



KAZAKHSTAN: MARKET WITH POTENTIAL FOR SWISS SME?

Michael Kühn, Senior Consultant Russia+CIS

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The company



FACTS AND FIGURES

- Private organization
- Established in 1927
- Non-profit-organization with 2,213 members
- Annual budget of CHF 45 million, including CHF 31 million in subsidies from the national government
- Head office in Zurich, offices in Lausanne and Lugano
- Global presence with 21 Swiss Business Hubs & 2 Trade Points
- 120 employees in Switzerland
- 70 employees abroad

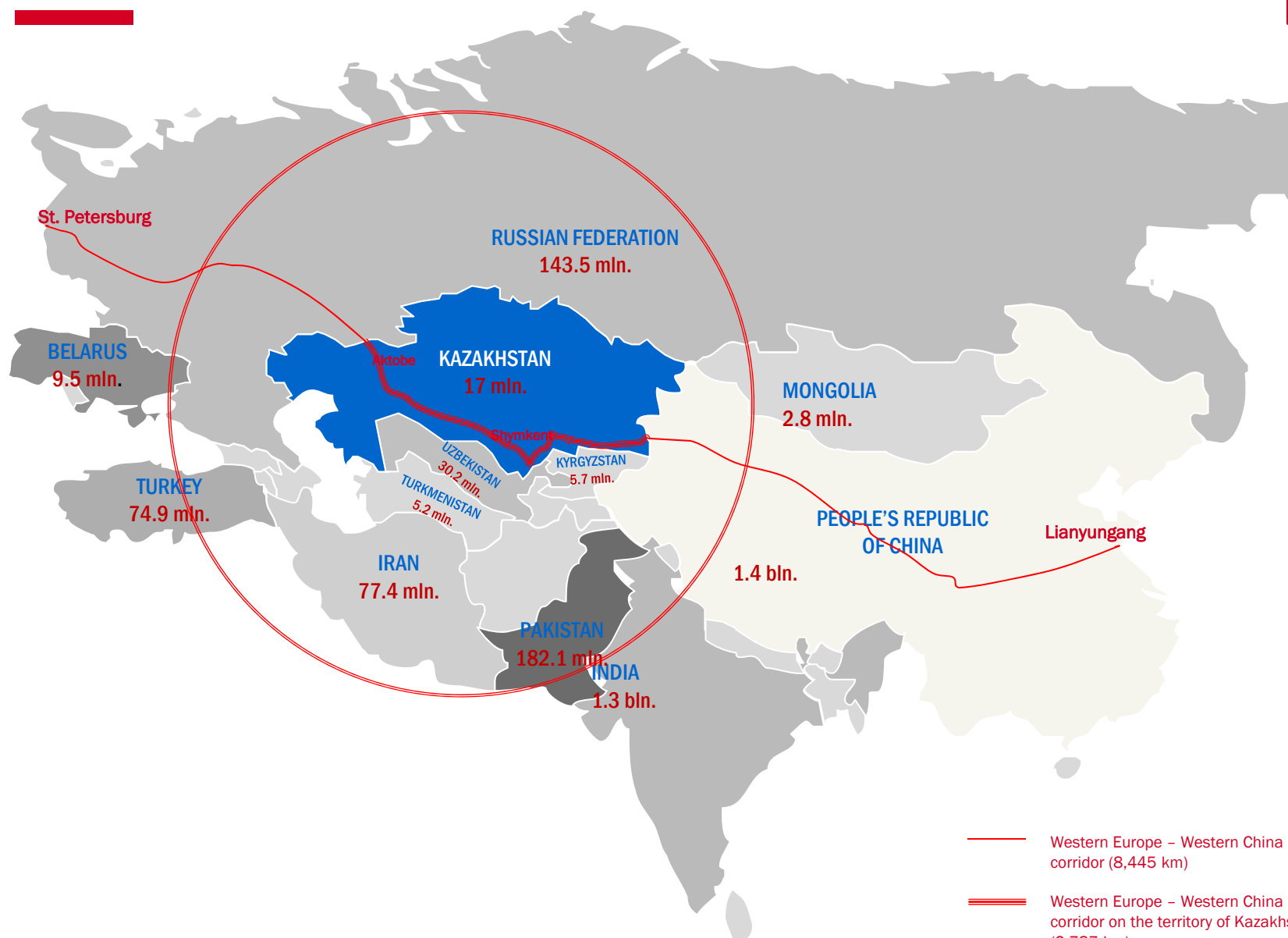
Export Promotion



 Swiss Business Hub

 Export Promotion

Location



Country Profile



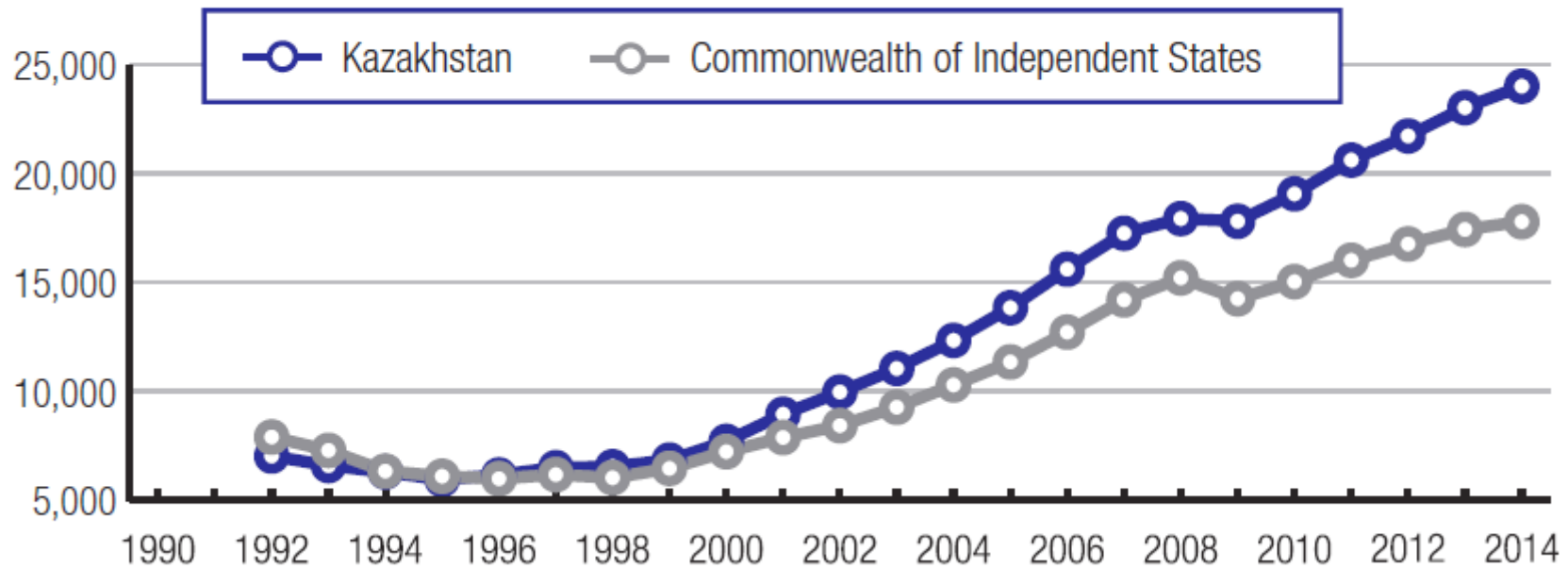
Basic Facts

- Capital: Astana (Population: 840'000)
- Largest city: Almaty (1,5 Mio)
- Total area: 2,7 Mio km² (9th in the world) / Population: 18 Mio
- Languages: Kazakh (State language), Russian (Official language)
- Currency: Kazakh Tenge (KZT)
- GDP 2014: Total USD 216 billion / p.c. USD 12'400

Country Profile



GDP (PPP) per capita (int'l \$), 1990–2014



Source: WEF 2016 (www.weforum.com)

