



Highlights of Kazakhstan

2 July 2021

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The Economic Section of the Embassy of the Kingdom of the Netherlands in Kazakhstan intends to distribute this newsletter as widely as possible among Dutch institutions, companies and individuals from the Netherlands. The newsletter summarises economic news from various Kazakhstani and foreign publications and aims to provide accurate information. However, the Embassy cannot be held responsible for any mistakes or omissions in the bulletin.

AGRICULTURE

Large greenhouse complex opened near Almaty

A state of the art tomato-growing complex, based on Dutch technology, was opened in the Almaty region. The production capacity is about 2.000 tons per year. In the future, production will increase to 4.000 tons per year. The next step is to build another greenhouse complex of 5 ha for growing cucumbers.

Source: [Kapital \(Kazakhstan\)](#)

Demand for agricultural machinery is growing

During the first 5 months of 2021, 8.700 pieces of equipment were purchased worth almost €270 mln. By the end of the year, this amount will increase to €462 mln.

Some of this equipment is produced in Kazakhstan. Most of it, however, will be imported from abroad.

Source: [In Business \(Kazakhstan\)](#)

Irrigation water from Tajikistan and Kyrgyzstan

This year, Kazakhstan will receive an additional 315 mln m³ of water from Tajikistan and 370 mln m³ from Kyrgyzstan. Due to the low water level in the Syrdarya river basin, shortages occurred with local agricultural producers. The additional water import will reduce the shortage of irrigation water during the growing season. In return, Kazakhstan will provide Tajikistan with financial and technical support in case of negative consequences for its reservoirs, and Kyrgyzstan will receive 370 mln kWh of electricity.

Source: [Kazakhstanskaya Pravda](#) and [Kaktus.media](#)

Black caviar processing plant needs investor

In Mangistau oblast, a search for investors is underway to build a fish and caviar processing plant. The approximate cost is about €5.9 mln. The capacity of the enterprise will be 300 tons of sturgeon and 3 tons of black caviar per year. About a third of this volume is planned to be exported.

Source: [LS \(Kazakhstan\)](#)

Invitation to Dutch companies to take part in the upcoming Trade Mission to Tajikistan

The trade mission of Dutch companies to Tajikistan (Dushanbe) will take place from 10 to 13 October, 2021. Program of the trade mission includes: meeting with international organizations, local authorities, matchmaking with Tajik counterparts and (possibly) field visits. The main theme is agriculture, however companies from other sectors are welcome to take part in the mission.

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ENVIRONMENT

EU Cooperation with Kazakhstan in the field of green economy

The 7th meeting of the EU-Kazakhstan Business Platform was dedicated to the development of renewable energy and transition to a low-carbon economy. The EU Special Representative for Central Asia, EU Ambassadors (including Andre Carstens) and representatives of the private sector, highlighted the prospects for renewable energy in Kazakhstan. Kazakh authorities reconfirmed their ambition to achieve carbon neutrality by 2060 and their need for business investments to achieve this goal.

Source: [Kazakhstanskaya Pravda](#)

The largest wind farm in Central Asia

The construction of such a farm is almost completed in the south of Kazakhstan. Its capacity is 100 MW and able to supply 1 mln homes with clean electricity. Construction

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began in July 2019 and is scheduled to open in September this year. The project is being coordinated by a Dutch company, with the support of the Asian Infrastructure Investment Bank, EBRD, Industrial and Commercial Bank of China and Green Climate Fund. The total investment amounted to approximately €124 mln.

Source: [Xinhua \(China\)](#)

EBRD provides €17 mln loan to finance green economy

One of the largest banks in Kazakhstan, Bank CenterCredit, will receive a loan of up to €17 mln under the Green Economy Financing Facility, designed for companies willing to invest in technologies and services for climate change mitigation and adaptation. Funding will be supported by grants from the Global Environment Facility and Austria.

To date, the EBRD has invested more than €6.7 bln in the economy of Kazakhstan.

Source: [EBRD](#)

ENERGY & NATURAL RESOURCES

Peak oil production at Kashagan is expected in 2040-2050

One of the largest oil projects is moving from a pilot to an industrial phase. The field was discovered in 2000. The maximum annual oil production can be reached in 2040–2050 and will exceed 40 mln tons. It is developed by North Caspian Operating Company (16.81% owned by Royal Dutch Shell).

Source: [Kursiv \(Kazakhstan\)](#)

Auctions for the construction of flexible power stations

In Kazakhstan, there is a shortage of flexible power stations that can quickly fill deficits in the power system - to cover peak loads that occur in the evening and during emergency stops. In December 2021, auctions will be held for the construction of the following installations:

- a steam-gas turbine in Kyzylorda oblast with a capacity of 150-250 MW
- a combined cycle plant in Turkestan oblast with a capacity of 250-350 MW
- a (possibly combined) gas installation and/or hydrodynamic plant, with a capacity of 450-550 MW.

Source: [Kapital \(Kazakhstan\)](#)

MACRO-ECONOMICS & FINANCE

Kazakhstan intends to attract increased foreign investment

The goal for the next 2 years is to bring the level of such investments back to the pre-pandemic level, and then increase them. In 2020, 41 investment projects with foreign participation in the amount of €1.3 bln were implemented. One of the key players was FoodVentures, a Dutch venture capital fund, operating a modern greenhouse complex near Aqtobe. While nr. 2 (the US) is running up, the Netherlands still is – by far – the biggest foreign investor.

Kazakh Invest has prepared 70 investment proposals for foreign companies. Information about the projects includes a teaser, a business plan and a financial model. The main sectors are agriculture, energy (mainly renewable), mining and metallurgy, production of building materials and pharmaceuticals. For more information check [Kazakh Invest](#) website.

Source: [Astana Times](#) and [LS \(Kazakhstan\)](#)

World Bank and EBRD outlook for Kazakhstan's economy

Both institutions notice a recovery trajectory of growth. The World Bank improved its forecast for economic growth for next year to 3.7%. But the forecast for 2021 remains unchanged - it is expected to grow by 3.2%. The growth forecast for 2023 is up to 4.8%.

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The EBRD also raised its forecasts: for the current year from 3.0% to 3.6%, for 2022: 3.8%.

Source: [LS \(Kazakhstan\)](#) and [Kazakhstanskaya Pravda](#)

Kazakhstan ranks 89th by investment attractiveness

Kazakhstan ranks 89th out of 111 countries at the Global Investment Attractiveness Indicator ranks (based on 29 indicators). The main factors of this low position are: high unemployment, low GDP and market capitalization, macroeconomic instability, poorly developed logistics and healthcare. At the same time, relatively low income tax rates and low wages may increase business activity and stimulate investment.

Source: [In Business \(Kazakhstan\)](#)

TRANSPORT & COMMUNICATIONS

Significant investments in digitalization

In 2021, the government will invest more than €260 bln in the digitalization of Kazakhstan. Another €247 bln and €245 bln will be allocated in 2022 and 2023, respectively. The emphasis is on developing smart cities, especially in the three largest metropolitan areas - Nur-Sultan, Almaty and Shymkent.

Source: [LS \(Kazakhstan\)](#)

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