

**DENTONS ET KAZAKH INVEST**  
avec le soutien de **MEDEF International**

**PETIT DÉJEUNER D’AFFAIRES**  
**16 JANVIER 2018**

WE MUST STRIVE TO ENCOURAGE EAST AND WEST NOT ONLY TO MOVE TOWARDS EACH OTHER BUT ALSO TO ENCOURAGE THEM TO FIND A NEW PHILOSOPHY, A PHILOSOPHY WHICH WILL SERVE AS A TOOL DETERMINING THE FUTURE OF PLANET EARTH - OUR COMMON AND ONLY SHELTER »

**NURSULTAN NAZARBAYEV - PRESIDENT**







## Intégrations régionales

- Membres de l'Union économique eurasiatique
- Membres de l'Organisation de coopération de Shanghai (OCS), excepté l'Arménie
- Membres observateurs de l'OCS
- Membres de l'Union européenne (UE)

## Route maritime nord

- Accès permanent
- Accès en été

## Projet de nouvelles « routes de la soie » lancé par la Chine

### Réseau ferré

- existant
- en projet ou en cours de construction

### Corridors économiques

- Route eurasiatique
- Asie méridionale et du Sud-Est
- Route maritime

### Investissements chinois dans des ports commerciaux

- existants
- en projet ou en cours de construction

- Principaux pipelines eurasiatiques (pétrole et gaz)

Sources : Mercator Institute for China Studies, mars 2017 ;  
Courmerinternational.com ;  
Scmp.com ; Energy Information  
Administration (EIA).



AGNÈS STIENNE

1



Environnement “Business Friendly”

2



Stabilité sociale et économique

3



Outils d’attractivité des investissements

4



Croissance régulière et soutenue

5



Egalité des revenus

6



Régime de taxes favorable

7



Accès à des marchés extérieurs importants

8



Formation de qualité

9

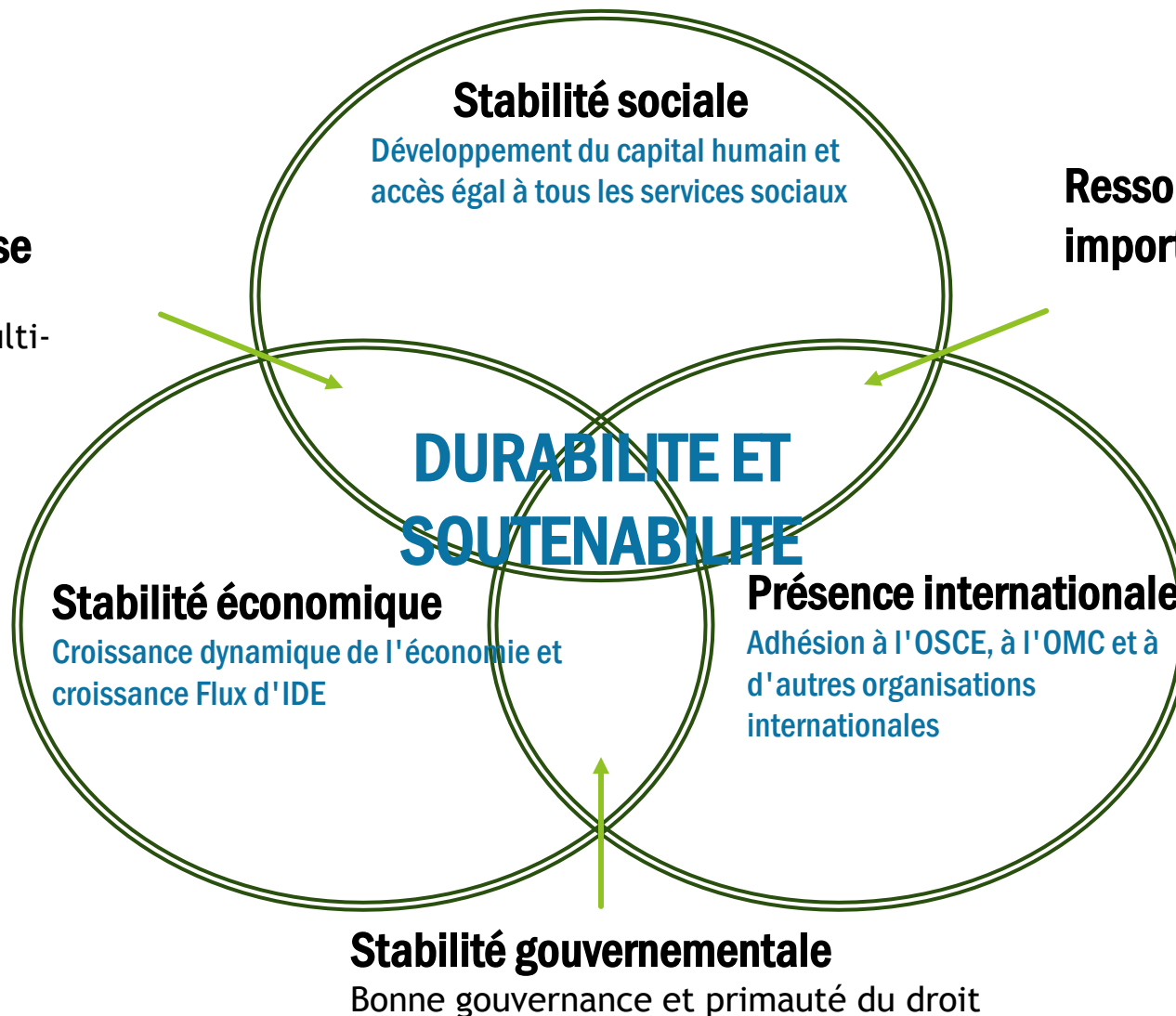


Soutien gouvernemental

# SOCIAL AND ECONOMIC STABILITY

## Société harmonieuse

Harmonie ethnique et  
Politique étrangère multi-  
vectorielle



**Ressources naturelles  
importantes**

# Secteurs prioritaires

- Agroindustrie
- Machinisme
- Infrastructures
- Chimie et pharmacie
- Mines et métallurgie
- Retail
- Tourisme



# Agro – industrial-complex of Kazakhstan

Over **80%** of the land  
Is areas in Kazakhstan

The **9<sup>th</sup>** largest  
country in the world

More than **7%** of the Total contribution to  
the Gross  
Value Added of the country (2016)

~ **20%** of the population  
Is employed in agriculture  
of food industry

More than **210 mln ha**  
agricultural land



# Priority sectors in the agro-industrial complex in Kazakhstan

## Access to the necessary resources:



Milk and dairy products

- **5,3 mln tons** Volume of raw milk production;
- **6%** Annual growth in the cow population (2013-16)
- **Only 30%** of milk produced in Kazakhstan is processed



Organic or non-GMP products

- **68 mln ha** potential of pasture lands for the organization of organic livestock;
- **14 mln ha** potential of lands for organization of organic crop production.



Fruits and vegetables

- **0.5 mln ha** Sowing lands for fruits and vegetables;
- **1.5 mln ha** Irrigated lands available;
- **+0.6 mln ha** additionally by 2020;
- **1,180 ha** Current area of greenhouses;
- **14 areas** favorable for fruit growing;
- **More than 10 mln tons** of fruits and vegetables produced per year.



