



THE EURASIAN ECONOMIC FORUM

“KAZAKHSTAN: INVESTMENT ASPECTS OF REGIONAL AND GLOBAL INTEGRATION”

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“KAZAKHSTAN: INVESTMENT ASPECTS OF REGIONAL AND GLOBAL INTEGRATION”

- Introduction**
- Membership in the Eurasian Economic Union**
- Accession to the World Trade Organization**
- Investment climate and new incentives**



Basic Facts



National Flag



National Emblem

- Area: 2,7 mln sq.km (1,05 mln sq.miles)
9th largest in the world
- Population: 17,5 mln
- Official language: Kazakh
- Currency: Tenge (KZT)
- Capital: Astana
- Administrative division: 14 regions + 2 cities of republican significance
- GDP per capita: 12 276,4 USD (WB)





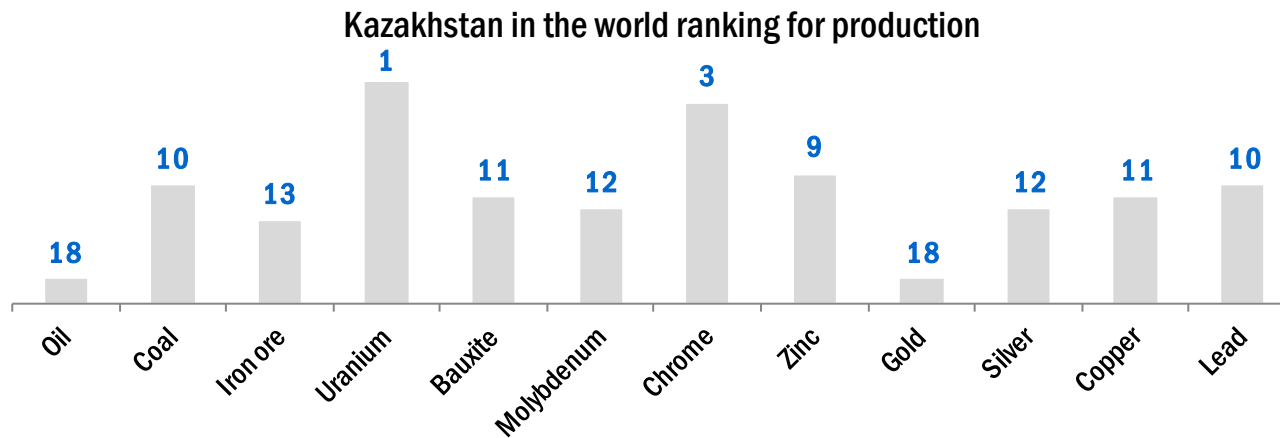
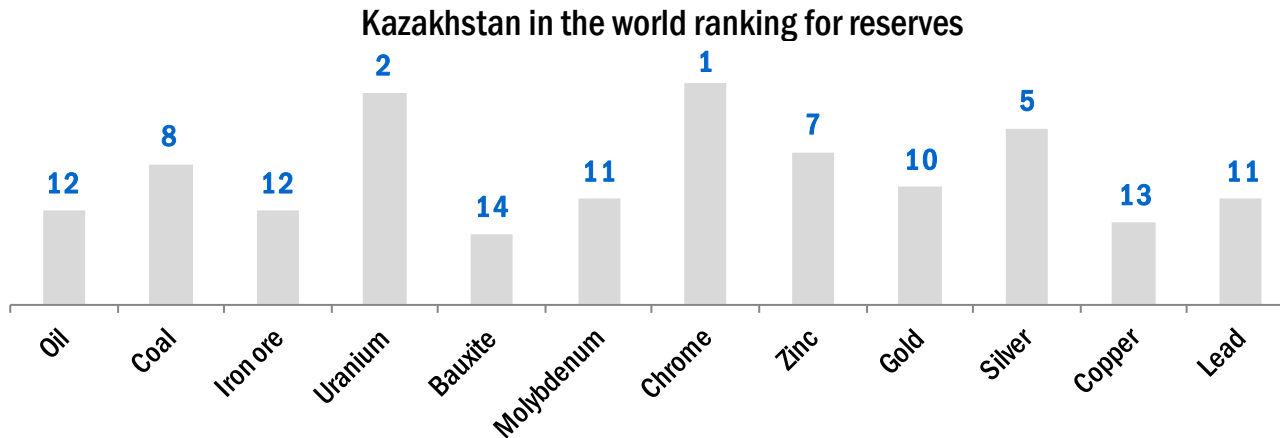
Map





