



## REVISTA DE PRENSA

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### Kazajstán



#### **EU, Kazakhstan initial Enhanced Partnership and Cooperation Agreement**

ASTANA (TCA) — The European Union-Kazakhstan Enhanced Partnership and Cooperation Agreement was initialed in Brussels on January 20.

The new agreement will greatly facilitate stronger political and economic relations between Kazakhstan and the EU. It will increase the flow of trade, services and investment between the parties and will contribute to Kazakhstan's political and social development, the European External Action Service said. The initialing of the Agreement is an important step towards its eventual signature and subsequent implementation.

On the EU side the agreement was initialed by chief negotiators Mr Gunnar Wiegand, Director for Russia, Eastern Partnership, Central Asia, Regional Cooperation and OSCE at the European External Action Service, and Mr Luc Pierre Devigne, Head of Unit for Trade aspects of European neighbourhood policy, Trade relations with countries of the CIS and Balkans at the European Commission's Directorate-General for Trade. On the Kazakhstan side it was initialed by Mr Alexei Volkov, Deputy Minister of Foreign Affairs, and Ms Zhanar Aitzhanova, Minister for Economic Integration.

Kazakhstan is the first Central Asian partner to have concluded an Enhanced Partnership and Cooperation Agreement with the EU. The new Agreement will replace the Partnership and Cooperation Agreement in force since 1999, and will give EU-Kazakhstan relations a new up-to-date and stronger foundation.

Over the past decades, the EU has become Kazakhstan's first trading partner and first foreign investor, representing over half of total FDI in Kazakhstan. Bilateral trade amounts to above 31 billion euros, from which 24 billion euros is Kazakhstan's exports, notably oil, while about 7.5 billion euros is EU exports to Kazakhstan, mainly manufactured goods, machinery and equipment.

Fuente: Timesca



### **Over 30 countries interested in creation of a free trade zone with EEU**

ASTANA (TCA) — More than 30 countries wish to start talks on creation of a free trade zone with the Eurasian Economic Union (EEU) of Armenia, Belarus, Kazakhstan, and Russia, Timur Zhaksylykov, deputy minister of national economy of Kazakhstan, told a media briefing in Astana on Tuesday.

In his words, talks on a free trade zone are currently underway with Vietnam. “This dynamically developing Southeast Asian country with a large market and a population of about 100 million is of a very big interest. I think the talks will be finished in the first half of this year,” the deputy minister said.

He also said that the EEU member countries are currently engaged in talks with countries of the European Free Trade Association (EFTA), which includes Iceland, Norway, Switzerland, and Lichtenstein, as well as with New Zealand. Turkey, India, Israel, Egypt, as well as almost 10 countries of Latin America are ready to start negotiations, the deputy minister said.

In his words, free trade zones with third countries are an important direction in the integration process, as it opens new markets for EEU entrepreneurs. “We open our markets but in exchange obtain a more favorable access to markets of countries with which we conclude a free trade zone agreement,” Zhaksylykov said.

The Russian-led Eurasian Economic Union started operation from 1 January 2015. It now joins Russia, Belarus, Kazakhstan, and Armenia. Kyrgyzstan will become a full member of the EEU in May 2015.

Fuente: Timesca

### **New EBRD Economic Forecast Slashes Predictions of Growth for Kazakhstan, Foresees Contraction on Average across ERBD Regions**

GAITHERSBURG, MD – The European Bank for Reconstruction and Development (EBRD) issued revised economic forecasts on Jan. 19, foreseeing a contraction in the Russian economy of 5 percent, rather than the 0.2 percent envisioned in September, and downscaling predictions for Kazakhstan’s growth from 5.1 percent in September to 1.5 percent, based largely on falling oil prices and the decreased value of the rouble.

The EBRD now predicts a contraction of 0.3 percent across EBRD regions, rather than the previously predicted growth of 1.7 percent. Growth in Central Asia is expected to decelerate significantly because of the region’s strong economic ties with Russia and other external factors, the report said. However, no country in Central Asia is predicted to see a contraction, and Uzbekistan’s growth rate has even been revised upward.

