



Uralsk

Astana

KAZAKHSTAN

# Investment potential of West Kazakhstan region

# REVIEW OF THE REGION



Population 637 000 people



Joining EAEU in January 2015  
Joining WTO in 27 July, 2015



Territory 151 339 km<sup>2</sup>

Logistics potential of the region



Involved investments in 2015  
1,6 billion \$



GRP of 2015 was 8,2 billion \$



Value of external trade (2015)  
Export – 5,1 billion \$  
Import – 0,9 billion \$



# LOW TARIFFS (active in 2016 including VAT)



## Power supply:

- supply and transportation 0.06 USD for 1 kW/h



## Water supply:

- supply of water 0.60 USD per 1 m<sup>3</sup>



## Gas supply:

- supply and transportation 0.05 USD per 1 m<sup>3</sup>



## Sewerage:

- sewers and disposal 0.60 USD per 1 m<sup>3</sup>



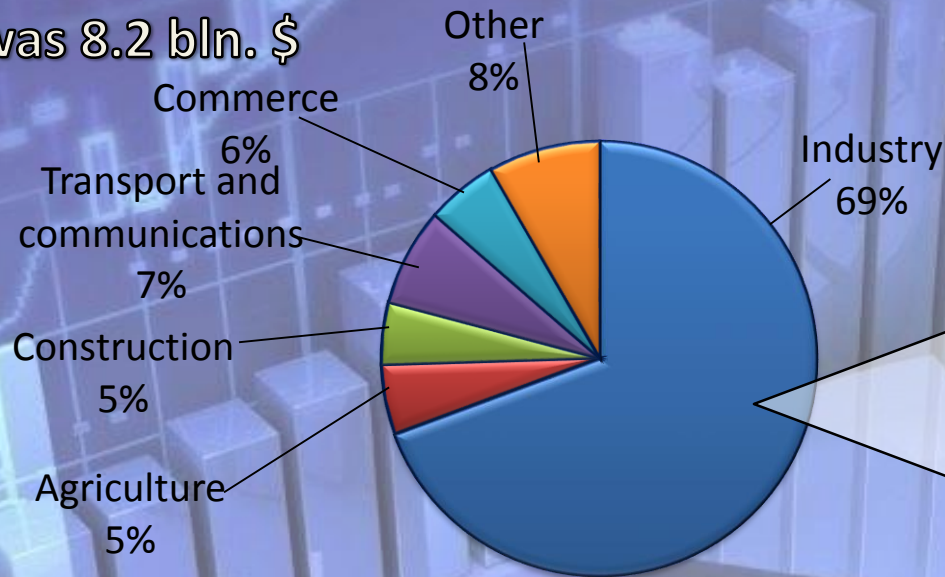
## Emission:

- environmental emission 1.90 USD per 1 ton of CO<sub>2</sub> disposal

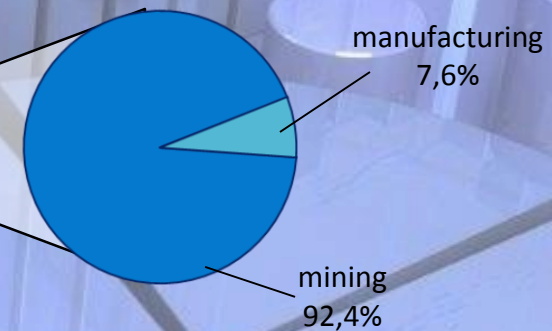


# STRUCTURE OF THE ECONOMY OF THE REGION

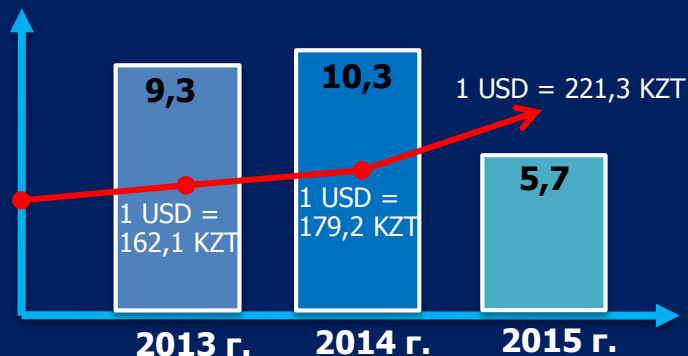
GRP for 2015 was 8.2 bln. \$



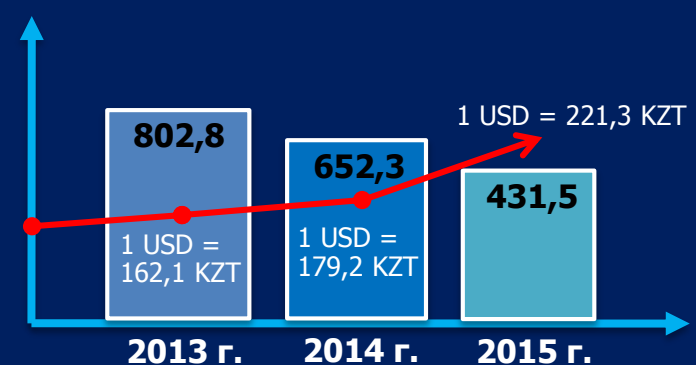
4.3% from GDP of Kazakhstan for 2015



Mining industry, bln. \$



Manufacturing industry, mln. \$



# FOREIGN ECONOMY OF THE REGION

10,7% from the external trading of Kazakhstan



\$ 5,1  
bln.