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NATURAL RESOURCES



Source: U.S. Geological Survey, Mineral Commodity Summaries 2014; BP Statistical Review of World Energy, June 2014; U.S. Energy Information Administration, Independent Statistics and Analysis; The Global Source, The Silver Institute; Thomson Reuters GFMS, Gold Survey 2013 Update 1.



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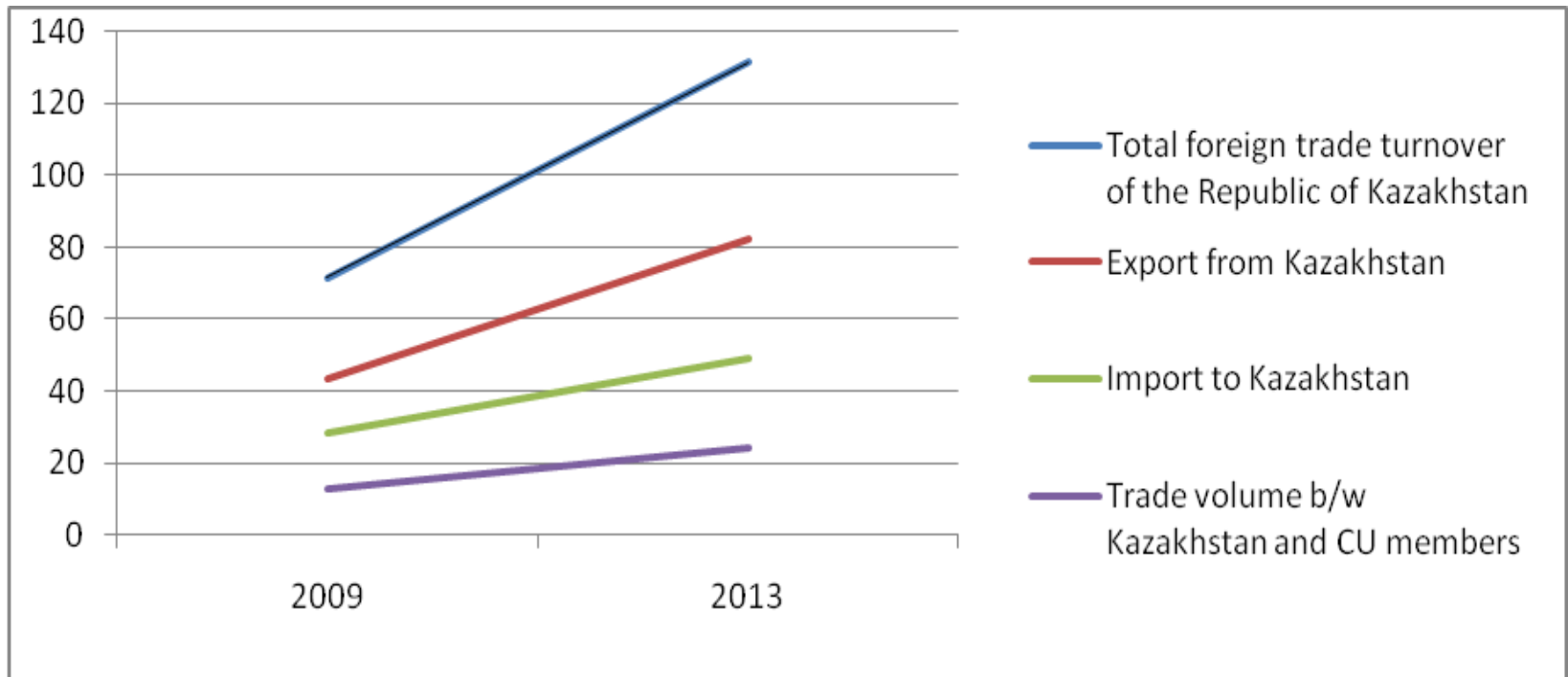
KAZAKHSTAN IS A FOUNDING MEMBER OF