The economic contractions are being blamed on low oil prices, which have fallen to less than half of what they were in June, as well as the impact of Western sanctions on Russia and Russia’s counter-sanctions. And even this forecast is “subject to considerable risks,” said Hans Peter Lankes, acting EBRD chief economist, as reported by the EBRD. Those risks include additional drops in the price of oil, an escalation in the crisis in Ukraine and instability in the eurozone. “A deepening liquidity crunch in Russia would in turn have significant contagion effects for the economies in EEC [Eastern Europe and the Caucasus] and Central Asia,” the report reads.



Kazakhstan, as an energy exporter, has already begun to feel the pinch of falling prices and announced measures to stabilise its economy in November and December, including dipping into its National Fund for \$542.6 million in 2015 and 2016 to support business activities in the country and \$3 billion a year from 2015 – 2017 to develop transport, energy, industrial and social infrastructure under the Nurly Zhol new economic policy. These expenditures are expected to be accompanied by investment from other international organisations. President Nursultan Nazarbayev also announced earlier in January that the country would go into “economy mode,” including freezing some scheduled new construction activities and focusing only on completing the ongoing projects.

These measures, including the Nurly Zhol policy, with its major infrastructure investment, are expected by the EBRD to “help mitigate the fallout from the difficult external environment.” The report calculated inflation in the country at 6.7 percent in 2014 and predicts an inflation rate of 6.5 percent for this year.

Kazakhstan was called out once again for its 30 percent non-performing loan rate, which the EBRD cites as an obstacle to credit recovery.

The tumbling rouble, which has lost almost half its value against the dollar in one year, is also putting pressure on currencies in the region, the EBRD reported, with Belarus, Turkmenistan and Armenia seeing the sharpest declines. Kazakhstan has so far insisted that there will be no new tenge devaluations so soon after the February 2014 devaluation of 19 percent; however, the new EBRD report says the tenge “can be expected to depreciate, combined with the change in exchange rate regime from the current fixed rate regime to a (managed) floating, along with inflation targeting.”

The EBRD is now predicting an economic contraction of 1.5 percent in Belarus, one partner in the Eurasian Economic Union, along with Kazakhstan, Russia and Armenia. Armenia’s economy is now being predicted to stagnate this year, whereas in September 2014, it was predicted to grow at 3.5 percent. Armenia and Kazakhstan in particular have seen domestic producers and exporters hurt by falling prices in Russia and may soon take steps to protect key industries, despite the launch of the new EEU.

Low oil prices are predicted to benefit some energy importing countries, including Jordan, Morocco, the Kyrgyz Republic, Cyprus and Turkey. “Commodity importing countries will see a modest pickup in growth from 2.1 per cent in 2014 to 2.4 percent in 2015,” the report reads. “But even for energy importers in Eastern Europe, the Caucasus and Central Asia, the oil price fall is a mixed blessing, as benefits are being outweighed by lower export demand and remittances from a weakened Russia.”

Fuente: The Astana Times



## **Kazakh Government has plans for economic development with low oil prices**

ASTANA. KAZINFORM - Kazakh government and the country's National Bank have several plans for economic development with low oil prices, head of the National Bank, Kairat Kelimbetov said on Jan.21.

He made the remarks during a plenary meeting in Majlis (lower house of the parliament).

"There is a popular saying: if you want to destroy the reputation of the predictor, then try to predict the oil prices," he said. "Today the oil prices are at the level of \$50 per barrel."

Kelimbetov said it is supposed that either the prices will return to \$70-\$90, or drop to \$20-\$30 in a short period. "However, all experts suppose that on average, the oil prices will be close to \$50."

"Even if the oil prices will be lower, the government and the National Bank of Kazakhstan have relevant plans on policy for any scenario of oil prices," he added. He reminded that Kazakh economic today depends on the revenues from oil export.

Meanwhile, in order to avoid the period of instability, the country pursued countercyclical policy and created safety factor which allows to calmly pursue economic policy.

"Today our state reserve exceeds \$100 billion," the head of the National Bank said, adding that such figure in this sphere was never recorded in the country's history before.

He reminded that the safety factor was two times less in 2008-2009. "But thanks to this (safety factor) we got out of the crisis that time."

The National Fund was founded in 2001 in accordance with the order of Kazakh president. The revenues from oil were directed to the National Fund in order to eliminate the consequences of the crisis, according to Trend.az.

