



Almaty Chamber of Commerce and Industry

GENERAL INFORMATION ABOUT KAZAKHSTAN



✓ **Territory:** Size of Western Europe (2.7 mln. sq. km.)

✓ **Population:** 16,5 mln

✓ **GDP, 2011:** \$ 186 bill

✓ **GDP per capita, 2011:** \$11 086

✓ **Major languages**

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

✓ **Main ethnic groups:**

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



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Proximity to Largest Regional Markets

Kazakhstan is the continental bridge for goods that move from East to West, South to North, and vice versa. 3 out of 4 BRIC* countries are located near Kazakhstan: Russia, China, and India.

Features of location

Gateway to the Russian and European markets



Gateway to China, India and Southeast Asia

- strategically located between the European and Asian business centers
- serves as the main transit zone in the region
- surrounded by rapidly growing markets in China and Russia
- provides 3 out of 4 Eurasian railways

* Brazil, Russia, India, China



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Market capacity

By entering the Customs Union, Kazakhstan creates for investors a more attractive market of 170 million people and opens up additional possibilities for effective investment projects in the Republic.

Benefits for potential investors:

Uniform trade rules:

1. united customs territory;
2. uniform trade policy;
3. uniform customs code;
4. free trade of goods within the customs area.



Incentives for investors:

1. Exemption from customs duties on imports of production equipment and raw materials for investment projects in Kazakhstan;
2. Tax is more conducive (favorable) to business, compared to Russia and Belarus.



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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 2011) than in the CIS region
- Easy to do business (ranked 47th on WB Doing Business indicators 2012; 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
- 46 bilateral agreements on mutual protection of investments (US also)
- Main international arbitration instruments ratified

3

Stable macroeconomic indicators and high growth



- GDP growth: 7.5% (IMF 2011)
- One of the lowest debt/GDP ratios in the world: 8.5% (WEF 2011)
- Budget deficit: -2.0% (WEF 2011)
- Inflation rate: 7.4% (2011 NBK)
- Upgrade from stable to positive offered by major ratings agencies

4

Springboard to circa 3 billion potential customers



- 3 out of 4 BRICs 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

Source:

