

INVEST IN KAZAKHSTAN

LAND OF OPPORTUNITIES

Executive Briefing



KAZAKH INVEST
NATIONAL COMPANY



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PURSUING PARTNERS IN PEACE AND PROSPERITY

His Excellency Mukhtar Tileuberdi
Minister of Foreign Affairs of the Republic of Kazakhstan

The core objective of Kazakhstan's foreign policy has not changed since the country's independence almost 30 years ago – the unremitting pursuit of partners in peace and prosperity to help drive long-term industrial growth, economic development and stability.

Moreover, since his election as President of the Republic of Kazakhstan in mid-2019, Kassym-Jomart Tokayev has constantly stressed the need to further enhance the investment climate in the country, introducing reforms designed to accelerate the pace, depth and diversity of future foreign direct investment (FDI).



President Kassym-Jomart Tokayev



His Excellency Mukhtar Tileuberdi

In a recent address to both Kazakh Houses of Parliament, he stressed the over-arching importance of digitalisation to the country's economic competitiveness and outlined a series of objectives to underpin future development – including fair competition, opening up markets for a new generation of private sector entrepreneurs, and greater investment in new technology and human capital, especially education.

These are all part of a mix of national objectives which will combine to further boost the magnetic force attracting international investment interest.

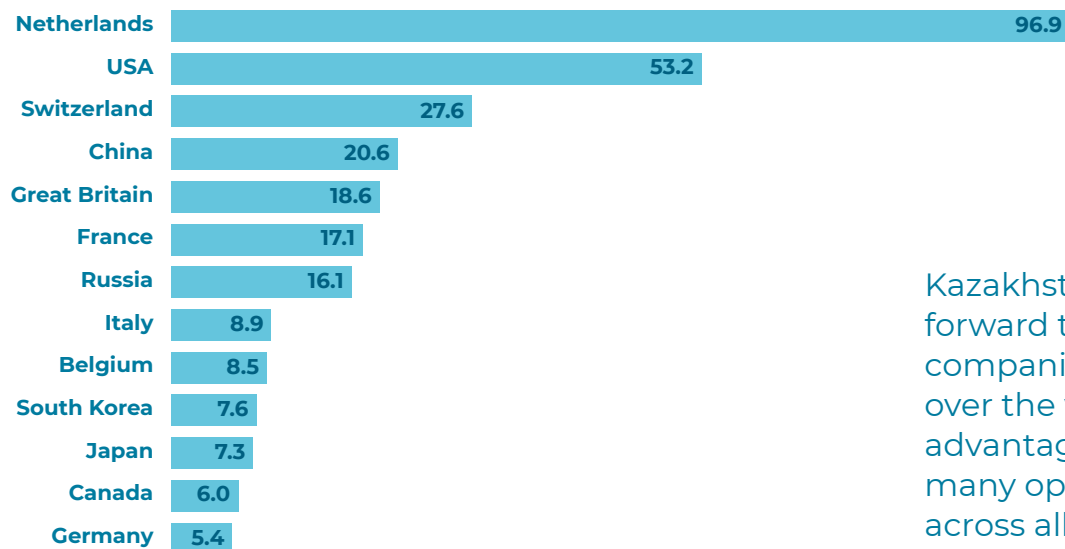
Kazakhstan initially signalled its benign international intentions shortly after independence by dismantling its huge

arsenal of nuclear weapons inherited from the collapsed Soviet Union – and becoming a leading exponent of global nuclear disarmament.

...a mix of national objectives which will combine to further boost the magnetic force attracting international investment interest.

This, combined with a dynamic, multi-vector policy of committed engagement led by First President Nursultan Nazarbayev, created a huge matrix of mutually beneficial international relationships – building confidence

GROSS FDI INFLOW OF MORE THAN \$350 BILLION



Foreign direct investment (FDI) by country, in Kazakhstan since 1993 to the first quarter of 2020.

