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Kazakhstan's accession to WTO discussed in Davos

Bishkek (AKIpress) - WTO Prime Minister of Kazakhstan Karim Massimov met with a number of foreign officials within the framework of the World Economic Forum in Davos last week.

He has met with European Commissioner for Trade Cecilia Malmström to discuss trade, economic, and investment cooperation ties.

They also discussed accession of Kazakhstan to the World Trade Organization (WTO). Massimov noted that Kazakhstan works on the process.

The sides agreed in that Kazakhstan's WTO membership will enhance trade and economic cooperation between Kazakhstan and the EU.

During the same day, Massimov has also met with Premier of Grand Duchy of Luxembourg Xavier Bettel. The Heads of Governments discussed the issues of current state and promising areas of bilateral cooperation. Massimov underlined that Kazakhstan is focused on cooperation with the Government of Luxembourg and ready to continue effective dialogue in the all spheres of mutually beneficial cooperation.



OECD, Kazakhstan sign country program agreement

The OECD and the Government of Kazakhstan are signing today in Davos a Memorandum of Understanding on a two-year Country Programme, which will support an ambitious set of reforms of Kazakhstan's policies and institutions, the Organization said in a release on January 22.

“Kazakhstan is a leading economy in Central Asia strategically located at the crossroads of Europe and Asia. I am confident that positive spill-over effects of the Country Programme will benefit the reform agendas of other countries in the region” - said OECD Secretary-General Angel Gurría.

“Introduction of the OECD best practices in our policies is a prerequisite for strengthening our role in a global economy,” said Kazakhstan Prime Minister H.E. Mr. Karim Massimov.

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OECD bolsters relationship with Kazakhstan – Signs Kazakhstan Country Programme Agreement

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The Country Programme is a new OECD tool that enables some partner economies to leverage OECD expertise and standards, strengthen institutions, and build capacity for policy reforms. The Programme marks the beginning of a new phase of the OECD's ongoing co-operation with Kazakhstan.

Kazakhstan is one of four partner economies along with Peru, Morocco and Thailand, which have been selected for this bilateral work programme covering areas such as public sector integrity and governance, environment, health, taxation, competition and business climate, and statistics.

The Country Programme acknowledges Kazakhstan's commitment to a plan of reforms and its willingness and ability to design these reforms taking into account good international policy practices. The program could lead to over 20 policy reviews, co-operation in capacity building projects, increased level of participation in six OECD Committees, and possible adherence to 28 OECD legal instruments, including the Declaration on International Investment and Multinational Enterprises.

The OECD believes the signature of the Memorandum of Understanding will be mutually beneficial as OECD Member countries can also learn from Kazakhstan's policy experience and vice-versa.

Fuente: Akipress

Plans on Kazakh Samruk-Energo JSC in IPO remain unchanged

Kazakhstan's Sovereign Wealth Fund Samruk-Kazyna joint-stock company plans to offer the shares of its subsidiary – Samruk-Energo company to the "People's IPO" program by the end of 2015, Financial Officer, Member of the Fund Board Nurlan Rakhmetov told Trend.

"At present, the necessary work is being carried out," he said. "We expect that the company will be offered on the IPO in 2015."

Rakhmetov said that as part of offering the previous participants – KazTransOil and KEGOC to the "People's IPO" program, no more than 10 percent of the shares of these companies was offered for sale.

"As for Samruk-Energo, at least 10 percent of the shares and maybe up to 20 percent will be offered for sale," Rakhmetov said.



“At present, this issue is being considered as Samruk-Energo, as opposed to KEGOC and KazTransOil, is not an entity of a natural monopoly,” he said.

“However, these are the preliminary judgments,” he said. “The final decision on the number of offered shares, their price and conditions of sale will be made later by the government proceeding from the recommendations of the Samruk-Kazyna Board of Directors.

The exact timeframe for placement of Samruk-Energo’s shares on IPO hasn’t been determined yet. This decision will be made later by the Fund jointly with the government, said Rakhmetov.

“This will depend on the readiness of the company to enter the stock market,” he said. “We are carrying out relevant preparatory work jointly with the company’s consultants.”