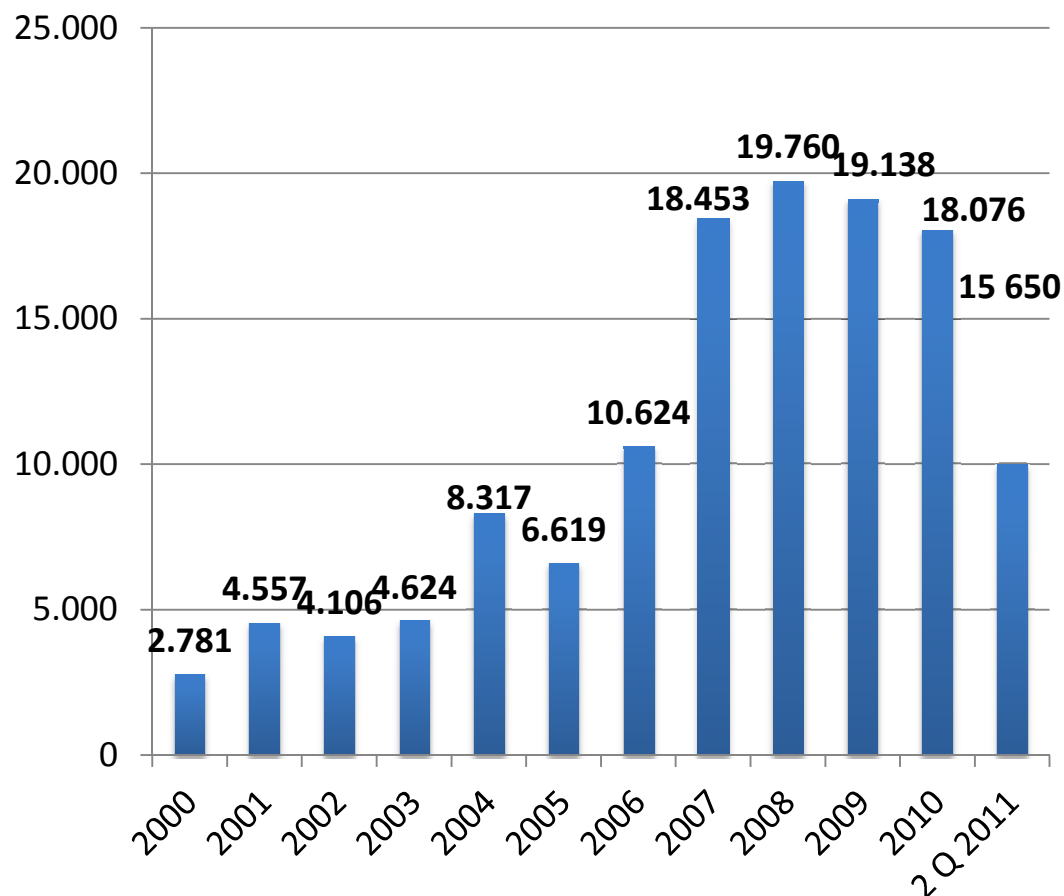
KAZNEX
INVEST



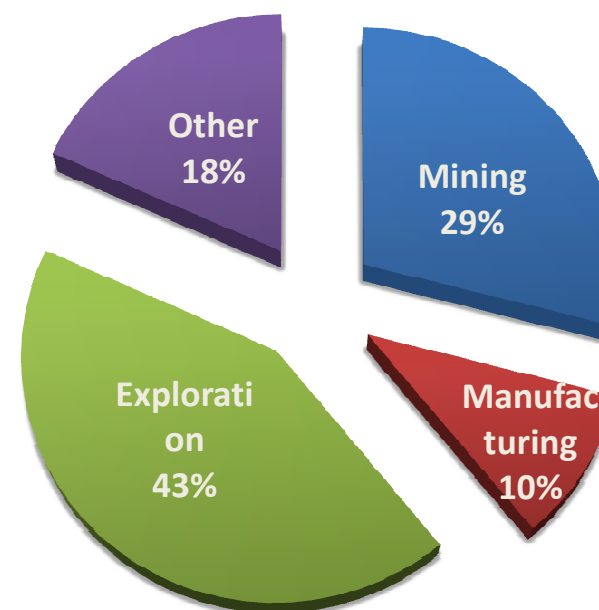
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Foreign Direct Investment

FDI inflows into Kazakhstan, million USD



FDI Structure, 2000 – 3 Q 2011





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Industrial and Innovative Development

The following basic institutional foundations of industrialization are established in Kazakhstan:

- National Fund, which provides stability of the economy;
- JSC “Samruk-Kazyna”, which consolidates the potential of the state for implementation of cutting-edge areas;
- Development institutions to support the process of diversification;
- Dialogue platforms for interaction and coordination of government and business actions.

The State program of accelerated industrial and innovative development for 2010-2014 was adopted in 2010, main goals of this are: creation of new export-oriented high-tech industries, infrastructure development, reinforcement of the national innovative system, enhancement of local personnel qualification.



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Priority Sectors of Economy

Within the frame of forced industrial and innovative development, the work is carried out to establish attractive conditions for investors ready to implement projects in the following priority sectors of economy:

- ✓ Oil refining and infrastructure of oil and gas sector, ore mining and smelting complex,
- ✓ nuclear and chemical industries with subsequent transition of rough manufacture to higher processing stages;
- ✓ Mechanical industry,
- ✓ construction, pharmaceutical industry
- ✓ Agricultural sector, consumer industry,
- ✓ tourism;
- ✓ Information and communication technologies,
- ✓ biological technology,
- ✓ alternative power, space activities.