Kazakhstan looks forward to welcoming companies from all over the world to take advantage of the many opportunities across all sections of its expanding and diversifying economy.

in the country's future at all points of the compass, and showcasing huge investment opportunities across the country's resource-rich economy.

The result has been a remarkable inflow of more than \$350 billion - and rising - of foreign direct investment (FDI), concentrating initially on hydrocarbons and other raw materials, and later spreading out across all forms of manufacturing, services and infrastructure.

Kazakhstan is a member of all major regional and global inter-governmental organisations and international financial institutions from the World Bank Group and the World Trade Organisation to, amongst others, the Asian Development Bank, the European Bank for Reconstruction and Development and the Infrastructure Development Bank.

It enjoys close relations with China - particularly given Kazakhstan's strategic location on China's east-west Belt and Road Initiative - with Russia and the European Union, and has established a series of close strategic partnerships with, amongst others, the US, Brazil and the UK.

Kazakhstan also possesses strong links to Islamic countries through its membership of the Organisation of Islamic States.

As a founder of the Eurasian Economic Union it has helped create a market of some 200 million people for Kazakh and Kazakh-based companies and in 2018 established the Astana International Financial Centre as Eurasia's potential premier hub for private capital raising and commercial funding.

This comprehensive and enthusiastic international engagement, allied with its strong advocacy of nuclear, energy,

environmental and food security, was ultimately recognised by the global community when Kazakhstan became a non-permanent member of the United Nations Security Council for 2017/18 - the first Central Asian country to serve in this capacity.

Although, like most countries, Kazakhstan has been hit hard by the coronavirus, the Government has taken strong steps to limit its impact on the economy and the Kazakh people to ensure that when this dreadful phenomenon passes, the country will be ready and able to fully resume its drive towards its official Strategy 2050 goal of becoming one of the world's top-30 most developed countries.

Attracting future high levels of FDI will be fundamentally important to achieving this goal and, as such, Kazakhstan looks forward to welcoming companies from all over the world to take advantage of the many opportunities across all sections of its expanding and diversifying economy - which have been made more attractive still by Kazakhstan's constantly evolving pro-business eco-system.



The SEZ's offer free land, simplified foreign labour employment procedures, and access to established infrastructure and digital networks.

FDI - PREPARING TO BUILD BACK STRONGLY POST-COVID

His Excellency Erlan Idrissov
Ambassador of the Republic of Kazakhstan, United Kingdom

Foreign direct investment (FDI) has been a fundamental component of Kazakhstan's economic growth and development during the last three decades, and will remain so as the country pursues its long-term vision of becoming one of the world's most developed countries by the middle of this century as it continues to roll out Strategy 2050, its long-term development plan.

Undoubtedly, progress has been badly affected this year by the Covid-19 crisis, and there are many question marks surrounding the next few months, perhaps significantly longer, not only for Kazakhstan, of course, but around the world as scientists, including in Kazakhstan, strive to create and roll-out safe and effective vaccines.



His Excellency Erlan Idrissov

However, at times of great crisis, those countries which have invested in strong, mutually-beneficial diplomatic and economic relations tend to be in a better position to build-back positively as circumstances improve – and Kazakhstan is thankfully amongst that group of countries.

Kazakhstan's multi-vector foreign policy has created a worldwide network of trusted diplomatic and commercial ties between governments, regions – and, importantly, corporates, financial institutions and educational and research institutes.

Moreover, whilst Covid-19 can delay implementation of projects and agreements on new ventures, it cannot kill off Kazakhstan's long-term natural investment advantages – amongst

them its geostrategic pre-eminence at the heart of Eurasia where it has helped create an accessible market of over 200 million people within the Eurasian Economic Union; the transit, logistics and development potential of 3000 kilometres of the Kazakhstan's east-west landbridge constituting the “buckle” on China's Belt and Road initiative; its fabled natural resource wealth with its ever-evolving potential

Kazakhstan's multi-vector foreign policy has created a worldwide network of trusted diplomatic and commercial ties between governments...