\$ 0,9  
bln.

EXPORT

IMPORT

URALSK

\$ 414,3 mln.

\$ 50,7 mln.

## Importing items:

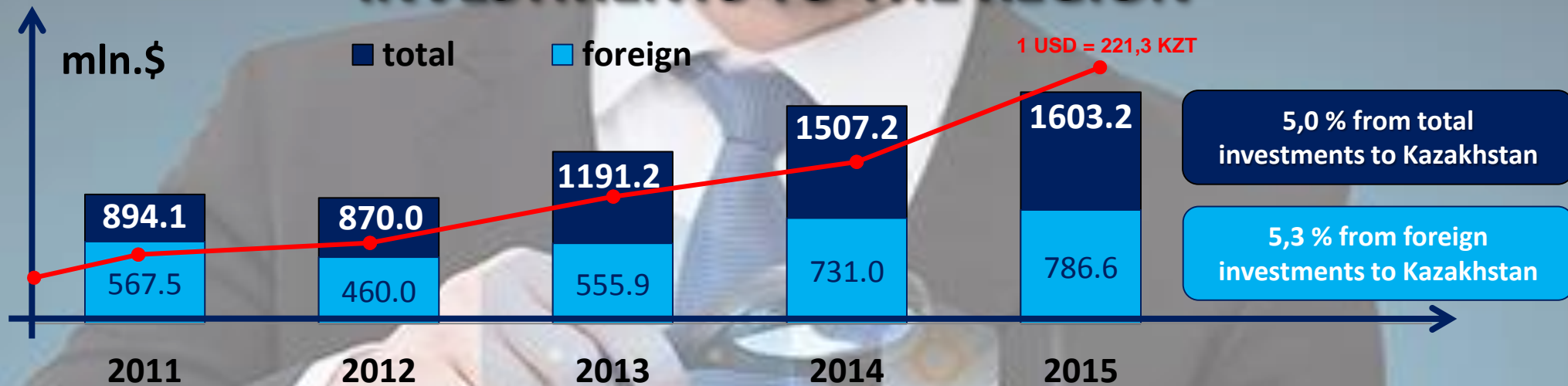
- machinery and equipment
- metal wares
- food products
- chemical products
- wood material
- constructional materials

## Exporting items:

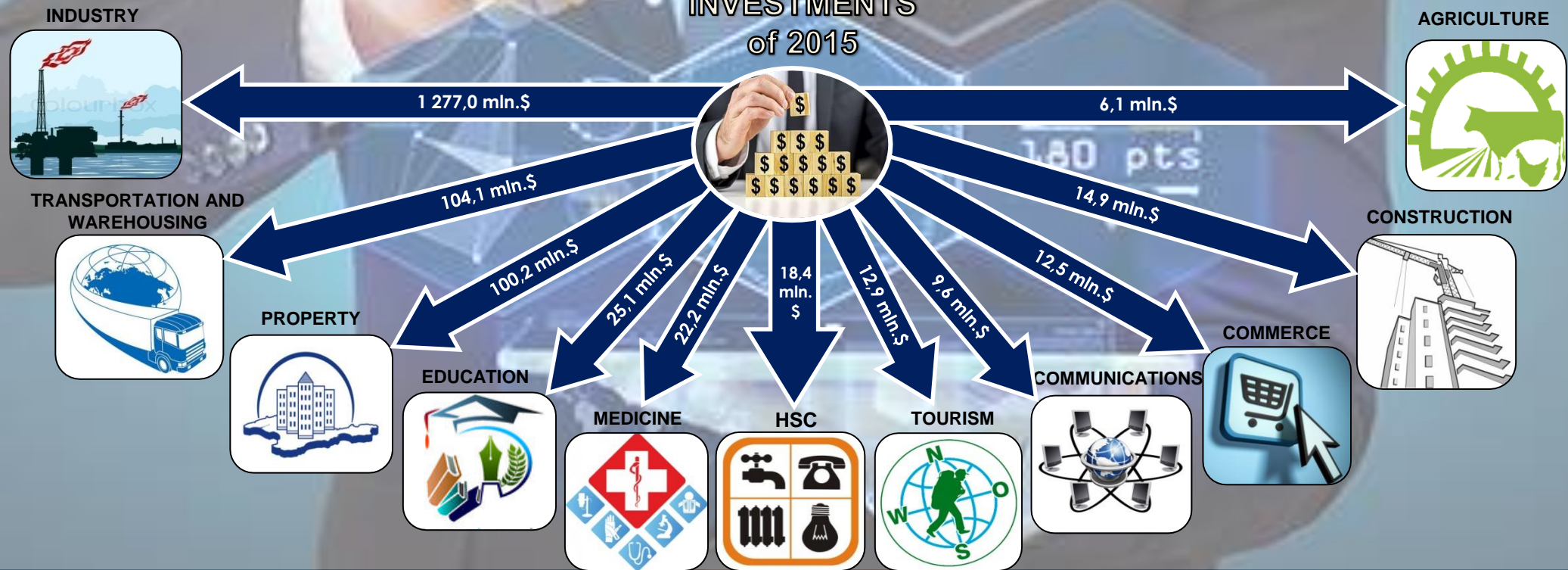
- petroleum and gas
- grain and oil-bearing crops
- meat of domestic animals
- metal wares
- machinery and equipment



