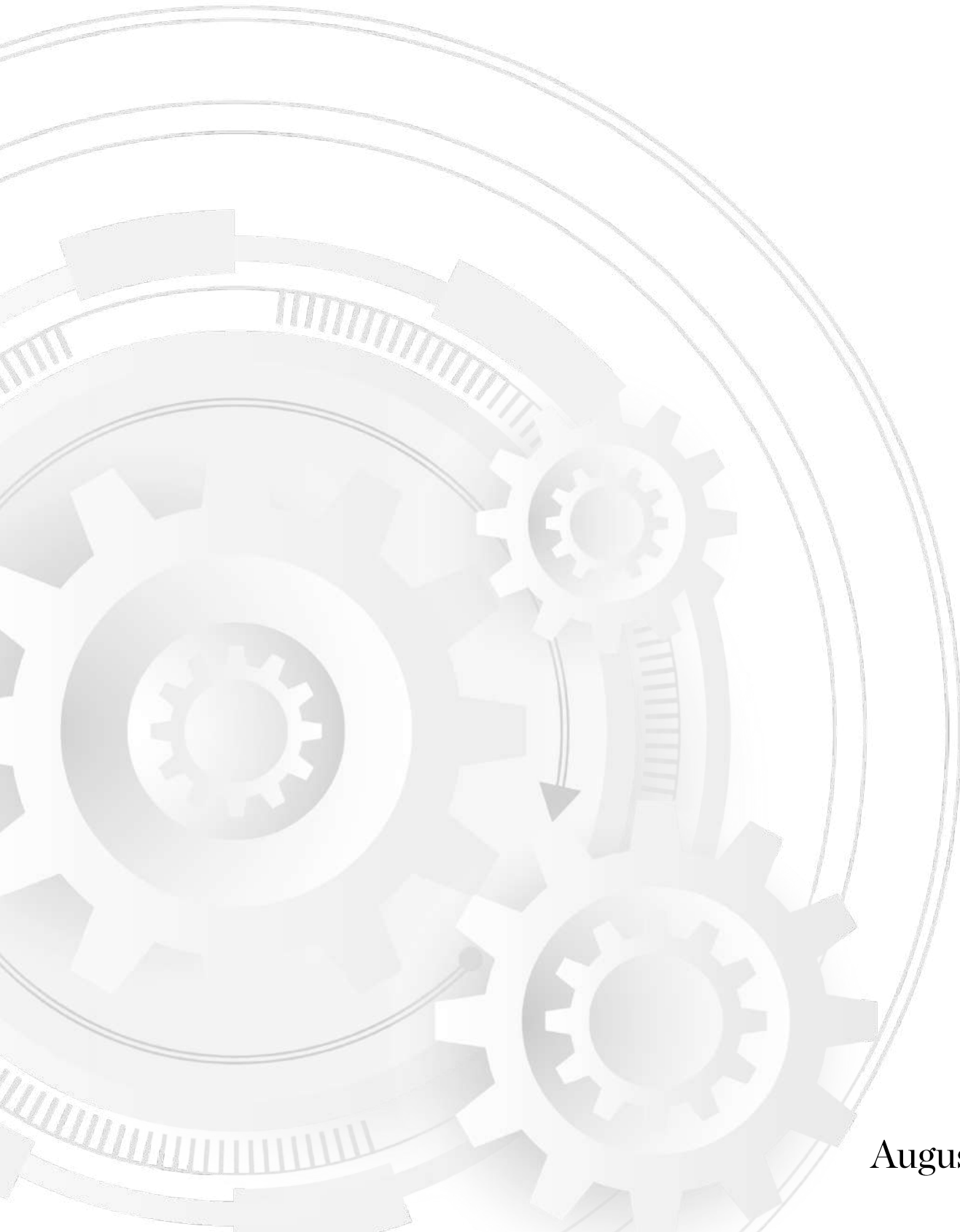


# Industrial Zones

Of Central Asia and Caucasus Region



August 2023

# Table of contents

## *Industrial Zones of Central Asia and Caucasus Regions*

### 2

Cushman & Wakefield Logistics and Industrial Services

### 3

Introduction

### 5

Kazakhstan

### 15

Georgia

### 24

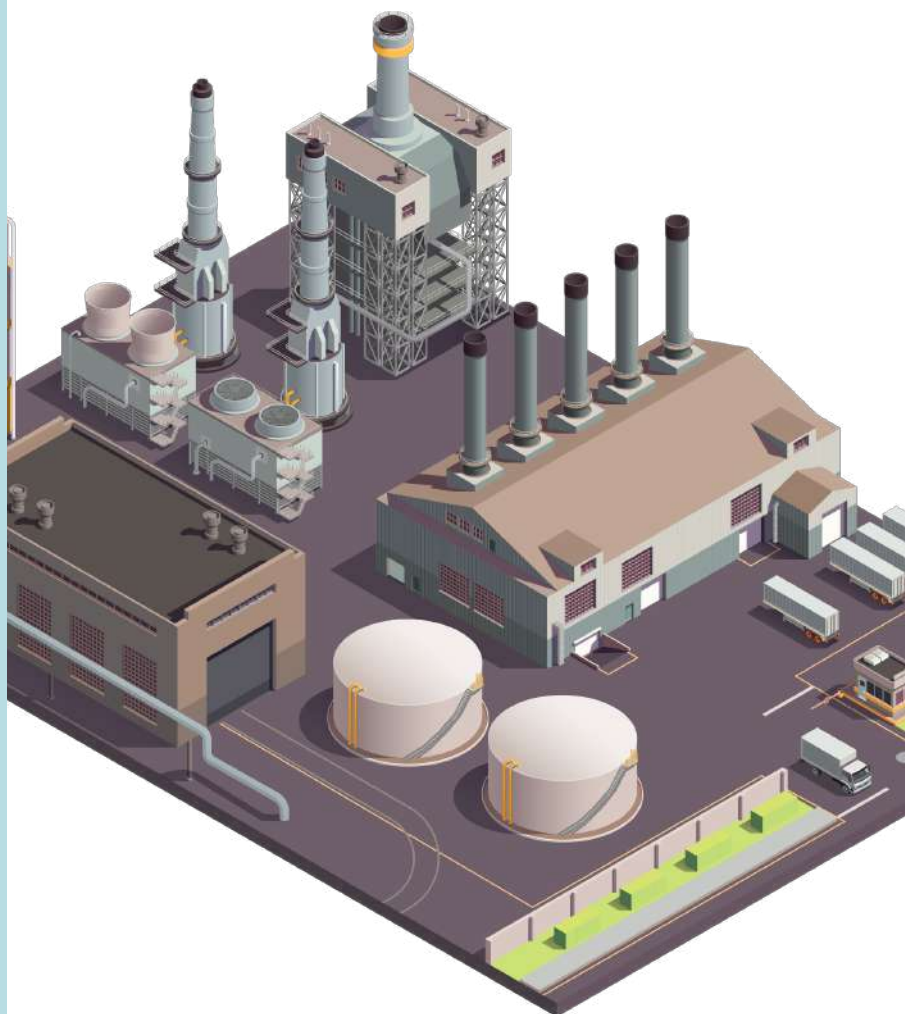
Kyrgyzstan

### 26

Uzbekistan

### 29

Contacts



## **About Cushman & Wakefield**

Cushman & Wakefield is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and approximately 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services.

To learn more, visit [www.cushwake.kz](http://www.cushwake.kz) or follow [@CushWake\\_kz](https://www.instagram.com/CushWake_kz) on Instagram and LinkedIn.

# LOGISTIC AND INDUSTRIAL SERVICES

*Understand. Collaborate. Deliver.*



Through a consistent, client-focused approach, we provide real estate strategies, helping clients maximise cost-saving opportunities and improve business success. Cushman & Wakefield's logistics and industrial professionals provide local market expertise around the globe.

We invest the time to understand our clients' short and long-term business goals, allowing us to collaborate alongside in-house specialists to deliver highly customised logistics and industrial real estate solutions, including:

## **Global Supply Chain Solutions (GSCS)**

Supply chain network design can be complex. We have the knowledge and processes to help determine warehouse and manufacturing plant locations, how to best move product between facilities, and how to ultimately move product to market for consumption.

## **E-commerce and Electric Fulfilment**

Using the latest trends and innovative solutions for online purchase fulfilment, we provide evolving support for supply chain to meet the demands of changing consumer buying patterns.

## **Build-to-Suit (BTS)**

Building a new facility requires expertise in construction, project planning and execution. We help clients understand all considerations for building a new industrial facility versus choosing an existing building.

## **Third Party Logistics/ Fourth Party Logistics (3PL/4PL)**

3PLs/4PLs are a sub-sector of the supply chain industry; fulfilment, logistics, and transportation services. We advise clients on how supply chains benefit from 3PL/4PL relationships, when and why to consider leveraging a 3PL/4PL firm, and how to optimise a 3PL/4PL relationship.

# INTRODUCTION



# INTRODUCTION

## Industrial Zones

One of the promising instruments of state stimulation of real production is the creation of industrial zones. Industrial zones began to appear more than 100 years ago in Great Britain and the USA. Industrial zones became widespread after the 2nd World War in Western Europe. Currently, there are more than 20,000 industrial zones in the world. At the same time, it can be noted that in Asian countries the main purpose of creating zones is most often accelerated economic development of the country, while in Europe, industrial zones act as a tool for structural transformation of the industry.