Country Profile

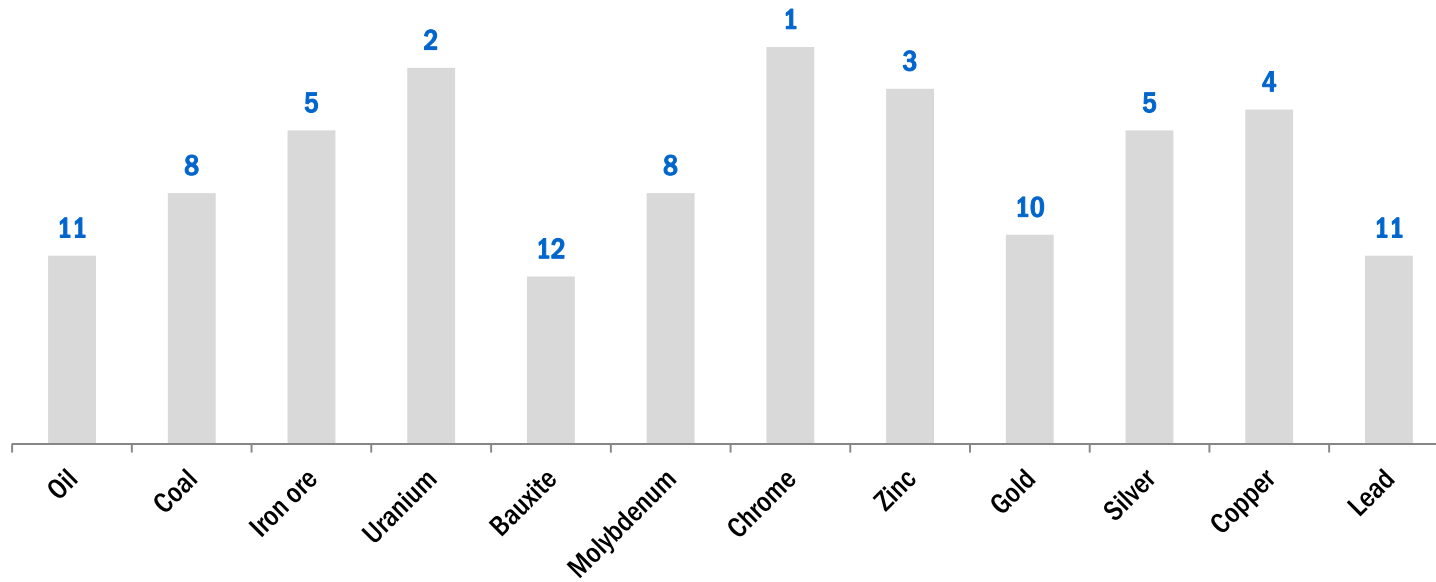


- Member of CIS, Eurasian Economic Union (RuBeKa + Armenia and Kirgizstan), SCO (Shanghai Cooperation Organisation), Customs Union (RuBeKa) since January 2010
- Free Trade Agreement EFTA/RuBeKa (negotiations on hold)
- Joined WTO in 2015
- Swiss citizens: Visa free entry!
- Natural Resources: Oil, Gas, Coal, Ore, Copper, Gold, Silver, Uranium, ...

