

# Investment opportunities of South Kazakhstan region



# Kazakhstan



- Unitary state with presidential form of government
- **Capital:** Astana city
- **Territory :** 2,7 mln sq/m2 (9<sup>th</sup> place in the world)
- **Population :** 16,9 million people. (62<sup>nd</sup> place in the world)
- Kazakhstan has borders with Russia, China, Uzbekistan, Kyrgyzstan and Turkmenistan
- **Administrative structure: 14 oblasts, 2 cities of state importance**
- **GDP in 2012 :**200,642 billion \$ (50<sup>th</sup> place in the world)
- **GDP per capita in 2012:** 12 021 \$ (58<sup>th</sup> place in the world)
- **Currency :** tenge (1 \$ – 181 tenge)

# Investment climate



## Business environment

According to – “**Doing Business**” rating organized by World Bank and International Financial Corporation, in 2013 Kazakhstan is on 50<sup>th</sup> place among 189 countries, which includes indicators «Taxation» - **18<sup>th</sup> place**, “Registry of ownership” – **18<sup>th</sup> place**, “Registry of enterprise” – **30<sup>th</sup> place**.

## Foreign Direct Investment

According to United Nations Conference on Trade and Development (UNCTAD) Kazakhstan holds 19<sup>th</sup> place among Top-20 countries on Foreign Direct Investment. In 2012 Gross Foreign Direct investment in Kazakhstan achieved highest level of 28.8 billion US dollars.



# Investment advantages

## **Customs Union (Kazakhstan, Russia and Belarus)**

Volume of the market - over **170 million people** with GDP sum of **2 trillion US Dollars**.

United trade rules within Customs Union:

- Single customs territory;
- Single foreign trade policy;
- Single customs rule, Single customs codex;
- Free flow of goods among Customs Union.



## **Favorable location**

Kazakhstan is located in the heart of Eurasia, some part of the Silk Road passed through the territory of modern Kazakhstan. Main transcontinental routes, which connects Asian-Pacific Ocean region Middle and Central East and with Europe passes through Kazakhstan. 3 countries from BRICs : Russia, India and China are located near Kazakhstan.

## **Taxation regime**

Most attractive taxation regime among CIS and Central Asian countries (Corporate Income Tax – 20%, Value Added Tax – 12%).



# Protection of investors rights



According to Annual Index of Global Competitiveness for 2013-2014, Kazakhstan is on **10<sup>th</sup> place investors rights protection.**

Kazakhstan signed agreements on mutual protection and stimulation with **47 countries**, which offers protection from discrimination, requisition and nationalization, rights for solving investment issues on International arbitration courts.

## **Foreign Investors Board**

In order to secure and develop direct dialogue with investors working in Kazakhstan, also immediate solution of their problems linked with investment activities, Foreign Investors Board near President of Kazakhstan operates in Kazakhstan.

Board develops and offers recommendations for President and Government of Kazakhstan for consideration on issues linked with investment activities in Kazakhstan.

## **Investment ombudsman**

In order to apply systematic approach in solving issues of investors working in Kazakhstan, Investment ombudsman is created. Its main function – regulation of arguments and prevention of international investigation.

# Investment preferences

## **Taxation preferences**

Taxation privilege for the period till 7 years for strategic investment projects  
(Land tax 0%, Property tax 0%)

## **Natural grants**

State natural grants: land, buildings, construction, cars and equipment, computing technologies, metrical and regulating instruments and equipment, vehicles, apart from cars, production inventories

## **Release from Taxation duties**

Release from taxation duties during importing equipment, accessories, raw materials and spare parts, required for realization of investment projects.