# INVESTMENTS TO THE REGION



## INVESTMENTS of 2015

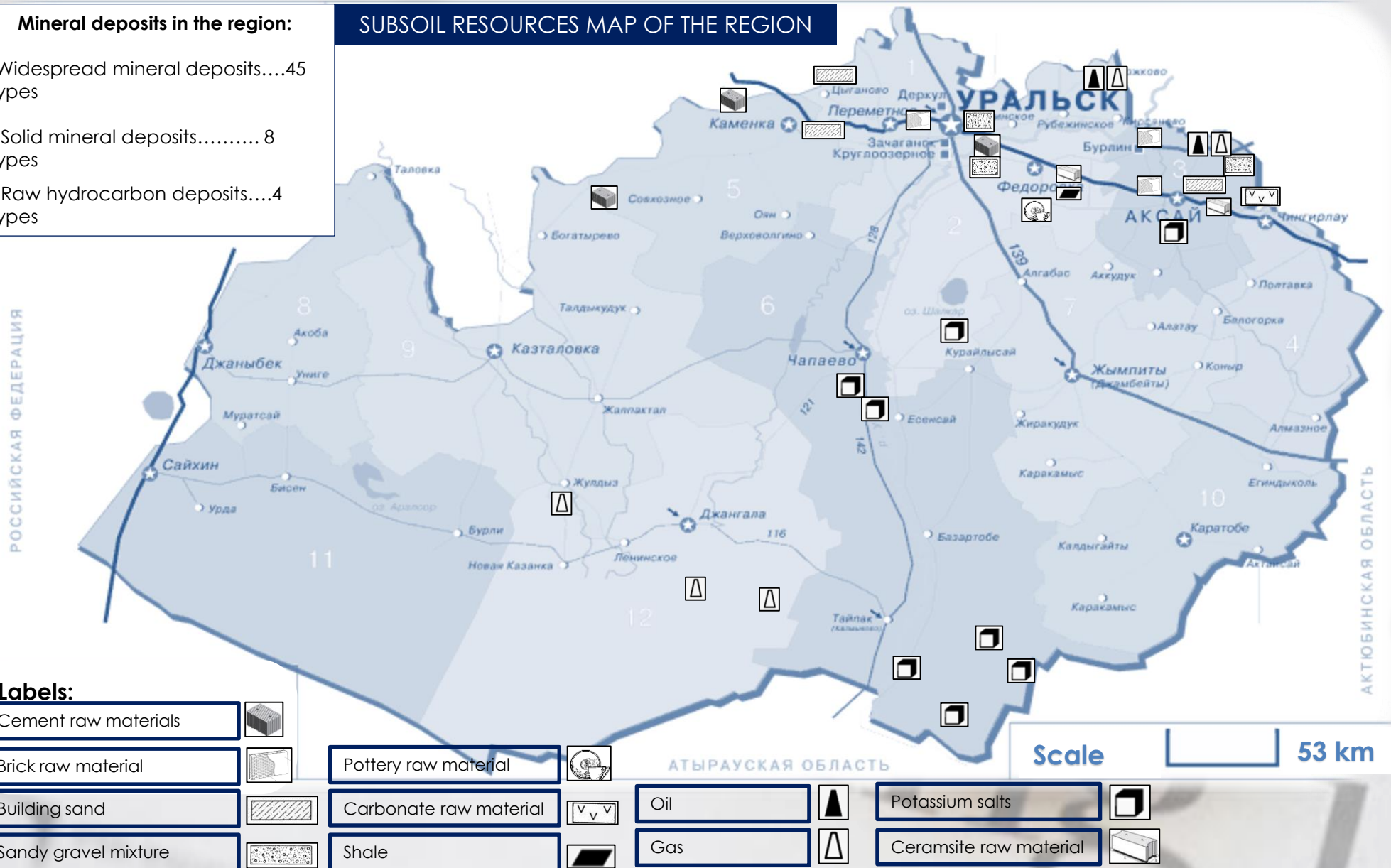


# MINERAL RESOURCES OF THE REGION

## Mineral deposits in the region:

- Widespread mineral deposits....45 types
- Solid mineral deposits..... 8 types
- Raw hydrocarbon deposits....4 types

## SUBSOIL RESOURCES MAP OF THE REGION



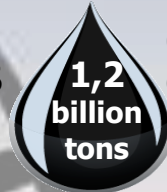


# MINING INDUSTRY

## KARACHAGANAK OIL, GAS AND CONDENSATE FIELD



### RESOURCES



Oil,  
condensate



Dry gas

Produced in 2015 – 22,7 billion cub. m. of hydrocarbons and gas

Produced items in 2014 – 6,8 billion \$

Production content in GRP of West Kazakhstan – 57,3 %

Production content in the volume of West Kazakhstan industry – 82,5 %

## Minerals more than 45 types



Flask



Gypsum



Borate ore



Ground chalk

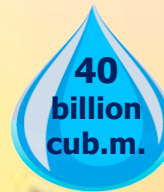
## CHINAREV OIL, GAS AND CONDENSATE FIELD