"Over \$73.6 billion has accumulated in the National Fund, which is 3.3 percent more than in 2013," Kelimbetov said.

This is while the reserve of the National Bank increased by 18 percent and stood at \$28.9 billion. "All this together - the National Fund and the country's gold and foreign exchange reserve is \$102 billion which leads us to say that we have reliable reserve and safety factor."

Fuente: KazInform



### **Biggest project of Industrialization Map in Akmola region to be completed by midyear**

A new cement plant of "Kokshe-Cement" LLP is expected to be opened in Endekshilder district of Akmola region in 2015.

According to director of "Kokshe-Cement" Murat Moltusynov, the project had been implemented within the Industrialization Map and totals KZT 30 bln. The design capacity of the plant is 2 million tons of cement annually. 700 people are expected to be employed at the plant.

"Currently, all construction work is complete and the work on preparation of the production line is underway. The project is 80 percent complete at the moment. We plan to launch the project in the middle of the year," M. Moltusynov said.

Fuente: KazInform

### **Capital legalization campaign in Kazakhstan brings in almost \$1 billion**

ASTANA (TCA) — As of January 19, Kazakhstan citizens have legalized 8,897 properties in Kazakhstan worth 50.7 billion tenge (\$277 million) and declared their intention to legalize properties worth 134 billion tenge (\$732 million) during a capital amnesty campaign that started on 1 September 2014 and will last until the end of 2015, the Finance Ministry reported.

According to the ministry, applications have been received for legalization of 13,983 residential properties worth 98 billion tenge, 7,955 non-residential properties worth 34.5 billion tenge, 13 stakes in legal entities worth 0.7 billion tenge, and securities worth 0.8 billion tenge.

It was earlier reported that the government of Kazakhstan expects to legalize more than \$10 billion during this capital amnesty campaign. Capital or property declared during this period will not be taxed.

According to the capital legalization law, the amnesty will be applied to money, securities, stakes in authorized capitals of legal entities, and real estate beyond Kazakhstan. Property received as a result of corruption and other crimes will not be legalized.

In line with the capital amnesty law, legalized monies will be transferred to special and saving accounts in second-tier banks in Kazakhstan. Citizens may then choose an instrument of legalization. If citizens legalizing their monies do not want to use the above mentioned investment mechanisms, they can use their money at their own discretion. In this case the second-tier banks will deduct 10 percent of a legalized amount.

It is the third capital amnesty campaign in Kazakhstan since the country gained independence in 1991. The first such campaign took place in 2001, when \$480 million was legalized during one month. The second legalization campaign was carried out in 2006 and 2007, when the amnesty was applied to both capitals and property, and resulted in legalization of \$6.8 billion.

Fuente: Timesca



### **Kazakh atomic company obtains \$450m loan to refinance Eurobond**

ASTANA (TCA) — Kazakhstan's national atomic company Kazatomprom yesterday said it has obtained a \$450 million loan from a group of international banks. The money will be used for refinancing the company's Eurobonds with the maturity term in May 2015.

“On January 19 in London, Nurlan Kapparov, the CEO of Kazatomprom JSC, signed a USD 450 million Facility Agreement executed between Kazatomprom and international banks such as Bank of Tokyo-Mitsubishi UFJ, Citibank N.A. London Branch, Deutsche Bank AG London Branch, Mizuho Bank Ltd. and Sumitomo Mitsui Banking Corporation acting as lenders. The loan was received for a term of 4.5 years with annual rate of 2% + Libor,” the company said.

In 2010 Kazatomprom issued debut Eurobonds to the amount of \$500 million for a period of 5 years, with the coupon rate of 6.25%. The money raised from Eurobonds were mainly used for financing uranium mining projects.

Kazatomprom is the national operator of Kazakhstan for the import and export of uranium, rare metals, nuclear fuel for power plants, special equipment technologies and dual-purpose materials.

According to the World Nuclear Association, Kazakhstan has 12% of the world's uranium resources and an expanding mining sector, producing about 22,550 tons in 2013, and planning for further increase until 2018. In 2009 Kazakhstan became the world's leading uranium producer, with almost 28% of world production, then 33% in 2010, 36% in 2011, 36.5% in 2012, and 38% in 2013. Kazakhstan has a major plant making nuclear fuel pellets and aims eventually to sell value-added fuel rather than just uranium.

