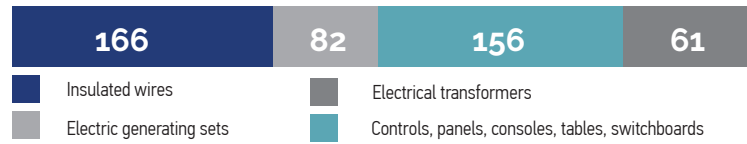


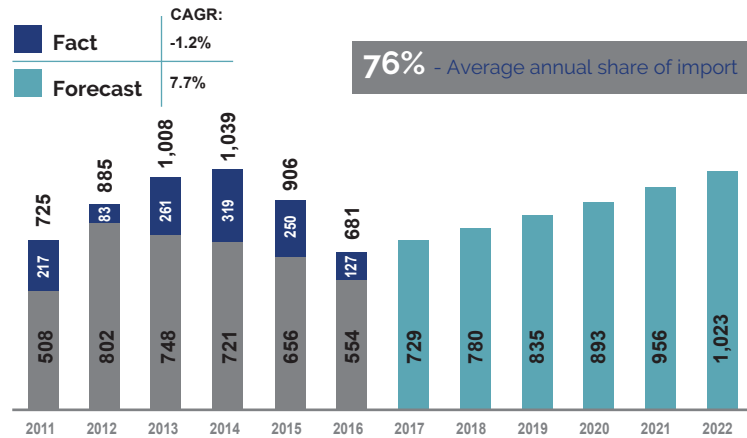
**The import structure of the basic electrical equipment in Kazakhstan, mln USD (2016)**



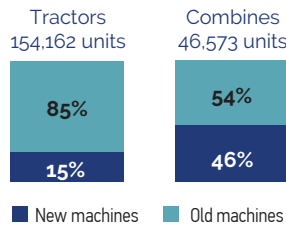
The main importers in the RK are Russia, Ukraine, Italy, China

**Agricultural Equipment**

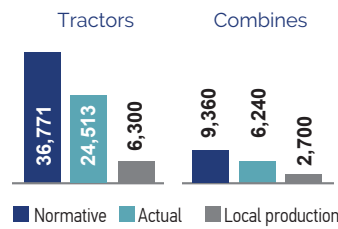
**Dynamically growing market of agricultural equipment in Kazakhstan, mln USD**



**Wear of agricultural machinery in Kazakhstan, % (2016)**



**Need for agricultural machinery in Kazakhstan (2017-2019), units**



**Lack of significant competition from local producers**

- There is only assembly production in Kazakhstan to date
- Total annual design capacity of five local manufacturers was 2,100 tractors and 900 combines per year in 2016

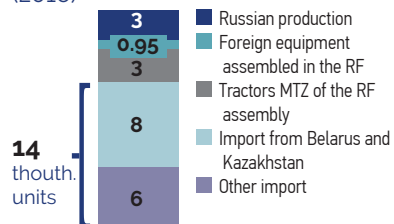


**State support of agriculture:**

- Subsidization of the rates of remuneration on loans, as well as leasing of agricultural machinery
- Provide access to funding resources, machinery and technological equipment on a leasing basis for agricultural machinery producers
- Provide comprehensive assistance to export-oriented enterprises of the non-oil and gas sector of the economy
- Reimbursement of costs associated with the promotion of products route-to-export; trade finance and insurance (up to 50%)

**Export potential to Russia**

**Market structure of agricultural tractors in Russia, thousand units (2016)**



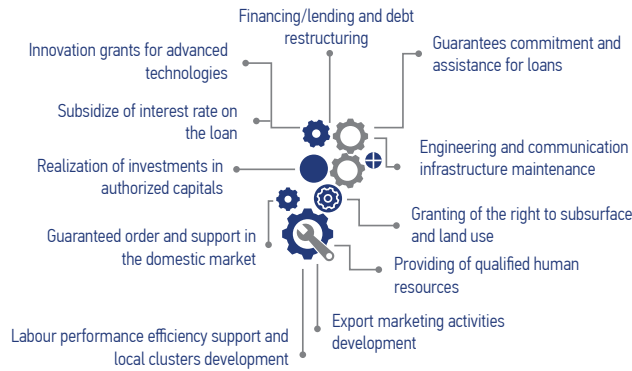
**Sales potential to Russia up to 14 thousand units of tractors.**