Oil-bearing-crops

- **1,902.4 thous. tons** available seed raw materials;
- **2,036 thous. tons** oilseed area;
- **312 thous. tons** production of vegetable oil;
- **in 3-fold** increased the total sown area of oilseeds (2004-2016)



Deep processing of wheat

- **15 mln tons** available seeds of wheat in (RK);
- **4 mln tons** flour production in (RK);
- **2,175.4 tons** consumption of GFS in the RK, (2016) ~ 3% CAGR (2017/2021)



Meat products

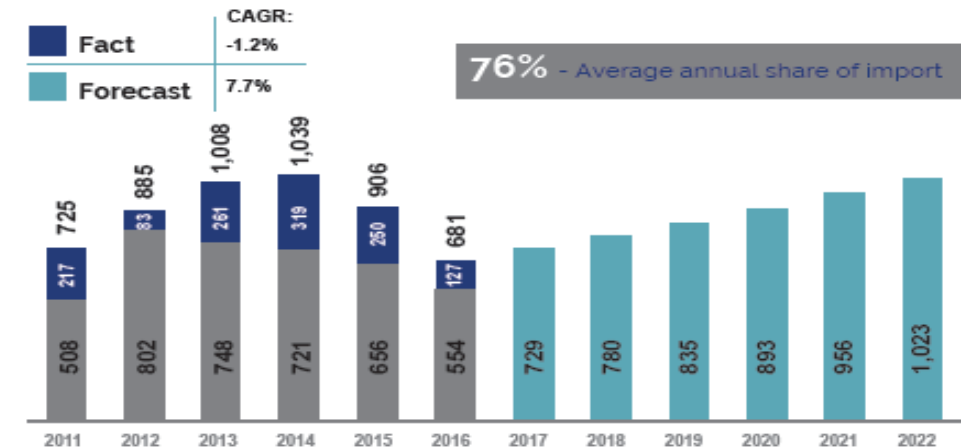
- **190 mln ha** of pasture land;
- **50%** of consumed poultry meat is imported to Kazakhstan;
- **149 thous. tons** of lamb production;
- **431 thous. tons** production of beef;
- **108 thous. tons** production of horse meat

Market size of machinery is 14.7 bln USD, 80-85% of which is imports

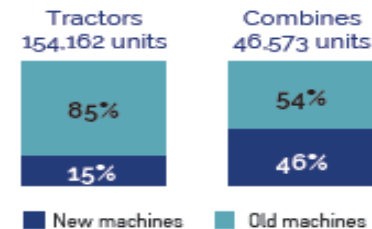


## Agricultural Equipment

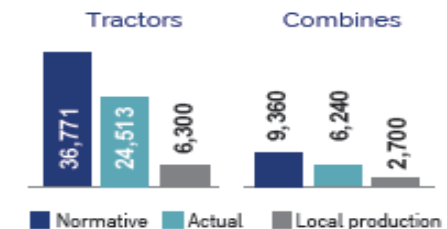
Dynamically growing market of agricultural equipment in Kazakhstan, mln USD



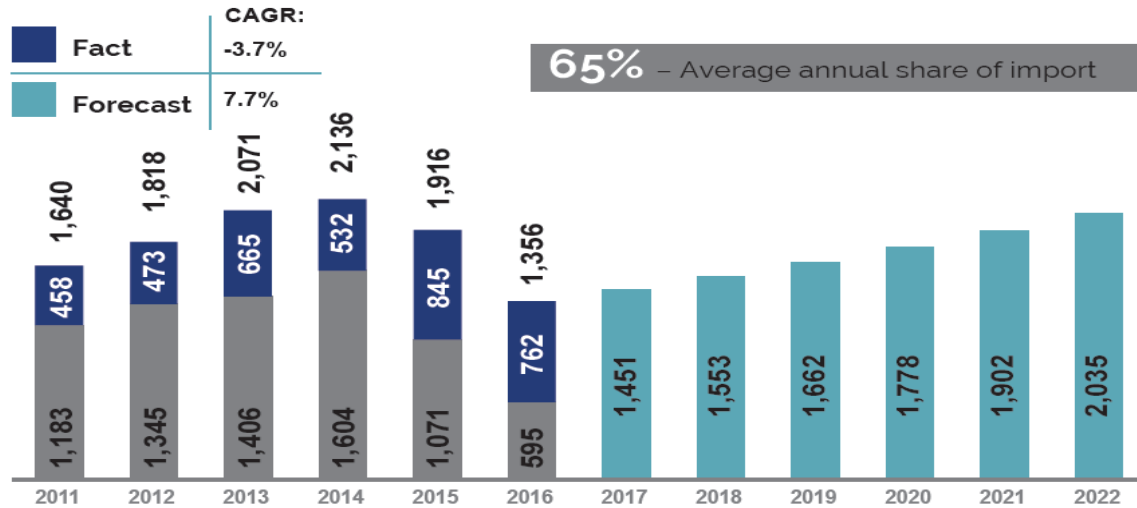
## Wear of agricultural machinery in Kazakhstan, % (2016)



## Need for agricultural machinery in Kazakhstan (2017-2019), units



**Dynamically growing market of mining and oil-extracting equipment in Kazakhstan, mln USD**



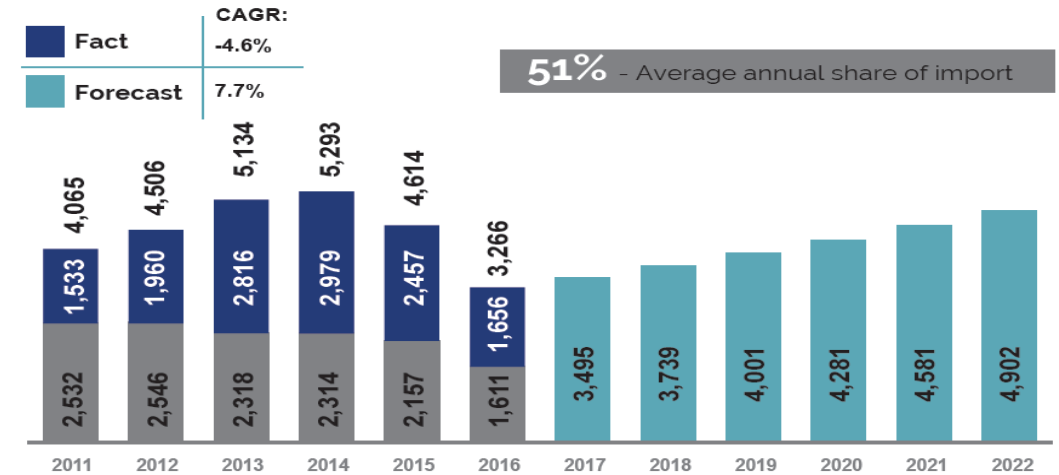
- At present, the mining and oil-extracting equipment sector is mainly represented by assembly production
- In order to integrate into the production chains of world manufacturers, the development of other segments of machinery industry (component production, service) is a priority for development

**Prospects for the development of mining and oil-extracting equipment:**

- The availability of a huge resource potential of metals to contribute cheaper production of basic components of oil-extracting equipment – spare parts and units
- Relatively low cost of electricity is an important factor
- Projects to expand current oil fields will increase the demand for oil-extracting equipment:
  - Expansion of the Tengiz oilfield in the period 2017-2021, ~ 37-40 bln USD of investments
  - Expansion of the Karachaganak oilfield, ~ 4.5 bln USD of investment
- Under conditions of adverse market conjuncture of the oil and mining industries companies reduce the cost of purchasing new equipment and concentrate on increasing efficiency and repairing the existing one, which is a favorable factor to develop mechanical engineering services