He added that the work on various issues related to the legislation and tariff regulation is underway.

The Fund’s finance director said that the level of tariffs for electricity, which is controlled by the state in Kazakhstan, will significantly affect the profitability of Samruk-Energo, the price of the company’s shares and accordingly, the success of its access to IPO.

People’s IPO program will allow Kazakh citizens to become co-owners of the largest national companies. KazTransOil oil Transportation Company joined the program in 2012, Kazakhstan Electricity Grid Operating Company (KEGOC) – in 2014. Samruk-Energo is expected to join IPO in 2015, Kazakhstan Temir Zholy (Kazakhstan Railways) and Kazatomprom in 2016.

Samruk-Kazyna National Welfare Fund was created in accordance with the decree of the President of Kazakhstan in 2008 to improve the competitiveness and sustainability of the national economy.

It brings together almost all state-owned assets of Kazakhstan and manages these assets on behalf of the government. KazMunaiGas NC JSC, the railway operator – Kazakhstan Temir Zholy JSC, Kazakhstan Electricity



Grid Operating Company JSC (KEGOC), communication operator Kazakhtelecom JSC, Kazatomprom JSC National Atomic Company are among these assets.

Fuente: Trends

EEU has both supporters and opponents in Central Asia

Since January 1, the Eurasian Economic Union (EEU) has been acting according to the agreement signed in May 2014 in Astana by presidents of Belarus, Kazakhstan and Russia. From January 2, Armenia is also a full EEU member. Kyrgyzstan plans to join the club in May 2015.

New common market

The Eurasian Economic Commission (EEC) stressed that EEU member countries will be free to trade and cooperate in key economic sectors — energy, industry, agriculture, and transport. A new common market with expected GDP of \$4.5 trillion will cover more than 170 million people. The EEU headquarters will be located in Moscow, and the financial regulator will be in Almaty, while the EEU court will be in Minsk.

The Customs Union (now EEU) is the main vector of Kyrgyzstan's foreign policy, said Kyrgyz President Almazbek Atambayev. In distributing customs duties derived from the importation of goods into the EEU, the share of Belarus will be 4.55%, Kazakhstan - 7.11%, and Russia - 85.32%. Armenia's share will be 1.13% and Kyrgyzstan's - 1.9%. It is a fair share, Kyrgyz Economy Minister Temir Sariyev said.

In 2016 the participating countries plan to create a common pharmaceutical market, by 2019 - a common electricity market, and by 2025 - oil, gas and petroleum products market.

Restricting the freedom

However, not all Kyrgyz citizens approve Kyrgyzstan's accession to the EEU.

The movement "Kyrgyzstan against the Customs Union" sent to President Atambayev an open letter which accused him of promoting the "Kremlin propaganda" and urged President not to blame NGOs and civil activists for "pursuing" Western interests in the country.

The authors of the appeal believe that "after entering the Customs Union the country will face enormous economic, political and civilizational risks. "The main risk is the loss of sovereignty and democratic gains," they said. "Our movement aims to maintain sovereign statehood, promote economic prosperity, build a genuine parliamentary system, and protect civil rights and freedoms in the country."



In an interview with local media, businesswoman and civic activist Ainura Cholponkulova said that anti-Russian activists came together in social networks and decided to create an information and analytical platform. Actions and rallies can be an effective way to express opinions, believes Cholponkulova.

Members of the movement, with almost 800 people, will discuss not only the problems related to the Customs Union, but also the development of Kyrgyzstan in various spheres.

If there is no political and civil liberty, there will be no economic freedom, she said. Joining the EEU will restrict the freedom of small and medium businesses, concluded Cholponkulova.

No return to old system

Uzbekistan will never enter into associations such as the former Soviet Union, said Uzbek President Islam Karimov last week at the first meeting of the newly elected Lower Chamber of the Uzbek Parliament.

"We have our own way of development that meets the aspirations of our people. Uzbekistan will never return to the past," said Karimov. "Currently, some countries attempt to return to the old Soviet system. Some foreign TV channels praise the Lenin and Stalin era, the era of the Soviet Union. We do not accept such approach," the President said.