- Market share of imported tractors to Russia account for more than 67%
- Share of tractor production in Russia is 33%.
- The total market volume of tractors in Russia was 20,815 units in 2016

**State support of Machinery**

«Business Roadmap 2020» Business Support and Business Development Program

- Partial subsidize of interest rate on the loan / financial leasing agreements of banks / development banks / leasing companies
- Partial security for a bank loan / development banks
- Industrial infrastructure development
- Long-term leasing financing



**State support – Investment incentives**

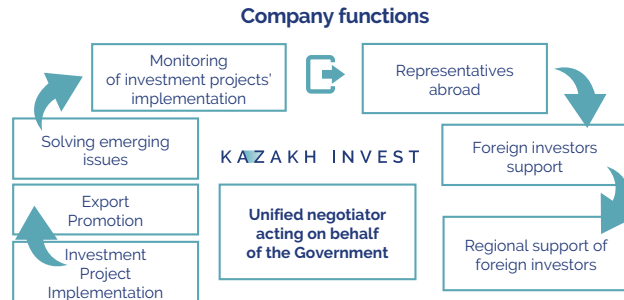
**Preferences under priority investment projects**

- Implementation of an investment project by sector of economy identified as priority for priority investment projects
  - Tax preferences**
    - Corporate income tax (up to 10 years)
    - Land tax (up to 10 years)
    - Property tax (up to 8 years)
- Implementation of an investment project by a newly created legal entity (24 months before the application date)
  - Exemption from custom duties**
    - Customs duties 0% up to 5 years on imported:
      - major equipment and spare parts to it;
      - accessories, raw materials.
- Investment volume is not less than 2 million MCI (1 MCI = 2,269 KZT) or 14 mln USD
  - State in kind grants**
    - Free land, buildings, structures, machinery and equipment, etc.

**Preferences under investment projects**

- Implementation of an investment project by sector of economy identified as priority for investment projects
  - Exemption from custom duties**
    - Customs duties 0% up to 5 years on imported:
      - major equipment and spare parts to it;
      - accessories, raw materials.
  - VAT exemption on import**
  - State in kind grants**
    - Free land, buildings, structures, machinery and equipment, etc.

**KAZAKH INVEST National company**



**“ONE STOP SHOP” for investors in Kazakhstan**



**INVEST IN KAZAKHSTAN MACHINERY**

**KAZAKH INVEST**

invest.gov.kz  
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+7 (7172) 620-620  
010000, Astana, Kunaeva Str 2, 6 floor

# WHY KAZAKHSTAN?

The Republic of Kazakhstan is a prosperous, safe and dynamically developing country. It has natural resources and, most importantly, Kazakhstan has a high level of education, skills and motivation for its effective use.



Wang Xusheng  
CMC President

China National Machinery Import & Export Corporation (referred to as CMC) is an electrical engineering contracting business. In August 2015, the CMC and SAP (Saryarkaavtoprom LLP) signed the framework agreement of strategic partnership. Cooperation between GC Allur JSC and CMC will strengthen the international economic relations between Kazakhstan and China, and contribute to the development of modern high-tech auto manufacturing in Kazakhstan with export potential, as well as to the entry of China's products into the markets of the Eurasian Union («EAU»). As a long-term strategy, CMC is very much willing to further maximizing local production through selection of component manufacturers from China and finishing postproduction through auto industrial cluster park in Kazakhstan. Auto industrial cluster part in Kazakhstan is our future development direction, which could greatly boost the manufacturing capability, help establish Kazakhstan independent auto brands, expand shares in central Asia and provide more jobs and tax revenues.