# Machinery of Kazakhstan

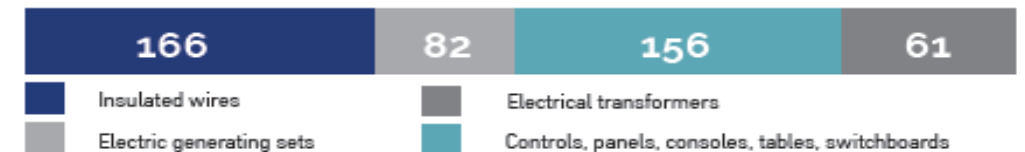
**Power generating equipment**  
**Dynamically growing market of power generating equipment in Kazakhstan, mln USD**



**Drivers of further market growth in the RK:**

- The government plans to renew deteriorated electricity transmission equipment
  - The guaranteed market volume of cabling and wiring products will be **900 USD** by 2020 with due account for renewal requirements in power lines
- State plans to improve and update power supply systems
- State support for harnessing of renewable energy

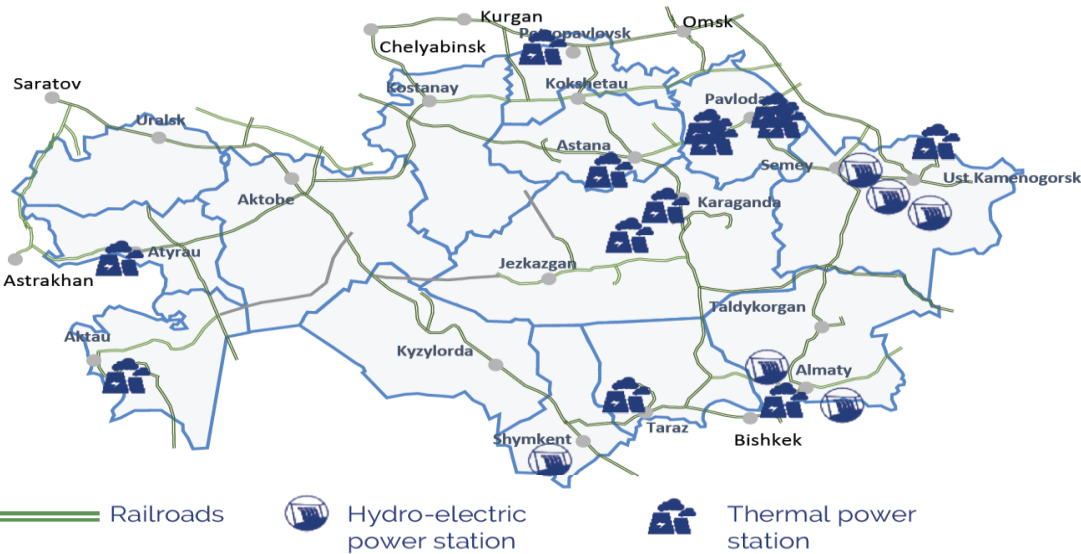
**The import structure of the basic electrical equipment in Kazakhstan, mln USD (2016)**



The main importers in the RK are Russia, Ukraine, Italy, China



Infrastructure is one of the key factors for sustainable economic growth, increasing the competitiveness of the economy and the quality of life of the population.



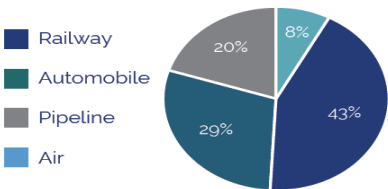
## Transport infrastructure

Kazakhstan has a large territory and is located at the junction of Europe and Asia, that is why the transport infrastructure plays an important role in the development of the economy of Kazakhstan and the region as a whole.

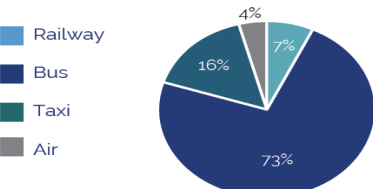
**~520 billion tkm**  
Freight turnover of all types of transport

**~270 billion pkm**  
Passenger turnover of all types of transport

### By the type of transport



### By the type of transport



АО «национальная Компания «KAZAKH INVEST»

[www.invest.gov.kz](http://www.invest.gov.kz)

- Kazakhstan plans to invest heavily in transport infrastructure under the Belt and Road Initiative
- The transport strategy of Kazakhstan until 2020 is aimed at increasing the transit potential of the land route from China to Europe via Kazakhstan
- The Government intends to increase the volume of transit 2-fold by 2020 and 10-fold by 2050 in comparison with the volume of 2012 (39.1 thousand tons).
- In the coming years, major investments are planned in the air infrastructure to increase the volume of passenger traffic:
  - In June 2017 a new terminal of the Astana airport was opened which increased the potential of passenger traffic from 3.5 to 8.2 million people per year
  - Reconstruction of the additional terminal of the Almaty airport is planned for 2019, and all 18 airports of the country will be brought into compliance with the requirements of the International Civil Aviation Organization



## Electric power industry

Electric power industry is one of the most important elements of the fuel and energy complex.

- The total electricity production in 2017 will be about 11.5 billion kWh, 1.7% of which are renewable energy sources
- The total electricity production exceeds consumption, however, the power system of Kazakhstan is characterized by uneven location of the facilities, and therefore in the Western and Southern parts of the country there is a shortage of electricity

### Electric power shortage forecast, billion kWh

	2017	2018	2019	2020	2021	2022	2023
Western zone	-0.3	0.2	0.6	1.0	1.0	1.3	1.3
Southern zone	7.1	7.5	8.2	9.0	9.1	9.2	9.5

- According to preliminary estimates, in order to avoid a power shortage in the southern region and a gas deficiency in the central and eastern regions, an investment of ~28 bln USD is needed.
- The Government aims to develop renewable energy generation. So, according to the plan, the share of renewable energy sources from the electricity generation should be 3% in 2020, 10% in 2030 and 50% in 2050.



## Healthcare

~900

Number  
of hospital  
organizations

~103

thousand  
Number of  
hospital beds

~3 bln USD

The volume of  
healthcare services  
provided in 2016

~10% of hospitals

received accreditation  
of Joint Commission  
International

- At the moment, over 65% of buildings in the healthcare sector are technologically outdated, the renovation of which requires about 3 bln USD.
- In 2017 the Social Health Insurance Fund has started its work, it will take on the role of a single strategic purchaser of medical services. The Fund aims to increase the share of private enterprises in the volume of services provided from 10% to 50% by 2025.
- Long-term contracts, tax concessions and a reduction of administrative barriers will allow investors to achieve adequate reimbursement of invested funds



## Water supply

~87%

of the urban population  
have access to  
centralized water supply

~52%

of the rural population  
have access to  
centralized water supply

~62%

Deterioration of water  
supply networks

- For the full-scale provision of the population with drinking water, the "Ak-Bulak 2020" program was adopted, the goal of which is to provide access for below-mentioned by 2020:
  - 80% of the rural population of Kazakhstan to clean drinking water
  - 100% of the citizens to the central water supply system
- In 2017, the Nurly Zhol state program allocated 166 mln USD for the implementation of 157 projects
- One of the priority areas is geological exploration for the assessment of groundwater resources and the systematization of data from planned projects to ensure access of the population to drinking water
- The total investment demand of the sector is ~6 bln USD

## Projects of Public Private Partnership (PPP)

43 – signed  
contracts  
(31.1 billion tenge)



64 – at the  
stage of tender/  
announcement of  
the tender  
(174.9 billion tenge)

228 – at the stage of  
development of documentation  
(643.9 billion tenge)

