

Investment potential of the Republic of Karakalpakstan



Overall characteristics

Republic of Karakalpakstan – is a region of Uzbekistan, located in the northwest of the country.

The total territory of the Republic of Karakalpakstan is **166.6** thousand square km.

The capital is the city of **Nukus** (population - **307.6** thousand people).

The structure includes **15** administrative districts and **1** city.

Borders:

- in the west, north, northeast with Kazakhstan.
- in the south and south-west with Turkmenistan.

Population

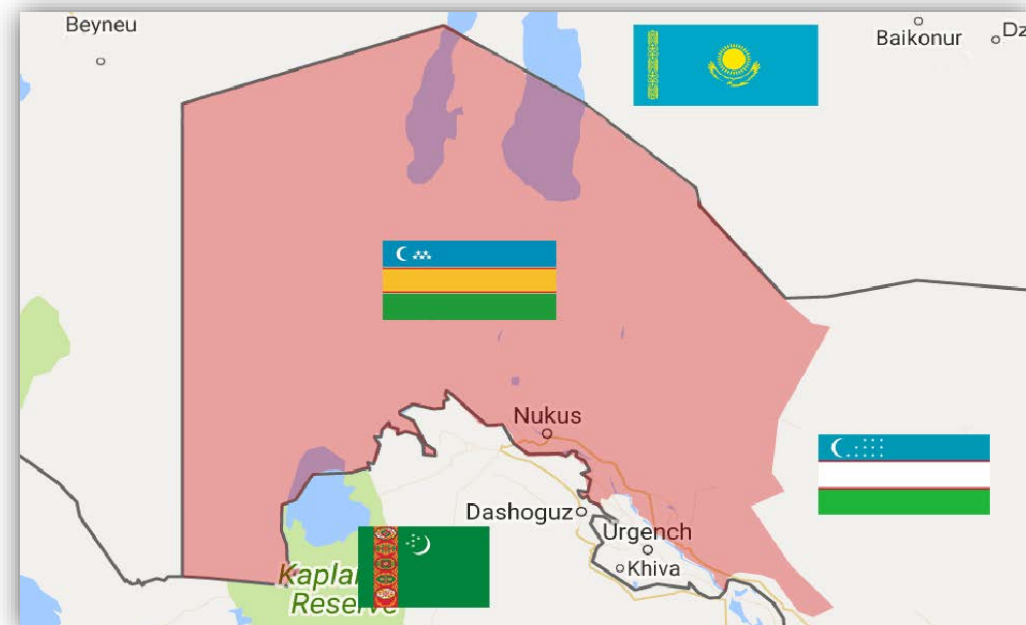
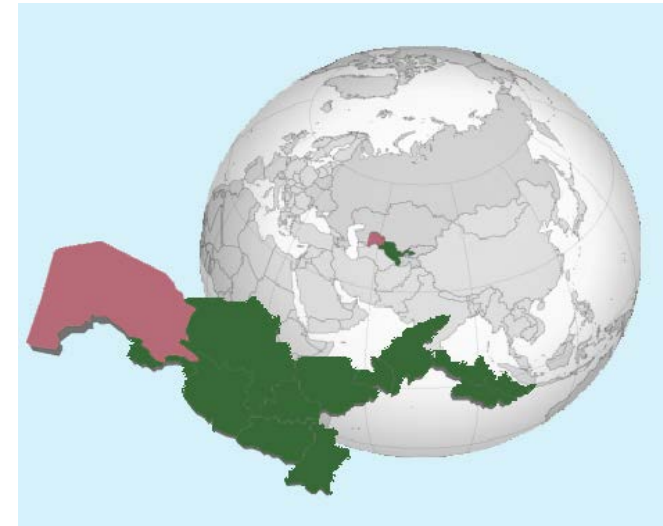
1,869 mln. people, more than 60 nationalities.