## KAZAKHSTAN – THE HEART OF EURASIA

GDP (2016)



**135** bln USD  
(2006-2016):  
**1,760.7** bln USD

Trade turnover (2016):

**62** bln USD

Export

**36.8** bln USD

Import

**25.2** bln USD

Tax regime:

**20%** Corporate income tax rate

**12%** Standard VAT rate

**9 days** – time required to start a business in Kazakhstan

Duty-free access to the EAEU market



**182** mln consumers in direct access to the market

Logistic potential



Port infrastructure in other countries:

- Batumi seaport in Georgia;
- Logistics terminal in the Pacific port of Lianyungang.



“Western Europe – Western China” transcontinental automobile corridor

- 14 days from China to Western Europe
- New Silk Road – railway route from China through Kazakhstan to Europe



FDI (2016):

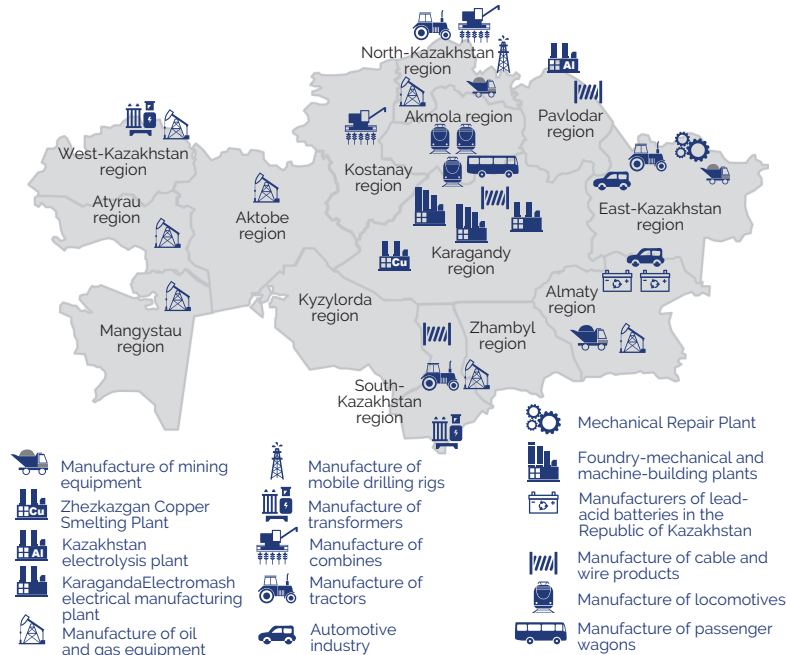
**20.6** bln USD

(2006-2016):

**235** bln USD

## Why machinery in Kazakhstan

Market size of machinery is 14.7 bln USD, 80-85% of which is imports

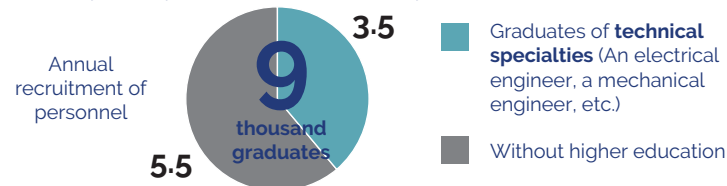


### PRIORITIZED SUBSECTORS



In machinery industry there is a pool of quality personnel

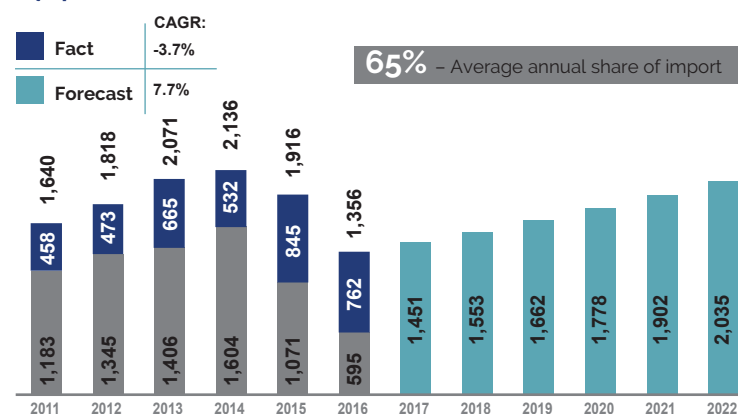
In machinery industry 88,000 people were employed