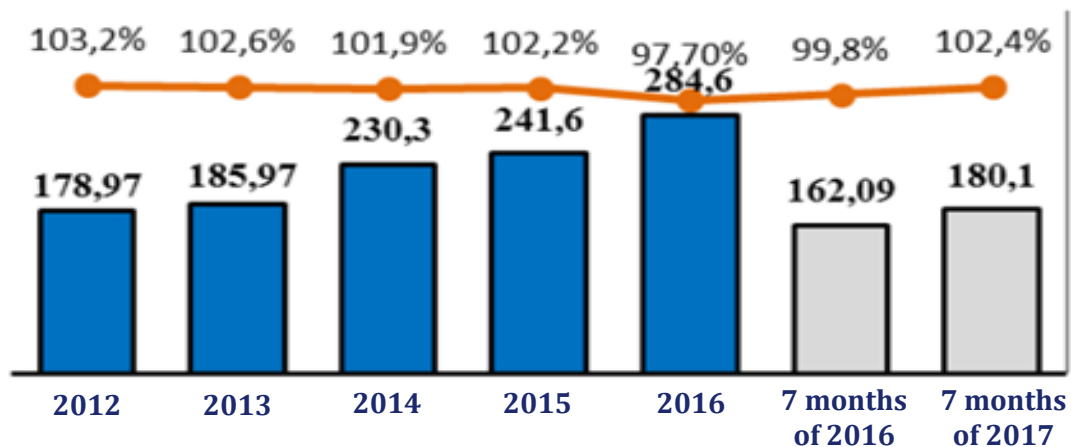
Kazakhstan Center for Public Private Partnership JSC  
the leading Kazakhstan analytical and expert center for  
the development of a new type of PPP.



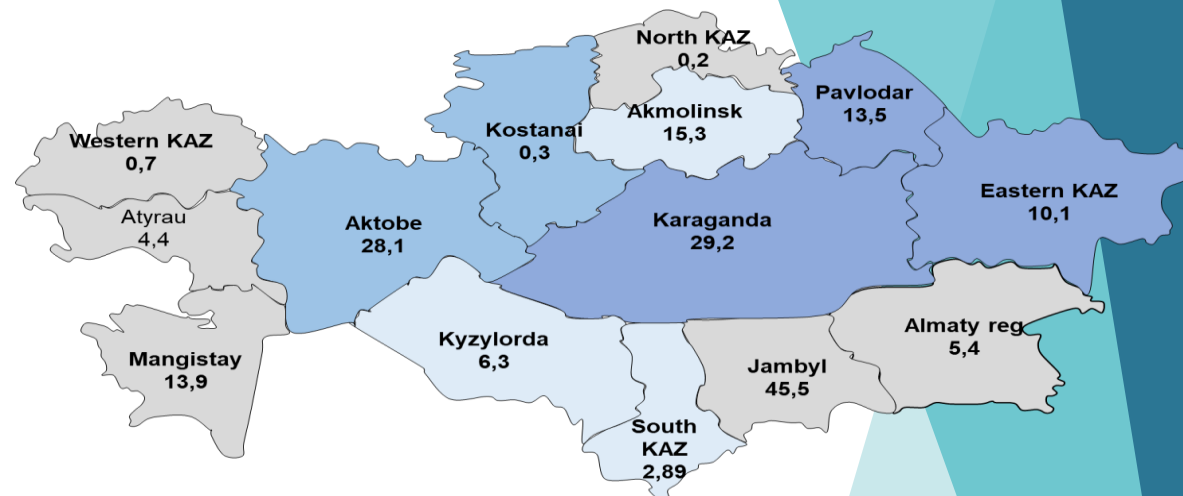
## Activity:

- carrying out of researches, examinations and an estimation of implementation of investment projects in the PPP sphere;
- providing full consulting support for the projects and facilitating their implementation;
- formation of a scientific base and development of human resources;
- interaction with state bodies, national companies, international and public organizations.

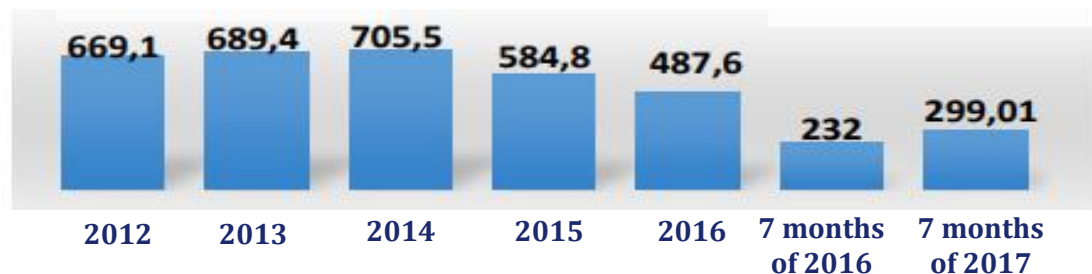
Volume of production, bln KZT



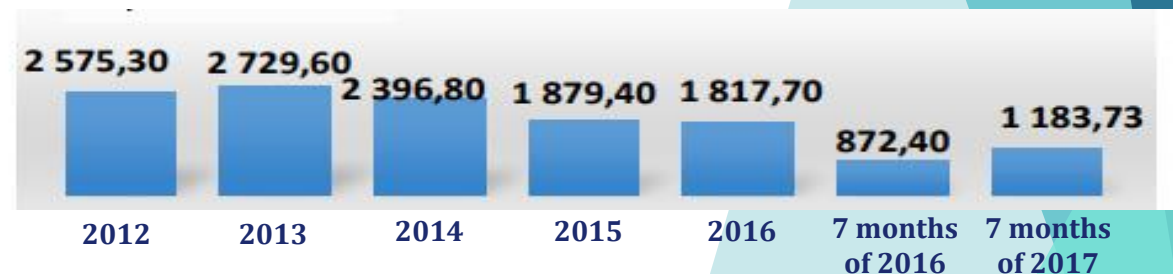
Regional distribution of production, Jan – Jul 2017, bln KZT



Volume of export, mln USD

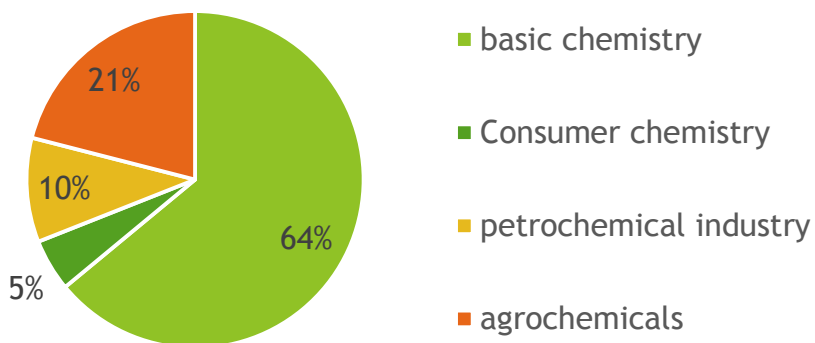


Volume of export, mln USD

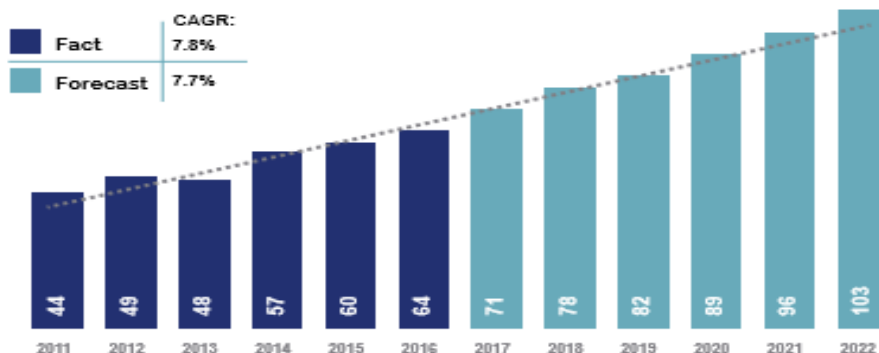


- Rate of production in chemical industry is increasing on the year by year basis
- Most of production is based in eastern parts of the country
- RK is a net importer of chemical products