Economically active population

0,6 mln. people

Average age of the population

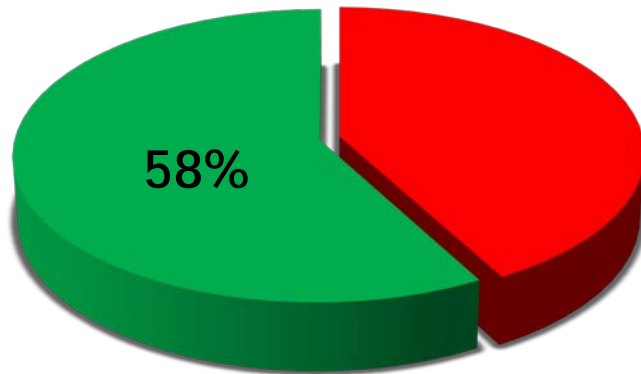
27,7



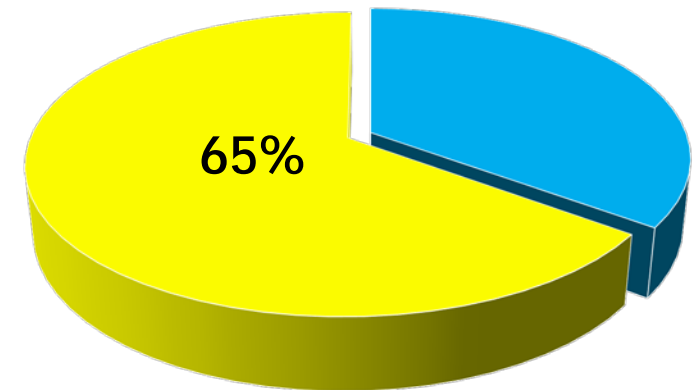
Competitive human capital

THE TOTAL POPULATION 1.869.700 PEOPLE

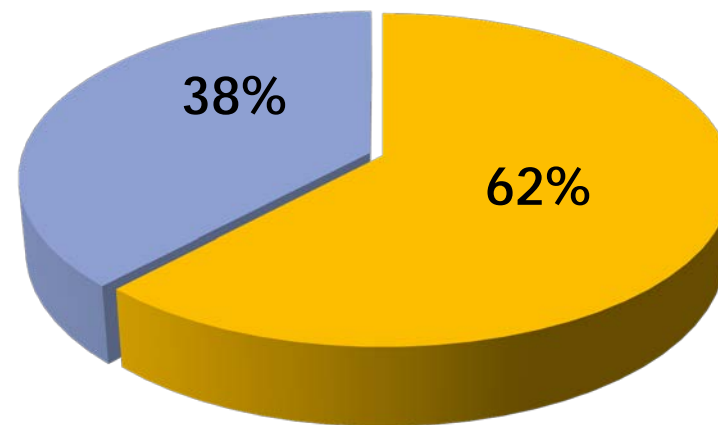
Number of employed people
(thousand people)



The employed population – 709.4 thousand people.



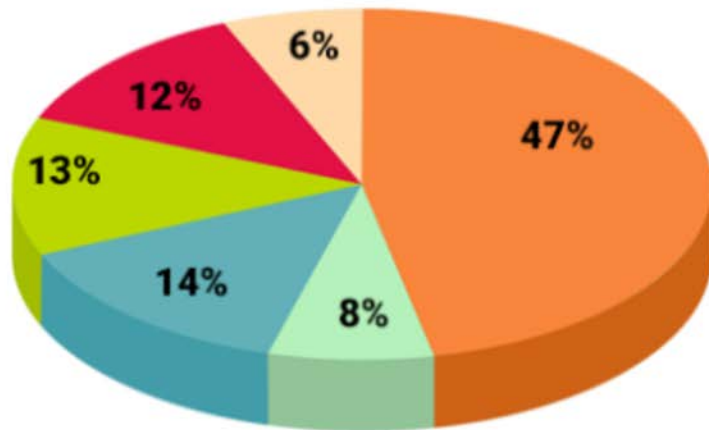
Able-bodied population
1036.2 thousand people



- in the production sphere (439,8)
- in the sphere of none material production (269,6)

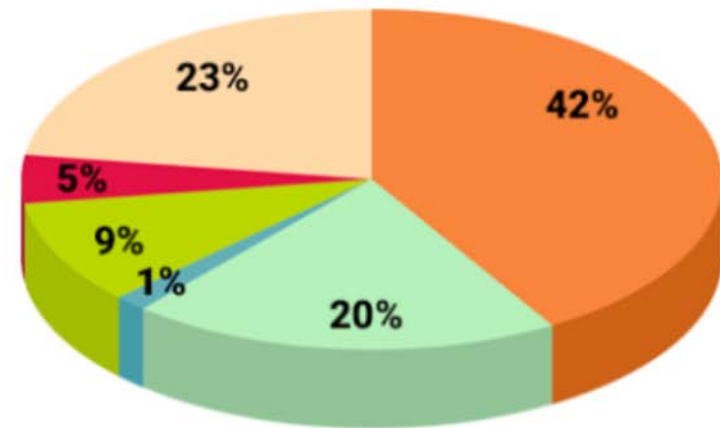
Competitive human capital

The bulk of the employed population in the production sector



- Agriculture
- Transport and communications
- Building
- Industry
- Trade
- Other

The number of employed in the sphere of intangible production



- Education and culture
- Health care
- Finance and credit
- Household and household services
- Government Offices
- Other

Engineering communication



Electricity (power) – 113,1 mln. kW

0,04 \$ for 1 kw of electric power



Drinking water – 22,2 mln. m³

0,31 \$ per 1 cubic meter water



Natural gas – 120,1 mln. m³

0,12 \$ for 1 cubic meter. gas

Transport logistics of Karakalpakstan



Roads and highways

- Highways and highways stretching **11 061 thousand km**, including motorways of international, republican, regional significance.