## THE CONCEPT OF AN INDUSTRIAL ZONE

An industrial zone is a fully prepared land plot with clearly defined legal rights, necessary infrastructure, and communications. Their advantage is that any production facilities can be placed on the proposed sites: from pharmaceutical enterprises to automobile plants, while the investor does not incur any hidden or additional costs.

Land plots should be in state ownership at the time of creation and provided with sufficient infrastructure resources at the expense of budgetary funds and other sources not prohibited by law. At the same time, infrastructure resources are understood as a complex of structures that meet the needs of all participants in the industrial zone in heat and electricity, water supply, sewerage, transport communications, communication services, and other types of services necessary for the implementation of entrepreneurial activity.

**Industrial zones should become attractive to domestic and foreign investors due to the presence of the following characteristics:**



Favorable conditions for work and living



Reduction of utility and electricity costs



Location near the main transport networks or hubs



The possibility of cooperation with other specialized enterprises



Professional management of zones

**The purpose of creating the industrial zones** is to provide state support to private entrepreneurship and the development of priority industries in the field, such as mechanical engineering, food and light industry, production of building materials and structures, and agricultural equipment.

**The specialisation of each industrial zone is determined in accordance with the objectives of the organization of zones:**

- development of certain industries
- development of certain regions
- development of small and medium-sized businesses

# KAZAKHSTAN



# KAZAKHSTAN

## Industrial Zones

Government of the Republic of Kazakhstan continues to work towards the diversification of the country's economy from oil and carbon dependence. In light of the new economic policy announced by the President in September 2022, the development of industrial zones may contribute to the development of the high value-added goods. However, the effectiveness of the existing industrial zones causes justified skepticism, which comes from the non- execution of production projects already announced for launch.

Particular attention should be paid to the construction and laying of the basic infrastructure of industrial zones, which are the key to success in attracting new projects and investors. Despite the existence of the zones over a long period, the infrastructure readiness of several existing zones is yet at a low level.

The diversification of the domestic economy is becoming even more relevant given the difficult geopolitical situation and unstable global economic environment. A number of promising industrial projects are already being implemented in the Karaganda region on the territory of the Saryarka special economic zone and the Saran industrial zone. They can and should act as platforms for relocation of foreign companies under the appropriate conditions.

