

March 2, 2016

Monthly newsletter of the Israeli Embassy to Kazakhstan

Actual Investment Database of Projects in South Kazakhstan region

Aim of the project: Production and processing of tomatoes in the South Kazakhstan region

Investment size: 33, 3 Million \$

Investment type: brown field project reconstruction

Available infrastructure: 2700 ha of agricultural land on the right of private ownership, incl .: 170 ha of orchard ; tomato recycling plant with a capacity of processing 600 tons of fresh tomatoes per day (yield 79-100 tons of tomato paste per day) on the Italian equipment brand Rossi & Catelli »; pumping station with the main pipeline.

Initiator of project: LLP "Agrofirm "Zhana Ak Dala"

Aim of the project: project to grow grapes by drip irrigation technology on 100 hectares of land

Investment size: 1 Million \$

Investment type: green-field project, agricultural sector

Initiator of project: private person

More detailed information with the list of projects and all other details can be found here:

<http://www.baseinvest.kz/project>

Upcoming Exhibitions and Conferences in Kazakhstan:

20-23 March 2016, Almaty "APY 2016" 26th International Jewellery Exhibition

20-23 March 2016, Almaty "SuluExpo 2016" 11th Beauty Industry International Exhibition

13-15 April 2016, Almaty "Protection, Security, Rescue and Fire Safety", the 6th Kazakhstan International Trade Show

**Can Kazakhstan's Privatization Plan Succeed?**

Kazakhstan's plan to privatize its state industries is ambitious, but it faces some major barriers.

In October 2015, the government of Kazakhstan announced the largest privatization of state-owned companies since the country became independent in 1991. As state assets represent 40 percent of Kazakhstan's GDP, privatization is expected to create a need for billions of dollars in foreign investment. Kazakh officials have already been active in courting investment commitments from foreign investors, and building ties by committing its sovereign wealth to U.S.-based private equity firms. At the World Economic Forum earlier this year, Kazakh Prime Minister Karim Massimov announced that development of the Astana International Finance Center (AIFC)—an intended regional financial hub modeled after Dubai—would coincide with the prospective timeline for the IPOs of various state-owned companies. The decision to privatize was precipitated by both political and economic factors: the country's export-driven, hydrocarbon-based economy suffered greatly amid crashing commodities prices, and mismanagement of its currency exacerbated these problems further. ©The Diplomat, February 18, 2016.

<http://thediplomat.com/2016/02/can-kazakhstans-privatization-plan-succeed>

**EBRD Advises Kazakhstan to Focus on Preparing for Better Times**

Kazakhstan's economic growth rates will remain low and the impact of the negative environment is intensifying while structural reforms are slowly advancing, according to a recent analysis by the European Bank for Reconstruction and Development (EBRD).

The projections for the country's economic condition in 2016 were reviewed in the EBRD Transition Report for 2015-2016 and regional economic prospects presentation held Jan. 26 in the capital's Economic Research Institute (ERI). The bank's leading economists gather at the ERI each year in late January.

EBRD Projects in South Kazakhstan region:

Shymkent Water Sub-Project

The EBRD is considering a senior loan of up to KZT 2.09 billion or EUR 10 million with a 13 year tenor to TOO "Vodnye Resoursy Marketing" (the "Company"), a private water company, to address the emergency situation in the City of Shymkent (the "City" or "Shymkent") in the Southern Kazakhstan.

The Project would improve the city's wastewater system through implementation of the emergency investment programme, comprising of the partial rehabilitation of the main wastewater collection network.

The Client

TOO "Vodnye Resoursy Marketing" provides water supply and wastewater collection services to both residential and industrial customers in Shymkent, the 3rd largest city in Kazakhstan with the population of circa 0.8 million people and coverage area of approximately 670 km².

EBRD Finance

A senior loan to the Company of up to KZT 2.09 billion or EUR 10 million. The loan currency will be determined at a later stage.

Tenor: 13 years including 3 years of grace period.

Project Cost

Total project cost is KZT 3.77 billion or EUR 18.03 million.

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For state-sector projects, visit EBRD Procurement:

Tel: +44 20 7338 6794

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Shardara HPP Modernization Project

Project Description

The EBRD signed in 2012 a loan agreement for Shardara HPP rehabilitation project aimed at replacement of old equipment and improvement in efficiency of this hydropower plant.

The procurement process for the main Construction Contract is well advanced and at its final stage.

Supporting sustainable energy and redressing energy imbalances shortages through investment is one of the EBRD's priorities in Kazakhstan, as defined by its Sustainable Energy Action Plan in the country.

The Client JSC "Shardarinskaya GES" was incorporated in 1998 as an owner and manager of the 100MW Shardara hydropower plant. The Company is

The Kazakh economy has been hit by collapsing oil prices – close to a 70-percent loss since the beginning of 2014 and continued weakening in 2016, said EBRD Associate Director and regional lead economist Dr. Agris Preimanis in his report "Kazakhstan and the Wider Central Asia Region: Heightened Risks."

