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## REVISTA DE PRENSA

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### Kazajstán



#### **Kazakhstan ranks above world average in Economic Freedom**

Kazakhstan has ranked 69th out of 186 countries in the 2015 Index of Economic Freedom, Tengrinews reports.

Kazakhstan ranks higher than France (73), Italy (80), Croatia (81), Slovenia (88), Serbia (90), India (128), Greece (130), China (139), Russia (143), and Ukraine (162).

The Index is published annually by The Wall Street Journal and The Heritage Foundation and measures the degree of economic freedom in various countries.

It includes 10 quantitative and qualitative factors, all grouped into four general categories: Rule of Law (property rights, freedom from corruption); Limited Government (fiscal freedom, government spending); Regulatory Efficiency (business freedom, labor freedom, monetary freedom); and Open Markets (trade freedom, investment freedom, financial freedom).

Each one of the 10 freedoms is evaluated on a scale from 0 to 100, from lowest to maximum freedom. These are then averaged into a total score, all given equal weight.

With its score of 63.3, Kazakhstan occupies the position between Panama (68) and Turkey (70) in the Moderately Free group.

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This year's position is a 2 point decline for Kazakhstan from last year's 67th place.

As the experts of the Economic Freedom Index explain, lowering of Kazakhstan's ranking is due to "declines in property rights and business freedom outweighing a modest combined improvement in half of the 10 economic freedoms, including trade freedom, labor freedom, and freedom from corruption."

Kazakhstan ranks 11 among the 42 countries of the Asia-Pacific region. In addition, its overall score is above the world and regional averages, the report says.

Impediments for Kazakhstan's improvement of economic freedom are also mentioned. "The judiciary lacks statutory independence and is subservient to the executive branch. Corruption is prevalent and reaches into all branches of government," according to the Index.

The five countries with the highest level of economic freedom in order of their rankings are Hong Kong, Singapore, New Zealand, Australia and Switzerland. The first place in the Index is occupied by Hong Kong for the second year in a row.

Fuente: Tengriz News

### **Five projects to be launched in Astana industrial park this year**

ASTANA (TCA) — The Astana-New City special economic zone plans to commission five projects worth 20 billion KZT (around \$108 million) in the Industrial Park #1 this year. The projects include construction of a plant for production of diesel engines, a fast food complex, temporary storage warehouses and a business center, a furniture factory, and production of military and civil engineering machinery, the official website of Astana city (<http://astana.gov.kz>) said.

The Astana-New City special economic zone was established in Kazakhstan's capital Astana for industrial development and support of the investment attractiveness of the city.

The Industrial Park #1 is expected to produce products worth 140 billion KZT, and the number of jobs created will be increased to 2,300.

It was also reported that this year, works to develop design documentation for the construction of Industrial Park #2 will be launched at Astana-New City after approval of the project's feasibility study.

The Astana-New City special economic zone (SEZ) was set up under a presidential decree covering the period until 2027, with a mandate to manage investment into new housing, offices, retail and trade centers, industrial and infrastructure projects. Investors at the SEZ enjoy a variety of tax and customs preferences.



There are 10 special economic zones in Kazakhstan: 1) Astana-New City, aimed at the development of construction and industry, created in 2001; 2) National industrial petrochemical industrial park, aimed at the development of petrochemicals, created in December 2007, located in Atyrau region; 3) Seaport Aktau, aimed at the development of logistics and transport, set up in April 2002, located in the commercial port, as well as in parts of the city of Aktau, Mangistau region; 4) Park of innovative technologies, aimed at the development of the IT-industry, established in August 2003, located in the village of Tau, Medeu district of Almaty and Almaty region; 5) Ontustyk, aimed at the development of the textile industry, created in June 2005, located in Sairam district of South Kazakhstan region; 6) Burabai, aimed at the development of tourism, created in January 2008, located in Akmola region; 7) Saryarka, aimed at the development of metallurgy and metalworking, established in November 2011, located in Karaganda region; 8) Khorgos-East Gate, aimed at the development of trade and logistics, established in November 2011, located in the Almaty region; 9) Pavlodar, aimed at the development of chemical and petrochemical industry, created in November 2011, located in Pavlodar; 10) Chemical Park Taraz, aimed at the development of the chemical industry, created in April 2013, located in Zhambyl region.

Fuente: Timesca

### **Kazakh Minister of Agriculture may stop subsidising grain exports**

Minister of Agriculture of Kazakhstan Asylzhan Mamytbekov has proposed abandoning the subsidization of grain exports, Tengrinews correspondent reports. The Minister spoke about it during a board meeting on January 29 in Astana.

"We must give up the ideas like build terminals in Poti (Georgia) and Vladivostok (Russia) and subsidizing transportation of wheat. The state was spending more than 15 billion tenge (\$81 million) on this yearly. We better spend this money on supporting our farmers, developing seed production and purchasing equipment. It is better to subsidize leasing than to subsidize railways, Russian railways as well. The tariff for the transportation of grain from Kostanay or from Astana to Novorossiysk is at about \$100-\$120," Asylzhan Mamytbekov said.

The Minister noted that the Kazakh market was changing, so diversifying the agricultural space was needed to balance the supply and demand.

"The area sowed by wheat has been reduced by 2.4 million hectares as compared to 2009. In turn, areas under other, higher priority crops were increased: oilseeds, grain feed, legumes," he said. He noted that the price for wheat was quite reasonable this year: "A result of the diversification," he said.

Another reason to diversify the crops was the demands generated by livestock production.

