



TURKISTAN SPECIAL ECONOMIC ZONE: ACHIEVEMENTS AND OPPORTUNITIES

The main purpose of Kazakhstan's economic policy is to promote sustainable development of the country's well-being. For this purpose, several large-scale projects have been implemented throughout the country and of particular importance is the activity of special economic and industrial zones in the regions. Since 2011, 12 special economic zones with different focus areas have been created in each region of Kazakhstan. These special economic zones aim to accelerate the development of competitive local production, attract investment in industries and regions, introduce new technologies, as well as provide employment.

In 2018, the Turkistan Special Economic Zone (Turkistan SEZ) was established by the Decree of the Government of the Republic of Kazakhstan No. 693 dated October 29, 2018, on the creation of the Turkistan Region. The main objective of the economic zone with a total area of 3,014 hectares is to increase the tourism potential of the Turkistan city and improve the tourist services and infrastructure. Accelerated development of the newly created region is also one of the fundamental goals of the economic zone. The Turkistan SEZ consists of five subzones, including the historical center of 297 hectares, the administrative business center of 1,350 hectares, the industrial zones of 365 and 35 hectares, and the airport of 967 hectares. When fully functional, all of these subzones will provide vast opportunities for enhancing the economic potential of the Turkistan region.

To date, the activities of the Turkistan SEZ have been comprehensively launched, and its priorities have been identified. For example, the historical center focuses on the construction of tourist facilities, the creation of recreation centers, the construction of administrative and residential complexes, commissioning of schools, polyclinics, museums, and theaters. Meanwhile, the production of building materials, the processing of finished metal products, as well as the construction of production and processing centers are underway in the industrial zone. This industrial zone is divided into Greenfield and Brownfield. Greenfield is located in the village of Orangai, where works on infrastructure improvement and design estimates are underway. At the same time, eight train tracks were built in Brownfield, the territory of which is fenced. Various social facilities for residents of Turkistan are under construction

in the administrative business center of the Turkistan SEZ. Major companies such as BI Property, Sembol Construction, YDA Insaat Group, Mabetex Group, and Alageum Electric are involved in the construction works of the abovementioned subzones.

Apart from the Turkistan SEZ, there is the Ontustik SEZ that has been operating since 2005 in the Turkistan region. It mainly focuses on the development of efficient production and the attraction of investment in that field. It also aims to develop cotton, textile, and clothing industries. The lifespan of the Ontustik SEZ is set to 2023. It can be stated that these two special economic zones located on the territory of the demographically fastest-growing region are of strategic importance.

Several projects are already being implemented in the Turkistan SEZ. The construction of a residential complex worth 46.5 billion tenge (\$123.6 million) and two hotel projects worth 20.5 billion tenge (\$54.5 million) are underway. Moreover, projects are being implemented to construct the multi-purpose hospital, congress hall and oriental market. In 2019, the marriage palace was commissioned on the territory of this economic zone. Apart from that, two enterprises producing electrical devices of the Alageum Electric company started functioning. In addition, 15 projects worth 37 billion tenge (\$98.4 million) were launched in 2019.

In addition, to attract investment in the special economic zone, investors are offered incentives, which include land tax exemption, free land rent, exemption from property tax and customs duties on imported goods etc. Due to these incentives and efforts, in 2019, the Turkistan SEZ was recognized as the best in three categories according to the Global Free Zone of the Year 2019 ranking. This demonstrates the accuracy and effectiveness of the directions for the development of the economic zone.

In the Master Plan for the City of Turkistan, the population of the city is expected to reach 500,000 by 2050. In that regard, several plans have been developed to improve the living standard of the city. It is expected that the Turkistan SEZ will play a significant role in enhancing the economic potential of the Turkistan region. The region will contribute to the elimination of unemployment in the region, provision of the population with housing,

creation of a free trade zone, and improvement of transport and logistics infrastructure. Specifically, the construction of an international airport undertaken by the Turkistan SEZ is of particular importance. On May 17, 2019, during the annual Kazakhstan Global Investment Roundtable chaired by Prime Minister of Kazakhstan Askar Mamin, the Turkish construction company YDA Holding signed an agreement with the administration of the Turkistan region to construct an international airport in Turkistan. The international airport, the construction of which has begun, will allow direct flights to the regional center. At the same time, it will develop air travel in the southern regions of Kazakhstan and promote international flights. It will also create more opportunities for attracting foreign tourists to tourist facilities located in the city of Turkistan and the region.

