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U.S.-KAZAKHSTAN BUSINESS ASSOCIATION



USUBC

CERTIFIED TRADE MISSION TO KAZAKHSTAN AND UKRAINE

OCTOBER 24-30, 2018



Agenda

- **Welcome Message** from Michael Lally, Regional Senior Commercial Officer for Russia, Ukraine and Eurasia
- **Kazakhstan:** Economic Overview from Dean Matlack, Senior Commercial Officer, Kazakhstan
- **Overview of CTM to Kazakhstan** from Sarah Frese, Executive Director, U.S.-Kazakhstan Business Association (USKZBA)
- **Ukraine:** Economic Overview from Martin Claessens, Senior Commercial Officer, Ukraine
- **Overview of CTM to Ukraine** from Michael Datsenko, Director, U.S.-Ukraine Business Council (USUBC)
- **Question**



Eurasia: The Business Case

- Kazakhstan and Ukraine very different markets, with over \$230 billion in combined GDP and strong potential for growth in energy, infrastructure and agribusiness.
- Geographical, logistical, natural resource advantages as some of the largest markets east of the Danube. Occupy key parts of E-W and N-S transportation routes; sit astride large markets in China, European Union, Russia.
- Commodity prices have direct and indirect impact on markets, consumer/industry buying power (oil, gas, wheat, metals, minerals).
- Sweet spot for experienced, export-ready firms with existing sales, business infrastructure and channels in EU/Eastern Europe, looking to build sales into markets of 60 million + consumers.
- Government and private sectors maintain strong, historical ties with key U.S. business associations including the U.S.-Kazakhstan Business Association and the U.S.-Ukraine Business Council. U.S. Commercial Service offices in Eurasia region partner closely with host governments and these associations.



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Dean Matlack

Senior Commercial Officer

Almaty, Kazakhstan

Kazakhstan: Market Overview

- GDP: \$161 billion (2017)
- GDP growth forecast: 3.6% (2018)
- GDP per capita: \$26,000 (PPP 2017)
- Population: 18 million
- Strategic location between China and Europe
- Part of the Eurasian Economic Union (EEU) – integrated single market of 183 million people and a gross domestic product of over \$4 trillion





Market Analysis

Strengths

- Vast oil & gas and mineral resources (57% of the nation's industrial output)
- Govt. commitment to Improving business climate & attracting foreign investment
- Growing middle class
- Dominant nation of Central Asia economically, generating 60% of the region's GDP
- WTO accession – lowering barriers to trade
- Low energy and relatively low labor costs
- Active U.S.-Kazakhstan Business Association and American Chamber of Commerce with high-level access to Government

Weaknesses/Threats

- Economy heavily reliant on export of commodities (oil & gas, minerals)
- Landlocked and low population density
- High cost of transportation & logistics
- Inadequate road, port, and electrical infrastructures
- Bureaucracy, legal framework (IP Enforcement, Lack of Rule of Law, Transparency)
- Fragile banking system



Target Sector: Extractive Industries

Energy/Oil & Gas:

- Kazakhstan holds major onshore and offshore reserves that U.S. technologies can help access.
- The \$37 billion Tengiz Future Growth Project presents opportunities to introduce more U.S. oil & gas firms and ancillary providers to the market through fee-based services and trade events.

Mining:

- Kazakhstan is endowed with a wide range of mineral resources -- including coal, ferrous and non-ferrous metals, and fertilizer minerals with over 19% of export earnings, over 9% of GDP and 19% of industrial employment.
- Machinery, parts, valves, tubes make up a sizable portion of Kazakhstan's imports used in the mining, oil and gas sectors.



Target Sector: Agribusiness

- Enormous agribusiness potential
- Increasing demand for modern agricultural machinery and equipment
- In response to an shortage of water in the country, the government plans to invest around \$2 billion to implement irrigation systems, water tanks and wells thru 2021.
- Government's agriculture sector development program launched in 2017 aims to boost food exports by 40% by 2021.
- Targeted export-oriented subsectors include beef husbandry, poultry, dairy husbandry, diversification in crops reducing domination of wheat production.
- **Major opportunities for importers include:**
 - Agricultural chemistry products (fertilizers and machinery),
 - Farm equipment (80% of the current machinery is beyond of operational life),
 - Innovative technologies in livestock industry and veterinary products,
 - Agriproduct/food processing and packaging equipment,
 - Irrigation technologies.