Railways

- Railways length of **845.3 kilometers**.
- Republic of Karakalpakstan has **6 railways stations**.



Airport

- The airport is located in the city of Nukus, regular international and regional flights.
- The capacity of the airport is **400 people/hour**.



Priority sectors of the economy to attract investment



deep processing, storage and packaging of fruits and vegetables and agricultural products



consumer goods



agriculture and food industry



pharmaceuticals



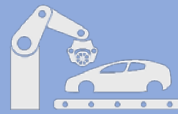
chemical industry



construction materials



textile industry



automotive industry



tourism



electrical engineering



deep processing, storage and packaging of licorice root

Economic performance

2018

**Gross regional product,
million \$** 1649,4

Including:

Gross value added 1505,9

Agriculture, forestry and fish farming 434,0

Industry 470,6

Construction 95,5

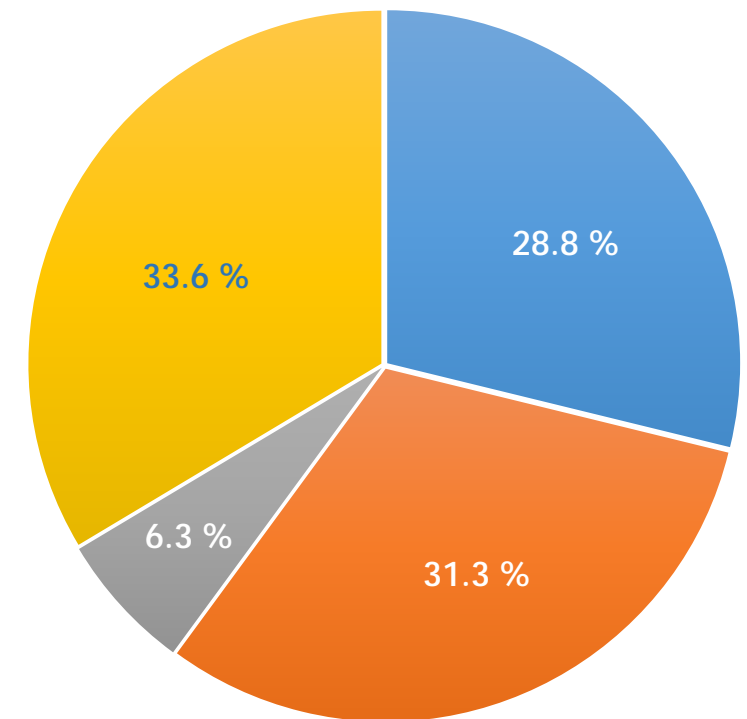
Trade, accommodation and catering
services 87,8