Uzbekistan will not allow foreign military bases and facilities enter the country. It is provided by the concept of foreign policy of Uzbekistan, adopted in 2012, concluded Karimov.

In 2012, Uzbekistan withdrew from the Russian-led Collective Security Treaty Organization (CSTO) because of its disagreement with CSTO plans related to Afghanistan. Uzbekistan gave priority to bilateral cooperation with this country. In addition, Tashkent was not satisfied with the plans for strengthening military cooperation of the CSTO countries.

Currently, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan are the CSTO member states.

Expert view

The chances for success of the Eurasian Economic Union are modest, Russian expert Vladislav Inozemtsev said. The EEU was hastily formed in 2014, when Russia faced one of its biggest foreign policy defeats including the loss of Ukraine not only as a union, but also as a friendly state.

According to official figures, the turnover in the three CU countries (now EEU) grew by only 2.1% in 2013, and in the first ten months of 2014, this figure decreased by 6.3% compared to the same period of 2013. Russia's share in Kazakhstan's exports in the ten months of 2014 was 5.9%, the lowest for the post-Soviet period.



Various reasons led Kazakhstan, Belarus and Armenia to the EEU. Kazakhstan President Nursultan Nazarbayev was the initiator of the CU creation mainly for political prestige. For Minsk it was an expected step in view of the existence of the Union State of Russia and Belarus since 1996. Armenia, a landlocked country without oil and advanced management, had no choice for integration, just like Kyrgyzstan and Tajikistan, where about 30% of GDP accounts for the remittances from labor migrants working in Russia.

Creating the EEU, Russia was ready to support small countries, but the events of the past year (the war in Ukraine and the EU and US economic sanctions) have complicated the situation. Closing financial markets have sharply reduced the financial and investment opportunities of Russia, and the EEU may therefore face serious economic problems this year.

Fuente: The Times of Central Asia

US welcomes China's constructive engagement in Central Asia

BISHKEK (TCA) — A more stable and prosperous South and Central Asia is directly in the U.S. interest, Nisha Desai Biswal, Assistant Secretary of State for South and Central Asian Affairs in the United States Department of State, said while speaking at the Woodrow Wilson Center in Washington, DC on January 22.

“China is developing what it is calling the Silk Road Economic Belt,” she said. “Some paint [the United States’] New Silk Road initiative as being in competition with China’s efforts, but in fact we welcome China’s constructive engagement and see a great deal of potential complementarity in our efforts.”

“We would only urge China, as it pursues economic cooperation projects, to utilize global standards and best practices in order to ensure sustainable economic growth for the people of Central Asia,” Biswal said.

She also mentioned Russia, which “has deep historical and economic ties to Central Asia”. “Russia will continue to be a major economic force in the region. At the same time, Central Asia states need the space to make their own decisions on how to further their economic development, preserve their political autonomy, and deepen their integration with global markets,” she said.

According to the Assistant Secretary of State, the expansion of the Eurasian Economic Union should not come at the expense of countries fulfilling their existing international commitments, including commitments to the World Trade Organization, nor restrict their ability to enter into other bilateral or multilateral trade relationships.



“Working side-by-side with the countries in the region, other donors, and international financial institutions, the United States is pursuing a four-pronged strategy to bolster regional connectivity as part of its New Silk Road initiative,” the US diplomat said.

In her words, Central Asia is one of the least integrated geographic regions in the world, with only about six percent of total trade occurring within the region, while intra-regional FDI flows in Central Asia are paltry, at less than one percent.

“This means Central Asia and Afghanistan are being left out of Asia’s economic growth, weakening the region’s resilience and making these countries even more vulnerable to internal and external shocks.

“But, as Kazakhstan’s Foreign Minister Idrissov has said, while Central Asia might be land-locked, there’s no reason for it not to be land-linked. In that vein, the United States strongly believes that with the right investments today, Central Asian countries and Afghanistan can position themselves to share in Asia’s rise,” the Assistant Secretary of State concluded.