### RESOURCES



Oil,  
condensate



Dry gas

«Zhaikmunai» LLP reorganized into «Nostrum Oil & Gas PLC»

Produced in 2015 – 7,6 million cub. m. of hydrocarbons and gas

Produced items in 2015 – 465 million \$

Production content in GRP of West Kazakhstan – 5,7 %

Production content in the volume of West Kazakhstan industry – 8,2 %



Sand and gravel



Clay



Potash salt

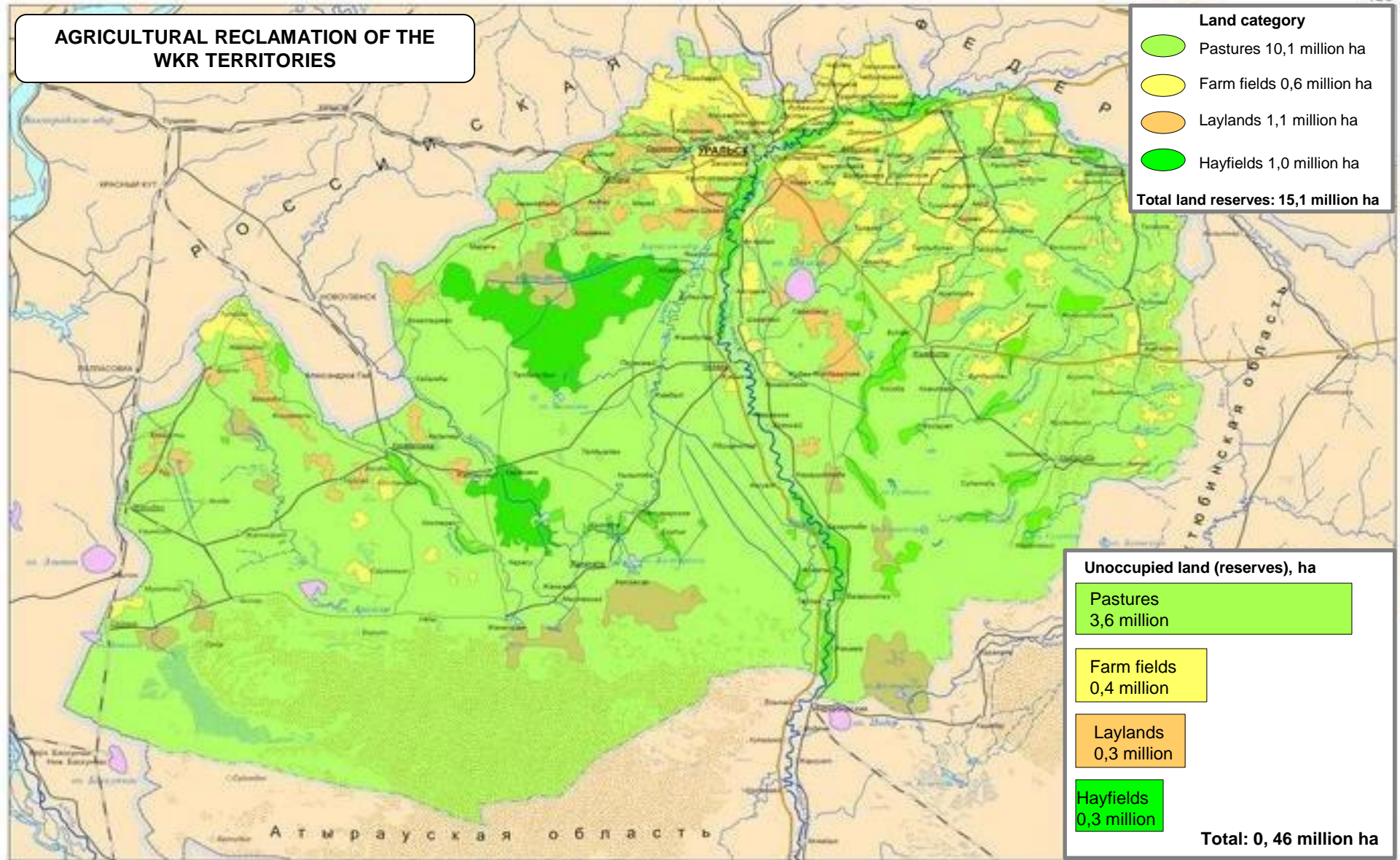


Asbestos



# LAND RESERVES OF THE REGION

## AGRICULTURAL RECLAMATION OF THE WKR TERRITORIES





# AGRICULTURAL COMPLEX

414,1 million \$ has been produced in 2015



**550 thousand**  
ha of cultivated land



**12580 thousand**  
ha of pastures



**230 thousand**  
tons of grain



**2 thousand**  
tons of wool



**75 thousand**  
tons of meat



**220 thousand**  
tons of milk



**130 million**  
eggs

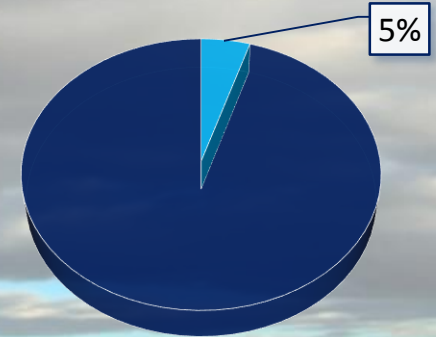
## Main directions

- cattle breeding
- plant cultivation
- fish-farming
- processing of agricultural products