Transport and storage, information and
communication 104,4

Other service sectors 313,4

Net taxes on products 143,4

GRP structure, 2018



■ **Agriculture**

■ **Industry**

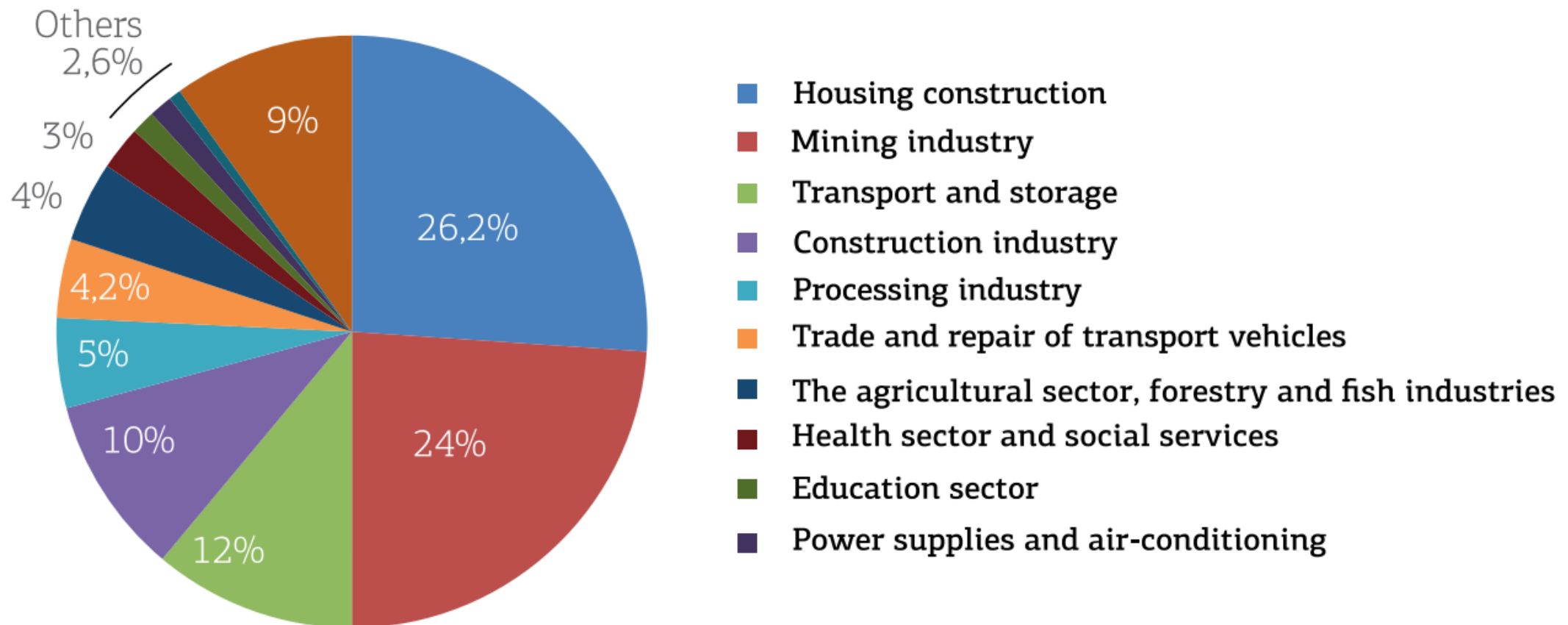
■ **Construction**

■ **Services**

Foreign investments in the region

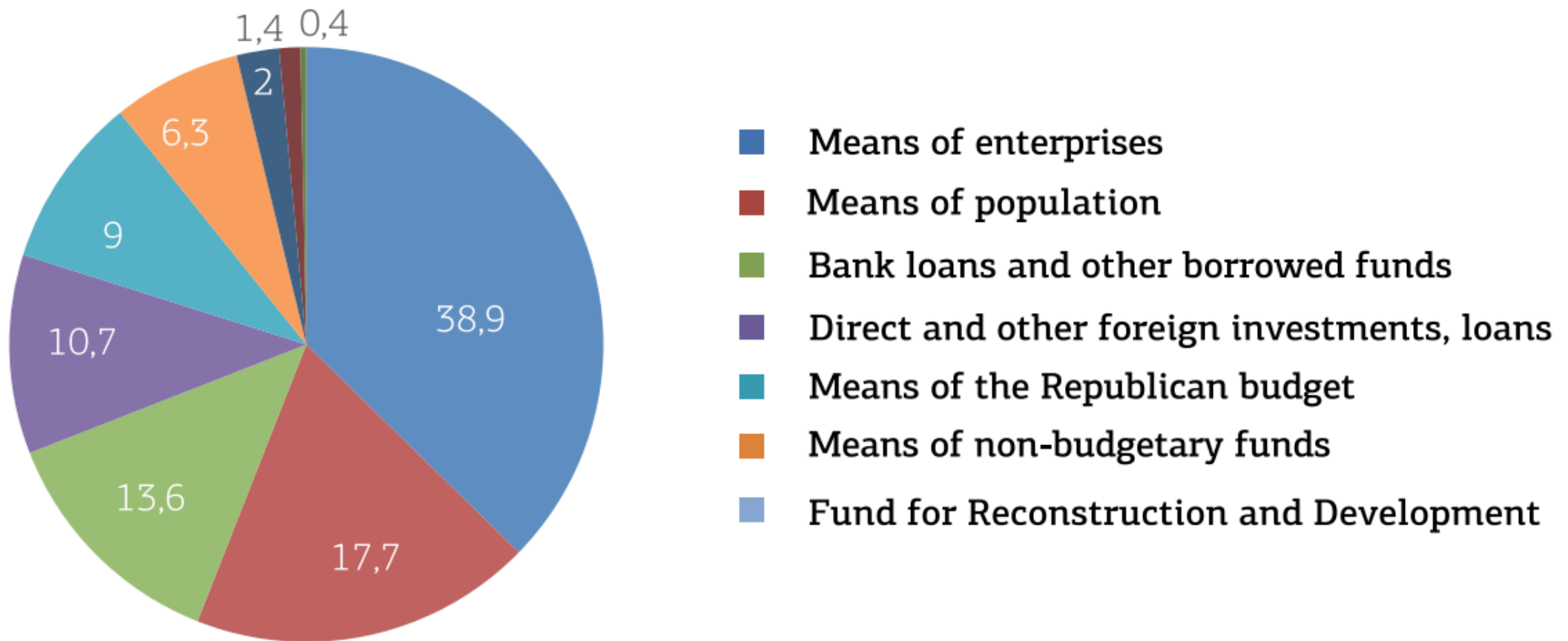
Foreign trade turnover of enterprises with foreign capital amounted to \$ 617.3 million