Main production expenditures in Kazakhstan



Mining and oil-extracting equipment  
Dynamically growing market of mining and oil-extracting equipment in Kazakhstan, mln USD

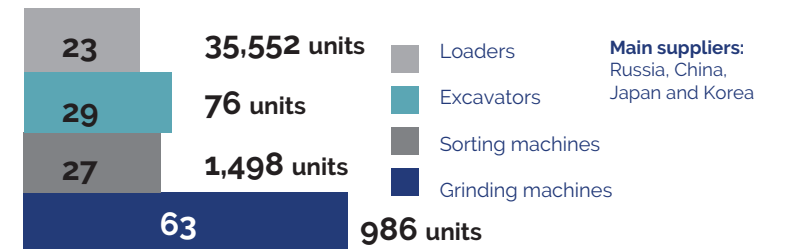


- At present, the mining and oil-extracting equipment sector is mainly represented by assembly production
- In order to integrate into the production chains of world manufacturers, the development of other segments of machinery industry (component production, service) is a priority for development

Prospects for the development of mining and oil-extracting equipment:

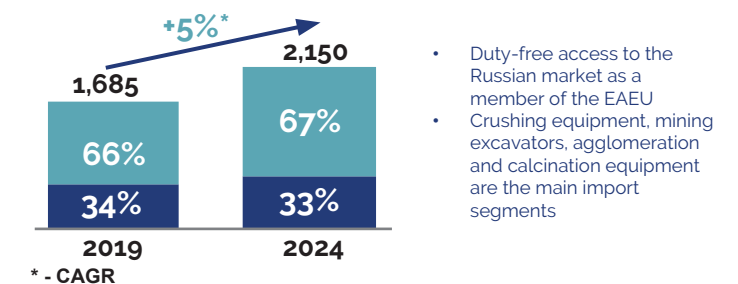
- The availability of a huge resource potential of metals to contribute cheaper production of basic components of oil-extracting equipment – spare parts and units
- Relatively low cost of electricity is an important factor
- Projects to expand current oil fields will increase the demand for oil-extracting equipment:
  - Expansion of the Tengiz oilfield in the period 2017-2021, ~ 37-40 bln USD of investments
  - Expansion of the Karachaganak oilfield, ~ 4.5 bln USD of investment
- Under conditions of adverse market conjuncture of the oil and mining industries companies reduce the cost of purchasing new equipment and concentrate on increasing efficiency and repairing the existing one, which is a favorable factor to develop mechanical engineering services

The import structure of the main types of mining equipment, mln USD (2016)



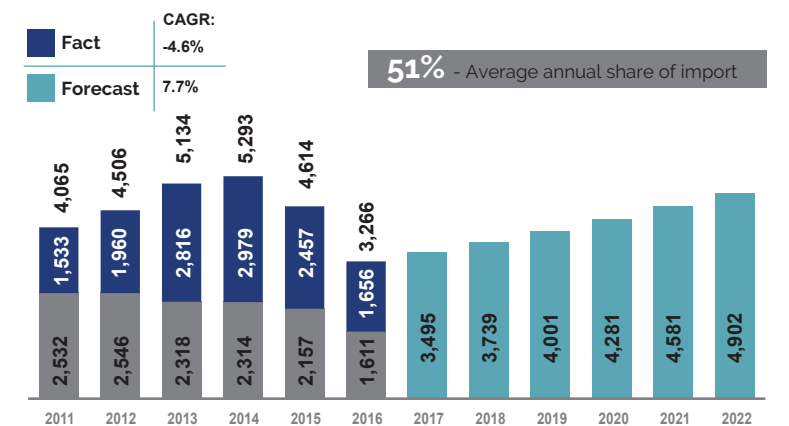
Export potential in the Russian Federation

Growth of the Russian mining equipment market, mln USD



Power generating equipment

Dynamically growing market of power generating equipment in Kazakhstan, mln USD



Drivers of further market growth in the RK:

- The government plans to renew deteriorated electricity transmission equipment
  - The guaranteed market volume of cabling and wiring products will be **900 USD** by 2020 with due account for renewal requirements in power lines
- State plans to improve and update power supply systems
- State support for harnessing of renewable energy