STATE PROGRAM
for accelerated industrial-innovative
development
of the Republic of Kazakhstan

Ministry of Industry and New Technologies
of the Republic of Kazakhstan
KEY PERFORMANCE INDICATORS

INCREMENT BY 2015:

✓ GDP by 50% of the 2008th GDP;
✓ Productivity in manufacturing industry by no less than 1.5 times;
✓ Share of the manufacturing industry in the structure of GDP to 12.5%;
✓ Share of non-raw materials exports in the total volume of exports to 40%;
✓ Share of innovative enterprises in the number of active enterprises to 10%;

DECREASE BY 2015:

✓ Energy intensity of GDP by no less than 10% of the 2008th.
# Priority Sectors of the Economy

<table>
<thead>
<tr>
<th>Category</th>
<th>Sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional</td>
<td>✓ Mining and Metallurgical Complex, ✓ Atomic industry, ✓ Chemical industry, ✓ Petrochemicals</td>
</tr>
<tr>
<td>Based on Domestic Demand</td>
<td>✓ Machinery, ✓ Construction industry, ✓ Pharmaceuticals</td>
</tr>
<tr>
<td>Export-oriented</td>
<td>✓ Agro-industrial complex, ✓ Light industry, ✓ Tourism</td>
</tr>
<tr>
<td>Sectors of «the future economy»</td>
<td>✓ Information and Communication Technology, ✓ Space activities, ✓ Biotechnology, ✓ Alternative Energy</td>
</tr>
</tbody>
</table>
Development of small and medium enterprises

The program includes:

- Interest rates subsidies on loans;
- Development of production (industrial) infrastructure.

Participation criterion

- Export oriented;
- Increased local content;
- Creating new jobs.

Entrepreneur

State support measures
Promotion of domestic companies on foreign markets

The program includes:

- Grants for exporters -
  - 50% reimbursement for promotion of export oriented products;
- Trade finance and export insurance;
- Export support services:
  - providing information, expertise;
  - promoting trademarks of concrete products;
  - organization of trade missions of Kazakhstan abroad;
  - creating a network of overseas offices.
Improving efficiency through cost reduction

The program includes:

- Subsidized interest rates on leases and loans
  - applicants own contribution no less than 20% of total investment;
- Innovation grants;
- The introduction of new products for production;
- The introduction of management technologies.

**Participation criterion**

Entrepreneur

- Increased productivity;
- Export oriented;
- Growth of fixed assets investment;
- Increase in innovative activities.

State support measures
Foreign investment attraction

- Measures from BUSINESS ROAD MAP 2020
- Tax incentives
- Exemption from customs duties
- State natural grants
ATTRACTING FDI: “ONE-STOP SHOP” SERVICES

JSC «National agency for exports and investment «KAZNEX INVEST» provides “ONE–STOP SHOP” services

- Information on investment projects
- Information on investment opportunities and business conditions
- Rendering assistance in a choice of projects and partners
- Rendering assistance in reception of measures for state support
- Assistance in making decisions on administrative questions
- Organization of meetings with official representatives
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NUMBER OF MINERAL RESOURCE BASE FIELDS IN RK

Total – 5004 deposits

Groundwater
1285/1028
- Mineral water - 5
- Curative mud - 5
- Household drinking water - 1215

Hydrocarbon raw - 256
- Free gas - 201/41
- Condensate - 57/8
- Oil - 223/46

Solid Minerals
839
- Nonmetals - 176
  - Coal - 49
  - Uranium - 54
  - Metals - 560 of them containing

Solid minerals
- Widespread minerals - 2624
- Manganese ore: 33/12
- Gold: 299/132
- Chromite ore: 21/8
- Aluminium 24/17
- Zinc: 83/33
- Copper: 104/35
- Iron ore: 58/22
- Lead: 85/40

Mineral water - 5
Curative mud - 5
Household drinking water - 1215
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of the Republic of Kazakhstan

MINING POLICY

Resource support for SPAIID projects

Promotion of the use of technology for the production

Transition to high value added production

Enhancement of contractual obligations monitoring
DEVELOPMENT OF LOCAL CONTENT

By 2014, increase the share of local content to 60%

Entrepreneur
- Production in Kazakhstan;
- Status of Kazakhstani producer (certificate CT-KZ)

Participation criterion

Competitive advantages
- Prioritized procurement;
- Use of “conditional discounts”;
- Minimum long-term public order.
MINING AND SMELTING COMPLEX

MSC market - $ 15.5 bill

38%

Own production
Import

5.6
9.9
62%

Niche projects:

Non-ferrous metallurgy

• Alumina – 1500 thou. tons.;
• Primary Aluminum – 250 thou. tons.;
• Copper - 578 thou. tons.;
• Zinc – 36 thou. tons.;

Ferrous metallurgy

• Steel – 6000 thou. tons.;
• Ferrochrome and Ferrosilicochrome – 440 thou. tons.;
• Granular iron – 500 thou. tons.;
• Briquetted iron – 2800 thou. tons.;

Waste dumps recycling

• Industrial waste – 20 млрд. тн.;
• non-ferrous metallurgy – 10,1 млрд. тн.;
• ferrous metallurgy – 8,7 млрд. тн.
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CHEMICAL INDUSTRY

Chemical industry market - $3.5 bil.