Distribution of Investment in Fixed Capital as per Types of Economic Activity (By Percentage)



Foreign investments in the region

Distribution of Investments as per Sources of Financing (By Percentage)



Favorable conditions for doing business: support, tax preferences

Enterprises attracting private foreign direct investment are exempt from:

- ✓ mandatory contributions to the Republican road fund and the Fund for reconstruction.
- ✓ corporate income tax
- ✓ property tax
- ✓ single tax payment

Terms of tax benefits

from **\$ 300** thousand
to **\$ 3** million

for **3** years

from **\$ 3** million
to **\$ 10** million

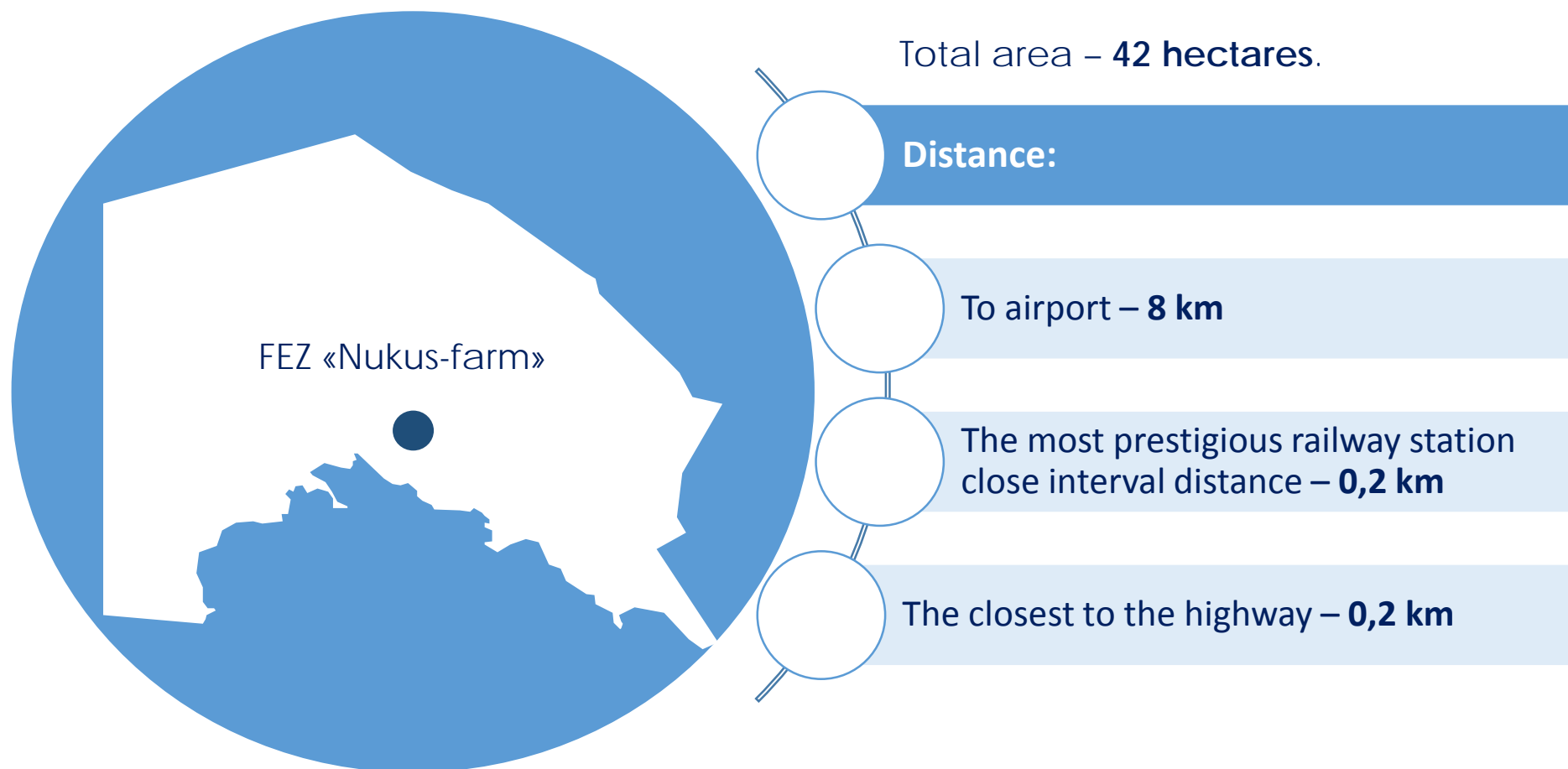
for **5** years

over **\$ 10** million

for **7** years

FEZ «Nukus-farm»

The «Nukus-Farm» was established in accordance with the Decree of the President of the Republic of Uzbekistan dated May 3, 2017, № **PD-5032**.



Small Industrial Areas

according to the Decree of the President of the Republic of Uzbekistan from **February 28, 2017 No. PD-2803** and from **March 6, 2018. No. PD-3588** on the territory of the Republic of Karakalpakstan small industrial zones have been created

AmuDarya

Kungrad

Beruni

Muynak

Takhiatash

Khodjeyli

Chimbai



Mineral resources

Colored stones



Rodonit
209,6
(tons)



Listvenit
1,3
(thous c.meters.)

Mining and chemical raw material



Mineral salt
408 370,0
(thous. tons)

Raw material for pigment production



Glaucanit
50,0
(mln. tons)

Mining raw materials for insulation



Vermiculit
556,3 (thous.tons)

Construction materials



Sand for construction and brick production
17 521,0 (thous. tons)

Mineral resources

Construction materials



Raw material for brick production

34 015,0
(thous. c/m)



Vallastonit

5,2 (thous. c/m)



Construction stones

172 673,70 (thous.
c/m)



Gypsum and Angrigit

6 506,0
(thous. tons)



Natural facelift stones

6 241,4
(thous. c/m)



Sand and gravel
materials

12 860,3
(thous. c/m)



Keramzit

31374,0
(thous. c/m)



Limestone

309 972,5
(thous.tons)

Investment projects



Hardware project

«Masterbatch» LTD

Cost of the project  14 595 080 \$

