
<td>Bandar-e Abbas</td>
<td>6</td>
</tr>
<tr>
<td>Abu Dhabi</td>
<td>5</td>
</tr>
<tr>
<td>Mumbai</td>
<td>11</td>
</tr>
<tr>
<td>London</td>
<td>9</td>
</tr>
<tr>
<td>Marseille</td>
<td>12</td>
</tr>
<tr>
<td>Duisburg</td>
<td>2</td>
</tr>
<tr>
<td>Istanbul</td>
<td>5 h. 40 min.</td>
</tr>
<tr>
<td>Novorossisk</td>
<td>2.8</td>
</tr>
<tr>
<td>Mumbai</td>
<td>11</td>
</tr>
<tr>
<td>Beijing</td>
<td>5 h. 30 min.</td>
</tr>
<tr>
<td>Lianyungang</td>
<td>6</td>
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</table>
GENERAL INFORMATION:

- **Territory:** 2.7 mln. sq. km.
- **Population (2012):** 16.8 mln. $
- **GDP (2012):** 201 billion $
- **GDP per capita (2012):** $12,000

- **Major languages:**
  - Kazakh (state language)
  - Russian (official, business language)
  - English,

- **Main ethnic groups:**
  - Kazakhs: 65%
  - Russian: 25%
  - Other: 10%
Kazakhstan Host Country

EXPO 2017

Future Energy

- Energy for Sustainable Development
- Completely new area on 100% green energy
- Site area - 113 hectares
- Participants - more than 150 countries
A new high-speed version of the ancient Silk Road is under construction – completion 2013. A 2,700 km project costing US$7 billion – to create a new economic corridor from China. **Funding** from the World Bank, ADB, Islamic Development Bank, Japan International Cooperation Agency and others.
1. Political stability and good investment climate
   - Higher level of trust in political institutions and efficient allocation of public funds (WEF 2011) than in the CIS region

2. Regionally attractive fiscal and non-fiscal regime and protection of foreign investment
   - Attractive corporate tax rate (20%) and low VAT (12%)
   - Fiscal and non-fiscal incentives for investors, including in SEZs
   - 46 bilateral agreements on mutual protection of investments (US also)
   - Main international arbitration instruments ratified

3. Stable macroeconomic indicators and high growth
   - GDP growth: 7.5% (IMF 2011)
   - One of the lowest debt/GDP ratios in the world: 8.5% (WEF 2011)
   - Budget deficit: -2.0% (WEF 2011)
   - Inflation rate: 7.4% (2011 NBK)

4. Springboard to circa 3 billion potential customers
   - 3 out of 4 BRICs are within 4 hours plane ride
   - Customs Union with Russia and Belarus, with 170 million people and total GDP of USD 1.7 trillion
   - Open Economy (trade 70% of GDP)
   - Numerous trade agreements signed
FDI INFLOWS COMPARISON in the CIS

Accumulated FDI in the CIS, 2000-2012 yy., bln. USD

- Russian: 457.5 (28% CAGR)
- Kazakhstan: 93.6 (21% CAGR)
- Ukraine: 65.2 (23% CAGR)
- Turkmenistan: 16.6 (30% CAGR)
- Belarus: 13.0 (34% CAGR)
- Azerbaijan: 9.1 (22% CAGR)
- Uzbekistan: 6.8 (28% CAGR)
- Armenia: 5.0 (14% CAGR)
- Moldova: 3.2 (7% CAGR)
- Kyrgyzstan: 1.3 (63% CAGR)
- Tajikistan: 1.0 (-6% CAGR)

Accumulated FDI in the CIS countries per capita, 2011 y., USD

- Kazakhstan: 5777
- Russian: 3203
- Turkmenistan: 3257
- Azerbaijan: 979
- Armenia: 1628
- Ukraine: 1443
- Belarus: 1359
- Moldova: 892
- Kyrgyzstan: 236
- Uzbekistan: 244
- Tajikistan: 142