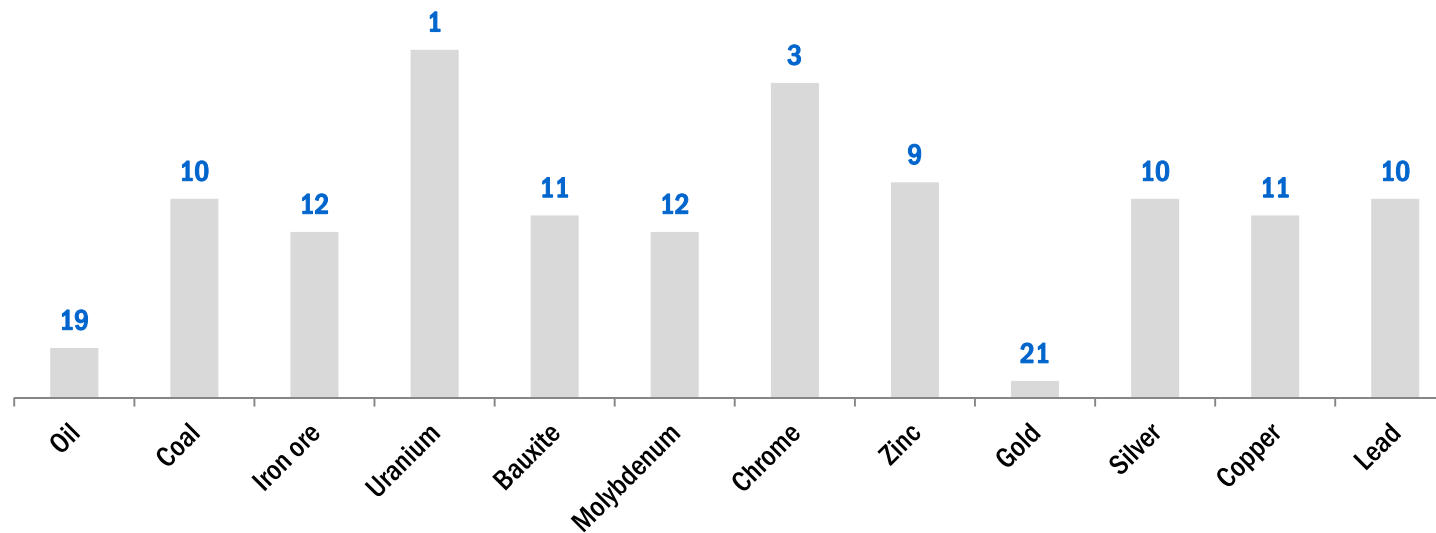
Country Profile



Kazakhstan in the world ranking for reserves



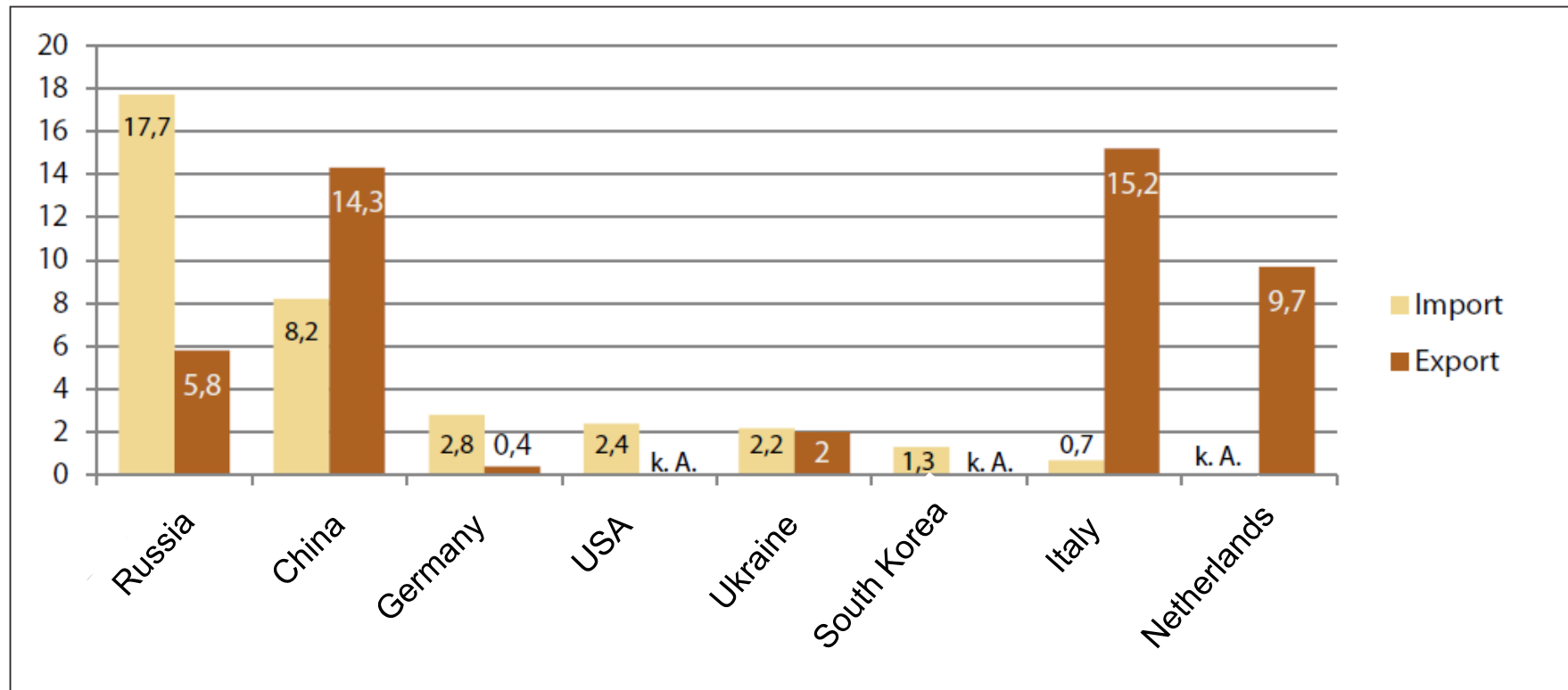
Kazakhstan in the world ranking for mining



Trade Relations (global)



Kazakhstan's most important import & export partner countries (in million dollars, 2013)