Annual capacity  616 thousand tons/year

IRR  14 %

NPV  5 233 881,97 \$

Payback period  4,5 year

Created jobs  60 people

To create hardware production facility which will cover up to 15% of the hardware (nuts and bolts) demand in Uzbekistan.



Production of synthetic detergents based on local raw materials

«Tidy Vita» ltd

Cost of the project  6.63 million \$

Annual capacity  33 thousand tons/year

The volume of sales  43,5 million \$/year

Export volume  11 million \$

Payback period  3 year

Created jobs  39 people



Production of paper products from based on local raw materials

Cost of the project		10 million \$
Annual capacity		50 thousand tons/year
The volume of sales		70 million \$/year
Export volume		60 %
Payback period		3 year
Created jobs		100 peoples



Calcium Hydroxide and calcium chloride production plant

«Kungrad soda plant» LTD

Cost of the project



35 million \$

Annual capacity



30 thousand tons/year

IRR



18 %

NPV



7 million \$



Raw material base:

The main raw material resource base is located close to the projected facility. The discovered and verified amount of the sodium chloride is 11 billion tons.

Usage of the plant production products:

Caustic Soda (NaOH) is used in many fields including: metal production, textile, food industries, chemical production, oil and gas industry.

Hydrochloric Acid (HCl) is used in chemical industry.

Calcium Chloride (CaCl₂) is used in chemical, wood production, oil refineries, refrigerators, construction, colored metallurgy, road construction works and as a hydrator.



Sodium Sulfate production plant

Cost of the project 🏦 9,2 million \$

Annual capacity 🏭 50 thousand tons/year

Raw material base:

The main raw material resource base is located in Kegeyli district. The discovered and verified amount of the sodium chloride is 19,5 million tons.

Usage of the plant production products:

Sodium Sulfate is used in many fields including: metal production, chemical production, oil and gas industry and as a detergent for home.

The yearly raise of the Sodium Sulfate consumption is 35-40%.



