

Kazakhstan Market Information: Manufacturing and Construction Industries

(Prepared by Scott J. Sambucci, Director Economic Information Services - www.economicis.com)

This document describes the market opportunities and the private and public sector support for the Kazakh **Manufacturing and Construction Industries** as related to Kazakhstan's national economic strategy. This includes **manufacturing and construction technologies, labor productivity initiatives, and process improvement**. Additional information about these markets in Kazakhstan is available upon request.

The Innovation Industrial Development Strategy: 2003-2015 (Strategy) was announced by the Republic of Kazakhstan in 2003. The Strategy formulates the state economic policy through 2015 and aims to support sustainable economic development through non-extraction oriented economic diversification. **The Strategy provides over \$1 billion in foreign direct investment opportunities available to the international business community in identified economic sectors.**

To download a copy of the Strategy, go to: <http://www.kazakhembus.com/BusinessandEconomy.html>

The Strategy's goals in the **Manufacturing and Construction sector** include:

- Average annual growth rate targets of **8-8.4% in manufacturing industries** through 2015.
- A **labour productivity increase of 300%** through improved machinery, processes, and technology by 2015.
- Development of the **Kazakhstan Investment Fund to encourage investment flow** into the domestic manufacturing industry.
- **Investment tax preferences, state in-kind grants and guarantees** (provided in the Law of the Republic of Kazakhstan "On Investments") to investors in fixed assets of enterprises in the priority sectors.

The International Science and Technology Center (ISTC – www.istc.ru) is an international multilateral organization that coordinates the efforts of government, public sector, and international agencies. It provides weapons scientists from Russia and the Commonwealth of Independent States new opportunities in international partnership. Selected scientists conduct applied research activities in the **Manufacturing, Construction, and Engineering sectors** at research institutes such as:

- AO Engineering Plant, Almaty
- International Academy of Power Engineering, Almaty
- Petropavlovsk Hard-Machine Building Plant, Petropavlovsk
- Research Institute for Special Material Science, Shymkent

These scientists are available for new and existing research and development projects, and are available for international partnerships with American firms seeking new market opportunities and research resources.

A full list of proposed, ongoing, and completed projects is located in the ISTC database, found at: www.istc.ru. Click on "TECH-DB." Site registration is required and is free to all users.

The Business Information Service for the Newly Independent States (BISNIS) provides market information and trade leads with a focus on former Soviet countries, including the Republic of Kazakhstan. BISNIS trade representatives prepare economic sectors reports on an ongoing basis. In a 2003 report developed by BISNIS, several needs in the **Architectural, Construction, and Engineering Services (ACE) sector** were identified. For the full report, visit: <http://www.bisnis.doc.gov/bisnis/bisd/doc/030116KzConstr.htm>

Excerpts from the report:

“The main opportunities are in the area of **engineering services** for the construction of facilities in oil and gas (offshore and onshore field development, transport pipelines, oil refining, gas processing and petrochemicals). . . notably in relation to the development of the huge fields of Tengiz, Karachaganak and Kashagan.”

“**There is a growing demand for all types of construction services:** Construction, Renovation and Conservation of industrial and public utilities and residential buildings; Design and Assembly services. There is a need for the full range of civil engineering, construction and engineering activities including: research and development, all aspects of design, design and build, management contracting, construction management. . . Tunneling and tunnel lining, foundation engineering, mining and facilities management.”

“Many opportunities exist in the **continuing expansion of the new capital city, Astana**, and in strengthening and diversifying the country's infrastructure: there are plans for upgrading, expanding or building new ports, airports, roads and power distribution grids.”

Manufacturing & Construction Exhibitions and Marketing Opportunities

In 2005, Kazakhstan will host the following international expositions:

- AstanaBuild, Astana (May 18-20, 2005)
- KazBuild, Almaty (September 7-10, 2005)

These exhibitions provide local, regional, and international manufacturers, developers, suppliers and distributors with the opportunity to educate themselves about the Manufacturing and Construction industry in Kazakhstan. For more information, visit: <http://www.iteca.kz/en/events>

The United States Industry Coalition (USIC - www.usic.net) is a non-profit association of 150 American businesses, associations and academic institutions which are actively engaged in technology commercialization in the service of national security, nonproliferation and global peace. USIC members enter into partnerships with former Soviet weapons scientists and engineers to develop innovative technology products and services for peaceful applications. These partnerships are sponsored by the **Initiatives for Proliferation Prevention (IPP)** program of the National Nuclear Security Administration of the U.S. Department of Energy.

Major U.S. industry players currently have IPP-sponsored projects underway at these Kazakhstan facilities:

- Ulba Metallurgical Plant [1. copper beryllium production and 2. recovery of low-enriched uranium from concentrates]
- National Nuclear Center of Kazakhstan [development of geophysical and geochemical laboratory capabilities]
- Institute of Nuclear Physics [nuclear medicine radioisotope production]

For information about these projects and other opportunities for high-tech business partnerships in Kazakhstan, contact Dr. Gulbarshyn Bozheyeva, gbozheyeva@usic.net

Companies and organizations are encouraged to attend:

2005 KAZAKHSTAN
Industrial and Innovation Strategy: New Business Opportunities
TRADE AND INVESTMENT CONFERENCE
September 8-9, 2005 San Diego, California

Register by August 19th and save \$100! Register online at www.jmkcontact.com

Hosted by:
THE EMBASSY OF THE REPUBLIC OF KAZAKHSTAN
U.S.-Kazakhstan Business Association, San Diego World Trade Center
The Asia Society, U.S. Chamber of Commerce

The conference will include presentations by the Deputy Prime Minister, Minister of Industry and Trade; Minister of the Economy and Budget Planning; and other government officials from Kazakhstan, and will provide opportunities for U.S.-based firms to establish business contacts in these and other industrial sectors.

To view the conference program and to register, please visit:

www.jmkcontact.com

For questions regarding the conference, please contact:

Julia Karpeisky, events@jmkcontact.com, 202-857-9736
Scott Sambucci, scottsambucci@economicis.com, 415-596-0804