



## 1. Business Finland in Kazakhstan, covering Central Asian Republics

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### Team Finland in Kazakhstan

#### The Embassy of Finland in Nur-Sultan, covering Kazakhstan and Kyrgyzstan

- Ambassador Mikko Kivikoski
- Team Finland Coordinator Kaisa Standish, [kaisa.standish@formin.fi](mailto:kaisa.standish@formin.fi), +7 701 031 8156

### Team Finland in Uzbekistan

- Roving Ambassador for Central Asia (Tajikistan, Turkmenistan and Uzbekistan) Marja Liivala
- Honorary Consul Alisher Jurayev, [finconsulate.tashkent@gmail.com](mailto:finconsulate.tashkent@gmail.com), +998 91 162 64 08

## 2. Key facts about the Central Asia region

Central Asia has a population of about 72 million, consisting of five republics: Kazakhstan (pop. 18 million), Kyrgyzstan (6 million), Tajikistan (9 million), Turkmenistan (6 million), and Uzbekistan (33 million).

Central Asia is an extremely large region of varied geography, including high passes and mountains (Tian Shan), vast deserts (Kyzyl Kum, Taklamakan), and especially treeless, grassy steppes. Much of the land of Central Asia is too dry or too rugged for farming. Because Central Asia is not buffered by a large body of water, temperature fluctuations are often severe, excluding the hot, sunny summer months. In most areas the climate is dry and continental, with hot summers and cool to cold winters, with occasional snowfall. Except Kazakhstan, where most part of the country has an extreme continental climate with warm summers and long, very cold, dry winters (- 35C)

Islam is the religion most common in the Central Asian Republics.

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Being richly endowed with natural resources from the geostrategy position the Central Asia considered as is an ethnic cauldron, prone to possible instability and rather a mixture of historical cultural influences, tribal and clan loyalties, and religious fervor. Projecting influence into the area is no longer just Russia, but also Turkey, Iran, China, Pakistan, India and the United States.



It is a really diverse region with a mix of upper middle and low income countries with major strategic importance due to their geographic location and natural resource endowments. Most prominent countries from the business prospective are Kazakhstan and Uzbekistan. The economies of other 'stan countries of the region rely on international financial institutions funding mainly. Increases in policy uncertainty could undermine business and investor confidence in the region.

Country	Surface area, thousands sq km	Population, mln in 2019	Population density per sq km	GNI per capita, US\$*	FDI, million US\$*	Ease of DB index	Fertility rate	Life expectancy
Kazakhstan	2 724	18,6	7	7 830	208	28	2,7	72,3
Kyrgyzstan	200	6,4	33	1 220	47	70	3,0	71,0
Tajikistan	141,4	9,4	67	1 010	221	126	3,6	71,0
Turkmenistan	488	5,9	13	6 740	1 985	n/a	2,8	68,0
Uzbekistan	447,4	33,2	78	2 220	624	76	2,5	71,4

\* Gross National Income, Foreign Direct Investments

### Economy

Central Asia, though referred to as a single region, consists of five culturally and ethnically diverse countries that have followed different political and economic transformation paths since independence from the Soviet Union. Kazakhstan and Kyrgyzstan have in relative terms made strides in market reforms, while Turkmenistan and Uzbekistan still have not completed their transitions to a market economy and Tajikistan represents an intermediate case.

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After experiencing more than a decade of growth based on hydrocarbon booms, Central Asian countries are faced with increasing challenges resulting from falling commodity prices, declining trade and lower migrant remittances. The main policy challenge is to move away from commodity-based growth strategies to macro-oriented diversification and adoption of a broad spectrum of economic, institutional and political reforms. However, structural diversification is easier said than done.

The major obstacles to political reform and economic diversification in the five Central Asian economies are internal and external geopolitical factors and deeply embedded institutional weaknesses within countries, particularly in areas where economic management interacts with authoritarian political systems and legal institutions.