# South Kazakhstan Region

- **Area** 117 249 km<sup>2</sup>
- **Population** 2 642 700 people
- **Urban population** 40%
- **Administrative Centre** Shymkent
- **GDP per capita** \$ 3 700
- **Average wage** \$ 488
- **Neighboring countries** Uzbekistan, Kyrgyzstan
- **Economically Active Population** 1 158,8 thousands
- **Higher Education Establishments** 12 universities, 77,7 thousand students

**100%** cotton-yarn

**99,2%** transformers

**48,0%** pharmaceutical products

**46,1%** petrol

**22,9%** heating oil

**16,8%** cement

**16,7%** beer

**24,9%** wine

**15,0%** flour

**Proportion of South Kazakhstan in Kazakhstani production**

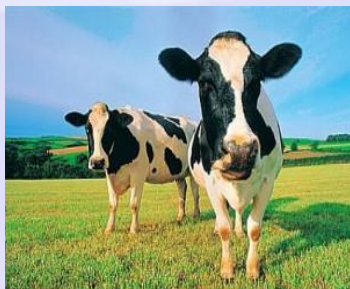
## Prioritized fields of economy

- 1 **Agro-industrial complex**
- 2 **Light industry**
- 3 **Pharmacy**
- 4 **Logistics**
- 5 **Energy**
- 6 **Tourism**
- 7 **Machinery manufacturing**
- 8 **Construction industry**



# Agro-industrial complex

South Kazakhstan Region creates Food Industry industrial zones



## AIC in numbers



- 280-300 sunny days every year
- Average annual temperature 13-15 °C
- 2,5 thousand enterprises of AIC
- 69,5 thousand owner operated farms
- 500 Thousand irrigated land

## Proportion of South Kazakhstan



- 100% cotton;
- 71% grapes;
- 66% vine crops;
- 51% carthamus;
- 42% fruits;
- 25% vegetables

# Light Industry

- ✓ SKR is a center for the sale of cotton and textile cluster
- ✓ Over 50 cotton processing, weaving and sewing companies
- ✓ Is the only area in Kazakhstan where cotton is grown and annual gross harvest of 300 thousand tons of cotton.
- ✓ Cotton processing plants annually produce more than 100 tons of fiber.
- ✓ The volume of exports of cotton fiber in Russia is more than \$ 30 million

## 53 enterprises of cotton and textile cluster

- JSC "Utex"
- JSC "Melange"
- LLP «SOUTH TEXTILINE KZ»
- LLP "ginneries"
- LLP «Oxi Textile»
- LLP "Garment factory" Gauhar "
- LLP "Hlopkoprom cellulose"



# Pharmaceuticals

## FASTEST GROWING INDUSTRIES AT THE REGIONAL LEVEL

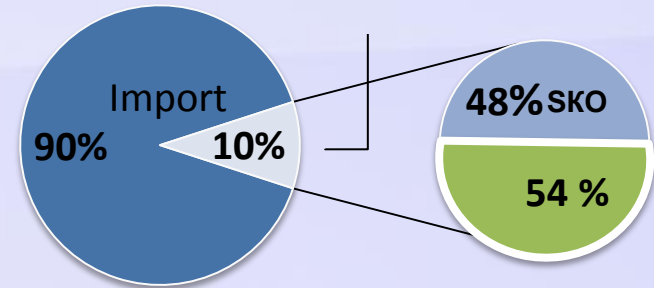
Cadres: South Kazakhstan State Pharmaceutical Academy

The volume of production of pharmaceutical products by SKR – \$ 71 million U.S. dollars

SKO share in the volume of pharmaceutical products – 48%

Level of productivity – \$ 36.6 thousand U.S. dollars

## Kazakhstan's pharmaceuticals market:



Large manufacturers of the pharmaceutical industry:

JSC "Chimpharm"

LLP "Zerde-Fito"

LLP SPC "Rauan"

LLP «Eco Pharm International»

# Logistics

South Kazakhstan region has great potential to become a "southern gateway" of Kazakhstan in international trade. Contribute to this transport corridor "Western Europe - Western China", which is the shortest path in international traffic between Europe and China, and "Tashkent - Shymkent" opening Kazakhstan southern countries, as well as Railway Trains.