Source: UN World Investment Database

*Compound annual growth rate
Australia 15
Georgia 16
Macedonia 22
Lithuania 27
United Arab Emirates 33
Chile 39
Kazakhstan 49

• 49th place - «Ease of Doing business», incl. 10th place - «Investor Protection»

+ 7 positions comparing to 2012

Bulgaria 59
Poland 62
Czech Republic 64
Azerbaijan 66
Belarus 69
Turkey 71
Romania 72
Croatia 80
Jordan 96
Russia 120
India 132
Ukraine 152
Uzbekistan 166
FDI FLOWS INTO KAZAKHSTAN HAVE DEFIED GLOBAL ECONOMIC CRISIS

FDI inflows in RK, bill. USD

Source: National Bank of the RK
UNCTAD Stat
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# South Kazakhstan Region

<table>
<thead>
<tr>
<th>South Kazakhstan Region</th>
<th>General Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Territory</strong></td>
<td>117 249 sq. km</td>
</tr>
<tr>
<td></td>
<td>(4.3% of Kazakhstan)</td>
</tr>
<tr>
<td><strong>Population</strong></td>
<td>2.65 mln. (16% of Kazakhstan)</td>
</tr>
</tbody>
</table>
SHARE of SOUTH KAZAKHSTAN REGION in TOTAL OUTPUT OF KAZAKHSTAN

- Agricultural products: 32%
- Petroleum: 46%
- Pharmaceutical: 48%
- Electrical device: 99%
- Textile: 100%
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South Kazakhstan is the center for the implementation of the textile cluster

100% of cotton breeding of Kazakhstan

21 cotton processing plants

Number of workers - 5,886 people

Labor productivity - $25.6 thousand

Leader of Kazakhstan textile industry in money terms, $111 mln. with total share of production 37.5%

Qualified cheap labor cost
Facts for South Kazakhstan Region:

- **Volume of the production:**
  - more than 500 $ mln

- **Share of mining in total industrial output of the region:** - 23%

- **The number of workers:**
  - 6,669 people

**Map of South Kazakhstan Region**

**The major reserves:**

- Uranus
- Lead
- Zinc
- Gas fields
- Gold
- Commonly occurring minerals
- Fresh and thermal water
Extremely dynamic industry
21 manufacturers
Labor productivity - $36,6 thousand
Numbers of workers – 1300 people

Kazakhstan pharmaceutical market:

- Import: 90%
- Domestic production: 10%
- South Kazakhstan region: 52%
- Other regions: 48%
Key sector of the South Kazakhstan region

Climatic condition:
- 300 sunny days in the year
- 2200-3000 sunshine hours per year
- Average yearly temperature – 13-15 °C
- Extremely fertile land

Facts:
- 1st place in agricultural industry of Kazakhstan
- 2 500 of agricultural enterprises
- 69, 5 thousand farms

Yield of Vegetable & Melons in South Kazakhstan (in 1 000 tonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>Vegetables yield</th>
<th>Melon &amp; water melons yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>643</td>
<td>654</td>
</tr>
<tr>
<td>2011</td>
<td>733</td>
<td>735</td>
</tr>
<tr>
<td>2012</td>
<td>706</td>
<td>1,093</td>
</tr>
</tbody>
</table>
South Kazakhstan region's sunny skies and flat, wind-swept steppes make the region a promising land for solar and wind-based energy.

- Government provides take-off contracts

**Potential:**

- **Sun**
  - 2200-3000 sunshine hours per year
  - Density of solar radiation energy 1000-1200 W/m²

- **Wind**
  - Zhuzumdyk Wind farm (south Kazakhstan Region)
    (N 43°04'32.3", E 69°09'49.8)*
  - Up to 6.73 m/sec

**Geothermal:**
- Using 24 hours 365 days a year

*Source: [www.windenergy.kz](http://www.windenergy.kz)*
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BUSINESS SERVICE CENTER: YOUR ONE-STOP-SHOP FOR INVESTING

- Comprehensive assistance to investors
  - Assist in the selection of projects of Industrial programs
  - Help in choosing a partner
  - Assistance in obtaining state support for investors
  - Assistance in administrative matters
  - Organization of meetings with officials
  - Providing information about business/invest projects and analytical information
STATE INVESTMENT SUPPORT