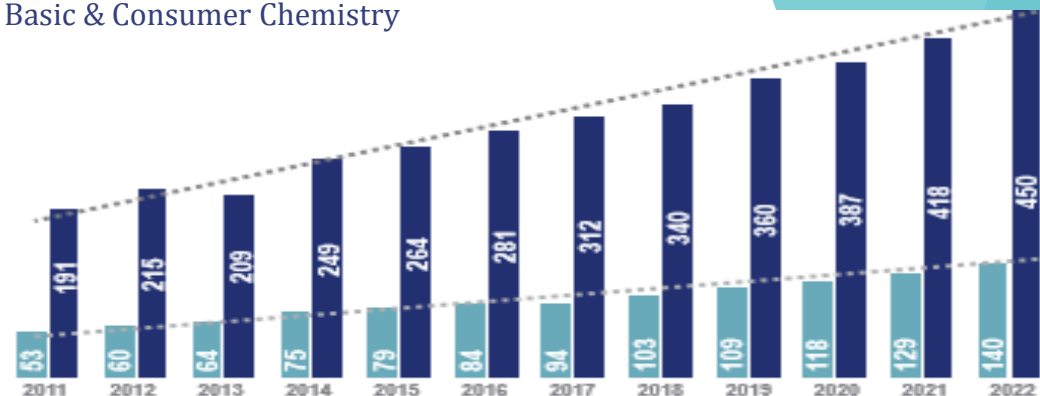
## Structure of chemical industry



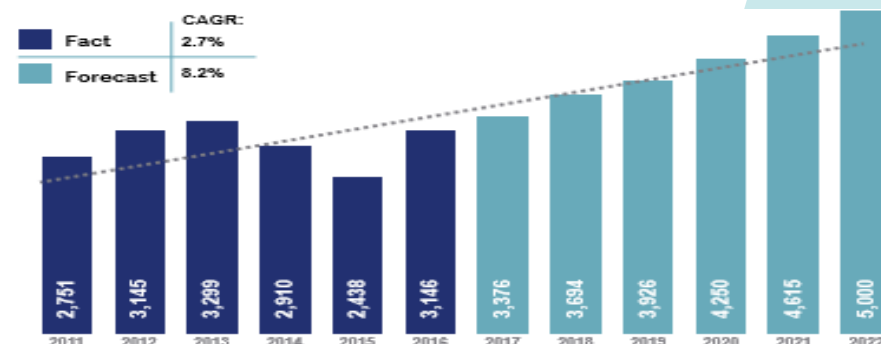
## Dynamically growing production volumes Agrochemistry in the RK, mln USD



## Dynamically growing production volumes Basic & Consumer Chemistry



## Dynamically growing production volumes Refined petroleum products in the RK, mln USD



### Fossil fuels

**Oil and gas condensate** 3.9 billion tons (12th place in the world)

**Coal** 162 billion tons (7th place in the world)

### Abundant upstream raw materials

**Natural gas** 0.9 trillion m3 (24th place in the world)

**Potassium salts** 6 billion tons

### Minerals

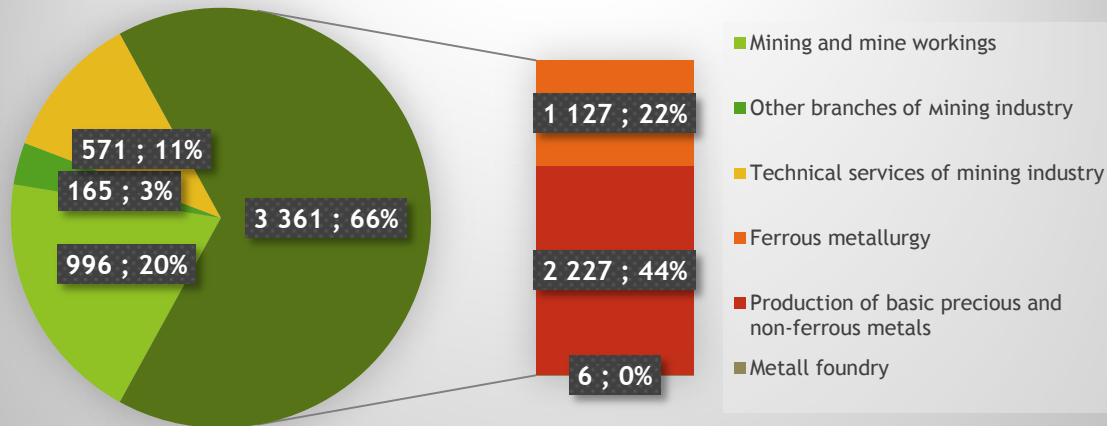
**Phosphates** 1 billion tons (14th place in the world)



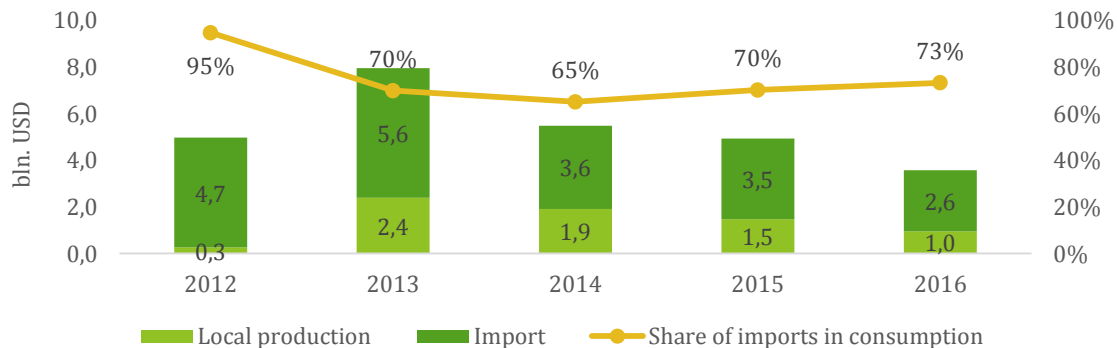
# Mining and metallurgical complex of Kazakhstan

- **Mining and metallurgical complex (MMC)** – is one of the most competitive and dynamically developing sectors of Kazakhstan's industry, there are more than 500 large and medium-sized enterprises in the industry, employing about 300,000 people.
- The industry accounts for about 18% of the country's GDP and 27% of total industrial production. Metallurgy accounts for 66% of the total production of MMC and 44% of the total manufacturing industry of Kazakhstan

Production structure of MMC, bln. USD



Market size of ferrous metallurgy in Kazakhstan



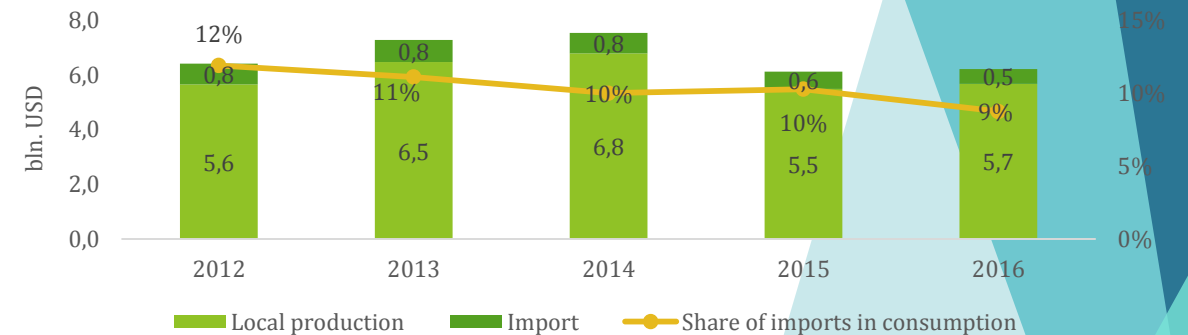
АО «Национальная Компания «KAZAKH INVEST»

[www.invest.gov.kz](http://www.invest.gov.kz)

- Reduction in consumption of ferrous metallurgy products is associated with devaluation of tenge and the following decrease in the volume of imports. However, despite this, the share of imports in domestic consumption remains high.
- Ferrous metallurgy makes up a large part in the imports of MMC products. In 2016, the share of ferrous metallurgy in the structure of imports was 83%.
- The main export item of the segment is the products of low processing level – iron ore and concentrate, ferroalloys and rolled products, while imports – products of high processing level – pipes and metal structures.
- The prospects for the development are the production of ferroalloys, steel and articles of steel for import substitution purposes.

