



Factors of attractiveness of the investment climate in Kazakhstan

Date:

Place:

JSC "NATIONAL EXPORT & INVESTMENT AGENCY "KAZNEX INVEST"

Ministry of Industry and New Technologies of the Republic of Kazakhstan



KAZAKHSTAN: YOUR GATEWAY TO 3/5 BRICS 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:** 16,9 mln

✓ **GDP, 2012:** \$ 201 bill

✓ **GDP per capita, 2012:** \$ 12500

✓ **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



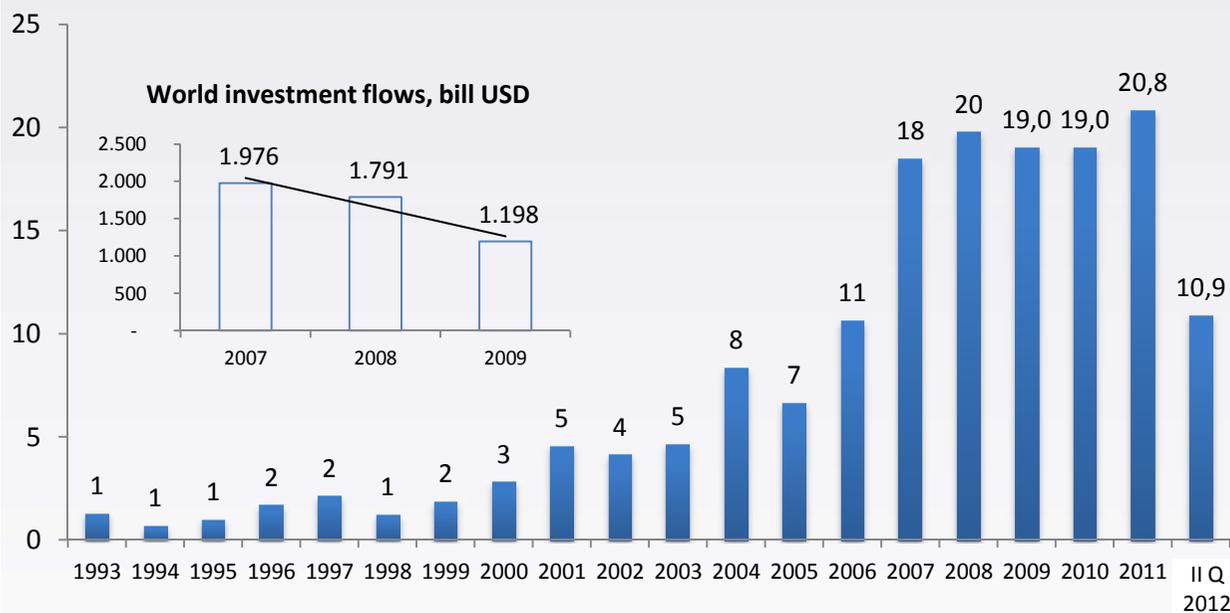
MANY FOREIGN COMPANIES HAVE ALREADY INVESTED IN KAZAKHSTAN





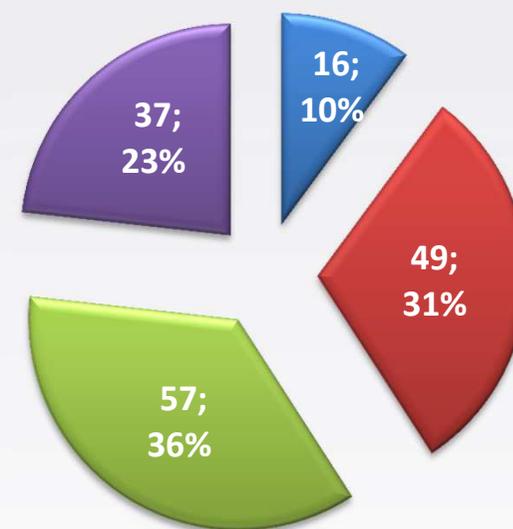
FDI FLOWS INTO KAZAKHSTAN HAVE DEFIED GLOBAL ECONOMIC CRISIS

FDI inflows into Kazakhstan, bill USD



Source: National Bank of the RK
UNCTAD Stat

FDI Structure, 1993 – IIQ 2012, bill USD

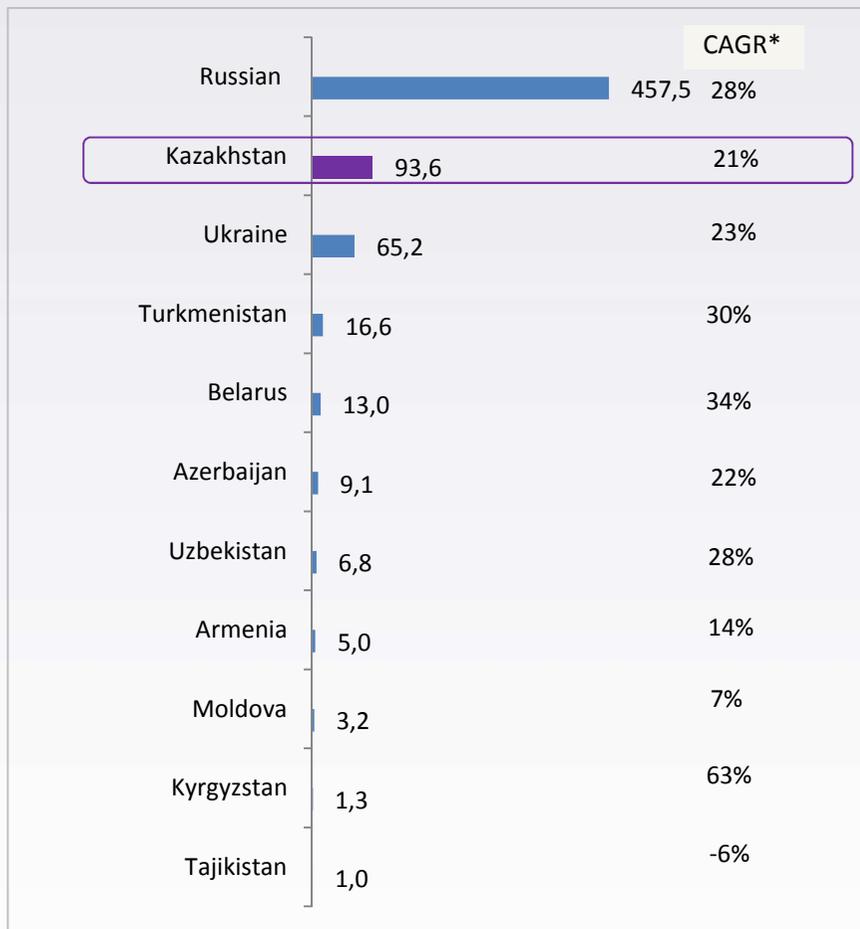


- Exploration
- Other sectors
- Mining
- Manufacturing



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

NATIONAL AGENCY FOR EXPORT & INVESTMENTS

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WHY IS KAZAKHSTAN ATTRACTIVE FOR FOREIGN INVESTORS?

1

Political stability and good investment climate



- Higher level of trust in political institutions and efficient allocation of public funds (WEF 2012) than in the CIS region
- Easy to do business (ranked 49th on WB Doing Business indicators 2013; top 10 reformer in last 2 years)

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: 5.4% (IMF 2012)
- One of the lowest debt/GDP ratios in the world: 12.4% (WEF 2011)
- Budget deficit: -2.2% (WEF 2011)
- Inflation rate: 5% (2012 NBK)
- Upgrade from stable to positive offered by major ratings agencies