### Trade and Economic Integration

<b>Organization</b>	<b>Kazakhstan</b>	<b>Kyrgyzstan</b>	<b>Tajikistan</b>	<b>Turkmenistan</b>	<b>Uzbekistan</b>	<b>Membership</b>
World Trade Organisation (WTO)	Yes	Yes	Yes	No	No	Uzbekistan is an observer
Commonwealth of Independent States (CIS)	Yes	Yes	Yes	No	Yes	All former Soviet Union states except Baltics, Georgia, Turkmenistan and Ukraine
Eurasian Economic Union	Yes	Yes	No	No	No	Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia
Economic Cooperation Organisation	Yes	Yes	Yes	Yes	Yes	Afghanistan, Azerbaijan, Iran, Pakistan and Turkey
Shanghai Cooperation Organisation	Yes	Yes	Yes	No	Yes	

### Macroeconomic indicators of Central Asia

<b>Indicators, 2018</b>	<b>Kazakhstan</b>	<b>Kyrgyzstan</b>	<b>Tajikistan</b>	<b>Turkmenistan</b>	<b>Uzbekistan</b>
GDP growth, %	4,1	2,7	6,1	6,2	5,0
GDP per capita, US\$	9,401	1,293	827	6,967	1,532
Unemployment rate, %	4,8	3,3	2,3	3,9	6,9
Inflation, % (ave)	7,3	2,5	6,3	9,5	18,0

### Key industries

The geo-economic importance of the whole of Central Asia as an important transit and communication hub between the East and West definitely concerns the development of logistics industry, especially "One Belt-One Road, New Silk Road" project, which is vital for all `stan countries and neighbors.

#### In Kazakhstan

- Extractive industry (oil&gas, mining)
- Agriculture
- Transportation & Logistics
- Construction
- ICT

KZ Government jointly with the World Bank identified 5 priority sectors to maximize FDI's impact on the economy:

- Infrastructure (transportation, logistics, ICT)
- Agriculture (rural economics, stockbreeding, food processing) and consumer goods industry
- Mining and metal sectors
- Chemical & Petrochemical industries
- Machinery & Equipment industry

#### In Uzbekistan key industries are:

- Textiles
- Food processing
- Machine building
- Metallurgy
- Mining
- Hydrocarbon extraction
- Chemicals

According to the state authorities in Uzbekistan such industries as tourism, agriculture, textiles, construction, oil and gas have recently become the most popular sectors of the economy among foreign investors. But they underlined that Uzbekistan is interested in expanding diverse investment cooperation in such industries as energy (renewable sources), aviation (aircraft and airports), logistics and transportation, water management and chemical industry (modernization), in social aspect - education and healthcare.

### Key consumer behavior trends

In `stan countries cash money is still preferable, active using bank accounts and/or cards is slow down by low internet penetration.

Indicators, 2018	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan
Internet usage, penetration %	79,9	40,1	32,4	21,2	52,3
Mobile connectivity index	69,26	54,59	n/a	n/a	48,49
Online purchases, % of population	7,0	4,0	0,9	n/a	0,6

Source: <https://www.slideshare.net/wearesocial/digital-in-2018-in-central-asia-86866176>

### Biggest companies

#### In Kazakhstan

##### *Largest State companies*

- KazMunaiGas // Oil & gas
- KazakhTelecom // Telecommunications
- Kazakhstan Temir Zholy // Railroads
- KEGOC // Energy production and distribution

##### *According to Forbes KZ reports among private companies largest are:*

- Halyk Bank // Banking
- KazChrome, KazMinerals, KazakhMys, SSGPO // Mining
- BI Group // Construction
- Aluminuim Kazakhstan // Mining
- Ersai Caspian Contractors // Oil services
- Magnum Cash & Carry // Retail
- Sulpak // Retail
- EEC // Energy and distribution
- KSP Steel// Metallurgy
- KazPhosphate // Chemicals