Nonferrous metallurgy

Market size of nonferrous metallurgy in Kazakhstan



- Local production almost fully covers internal consumption. In 2016 share of the import was only 9%.
- Nonferrous metallurgy is dominant in export of MMC, in 2016 share of nonferrous metallurgy was 53%. Export was mainly represented by products of low processing level.

## Prospects for the development of the mining and metallurgical complex

- Exploration and development of deposits in new previously unexplored territories
- Application of new efficient methods of ore processing to the previously developed deposits in order to increase their productivity
- Development of further processing of metals
- Utilization of metals for manufacturing of hi-tech products

# Retail sector of Kazakhstan

The development of the trade sector in Kazakhstan is characterized by the displacement of traditional formats of trade with modern ones, the dominance of large retail chains, the restructuring of the supply system towards vertical integration, the use of modern sales, marketing and merchandising technologies, and the emergence of new forms of trade such as electronic and mobile commerce.

## Market size

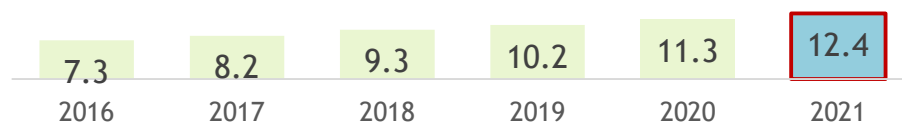
### Grocery retail market

bln USD



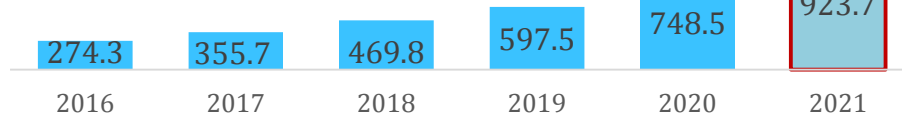
### Non-grocery retail market

bln USD

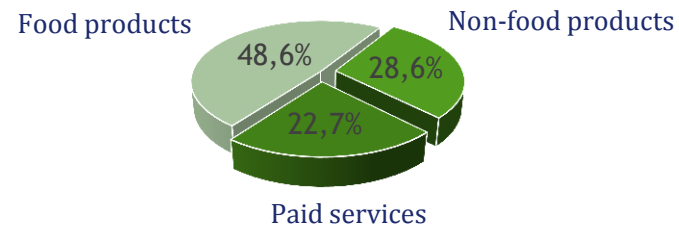


### The volume of Internet commerce

bln USD



## The structure of household spending in Kazakhstan (2016)

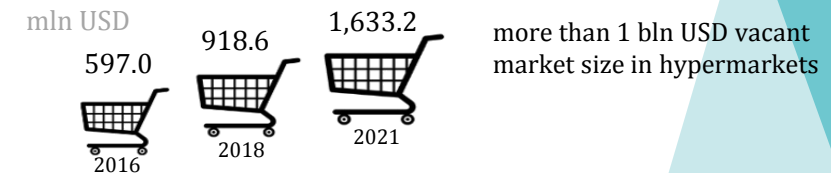


## Potential directions of development in Kazakhstan

### Grocery retail



Vacant market size for foreign investors in modern formats of trade can reach more than 2 bln USD by 2021, of which:



### Non-grocery retail



Vacant market size for foreign investors in the retail sales of goods for home and garden can reach more than 800 mln USD by 2021. At the same time, the size of the home goods retail market will reach 727.2 mln USD.

### E-commerce



The entering of PCs in Kazakhstan reached 74%, while the entering of mobile devices reached 64% of households.

In Kazakhstan, the number of Internet users per 100 people

73

## Possible location



### Population density

Person/sq.km

- More than 10
- 8-10
- 6-8
- 4-6
- Less than 4

### Population of cities

- More than 1 million
- 500 thousand – 1 million
- 200 thousand – 500 thousand
- 100 thousand – 200 thousand

By 2018, due to the active construction, a fund of high-quality commercial real estate in the cities Astana and Almaty will double, while now:



The total fund of commercial real estate in Almaty is about **1,090,000 sq.m.**



The total fund of commercial real estate in Astana exceeds **500,000 sq.m.**

# Potentiel dans les infrastructures de l'eau au Kazakhstan



## Secteurs

### ► Industries

Manufacturing

Mines

Gaz et pétrole

Energie

etc

### ► Secteur privé

Housing

Hôpitaux

Restaurants

Education

etc

# Objectifs

► Processus basés sur l'eau:

Chaudières à vapeur

Tours de refroidissement

Purification de l'eau

Fourniture de l'eau

► 4 problèmes majeurs

Mesures

Corrosion

Microbiologie

Dépôts de résidus

Perte d'eau

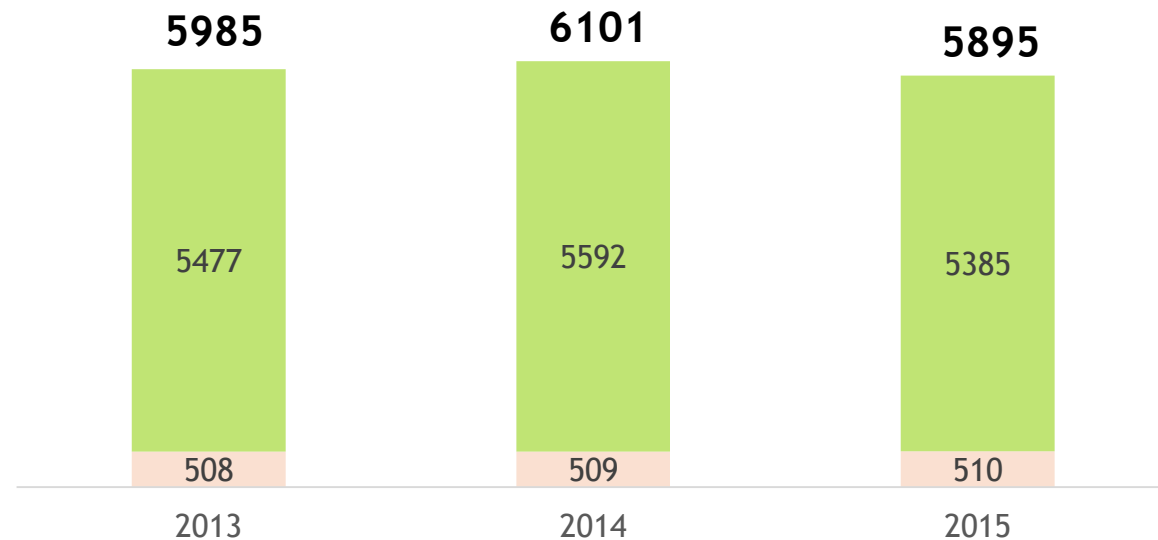
Some regions of RK experience severe absence of clear drinking water