0% rate CORPORATE, LAND AND PROPERTY TAX

for spawning new derivative industries in mining, metallurgy, petrochemicals and mechanical engineering.

Similarly, Kazakhstan's vast agricultural potential in arable and livestock farming and related agribusiness products remains a world of opportunity for foreign investors specialising in this sector. Covid-19 may have sapped the momentum of progress this year, but huge long-term opportunities remain unaffected.

Moreover, not only has the Government spent billions of dollars on ensuring that Kazakh industry and commerce is post-Covid ready to build back and build further industrial capacity, it has also used the crisis, where possible, as an innovation accelerator, including, for example, the faster introduction of e-commerce technology.

Kazakhstan is noted for its benign business climate for foreign investors, including the provision of a range of fiscal and other incentives, 13 special economic zones offering tax breaks, land and other advantages, regional and central government assistance – and the one-stop-shop support activities of Kazakh Invest, the government's inward investment agency.

However, under new President Kassym-Jomart Tokyaev, elected last year, the government is in the process of introducing further major reforms to strengthen good governance and create a friendlier climate still for foreign investors.

Areas of special focus include a new mining code providing a clear administrative pathway to minerals' extraction, further incentives to



... spent billions of dollars on ensuring that Kazakh industry and commerce is post-Covid ready to build back and build further industrial capacity

encourage investment in green energy and technology, and special measures to encourage foreign film-makers to take full advantage of the country's rich and contrasting topography and architecture.

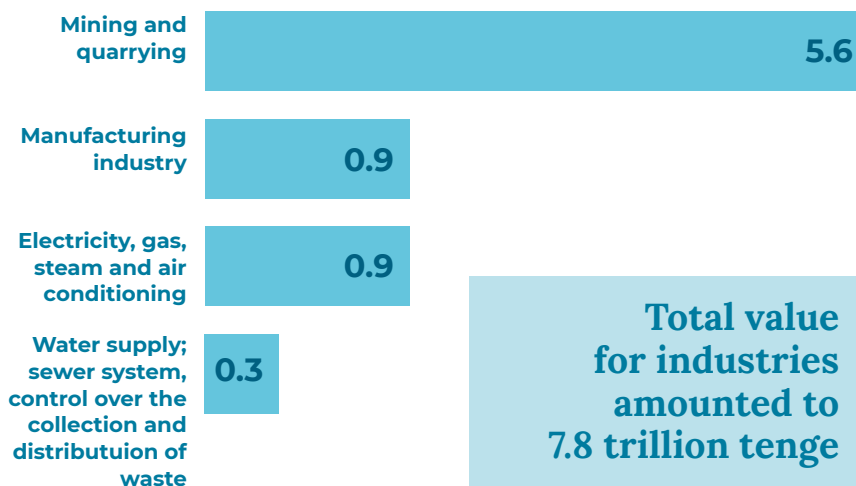
Despite Covid-19, strategic FDI plans continue to be thrashed out, negotiations on many future FDI projects are still taking place, and,

where possible, existing FDI projects continue to be rolled out.

And as the mist of Covid eventually clears, Kazakhstan looks forward to accelerating its strategic engagement with FDI partners – old and new – as they seek to take advantage of the country's many and varied investment opportunities in all areas of the Kazakh economy.

FIXED CAPITAL INVESTMENTS BY INDUSTRY 2019

Source: Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan.
Figures below trillions of Tenge – 1 US dollar equals approx 425 Tenge.



KAZAKHSTAN FDI

NEW OPPORTUNITIES, GREAT POTENTIAL

Baurzhan Sartbayev, CEO of Kazakh Invest

Kazakhstan offers new opportunities and great potential for profitable business. The country's main advantages include, amongst others, its strategic location at the heart of Eurasia, a business-friendly environment, high protection of investors' rights, a range of investment incentives, as well as lucrative opportunities across various sectors of the economy.