#### In Uzbekistan

##### *Most notable companies*

- Avialeasing // Cargo airline
- Central Bank of Uzbekistan // Banking
- GM Uzbekistan // Automobiles production
- Man Auto Uzbekistan // Auto, Truck and Bus production
- Navoi Mining and Metallurgy Combinate // Mining and Metallurgy
- SamKochAuto // Automobiles production
- Tashkent Aviation Production Association // Aircraft production
- Uzbekistan Airways // Airline
- UzbekNefteGas // Oil & Gas

### Start-up hubs and incubators/accelerators

#### In Kazakhstan:

- Astana Hub, IT and startups hub - <https://astanahub.com/>
- QazTechVenture – state venture fund in Nursultan (former NATD – National Agency for Technological Development) - <https://qaztech.vc/agency/>
- GreenTech Garden, Autonomous cluster fund in Almaty – <https://techgarden.kz/>
- MOST, large Business Incubator in Almaty - <http://most.com.kz/>
- iStartUp – IT business incubator and accelerator in Almaty - <http://istartup.kz/>
- Regional TechnoPark "Altay", Eastern KZ Oblast, Ust-Kamenogorsk - [http://vkrt.kz/l\\_en/tpa.aspx](http://vkrt.kz/l_en/tpa.aspx)

#### In Uzbekistan:

- C.A.T. Science Accelerator - <http://cat-sa.uz/>
- StartUpFactory - <http://startupfactory.uz/>
- Green Business Innovation represents Water Solutions Innovation Lab and ClimateLaunchPad in UZ - <http://gbi-consult.com/>

**Current hot topics** (e.g. mobility, sustainability, digitalization)

In Kazakhstan

- 5G
- Industrial IoT – mining, logistics
- Bio & Circular Economy
- Cybersecurity
- Smart Cities

In Uzbekistan

- ICT
- Agriculture – food processing and packaging
- Tourism
- Bio & Circular Economy (Renewable sources)

**3. Cultural issues and ease of doing business**

The business etiquette slightly differs from country to country in the Central Asia and depends on economic welfare of the country. Being oriental countries, all 'stan countries unite one custom - "yes" does not mean "yes", it means "may be", especially at first meetings. Direct refusals do not accepted and are seen as rude.

As in family life, the business world in the Central Asia and Kazakhstan is defined by a strict hierarchy. Therefore all decisions will be made by senior management in a "top-down" manner, so you should avoid trying to press too hard for a commitment unless you are dealing with the upper echelons of the company (authority) or the business owner.

It is essential to spend time establishing a good working relationship and building trust with Central Asian people, since everything depends on personal relationships. Hospitality is common custom for the Central Asian society.

**Dos and Don'ts:**

DO	DON'T
Oriental people prefer oral communication (face-to-face) to emails or business calls. Personal relations are the base of businesses.	Don't always expect meetings to start right when agreed, a 15 min delay is acceptable
It's very important to use business cards; it is most advisable to give a business card right when meeting the counterpart. Start with small talk always!	Don't arrange meetings early than 10 am, especially with authorities.
More businessmen prefer to use social network as Facebook, LinkedIn, always verify about Whatsup, Messenger or Telegram	Do not surprise, if sometimes short notice cancelation about the meeting come, it is ordinary practice in ministries
Oriental people are known to be very social so do invite your guests to social events, dinners, etc. whenever is possible	Don't expect all oriental cities to be the same – there are vast cultural differences between regions which need to be appreciated
Do keep in mind that there are many regional and muslim holidays. It would be respectful to know some history and few words at native languages, e.g. common greeting is Salam Aleikum	Don't expect English to be widely spoken, try to use Russian
Remember about hierarchical approach: everything is decided by the Director (or the	Do not expect Central Asian people to follow rigid timetables and deadlines. Do not expect either