Furthermore, an international airport, which has a favorable geographical position operates in Shymkent city, it is located 100 km from Tashkent, 450 km from Kyzylorda, 500 km from Bishkek, 700 km from Almaty.



The region has large enterprises LLP «Kazakhstan Logistic Group» - warehouse logistics 7 tons, LLP "NGOs" Zerde "- storage of pharmaceutical products, LLP" Sanjar Trade "- a logistics center, LLP" Keremet Center "- Growers capacity 4 tons.



# Energetics

## SUPPORT FOR CONNECTING RENEWABLE ENERGY INFRASTRUCTURE FACILITIES AND TRANSMISSION NETWORKS

- **Mandatory connection objects to the nearest point of RES electricity and heating networks;**
- **Reserve areas and priority in the allocation of land plots;**
- **Investment incentives and preferences for the construction and operation of facilities for the use of renewable energy (according to the legislation);**
- **Release objects from RES connection fees and transportation network.**

## Support for renewable energy in electricity sales

- **Mandatory and guaranteed purchase of generated renewable energy;**
- **Single rate for each type of RES;**
- **Contracts for the purchase of electricity from renewable energy sources should be for the whole period of the project payback period RES.**



**Planned to implement 23 projects in the field of renewable energy for U.S. \$ 939 million with total capacity of 577.3 MW, including:**

- **5 WP for U.S. \$ 750 million, 300 MW power**
- **7 FES U.S. 533 million, 242 MW power**
- **11 HPS U.S. 56 million, 35.3 MW power**

# Tourism



- Project started year-round ski resort of international level in the gorge Kaskasu Tolebi district in the area.
- At the stage of completion of construction of the hotel «Rixos Khadisha Shymkent».
- There are 18 recreation centers in the famous resort "Saryagash" located in the district of South Kazakhstan
- Every year, these resort complexes visited by more than 30,000 people.
- The region has two reserve:
  - Reserve "Aksu Zhabagly" covers an area of 128 hectares, and one is in the area Tulkubassky
  - Reserve "Karatausky" is located near the city of Turkestan South Kazakhstan region. Central Estate Reserve is located in Kentau. The total area of 34.3 hectares.



# Engineering

- **35 companies**  
Manufacturers Machinery Sector SKR
- **21 563,20 million tenge**  
The volume of production engineering industry SKR
- **4,2%**  
SKO share in the volume of production engineering industry in Kazakhstan
- **8,90%**  
Share of machinery in the industrial structure of SKR
- **3 500 people.**  
Number of workers in the industry
- **\$ 12,4 thousand**  
The level of productivity
- **1 268,1 million tenge**  
Investment in fixed capital industry
- **2,09 tenge**  
Increase production for 1 tenge of investments



# Construction Industry



- The region has a huge amount of raw material (talc, mica, marble, vermiculite, etc.) required for the production of various kinds of building materials in the area.
- In the area produces more than 50 kinds of basic building materials and structures
- There are 30 large and medium enterprises and over 125 shops
- Production of building bricks baked in the total volume of the republic occupies 14.9%, cement - 16.1%, lime - 9.8%

# State support for business

**In the area created optimal system to support the development of entrepreneurship**

**Implementation backbone projects**



**JSC «NC «SEC «Shymkent»**

**Administrative Barriers**



**Customers service centre  
(in each district)**

**Support for start-up entrepreneurs**



**School of entrepreneurship  
(in each district)**

**Providing infrastructure**



**Industrial zones  
Agro-industrial zones  
Tourism zones  
Trade and logistics zones**

**Funding**



**«RIC «Maximum» LLP**

**Attracting investment and development of innovation**



**«Shymkent Innovation» LLP**

# Entrepreneurs Service Centre

Provides a complete package of services to entrepreneurs on the principle of "one window"

