Investment potential of the Republic of Karakalpakstan
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):
- Able-bodied population: 1,036,2 thousand people
- 58%

The employed population: 709,4 thousand people.
- 65%

- In the production sphere: 439,8 thousand people
- In the sphere of none material production: 269,6 thousand people
- 38%

62%
Competitive human capital

The bulk of the employed population in the production sector

- Agriculture: 13%
- Transport and communications: 14%
- Building: 8%
- Industry: 12%
- Trade: 6%
- Other: 47%

The number of employed in the sphere of intangible production

- Education and culture: 23%
- Health care: 5%
- Finance and credit: 9%
- Household and household services: 1%
- Government Offices: 20%
- Other: 42%
**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

<table>
<thead>
<tr>
<th>2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross regional product, million $</strong></td>
<td><strong>1649.4</strong></td>
</tr>
<tr>
<td>Including:</td>
<td></td>
</tr>
<tr>
<td>Gross value added</td>
<td><strong>1505.9</strong></td>
</tr>
<tr>
<td>Agriculture, forestry and fish farming</td>
<td><strong>434.0</strong></td>
</tr>
<tr>
<td>Industry</td>
<td><strong>470.6</strong></td>
</tr>
<tr>
<td>Construction</td>
<td><strong>95.5</strong></td>
</tr>
<tr>
<td>Trade, accommodation and catering services</td>
<td><strong>87.8</strong></td>
</tr>
<tr>
<td>Transport and storage, information and communication</td>
<td><strong>104.4</strong></td>
</tr>
<tr>
<td>Other service sectors</td>
<td><strong>313.4</strong></td>
</tr>
<tr>
<td>Net taxes on products</td>
<td><strong>143.4</strong></td>
</tr>
</tbody>
</table>

### GRP structure, 2018

- Agriculture: **33.6 %**
- Industry: **28.8 %**
- Construction: **6.3 %**
- Trade, accommodation and catering services: **31.3 %**

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The pie chart illustrates the distribution of the gross regional product (GRP) across different sectors for the year 2018.
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)

- Housing construction: 26.2%
- Mining industry: 9%
- Transport and storage: 5%
- Construction industry: 4%
- Processing industry: 4.2%
- Trade and repair of transport vehicles: 12%
- The agricultural sector, forestry and fish industries: 24%
- Health sector and social services: 10%
- Education sector: 3%
- Power supplies and air-conditioning: 2.6%
- Others: 3%
Foreign investments in the region

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

- **Means of enterprises**: 38.9%
- **Means of population**: 10.7%
- **Bank loans and other borrowed funds**: 13.6%
- **Direct and other foreign investments, loans**: 17.7%
- **Means of the Republican budget**: 9%
- **Means of non-budgetary funds**: 6.3%
- **Fund for Reconstruction and Development**: 2%
- **Other**: 1.4%
- **Total**: 100%
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

Decree of the President №PD-3594 of April 11, 2005 y.
The «Nukus-Farm» was established in accordance with the Decree of the President of the Republic of Uzbekistan dated May 3, 2017, No PD-5032.

Total area – 42 hectares.

Distance:
- To airport – 8 km
- The most prestigious railway station close interval distance – 0.2 km
- The closest to the highway – 0.2 km
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
- Takhiaatash
- Khodjeili
- Chimbai

Map showing the locations of these industrial areas on the territory of Karakalpakstan.
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
- Glauconit: 50.0 mln. tons

**Raw material for pigment production**

**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: 31,374.0 (thous. c/m)
- Limestone: 309,972.5 (thous. tons)
Investment projects
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 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 detergents 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
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

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**

**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 $.

**Selling price:** by exchange trades
- **Export share:** 4%

**Location:** Beruniy district
- **Annual capacity:** 61,200 tons
- **Total area:** 7.96 ha

**Initiator:** Determined
- **Annual turnover:** 1,000,000. dollars

**Profitability:** 10.8%

**Export to:** Tajikistan

Additional investment commitments from Investor:
- **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.

Additional information on the creation of new jobs, modernization, technical and technological renewal, expanding the range of products and increasing its competitiveness.
INVESTMENT OFFER
ON CREATING A SOLAR ELECTRO STATION

- **Initiator:** Determined
- **Location:** Kanlikul district
- **Cost of project:** 6 000 000 $
- **Annual capacity:** 9100 thousand kWh
- **Total area:** 30 hectares

- **Profitability:** 30 %
- **Payback period:** 3 years
- **Selling price:** 4 cent per 1 kW
- **Number of employees:** 20 person
- **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
Location: Khojeli district
Annual capacity: 63,000 tons
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:

- 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
- Additional 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.

Profitability: 12 %
Annual turnover: 1,156,500 $
By auction: by exchange trades

Project Priorities:
PHOTOS OF “TURON-KHOJELI” Joint-Stock Company

«Turon-Xojeli» joint-stock company

The territory of society

Packing shop

Boiler room

Press shop

Preparatory workshop

Refining shop

Warehouse

Seed farming
INVESTMENT OFFER OF “SHIMBAY-MAY” Joint-Stock Company
ON PRODUCTION OF VEGETABLE OIL

<table>
<thead>
<tr>
<th>Initiator:</th>
<th>Profitability: 40%</th>
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</thead>
<tbody>
<tr>
<td>Determined</td>
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</table>

<table>
<thead>
<tr>
<th>Location:</th>
<th>Number of employees: 200 person.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chimbay district</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost of project:</th>
<th>The cost of one unit: 1 dollar per kilogram</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 000 000 $</td>
<td>1 dollar per kilogram</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual capacity:</th>
<th>Exporting to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 000 tons</td>
<td>CIS countries</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total area:</th>
<th>Project launch date: 2020 y.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,5 hectares</td>
<td></td>
</tr>
</tbody>
</table>

- **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**

- 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 Chimbay district

**Location**

- Chimbay district

**Initiator**

- Determined

**Number of employees**

- 200 person

**Cost of project**

- 2 000 000 $

**Annual capacity**

- 10 000 tons

**Total area**

- 2,5 hectares

**Project launch date**

- 2020 y.
Thank you for your attention!