4

Springboard to circa 3 billion potential customers



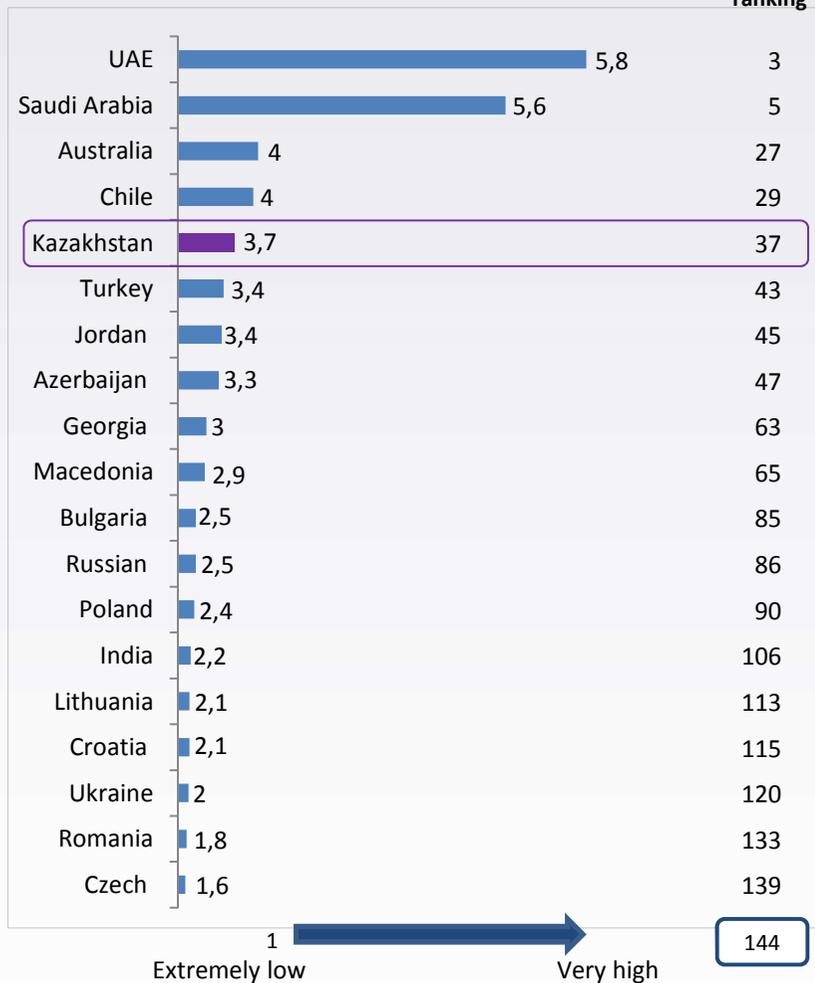
- 3 out of 5 BRICSs are within 4 hours plane ride
- Customs Union with Russia and Belarus, with 170 million people and total GDP of USD 2 trillion
- Open Economy (trade 70% of GDP)
- Numerous trade agreements signed