Region	Water drinking normatives*, mln. litres	Substandard drinking water, mln. litres	Not meeting the standards for	
			sanitary and chemical indicators	microbiological indicators
<b>Σ82% or 282 mln. l. of substandard drinking water per annum</b>				
Atyrau	159	90	44	47
Akmolinsk	202	71	34	37
South Kazakhstan	763	41	21	21
Kyzylorda	206	28	18	10
Aktobe	225	28	13	15
Pavlodar	207	24	12	13
Mangystau	166	15	11	3
Western Kazakhstan	172	13	8	5
Eastern Kazakhstan	382	13	7	6
Almaty	526	11	-	11
Northern Kazakhstan	157	9	9	1
Kostanay	241	7	4	3
Zhambyl	301	5	2	3
Karagandy	377	4	2	2
c. Astana	233	1	-	1
c. Almaty	450	-	-	-
<b>Total:</b>	<b>4 768</b>	<b>361</b>	<b>184</b>	<b>178</b>

\* 75 l/day/person according to WHO

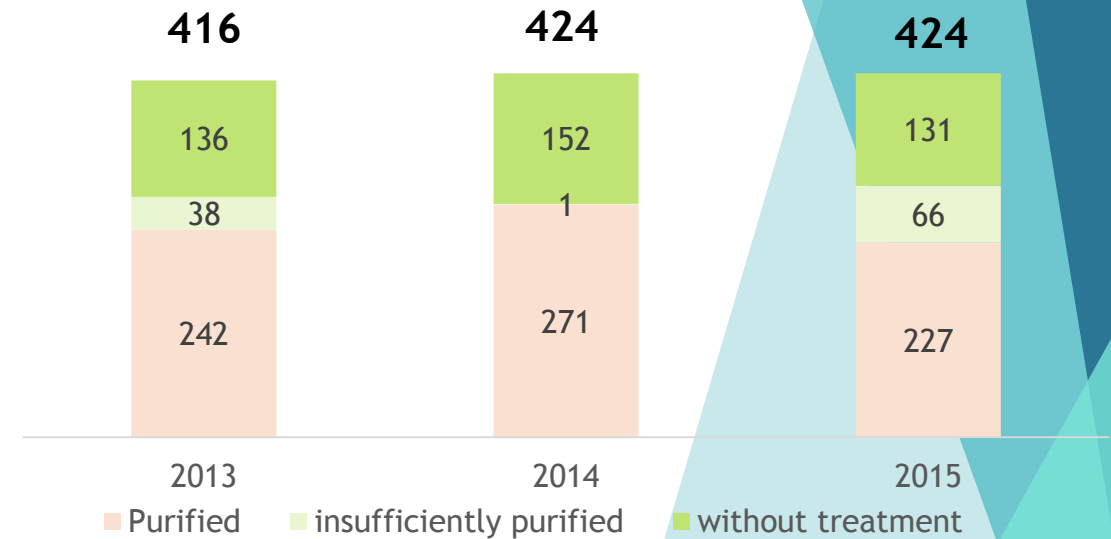
Water  
purification

- 90% of water in RK is consumed for industrial needs, of which:
- **197** mln m<sup>3</sup> of insufficiently purified and non purified water was discharged in 2015

Water consumption\* per annum, mln m<sup>3</sup>

\*Without agriculture

■ Communal needs ■ Industrial needs

Water discharge per annum, mln m<sup>3</sup>

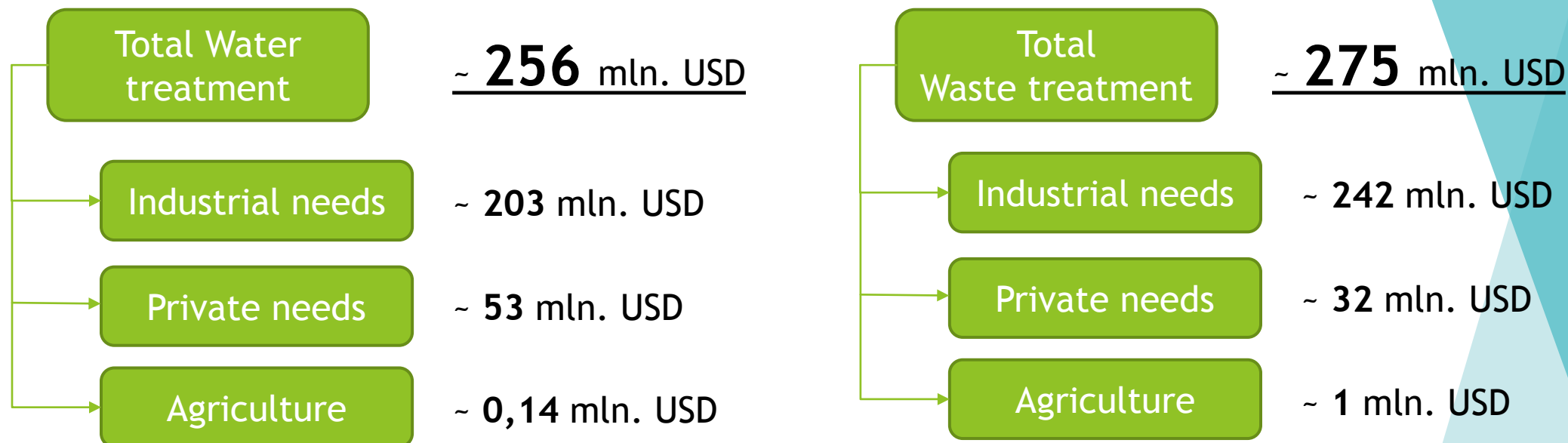
■ Purified ■ insufficiently purified ■ without treatment

Recycled and  
circulating water  
supply

- In 2021 the volume of water held in industries would reach:
  - In recycled systems 0,77 km<sup>3</sup>
  - In circulating systems 7,6 km<sup>3</sup>



In 2015 the expenses on water & waste treatment accrued to: ~ **540** mln. USD, of which:



Top regions on expenses for:

1. Atyrau - 95 mln. USD (37%)
2. Karagandy - 40 mln. USD (16%)
3. Eastern Kazakhstan - 27 mln. USD (10%)

1. Atyrau - 53 mln. USD (19%)
2. Pavlodar - 53 mln. USD (19%)
3. Mangystau - 34 mln. USD (12%)

\* 0,75 l/day/person according to WHO

# Soutien gouvernemental

- Préférences
- Services
- Incitations
- Kazakh Invest
- Commerce
- Tourisme

## Investment Incentives

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.



## The state in kind grants

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

## How to get preferences

Conformity to **activities included in the list of priority activities for investment projects \***

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%

## Free foreign labour employment

Employment of foreign labour out of quota and without permits

Conformity to **activities included in the list of priority activities for investment priority projects**

**Newly** established legal entity (the state registration is carried out no earlier than 24 calendar months before the application)

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

\* Determined by the Decree of the Government of the Republic of Kazakhstan No. 13 "On some issues of implementation of the state support of investments" dated January 14, 2016

\*\* In 2017 1 MCI = 2,269 KZT. According to the exchange rate of the National Bank of Kazakhstan as of 25.08.2017: \$1 = 331.22 KZT, €1 = 390.48 KZT

## Investment Incentives

**Visa-free entrance**

From January 1, 2017, a **30-day visa-free regime** is introduced for citizens of more than 60 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.