Kazatomprom announced in 2008 that it aims to supply 30% of the world uranium by 2015, and through joint ventures: 12% of uranium conversion market, 6% of enrichment, and 30% of the fuel fabrication market.

Fuente: Timesca

### **Samruk-Kazyna cuts spendings by \$1.83 bln in 2015**

Samruk-Kazyna will reduce its spending by 337 billion tenge (\$1.83 billion) in 2015, Tengrinews reports citing the press service of the company.

The National Welfare Fund Samruk-Kazyna, is a sovereign wealth fund and joint stock company in Kazakhstan which owns, either in whole or in part, many important companies in the country, including the national rail and postal service, the state oil and gas company KazMunayGas, the state uranium company Kazatomprom, Air Astana airlines, and numerous financial groups. The state is the sole shareholder of the fund. Umirzak Shukeyev is Chief Executive Officer and Chairman of the Management Board of Samruk-Kazyna. Independent directors are Alexander Mirtchev, Sir Richard Harry Evans and Nigel John Stapleton.

On January 20, the company quoted the Chairman of the Management Board Umirzak Shukeyev's statement from his meeting with the government of Kazakhstan: “Amid the negative global economic trends, our holding



company's business plans are going to be revised. It is planned to reduce the spendings by 337 billion tenge (\$1.83 billion) from the approved target: direct expense will be cut by 249 billion tenge (\$1.35 billion), general administrative expenses – by 64 billion tenge (\$0.35 billion), or 16.6 percent. Capital expenditures will be cut by \$1.3 billion, or 18 percent.”

According to Shukeyev, the Funds investment program will also be cut - by 18%. These cuts will affect its chemical, mining, construction, transport and oil and gas companies, but will not affect the major projects that are part of the State Program of Industrial and Innovative Development of Kazakhstan: Nurly Zhol Project, EXPO-2017 venues and other “strategically important projects”.

He said that Samruk-Kazyna will focus on transforming businesses. "The transformation process initiated by the President of Kazakhstan on October 6, 2014 is the axis of the Fund's development. It is called to make the Fund's companies more shock resistant. And despite the current deterioration in the economic parameters we are determined to continue this program,” Shukeyev said.

The Fund has already developed and approved detailed 3-year transformation action plans for all of its companies, started reengineering its business-processes and transitioning toward a model of strategic holding/active investor based on the most successful international examples.

“In 2015, we will launch operations transformations in 10 large companies, analyze and revise more than 8 thousand processes in the companies. We will introduce a new KPI (key performance indicator) system, graded wage system, 10 HR-initiatives. It is planned to create a common IT servicing center for the entire group, this would save almost \$70 million. The number of companies will be reduced from 600 to 500,” Shukeyev said.

Samruk-Kazyna has been betting rid of non-core assets since last year to improve its focus and reduce the involvement of the state in the market. The Chairman gave an update of on the Fund's privatisation efforts:

"In 2014, 64 assets were put on the sales list as part of the privatisation progress. 12 assets were sold in 2014 for a total of 4.1 billion tenge (\$22.27 million) (their assessed value was 2.5 billion tenge (\$13.58 million)). Sales contract totally worth 20.3 billion tenge (\$110.26 million) are being made for another 12 companies. 10 large companies and 24 smaller assets are being sold. Auctions of 5 assets have been postponed to 2016. This year the Fund plans to sell 17 more assets," Shukeyev said.

Fuente: Tengriz News



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### **Massimov holds talks with heads of financial institutions in Davos**

ASTANA. KAZINFORM - In Davos, Prime Minister of Kazakhstan Karim Massimov has met with heads of several major foreign companies and financial institutions.

The companies were presented the investment opportunities of Kazakhstan, including in the framework of the International specialized exhibition EXPO-2017 in Astana, the website of the Prime Minister informs.

In addition, Karim Massimov held talks with the Minister of Economy, Education and Research of the Swiss Confederation Johann Schneider-Ammann.

During the meeting, Karim Massimov and Schneider-Ammann discussed the state and prospects of the Kazakh-Swiss trade and economic cooperation and strengthening business ties between the two countries. The sides have also talked over the issues of the forthcoming Kazakhstan's accession to the World Trade Organization.