PRODUCTION OF FLOUR AND MODIFIED STARCHES

Cost of the project  5,1 million \$

Annual capacity  29,6 thousand tons/year

IRR  30 %

NPV  2,4 million \$

Payback period  5-6 year

Created jobs  75 people



Wool processing

Cost of the project  1 million \$

Annual capacity  700 tons/year

Created jobs  10 people

Application area

Recycled wool is considered a high-quality natural material with unique properties that have no analogues in the world, as raw materials used in light industry for the manufacture of environmentally friendly carpet products, bedding, adult and children's clothing, as well as for warp and weft.

Wholesale buyers are the countries of Eastern Europe and Central Asia.



Creating a cluster for the cultivation and processing of sugar beet and the production of granulated sugar

Cost of the project  3 million \$

Annual capacity  3,5 thousand tons/year

IRR  27 %

NPV  8 851 030 \$

Payback period  3,3 year

Created jobs  60 people



Production of baby food and other foods

Cost of the project 🏦 8,150 million \$

Annual capacity 🏭 153 thousand tons/year

Payback period ⌚ 4,5 year


The total cost of the supplied technological equipment for the production of puree from fruits and vegetables, infant formula, dried fruits and vegetables in the set is \$ 8,1 mln, together with the necessary spare parts, installation, transportation and staff training and consist of the following



Innovative greenhouse (lemonarium and vegetables)

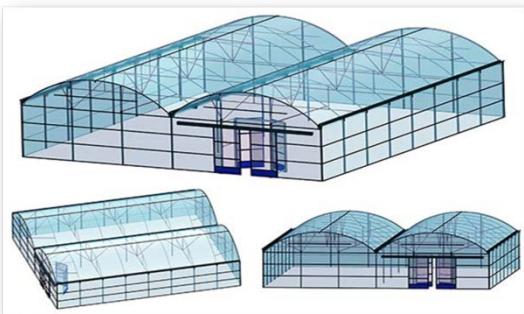
Cost of the project  5 million \$

Annual capacity  740 tons/year

Profitability  30 %

Created jobs  50 people

This project envisages the construction of such a greenhouse in which different types of vegetables and fruits are grown at the same time. And it gives businesses the opportunity to develop at a fast pace.




Creation of solar power plant

Cost of the project  6 million \$

Annual capacity  9100 thousand kW/h

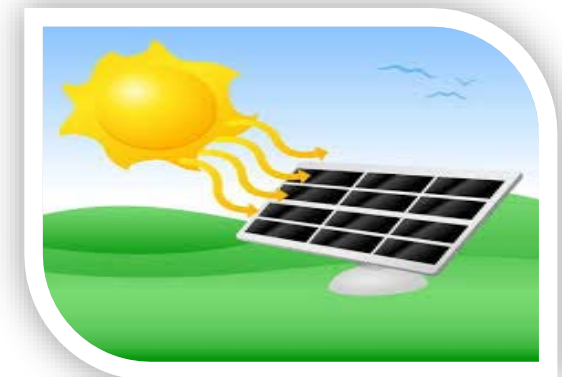
Profitability  30 %

Payback period  3 year

Created jobs  50 people



This project is necessary in order to ensure that there is no real time in the area without the supply of the factory and the factories with energy.



Organization of paint and varnish production

Project cost:

\$ 100 million

Today's state:

An initial analysis of the profitability of the project was carried out by Key to Way, a consulting company in Korea, worth \$ 150,000 in equal shares of the Council of Ministers of the Republic of Karakalpakstan with the company Kangnam Jevisco of the Republic of Korea. According to the results of the analysis, the project in Tashkent was recognized as profitable for the company.



PROJECTS TO ATTRACT INVESTMENT IN THE REPUBLIC OF KARAKALPAKSTAN





INVESTMENT OFFER OF "YOGGAR" Joint-Stock Company ON PRODUCTION OF VEGETABLE OIL



Initiator:
Determined



Annual turnover:
1 000 000. dollars



Location:
Beruniy district



Profitability:
10,8%



Annual capacity:
61 200 tons



Selling price:
by exchange
trades



Total area:
7,96 ha



Export share:
4 %



**Number of
employees:**
303



Export to:
Tajikistan

Primary activity: Production of vegetable oil

Year of Plant built: 28 June 1957

Equity Fund: 481 576 \$

Shareholders: State: 89,28

Other: 10,72

Building area: 101 sq. m

Receivables: 495 152 \$

Current payables: 248 882 \$

Income: 324 588 \$

Approximate value of assets offered: 3 188 352 \$

Assets offered for privatization:
Line for processing feed for 81 000 \$.

Additional investment commitments from Investor:

Addition information on the creation of new jobs, modernization, technical and technological renewal, expanding the range of products and increasing its competitiveness.

Minimum investment liabilities:
Construction of new plant for processing oilseeds for 8.553.31 million US dollars.