### Business preferences are provided in industrial zones:



#### Tax exemptions:

- Corporate income tax (up to 10 years)
- Land tax (up to 10 years)
- Property tax (up to 8 years)



#### Exemption from custom duties:

- Customs duty 0% up to 5 years on imports of technological equipment and accessories for it; spare parts, raw materials



#### In-kind grants:

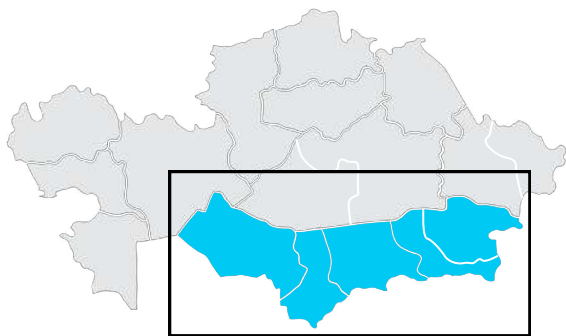
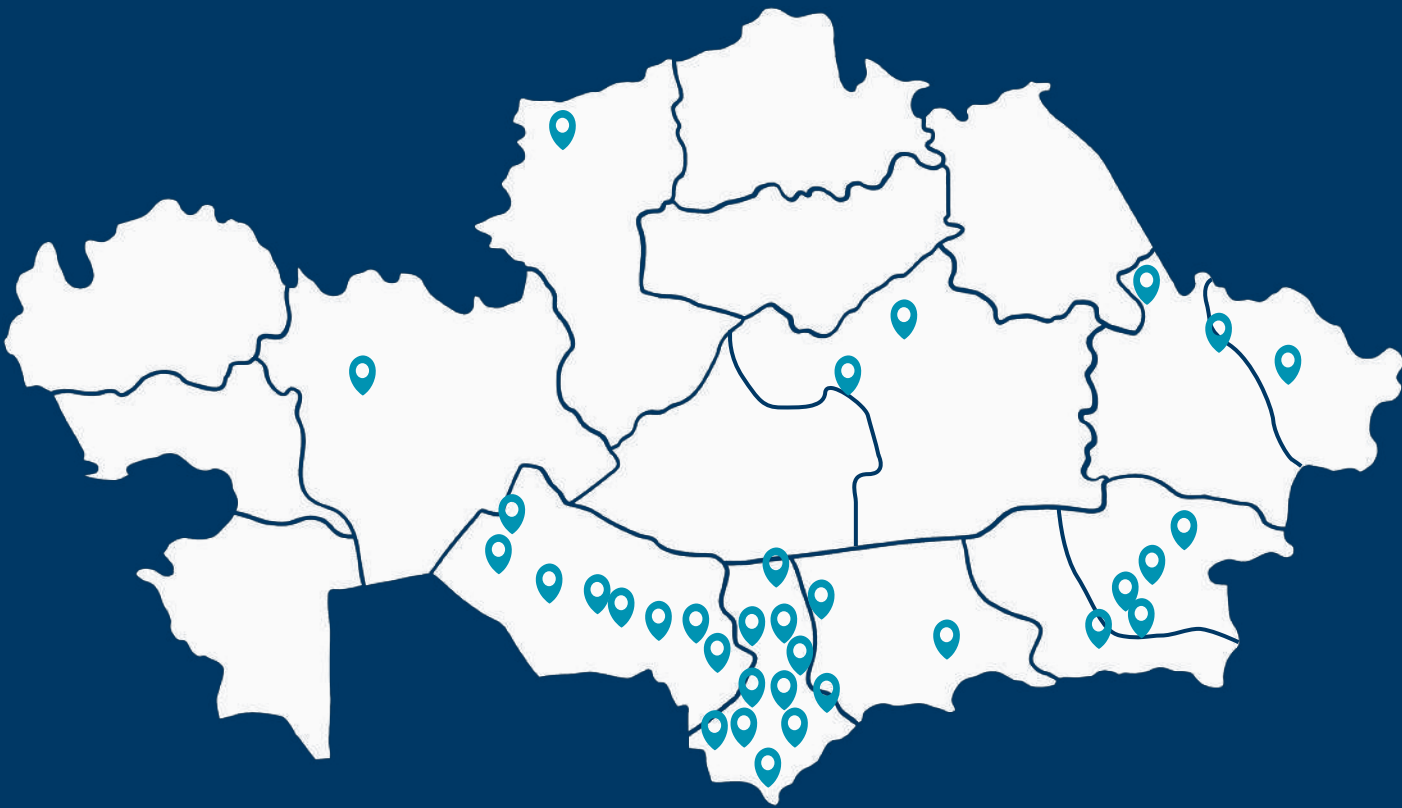
- Land plots, buildings, machinery and equipment for temporary free use



#### Simplified procedure for foreign labor:

- Attracting foreign labor is carried out





At the moment, we can state a large concentration of industrial zones in the southern regions of the Republic: 20 industrial zones are concentrated in the Kyzylorda and Turkestan regions, which is more than half of all zones in the country.



New industrial zones are being created and developed in the Zhambyl region. Entrepreneurs in the Zhambyl region, when opening new production facilities, feel the need for free production areas. There is a shortage of small plots of land with ready-made premises, transport accessibility, availability of communications, and on preferential terms. To solve this situation, the creation of small industrial zones is being considered.

# 43

## Industrial zones

Republican significance

# 13

Regional significance

# 24

Private Industrial Zones

# 6



# INDUSTRIAL ZONES OF REPUBLICAN SIGNIFICANCE

## Kostanay

*The Industrial Zone "Kostanay" Is An Industrial Site With An Area Of 400 Hectares, Provided With Communications Intended For Development Of Priority Industries, Such As Mechanical Engineering, Food And Light Industry, Production Of Building Materials And Structures, Agricultural Equipment.*

## ADVANTAGES

One of the advantages of the industrial zone is the adjacent developed network of roads and railways with access to the Russian market (the site is adjacent to the international highway Almaty-Yekaterinburg).

- Ready-made engineering and communication infrastructure
- Investment preferences
- Convenient logistics location, highways
- The possibility to buy or rent a land plot
- The provision of office and hotel rooms for rent



## INFRASTRUCTURE

Engineering infrastructure includes electricity, gas, water supply, sanitation, telephone, Internet. To create comfortable conditions on the territory of the industrial zone, there is an administrative center, which includes offices, a conference hall, hotel rooms and a dining complex.