Recall that K.Massimov is on a working visit to Switzerland, where he is participating in the World Economic Forum.

Fuente: KazInform





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## Kirguistán



### **Kyrgyzstan to become full member of Eurasian Economic Union**

Kyrgyzstan will become a full member of the Eurasian Economic Union on May 1, the Russian Ambassador to Turkey Andrey Karlov said on Thursday.

The Russian Embassy in Ankara hosted the Kyrgyzstan ambassador to Turkey, the ambassador of Belarus in Turkey and the ambassador of Kazakhstan to Turkey.

The Russia-led Eurasian Economic Union came into force on Jan. 1, 2015 and it is seen as an alternative to the European Union for Russia and former Soviet countries.

The basis of the organization is to allow the free movement of goods, services, capital and workforce among the member states, and for them to conduct common policies in key sectors of the economy, such as energy, industry, agriculture and transport.

With Kyrgyzstan's accession into the union, it will have five members including Russia, Kazakhstan, Belarus and Armenia.



The Kyrgyzstan Ambassador to Turkey Ibragim Junusov said that membership will open important horizons in the agriculture and food sectors of Kyrgyzstan.

Speaking at the joint press conference, the Ambassador of Belarus in Turkey Andrei Savinykh said: "The union was established to contribute to the economic development of member states."

Saying that the union is a long-term project, Savinykh added the union will be one of the major economic actors in the international arena.

The Ambassador of Kazakhstan to Turkey Zhanseit Tuimebayev said "Like any other country, Turkey may also become a member of the union."

Fuente: The journal Turkish weekly

### **Eurasian heart of gold in Kyrgyzstan - analysis «Eurasia review»**

What is the impact of Kumtor on Kyrgyzstan's Gold Mining Sector?

By Samantha Brletich

Nationalization talks have started again in Kyrgyzstan about the ownership of Kumtor Gold Mine. Kumtor Gold Mine, operated and jointly owned by Canadian Centerra Gold via Kumtor Operating Company (KOC) and the Kyrgyz government, has always been a point of tension in the country. Marred by protests, both anti-Kyrgyz government and anti-Centerra, environmental controversy, and being the center of internal Kyrgyz political and social struggles, Kumtor remains Kyrgyzstan's largest and the most profitable investment project and the country's main economic asset.

The Kumtor Gold Mine, the largest gold mine in Kyrgyzstan located in the Issyk Kul Province, is located 350 kilometers southeast from the capital of Bishkek and 80 km south of Issyk-Kul Lake. The mining operation is open-pit which uses surface mining to extract rocks and minerals. The mine has been in operation since 1997; the lifespan of the mine has been extended to 2023.



The mine which is currently 100% owned by Canadian Centerra Gold (operated through Kumtor Operating Company or KOC) is a joint-stock company (JSC) which Kyrgyzstan via Kyrgyzaltyn owns "33% of the common shares or 77,401,766" and "as of March 1, 2012, Kyrgyzstan's interests are estimated at \$1.546 billion."i

Kumtor currently employs 2,617 Kyrgyz citizens (95% are full-time) out of 3,190 total employees. Kumtor accounts for 20% of Kyrgyzstan's industrial sector and output and accounts for 8% of its GDP. With current dividends, Kyrgyzstan receives 11.3 million USD per year and KOC pays 108 million USD in taxes to the Kyrgyz government.ii

Ata-Meken has submitted a draft law on the nationalization of Kumtor. The last round of talks/negotiations about Kumtor took place 10 December 2014. Calls for nationalization emerged out of the failure to establish a joint-venture of the mine: "due to populism we have lost the chance to set up a joint venture [for Kumtor]," Kyrgyz President Atambayev said in a 1 December 2014 interview.iii The current discussion would have Kyrgyzaltyn swap 33% of its holdings for 50% ownership of the joint venture company operating Kumtor, making ownership 50/50.

Alternatively, the Kyrgyz nationalist political parties (Ata-Meken and Respublika) suggest Kyrgyzaltyn own 67% while Centerra holds 33% or Kyrgyzaltyn control 100% of the mine as advocated by Respublika.iv

The assertiveness of the Kyrgyz when negotiating mining contracts is due to the feeling that foreign companies operating the mines are not investing in local communities and are not promoting development in the region. This is partly because of past environmental accidents.