Niche projects:

Basic inorganic chemistry
- Potash – 400 thou. tons.;
- Soda – 350 thou. tons.;
- Sodium cyanide – 100 thou. tons.;

Basic organic chemistry
- Polyvinylchloride – 15 thou. tons.;
- Polyethylene glycol – 10 thou. tons.;
- Organic acids – 120 thou. tons.;

Specialty Chemicals
Household chemicals
- Retardants – 25 thou. tons.;
- Phenol antioxidants – 45 thou. tons.;
- Super plasticizers – 50 thou. tons.;
- Agrochemicals – 20 thou. tons.;
- Oil additives – 38 thou. tons.;
### Machinery Industry

- **Machinery industry market** - $16 billion

#### Segments of Machinery Industry and Volume of Import ($)

<table>
<thead>
<tr>
<th>№</th>
<th>Segments of machinery industry</th>
<th>Volume of import ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Transport machinery</td>
<td>4,128 billion</td>
</tr>
<tr>
<td>2</td>
<td>Electrical machinery</td>
<td>2,736 billion</td>
</tr>
<tr>
<td>3</td>
<td>Oil and gas machinery</td>
<td>1,695 billion</td>
</tr>
<tr>
<td>4</td>
<td>Agricultural machinery</td>
<td>1,2 billion</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>10 billion</strong></td>
</tr>
</tbody>
</table>

Share of machinery industry in the structure of total imports of the country **41%**
CONSTRUCTION INDUSTRY

By 2014:
• Increase in GVA ≥76%
• Meeting the needs of domestic market => 80%
## REQUIREMENT OF MAIN CONSTRUCTION MATERIALS IN 2010-2014

<table>
<thead>
<tr>
<th>Material</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheet glass, thou. sq.m.</td>
<td>22 000</td>
<td>25 000</td>
<td>28 000</td>
<td>31 500</td>
<td>35 000</td>
<td>141 500</td>
</tr>
<tr>
<td>Cement, thou. tn.</td>
<td>4 800</td>
<td>6 200</td>
<td>7 100</td>
<td>8 200</td>
<td>9 700</td>
<td>36 000</td>
</tr>
<tr>
<td>Precast concrete, sq. m</td>
<td>1 300</td>
<td>1 400</td>
<td>1 700</td>
<td>1 900</td>
<td>2 200</td>
<td>8 500</td>
</tr>
<tr>
<td>Tiles, thou. sq.m.</td>
<td>9 500</td>
<td>10 700</td>
<td>12 800</td>
<td>15 400</td>
<td>18 500</td>
<td>66 900</td>
</tr>
<tr>
<td>Sanitary and technical ceramics ware, thou. tn.</td>
<td>1 500</td>
<td>1 520</td>
<td>1 530</td>
<td>1 540</td>
<td>1 550</td>
<td>7 640</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>39 100</td>
<td>44 820</td>
<td>51 130</td>
<td>58 540</td>
<td>66 950</td>
<td>260 540</td>
</tr>
</tbody>
</table>
By 2014 increase the share of domestic drugs in the domestic market to 50% in-kind.

Pharmaceutical industry market capacity - $900 bill.

Offer for companies
Contract production of about 400 types of medicines adhering to the standards of GMP at production facilities in Kazakhstan.
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OF THE REPUBLIC OF KAZAKHSTAN

AGRO-INDUSTRIAL COMPLEX

Total land area of the republic of Kazakhstan

Total land - 261,2 mln. ha

Farmlands – 87,9 mln. ha

- Agriculture 91,7
- Reserve land 111,8
- Settlemens 23,2
- Pastures 59,6
- Industry 2,6
- Settlements 22,9
- Specially protected areas 4,7
- Hay 2
- Gardens and service allotments 0,01
- Forests 23,3
- Water 4,1
- Reservoir 3
- Farmlands - 87,9 mln. ha
- Agriculture 91,7
- Reserve land 111,8
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Ministry of Industry and New Technologies of the Republic of Kazakhstan
CURRENT STATUS
AND PROSPECTS OF PLANT INDUSTRY