- Communication lines – 9.6 km
- Water supply with a diameter of 400 mm (– 5.2 km) and 315 mm (– 2.7 km)
- Water intake structure – 9,950 m<sup>3</sup>/day
- Railway tracks – 3.7 km
- Highways – 4.5 km

**400**  
Total Area, ha

**180.3**  
Production facilities, ha

**22.7**  
Engineering and transport infrastructure, ha

**197**  
Vacant place, ha

**1.3**  
Administrative and household complex, ha

# INDUSTRIAL ZONES OF REPUBLICAN SIGNIFICANCE

## Taraz

### PROJECT SELECTION CRITERIA

- The use of modern technologies and equipment that meet environmental requirements
- Competitiveness in the market and export-oriented products, the absence of analogues in the region
- Availability of sources of project financing in full
- Implementation of an industrial and innovative projects

The land plot is transferred to the participant of the industrial zone for sublease for 25 years, before the project is put into operation, the sublease of the land is free, only the land fee is paid.



**41**

Total Area, ha

### TERMS OF PARTICIPATION

- The state provides infrastructure (railway, highway, gas pipeline, electric line, water supply, etc.) to the border and inside the zone
- Connection to the infrastructure is free of charge; payment for services consumed – by metering devices
- Infrastructure maintenance costs under a separate contract with the operator of the industrial zone
- An investment contract is signed with an indication of the schedule for the implementation of the investment project. For the period of construction of facilities – up to 3 years, the participant rents the land for free, pays only the land tax

### PRIORITY ACTIVITIES

- Light industry and furniture production
- Chemical industry
- Production of building materials and other non-metallic mineral products
- Metallurgy, metalworking, mechanical engineering and others

# INDUSTRIAL ZONES OF REPUBLICAN SIGNIFICANCE

## Aral, Kazaly, Karmakhshy and Shieli Regions

### ARAL REGION



**10**

Total Area, ha

**10**

Production facilities, ha

**5**

Vacant place, ha

**22.7**

Administrative and household complex, ha

**3**

Registered participants

**239.8 mln**

Investments, tenge

**100**

Jobs created

### KAZALY REGION



**6.9**

Total Area, ha

**6.9**

Production facilities, ha

**2.1**

Vacant place, ha

**5**

Administrative and household complex, ha

**8**

Registered participants

**172 mln**

Investments, tenge

**67**

Jobs created

### KARMAKSHY REGION



**15**

Total Area, ha

**15**

Production facilities, ha

**10.9**

Vacant place, ha

**4.1**

Administrative and household complex, ha

**4**

Registered participants

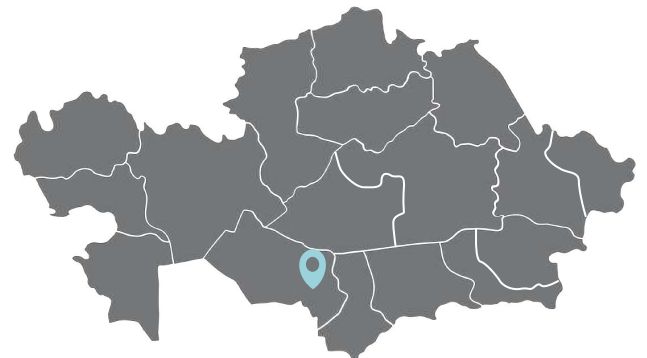
**239.8 mln**

Investments, tenge

**48**

Jobs created

### SHIELI REGION



**96**

Total Area, ha

**96**

Production facilities, ha

**33**

Vacant place, ha

**63**

Administrative and household complex, ha

**7**

Registered participants

**66 billion**

Investments, tenge

**438**

Jobs created

# INDUSTRIAL ZONES OF REPUBLICAN SIGNIFICANCE

## Sherpin and Ondiris Region

### SHERPIN REGION



**22**

Total Area, ha

**17**

Production facilities, ha

**12.7**

Administrative and household complex, ha

**109.5 mln**

Investments, tenge

**4.3**

Vacant place, ha

**11**

Registered participants

**54**

Jobs created

### ONDIRIS REGION



**760**

Total Area, ha

**760**

Production facilities, ha

**125.2**

Administrative and household complex, ha

**634.8**

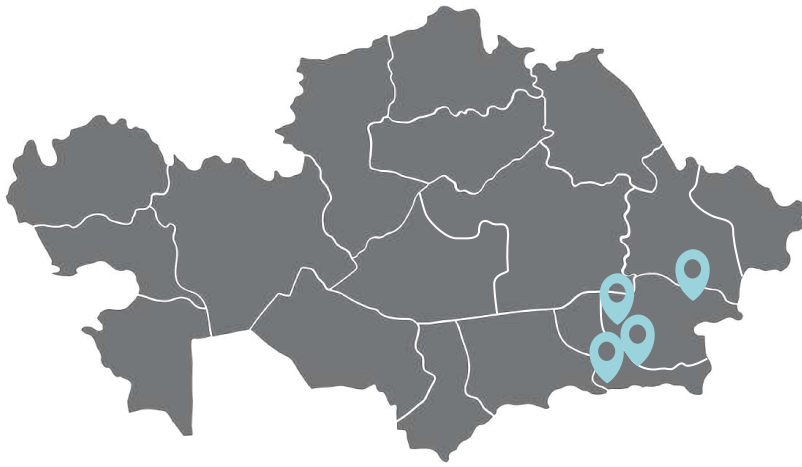
Vacant place, ha

#### Infrastructure

- 10kW power transmission line, 4.5 km long
- Administrative building, an area of 1,256 m<sup>2</sup> with a land plot of 3.6 hectares
- 1,260 m length water supply and sewerage networks
- Transformation substation

# INDUSTRIAL ZONES OF REGIONAL SIGNIFICANCE

Almaty Region: Taldykorgan, Kairat, Bereke, Almaty



**1,817**  
Total Area, ha

## TALDYKORGAN INDUSTRIAL ZONE

594.9 Area, ha	9.7 Highways, km
25 Distance to the airport, km	2*40 Power Supply, MW/h
5.4 Railway tracks, km	750 Water Supply m <sup>3</sup> /hour
19.4 Communication networks, km	5,000 Gas Supply, m <sup>3</sup> /hour
no restrictions Priority industries	