Kazakhstan is located at the crossroads of transcontinental transport corridors between Europe and Asia. The country plays the key role in the implementation of China's "Belt and Road Initiative" (BRI). Over 3000 kilometers or 25% of the BRI's main land corridor passes through its territory.

Considering its strategic importance to the BRI, Kazakhstan has been described as the "buckle on the belt" facilitating trade between East and West.

... during the COVID-19 pandemic, Kazakhstan has accelerated digitization and hence delivery of a number of government services, including conclusion of investment contracts and investor visa applications.

New routes from China to Europe significantly reduce freight delivery time to around 15 days through Kazakhstan - 3-4 times faster than by sea.

Kazakhstan provides direct access to a market of more than 500 million consumers, including Central Asian markets, western China and the Caspian Sea countries. Thanks to the country's modern and well-developed infrastructure, as well as Kazakhstan's involvement in the New Silk Road, delivering goods to these consumers is cost-effective and less time-consuming.

According to the E-Government Survey by the United Nations, Kazakhstan occupies 29th place (previously 39th), demonstrating the country's commitment to reforms on further digitalization of the economy and public services.

Indeed, during the COVID-19 pandemic, Kazakhstan has accelerated digitization and hence delivery of a number of government services, including conclusion of investment contracts and investor visa applications, as well

as freight transport documentation to minimize impact on industrial production, particularly construction, installation and commissioning works.

Major global corporations have long chosen Kazakhstan as a strategic location for their operations with overall FDI growing to beyond \$350 billion since independence.

In recent years, annual FDI inflows have amounted to around \$20 billion – a clear indication of investor confidence in Kazakhstan's continuing improvement in its investment climate.

Traditionally, the main beneficiaries of these investments have been the oil, gas and mining sectors. At the same time, Kazakhstan continues to strategically diversify the economy, focusing, in particular, on downstream processing industries.

In recent years, for example, there has been remarkable growth in investor interest in the agribusiness, mechanical engineering, and petrochemical sectors.

Kazakhstan focuses not only on the development of industrial infrastructure, but also on improving the underlying investment climate, assisted by the recommendations of the Paris-based Organization for Economic Cooperation and Development (OECD) and guided by global best practices.

Thanks to the Government's ongoing systematic approach to reforming legislation, improving the licensing system, simplifying business registration procedures, optimizing state control measures and other areas, the country is 25th in the recent World Bank's Ease of Doing Business rankings.

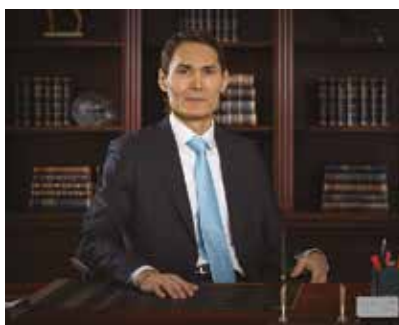
Due to intensified global competition for FDI, incentives play an important role in attracting and retaining investors. The government actively supports investors in such priority sectors of the economy as machinery building, petrochemical and chemical industries, food production, infrastructure, mining and metallurgy.

Kazakhstan has launched 13 special economic zones (SEZs) that provide turnkey infrastructure, and a wide range of investment preferences.

SEZs are located throughout Kazakhstan, including in the major cities of Nur-Sultan, Almaty, and Shymkent.

Within the SEZs the Government of Kazakhstan provides comprehensive support for investment projects, including fiscal incentives (such as various subsidies, exemption from corporate income tax, VAT, land tax, and property tax) and non-fiscal incentives (such as free plots of land and infrastructure).

Additionally, the country has 24 industrial zones that offer investors access to established infrastructure and digital networks.



Baurzhan Sartbayev, CEO of Kazakh Invest

In order to provide fully-fledged support to investors in Kazakhstan, the Government has established KAZAKH INVEST, an investment promotion agency that acts as a single negotiator on behalf of the government, and provides services to investors on the one-stop-shop principle.

The Board of Directors of Kazakh Invest is chaired by the Prime Minister of the Republic of Kazakhstan, and the agency harbours a broad range of competencies in project management and consultancy.