## Obtaining permits

## State support and funding for projects

## Consulting services

Name of the document	Through the state agencies	Through the ESC
Technical conditions:	30 days	10 days
-gas	30 days	15 days
-water	60 days	10 days
-Electric power		
Obtaining permits for construction and installation work	160 days	90 days
State expertise	45 days	22 days
The act of putting operation	132 days	70 days
Conclusion SES	15 days	7 days

### SP FIID Program :

- Business Road Map 2020
- Manufacturer 2020
- Exporter 2020
- Agribusiness 2020
- Roadmap employment 2020

### Financing projects through:

- Regional Investment Centre «Maximum»
- KAF
- Agricultural Credit Corporation
- Fund for Financial Support of Agriculture
- Second-tier banks

### Accommodation projects in industrial and special economic zones area

### Consulting services:

- Accounting
- Tax
- on Customs issues
- on legal issues
- Issuance to from CT-KZ

### Support entrepreneurs from different industries:

- Establishing direct business contacts
- Selection of trading partners
- Find the necessary goods and services
- Find production tools

### Rendering service

# Free Economic Zone «ONTUSTYK»

In order to develop the production of cotton processing enterprises , the textile and clothing industry of the Republic of Kazakhstan , attracting manufacturers of international brands for the production of textile products , as well as to create a high-tech production , improve the quality and range of textile products produced in Sairam district of South Kazakhstan region the Special Economic zone "Ontustyk" was created.

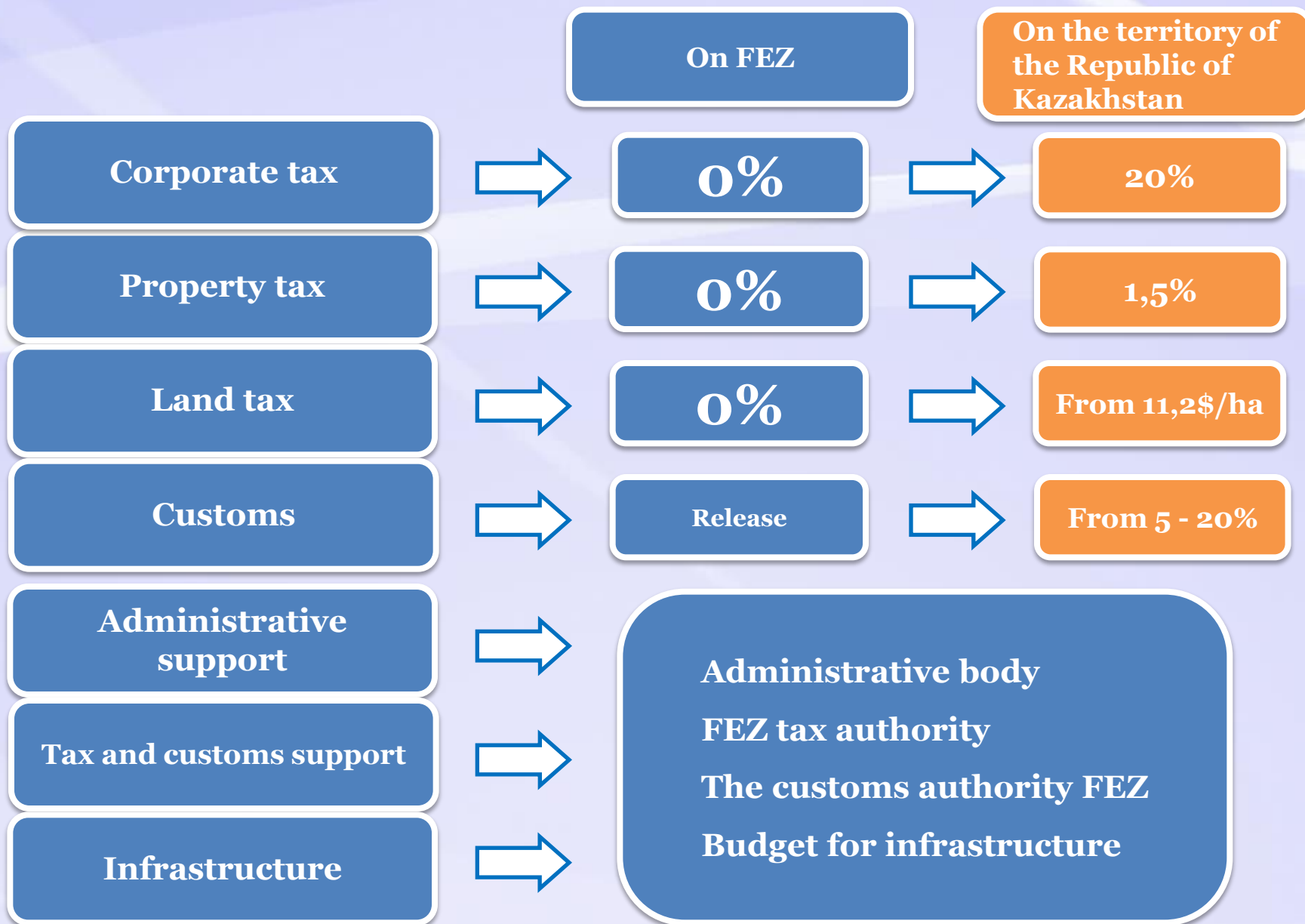
The territory of FEZ "Ontustyk" 200 hectares SEZ infrastructure 100% complete.