Fuente: The Times of Central Asia

Kirguistán



Kyrgyzstan to receive grant assistance of \$22 mln on education

The Asian Development Bank (ADB) allocates grant assistance to Kyrgyzstan in the amount of \$22 million to support the Government of the Kyrgyz Republic in addressing the major shortcomings of quality education system, the ADB reported.



According to it, the Minister of Finance Olga Lavrova and Director of ADB on the country Rie Hiraoka signed two separate grant agreements for sector development program - to strengthen the education system. The program will support reforms and other activities of the Education Development Strategy for 2012-2020 and in accordance with National Sustainable Development Strategy for 2013-2017.

It will help the Government to complete the implementation of new curriculum, including math and science; review the procedures for the development, publication and distribution of textbooks; implement a textbook rental scheme, which allows the free provision of poor and vulnerable students. The program will also help to implement a national development program for teachers; introduce a system of evaluation and career development of teachers, where salary is associated with professional standards; and to develop and implement a training program including e-learning for school principals and teaching staff. At least 10,000 teachers will upgrade their qualifications.

"The government aims to create schools that meet the needs of a modern economy, so the program will support about 30 schools in the form of innovation centers of learning mathematics, science and technology, as well as cluster centers for the training of teachers. This experience can be further extended. Schools will receive financial support for scientific laboratories and information and communications technology, including software. Targeted schools will be located in poor and remote areas," a statement said.

The program complements the previous ADB assistance to the education sector, which began in 1997.

ADB assistance from its concessional Asian Development Fund will include grants for the project in the amount of \$12 million and program of budget support \$10 million, which will be allocated in two tranches. The Government will provide co-financing in the amount of \$2.12 million. The new program will be carried out for about 6 years, with an estimated completion date in August 2021.

Fuente: 24 News agency

Solar energy for Kyrgyzstan's social facilities

BISHKEK (TCA) — Kyrgyzstan's BIOM ecological movement has provided the Bishkek Center for Rehabilitation of Homeless Children with alternative energy equipment as the state-run social facilities remain underfinanced in the country.



In 2010, BIOM provided the Center with solar water heaters, solar ovens, and lighting equipment. According to Natalia Bogatova, coordinator of SPARE (School Project for Application of Resources and Energy), BIOM concluded a contract for installation and maintenance of the above equipment for three years, but its specialists continue providing technical maintenance of the solar equipment after the contract expired.

The Children's Center is funded by the state, said Bogatova, and the solar collectors can heat 500 liters of water and keep it warm during a long period of time without any expenses.

"We are very grateful to BIOM specialists for their support in the maintenance of the solar collectors," said Galina Bibikova, deputy director of the Center. "The system transforms solar energy into electricity and heat. The solar collectors heat water even in winter. But there are no specialists to maintain and service the system, so we ask BIOM to help whenever we have any problem. Today, for instance, our 500-liter water tank started to leak and BIOM immediately came to our aid."

According to Marat Yunusov, director of the company that installed the equipment, there is no servicing company to maintain alternative energy equipment in Bishkek. "Much has been said about the necessity to introduce renewable energy sources in Kyrgyzstan, and some entrepreneurs and private individuals have already started using solar collectors for heating water and premises, but nothing was done to create a servicing company," he said.

"One such solar heating system for 100 liters costs \$1,000 and requires maintenance checkup once every month," said technical expert Peter Lebedenko.

Uninterrupted operation of the solar collectors is very important for the Center, said its employee, Anara Kadyraliyeva. "It is not only the matter of convenience, as we always have hot water to wash dishes and hands in the canteen, but also a matter of saving expensive electricity," she said. "The Center also has a solar oven presented by BIOM for cooking, as well as a solar lighting system that accumulates energy in the daytime and lights the Center's territory at nights."

The solar equipment helps the Center meet its needs for heat and electricity as the government has raised heat and electricity tariffs last autumn.

For several years the BIOM ecological movement has participated in the SPARE international program, implemented in Kyrgyzstan with the support from Norway's Friends of the Earth society and the Norwegian Foreign Ministry. Within the Clean Energy program, BIOM has promoted the ideas of energy efficiency and use of solar energy at local and national government levels.