Source: *Delegation der deutschen Wirtschaft für Zentralasien*; <http://zentralasien.ahk.de/fileadmin/ahk_zentralasien/A_Material_Website_neu/B_05_Publikationen/C_Kasachstan_in_Zahlen/04_2014-Fruehjahr_Kas-in-Zahlen.pdf>

Trade Relations (global)



Export

Products: Mineral products (75%), Base metals (10%)

Countries: Italy, China, NL, RU, France, Switzerland (5,2%, #6)

Import

Products: Machinery (38%), Chemical Products & Pharma (13%), Base Metals (13%)

Countries: Russia (38%), China, Germany, USA (CH #30)



Trade Relations with Switzerland

Trade turnover (2014): CHF 964 million

Export: USD 748 Mio (kazakh stats: USD 4.3 Mia.)

Most important goods: Commodities and Mineral Products (ca. 95%)

Import: USD 215 Mio.

Most important goods: Chemicals and Pharma (28%); Machinery (17%),
Watches (12%), Agricultural Products (12%)

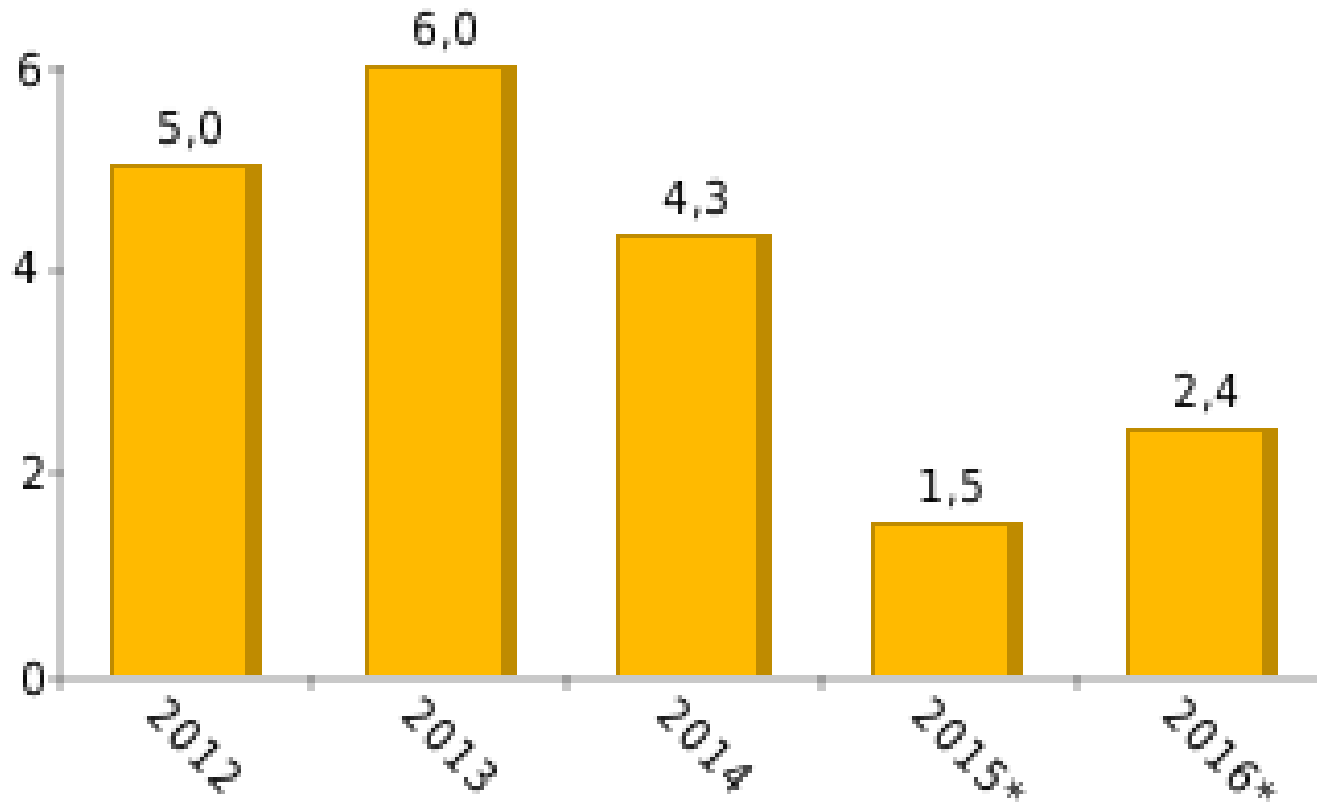
Economic Development



- Economic Growth: Average (2005-2014) of +6.6% / 2015: +1.5%
- Income per capita: (2005-2013): Triplication! 2014: USD 8'200.- p.a.
- Strong promotion of Foreign Investments
- Aim: Reducing Dependence on Oil & Gas (low prices affect the whole economy)
- Important transit country (Europe-China)
- Recent economic downturn

