



Factors of attractiveness of the investment climate in Kazakhstan

Date: May 13, 2013

Place: Stockholm, Sweden

JSC "NATIONAL EXPORT & INVESTMENT AGENCY "KAZNEX INVEST"

Ministry of Industry and New Technologies of the Republic of Kazakhstan



KAZAKHSTAN: YOUR GATEWAY TO 3/4 BRIC OR TO 3 BILLION PEOPLE

The average minimum duration of flights to major centers of economic activity (in hours)



KAZAKHSTAN



✓ **Territory:** 2.7 mln. sq. km.

✓ **Population:** 16,8 mln

✓ **GDP, 2011:** \$ 188 bill

✓ **GDP per capita, 2011:** \$ 11 356

✓ **Major languages**

- Kazakh (state language)
- Russian (official, business language)
- English, Chinese (young generation)

✓ **Main ethnic groups:**

- Kazakhs: 65%
- Russian: 25%
- Other: 10%

Source: The Agency of Statistics of the Republic of Kazakhstan



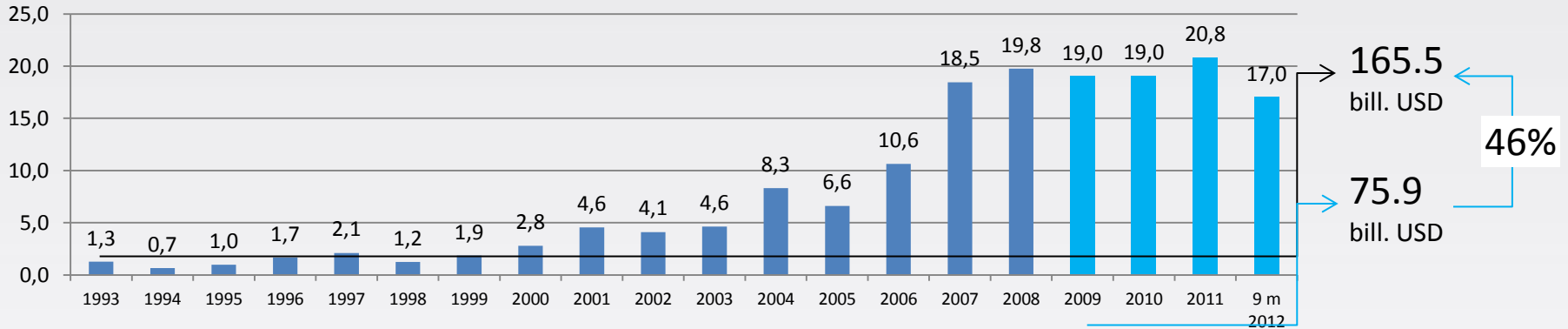
MANY FOREIGN COMPANIES HAVE ALREADY INVESTED IN KAZAKHSTAN





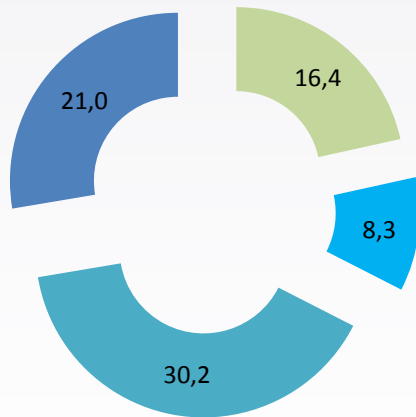
FDI FLOWS INTO KAZAKHSTAN HAVE DEFIED GLOBAL ECONOMIC CRISIS

FDI inflows in RK, bill. USD



By industry

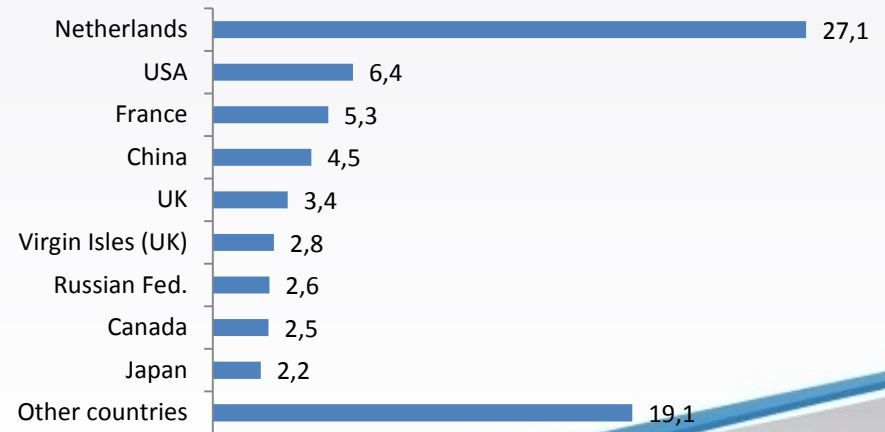
2009-9m. 2012



■ Mining and oil ■ Manufacturing ■ Exploration ■ Other

By country

2009-9m. 2012

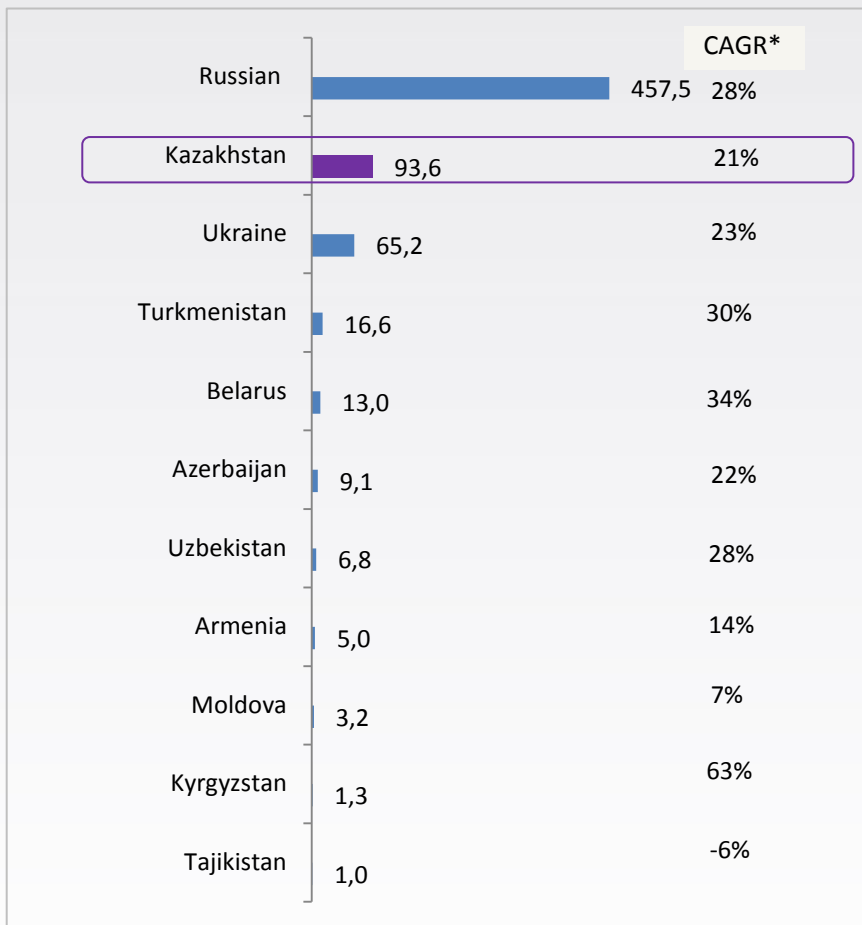


Source: National Bank of the RK
UNCTAD Stat

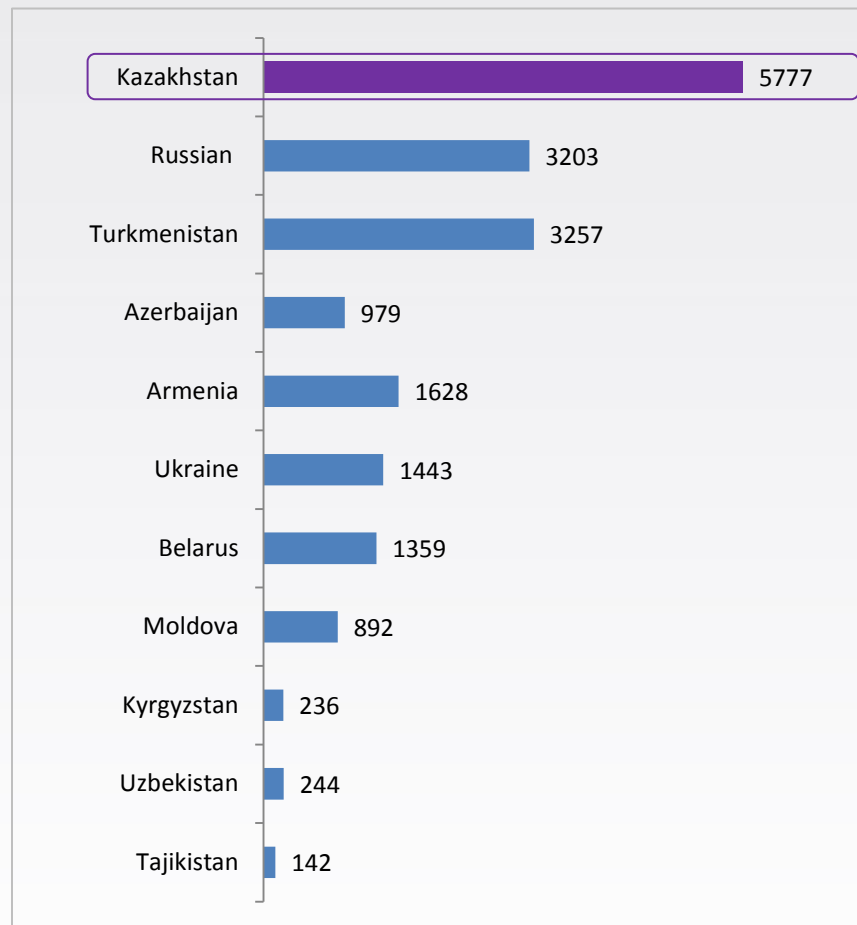


KAZAKHSTAN HAS ATTRACTED GREATEST FDI PER CAPITA IN CIS

**Accumulated FDI in the CIS,
2000-2011 yy., bln. USD**



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



Source: UNCTAD Stat

*Compound annual growth rate

WHY IS KAZAKHSTAN ATTRACTIVE FOR FOREIGN INVESTORS?

1

Political stability and good investment climate



- A high level of trust in political institutions and the effective allocation of funds (WEF 2012) in comparison with the countries of the CIS.
- Ease of Doing Business (49 on the list of World Bank Doing Business 2013: 10 place in the investor protection and 17 place in the payment of taxes).

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
- 48 bilateral agreements on mutual protection of investments (US also)
- Main international arbitration instruments ratified

3

Stable macroeconomic indicators and high growth



- GDP growth: 5.5% (IMF 2012)
- Low debt / GDP ratio in the world: 15.8% (IMF 2012)
- Budget deficit: 2.5% (IMF 2012)
- Inflation rate: 6.0% (IMF 2012)