Major global corporations have long chosen Kazakhstan as a strategic location for their operations ...



KAZAKH INVEST

NATIONAL COMPANY

- ❖ **One-stop-shop for investors**
- ❖ **Source of information**
- ❖ **Organisation of visits to the regions**
- ❖ **Assistance with raising finance**
- ❖ **Subsidies, grants and incentives**
- ❖ **Assistance with permits and public services**
- ❖ **Post investment support**
- ❖ **Networking**



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including 24-hour investor
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www.invest.gov.kz

A STRATEGIC LOCATION

ROUTE TO HUGE TRANS-EURASIAN DEVELOPMENT CORRIDOR

Kazakhstan sits at the cross-roads of Europe and Asia – making it arguably the most important geo-strategic location in the world which could eventually see the country at the heart of a huge trans-Eurasian development corridor..

Kazakhstan's history echoes with stories of the epic silk route adventurers of centuries past – its present with the rapidly rising sound of rail and road traffic heading between China and Europe, and back again.

Kazakhstan's geo-strategic pre-eminence is fundamental to China's Belt and Road Initiative and is increasingly described as the "buckle on the belt" which stretches from China's east



coast to western Europe's North Sea with Kazakhstan accounting for 70 per cent of East-West transit traffic.

With continuous up-grading of track and rolling stock container trains are now crossing Kazakhstan at the rate of 1,100 kilometres a day with deliveries

from south-east China to Europe now taking around 15 days.

Meanwhile, the Western Europe–Western China Transcontinental Auto Expressway will facilitate increasing volumes of road freight with a transport time of just 10 days.

Overall transit volume across Kazakhstan has grown exponentially over the last five years or so from 47,000 TEUs in 2017 to around two million TEUs this year.

There is much value for Kazakhstan in escalating transit traffic alone, but the main long-term incremental economic and industrial benefits rest in capturing the added-value such traffic can generate for processing and manufacturing capacity, opening up new industrial areas and sectors – and the logistics industry itself.





Kazakhstan is located at the crossroads of transcontinental transport corridors between Europe and Asia. The country plays the key role in the implementation of China's "Belt and Road Initiative" (BRI).



THE SILK ROAD ECONOMIC BELT HOW FAR WILL IT STRETCH WEST?

His Excellency Erlan Idrissov
Ambassador of the Republic of Kazakhstan,
United Kingdom and the Republic of Ireland

China's Silk Road Economic Belt (SREB) – the “Belt” of its Belt and Road Initiative linking East and West – is bringing remarkable and ever-increasing benefits and opportunities to Kazakhstan, which is known colloquially as the all-important “buckle” on the Belt.

The underlying reason, of course, is Kazakhstan's geo-logistical pre-eminence: Kazakhstan is located, in all its vastness, between China and Europe,

and is key to the SREB maximising its long-term benefits for all those countries it directly or indirectly links: China, Russia, the countries of South-East, South and Central Asia, and Europe.

From the time of China's Han Dynasty over two millennia ago, the Silk Route has flexed in many different directions as it jagged across the Northern Hemisphere's largest landmass.

And this remains the case today with the SREB – posing the intriguing and strategically important question: where will it ultimately come to an end in Western Europe?

The various East-West train links mainly reach their final destinations at major ports on Western Europe's Baltic, Atlantic and North Sea coastlines.

However, since January 2017 some trains proceed further west through the Channel Tunnel to London – a journey of around 12,000 kilometres from China, which takes just 18 days to cross Kazakhstan and a cluster of other countries to the UK's capital city.

Could this be the beginning of the SREB's most significant westerly push to the Atlantic Ocean? A combination of developments suggest so, including huge UK transport infrastructure

projects - north-south, east-west - coupled with new post-Brexit free trade agreements with countries along the Silk Route, including Kazakhstan, and prospectively new generations of industrial zones and other economic and trade arrangements which appear regularly in the vicinity of the SREB to accelerate industrial growth and trade: Kazakhstan, for example, has 13 Special Economic Zones and many specially designated industrial zones.