SOWN AREA, PRODUCTION AND EXPORT OF GRAIN

<table>
<thead>
<tr>
<th>Activities</th>
<th>2009 r.</th>
<th>2014 r.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered ground area, all, ha:</td>
<td>217,0 by 61,3%</td>
<td>350</td>
</tr>
<tr>
<td>Vegetable warehouses storing capacity, thou. tons</td>
<td>382 3 times</td>
<td>1188</td>
</tr>
<tr>
<td>Growth of export capacity, tons:</td>
<td>6788,7 by 35,5%</td>
<td>9 200</td>
</tr>
<tr>
<td>- grains</td>
<td>69,0 by 3 %</td>
<td>71,4</td>
</tr>
<tr>
<td>- cotton</td>
<td>6,4 by 6 times</td>
<td>40</td>
</tr>
<tr>
<td>- rice</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DEVELOPMENT OF PLANT INDUSTRY
CURRENT STATUS AND PROSPECTS OF LIVESTOCK INDUSTRY

THE SHARE OF BREEDING ANIMALS. %

- Sheep: 11.8% (2009), 25% (2014)
- Pigs: 12% (2009), 14% (2014)
- Horses: 5.5% (2009), 11% (2014)
- Poultry: 10.7% (2009), 28% (2014)

THE SHARE OF AGRICULTURAL ENTERPRISES IN LIVESTOCK PRODUCTION, %

- Meat in carcass weight: 20.6% (2009), 30% (2014)
- Milk: 10.1% (2009), 15% (2014)
- Poultry meat: 89% (2009), 93% (2014)
- Wool: 39.1% (2009), 51% (2014)

DEVELOPMENT OF THE LIVESTOCK INDUSTRY

**Activities**

- Construction of dairy farms: 8 in 2009, 38 in 2014
- Construction of feeding platforms: 56 in 2009, 62 in 2014
- Construction of poultry: 5 in 2009, 114 in 2014
Development of SEZ "Ontustik“

Main activities:
- Weaving;
- Manufacture of cotton and all kinds of yarn;
- Production of silk fabrics and products based on them;
- Production of non-woven textile materials and products from them;
- Manufacture of carpets, rugs and tapestries;
- Production of cotton cellulose and its derivatives;
- Manufacture of leather products

Advantages:
- Exemption from customs duties, corporate, income, property and land taxes up to 2030;
- Availability of raw materials;
- Advantageous geographical location - proximity to major markets, importers of light industry products;
- Infrastructure and utilities.
ALTERNATIVE POWER  
(Renewable energy sources)

1. Shelek corridor  
2. Jungar gates  
3. Upper Tainti  
4. Kargalinsk  
5. Mount. Yermentau  
6. Mount. Arkalyk  
7. Qarabotan area  
8. C. Shefchenko fort  
9. Qorday  
10. Zhysymndik

Small HES
1. Yssyk river  
2. Baskan river  
3. Koksy river  
4. Shelek river  
5. Lepsy river  
6. Keles river

SPS
1. c. Almaty

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of the Republic of Kazakhstan
### MEASURES OF RENEWABLE ENERGY DEVELOPMENT SUPPORT

<table>
<thead>
<tr>
<th>Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Priority in reservation and provision of land for the construction of renewable energy projects</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transfer of energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Support for connecting objects of RES to networks of power transmission organizations;</td>
</tr>
<tr>
<td>• Energy transmission organizations liabilities to purchase electricity generated using renewable energy</td>
</tr>
<tr>
<td>• Exemption from payment for the transfer of renewable electricity through network of energy transmission organizations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Investment incentives and preferences for the construction and operation of the renewable energy sources</td>
</tr>
</tbody>
</table>
The infrastructure to support and implement innovative solutions is being created in the Republic of Kazakhstan

SEZ «INFORMATION TECHNOLOGY PARK»:

- Development of the informational technology industry;
- Creation of high-performing, highly technological and export-oriented modern information technologies production;
- Development of new kinds of informational technology products;
- Investments attraction.
INDUSTRIAL INFRASTRUCTURE

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Ministry of Industry and New Technologies of the Republic of Kazakhstan

CUSTOMS UNION: KAZAKHSTAN, RUSSIA, BELARUS

Unified trading laws:
1. Unified customs territory;
2. Unified trade policy;
3. Unified customs rules and code;
4. Free movement of goods in the customs area

Advantages for potential investors:

- Exemption from customs duties on imports of production equipment and raw materials in Kazakhstan for the implementation of investment projects.
- More liberal taxation, compared with Russia and Belarus to open and maintain business.

Market capacity is about 170 million people with a total GDP of 2 trillion U.S. $
ICBC «Khorgos: Western Europe - Western China»

- West Europe – West China: 8,445 km
- Sea route: 24,000 km
- Time:
  - 10 days
  - 30-35 days