4

Springboard to circa 3 billion potential customers



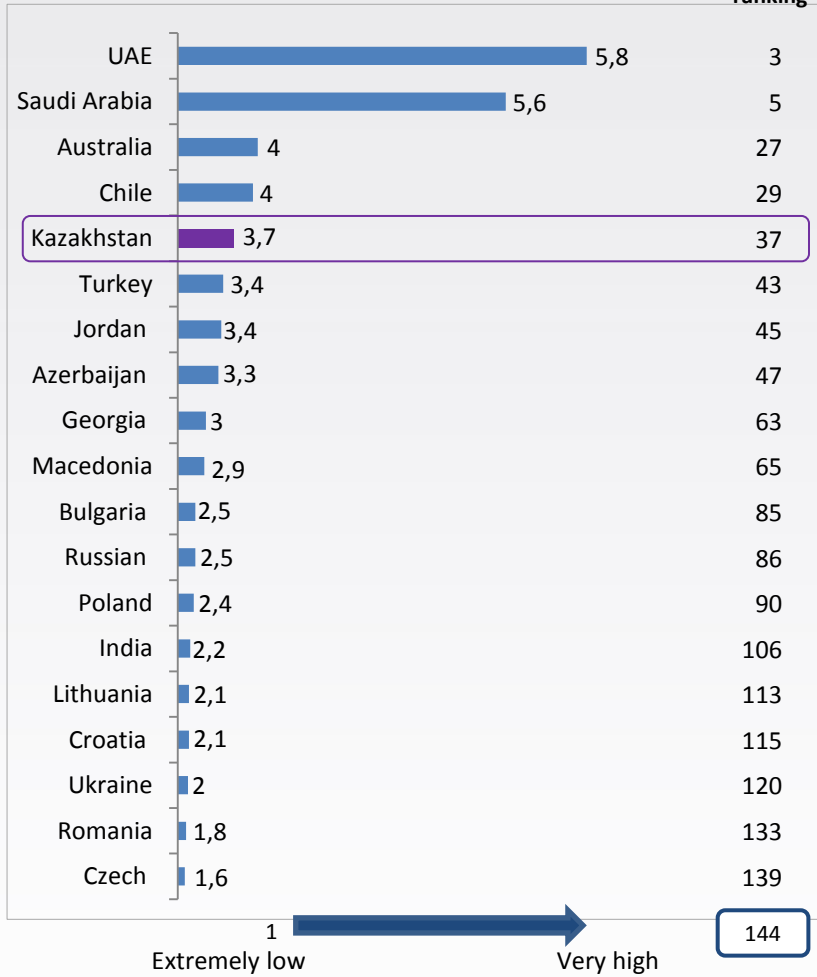
- 3 of the 4 BRIC countries are in 4 hours flight
- Customs Union with a population of 170 million and a total GDP of 2 trillion.
- Open economy (trade 70% of GDP)
- Anticipated entry into the WTO in 2013