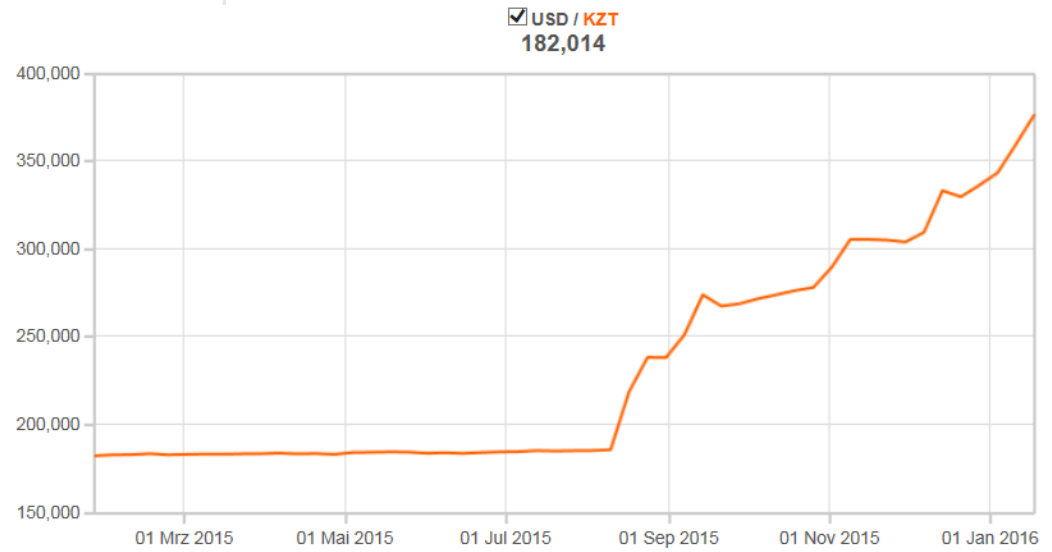
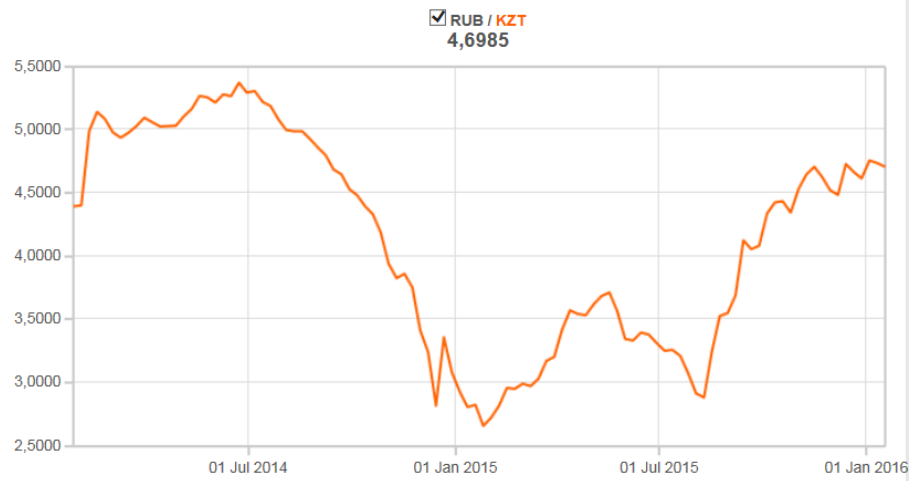


Development of GDP (in % compared to previous year)