HIGH CONFIDENCE IN POLITICAL INSTITUTIONS AND EFFECTIVE MANAGEMENT OF PUBLIC FUNDS

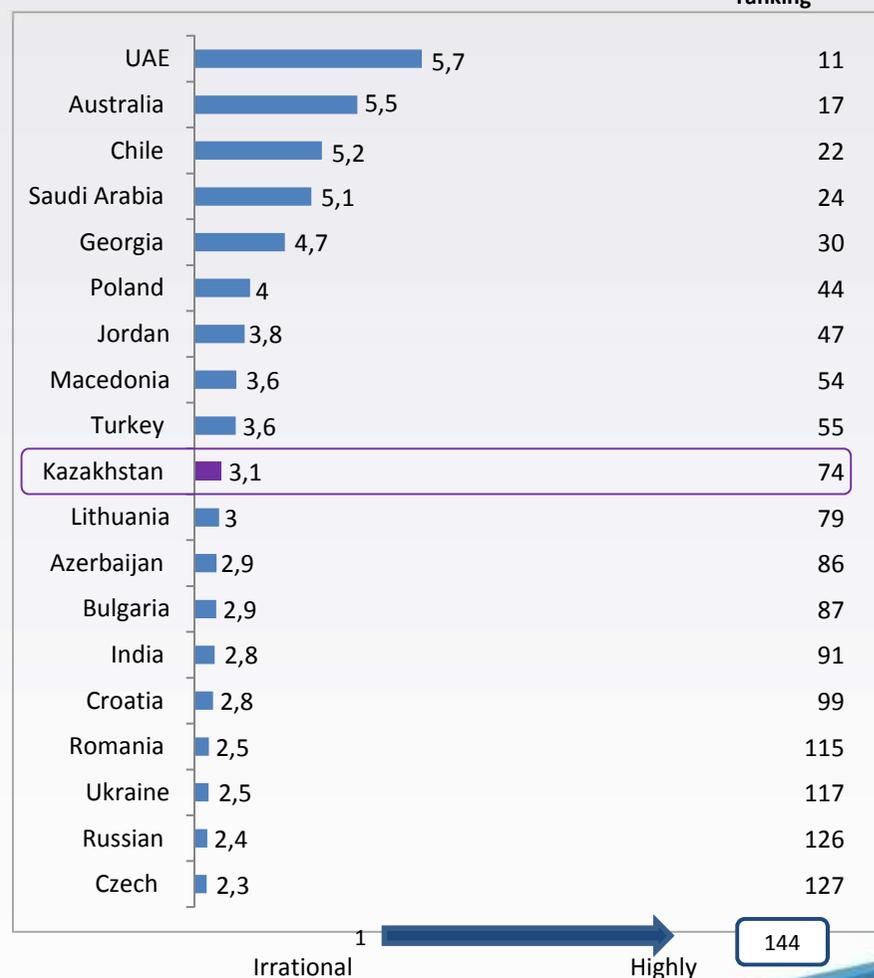
The index of trust political institutions