## KAIRAT INDUSTRIAL ZONE

198 Area, ha	4.7 Highways, km
80 Distance to the airport, km	2*12 Power Supply, MW/h
5.9 Railway tracks, km	80 Water Supply m <sup>3</sup> /hour
no restrictions Priority industries	540 Gas Supply, m <sup>3</sup> /hour

## BEREKE INDUSTRIAL ZONE

535 Area, ha	9.7 Highways, km
75 Distance to the airport, km	2*63 Power Supply, MW/h
5.4 Railway tracks, km	85 Water Supply m <sup>3</sup> /hour
200 Heat supply, Gcal/h	2041 Gas Supply, m <sup>3</sup> /hour
There is a possibility of placing objects of 3.4 hazard class according to sanitary rules Priority industries	

## ALMATY INDUSTRIAL ZONE

490 Area, ha	27 Highways, km
40,000 Gas Supply, nm <sup>3</sup> /hour	150 Power Supply, MW

X The range of products planned for production is very wide  $\cup$  from ice cream to steel pipes for the oil and gas industry

X During the operation of the industrial zone, the state has invested more than 22 billion tenge in the development of its infrastructure

# INDUSTRIAL ZONES OF REGIONAL SIGNIFICANCE

## Ordabasy and Aktobe

### ORDABASY

*The Ordabasy Industrial Zone Of The Turkestan Region Functions As A Single Dispatch Centre That Optimizes The Process Of Entering Investments Into The Region, Offering Customers Ready-Made Sites With Prepared Infrastructure For Doing Business.*



**126.8**

Total Area, ha

**700,000**

Built-up area, m<sup>2</sup>

- A gas pipeline with a length of 3,860 p/m with a capacity of 13,000 m<sup>3</sup>/h
- On the territory of the zone there is a railway station, a container platform, 2 gantry cranes of 10 and 50 tons, a temporary storage warehouse
- Water supply - 7 artesian wells, 2 pumps with a capacity of 160 m<sup>3</sup>/h, 5 pumps with a capacity of 110 m<sup>3</sup>/h
- Steam supply – boiler house with a capacity of 150t. steam per hour

### AKTOBE

*Located On The "Western Europe – Western China" Highway, 5 Km From The City, 97 Km From The Border With The Russian Federation (Orenburg Region).*



**200**

Total Area, ha

- Ready-made industrial infrastructure o Low energy tariff
- Flexibility for investors
- Convenient transport logistics
- Priority industries – oil and gas refining; chemical industry; production of building materials; transport logistics; services for enterprises from Aktobe; oil and gas service; oil and gas engineering; mining and metallurgical complex

# PRIVATE INDUSTRIAL ZONES

## DAMU

Was Founded In 2008 And Is One Of The Largest Industrial Territories In The Republic Of Kazakhstan. The Industrial Area Houses Production And Infrastructure Facilities And Warehouses Created For The Development Of Entrepreneurship, Both Kazakh And International Companies.

The Park Is Conditionally Divided Into 2 Parts: Industrial And Logistics. The Industrial Area Has All The Necessary Transport And Engineering Infrastructure. The Park Has Excellent Geolocation Along The Almaty – Zhetygen Highway And Near The Transport Interchange "Western Europe – Western China". Almaty City And The Airport Are A 20-Minute Drive Away. All Necessary Engineering Communications Have Been Carried Out In The Park. The Territory Of The Park Is 75% Occupied.



### The land plots have been acquired by such large companies as:

- Wilo
- Galanz Bottlers
- Volvo
- Danone
- Food Town
- Shin-Line
- ArLine
- Mustang Farbe And Others

**210**  
Total Area, ha

 more than **300,000**  
Class A Warehouse, m<sup>2</sup>

 **15**  
Railway line, km

 **9-12**  
Ceiling height, m

 **+18 to -25**  
Temperature range

 **17.8**  
Container terminal area, ha

- Automated warehouse
- Management system WMS
- Full comprehensive service (outsourcing)
- Rental of warehouses, outdoor areas, office spaces



# GEORGIA

An aerial photograph of a city in Georgia, likely Tbilisi, showing a mix of historical and modern architecture. In the foreground, there are multi-story buildings with red-tiled roofs and balconies. In the middle ground, a large church with a blue dome sits atop a cliff. In the background, a modern city skyline is visible under a clear sky.



# GEORGIA

## Industrial Zones

With the aim to draw international investment capital while attracting investors searching for a high rate of return, Georgia passed the Law On Free Industrial Zones with corresponding legislation. This allowed establishment of special status zones, also referred as Free Industrial Zones (the "FIZ") in the country. Hence, a FIZ is a type of a zone in Georgia which has defined borders and a special status granted by the Law. It provides an environment that is attractive for economic activity as it offers favorable tax and regulatory conditions from both legal and commercial perspective to operating entities for a specific period of time.

A FIZ can be established as the initiative of the government of Georgia, or as the request of a natural or a legal person, whether resident or non-resident, considering they comply with all needed requirements. Also, a FIZ can be established anywhere in Georgia as long as its surface area exceeds 10 hectares, and it is not designated as a protected territory by the Georgian law. Then when a FIZ gets established, it should be managed by an administrator.

Entities operating in a FIZ in Georgia must be duly registered and are required to obtain a relevant license based on their business activities. Once they are established in FIZ, they receive tax and customs benefits.

