

65th Plenary Meeting of the INTERNATIONAL COTTON ADVISORY COMMITTEE

Presentation of the cotton industry of the Republic Kazakhstan

Head of delegation:
Saparbayev Berdibek
Director of the Prime-minister office

A strategic location in Central Asia



Republic of Kazakhstan



President of the Republic of Kazakhstan
Nursultan Nazarbaev

«We stand for the mutually beneficial two-way relationship with the Eastern and Western countries... Kazakhstan considers them to be important trade and economic partners and we continue to adopt their advanced experience of creation high-technology productions with high value added costs».

Stable business conditions

- Political and Social Stability
- GDP growth - 9,4%, 2005 - \$ 60,9 billions
- Inflation level - 7,5%
- Unemployment level - 8,1%
- Increasing foreign investment
2004 - \$ 8,4 billions.
2005 - \$ 10 billions
- Increasing export 2005 - \$ 27,9 billions.
- Trade partners - 175 countries
- Long-Term State support
 - Regulatory basis
 - Safety
 - Infrastructure (necessary state and other organizations, engineering services)
- Global support: EBRD, ADB, World bank, others.

Kazakhstan in world rating on cotton production

Factors	Units	Data	Rating
Yield (seed cotton)	centner/h	23,5	16
Yield (raw cotton)	kg/h	673,0	16
Area under cotton	thous. h	205,0	25
Crop	thous. h	138,0	16

Banking sector

- Developed banking sector
 - KKB - Baa2 Stable
 - HSBK - Baa1 Stable
 - BTA - Baa3 Stable (Source: Moody's rating agency)
- Total bank assets - \$ 5,5 billions.
- Local Banks have operating agreements with International banks
- Accounts in Foreign currency
- Local currency fully convertible
- Computer banking is available

Cotton-Textile cluster

- The law of RK "On Cotton Industry Development"
- Cotton research institute
- Highest quality seeds production plant
- Cotton quality rating laboratories
- Ginning plants
- Transportation-logistic centers, "Cargo Control Kazakhstan" warehouses -7,2 thous.m², one-time storage capacity - up to 10 thous. tons
- State subsidies:
 - 40% cost of original and highest quality seeds
 - 40% cost on water delivery services
 - 40% cost of mineral fertilizers, seed disinfectors, herbicides
 - part of the cost of combustive-lubricating materials
 - part of the costs on irrigation and drainage of the irrigated area
 - 100% cost on combating agricultural pests
- Development of new areas under crop for cotton growing
- "Ontustyk" Special Economic Zone

"Ontustyk" Special Economic Zone



- 200 Hectares near Shymkent (South Kazakhstan) reserved for textiles
- Advantageous tax laws
- Free Customs Zone
- Infrastructure, engineering services
- State support

"Ontustyk" SEZ Preferential conditions for 10 years

	SEZ territory	Republic of Kazakhstan territory
Corporate Income Tax	0%	30%
VAT	0%	15%
Property Tax	0%	1%
Land Tax	0%	from 18,8 \$/hectare
Customs Duties	Exemption	up to 25%
Administrative support	Managerial Board SEZ Tax Authority SEZ Customs Authority Infrastructure Budget	
Taxation and Customs Support		
Infrastructure		

Comparative analysis Industrial costs

ELECTRICITY \$/kw	
TURKEY	0,100
INDIA	0,086
PAKISTAN	0,065
CHINA	0,060
KAZAKHSTAN	0,041
UZBEKISTAN	0,025

GAS \$/m ³	
TURKEY	0,250
INDIA	0,181
PAKISTAN	0,130
CHINA	0,122
KAZAKHSTAN	0,091
UZBEKISTAN	0,025

LABOR COST \$/h	
TURKEY	2,88
KAZAKHSTAN	0,95
INDIA	0,67
UZBEKISTAN	0,40
PAKISTAN	0,37

To sum up



- Favorable business conditions
- Political and social stability
- Long-term tax preferences
- Free customs zone
- Regional hub with low cost raw material
- Competitive production costs
- Potential markets: Central Asia, Russia, Ukraine, other CIS countries.

Thank you for your attention
and welcome to Kazakhstan.