Fuente: Timesca



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Kyrgyzstan urges ADB to assist in improving the capacity of government agencies

Bishkek, January 23 / Kabar /. Kyrgyzstan calls on the Asian Development Bank (ADB) to assist in improving the capacity of government agencies. This was announced today during the meeting of Minister of Economy Temir Sariev with ADB mission led by Betty Wilkinson, director of the public sector, financial sector and trade department of ADB.

Sariev said that, for public-private partnership (PPP) capacity building in the Kyrgyz Republic and further development of this institute it is necessary initiatives of government partners, represented by executive authorities, local governments and other authorities in promoting and implementation of PPP projects, as well as the interest and participation of the private sector.

The purpose of this meeting was to discuss the Second Investment Climate Improvement Program, the development of the PPP, as well as current issues of bilateral cooperation of the KR with ADB.

The Minister informed the mission about the implementation of the Second Investment Climate Improvement Program and measures taken by the Government aimed at further liberalization of the economy and create conditions for the development of PPP.

In addition, during the meeting it was noted that the KR has a low risk of severe debt in ADB rating, in this regard, the parties discussed the issue of budget support in the framework of the program on a grant basis.

Fuente: Kabar



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Tayikistán



Tajikistan Secures Financing for CASA-1000

Regional hydroelectricity project CASA-1000 has secured another leg of financing. Tajikistan, one of the proposed deal's signatories, had struggled for several months to pay for power transmission lines that would traverse its territory, stifling the deal and casting doubt on the project's ultimate success. Several international bodies, including the European Bank for Reconstruction and Development, the Islamic Development Bank and the Kuwait Fund for Arab Economic Development have nonetheless pledged to fund the Tajik section of CASA-1000.

These organizations will in tandem with the World Bank make each make sizeable investments of up to \$65mn to see the project to fruition. The Tajik Minsiter of Energy and Water Resources announced that all payments will be "finalized and processed" by the end of Q1 2015, though this remains to be seen given the project's long history of delays and minor complicating obstacles. CASA-1000 is expected to become operational by 2018 under the auspices of the World Bank, which has shepherded the project since its inception and has allocated some \$526mn to see it completed.

Fuente: Steppe Dispatches



The Asian Development Bank provided \$54.8M grant for Nurek Switchyard Reconstruction Project

The turbines at the Nurek Hydroelectric Power Plant are powered by water from Tajikistan's largest reservoir; and the plant, which is just outside Dushanbe, produces more than 70% of Tajikistan's electricity.

It also plays an important role in regulating the frequency of power transmissions to the interlinked electricity networks of four other Central Asian countries: Kazakhstan, the Kyrgyz Republic, Turkmenistan, and Uzbekistan.

The plant's two switchyards (500 kV and 200 kV) were built more than 30 years ago, however, and can no longer deliver a stable supply of power. Also, these yards contain equipment that is supposed to enable a transmission-grid operator to clear faults in the system and switch off parts of the grid so that maintenance work can be done.

This critical equipment is sorely in need of an upgrade or replacement. To make matters worse, some areas in the switchyards have been subsiding due to unstable ground conditions.

In 2008, the Asian Development Bank (ADB) provided a grant of \$54.8 million for the Nurek Switchyard Reconstruction Project to replace outdated equipment in the 500 kV switchyard and move the new switchgear to a more stable area.

The government and Barki Tojik also provided \$12.1 million for the project. The grant followed a loan to the government from Germany's Credit Institute for Reconstruction, or Kreditanstalt für Wiederaufbau, which agreed to finance replacement equipment for the 220 kV switchyard.

The replacement of ageing power transmission facilities has created opportunities for Tajikistan and its neighbors to increase energy security and commerce through a Central Asian power system.