- **THE CUSTOMS UNION (CU) - 2010**
- **THE COMMON ECONOMIC SPACE (CES) - 2012 and**
- **THE EURASIAN ECONOMIC UNION (EAEU) - 2015**



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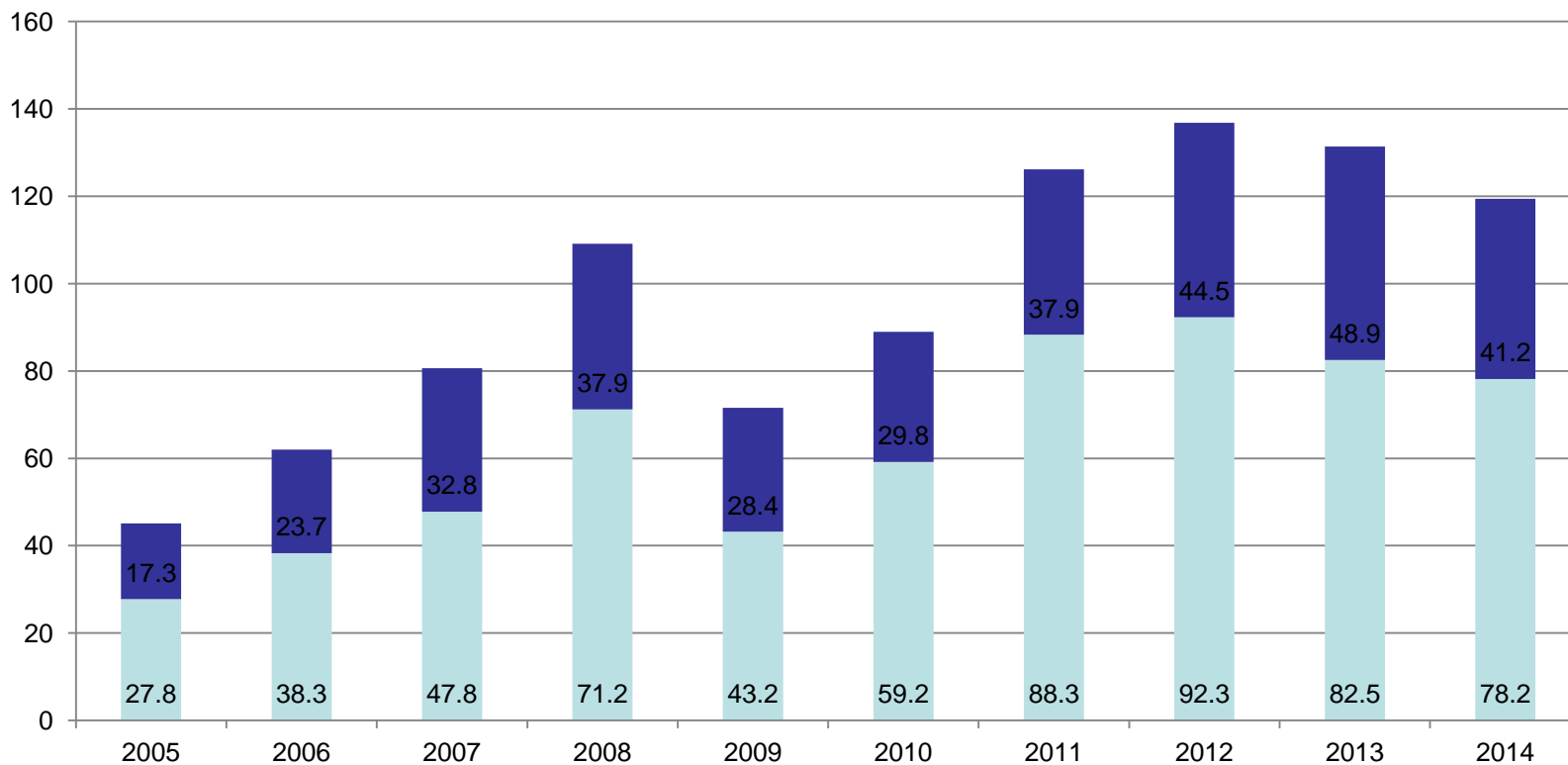
Table 1. Trade volumes of the Republic of Kazakhstan
(US\$ billion)