Target Sector: Infrastructure

- Infrastructure/ICT & Smart Cities/Architecture-Construction-Engineering (ACE):
 - Kazakhstan continues to upgrade its existing infrastructure and integrate ICT into projects, expanding opportunities for U.S. firms in equipment, engineering, management, and services sectors.
 - In 2017 the government launched Digital Kazakhstan 2018-2022 program aimed at improving country digital infrastructure. The program's budget is \$500 million.
 - Kazakhstan has become one of the EBRD's largest targets, with the total investment to date exceeding \$8 billion, focused on cross-border rail & roads, renewable energy and energy-efficient technology.



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Sarah (Frese) Nickel
U.S.-Kazakhstan Business Association
Washington, D.C.



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U.S.-KAZAKHSTAN BUSINESS ASSOCIATION

USKZBA is an independent, non-profit association founded in 1999 by American businesses to promote US economic and commercial cooperation with Kazakhstan. We are based in Washington, D.C. and are active nation-wide in both the U.S. and Kazakhstan.

USKZBA is a membership-based organization, open to all sectors and sizes of U.S. companies. We are a resource for U.S. businesses investing, operating and doing business in Kazakhstan – timely events, networking opportunities, missions to the U.S. and Kazakhstan, analysis and bespoke support. For more information on the USKZBA, our upcoming events and the benefits of membership, please visit: www.uskzba.org.



Kazakhstan CTM Details

October 24-26, 2018 • Astana & Almaty

- Optional program for early arrivals on October 24
- October 24 • Astana
 - Official Welcome Reception with the U.S. Ambassador, Kazakhstani government and international business representatives
- October 25 • Astana
 - Exclusive breakfast roundtable briefing with U.S. Ambassador Krol and Embassy Staff
 - Plenary G2B session with high-level Kazakhstani government officials
 - Sector focused break-out sessions with relevant ministry representatives and state-owned company representatives
 - Networking lunch with keynote speaker
 - Opportunity for bilateral B2B or G2B meetings
 - Transfer to Almaty



CTM Details Continued

- October 26 • Almaty
 - Plenary session with U.S. and local government representatives
 - Discussions on doing business in Kazakhstan, business finance and partnership success case studies
 - Networking lunch with keynote speaker
 - Breakout panels by Sector
 - B2B Meeting Opportunities, match-making service.
 - Reception with international business community
- October 27 or 28
 - Travel to Kyiv



CTM Logistics

- For pricing and further information, contact Sarah (Frese) Nickel
 - sfrese@uskzba.org, +1 (202) 464-2034
- [Kazakhstan CTM Registration](#)
 - Participation in all CTM sessions and match-making/bilateral meeting support is included in the registration fee.
- Airfare and Accommodation are NOT included.
 - Air Astana, the national airline of Kazakhstan will provide discount codes for flights between Astana – Almaty and Almaty-Kyiv
 - The USKZBA will provide roomblock information at suggested hotels at discounted rate.
- The U.S. citizens are not required to have visa when staying in Kazakhstan for fewer than 30 days
- **Don't forget to bring enough business cards!**



Contact Us

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Upcoming Events

- July 23-26, Seattle – San Francisco: Roundtables and meetings with EBRD head for North America
- July 31, DC - Roundtable Luncheon with Dean Matlack
- August 6-10, Minneapolis-Chicago-Houston: Roundtables and meetings with EBRD head for North America



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Martin Claessens

Senior Commercial Officer

Kyiv, Ukraine

Ukraine: Market Overview

- GDP: \$93.2 billion
- Population: 43 million people
- Largest crude iron ore resources in the world
 - 20% of the world's total
- Fourth largest shale gas reserves in Europe
- Seventh largest proven coal reserves in Europe
 - 4% of the world's total
- Strategic locations between the EU, Russia, and Central Asia
 - Largest railway market by freight turnover in Europe
 - extensive gas transit system
 - road system at the intersection of three major European transport corridors.
- Implementation of economic reform improving business climate
 - Tax administration
 - Corporate governance of state-owned enterprises
 - IMF programs to accelerate reforms





Target Sector: Agricultural Machinery & Equipment

- Tillage & seeding equipment (most needed)
- Irrigation equipment
- PPPs and fertilizers
- Grain handling & processing
- Fruit & vegetable production & processing equipment



Target Sector: Oil & Gas Equipment

- Drilling works (\$443 million)
- Wells workover operations (\$226 million)
- Technical upgrades (\$81 million)
- Drilling bits service support (\$23 million)
- Casing pipes, oil-well tubing/drilling tubing (\$288 million)
- Drilling muds and related services (\$51 million)



Target Sector: Infrastructure

- *Aviation:* Renovation of 5 regional airports (\$500 million) and modernization of the air navigation system (\$136 million)
- *Roads:* Upgrade 5 regional roads (\$2.5 billion)
- *Sea and river:* Concession of 3 sea ports and state-owned stevedoring company “Olvia.” Privatization of Ukrainian Danube shipping company; reconstruction of Dnipro locks (\$57 million)



Target Sector: Infrastructure (cont.)