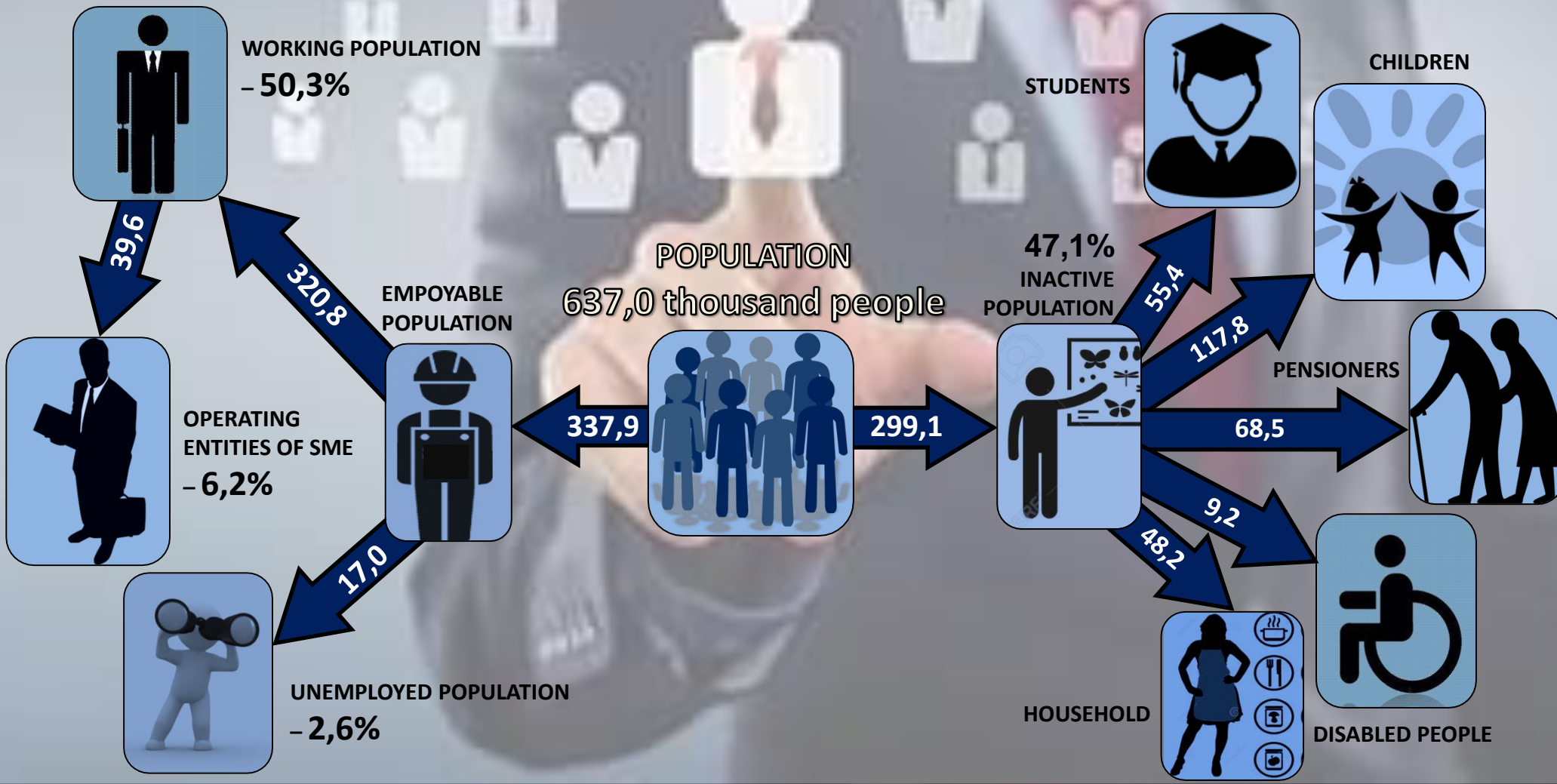
## Livestock

- great cattle – 457,4 thousand
- horses – 115,0 thousand
- small cattle – 986,0 thousand
- camels – 3,0 thousand
- pigs – 27,8 thousand
- poultry – 1 038,0 thousand

The rate of agriculture in GRP



# LABOUR RESOURCES OF THE REGION





# MACHINE MANUFACTURING

82,2 million \$ has been produced in 2015



## 5 manufacturing factories

machinery, repairing and shipbuilding



## 2 sea vessels

annual production capacity of vessels with displacement of water is up to 500 tons