Export and Import of Kazakhstan 2005-2014 (bln USD)

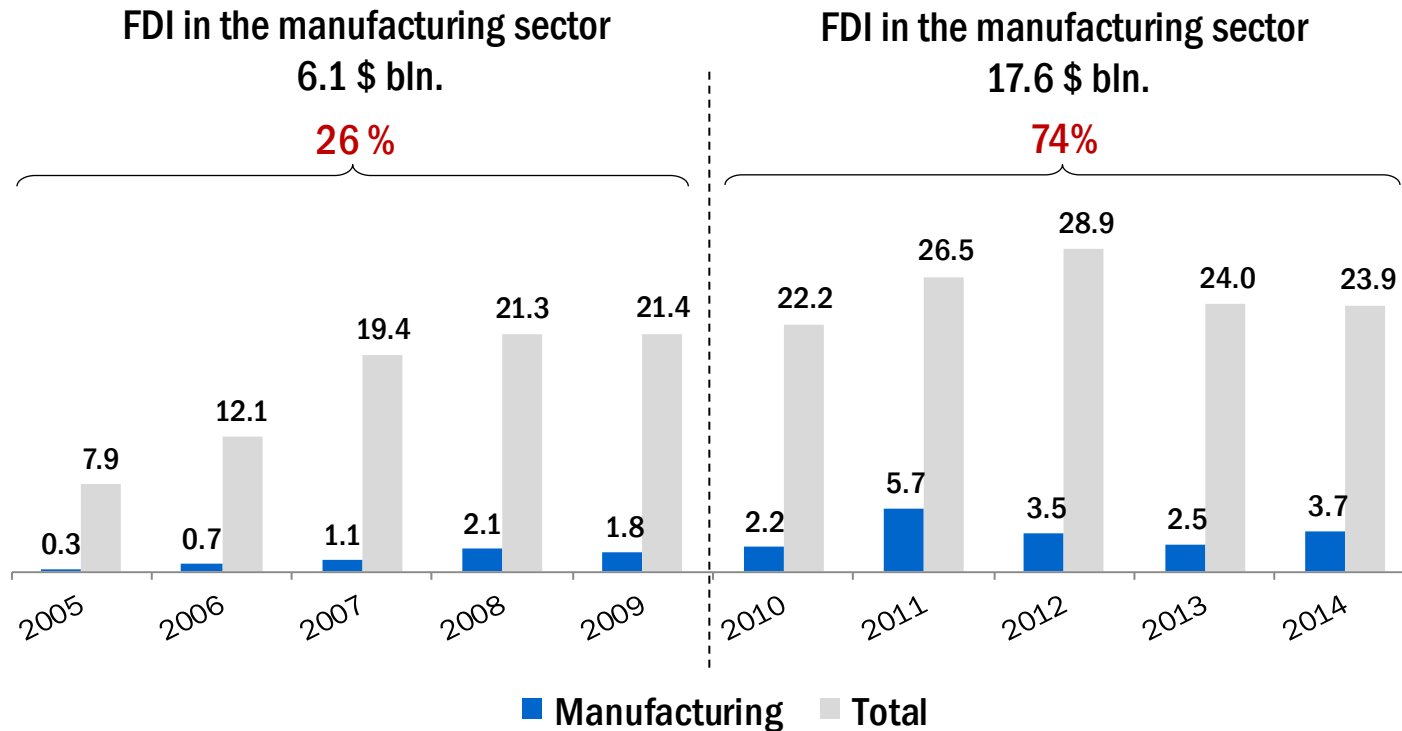
■ экспорт ■ импорт





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FDI ATTRACTION



Since 2005, gross inflows of FDI in the manufacturing sector amounted to \$ 23.7 billion, of which: From 2010 to 2014 gross inflow of FDI in the manufacturing industry was 17.6 billion USD, which corresponds to 74% of total FDI inflows in the manufacturing industry since 2005.

Source: National Bank of the RK



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KAZAKHSTAN IN THE EURASIAN ECONOMIC UNION REDUCING COST OF THE TRANSPORTATION:

Within the EAEU upon transportation of goods from Kazakhstan to the third countries while transiting through the territory of the Russian Federation the unified internal Russian railway tariff will be applied, which is much lower than the tariff applied for the transit of goods originated from the third countries. According to the experts' estimation, Kazakhstani transporting companies will save around 250 mln USD annually.



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KAZAKHSTAN IN THE EURASIAN ECONOMIC UNION

MUCH MORE ATTRACTIVE MARKET SIZE

As a member of the EAEU Kazakhstan becomes a part of the single market of about **180 mln people** with no customs borders between its Member states.

Significant increase of investments into manufacturing sectors in Kazakhstan since the creation of the Customs Union is observed.