Today on FEZ implemented 18 investment projects worth 120 billion tenge and creating 6440 jobs.

In accordance with the provisions of the FEZ "Ontustyk " approved by the Decree of the President of the Republic of Kazakhstan dated July 6, 2005 № 1605 priority activities "Ontustik" FEZ are:

- manufacture of made-up textile articles, except apparel ;
- knitwear production ;
- manufacture of wearing apparel ;
- production of silk fabrics and products based on them;
- production of non-woven textile materials and articles thereof;
- production of carpets , rugs and tapestries ;
- production of cotton cellulose and its derivatives ;
- production of high quality paper from raw cotton ;
- manufacture of leather goods .

# Free Economic Zone «ONTUSTYK»





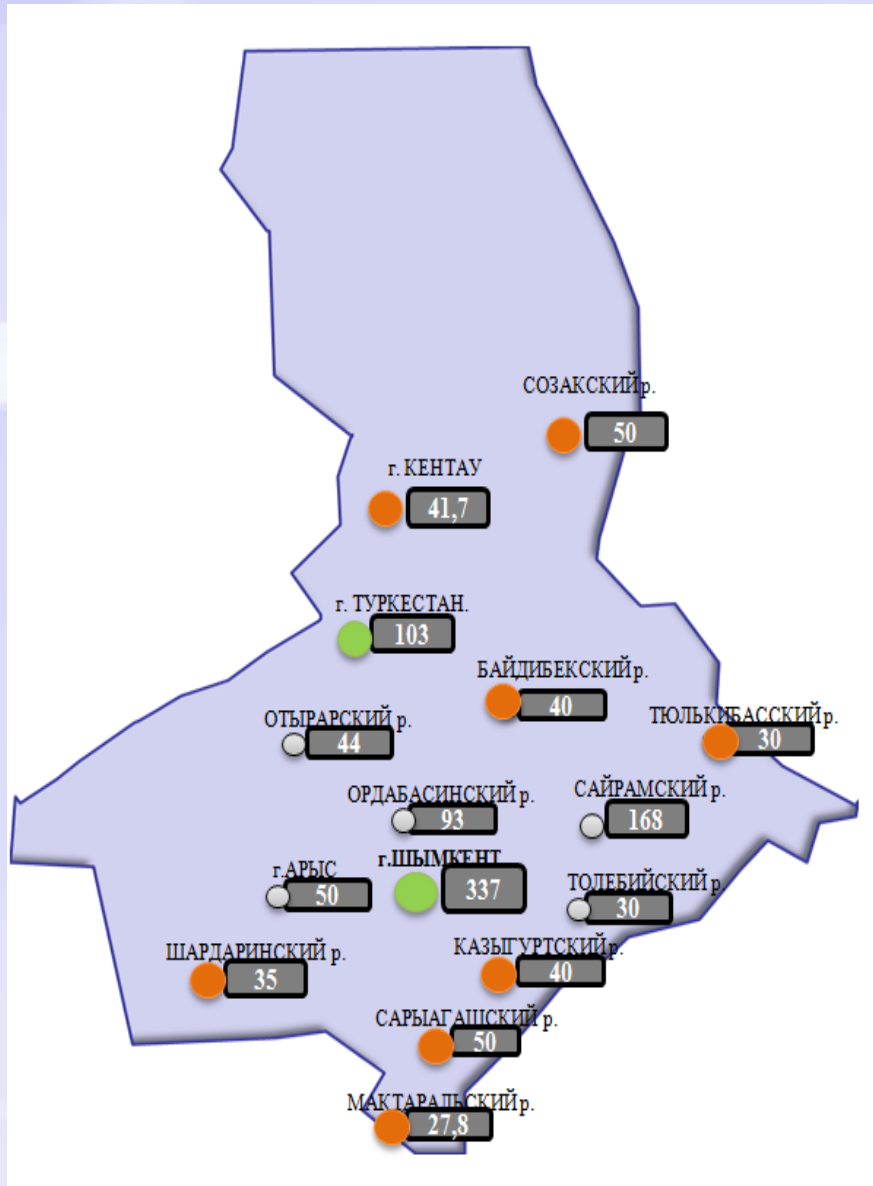
# Industrial zones

Industrial zones will be build in all cities and towns in order to increase an investment attractiveness of the region (especially districts and towns) and to create facilities for investors.

## **Advantages of the industrial zones:**

- Industrial zone management «Ontustik» do services for entrepreneurs in «one window» principle;
- For investment projects which are included to Industrialization map, lands are giving without tender for private ownership;
- For companies which are in Industrial zone communication and engineering infrastructure made for free;
- Electricity is cheaper for 25%;
- Creating centers for retraining work force;
- Formed comfortable logistic system. Provided railway deadlocks and located near the main highways.

# Industrial zones of districts and cities of South Kazakhstan region



- The land was allocated for Industrial zones with total area of 835,5 ha, with IZ of the Shymkent city total area is 1 172,5 ha.