Also, experts familiar with Northern Power House developments across northern England believe these could lead to another SREB UK entry-exit point via Hull and other east coast ports, transiting goods back and forth across the North Sea to and from continental Europe's major freight hubs.

At the western end of the Northern Power House lies Liverpool and beyond that, after a short sea crossing, Northern Ireland, prospectively the location of a significant SEZ or other form of business acceleration initiative adjacent to the UK's only land border with the European Union - that with the Republic of Ireland..

Meanwhile, located around Northern Ireland's coastline are ports which have served the trans-Atlantic trade routes to north America for centuries.

As a major beneficiary of geo-logistical pre-eminence itself, Kazakhstan is increasingly aware of the benefits the area could reap as SREB's effective western terminus - and the cooperative and collaborative partnerships which could emerge between local and Kazakh organisations to long term mutual benefit across the industrial and educational spectrum.

One of the already existing great landmarks on the Silk Route are the great gantries of the Khorgos Gateway on Kazakhstan's border with China where goods are rapidly transhipped to different rail gauges - a strategic hub which has led to the creation of a world-class dry port.



Are the iconic Harland & Wolff gantries of Belfast's port area soon to be listed, amongst others in the area, as a great symbol of where remarkable Silk Route journeys end - and, of course, begin?

... trains proceed further west through the Channel Tunnel to London - a journey of around 12,000 kilometres from China, which takes just 18 days to cross Kazakhstan and a cluster of other countries to the UK's capital city.



KAZAKHSTAN AT A GLANCE



Founding President and
Father of the Nation (Elbasy)
Nursultan Nazarbayev



Current President
Kassym-Jomart Tokayev



Area 2.7 million square
kilometres – 1 million square
miles – the equivalent to
western Europe and the 9th
largest country in the world



Capital City Nur-Sultan
(formerly Astana)



- Founded 16 December 1991
- Population 18 million
- Currency – the Tenge



Economic wealth founded
on oil and other basic raw
energy and non-energy raw
materials, including base
and strategic metals



Member of all leading
international security, financial
and commercial organisations -
including the United Nations,
the IMF and World Bank Group,
the World Trade Organisation,
the Organisation of Islamic
Co-operation; regional
financial institutions – such as
the Asian Development Bank;
the CIS and the Organisation
of Security and Co-operation
in Europe; participant in
NATO's Partnership for
Peace programme.



2017/18 became the first
Central Asian country to
serve as a non-permanent
member of the United
Nations Security Council

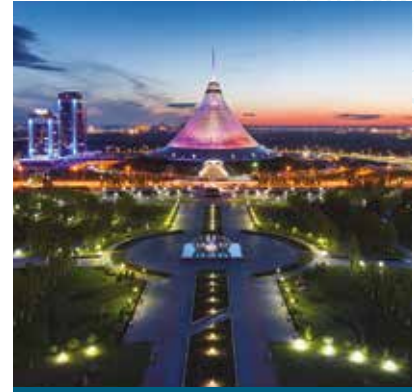
KAZAKHSTAN AT A GLANCE



"The buckle" on China's Belt and Road Initiative



Over \$350 billion in foreign direct investment since 1991



Hosted Astana Expo 2017 – World Expo on "Future Energy"



Opened the Astana International Financial Centre in 2018 as a prospective regional funding hub based on English common law



Vast agricultural sector covering 80 per cent of its landmass; fifth largest exporter of wheat



Founder member of the Eurasian Economic Union – a regional market of 200 million consumers