Source: GTAI 2016

Economic Development



Source: www.oanda.com, 2016

Economic Development

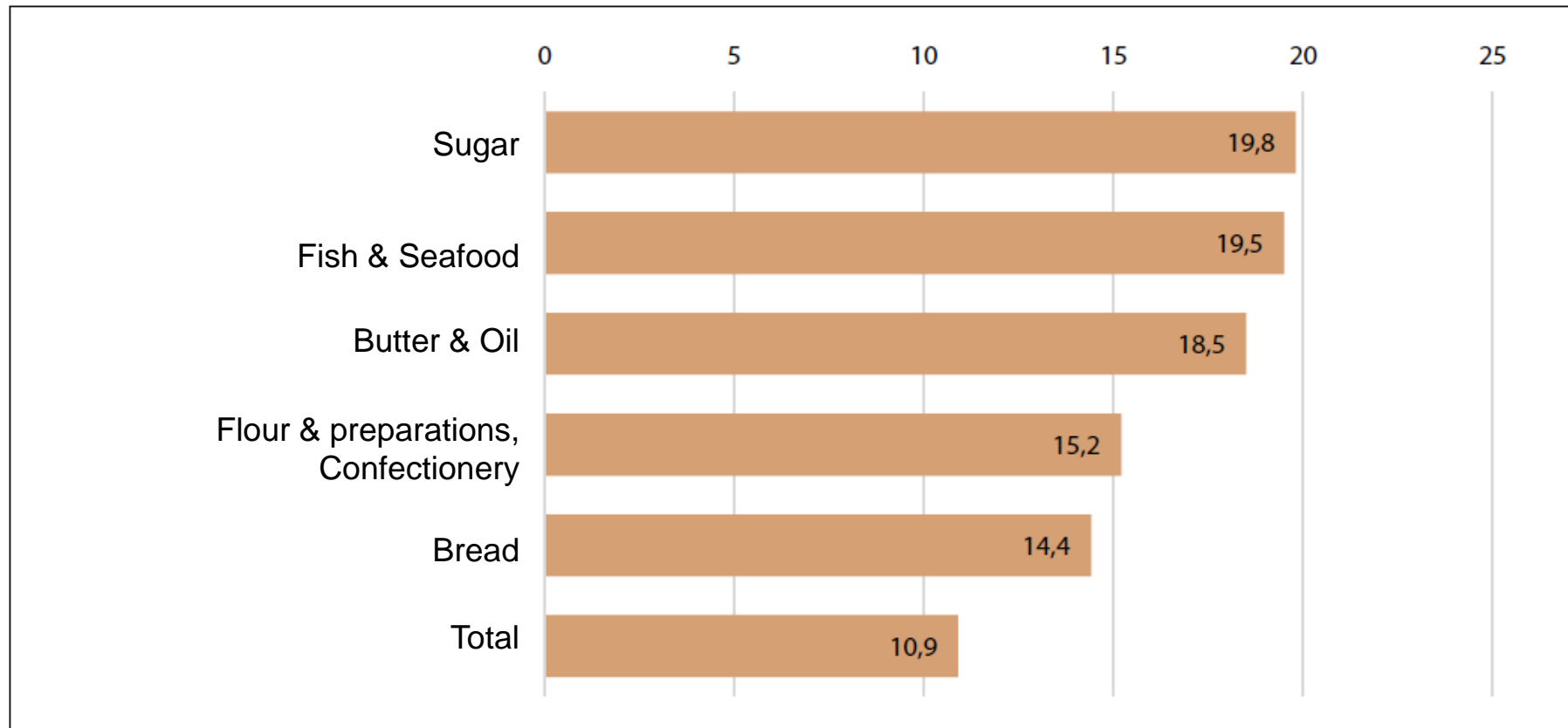


Source: BLOOMBERG

NZZ-Infografik/lea.



Increase of food prices in Kazakhstan (from December 2014 till December 2015, in %)



Source: *Nationales Komitee für Statistik*; <http://www.stat.gov.kz/faces/wcnav_externalId/homeNumbersPrices?_afLoop=25531844806866980#%40%3F_afLoop%3D25531844806866980%26_adf.ctrl-state%3D14fg35t72u_85>



National Investment Program «Nurly Zhol» («Path to the Future»)

- Fear of economic downturn
- new Investment Program (2015-2017) with a budget of USD 9 bln.