## 500 special vehicles

annual production rate of fire-fighting, special and agricultural vehicles



## 10 thousand units

annual production rate of butyric transformers with capacity rate up to 2,5 MW/A



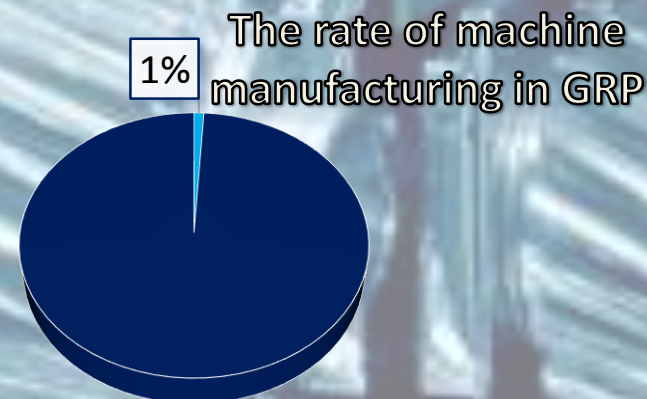
## 5 thousand tons

annual production rate of cast iron gate valve and isolation valves for oil and gas sector



## 3 thousand units

annual production rate of equipment for transportation and oil heating, gas-compressor and gas-turbine stations



## Industry

- work places – 3,5 thousand people
- production rate – 53 million \$
- growth rate – 7,5%
- Kazakhstani content of raw materials – 85 %

## Development perspectives

- production of gas turbine and oil transfer equipment
- production of agricultural machinery and components
- production of industrial electrical equipment
- production special vehicles for municipal utility services
- production of vessels with displacement of water up to 1000 tons



# ENERGY AND RECYCLING



## Solar electric plant

Construction of a solar electric plant with 150 MW capacity in the area of industrial zone of WKR



**Project cost**  $\approx$  50 million \$

**Project implementation period** – from 2016 until 2018

**The purpose of the project** – construction of a renewable energy industry for the provision of needs of local population

**Implementation mechanism:**

- public-private partnership
- a jointed project implementation with JSC «NC «SEC «Oral»
- provision of land for construction up to 100 ha
- jointed exploitation of SEP
- purchase of the electric energy by the government with high prices

**Payback period of the project** – 5 years

**Profitability** – 22%

**Requirements to the object:**

- accessing to the electricity grids of the JSC «ZapKazREK» and JSC «KEGOK»
- providing the electric energy to the industrial zone of WKR

**Work places** – 50 people





# ENERGY AND RECYCLING



## SDW recycle

construction of a solid disposal waste recycle factory, electric energy and heat



**Location:** Uralsk city, WKR, Republic of Kazakhstan

**Project cost** – 5 million \$

**Project implementation period** – from 2016 till 2017

**The purpose of the project** – waste utilization of the city and production of electric and heat energy

**Implementation mechanism** – a jointed project with JSC «NC «SEC «Oral»  
– provision of a land and SDW landfill with prepared infrastructure in Uralsk city  
– state support and preferences

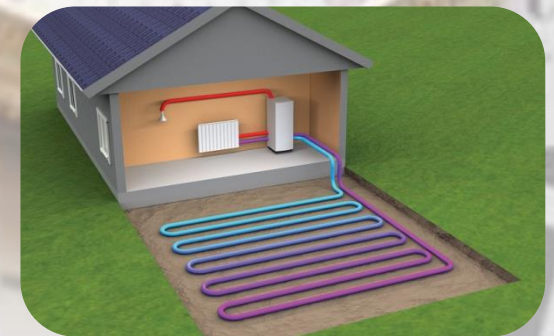
**Payback period of the project** – 4 years

**Project capacity** – 7 000 tons of recycling and SDW utilizing per year  
– 2 MW of electric energy

**Planned income** – 2.2 mln. \$

**Profitability** – 25%

**Work places** – 20 people





# MANUFACTURE



## Machine-building

construction of road-building, constructional and agricultural machinery in the industrial zone of WKR



**Project cost**  $\approx$  110 million \$

**Project implementation period** – from 2017 until 2018

### Implementation mechanism

- a jointed project with JSC «NC «SEC «Oral»
- provision of land for the construction of up to 20 ha in the industrial zone of West Kazakhstan region
- state support and preferences

**The purpose of the project** – organization of a production/adjustment/equipping road-building special vehicles, agricultural machinery and aggregates, accessory details and replacement parts for them

**Payback period of the project** – 8 years

**Profitability** – 15%

### Requirements to the object:

- production of analogue details and replacement parts for modern technology
- production capacity not less than 1 200 units per year

**Work places** – 1 500 people





# MANUFACTURE



## Electronics consumer

construction of an electric appliances factory in the industrial zone



**Project cost**  $\approx$  50 million \$

**Project implementation period** – from 2017 until 2019

**The purpose of the project** – organization of the local production of the electric appliances with exporting potential

**Implementation mechanism** – public-private partnership,  
– a jointed project with JSC «NC «SEC «Oral»,  
– provision of land with a prepared infrastructure for the construction of up to 10 ha in the industrial zone of WKR.

**Payback period of the project** – 5 years

**Profitability** – 35%

### Requirements for the project:

- organization of world brands consumer electronic appliances production,
- organization of export supplies of manufactured products,
- employment 80% of the workplaces by Kazakhstan employees.

**Work places** – 1 500 people



# MANUFACTURE



## Production of construction materials

construction of a factory of manufactured gravel and dry building aggregates in the industrial zone of WKR



**Project cost**  $\approx$  10 million \$

**Project implementation period**– from 2017 until 2018

**The purpose of the project** – organization of manufactured gravel production and dry building aggregates. The prototype of manufacturing line of manufactured gravel production is organized and underwent the certification, **the additional 2.5 million \$ is required** for construction of a factory.