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ATTRACTIVE INVESTMENT INCENTIVES FOR MANY SECTORS

INVESTMENT INCENTIVES

Exemption from customs
duties

In-kind state grants

10-year tax-loss carry-forward

Special incentives for strategic investment projects

Land&property tax -0%
for 7 years

First-comer Guaranteed
Government Purchase

Industrial subsidies for socially-
deprived areas

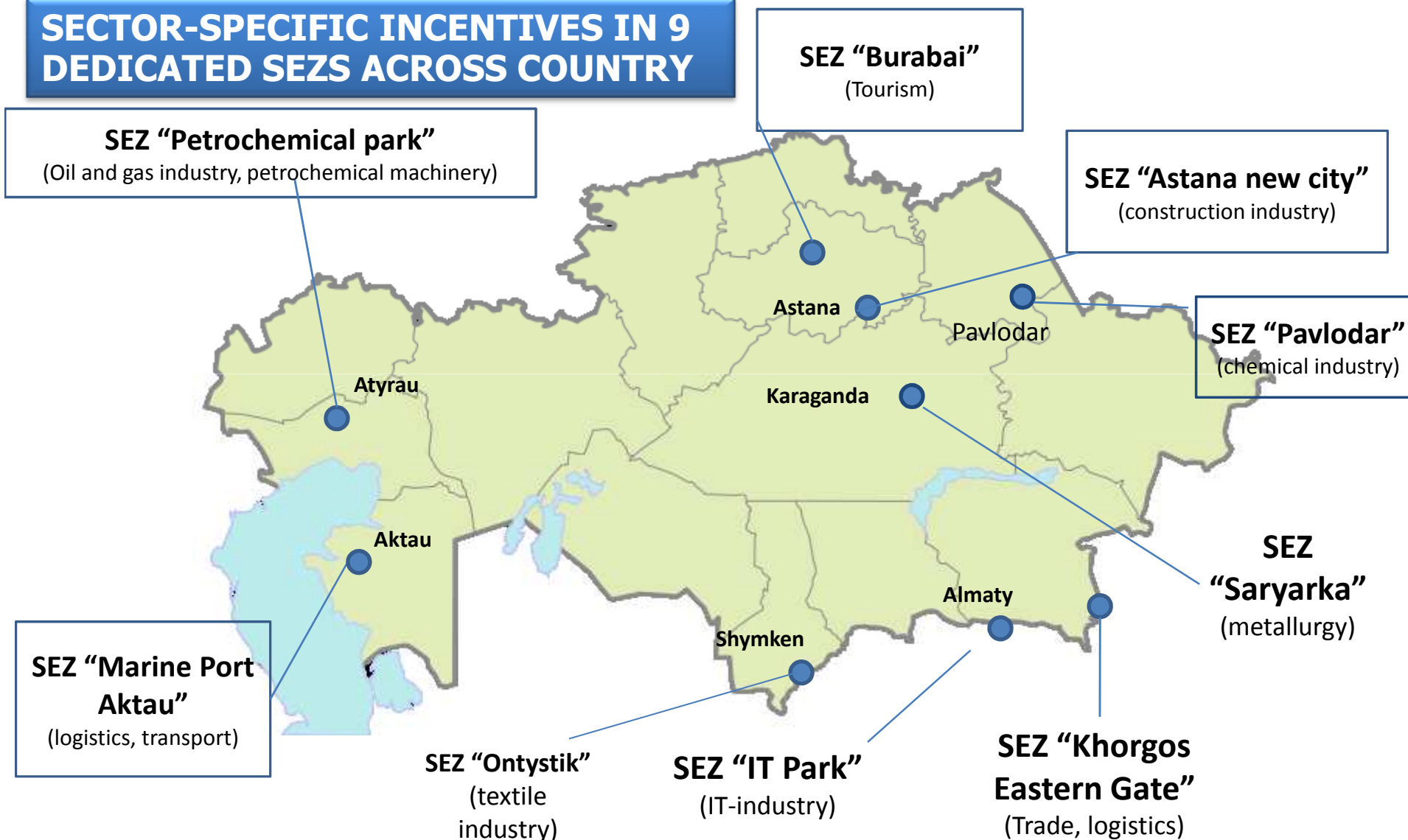
CRITERIA for strategic investment projects:

- ✓ Investment in strategic sectors
- ✓ High added value activities
- ✓ Investment in excess of \$50 million or in high-tech products



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SECTOR-SPECIFIC INCENTIVES IN 9 DEDICATED SEZS ACROSS COUNTRY





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ATTRACTIVE INVESTMENT INCENTIVES IN SEZS

FISCAL INCENTIVES

- 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 “IT Park” – social tax is 0% for 5 years, under certain conditions
- For SEZ “IT Park” – 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



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COMPARISON OF THE SEVERITY OF THE TAX BURDEN ON THE DOING BUSINESS RATING

Taxes/country	UAE	Lithuania	Kazakhstan	Azerbaijan	Russia	Czech	Ukraine	Belarus
Tax on profits	14%	30%	20 %	22%	20%	19%	25%	24%
VAT	0%	18%	12%	18%	18%	20%	20%	20%
Income tax	0%	15%	10%	30%	13%	15%	30%	12%
UST	13%	31%	20%	22%	34%	35%	38%	35%
Property tax	0%	1%	1%	1%	2%	0,3 \$/sq.m		1%
Land tax	0%	1.5%	20\$/ha	1200 \$/ha	1.5%	50 \$/ha	1 354 \$/sqm	1%
Other	The tax rate varies between Emirates				Transport tax	Road tax, Energy tax		Transport tax