Place in the ranking



Efficiency of the allocation of public funds

Place in the ranking

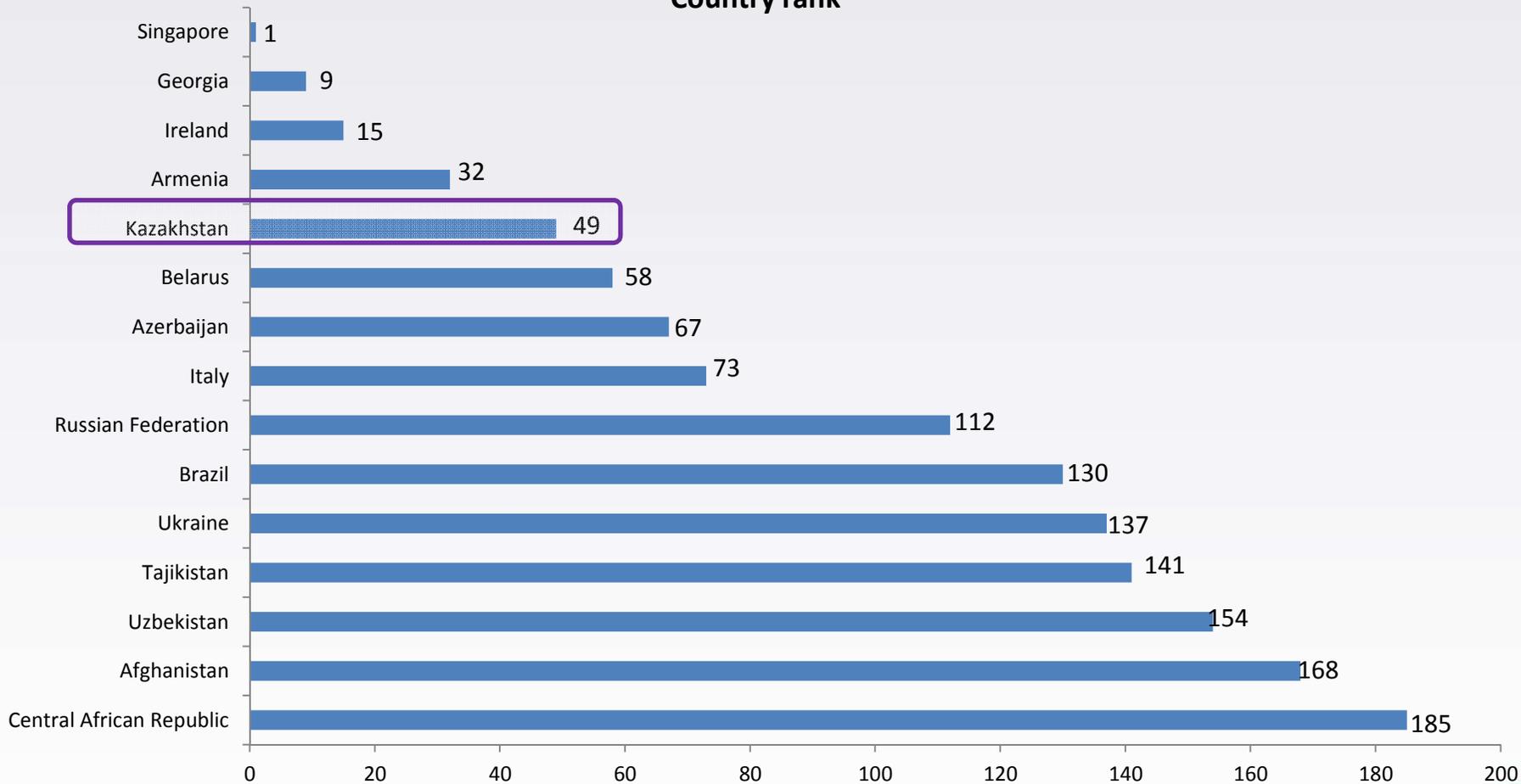


Source: The Global Competitiveness Report 2012-2013



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

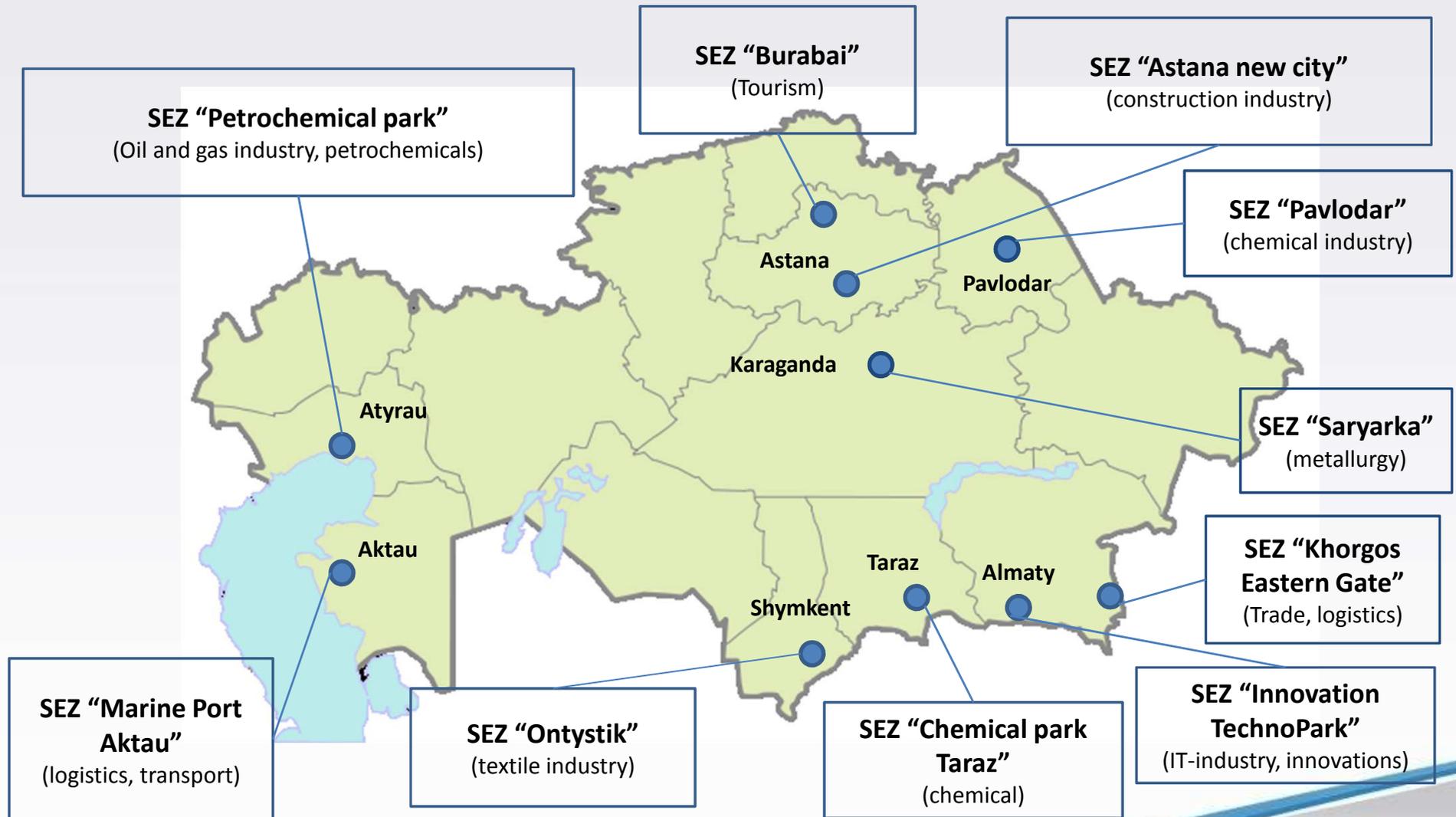
The volume of investment exceeds 50 million USD