In May 1998, a truck toppled releasing 1700-1800 kg of toxic sodium cyanide into the Barskoon River. After the accident, local villagers reported illness (some deaths were reported by never fully linked to the cyanide spill-this is speculative) as the river is used for drinking and for irrigation. After the accident and the lackluster response by both Centerra and the Kyrgyz government, locals blockaded the roads to Kumtor and demanded that the contract be cancelled. This prompted more environmental safeguards such as immediate notification of a spill was to be implemented. Another incident occurred on January 20, 2000 where a KOC truck "carrying 1,500



kilograms of ammonium nitrate, used as an explosive at the mine, crashed, [and] spilling its contents."v Kyrgyz authorities were not immediately notified of the spill.

Because of these accidents, there is concern about the use of land. The Kyrgyz Republic's "Law on Subsoil" introduced in 1997 "governs relationships arising between the government and individuals and legal entities, and other states while using subsoil" and regulates mineral recovery (extraction), mineral deposits of economic significance, ownership of the subsoil and there within minerals.vi

The Law states that subsoil is the exclusive property of the Kyrgyz Republic is under protection by the state. This law has been used to regulate mining activities and has been used to justify violations of environmental regulations including operations at Kumtor.

The "Law on Glaciers"-to prevent the degradation of glaciers that supply drinking water to many local villages-was passed by Parliament in April 2014, but was sent back by the President for revisions. The new law would require companies to pay for damages to the glaciers. The glaciers affected would be Davidov, Lysyi and Sarytor as KOC has put rocks on top of glaciers and removed parts of glacial ice violating environmental provisions of the project; Centerra has adjusted their operations to stop the acceleration of water.vii Lake Petrov is also in danger.

It is unclear whether or not the environmental laws on glaciers or subsoil are genuine attempts to preserve the environment or are a way for the Kyrgyz government to extract concessions from foreign companies to increase their profits or holdings in a company.

There are also concerns how the mining and the chemical usages to mine the gold will affect the historic freshwater Issyk-Kul Lake. The Issyk-Kul Development Fund became part of the Kumtor operation and KOC/Centerra is required to provide 1% of its gross revenue to socio-economic development of regional sectors aligned with spending is based on government priorities. The fund was started in 2009 and since then 25 million USD was provided to the fund; 4.638 million USD was provided to the fund in 2012 alone. The fund has helped build schools, kindergartens, sports clubs, and irrigation infrastructure which has been impacted by the mining.

To mitigate any significant economic effects of the nationalization of Kumtor, additional gold mining operations exist at Ishtamberdy, Bozymchak and Taldybulak Levoberezhnyi mines. Ishtamberdy is Chinese operated,



protested by Kyrgyz locals, and has experienced some controversy including Full Gold Mining JSC threatening to cease operations in September 2013. The mine was to begin production in the second quarter of 2013 creating 600 permanent jobs.viii

Bozymchak mine would produce mainly ore and would produce 0.8 to 0.9 tons of gold. Kazakhstan's Kazakhmys incurred an impairment charge in 2012 of \$162 million USD against Bozymchak which reveals a higher operating risk in Kyrgyzstan as the company had to reduce its goodwill.ix The first shipment of the concentrate from Bozymchak to Kazakhstan was expected to occur in November 2014.x The mine was said to have completed construction in late 2013 providing 600-700 permanent jobs. Taldybulak Levoberezhnyi, an Open Joint Stock Company, is expected to be in operation until 2026: 60% belongs to Altynken (purchased by Chinese Superb Pacific Limited Company in Sept 2011) and 40% belongs to the Kyrgyz government. At the Taldybulak Levoberezhnyi, production was not expected until June 2014 according to AKIPress.