In addition, foreign investors may invest in Special Economic Zones of Kazakhstan.

Within **10 special economic zones** the following preferences are provided:

## FISCAL INCENTIVES



- Corporate income tax
- Land tax
- Property tax
- Social Tax (for 5 years)
- Exemption from the VAT

0%

## EXEMPTION FROM CUSTOMS DUTIES

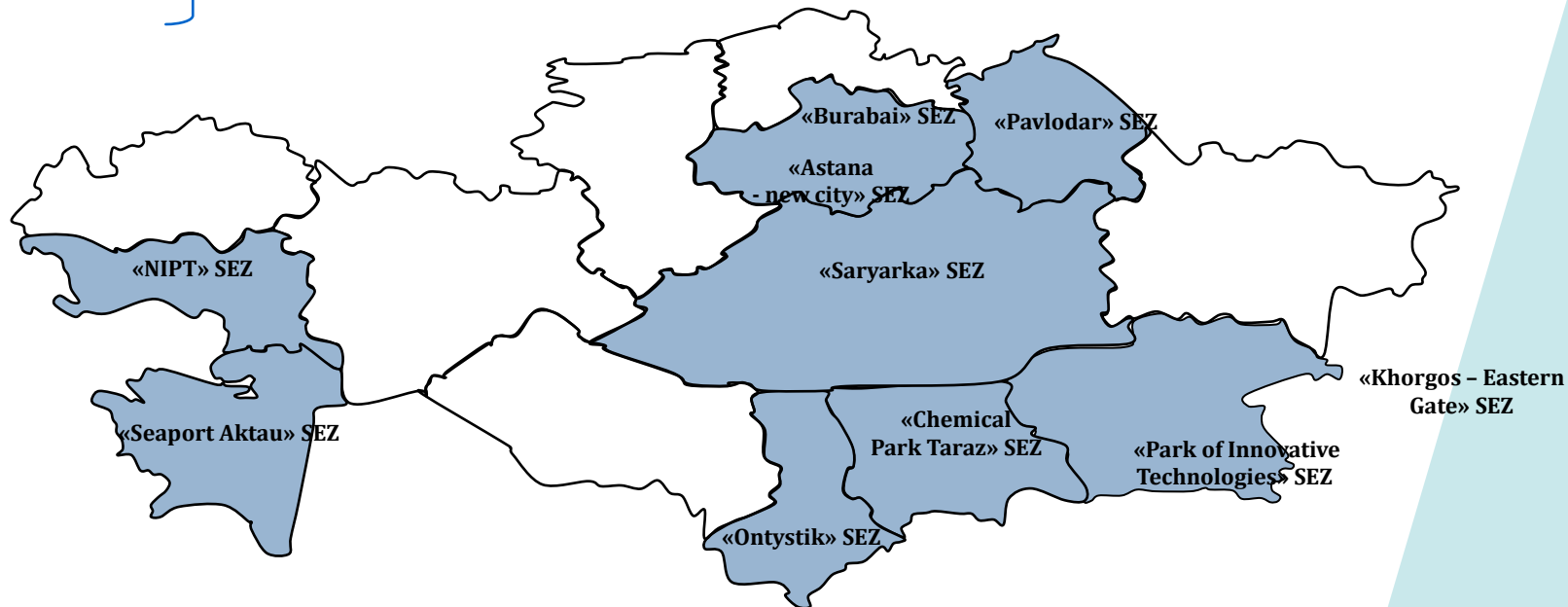


- For goods
- imported into the SEZ territory
  - exported\* from the SEZ territory to the Customs Union

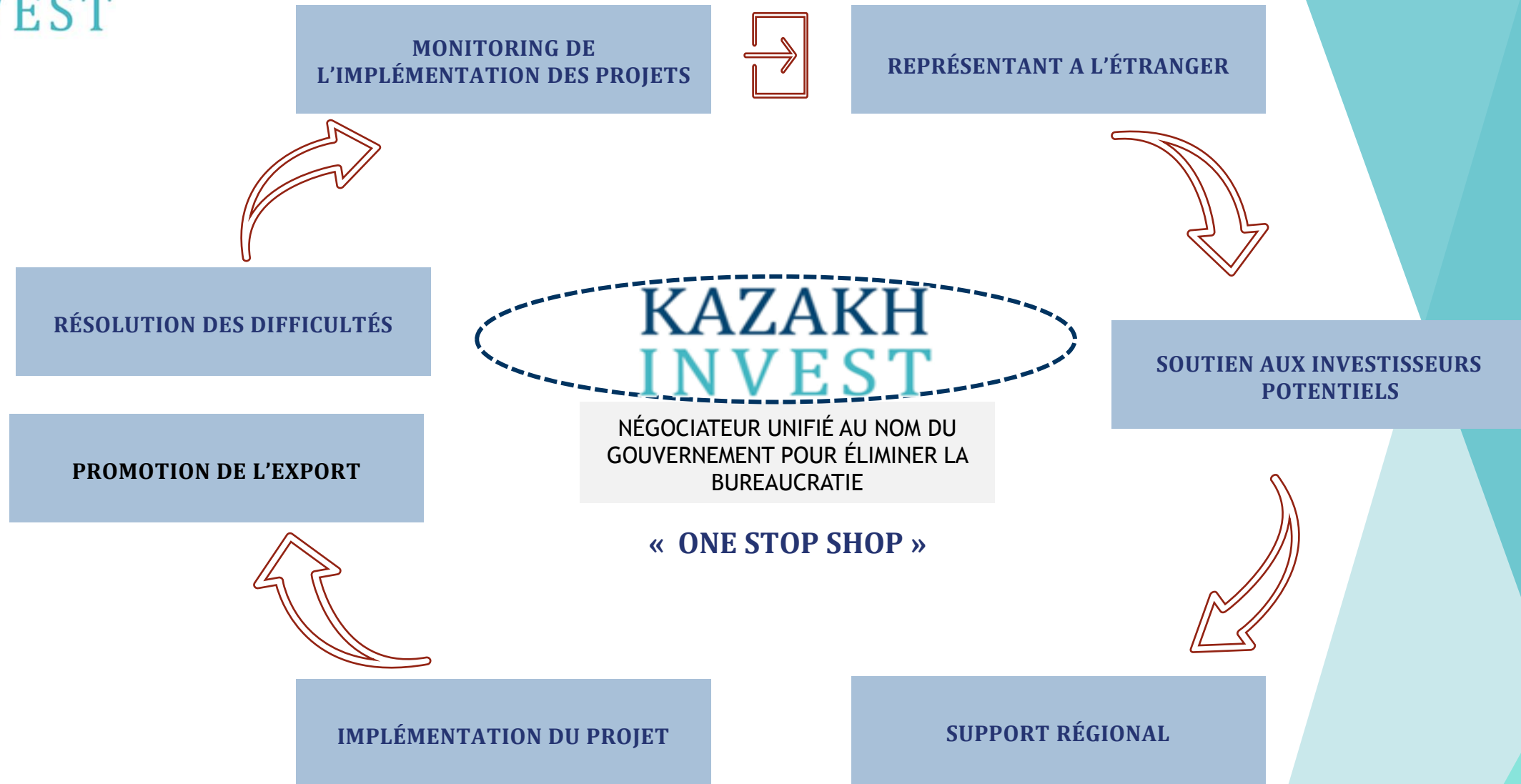
## NON-FISCAL INCENTIVES



- Free plot of land for the entire period of existence of a SEZ
- Simplified procedure for employment of foreign labor







Merci de votre attention!

Avez-vous des questions?

<http://www.invest.gov.kz/ru>

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