- In 2014 planned construction of infrastructure in 7 districts of the region (Kazygurt, Saryagash, Suzak, Shardara, Tyulkubas, Baidibek and Maktaaral)
- 48 projects with total cost of 42,8 billion tenge and job creation for 6 538 people (with IZ of the Shymkent city total cost – 88,9 billion tenge, job creation – 12 813 people) are realizing in districts and cities of the region.

- Working Industrial zones
- Planned construction in 2014, documentations are designed
- Allocated lands, documentations are designing

1173 Total area of lands, ha

# Agro-industrial zone «Garden»

## **Project mission:**

To develop intensive gardens, implementation of intensive garden technologies, agglomeration of goods mass, import substitution .

**Location:** Kazygurt district

**Allocated land:** 1 000 ha

**Government investment cost (construction of infrastructure):** 100 million tenge

**Private investment cost (expecting):** 4,6 billion tenge

## **Government assistance:**

- Free land;
- Ready infrastructure (well, electricity, fruit storage, domestic placement);
- Consultation of technology election;
- Agro support;
- Support in obtaining credit in «KazAgro» JSC;
- Support in obtaining government subsidy.



# Agro-industrial zone «Greenhouse»

## **Project mission:**

To develop hothouse sector, implementation of industrial hothouse technology, agglomeration of goods mass.

**Location:** Saryagash district

**Allocated land:** 50 ha

**Government investment cost (construction of infrastructure):** 555 million tenge

**Private investment cost (expecting):** 9,2 billion tenge

## **Government assistance:**

- Free land;
- Ready infrastructure (heating, electricity, fruit storage, domestic placement);
- Consultation of technology election;
- Agro support;
- Support in obtaining credit in «KazAgro» JSC;
- Support in obtaining government subsidy.





