

Kazakhstan construction market: the boom goes on

Kazakhstan has come a long way in its economic reforms and innovations since independence in 1991—so has the development of its construction market. Closely following that of the oil and gas sector, the construction market has been booming over the past three years, with an economic growth soaring at 10% annually (higher than China's).

Background

To further promote the development of this important industry, the Ministry of Industry's Committee for Construction and Housing drafted the State Program of Housing Development in the Republic of Kazakhstan for 2005-2007. Its main purpose is to provide consumers with affordable quality housing and to create a fully-blown and balanced housing market, and it calls for the ambitious task of building over 12 million square metres of housing by 2007. The Program provides for several measures and initiatives, including housing price reductions, the development of an individual housing market, attracting investment from the private sector, developing a domestic production of efficient and environmentally-friendly building materials, and introducing advanced technologies.

Opportunities present

The Program also calls for the establishment of joint ventures to manufacture building materials that are in high demand: construction glass, cement, ceramic brick, heating and insulation, paints, linoleum, dry pack mortar, and fixtures and fittings. It provides for several incentives to attract foreign investors, such as tax benefits, exemp-

tions from customs duties, and in-kind grants from the government.

Other areas of business opportunities include projects associated with the development of principal cities (Astana, Almaty, Atyrau)—construction, renovation, design & assembly, project management, turnkey projects—as well as projects associated with the country's infrastructure—upgrades, expansion or construction of new ports, airports, roads and power distribution grids. Advanced building materials, building automation controls, heating, ventilation



Government buildings in Kazakhstan's new booming capital, Astana.

and air conditioning (HVAC), concrete, energy management, building maintenance, landscaping, roofing, turnkey solutions, and advanced insulation materials are of specific interest in Kazakhstan.

Competition

Since the domestic building materials industry is still in the early stages of development, companies from China, Russia, Turkey, and Western Europe have been able to secure their market share. As a result, up to 70% of building materials in Kazakhstan are now imported from elsewhere. The domestic manufacturing market is still represented by basic technologies, such as cement,

bricks, and windows and doors—although it has been developing over the past several years. Consequently, Canadian companies offering unique, advanced, or specialized technologies and products should be able to find a niche in this market.

How to learn more

Ask for key contacts. In November-December 2004, the Canadian Embassy coordinated a visit of the Kazakhstani delegation of construction companies to Toronto, where it attended Construct Canada 2004 and met with companies involved in this sector. Having developed good working relations with the members of the delegation, the trade section is now able to share its local contacts with interested parties in Canada.

Visit the market. There are two major building shows held in Kazakhstan every year: KazBuild 2005 will take place in Almaty from September 7 to 10 and Astana Build will be organized from May 18 to 20, 2005, in the capital city, Astana.

Register your company with the Virtual Trade Commissioner (VTC), a free service designed to make communications between the Canadian Trade

Commissioner Service and its clients more streamlined and efficient. After registration, you will be provided with a personalized Web page containing information matching clients' business interests. The VTC includes market reports, news announcements, hotel rates, translators, and additional service providers.

For more information, contact Artur Iralin, Trade Commissioner, Canadian Embassy in Kazakhstan, tel.: (011-7-3272) 501151, fax: (011-7-3272) 582493, e-mail: artur.iralin@international.gc.ca. To register for your own Virtual Trade Commissioner, go to www.infoexport.gc.ca. ❖

Germany We are Moving!

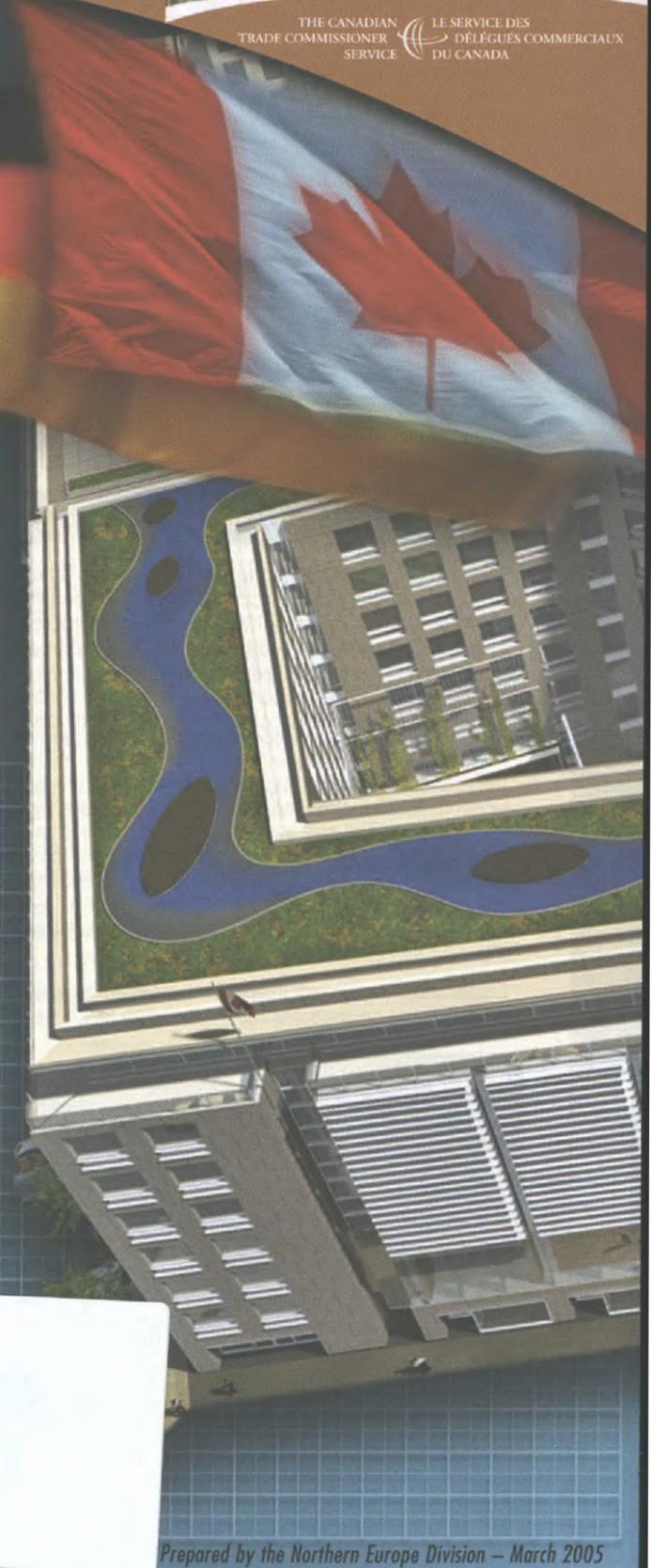


As of April 2005, the Canadian Embassy in Berlin will open its doors at a new address. The building, located at 17 Leipziger Platz, will have an open area accessible to the public. Pedestrians will see Canadian materials used to create integrated art designed by Canadian artists and have access to information about Canada at a digital information centre.

The structure reflects Canada's bold yet hospitable style using a wide variety of materials that reflect all of Canada's regions in spectacular internal and external spaces. This stunning new building will provide a strong Canadian presence in the heart of the new Berlin. The Canadian Embassy will serve as a symbolic bridge in the reunified city and express Canada's vital presence in an imaginative and contemporary way.



THE CANADIAN TRADE COMMISSIONER SERVICE LE SERVICE DES DÉLÉGUÉS COMMERCIAUX DU CANADA



Prepared by the Northern Europe Division – March 2005