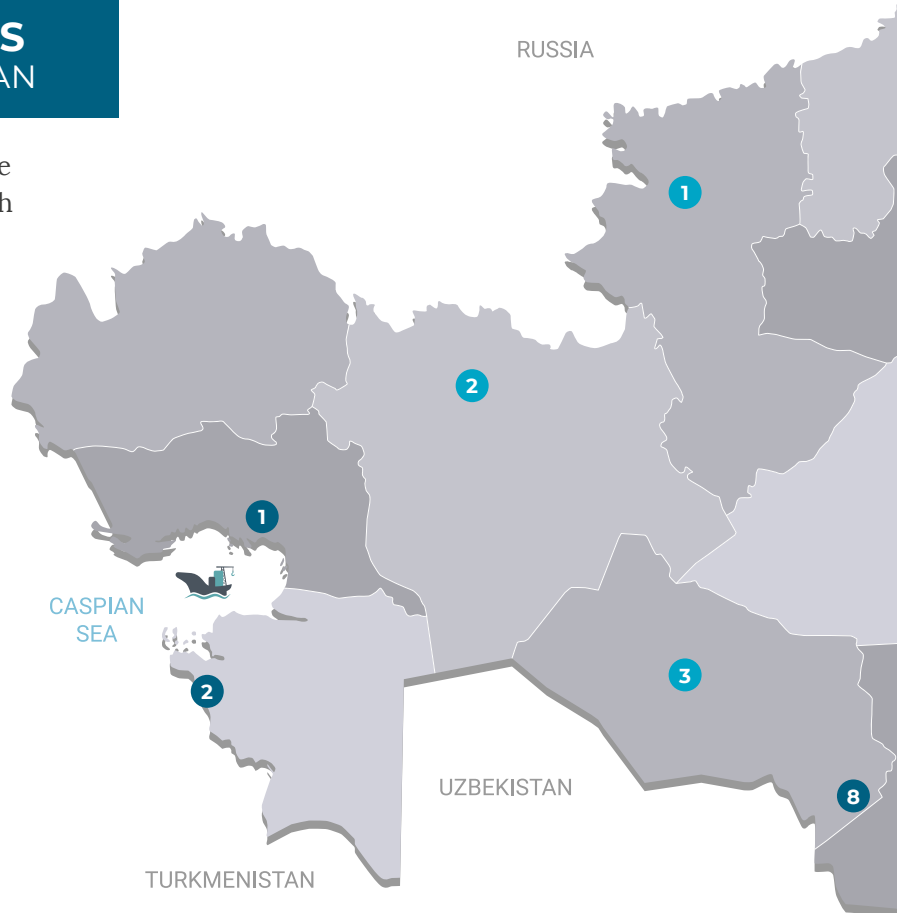
National Airline – Air Astana (49 per cent owned by BAe Systems)

SPECIAL ECONOMIC ZONES OF THE REPUBLIC OF KAZAKHSTAN

A Special Economic Zone (SEZ) is a part of the territory of the Republic of Kazakhstan, which has a special legal regime and possesses all the necessary infrastructure for activities in priority sectors.

There are 13 SEZs with different industry specialization.

- 1 SEZ NIPT** (2007 - 2032)
CHEMISTRY, PETROCHEMISTRY
- 2 SEZ AKTAU SEAPORT** (2003 - 2028)
OIL SERVICE
- 3 SEZ QYZYLJAR** (2019 - 2044)
MIXED
- 4 SEZ ASTANA – NEW CITY** (2002 - 2027)
MIXED
- 5 SEZ ASTANA – TECHNOPOLIS** (2017 - 2042)
MIXED
- 6 SEZ PAVLODAR** (2011 - 2036)
METALLURGY, CHEMISTRY, PETROCHEMISTRY
- 7 SEZ SARYARKA** (2011 - 2036)
METALLURGY, HEAVY ENGINEERING
- 8 SEZ TURKISTAN** (2018 - 2043)
MIXED
- 9 SEZ ONTUSTIK** (2005 - 2030)
TEXTILE
- 10 SEZ CHEMICAL PARK TARAZ** (2012 - 2037)
CHEMISTRY
- 11 SEZ PIT** (2003 - 2028)
ICT, RESEARCH AND DEVELOPMENT
- 12 SEZ KHORGOS - EASTERN GATES** (2011 - 2036)
MIXED
- 13 SEZ ICBC KHORGOS** (2017 - 2041)
MIXED



