



Kazakhstan

THE NEW SILK ROAD?

Speakers:

- Natasha Smirnova, Business Development Manager Austrade Moscow
- Special guest: William Parker, Project Director ACC JV



Australian Government
Australian Trade Commission



Kazakhstan key facts



Economy

GDP (PPP) was US\$ 430 billion in 2015 (42nd in the world)
According to WB, GDP growth was 0.9% in 2015 (down from 4.4% in 2014); forecasts are 1.1% in 2016 and 3.3% in 2017.
Inflation: 13.6% (2015)
The largest economy in Central Asia
Has 2nd largest oil reserves after Russia
WTO accession - On 30 November 2015 the WTO welcomed Kazakhstan as its 162nd Member.

Population

17.6 million people

Culture

- Multicultural- 8 main nationalities, Bilingual (Kazakh – the main language, Russian – interethnic communication)

Geography

- 2,724,900 sq. km (world's largest landlocked country)
- 1,894 km of coastline on the Caspian Sea

Political Environment

Presidential republic, Acquired independency in 1991
The president is Nursultan Nazarbayev

Kazakhstan Economic situation

The Tenge During the Past Three Years

Kazakhstan has abandoned efforts to keep its currency stable as emerging markets struggle to compete



- Government Spending
- GDP growth
- WTO membership

Stimulus packages continue

Some good news for infrastructure investment

Infrastructure/construction

Key issues

- Kazakh's government is trying to reduce dependence on commodities exports by attracting investment in infrastructure sector.
- Stimulus packages continue
- Comprehensive upgrade of the transport infrastructure, as part of the strategy of the New Silk Road
- Continues demand for industrial, commercial and residential construction despite significant currency devaluation.



Infrastructure/construction



Major developments driving the civil construction:

- **EXPO 2017**, (10 June -10, September 2017 boosting construction and reconstruction of various infrastructure projects including:
 - road and rail networks,
 - Alternative energy sources
 - 2 major airport expansion in Astana and Almaty
 - Residential and non residential construction
- Astana: Abu Dhabi Plaza project
- Almaty : Winter Universiade 2107
G4 Golden City

Upcoming events

AstanaBuild 18-20 May 2016

18th Kazakhstan International Exhibition Construction and Interiors, Heating and Ventilation, Windows and Doors, Facades, Road Construction, Ceramics and Stone

KazBuild 5-8 September 2016

23rd Kazakhstan International Exhibition Construction and Interiors, Fenestration, Ceramics & Stone

Ongoing tailored services and visit programs for clients

Opportunities for Australian Industry

Design, construction, cutting edge sustainable technologies and products

Energy Efficiency products and technologies

Services and products resulting in more efficient use of water resources

Water treatment and recycling technologies

Sports and Cultural Facilities development and management

How we can help you

The Australian Trade Commission, provides tailored services for companies looking to enter or expand international market presence

- Information on the local business practices and regulatory environment
- Market intelligence and business opportunities
- Identification of potential partners in Kazakhstan
- Visit to the market and accompany



Austrade - Kazakhstan

February 2016

William Parker

Project Director ACC JV

The experience of operating a Construction based business in Astana, Kazakhstan.

CCC has been operating in Kazakhstan for approximately 20 years primarily in the Oil and Gas related infrastructure sector, plus smaller buildings.

Abu Dhabi Plaza is the first major buildings project undertaken and has had to be built through three full winters of -50C so far, requiring newly developed construction techniques.



The Project

Abu Dhabi Plaza is a USD1 Billion Construction development in the capital Astana.

The project is being developed by Aldar Euroasia from the UAE under a joint government agreement between UAE and the Kazakh Governments.

The project comprises:

- 1. 5 towers of between 14 and 78 storeys incorporating offices hotels and residential apartments.**
- 2. The towers sit atop 4 basement carpark levels and 2 shopping levels.**
- 3. The project is a cornerstone development to complement Expo 2017 in Astana.**



The Opportunity

Kazakhstan has a growing capital city Astana, with a developing national industry profile to complement their agricultural past.

The key initiatives for the Kazakh Government are:

1. To encourage foreign companies setting up business to, grow, supply or manufacture locally and regionally.
2. To encourage foreign companies setting up agencies with local partners to trade in goods, materials and equipment for the local market.



Where do materials services come from now?

- ▶ Russia
- ▶ Turkey
- ▶ China
- ▶ Europe

What are the challenges?

- ▶ Distance
 - ▶ Kazakhstan is next largest country by size, after Australia,
 - ▶ Road or rail transport through Russia, Iran, Europe or China
 - ▶ Winter transport is only by rail
- ▶ Climate +40C to -50C
 - ▶ In respect of logistics, and
 - ▶ Suitability of products



Homegrown manufacturing?

- ▶ **Plastics for agriculture, construction and industry**
- ▶ **Concrete products**
- ▶ **Aluminium manufacturing for windows doors etc.**
- ▶ **Developing petrochemicals**
- ▶ **Plasterboard**
- ▶ **Bricks and blocks**
- ▶ **Steel**

What is imported?

- ▶ **Waterproofing materials**
- ▶ **Glass**
- ▶ **Manufactured metal products**
- ▶ **Ceramic tiles and porcelain tiles**
- ▶ **Flooring materials, timber, carpet, vinyl**



Local content?

- ▶ NADLOC is the Kazakh government body coordinating local content growth.
- ▶ To develop beyond the current industries to produce more local sourced raw materials and products

Government Incentives?

- ▶ The Kazakh government is advertising for tax breaks and subsidies for development of industry within the country.



Currency?

- ▶ In the two years that the Abu Dhabi Plaza project has been operational for CCC and its partner Arabtec, the local currency has fallen from approx 150 Tenge per USD to around 300 Tenge per USD.

Local costs?

- ▶ The cost of operating locally has risen in relative terms but given the self sufficiency in basic foodstuffs and raw materials the impact has been more heavily felt in imported goods.

Thank you

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