### Implementation mechanism

- a jointed project with JSC «NC «SEC «Oral» and Kazakhstan investor – «Innotechproekt» LLP
- provision of land for the construction of up to 10 ha in the industrial zone of West Kazakhstan region
- state support and preferences

**Payback period of the project** – 4 years

**Profitability** – 27%

### Requirements for the project:

- using construction materials of the Kazakhstan production at least for 50%
- production capacity not less than 100 000 tons per year

**Work places** – 200 people



# AGROINDUSTRY



## Greenhouse complex

construction of a greenhouse complex in the industrial zone of WKR



**Project cost** – 10 million \$

**Project implementation period** – from 2017 until 2018

**Purpose of the project** – construction of vegetables and ornamental plants production in order to provide WKR and neighboring regions of Kazakhstan and Russia (16 million people in a radius of 500 km) with quality products for fair prices.

**Implementation mechanism** – a jointed project with JSC «NC «SEC «Oral»,  
– provision of land for a greenhouse complex with prepared infrastructure for the construction up until 10 ha in the industrial zone  
– state support and preferences

**Payback period of the project** – 2 years

**Project capacity** – 2 000 tons of vegetables and fruits  
– 1,0 million units of flowers

**Planned income** – 3,5 mln. \$

**Profitability** – 35%

**Work places** – 45 people





# AGROINDUSTRY



## Leather items

Production of a leather from leather items



**Project cost** – 2 million \$

**Project implementation period** – from 2017 until 2018

### Purpose of the project:

- creating new workplaces
- creating the first finished manufacturing line of leather items in the republic
- lack of competitiveness
- production of ecologically clean items
- wide assortment of producing items

### Implementation mechanism:

- a jointed project with JSC «NC «SEC «Oral»
- provision of land with prepared infrastructure for the construction up until 10 ha in the industrial zone of West Kazakhstan region

**Payback period of the project** – 7 years

**Profitability** – 18%

**Work places** – 50 people



# AGROINDUSTRY



## Poultry farm

Construction of the poultry farm with meat-oriented line



**Project cost** – 12 million \$

**Project implementation period** – 2016-2017

**Purpose of the project** – production of the chicken for needs supply of the region population with export access

### Implementation mechanism:

- project financing
- providing the land sites for construction
- providing necessary infrastructure supply
- state support (grant for production and end-product)

**Project capacity** – 5700 tons of chicken meat

– 5.3 mln. eggs

**Payback period of the project** – 5 years

**Profitability** – 34%

**Work places** – 250 people





# AGROINDUSTRY



## Milk processing

Construction of a milk processing factory



**Project cost** – 8.3 million \$

**Project implementation period** – 2017-2018

**Purpose of the project** – organization of the milk processing and fermented milk products

### Implementation mechanism

- co-financing the project via JSC «Fund Financial Support of Agriculture»
- providing the land sites for construction
- providing necessary infrastructure supply
- state support (grant for production and end-product)

**Project capacity** – 40 000 tons per year

**Payback period of the project** – 5 years

**Profitability** – 20%

**Work places** – 100 people





# AGROINDUSTRY



## Canning production

Production factory of  
vegetables and fruit  
conservation



**Project cost** – 11.0 million \$

**Project initiator** – «Kubley» LLP

**Project implementation period** – 2017-2018

**Purpose of the project** – organization of vegetables and fruit processing with a further increase in fruit canned goods production

**Implementation mechanism** – participation with equity funds up until 20%  
– a jointed venture with «Kubley» LLP  
– providing the land sites for construction  
– providing necessary infrastructure supply  
– state support (grant for production and end-product)

**Project capacity** – 10 000 tons of conserved products per year

**Profitability** – 21%

**Work places** – 100 people





# INFRASTRUCTURE



## TLC

construction of a transport and logistics center in the industrial zone of West Kazakhstan region



**Project cost** ≈ 6 million \$

**Project implementation period** – from 2017 until 2018

**Purpose of the project** – Organization of cargo transportation center and the temporary storage of items

**Implementation mechanism** – public-private partnership

- a jointed project with JSC «NC «SEC «Oral»
- provision of land with prepared infrastructure for the construction until 20 ha in the industrial zone of WKR

**Payback period of the project** – 5 years

**Profitability** – 21%

### The requirements for the project:

- connection to highways and railway
- provision of transport logistics to the products produced in industrial zone of West Kazakhstan region
- TLC warehouse area of 10 000 sq. m. and a storage capacity of 50 000 tons
- TLC throughput capacity of 1 200 tons per hour

**Work places** – 200 people





# INFRASTRUCTURE



## Bus fleet

Purchase of modern buses and electronic ticketing system for city passenger transport



**Project cost** ≈ 14 million \$

**Project implementation period**– from 2017 until 2018

**Purpose of the project** – organization of quality traffic route through the city Uralsk, implementation of effective transport routes

**Implementation mechanism** – public-private partnership,

- a jointed project with JSC «NC «SEC «Oral»
- co-financing of the project from EBRD
- provision of land with ready infrastructure under construction car park in the city of Uralsk
- public order and the redemption of investments within 7-10 years