Type of bidding: Vegetable oil, meal, husks, laundry soap.

Project Priorities



Availability of local and foreign market demand



Take the opportunity to enter the unsaturated market of The region



Get tax and customs benefits by implementing a project in the territories of Beruniy district



PHOTOS OF "YOGGAR" Joint-Stock Company



INVESTMENT OFFER ON CREATING A SOLAR ELECTRO STATION



Initiator:
Determined



Profitability:
30 %



Location:
Kanlikul district



Payback period:
3 years



Cost of project :
6 000 000 \$



Selling price:
4 cent per 1 kW



Annual capacity :
9100 thousand kWh



Number of employees: 20
person



Total area:
30 hectares



Project launch date:
2021-2023 y.

Primary activity: Industry

Type of product: Solar power

Brief information: This project is necessary to provide energy to the plant and factories that are currently being built.

Raw: 100% local.

Basic expenses:

- Construction and installation works: 500 000\$.
- Equipment: 2 800 000\$.
- Other expenses: 200 000\$.

Project Priorities

Availability of local and foreign
market demand

Take the opportunity to enter
the unsaturated market of
The region

Get tax and customs benefits by
implementing a project in the
territories of Kanlikul district



INVESTMENT OFFER OF "TURON-KHOJELI" Joint-Stock Company ON PRODUCTION OF VEGETABLE OIL



Initiator:
Determined



Annual turnover:
1 156 500.\$



Location:
Khojeli district



Profitability:
12 %



Annual capacity:
63 000 tons



By auction:
by exchange
trades



Total area:
5,8 ha



Number of employees:
333

Primary activity: Production of vegetable oil

Year of Plant built: 1946

Equity Fund: 156 047 \$

Shareholders: State: 79,67
Other: 20,33

Building area: 9248 sq. m

Receivables: 362 023 \$

Current payables: 208 576 \$

Income: 623 529 \$

Approximate value of assets offered: 2 980 315 \$

Assets offered for privatization:
Line for processing feed for 2 980 315 \$.

Additional investment commitments from Investor:

Addition information on the creation of new jobs, modernization, technical and technological renewal, expanding the range of products and increasing its competitiveness.

Minimum investment liabilities:

Construction of new plant for processing oilseeds for 2 980 315 US dollars.

Type of bidding: Vegetable oil, meal, husks, laundry soap.

Project Priorities



Availability of local and foreign market demand



Take the opportunity to enter the unsaturated market of The region



Get tax and customs benefits by implementing a project in the territories of Khojeli district



PHOTOS OF "TURON-KHOJELI" Joint-Stock Company

«Turon-Xojeli»
joint-stock company



The territory of society



Packing shop



Boiler room



Refining shop



Press shop



Preparatory workshop



Seed farming



Warehouse



INVESTMENT OFFER OF "SHIMBAY-MAY" Joint-Stock Company ON PRODUCTION OF VEGETABLE OIL



Initiator:
Determined



Profitability:
40 %



Location:
Chimbay district



Number of employees: 200 person.



Cost of project :
2 000 000 \$



The cost of one unit:
1 dollar per kilogram



Annual capacity:
10 000 tons



Exporting to:
CIS countries



Total area:
2,5 hectares



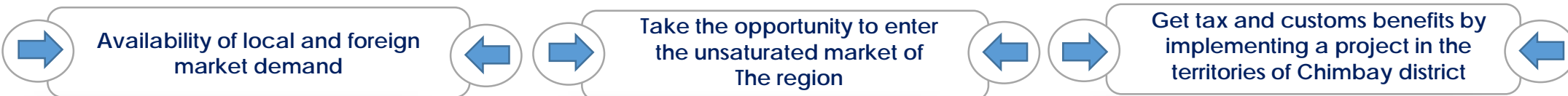
Project launch date:
2020 y.

Primary activity: Production of vegetable oil.
Purpose of the project: Providing the domestic market with sunflower oil and reducing import volumes.
Project objectives: Development in the field of sunflower oil production and creating new jobs.
Expected results and effect of the project: Organization of production of 28 tons of sunflower oil per day - 10080 tons per year. Reduce imports.
Expected project activities: Growing sunflower to production oil. Modernization of the processing sunflower plant.
Estimated cost categories:

- construction and installation work;
- main equipment (including installation supervision and accessories and transportation);
- raw materials for the launch period (3-6 months);
- Equipment and others.

Basic construction work (10%): 300 000 \$.
Materials and equipment, including mechanisms (50%): 1 500 000 \$

Project Priorities



**Thank you for your
attention!**