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KAZAKHSTAN IN THE EURASIAN ECONOMIC UNION PLANS FOR CREATION OF SECTORAL SINGLE MARKETS

2016 - common market of pharmaceuticals
on the basis of international GMP standards

2019 – common electric power market

2025 - a single market of oil and oil products
with no restrictions and export duties
with favorable access to the pipelines



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ACCESSION OF THE REPUBLIC OF KAZAKHSTAN TO THE WORLD TRADE ORGANIZATION

- Kazakhstan has applied for the accession to the WTO in **December 1996**
- On **27 July 2015** the WTO General Council has adopted the accession package of Kazakhstan, and President N. Nazarbayev signed the Protocol on the Accession of Kazakhstan to the Marrakesh Agreement establishing the WTO
 - Full membership of Kazakhstan in the WTO is expected **by December 2015**



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MAJOR TRADE PARTNERS OF THE REPUBLIC OF KAZAKHSTAN (SHARE IN TRADE TURNOVER IN 2014)

EUROPEAN UNION – 40%

RUSSIAN FEDERATION – 19%

CHINA – 17%

SWITZERLAND – 4%



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REFORMS OF THE REPUBLIC OF KAZAKHSTAN TO IMPROVE TRADE AND INVESTMENT

Reduction of Administrative Barriers:

- SIMPLIFICATION OF CURRENCY CONTROL REGIME
- SIMPLIFICATION OF IMPORT LICENSING
- SIMPLIFICATION OF STATE REGISTRATION PROCEDURES
- UNIFICATION OF RAILWAY TARIFFS
- UNIFICATION OF EXCISE TAXES



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**WTO COMMITMENTS OF KAZAKHSTAN
ON LIBERALIZATION OF TRADE IN KEY SERVICES SECTORS**