### Business preferences are provided in FIZ:



**Tax incentives:**



**Payments carried out in any currencies**



**Exemptions from majority of licenses**



**Autonomy from the local self-government bodies**



**Simplified procedure**

**4**

Free Industrial Zones



FIZ name	Location	Total Area	Administrator	Operating Industries
Tbilisi FIZ	Tbilisi	170,000 m <sup>2</sup>	Georgia Technology Park LLC	Technology, logistics, warehousing, light industrial manufacturing
Kutaisi FIZ	Kutaisi	269,014 m <sup>2</sup>	Georgian International Holding LLC	Manufacturing household appliances, water electric heaters
Hualing Kutaisi FIZ	Kutaisi	360,000 m <sup>2</sup>	Georgian Huashun Industrial Investment Group LTD	Wood and stone processing, metal construction, furniture production
Poti FIZ	Poti	3M m <sup>2</sup>	CEFC China Energy Company Limited	Light manufacturing, heavy industries - chemical, steel processing

# INDUSTRIAL ZONES OF REPUBLICAN SIGNIFICANCE

## Tbilisi Free Industrial Zone

*Tbilisi Free Industrial Zone (TFZ) Was Launched In November 2015 On 170,000 M2 Of Land In Tbilisi, On 264 Omar Khizanishvili Str. BitFury Group, World's Leading Blockchain Technology Company, Is The Owner And Developer Of The Property. TFZ Is The Only Free Industrial Zone In Tbilisi And In Whole Eastern Georgia. It Is Open For International Tenant Companies From Diverse Fields Of Business, Such As Technology, Trading And Services, Light Industrial Manufacturing, Logistics, And Warehousing To Locate Their Export-Oriented Businesses In The Tax-Free Area. TFZ Is Administered By Georgia Technology Park LLC.*

### OPERATIONAL ADVANTAGES

- TFZ offers flexible tenancy terms including simple land lease and turn-key development solutions customized to individual tenant needs
- Customer clearance point is located in the territory, allowing smooth and efficient processing and handling of goods to and from TFZ, avoiding time-consuming customs formalities and paperwork
- Low costs of utilities and communications
- Proximity to the largest labor pool of Georgia
- Facility management service
- Easy access to Tbilisi international airport and the city center



**170,000**  
Total Area, m<sup>2</sup>

Development master plan of the Tbilisi Free Zone comprises virtual office locations, smart office buildings and 28 individual free land plots designated for development specifically to meet the requirements of tenant businesses.

### TAX ADVANTAGES

- Income of a Free Industrial Zone Enterprise is exempt from the Corporate Income Tax
- Trade between the Free Industrial Zone Enterprises are exempted from the VAT
- Free Industrial Zone Enterprises have no obligation to administer personal income tax of the employees
- Property, including land, located in a Free Industrial Zone is exempted from property tax

### TAX SAVINGS

- Import tax – up to 18% of import value
- Value Added Tax (VAT) – 18%
- Corporate tax – 15% of the taxable profit base
- Property tax – 1% of the average book value of property

# INDUSTRIAL ZONES OF REPUBLICAN SIGNIFICANCE

## Kutaisi Free Industrial Zone

*Kutaisi Is The Second Largest City In Georgia And Also Its Legislative Capital. Kutaisi Free Zone Is One Of The Most Developed Free Zones In Georgia And Is Divided Into Two Industrial Areas. The First Is Called Kutaisi Free Industrial Zone (FIZ), Located Within The City On The Territory Of Famous Kutaisi Auto Plant Since 2009. The Area Covers Approximately 27 Hectares, And It Is Still Under Development. The Kutaisi FIZ Is Intended To Be A Multi-Profile Industrial Center For Various Manufacturing Business To Base Their Operations There.*

## OPERATIONAL ADVANTAGES

- Kutaisi FIZ is located only 10 km from Kutaisi International Airport, 95 km from the Poti seaport and 210 km from Tbilisi
- Kutaisi FIZ is focused on attracting international companies-tenants to carry out their export-oriented business activities in a tax-free zone
- Kutaisi FIZ welcomes companies operating in various business sectors: technology, trade and services, light industry, logistics, warehousing, etc.
- Kutaisi FIZ provides flexible lease terms and an individual approach to each tenant company
- More than 20,000 employees work in the Kutaisi FIZ and investments and employments in the area are expected to grow in the near future



# 269,014

Total Area, m<sup>2</sup>

Development master plan of the Tbilisi Free Zone comprises virtual office locations, smart office buildings and 28 individual free land plots designated for development specifically to meet the requirements of tenant businesses.

## TAX ADVANTAGES

- Tax exemption for profit gained by an international company that carry out activities in this zone;
- Property tax exemption for companies incorporated in the Kutaisi FIZ
- No VAT on goods imported into the FIZ or on transactions carried out between entities incorporated in the FIZ
- Customs duty exempt-exports for goods produced within the zone
- No foreign exchange controls, trade barriers or restrictions on capital

# INDUSTRIAL ZONES OF REPUBLICAN SIGNIFICANCE

## Hualing Kutaisi Free Industrial Zone

*Hualing Kutaisi Free Industrial Zone, The Second FIZ In Kutaisi, Started Its Fully Functional Operations In October 2015. It Covers The Territory Of 36 Hectares. It Has Attracted Various Entities And Currently There Are Five Enterprises Operating In The Hualing Tbilisi Zone: Wood Processing, Furniture Production, Stone Processing, Metal Construction And Mattresses Production.*

### OPERATIONAL ADVANTAGES

- Hualing Kutaisi Free Industrial Zone is located in the region of the Caucasus and represents an advantageous industrial, logistics, and trading hub
- Its central location is an opportunity for enhancement of commercial and business ties between Europe and Asia
- Its convenient infrastructure and transportation facilities such as rail, road, ports, and air transport make Hualing Kutaisi FIZ an attractive investment zone
- It offers a fast process of the company setup o It provides cheapest tariff on licenses, services, and buildings
- It allows Free Trade regime with CIS countries
- It offers fast procedure for getting a Certificate of Origin for industries



**170,000**  
Total Area, m<sup>2</sup>

- Land for industrial usage or warehousing
- Ready-made buildings for industrial usage or warehousing
- Office spaces
- Office desks
- Smart offices

### TAX ADVANTAGES

- Full exemption from Corporate profit, VAT, Dividend, and taxes
- Full exemption from import and export of cargo, including raw material, equipment, and machinery
- Full capital and profit repatriation
- No initial capital requirement
- No state auditing required

### HUALING KUTAISI FIZ PERMITS

- Import, export, store, produce, package, process, or manufacture goods
- Provision of all services by foreign enterprises
- Provision of transportation, communication, audit/consulting, financial services