In addition, Kazakhstan and the wider Central Asia region are facing a difficult external environment in the form of declining prices for gold, lead, copper, aluminium and gas; the difficult economic outlook in Russia such as continued recession and a collapsing rouble that has lost half its value since 2014 and is continuing to fall as well as challenges in China involving the slowdown of the country's economic growth and currency weakening of a 6-percent depreciation against the dollar since the beginning of 2016. ©Astana Times, February 3, 2016.

<http://astanatimes.com/2016/02/ebrd-advises-kazakhstan-to-focus-on-preparing-for-better-times/>



Ambassador visits South Kazakhstan region 17/02/2016

Ambassador of Israel to Kazakhstan Mr. Michael Brodsky met with the Governor of South Kazakhstan region Mr. Atamkulov in Shymkent.

Mr. Brodsky and Mr. Atamkulov discussed the development of economic and cultural relations between South Kazakhstan region and Israel. Ambassador invited the Governor to visit Israel. Mr. Atamkulov expressed interest in security issues, the idea of trilateral cooperation Kazakhstan - China - Israel, and expressed special interest in the processing of agricultural products, Israeli new technologies for crop conservation. ***You can find information about investment projects and business opportunities in the left column of this newsletter***



Ambassador visits Israel-Kazakhstani joint project "Poultry "Ordabasy Kus" 17/02/2016

Ambassador visited poultry "Ordabasy Kus" after meeting with the Governor of South Kazakhstan region Mr. Atamkulov. This modern complex opened 3 years ago in cooperation with Israeli company **M.A.D. Developing Agricultural Projects Ltd** and now it is the largest in the Kazakhstan and the third largest among CIS countries for turkey meat production.

100% owned by Samruk Energy, a power sector subsidiary of the National Welfare Fund in the amount of up to €75 million to JSC "Shardarinskaya GES".

Project Cost €96 million.

For state-sector projects, visit EBRD Procurement: Tel: +44 20 7338 6794

Email: procurement@ebrd.com

Italcementi - Shymkent

Project Description

The EBRD is considering supporting the refurbishment of a cement plant in Shymkent, Kazakhstan, owned and operated by ShymkentCement, a member of the Italcementi Group.

The funding will go towards the replacement of the 4 existing 'wet process' kilns with a new, energy efficient 'dry process' kiln. The Project will substantially reduce the plant's energy consumption and emissions.

The Client

ShymkentCement is the Kazakh affiliate of Italcementi SpA. It produces cement and ready-mix concrete. Italcementi SpA, headquartered in Bergamo in Italy and listed on the Milan stock exchange, constitutes the world's 5th largest cement group with 60mt capacity. It has 150 years of cement-making experience. The construction of the new dry kiln will be led by Chinese EPC contractor China Triumph International Engineering (CTIEC).

EBRD Finance

The Bank is considering providing a loan to ShymkentCement in the amount of up to KZT 5 billion (€ 20 million equivalent) and a share subscription with an aggregate subscription price of up to KZT 1 billion (€4 million equivalent).

Project Cost

Total project cost will be KZT 15,1bn (€60 million equivalent).

Company Contact Gabriel Morin

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For state-sector projects, visit EBRD Procurement: Tel: +44 20 7338 6794

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Exchange rate

ILS-KZT

1 ILS=89.52 KZT

According to

<http://freecurrencyrates.com/ru/convert-ILS-KZT>

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According to the agreement between the chairman of the regional head of the Supervisory Board of LLP "Ordabasy Kus" Mr. Tereshchenko and the Israeli company M.A.D. Corporation president Mr. A. Payurski poultry production will be expanded significantly.

Implementation of the new investment project will allow the company to produce 100 000 tonnes of production per year.



New Law Allows Foreign Agricultural Businesses to Lease Kazakh Land for 25 Years

ASTANA – Kazakh authorities recently amended the agricultural sector legislation, allowing the country to prolong land leases, facilitate tax administration and provide investment preferences for foreign investors.

The land lease term for foreign companies has increased from 10 to 25 years, according to the Ministry of Agriculture. The Agribusiness 2020 programme will subsidise investments at the rate of 30-80 percent in priority areas. The volume of investments in the agricultural sector in 2015 was 167 billion tenge (US\$457 million).

"Chinese companies are interested in establishing joint ventures in Kazakhstan for processing agricultural products (meat, oil, grains and tomato processing plants) and establishing feedlots, with further promotion of the Kazakh products for export," noted the ministry.

The Ministry of Agriculture is working to attract Chinese companies to Kazakhstan, in particular such large multinational corporations as Rifa Holding Group, CITIC, AIJU and COFCO.

The Ministry of Agriculture will sign a joint action plan with the Chinese companies to implement the projects. ©Astana Times, February 18, 2016.



Ambassador meets with Mr. Mamytbekov, Minister of Agriculture of the Republic of Kazakhstan 24/02/2016

ASTANA – Ambassador Brodsky met with the Minister of Agriculture of the Republic of Kazakhstan Mr. Mamytbekov Asylzhan on February 24, 2016. During the meeting parties discussed current joint projects in the agricultural sector, as well as prospects of development of bilateral cooperation in this field. Mr. Brodsky noted the positive dynamics of trade and economic cooperation between two countries.