- *Railway:* Construction of European 1435 mm rail high-speed connection with EU and Odessa-Kyiv-Lviv route (\$8.5 billion), Electrification of the railway line Dolinska - Nikolaev – Kolosovka (\$416 million), electrification of the railway section Berdychiv-Korosten-Berezhest (\$162 million), and construction of Kyiv Boryspil train connection
- *Postal Services:* Construction of new mail sorting centers (\$150 million), truck fleet renovation (\$100 million), and computerization of the network (\$15 million)



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Michael Datsenko **U.S.-Ukraine Business Council** **Washington, D.C.**



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The U.S.-Ukraine Business Council Washington, D.C.



The U.S.-Ukraine Business Council (USUBC) is a private, non-profit trade association representing the interests of the U.S. businesses active in Ukraine and Ukraine businesses in international markets.

With over 200 members, USUBC has been promoting Ukraine as a place to do business, encouraging international companies to operate and invest in Ukraine, and working on reforms to make Ukraine a better and easier place to do business since 1995. www.USUBC.org



CTM Details

- Optional October 27-28 program for early arrivals
- Kyiv, Ukraine - October 29
 - Embassy Briefing Breakfast with top U.S. Embassy staff and USAID
 - Plenary G2B Session with top Ukraine government officials, international financial institutions representatives, Business Ombudsman Council etc.
 - B2B industry-specific breakout discussions/briefings with Deputy Ministers, Deputy CEOs of large state-owned enterprises some of which will be privatized in the near future
 - Welcoming Reception at the U.S. Ambassador's residence
- Kyiv, Ukraine - October 30
 - Site visits for agribusiness, energy (oil and gas), and infrastructure groups
 - B2B meetings and networking events
- **Don't forget to bring enough business cards!**



CTM Details (cont.)

- For pricing and further information, contact Michael Datsenko
 - mdatsenko@usbc.org, +1 (202) 216-0995, +38 (095) 369-9296
- [Ukraine CTM Registration](#)
- Airfare and accommodations are not included in mission participation fee. We are arranging hotel group discounts with our members Holiday Inn and InterContinental Kyiv; normal group rates are in \$90-115 range for a 3-star hotel and in \$300 range for a 5-star hotel. We are also working with our airline and travel agent members on group discounts.
- The U.S. citizens are not required to have visa when staying in Ukraine for fewer than 90 days within a 180-day period.



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Contact Us

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Expand Your Business in Two of the Region's Most Promising Markets

- Kazakhstan and Ukraine have a combined GDP of \$230 billion and offer unprecedented market opportunities in the ***energy, infrastructure, and agriculture sectors.***
- Join this Certified Trade Mission and
 - explore lucrative business opportunities;
 - learn from experts on the ground about opportunities and challenges of successfully doing business in this region;
 - meet with pre-screened distributors, customers and business partners;
 - meet with government officials about the many upcoming infrastructure, energy, and agribusiness projects;
 - network with local government representatives, business people and U.S. companies on the ground at official receptions.



Program Registration

- **You may participate in one or both of the CTMs**
 - [Kazakhstan Registration](#)
 - [Ukraine Registration](#)
- **Astana and Almaty, Kazakhstan- October 24-26**
 - Networking reception, G2B roundtable, market briefing, B2B meetings
- **Kyiv, Ukraine- October 29-30**
 - Market briefing, networking events, G2B meetings, B2B meetings, site visits, reception



Pricing

- Kazakhstan (Almaty & Astana)
 - Small Business (1-50 employees): \$2700 per company
 - Medium Business (51-500 employees): \$3700 per company
 - Large Business (500+ employees): \$4700 per company
- Ukraine (Kyiv)
 - Small Business (1-50 employees): \$2500 per company
 - Medium Business (51-500 employees): \$3200 per company
 - Large Business (500+ employees): \$3900 per company
- * 10% early registration discount if you register and pay before August 31st
- ** \$750 for each additional delegate
- *** Airfare and lodging not included



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