**Investment preferences**

- Investment tax preferences
- Custom duty exemption
- State grants in kind

**Only in “Free Economic Zone”:**
- Corporation tax - 0%
- Property taxes - 0%
- Value added tax - 0%
- Land tax - 0%
- Customs duties - 0%

**Can be granted when investor imports equipment or parts to implement the investment project**

**Financial grants:**
- 50% interest rate subsidy
- Administrative costs for export

**In-kind grants:**
- Land
- Infrastructure (gas, electricity, water supply etc.) on turnkey basis
Kazakhstan has the most liberal tax regime among the countries of the Customs Union.

<table>
<thead>
<tr>
<th>Type of tax</th>
<th>Republic of Kazakhstan</th>
<th>Russian Federation</th>
<th>Republic of Belarus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income tax</td>
<td>20%</td>
<td>20%</td>
<td>24%</td>
</tr>
<tr>
<td>Value added tax</td>
<td>12%</td>
<td>18%</td>
<td>20%</td>
</tr>
</tbody>
</table>
3 BASIC REASONS TO INVEST, TRADE AND PRODUCE IN KAZAKHSTAN

1. Favorable Investment Climate
   - Political & social stability
   - State support and guarantee of investments
   - (Kazakhstan has signed agreements on mutual investment protection)

2. Natural resources
   - Large mineral & renewable reserves

3. Market
   - Hub Europe <-> Asia
   - Large & fast growing neighbor markets
   - Customs Union (Russia, Belarus and Kazakhstan) – 170 million
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Construction of trade-logistic Centre

Parameters:
• Land plot with area 72 hectares, with possibility of expansion to 150 hectares;

Location:
• - 2 km from Shymkent city airport,
• - 4 km from international transport corridor “West Europe-West China”;
• - 0,5 km from corridors of Trans-asian railway;

Application:
• Favorable geographic location and unique nature-climatic conditions, is the basic producer of fruit-and-vegetable production of our country

Background:
• Project Cost: 268 mln. $
• Discounted Pay Back Period: 14,6 years
• IRR: 13,6%

Key Advantages:
• Export oriented
• Annual population growth of 9%
• Link between China and Europe
Production of MAP and DAP

Purpose:
• Production of diammonium phosphate and monoammonium phosphate (MAP and DAP)

Application:
• MAP and DAP are produced from phosphoric acid.
• MAP/DAP are obtained by reacting phosphoric acid with ammonia

Background:
• Project Cost: 1050 mln. $
• Capacity: MAP – 1 mln. t/year
  DAP – 3 mln. t/year

Key Advantages:
• Sufficient Profitability
• Import Substitution
• Creation of export-oriented production
• Strategic partner (equity financing, off-take), technology transfer

Investment Opportunity:
• Equity and Debt financing
Wind Power Generation

Purpose:
- 270 MW deficit of electrical energy in the region (2013)
- Government will organize guaranteed purchase of the generated energy on pre-specified price

Description:
- Wind Potential: 6.73 m/s
- Wind Farm Power: 41 MW

Background:
- Project Cost: 100 mln. $
- IRR: 15%

Key Advantages:
- Import substitution
- Meet the demand for electricity in South Kazakhstan region, replacing import from Uzbekistan
- Government-initiated program for attracting investments into power sector of Kazakhstan - increasing tariffs, tax holidays, off-take contracts, etc

Investment Opportunity:
- Equity and Debt financing
Ski Resort “KASKASU”

Parameters:
- Land plot with area 765 hectares, with net area ski trails – 234 hectares
- Location of ski runs – 1 880 – 3 155 meters
- The average slope – 16 – 38 %

Location:
- 50 km from Shymkent city airport,

Application:
- Favorable geographic location and unique nature-climatic conditions

Background:
- Project Cost: 230 mln. $
- Estimated Pay Back Period: 10 years
THANK YOU FOR YOUR ATTENTION