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Useful links

“Samruk-Kazyna” National Welfare Fund” JSC



www.samruk-kazyna.kz

Development bank of Kazakhstan



www.kdb.kz

“Investment fund of Kazakhstan” JSC



www.ifk.kz

National Export and Investment Agency

“KAZNEX INVEST” JSC



www.kaznex.kz



«Kazakhstan Industry Development Institute »

Joint Stock Company

www.kidi.kz

National innovation fund



www.nif.kz

“Damu” fund



www.damu.kz

Kazyna Capital Management



www.kcm-kazyna.kz

“KazExportGarant” Export-credit Insurance Corporation” JSC



www.kesic.kz

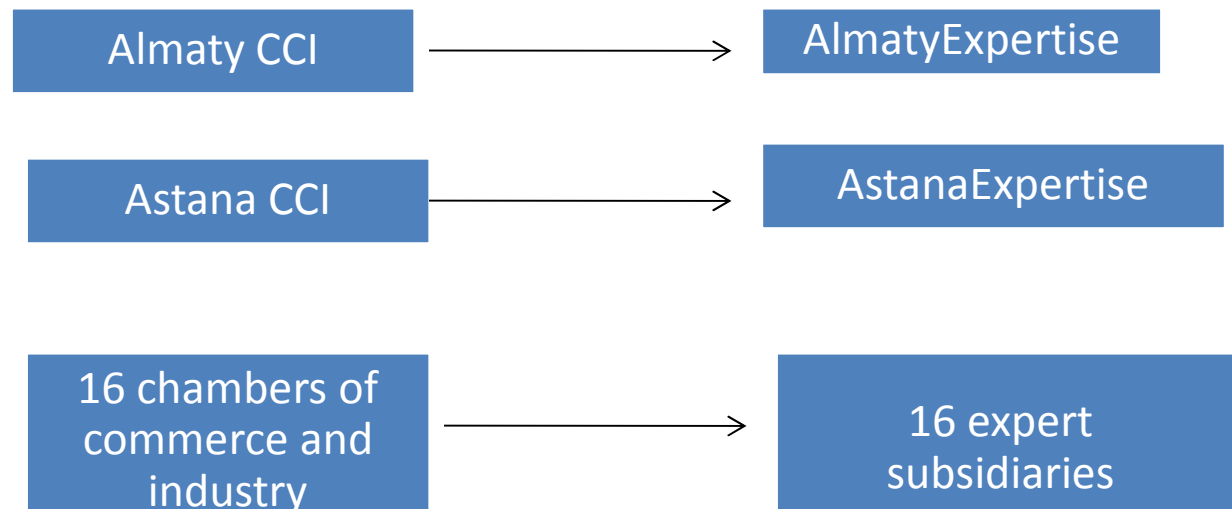


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Chambers of commerce and industry were created on regional principle

(14 regions and 2 cities of special prominence: Astana – capital of the republic of Kazakhstan,
Almaty – main financial centre of RK, southern capital - 16 chambers of commerce and industry;

16 expert subsidiaries



Regional chambers are members of the Chamber of Commerce and
Industry of the Republic of Kazakhstan



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Activities of Almaty CCI

- Arrangement and execution of trade-economic missions, conferences, round tables, seminars, business missions and presentations;
- Arrangement of collective participation of businessmen and the organizations at foreign exhibitions and fairs;
- Assistance on registration of the rights to trademarks, service marks, inventions, useful models and industrial samples;
- Execution, verification and issue of certification of goods origin of following forms: “ST-1”, “A”, “Original”.



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Activities of Almaty CCI

- Legal inspection of documents for approach of force-majeure circumstances with issue of the certificate or motivated refusal to its issue;
- Authentication of foreign economic documents;
- Visa support;
- Translation services;
- Legal support and consultations.



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Services of Almaty CCI in the field of intellectual property rights protection

- Assistance in registration of objects of industrial property;
- Registration of agreements on usage of objects of industrial property, also rights transfer (succession);
- Services of Almaty chamber of commerce and industry in the field of non-registrable intellectual property rights;
- Assistance in commercialization of domestic treatments and inventions;
- Research of patent information in technique, its development tendencies, patent clearance of product;
- Consultations on matters of patenting.



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Having big experience in external economic activities Almaty chamber of commerce and industry is ready to assist in developing Italian-Kazakh trade relations!

Our contacts:

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www.alcci.kz

Thanks for attention!