HIGH CONFIDENCE IN POLITICAL INSTITUTIONS AND EFFECTIVE MANAGEMENT OF PUBLIC FUNDS

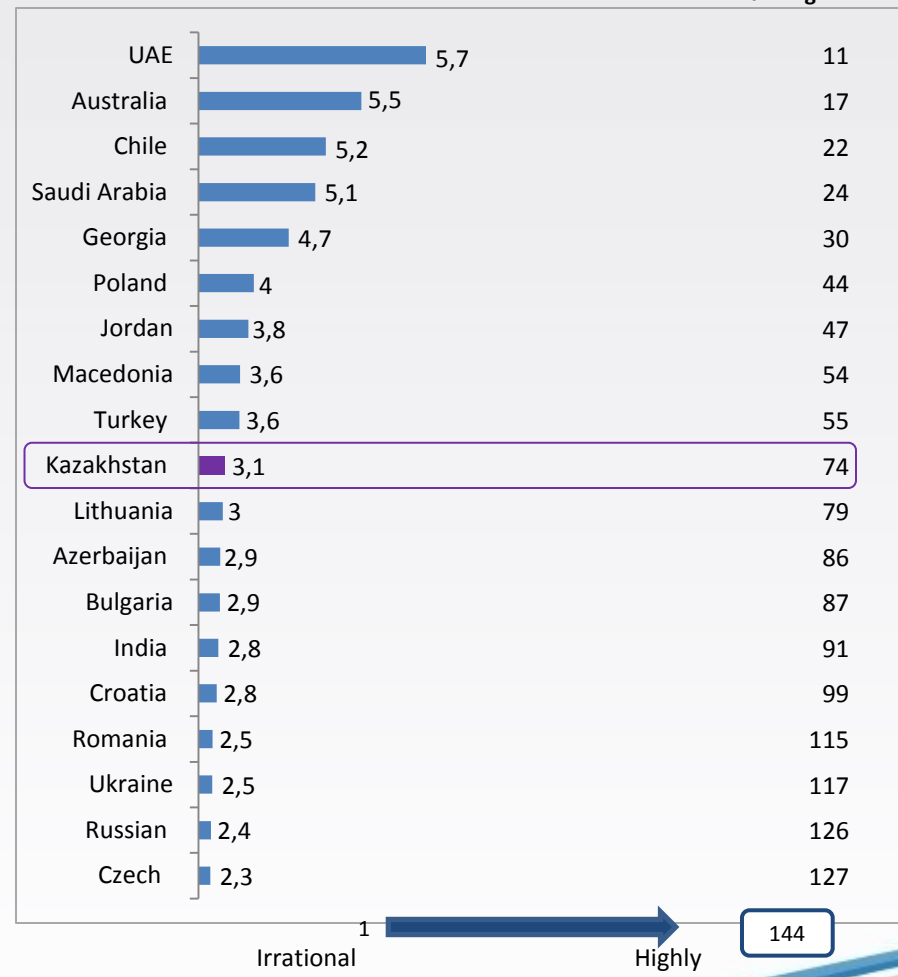
The index of trust political institutions