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owner). In general, try to have high-level meetings.	that something is planned months in advance like in Finland
Do expect a more aggressive commercial environment than in Finland and act accordingly. Central Asia is attractive for many foreign companies, depends on industry you can find a competitive market. It is highly probable that your competitors from Europe, USA, China are already presented in the market.	Do not expect to have lunch at 12.00 and dinner at 18.00 hours. Although habits are changing little by little (especially in big cities), everything happens one hour later than in Finland
Do have someone (an individual or a company) local. Making business from Finland is not that easy. Clients like to have someone who can attend at least in Russian and visit them to solve a problem with a short notice	Do not expect to receive payments in 21 days. Payments in the Central Asia can delay up to 90 days (in public contracts even more). A good coverage strategy is recommended to save the financial gap. Letters of credit are required when starting a commercial relation with a new client or partner.
Do prepare a well-documented business case for your partners and clients. Have a clear message for possible partners.	Do not select as a partner the first company you meet at an exhibition or an event. Partner search requires a serious work and a systematic selection process.
Having references on projects, done in neighboring countries in Central Asia or CIS are well appreciated by local businessmen	Do not expect to get sales without a correct support from Finland. Marketing actions are a must. The selection of a partner is a beginning not an end.

## 4. Useful sources of information

### Countries information

- [https://www.worldbank.org/en/news/multimedia?countrycode\\_exact=KZ&apilang=en&lang\\_exact=English](https://www.worldbank.org/en/news/multimedia?countrycode_exact=KZ&apilang=en&lang_exact=English)
- [https://eeas.europa.eu/regions/europe-and-central-asia/2068/central-asia\\_en](https://eeas.europa.eu/regions/europe-and-central-asia/2068/central-asia_en)
- <https://www.cia.gov/library/publications/the-world-factbook/geos/kz.html>
- <https://www.usaid.gov/central-asia-regional>
- <https://2019.tr-ebrd.com/countries/#>
- Invest in Kazakhstan  
<https://invest.gov.kz/>
- Invest in Uzbekistan  
<http://invest-in-uzbekistan.org/en/>
- Doing business World bank reports about countries  
[https://www.worldbank.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report\\_web-version.pdf](https://www.worldbank.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf)
- <https://www.statista.com>

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- Kazakhstan Chamber of Commerce  
<https://atameken.kz/en>
- Uzbek Chamber of Commerce and Industry  
<http://www.chamber.uz/en/index>
- Patents and brands in the Central Asia  
<https://www.ip-coster.com/IPGuide.aspx>
- Intellectual property in Kazakhstan  
<https://kazpatent.kz/en>
- Intellectual property in Uzbekistan  
<http://www.ima.uz/en/>

### News

- <http://www.eurasianet.org/>

From Kazakhstan

- <http://www.inform.kz/en><http://www.elmundo.es/>
- <https://astanatimes.com/>
- <https://forbes.kz/lang/en>
- <https://www.edgekz.com/>

From Uzbekistan

- <https://tashkenttimes.uz/>
- <https://kun.uz/en>
- <http://uza.uz/en/>

Information about other `stan countries will be provided by BF KZ upon request

### Bio & Circular, Cleantech

- [Ministry of Energy in KZ](#)
- <http://www.kazenergy.com/>
- [Energy Association in KZ](#)
- [RES Association in KZ](#)
- [Association of Solar Energy Companies in KZ](#)
- [State Program on Agriculture in KZ for 2017-2021](#)
- [UNDP projects in Kazakhstan](#)
- <https://astanatimes.com/2018/11/kazakh-government-transitions-to-green-economy/>
- [Concept-transition-republic-kazakhstan-green-economy](#)
- [Green Economy in KZ: prospects and realities by Samruk-Kazyna](#)



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### Digitalization & IoT

- [Digital KZ - official site](#)
- [IoT Summit in Eurasia](#)
- <https://astanatimes.com/2019/06/kazakhstans-digitisation-generates-578-million-for-economy-in-2018/>

### Health & Wellbeing

- [Healthcare Ministry in KZ](#)
- [OECD report on Healthcare sector in KZ, 2018](#)
- [Healthcare report, domestic, 2017](#)

### Company information

BF KZ advises to check company information via Business Finland TC or trustful local consultants