# Trade logistic center Shymkent city

## **Project mission and idea:**

Construction of modern storages, implementation of storage management technology, improving conditions of storing of goods, preparing agricultural products before export.

**Location:** Shymkent city

**Allocated land:** 92 ha

**Government investment cost (construction of infrastructure):** 1,7 billion tenge

**Private investment cost (expecting):** 33 billion tenge

## **Government assistance:**

- Free land;
- Ready infrastructure (water, electricity, gas, highway, dead-end tracks, airport access);
- Support in receiving licensing documents.



# Trade logistic center Saryagash city

## **Project mission and idea:**

Construction of modern storages, implementation of storage management technology, improving conditions of storing of goods, preparing agricultural products before export, re-export of agricultural products of Uzbekistan.

**Allocated land:** 40 ha

**Government investment cost (construction of infrastructure):** 850 million tenge

**Private investment cost (expecting):** 5,5 billion tenge

**Location:** Darbaza station, Saryagash district (near borders of Kazakhstan and Uzbekistan)

## **Government assistance:**

- Free land;
- Ready infrastructure (water, electricity, gas, highway, dead-end tracks, airport access);
- Support in receiving licencing documents.





# Trade logistic center Turkestan city

## **Project mission and idea:**

Construction of modern storages, implementation of storage management technology, improving conditions of storing of goods, preparing agricultural products before export, distribution of goods to Kyzylorda, Atyrau, Mangistau, West Kazakhstan regions.

**Allocated land:** 30 ha

**Government investment cost (construction of infrastructure):** 750 million tenge

**Private investment cost (expecting):** 4,5 billion tenge

**Location:** Turkestan city

## **Government assistance:**

- Free land;
- Ready infrastructure (water, electricity, gas, highway, dead-end tracks, airport access);
- Support in receiving licensing documents.



# Touristic and recreation center «Kaskasu»

## **Project mission:**

Mass ski resort, all season functioning, developed infrastructure, modern environmental technology, phased expansion

**Location:** Tolebi district, Kaskasu canyon

**Allocated land:** 765 ha

**Government investment cost  
(construction of infrastructure):** 2,8 billion tenge

**Private investment cost (expecting):** 11 billion tenge

## **Advantages:**

- Free land;
- Ready infrastructure (ropeway, water, electricity, gas, highway);
- Support in receiving licensing documents.



# Health improving and resort zone «Saryagash»

## **Project mission:**

Construction of new international level resort area in Kokterek settlement

## **Project description:**

Included in sanatorium, hotels, SPA, outdoor and indoor pool with mineral water, entertainment center, bazaarn etc.

Resort zone «Saryagash» located in 15 km from Saryagash city, 130 km from Shymkent city, 14 km from Tashkent city.

## **Most popular balneal resort in Kazakhstan**

## **Advantages:**

- Free land;
- Ready infrastructure (water, electricity, gas, highway);
- Support in receiving licensing documents;
- Marketing research from international consulting company «DUNIRA».





# Beach zone on reservoir storage «Shardara»

## **Project mission:**

Development of international competitive beach tourism for residents of the Region, all regions of Kazakhstan and CIS.

## **Project description:**

3-5 stars seaboard hotels («brand name» supported by government and subsidized), restaurants and beach bars, coffee bars, beach discos, pools and SPA-salons, beach exercises (beach tennis, volleyball, football), extreme services (diving, rafting, water parachute, etc.), fishing.

## **Location:**

Syrdariya river, Shardara district, South Kazakhstan region.



## **Advantages:**

- Free land;
- Ready infrastructure (water, electricity, gas, highway);
- Support in receiving licensing documents;
- Reconstruction of the airport of Shardara district;
- Marketing research from international consulting company «DUNIRA».

**If you have questions, please apply:**

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