# INDUSTRIAL ZONES OF REPUBLICAN SIGNIFICANCE

## Poti Free Industrial Zone

*Poti Free Industrial Zone Is Strategically Located Near The Black Sea, In The City Of Poti, Which Is The Largest Seaport In Georgia. Poti FIZ Is The First Free Industrial Zone In The Region, And It Has Been Fully Functional Since 2010, Hence It Is One Of The Oldest And Largest Free Zones In Georgia And Most Substantial In Terms Of Business Volumes Being Handled. Specifically, Poti FIZ Covers 3.0 Million Sqm, Most Of Which Is Occupied By Range Of Industrial And Logistics Activities, Including Light Manufacturing And More Heavy Industries, As Chemical, Steel, And Processing. Tax-Free Environment, Favorable Location, And Quick And Easy Business Set-Up Processes Make Poti FIZ The Most Attractive FIZ In The Region For Doing Business.*

## OPERATIONAL ADVANTAGES

- X Poti FIZ has a strategic manufacturing location close to sea, rail and road connected to the Silk Road Corridor, the Black Sea and Caspian region
- X Poti FIZ offers low labor, land and power costs
- X Poti FIZ provides market storage and distribution benefits
- X Poti FIZ has reduced necessity of inventory and costs
- X Simplified proceedings for business start-up in a tax-free environment
- X A safe environment for business operations



# 3M

Total Area, m<sup>2</sup>

## TAX ADVANTAGES

- No VAT
- No Corporate Profit Tax
- No Property Tax
- No Export Tax
- Import Tax 0% on Import Value

- X Wide range of land plot sizes and options
- X Customs area 16,800 m<sup>2</sup>
- X Railway terminal area 3,000 m<sup>2</sup>
- X FIZ warehouses area 6,946 m<sup>2</sup>
- X Good power, water, gas and internet connectivity
- X Rail and road handling facilities on site

## FEES

- X Registration (one time fee): 1,100 USD
- X Incorporation fee including full assistance (one time fee): 1,000 USD + 18% VAT
- X License: 2,000 USD to 25,000 USD per year fee, depending on the company's activities

# INDUSTRIAL MARKET OF GEORGIA

## Warehousing And Logistics

*Highly Strategic Location Of Georgia Made It Part Of The Silk Road And Permitted It To Serve As A Gate Between Asia And Europe. Standing At The Crossroad Of Two Continents Has Always Allowed Various Trade Partnerships.*

**Recently Georgia is also envisioned as part of 'The Belt and Road Initiative' - Beijing's vision of a new Silk Road, where Georgia is positioned as an essential part of the south Eurasian corridor. These factors indicate that the country has a good potential for its industrial and logistics market development.**

Presently the main players of the country's industrial market are Tbilisi, Batumi, Kutaisi and Poti where the total volume of logistics and warehouse space exceeds around 2.5 million m<sup>2</sup>.

However, Tbilisi - as the capital of Georgia plays even bigger role in the sector, as it is the central distribution point for the entire Georgian market and almost all of the imported goods come to Tbilisi for redistribution. Industrial warehouse space in Tbilisi saw a considerable expansion in 2017 when the supply grew by around 86,000m<sup>2</sup>, following by further 31,000m<sup>2</sup> expansion later in 2018-2019.

2020-2021 also witnessed emergence of new market players in the city, which led to the total amount of warehouse space in Tbilisi to reach to approximately 1.7 million sqm. Currently most of the available industrial space is owner-occupied. Furthermore, while total storage space can be subdivided into A, B and C class logistics centers, Tbilisi is also notable to host only one A class warehouse center in the entire country. Additionally, the demand in the city is driven mainly by transportation sector, food & beverages, construction/building materials, furniture, electronics, and service sector.

Meanwhile, besides free industrial zones, the total amount of industrial and logistics space in Batumi is over 140 000 sqm, which mostly belong to Soviet-era buildings and are owner-occupied. Here demand is generated mostly by furniture and construction companies. Kutaisi's total industrial space is around 349 000 sqm. The industrial space in Poti totals to around 133 000 sqm, which is also predominantly owner-occupied, and the largest share of demand comes from seafood manufacturing firms.



# INDUSTRIAL MARKET OF GEORGIA

## Warehousing And Logistics



*Over Time The Sector Has Been Growing And By The Year 2022 It Should Be Highlighted That There Are More Logistics Companies Providing Complete Solutions In The Country Than Ever Before.*

Many of them offer services, such as door-to-door transportation of goods by the sea, land, railway and air transport; transportation of cargo with temperature regime and warehousing; ability to track the cargo movement during transportation; handling of bulk cargo; vessel charter and shipping; customs clearance; cargo insurance; and importantly, high- skilled labour.

Notably 2021 marked opening of very crucial infrastructural projects in the country supporting the logistics and industrial sector. A new multimodal terminal CWondernet ExpressT for processing mineral fertilizers was opened on the territory of Batumi seaport in June 2021, which has a capacity of 1.5 million tons per year. Meanwhile, Poti is also expecting a completion of the deep-water port project.

The new harbour is 250 meters long and 13 meters deep, able to receive ships carrying 50 thousand tons of cargo, which will be the first precedent in Georgian ports to receive these large ships. Designed for all types of dry, bulk and general cargo, the new harbour will accommodate 3 million tons per year. With the help of these new developments, cargo will be transported from Georgia to Central Asia, the US, Europe, Africa and Australia, proving that Georgia is indeed an important logistics hub in the region.

In June 2023, the PTC Holding Group of Companies entered into an investment agreement alongside Georgian counterparts, with active participation from Georgian government entities, the banking sector, and private businesses. This agreement was centered around the establishment of a multimodal terminal in Georgia, aimed at enhancing the development of the Trans-Caspian International Transport Route (TMTM). The construction of this port terminal marks a significant milestone, as it represents the first Kazakh infrastructure initiative in Poti. Given the prevailing global geopolitical circumstances, this project carries substantial importance for Kazakhstani operators and plays a crucial role in diversifying logistics routes.