Place in the ranking



Efficiency of the allocation of public funds

Place in the ranking

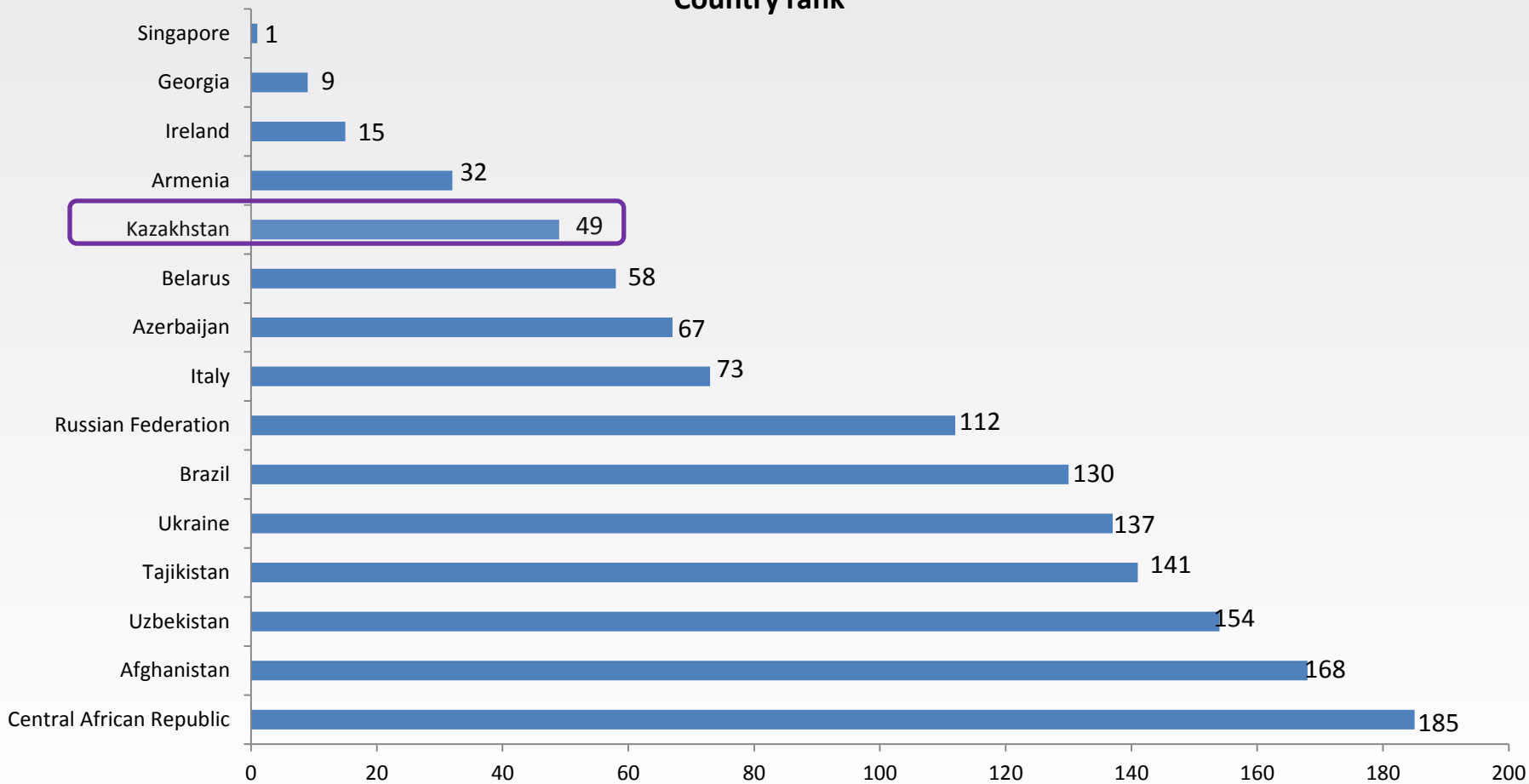


Source: The Global Competitiveness Report 2012-2013



DOING BUSINESS IN KAZAKHSTAN IS MUCH EASIER THAN IN MOST EMERGING MARKETS

Doing Business 2013
Country rank



Source: World Bank Doing Business 2013



INVESTMENT PREFERENCES

LAW OF THE RK DATED AS 21.07.11 № 469 “ON INVESTMENTS»

Preferences for projects in priority sectors

Exemption from customs duties on equipment, components, raw materials and spare parts imported for a project

In-kind state grants

Tax allowances as per Tax code of the RK (deductions of the value of the preference objects, and (or) further costs to modernization up to 3 years)

CRITERIA for investment projects:

✓ Corresponds to the List of priority activities

Preferences for strategic investment projects *

Land , property tax **0% for up to 7 years**

Guaranteed state order

Industrial subsidies for areas with low socio-economic development

Corresponds to the List of priority activities

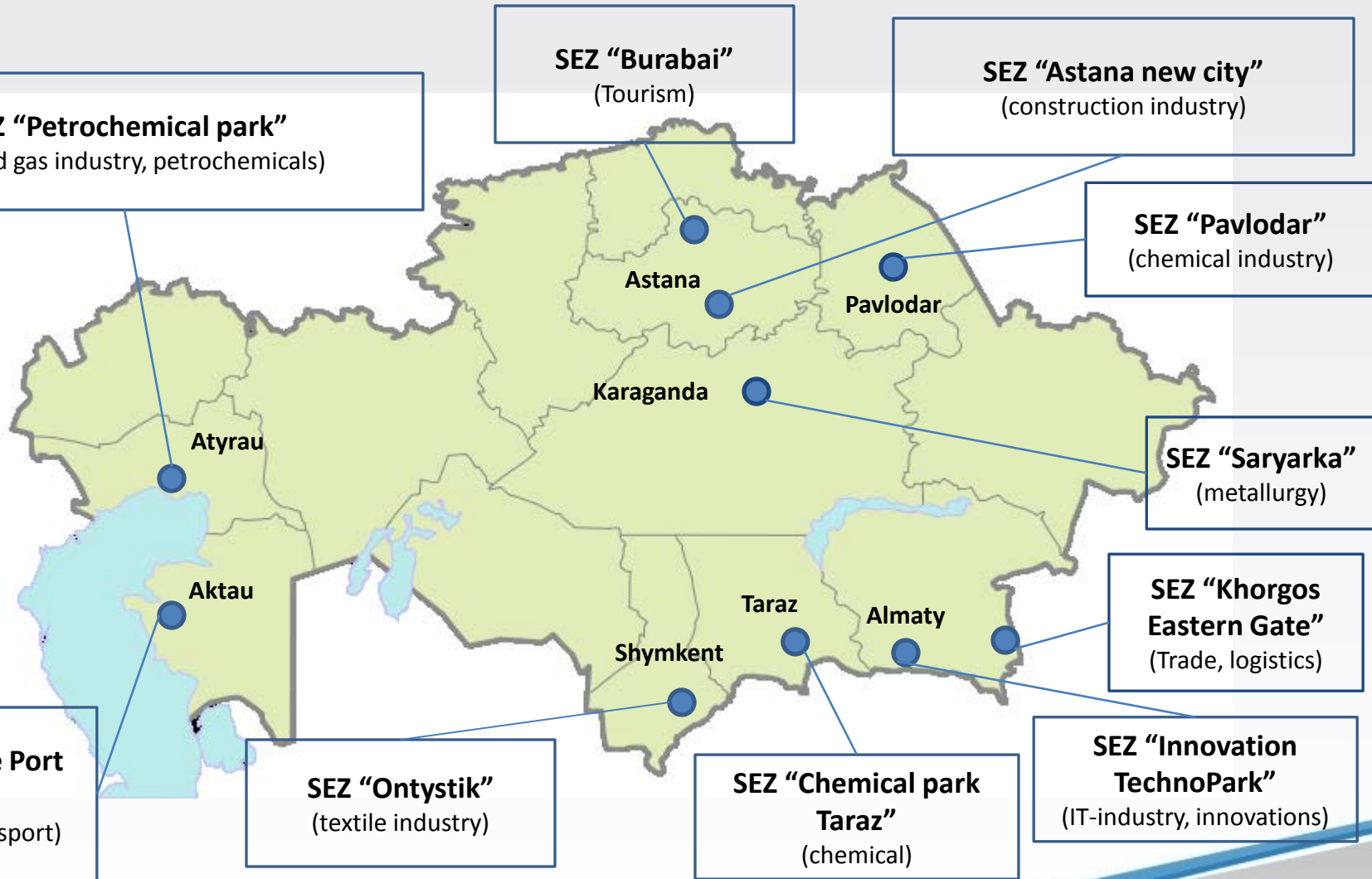
The volume of investment exceeds 50 million USD

OR

Corresponds to the List of high-technology products



SECTOR-SPECIFIC INCENTIVES IN 9 DEDICATED SEZs ACROSS COUNTRY





ATTRACTIVE INVESTMENT INCENTIVES IN SEZs

FISCAL INCENTIVES in SEZs

- 0% Corporate Income Tax until 2020-2025 with possibility for extension
- 0% for land and property tax until 2020-2025 with possibility for extension
- VAT– 0% (for products consumed in SEZ) until 2020-2025 with possibility for extension
- Increase of marginal rate of depreciation for tax on the production of software to 40%
- For SEZ “Innovation technopark” – social tax is 0% for 5 years, under certain conditions
- For SEZ “Innovation technopark” – depreciation rate for software increased to 40 %

NON-FISCAL INCENTIVES

- Provision of free land in SEZ for a period of up to 10 years from registration time as SEZ resident
- Simplified procedure for the recruitment of foreign labor



KAZNEX INVEST: YOUR ONE-STOP-SHOP FOR INVESTING

Providing information about business / invest projects and analytical information

Assist in the selection of projects of AIID

Help in choosing a partner

**COMPREHENSIVE ASSISTANCE
TO FOREIGN INVESTORS**

Assistance in obtaining state support for investors

Organization of meetings with officials

Assistance in administrative matters

THANK YOU FOR YOUR ATTENTION!

www.invest.gov.kz