In October 2012, locals picketed the headquarters of the mine in Orlovka, Kyrgyzstan. The protesters disputed the "Chinese company's illegal sacking of Kyrgyz citizens and polluting of the local environment."xi

There are also gold deposits that could be exploited including Makmal and Togolok but they are not as profitable. The Makmal gold mine was once extremely profitable. Operations at Makmal began in 1986 and excavated until 1996 producing 21.47 tons of gold. The mine is in past producer stage and its life has been extended to 2016. Geological reserves after 1996 were estimated at 20 tons of gold. xii Mining operations at Togolok will produce 800 jobs and its probable reserves are estimated at 86 tons in the mine deposit and the surrounding area.xiii

There are multiple promising gold deposits/sites are Karator, At-Bashy in the Naryn region, containing 5.5 gold reserves and the "Buchuk" gold reserve of 15-20 tons. Shambasei gold resource, a low-risk high-margin project, in Southern Kyrgyzstan has an estimated defined gold reserve of "2.5 million [tons] at 3.4g/t, or 277,000 ounces of gold."xiv Karakazyk in the Chon-Alay district in the Osh region would produce 200-300 kg per year producing 100-120 jobs for the local workforce. These identified sites combined produce less gold and revenue than Kumtor and would provide fewer jobs.xv

The nationalization of Kumtor must be mitigated by the countries' other mineral sectors such as copper, ore, silver, iron and tungsten. To remain economically competitive within the Eurasian Economic Union, Kyrgyzstan



must develop sustainable economic and mining practices as the Kyrgyz economy is susceptible to many supply shocks; reliance on Kumtor is too heavy. By developing other sectors of the economy, Kyrgyzstan is shielding itself from a possible economic meltdown. If nationalization were to occur, would the Kyrgyz government be able to support the projects developed by the Issyk-Kul Development Fund? Poor development in the financial sector has led to poor governance of the situation prompting protests that have shut down or suspended operations.

Kumtor protests were rooted in the need to address environmental concerns, contributions to the community, and perceived unequal revenue distribution and fueled by renewed nationalism and the assertiveness of the new post-Bakiev government. South African investors (Talas Gold Company) and Australian investors (Z-Explorer of Manas Resources) have met the same challenges as Canada's Centerra. If these issues are not resolved, can cause widespread damage to Kyrgyzstan's gold mining and damage Kyrgyzstan's reputation as a reliable foreign business partner. Corruption in Kyrgyzstan is also a concern. According to Transparency International 2014 Corruption Perception Index rankings, Kyrgyzstan has a rank of 27 (0 is the most corrupt to 100 which is the least corrupt).

Kyrgyzstan would most likely be unable to run the mine itself: "[KOC] does not earn money on a daily basis. It receives financial support from Centerra for most of the year until it can sell gold and pay back all of its loans." xvi Pay out would not be immediate and the government would have to put the money upfront to benefit the costs. Most of the workers that Kumtor employs would most likely stay unless the nationalization of the mine were to affect their wages and Kyrgyzstan lacks the workforce to replace Centerra's sector specialists. If nationalized, there would be higher operating costs decreasing revenue. Other companies (or countries) might be interested in developing the mine, but would most likely face the same issues as Centerra Gold leading Kyrgyzstan to become more of a high political risk country.



## Tayikistán



### **Sources to fund Tajik section of CASA-1000 project determined**

DUSHANBE (TCA) — The European Bank for Reconstruction and Development (EBRD), the Islamic Development Bank, and the Kuwait Fund for Arab Economic Development are ready to invest in construction of the Tajik section of the Central Asia-South Asia Electricity Transmission and Trade Project (CASA-1000), Avesta news agency reported citing Tajikistan's Minister of Energy and Water Resources, Usmonali Usmonzoda.

“Dushanbe will soon host a meeting with EBRD representatives to discuss EBRD's funding in the amount of \$65 million of the Tajik section of CASA-1000 project. Funds will also be allocated by the governments of the United States and Tajikistan,” he said.

The minister said that the issue of the project financing will be fully solved in the first quarter of this year, adding that the World Bank has provided \$45 million for the Tajik part of the project.

According to the minister, a general contractor for CASA-1000 project is to be named in the first half of this year, and construction works are to be started in June.



Early in December 2014, Afghanistan, Kyrgyzstan, Pakistan, and Tajikistan — the four member countries of Central Asia-South Asia Electricity Transmission and Trade Project (CASA-1000) — signed a hydroelectric agreement according to which Pakistan will buy Kyrgyz and Tajik electricity for 9.35 US dollar cents per kilowatt-hour.