To bring the project's technical aspects to fruition, a joint venture named Poti Transterminal JSC was established, with both the Kazakh side, represented by PTC Holding, and their Georgian partners holding an equal 50% stake in the venture. The estimated project cost currently stands at approximately \$10 million. The terminal itself will occupy an area of 8 hectares and is designed to handle 80,000 containers annually. The expected completion date for this endeavor is set for October 2023.



CUSHMAN & WAKEFIELD RESEARCH

# KYRGYZSTAN





# KYRGYZSTAN

## Industrial Zones

### SILK WAY

In 2021, the project for the construction of an industrial and logistics park was resumed. Although it cannot be considered a full-fledged industrial zone at this stage due to the uncertainty about the availability of preferences or benefits for future participants.

The industrial and logistics park is called "Silk Way" and will be located near the border with Kazakhstan and 30 kilometers from the Manas International Airport. Eight main sectors will be located on the territory of 70 hectares: a trade and exhibition center, light industrial production facilities, a customs and logistics center with a capacity of 40 trucks per hour, warehouses, a light industry academy for training specialists in the garment and textile industries, an equestrian complex, a park, parking. The area of easily industrial production facilities will amount to more than 90 thousand sq.m.

In June 2023 representatives from the governments of Kyrgyzstan and Kazakhstan have held discussions regarding the establishment of an industrial trade and logistics hub called "Alatau" in the vicinity of the road checkpoint "Karasu" situated in the Zhambyl Region. The Kyrgyz portion of this complex will be constructed on adjacent land near the "Ak-Tilek" border checkpoint in the Chui Region.

As per the official document, the industrial trade and logistics complex will primarily be designed for the storage and processing of both livestock and agricultural products. It will also encompass the production of canned beans, meat processing, clothing manufacturing, and other preparations for sale. The total area of the complex will encompass 7.6 square kilometers, with 3.6 square kilometers falling within the borders of Kazakhstan and 4 square kilometers within Kyrgyzstan's territory. The construction is planned to be completed by 2025 - 2026.



A new railway project is expected to be undertaken jointly with the People's Republic of China in the railroad industry.

The China-Kyrgyzstan-Uzbekistan railway holds significant importance as it is a pivotal infrastructure initiative outlined in the Republic's National Development Strategy spanning from 2018 to 2040. This venture not only promises a more economical and swifter transit route for cargo from China to Central Asian, Middle Eastern, and European nations but also positions itself as a competitor to the existing railway networks in the region.

Plans for the construction have been discussed since 2003. The construction was initially planned to commence in the autumn of 2023, and at present, proposals are being worked on regarding financing, management, and technical aspects.



CUSHMAN & WAKEFIELD RESEARCH

# UZBEKISTAN

An aerial photograph of Tashkent, Uzbekistan, featuring the prominent Independence Tower (Uzbekistan Tower) in the center. The tower has a distinctive three-legged base and a tall, slender spire. The surrounding cityscape includes various buildings, green spaces, and a large stadium with a red, domed roof. The sky is filled with soft, white clouds, suggesting a bright but slightly overcast day.

# UZBEKISTAN

## Industrial Zones

As of January 1, 2023:

There are 20 free economic zones, the number of enterprises included in free economic zones - 679

Small industrial zones - 317, the number of enterprises included in small industrial zones - 2,796

Techno parks - 21, the number of enterprises included in techno parks - 1,077

A number of attempts have been made in Uzbekistan to create free economic zones: the free economic zone "Jizzakh" in 1996, the special open economic zone for international tourism "Samarkand" in 1997, and the Nukus Free Industrial and Economic Zone in 1998. However, the lack of necessary mechanisms, the necessary experience, weak infrastructure, and the world economic downturn in 2008 made the first attempts unsuccessful. Amid the economic recovery and the intensification of cooperation with South Korea, the question of creating special economic zones in Uzbekistan has again become a topic of active discussion.

In 2017, there was a transition to the creation of complex zones of a narrow industry orientation and, accordingly, seven industrial zones were formed at once "Nukus-farm", "Zomin-farm", "Kosonsoy-farm", "Sirdare-farm", "Boysun-farm", "Bustonlik-farm", "Parkent-farm".

**Tax and custom benefits are provided in zones depending on the volume of investments:**

X 300,000 - \$3mln USD tax exemption for 3 years

X 3M 5M USD tax exemption for 5 years

X 5M 10M USD tax exemption for 7 years

X 10M USD and more tax exemption for 10 years, 50% reduction in tax rates for 5 years

# 70

Investment projects

# 1.5B

Total invested capital, USD

more than  
half is FDI

# 5,000

Jobs created



# RESEARCH & ADVISORY

CDC-2 business center,  
240G Nazarbayev Avenue,  
Almaty A26F8D3 Kazakhstan  
Tel: +7 (727) 33 44 000  
agency@cushwake.kz cuswake.kz

## SEMYON YURCHENKO MRICS

**Partner | Head Of Occupier Services**  
+7 (701) 951 15 24  
semyon.yurchenko@cushwake.kz

## DALEL MUSSINA

**Consultant | Investor Services**  
+7 (777) 026 63 95  
dalel.mussina@cushwake.kz

## ALI KASSYMGUZHIN

**Consultant**  
+7 (701) 276 64 99  
ali.kassymguzhin@cushwake.kz

## ADELIYA BOLYSBEK

**Analyst**  
+7 (771) 574 35 42  
adeliya.bolysbek@cushwake.kz

## GULSHAT SARIYEVA

**Partner | Head Of Country**  
+7 (701) 941 41 39  
gulshat.sariyeva@cushwake.kz

## CHINGIZ MUSSIN

**Consultant | Occupier Services**  
+7 (701) 221 07 46  
chingiz.mussin@cuswake.kz

## DINMUKHAMED SAMETKHAN

**Analyst**  
+7 (747) 607 69 67  
dinmukhamed.sametkhan@cushwake.kz

## ADIYA ABISHEVA

**Graphic Designer**  
+7 (771) 211 49 15  
adiya.abisheva@cushwake.kz

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

This report has been produced by Cushman & Wakefield Kazakhstan for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield Kazakhstan believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield Kazakhstan shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part.

©2023 Cushman & Wakefield Kazakhstan. All rights reserved.