At present, the Turkistan SEZ continues to attract foreign investment jointly with Kazakh Invest. In particular, Pride India is interested in the construction of a medical college for 2,000 students in the economic region. Moreover, Turkey's Inter Construction, Poland's ABM WŚCHOD, and many other large companies indicate intentions to operate in the region.

About 200 projects are planned to be implemented in the Turkistan SEZ, which will be active until 2043. Foreign investments in the region are projected to reach 33 billion tenge (\$87.7 million), while the volume of domestic investments – 55 billion tenge (\$146.2 million) by 2043. The number of participating companies is expected to increase to 78, which will employ 6,800 people. This is the ultimate target of the special economic zone.

In conclusion, the Turkistan SEZ provides many opportunities for the comprehensive development of the economy of the Turkistan region. In particular, the consolidation of foreign and domestic entrepreneurs around the region is a guarantee of improvement of the social and economic situation of the local population. This takes place in parallel with the expanded tourism potential of the city of Turkistan. Moreover, the implementation of industrial projects in the Turkistan SEZ will allow efficient use of the Western Europe-Western China transnational transport corridor, which runs through the region. It will also facilitate the implementation of several programs, such as the Economy of Simple Things, in the Turkistan region.

Politics, Foreign Affairs, and Security

- During his visits to Ukraine and Belarus, U.S. Secretary of State Michael Pompeo held talks with presidents Volodymyr Zelensky and Alexander Lukashenko. In Kiev, the parties discussed U.S. support for Ukraine's security, energy independence, and defense sector reforms. In Minsk, the parties confirmed their recent agreement to exchange ambassadors as part of efforts to normalize bilateral relations (U.S. Department of State, 31.01-01.02.2020).
- U.S. Secretary of State Michael Pompeo visited Kazakhstan and Uzbekistan. In Nur-Sultan, Pompeo met with President Kassym-Jomart Tokayev and First President Nursultan Nazarbayev to discuss ways to increase bilateral trade and investment. In Tashkent, Pompeo held talks with President Shavkat Mirziyoyev to reaffirm U.S. support for Uzbekistan's reforms and participated in the C5+1 format meeting with the foreign ministers of the five Central Asian states (U.S. Department of State, 01-03.02.2020).
- Turkmen President Gurbanguly Berdimuhamedov chaired a meeting of the constitutional commission held in Ashgabat that reviewed the structure of a new bicameral parliament – the National Council of Turkmenistan. According to the planned amendment in the country's constitution, the chairman of the upper house, the Halk Maslakhaty (People's Council), will assume presidential powers if the incumbent president is incapable to perform his duties (Turkmenistan Today, 29.01.2020).
- During his visit to Afghanistan, Turkmen Foreign Minister Rashid Meredov met with Afghan President Ashraf Ghani. The parties discussed further intensification of mutual political, economic and humanitarian cooperation, with special attention paid to the implementation of joint infrastructure projects such as the TAPI gas pipeline (MFA of Turkmenistan, 03.02.2020).
- Kyrgyzstan was included in the list of countries, citizens of which will face restrictions on the issuance of U.S. immigrant visas, such as visas for foreign relatives of U.S. citizens and employer-sponsored visas. According to the White House's proclamation, Kyrgyzstan "does not comply with the established identity-management and information-sharing criteria" (White House, 31.01.2020).
- Armenian and Azerbaijani foreign ministers Zohrab Mnatsakanyan and Elmar Mammadyarov held separate and joint meetings with the co-chairs of the OSCE Minsk Group in Geneva. The parties discussed possible next steps to prepare the populations of the two countries for peace, as well as principles and elements forming the basis of a future peaceful settlement (OSCE, 30.01.2020).
- Speaking at the Parliamentary Assembly of the Council of Europe in Strasbourg, Moldovan President Igor Dodon noted that obtaining a neutrality status by Moldova would contribute to the strengthening of security in the region. Dodon also believes that the neutrality status would have a positive impact on the settlement of the Transnistrian conflict (Moldpres, 29.01.2020).