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



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**

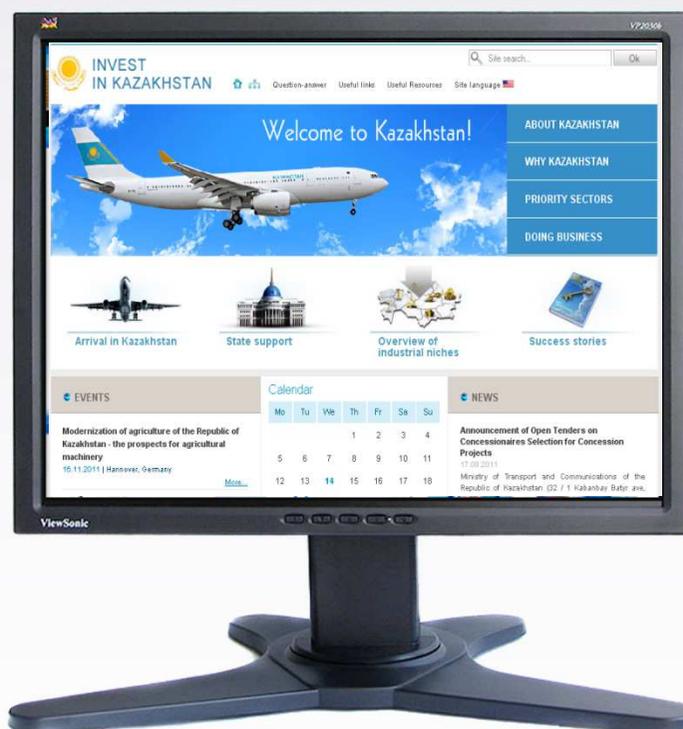
Assistance in obtaining
state support for investors

Organization of meetings
with officials

Assistance in administrative
matters

THANK YOU FOR YOUR ATTENTION!

www.invest.gov.kz



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