- FINANCIAL SERVICES**
- TELECOMMUNICATION SERVICES**
- MOVEMENT OF PHYSICAL PERSONS**



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INVESTMENT CLIMATE AND NEW INCENTIVES FOR INVESTORS IN KAZAKHSTAN

SINCE INDEPENDENCE KAZAKHSTAN
HAS ATTRACTED FOREIGN INVESTMENTS
WORTH MORE THAN **200 BILLION USD**

THE BIGGEST INVESTORS:
NETHERLANDS, USA, **SWITZERLAND**, FRANCE,
GREAT BRITAIN, CANADA, JAPAN



Investment: Priority sectors

1 Metallurgy

1. Ferrous metallurgy
2. Non-ferrous metallurgy

2 Chemical Industry

3. Agricultural chemistry
4. Production of chemicals for industry

3 Petrochemical Industry

5. Oil refining
6. Petrochemical industry

4 Machinery

7. Manufacture of motor vehicles
8. Electrical equipment
9. Agricultural machinery engineering
10. Railway machinery engineering
11. Mining equipment
12. Oil producing equipment; oil and gas refining equipment

5 Production of construction materials

13. Production of construction materials

6 Food Industry

14. Food production






Investment

NEW INCENTIVES (since 2014)

Incentives for priority investment projects*

TAX EXEMPTIONS:

	Corporate income tax (10 years)	} 0 %
	Land tax (10 years)	
	Property tax (8 years)	

CASHBACK ON INVESTMENTS

Reimbursement up to

30 %

of the actual expenses for installation and construction works and equipment acquisition without value added tax and excises on the basis of supporting documents, but not exceeding the cost of expenses provided by preproject documentation having the conclusion of state expertise.

*Criteria for priority investment projects:

- matching the List of Priority Activities (approved by the Government)
- newly created legal entity with investments of more than 2 million MCI (MCI – monthly calculated index, approved by the Law on the national budget)



Investment

NEW INCENTIVES

FREE ENTRY

Visa-free entrance

Visa-free entrance for citizens of **19 countries** including **Switzerland**, Australia, USA, Great Britain, Germany, France, Italy, Malaysia, Netherlands, Finland, Japan and some other countries **from 16 July 2015 till 31 December 2017** if the stay does not exceed **15 calendar days** (general application) each entry, with possibility of **multiple entry**

FREE WORK PERMITS

Foreign labor



Without permit

for the duration of construction + **1** year after commissioning of the investment project for those with investment contracts



Investment

NEW INCENTIVES (since 2014)

Incentives for priority investment projects*

STABLE LEGISLATION

Stability of tax legislation for all taxes except VAT and excise (subject to investment contract)



STRONG PROTECTION OF INVESTOR'S RIGHTS

Ombudsman's Office

For ensuring protection of the rights and legitimate interests of the investors, the investment ombudsman:

- 1) considers addresses of investors on issues arising during the implementation of investment activity and gives recommendations for their solution, including interacting with government bodies;
- 2) assists to investors in solution of arising issues in extrajudicial and pre-judicial procedures.

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TAXATION: COMPARISON WITH CHINA AND RUSSIA

TAXES	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.