Economy, Finance, and Energy

- The delegation of Uzbek officials visited China to discuss opportunities for strengthening bilateral investment and trade-economic cooperation, including in the transport and logistics sectors, with their Chinese counterparts. The parties signed agreements on cooperation in international freight transport, the development of a multimodal transport corridor, and the provision of tariff preferences (Kun.uz, 27.01.2020).
- The working groups of Uzbekistan and Tajikistan held the first round of negotiations in Tashkent on a draft agreement concerning the joint construction and operation of two hydroelectric power stations on the Zarafshan and Fandarya rivers in Tajikistan. It is planned that, when completed, the two stations will generate up to 1400 million kWh of electricity exclusively for the needs of Uzbekistan (UzDaily, 28.01.2020).
- During his visit to the National Automobile Pavilion, Prime Minister of Kazakhstan Askar Mamin was updated on the plans for the development of the country's automotive industry. The domestic production of automobiles is expected to reach 100,000 units, 10-15,000 of which will be exported to the CIS countries (Kapital.kz, 28.01.2020).
- During a meeting of the Eurasian Intergovernmental Council held in Almaty, the prime ministers of the EAEU member states discussed steps to remove trade barriers within the union and develop the digital economy. The parties also addressed issues related to technical regulation, application of sanitary and phytosanitary measures, and public procurement (Eurasian Economic Commission, 31.01.2020).
- Belarus and Mongolia signed a memorandum of cooperation in the field of transport and logistics that will be in effect for five years and envisages the implementation of joint projects. More than 50,000 tons of freight was transported by rail between the two countries in 2019, which is 7% more than in 2018, and the parties plan to increase the volume of mutual cargo turnover (BelTA, 27.01.2020).
- As part of the 12th meeting of the joint intergovernmental Ukraine-Azerbaijan commission on economic cooperation, the Ukrainian Chamber of Commerce and Industry organized a roundtable in Kiev with participation of relevant government officials of both countries. The participants focused on the creation of favorable conditions for bilateral transport operations and the development of a Europe-Caucasus-Asia transport corridor (Ukrinform, 30.01.2020).
- Azerbaijan and Iran signed a contract on the construction of a joint industrial park that will be financed by both countries. The park with a total area of 95 hectares will be located in the Parsabad county of Iran's Ardabil province. The project is expected to strengthen ties between Iranian and Azerbaijani investors and expand exports of Iranian products to the markets of Russia and Central Asia (AzerNews, 31.01.2020).

Society and Culture

- Green Central Asia, a regional project on climate and security, initiated by Germany as part of the new EU Strategy for Central Asia and Afghanistan, was launched at a high-level conference held in Berlin. The project aims to support the regional dialogue on climate change and is a continuation of the Central Asian Water Initiative, also known as the Berlin Process (MFA of Kazakhstan, 29.01.2020).
- At a solemn event in Almaty, State Secretary of Kazakhstan Krymbek Kusbayev officially launched the celebration of the 1150th anniversary of great scientist and thinker Abu Nasr Al-Farabi. The anniversary is included in the UNESCO calendar of memorable dates and will be celebrated in many countries with support of international organizations (Kazinform, 29.01.2020).
- The International Turkic Academy, with support of the Gumilyov Eurasian National University, held an opening ceremony of the Year of Abai at the Baku State University. During the event, a special book fair was organized, and more than 50 books were presented to the newly opened Abai Center in Baku (TWESCO, 30.01.2020).
- During their visit to Uzbekistan, the delegation of the Cotton Campaign global coalition that included representatives of international human rights organizations met with Uzbek officials to discuss the results of the 2019 cotton harvest and the effectiveness of measures taken to prevent the use of forced labor. The coalition members also visited textile enterprises to become acquainted with conditions created for workers (UzA, 28-29.01.2020).
- According to the Ministry of Labor and Social Development of Kyrgyzstan, as of January 1, 2020, there are 563.6 thousand people in the country who receive benefits from the government. Of these, 308.7 thousand are the recipients of monthly allowances to needy families with children under 16 years old, the average size of which is 871.2 soms, or about \$13 (Kabar, 27.01.2020).
- An art exhibition on violence against women featuring twenty works by young painters, graduates and students of the Digital Arts Academy funded by UNESCO, took place in Dushanbe. The heroes of the paintings are real women who tell their stories through art. The main objective of the project is to draw attention of the public to domestic violence against women (Asia-Plus, 28.01.2020).
- During a meeting at the Press House in Minsk, editors, writers and educational specialists discussed ways of supporting young Belarusian writers. There are three officially registered unions of writers in Belarus, and they offer many ways of self-expression – from nationwide language and literature contests for schoolchildren and university clubs for students to specialized publications for a younger audience (Belarus24, 31.01.2020).