**Payback period of the project** – 7 years

**Profitability** – 18%

**The requirements for the project:**

- development of feasibility studies by the EBRD
- bus purchase, working on gas and with an electronic ticketing system
- construction of bus fleet with gas filling

**Work places** – 200 people



# Implementing projects of JSC «NC «SEC «Oral»



## Industrial zone

financing the infrastructure construction of the 300 ha industrial zone in West Kazakhstan region

**Project cost** ≈ 40 million \$

**Project implementation period** – from 2017 until 2018

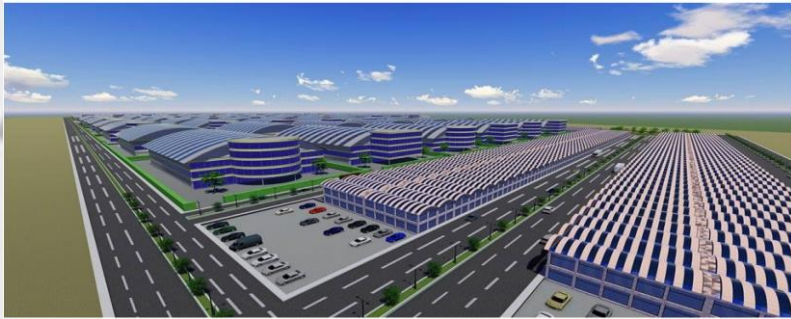
**Purpose of the project:** To involve local and foreign investors to promote accelerated development of private entrepreneurship in the industry, the development of production of competitive important-substituting products

### Implementation mechanism:

- public-private partnership
- a joint project implementation with JSC «NC «SEC «Oral»
- financing the construction-assembly work of external and internal infrastructures of 300 ha area in the industrial zone territory
- jointed exploitation of the industrial zone
- public support in the form of tax credits
- formation of an investment fund of the industrial zone of West Kazakhstan region for the industrial enterprises projects financing

**Payback period of the project** – 8 years

**Profitability** – 15%



Project Initiator  
**Akimat (Government) of  
West Kazakhstan region,  
Republic of Kazakhstan**

### Project participants



Industrial zone operator  
**JSC «NC «SEC «Oral»**

# Implementing projects of JSC «NC «SEC «Oral»



## Subsoil use

Exploration and extraction of potash salts and production of potash fertilizers



**Project cost** ≈ 23 million \$

## Site:

- potash salts on «Shugul» dome located in Akzhyik district, WKR, 60 km away from Inder village of Atyrau region;
- the area of the dome 100 sq. km.
- literary recourses of  $K_2O$  from 17% to 31,4% for  $C_2$  is evaluated as 160 mln. tons, estimated – 150 mln.

**Partner** – «Kazakhstanskaya Kaliinaya Kompaniya» LLP

**Project implementation period** – from 2015 until 2022

**Purpose of the project:** exploration and exploitation of potash salts and production of export oriented products



**Organization** – a jointed enterprise:

- \* JSC «NC «SEC «Oral» – 15%
- \* «Kazakhstanskaya Kaliinaya Kompaniya» LLP – 85%
- execution of subsoil use rights to JSC «NC «SEC «Oral» and assignment to the Partner
- full financing of the project from Partner's budget
- entering of the reserves on the government balance sheet
- potash fertilizers factory construction and jointed extraction and processing of potash salts

**Payback period of the project** – 9 years

**Profitability** – 65%

**Work places** – 600 people during GEO and CIW periods

- 1 500 people after the extraction of minerals and exploitation of the factory

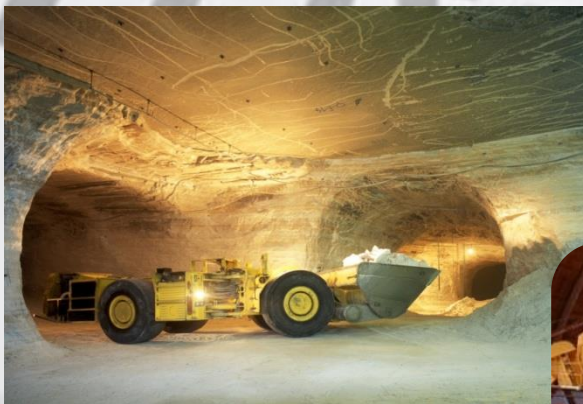


# Implementing projects of JSC «NC «SEC «Oral»



## Subsoil use

Exploration and extraction of potash salts



**Project cost** ≈ 11 million \$

## Site:

- potash salts on Grigoriyevsk salt dome located in Borli district, WKR, 15 km away from Aksai town;
- the area of the dome 60 sq. km.
- the total capacity of salt dome zone 540 m.

**Partner** – «Batys Mineral» LLP (100% share of TARCOT INC. Panama)

**Project implementation period** – 2015 until 2021

**Purpose of the project:** exploration and exploitation of the site, export of potash salts

**Implementation mechanism** – a jointed enterprise:

- \* JSC «NC «SEC «Oral» - 9%
- \* «Batys Mineral» LLP - 91%
- execution of subsoil use rights to JSC «NC «SEC and assignment to the Partner
- full financing of the project from Partner's budget
- entering of the reserves on the government sheet
- jointed extraction of potash salts



**Payback period of the project** – 7 years

**Profitability** – 32%

**Work places** – 300 people during GEO and CIW periods  
– 500 people after the extraction of minerals