SEZ INCENTIVES

TAX PREFERENCES

- 0% Corporate income tax
- 0% Land tax
- 0% Property tax

SIMPLIFIED PROCEDURE FOR HIRING FOREIGN WORKERS

- For projects with total investment exceeding 1 million MRI (check with Kazakh Central Bank for latest value) involvement of the foreign labor force is outside the quota and work permits limits

LAND PLOTS WITH INFRASTRUCTURE

- Provision of free land for the entire period of SEZ
- Developed infrastructure
- Priority right to purchase a land plot

CUSTOMS EXEMPTIONS

- Exemptions from custom duties on imports



INDUSTRIAL ZONES OF THE REPUBLIC OF KAZAKHSTAN

An Industrial Zone (IZ) is a territory provided with the engineering and communication infrastructure given to private business entities for locating and operating business facilities for industry, agriculture, tourism, transport logistics and waste management, in the manner prescribed by the legislation of the Republic Kazakhstan.

IZs include:

- 1 IZ KOSTANAY
- 2 IZ AKTOBE
- 3 IZ OF THE KYZYLORDA REGION – 6 IZ
- 4 IZ OF THE TURKESTAN REGION – 9 IZ
- 5 IZ SHYMKENT – 5 IZ
- 6 IZ TARAZ
- 7 IZ ALMATY
- 8 IZ OF THE ALMATY REGION – 4 IZ
- 9 IZ OF THE EAST QAZAQSTAN REGION – 3 IZ



IZ INCENTIVES

ADVANTAGES OF PARTICIPATION

- Provision of land plots (LP)
- Provision of developed infrastructure
- Possibility of long-term lease or purchase of land plot at cadastral value
- No sectoral limitations
- Possibility to conclude an investment contract with the Authorized Investment Authority (Ministry of Foreign Affairs of the Republic of Kazakhstan)

IN-SITE GRANTS

- Land plots, buildings, machinery and equipment for temporary free use or land use

TAX PREFERENCES

- 0% Corporate Income Tax (up to 10 years)
- 0% Land Tax (up to 10 years)
- 0% Property Tax (up to 8 years)

CUSTOMS EXEMPTIONS

Customs duties 0% up to 5 years on imports of:

- Technological equipment and its components
- Spare parts, raw materials and supplies

SIMPLIFIED PROCEDURE FOR HIRING FOREIGN WORKERS

- Quotas and work permits for foreign labour force employment do not apply

THE KHORGOS GATEWAY

In a few short years the Khorgos Gateway on Kazakhstan's south-east border with China has challenged as the world's largest dry port as the two countries' railroads strategically conjoined to open an east-west-east logistics hub between the port of Lianyungang on China's east coast and the rail capitals of Europe, including London via the Channel Tunnel.

Abutting Kazakhstan's Khorgas Eastern Gate Special Zone, the Khorgos Gateway is the trans-Eurasian railway hub where China's standard gauge track meets Kazakhstan's wider Russian-origin gauge track and huge 40-tonne cranes trans-ship containers – making the area one of the world's new global frontiers for international trade.





KAZAKH INVEST
NATIONAL COMPANY



**LOCAL
EXPERTISE**

**GLOBAL
AMBITION**

**INVEST
IN KAZAKHSTAN**

ONE-STOP SHOP FOR INVESTORS

From establishing links with local companies to supporting project implementation and coordination, Kazakh Invest provides a full range of services that meet the needs of every investor.

As a one stop shop, we have a wide network of foreign representatives and regional offices and offer deep industry expertise, 24/7 call centre support and advanced project monitoring system.

Our business-first mindset offers a wealth of benefits to investors, from tailor-made packages of support through to a highly-skilled multilingual workforce.

It's time to take the first step.

LET KAZAKH INVEST LEAD YOU ON YOUR
INVESTMENT JOURNEY.

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