Fuente: Central Asia Regional Economic Cooperation

World Bank, Switzerland help Tajikistan to improve access to finance

DUSHANBE (TCA) — The World Bank Group, with support of the government of Switzerland, is helping Tajikistan to improve access to finance for small and medium enterprises (SMEs) to stimulate growth. As part of these efforts, the World Bank Group's Finance and Markets Global Practice and Tajikistan's National Bank (NBT) held a conference in the Tajik capital last Thursday to discuss the developing progress already made by Tajikistan in easing access to credit, the World Bank office in Tajikistan said.

"To continue the reform process, we need to prepare draft amendments to the existing legislation to speed up the development of effective credit information sharing and the pledge of movable property. We also need to develop



effective mechanisms for financing, and improve the access of small and medium businesses to various sources of funding,” said Abdujabbor Shirinov, the NBT chairman.

“The financial sector reform is a key to sustained economic growth and offers opportunities beyond the sector to drive broader economic growth in Tajikistan. We will continue providing our knowledge and first-hand experience to help improve access to financial services in the country,” said Fabrizio Fraboni, Senior Expert of Global Credit Reporting Team at the World Bank Group.

The initiative is a part of the WBG Finance and Markets Global Practice's Central Asia Financial Markets Infrastructure Project, which aims to strengthen the financial infrastructure in Tajikistan and other countries of the region.

The project is supported by funds from the Government of Switzerland.

Within its Cooperation Strategy for 2012-2015 Switzerland focuses on the four sectors in Tajikistan, such as Health, Rule of Law, Drinking Water Supply and Sanitation, and Private Sector Development.

The overall goal of the Swiss Cooperation in Tajikistan is to support the transition process in the country through contributing to the economic development and by helping to build institutions and systems which are responsive to the population's needs.

Fuente: Timesca

Gazprom explores industrially unfit gas field in Tajikistan, says Tajik minister

DUSHANBE, January 22, 2015, Asia-Plus -- Gazprom International, which is an affiliate of Russia's state-controlled company Gazprom, has explored large reserves of hydrocarbons in Tajikistan, which are unfit for industrial use, Tajik Minister of Energy and Water Resources Usmonali Usmonzoda announced at a news conference in Dushanbe on January 21.

He noted that Gazprom International last year completed exploration operations at the Sariqamish gas field. “Eight potential gas-and-oil-bearing strata that are unfit for industrial use have been explored,” the minister said.

Asked about rumors that Gazprom International is going to leave Tajikistan, Usmonzoda denied them as unfounded.

“The Gazprom institutes will study the exploration operation results during this year and the second point for drilling will be determined,” the minister noted.



He further added that Gazprom International would launch the exploration operations at the Western Shohambari field this year.

We will recall that Gazprom has given up exploration and development of Sargazon and Rengan gas fields in Tajikistan and decided to focus on exploration and development of the Sariqamish and Western Shohambari gas fields.

Gazprom International completed the drilling of the Shahrinva-1P wildcat well at the Sariqamish field on June 11, 2014. They reached the target well depth of 6,450 meters.

Gazprom's licenses for exploration of the Sariqamish and Western Shohambari fields were extended for five years in September 2013.

During his visit to Tajikistan, Gazprom chief Alexei Miller told journalists on September 18, 2013 that his company is interested in obtaining more licenses to explore natural-gas fields in Tajikistan.

According to Miller, Gazprom has invested some \$150 million in two major natural-gas fields in Tajikistan's north since 2010.

In August 2013, Gazprom reportedly announced an additional \$15 million investment in its operations at the Sariqamish gas field.

Cooperation between the Tajik government and Russia's state-controlled company Gazprom is regulated by a long-term (till 2028) agreement on strategic cooperation in the gas industry signed between Gazprom and Tajikistan's Ministry of Energy in Dushanbe on May 15, 2003 and a memorandum of intent on launching joint Tajik-Russian enterprises of March 28, 2006. Gazprom has been working in Tajikistan on providing the beginning of geological explorations since July 2006.

According to expert estimates, the aggregate raw-materials resources of the oil and gas bearing areas in Tajikistan amount to about 1,000 billion tons of reference fuel. At the same time, production work at oil and gas fields require considerable expenditure, since hydrocarbon deposits occur at depths ranging from 6.5 to 8 kilometers.

Fuente: Asia Plus