The CASA-1000 project is expected to be completed by 2018 under the umbrella of the World Bank, which will allocate more than \$526 million for the project.

In March 2014 the World Bank approved financing for the engineering design, construction and commissioning of transmission lines and three new converter stations for CASA-1000. The project would build upon existing power generation plants that will provide electricity to be traded over CASA-1000.

Tajikistan's share in the electricity export will be 70 percent and Kyrgyzstan's share is 30 percent.

Afghanistan will consume 300 MW of the exported electricity while Pakistan will receive 1,000 MW.

The United States is supporting the CASA-1000 project, which will boost energy trade and contribute to sustainable development in the region.

CASA-1000 will build more than 1,200 kilometers of electricity transmission lines and associated substations to transmit excess summer hydropower energy from existing power generation facilities in Tajikistan and Kyrgyzstan to Afghanistan and Pakistan.

Fuente: The times of central Asia





### **Tajikistan exported 1.1 billion kWh of electricity to Afghanistan in 2014**

DUSHANBE (TCA) — Tajikistan exported 1.1 billion kilowatt-hours of electricity to neighboring Afghanistan in 2014, Avesta news agency reported. Tajikistan's total electricity export in 2014 amounted to 1.3 billion kilowatt-hours (a 37-percent increase compared to 2013), including 236 million kWh to Kyrgyzstan.

Last November, Rustam Rakhmatzoda, head of Tajikistan's state energy company Barki Tochik, said that Tajikistan exports electricity to Afghanistan along two transmission lines of 110 and 220 kV and at two different tariffs. Electricity was sold for 2.08 US dollar cents along the 110-kV line and for 3.78 cents along the 220-kV line, he said.

In the meantime, Germany and Norway are implementing a project to provide a reliable electricity supply to people in a remote region in the border area between Afghanistan and Tajikistan.

New transmission lines will be built in Tajikistan to supply four Tajik villages and 17 Afghan villages with reliable, cross-border power. The project, with a total volume of EUR 6.3 million, is jointly funded by the German Federal Foreign Office and Norway. The PATRIP Foundation ("Pakistan, Afghanistan, Tajikistan Regional Integration Programme"), formed by KfW Development Bank and the German Federal Foreign Office more than three years ago, will implement the project with the Aga Khan Development Network (AKDN), KfW Development Bank said on January 12.

The Afghan/Tajik border region along the Panj River is not connected to the Afghan national power grid. To date, energy has only been supplied there sporadically by local hydropower systems or diesel generators. The Tajik villages were also without adequate energy for a long time because the Soviet power grid that existed until 1991 was destroyed in the civil war.

The project supports the Pamir Energy utilities company in guaranteeing cross-border power supply from the Tajik district of Rushan to the neighbouring Afghan districts of Shugnan and Darwaz. The first step is to build a 32-km long transmission line. More transmission and distribution lines will subsequently be added so that every village has an adequate supply.



### **Tajikistan's gold and forex reserves total \$481 million**

DUSHANBE (TCA) — As of the end of 2014, the National Bank of Tajikistan had gold and foreign currency reserves amounting to 2.550 billion somoni (US \$481 million), Avesta news agency reported citing National Bank Chairman Abdujabbor Shirinov.

In his words, the country's gold reserve is now 11 tons.

In 2014 the gold and forex reserves decreased compared to 2013, since part of the money was spent for maintaining the exchange rate of the national currency, the somoni, against the strengthening US dollar.

According to the chief banker, the National Bank spent \$137 million for currency interventions in the domestic market.

As of the end of 2013, Tajikistan's gold and forex reserves amounted to \$1.071 billion.

In 2014 the National Bank purchased 1.5 tons of gold, Shirinov said.

The head of Tajikistan's Geology Department, Murod Jumazoda, said earlier this month that recoverable gold reserves in Tajikistan are estimated at 500 tons.

There are ten gold deposits under development in Tajikistan and the largest of them is located in the Panjakent district of the Sughd province, he said.

In his words, one of conditions for getting a license for exploration and development of gold deposits in Tajikistan is to secure the full processing of gold inside the country.

According to the Tajik Finance Ministry, there are currently eight domestic and foreign companies engaged in gold mining in Tajikistan. Tajikistan produced more than 3,000 kilograms of gold in the first eleven months of 2014.