- **Areas of Investment (selection):**
 - Transport & Logistics
 - Infrastructure (Power Supply System, Streets and Railways, Logistic Hubs)
 - Establishing and Finalizing Special Economic Zones
 - Construction of Housing and Social Infrastructure
 - Reduction of bureaucracy and limiting influence of authorities on economy

Local / Regional Investments, e.g. Almaty City

Potential for Swiss Companies



Industry: Commodities, mainly Oil & Gas / mining

- Trading
- Engineering & Equipment for production sites, e.g. measuring instruments, turbines, pipes, related software & hardware etc.
- 20+ projects for development and modernization of mining sector, among others: development of oil field “Tengis” for US\$ 36bil.
- Challenges: Local Content Requirements, low prices on the markets

Potential for Swiss Companies



Industry: Energy & Cleantech

- Huge backlog demand but investments might be cut due to crisis
- Renewables & Energy Efficiency
 - Investment plans: Energy Efficiency in Industrial Buildings, “Energy-Audits”, reduction of heat loss in residential housing, etc...
 - By 2020: Reduction of energy consumption by 20%
 - EXPO 2017 “Future Energy”
- Water and Heat Supply Networks
- Power Generation / Storage / Distribution

Potential for Swiss Companies



Industry: Infrastructure (Transport and Communication), Construction

- Projects for upgrading infrastructure in Telecom
- Projects in Railway sector and road construction
- Kazakhstan aims to become the most important transit country between Europe and Asia !
- Housing & Social Infrastructure
- Preparation for EXPO 2017

Potential for Swiss Companies



Industry: Chemical Products / Pharma / Medtech

Chemical:

- many projects in petrochemical, construction of new refineries
- Incentives for local production (“Special Economic Zone”)

Pharma:

- approx. USD 1 Mia., huge dependence on imported products
- Incentives for local production (“Special Economic Zone”)

MedTech:

- huge need, especially for imported products
- new Health Program 2016-2020

Potential for Swiss Companies



Industry: Agriculture & Food

- “Priority Industry”: aim is to modernize agriculture & food production
- Equipment and Machines for Agriculture and food production
- Technologies for Food Processing and Packaging
- Consumer Goods: rising middle class but recently a decreasing purchasing power
- Prestigious to have imported products

Potential for Swiss Companies



Astana Financial Center

- Astana is to become an important financial center
- Establishment of “International Financial Center Astana (IFCA)”
- IFCA’s aims are:
 - Attraction of foreign investments
 - Opening up the Kazakh banking sector
 - Ensuring integration in international capital markets
 - Increase scope and quality of services

Swiss Companies in Kazakhstan



Selection (total ca. 25)



(Source: Economic Report of Swiss Embassy, Astana)



EXPO 2017: «Future Energy»





SWOT-Analysis Kazakhstan

Strengths
Natural Resources
Strongest Economy in Central Asia
Low national debt
Geographical Location
Stable political situation
Openness towards foreign Investors

Weaknesses
Dependence on commodity exports
High degree of bureaucracy
Low legal security
Lack of skilled workers, esp. in technology
Low transparency in important industries and public procurement
Corruption

Opportunities
High demand for modernization
Diversification of Economy
Measures for improving «Ease of Doing Business and Investments»
Construction of transport infrastructure between Asia and Europe
Huge «internal market» thanks to Economic Union
Opening / Liberalization after accession to WTO

Risks
Missing Success in Diversification of economy
No progress in fighting corruption
Tendency towards Protectionism
Slow recovery of commodity prices
Uncertain future regarding political successor of President
Volatile development of Tenge

(Quelle: GTAI 2016, www.gtai.de)



Milestones for a Market Entry in Kazakhstan & where we can support you

- **Talk to market experts** (S-GE, Chambers, experienced SME, ...)
- **In-depth Market Analysis:** Estimation Market potential
 - Structure of Market
 - Competition
 - Key decision makers / influencers
 - Distribution channels
 - Customs and Logistics (!)
 - Certifications (!)
 - «Fact Finding Trip»
- **Definition of Market entry strategy:** own presence vs local partner (rarely possible: direct sales)

Market Entry



Milestones for a Market Entry in Kazakhstan & where we can support you

- Research of **local partner**
- **Business Meetings:** Organization of visits with potential partner, public bodies, trade shows etc. in Kazakhstan, ...
- **Crucial:** long-term strategy and personal relationships

Market Entry



We support you!

Representation Office: Trade Point Kazakhstan in Astana @ Swiss Embassy
Country Consulting: March 21-23, 2016 in ZRH
(individual, free of charge consulting)

Business Mission: **May 15-20, 2016 Business Mission to Kazakhstan, organized by Cc-Ti**

Support:

Switzerland Global Enterprise

Cc-Ti

Embassy of Kazakhstan in Switzerland

enabling new business



**THANK YOU FOR YOUR
ATTENTION!**

Michael Kühn
Senior Consultant Russia & CIS
Switzerland Global Enterprise
Zürich

Telefon +41 44 365 51 51

mkuehn@s-ge.com
www.s-ge.com