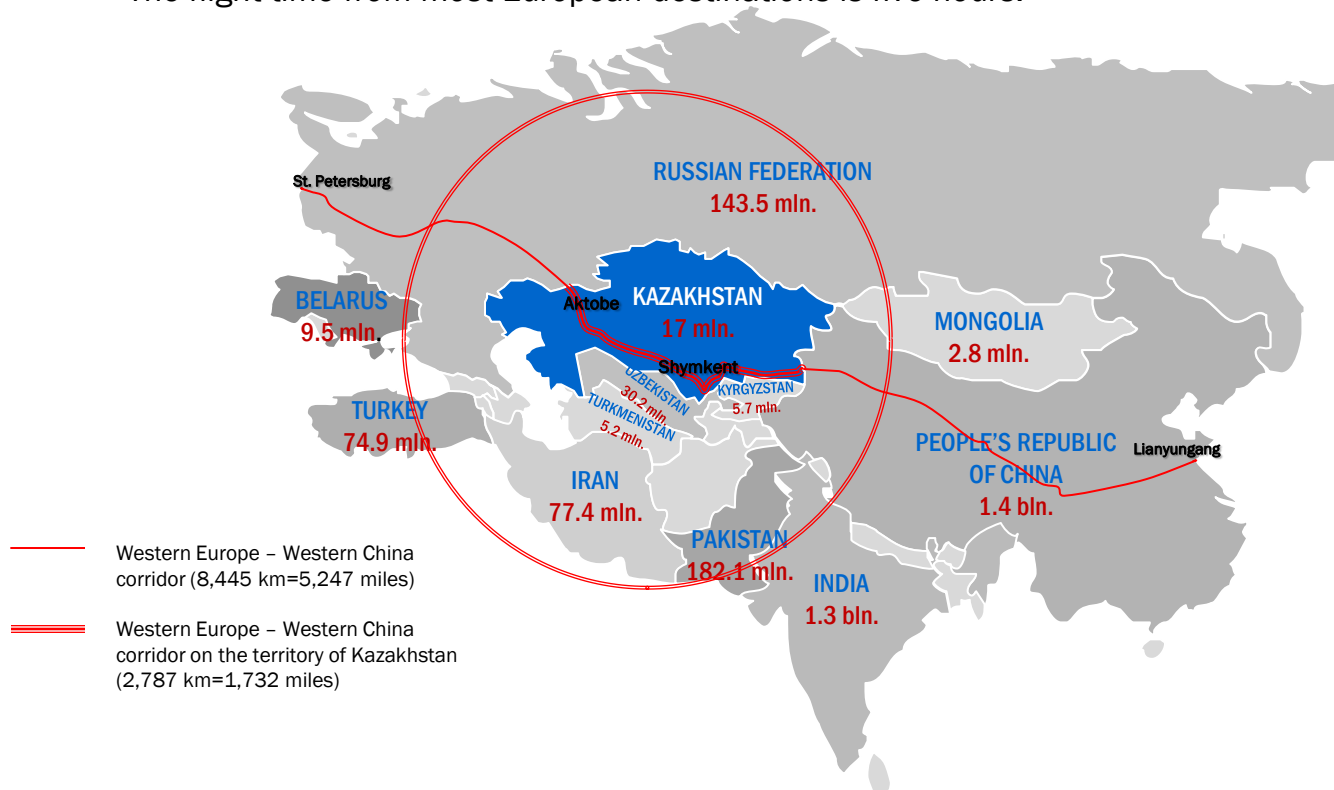
Source: Ministry of Finance of the RK; Federal Tax Service of Russia; State Administration of Taxation of the People's Republic of China



Infrastructure

LOCATION AND INFRASTRUCTURE

- Kazakhstan's geographical position makes it a natural crossroads for major transit corridors between Europe and Asia.
- Transcontinental automobile road corridor "Western Europe – Western China" passes through the territory of Kazakhstan. The corridor will allow to deliver freights from China to Europe in 10 days.
- There is a territory with population of more than 3.3 bln. people within a radius of 2 thsd. km (1,243 miles) from Kazakhstan.
- The flight time from most European destinations is five hours.





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GLOBAL COMPETITIVENESS INDEX RANKINGS

Rank	Country	Score
1	Switzerland	5.76
2	Singapore	5.68
3	USA	5.61
4	Germany	5.53
5	Netherlands	5.50
6	Japan	5.47
...
42	Kazakhstan	4.49
45	Russia	4.44
55	India	4.31
82	Armenia	4.01
102	Kyrgyz Republic	3.83

Source: World Economic Forum, Global Competitiveness Report 2015-2016



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**Thank you
for your attention**



Useful Links



Ministry of Investment and Development of the RK
www.mir.gov.kz



Electronic Government
www.egov.kz



National Export and Investment Agency
«KAZNEX INVEST»
www.kaznexinvest.kz



National Investment Internet Resource
www.invest.gov.kz