"Livestock production is developing in Kazakhstan and this requires certain changes in the cropping pattern. Hence, one cannot say that this diversification is only due to administrative pressure or changes in the subsidy policy. Most of all, this change is dictated by the market, because livestock development creates a demand for certain crops," the Minister of Agriculture said.



According to the official statistics, the total capacity of granaries in Kazakhstan at the moment makes 25.1 million tons. As of January 1 this year, there were about 13.2 million tons of grain stored in the country. Granaries were 52,6 percent full.

### **Projects to Advance Kazakh Space Industry Near Completion**

Kazkosmos projects aimed at creating a space industry in Kazakhstan are nearing completion, according to Chairman of the Aerospace Committee of the Kazakh Ministry of Investment and Development Talgat Mussabayev.

“These projects will help the Kazakhstan space industry enter the global space market. Today, we can say that our country is already on a par with countries that have spacecraft systems at their disposal,” Mussabayev said.

Two satellites for medium and high-resolution Earth remote sensing were launched in 2014 from the Kourou spaceport in French Guiana and Yasniy spaceport in Russia. In addition, the KazSat-2 communications satellite has continued to work successfully in orbit and a testing procedure has been started for the KazSat-3 satellite. KazSat series satellites are managed solely by Kazakh specialists working in spacecraft management centres in Akkol in the Akmola region and in the Almaty region, the last one first introduced into regular operation in 2013.

Airbus Defence & Space, a French company, is Kazakhstan’s main strategic partner in implementing the project to create a system of remote sensing. The cooperation with French partners began in 2009 with the signing of an intergovernmental agreement on the peaceful use of outer space during the official visit by French President Nicolas Sarkozy.

“Thus, our country has two full satellite systems, which makes it more independent in the use of space technologies for the benefit of the economy and security. Never before has Kazakhstan launched three spacecraft systems in orbit simultaneously and at the same time had four domestic satellites. This is a timely execution of the tasks that President [Nursultan] Nazarbayev had set for Kazkosmos as a long-term strategy stated in the nation’s Kazakhstan 2050 Strategy,” Mussabayev said.

Plans are also underway to establish a Baiterek space rocket complex on the base of Baikonur spaceport by 2022. Joint proposals between Kazkosmos and Roskosmos to implement the project were approved during the second session of the Kazakh-Russian intergovernmental commission on the Baikonur complex held Nov. 24, 2014. The final joint action plan should be approved during the first quarter of the current year.

In his annual address to the people, Nazarbayev said that the state should expand its role in the global space market by 2030 and bring a number of ongoing projects to fruition. This includes constructing the spacecraft assembly and test complex in Astana, establishing the space system for remote sensing and a national space monitoring system and ground infrastructure system for high-precision satellite navigation.

In 2014, Baikonur once again received the title of the most used spaceport in the world. Twenty-one rockets were launched from Baikonur in the past year, 19 of which were successful. Cape Canaveral in the United States followed with 18 launches, all of which were successful.



### **Chinese expansion in Kazakhstan's energy field?**

China has been expanding its outbound investment activity globally. As quoted by Reuters, on January 16, Chinese Vice Minister of Commerce Zhong Shan said: "Based on the current trend, China's outbound investment will keep growing faster than inbound investment, leaving China to soon become a net outbound investment country."

Intensification of Chinese investments in Kazakhstan for the past 16 years has divided the public. Some believe this is a positive development benefiting the Central Asian economy. Others think there is a certain danger in this process.

Chinese investments in Kazakhstan are particularly focused on the natural resources, such as oil and gas. The share of Chinese multinational companies in the energy sector of Kazakhstan has been steadily growing after the signing in 1997 of intergovernmental "Agreement on cooperation in the field of oil and gas" between the Ministry of Energy and Mineral Resources of Kazakhstan and CNPC. The two countries also concluded the General Agreement on the projects of development of fields and construction of pipelines.

At the moment there are about 20 Chinese companies working in Kazakhstan with shares between 50 to 100%, Sayasat writes. The biggest of these are CNPC, SINOPEC and CITIC. All the other companies are either their subsidiaries or not very big. These three companies are responsible for the lion's share of production and transportation of Kazakh oil to China and work primarily in Kyzylorda and Atyrau Oblasts in Kazakhstan oil bearing south and west.

As a supplier of raw materials Kazakhstan is facing a dilemma: expanding its relations with China will increase in its economic turnover but will also decrease its ability to maneuver on the global energy market.

Aivar Baikenov, Director of the Analysis Department at Asyl Invest, pointed out the risk of Kazakhstan becoming a "raw materials appendage" or "resource appendage" to the gargantuan Chinese economy.

"When you are a raw materials country with a very limited amount of high value added goods production, located near the world's second largest economy that may soon become the world's largest economy surpassing the U.S., then the raw materials appendage scenario looks only natural," he said. But he pointed out that many suppliers of raw materials found it increasingly beneficial to trade with rapidly growing China and other Asian countries rather than with the slow growing West.

However, China likes to dictate prices on its imports, Senior Analyst of Alpari firm Anna Bodrova pointed out. "Since Beijing loves to cut down prices, it is impossible for Kazakhstan to sell hydrocarbons to China at European prices. The price will surely be 3-5 percent lower," she explained.

Wild Bear Capital investment company analyst Victor Neustroev added that trade expansion with China could lead to a decline in competitiveness of Kazakhstan's domestic goods even at the domestic market.



But these analysts have to admit that it is not the time for Kazakhstan to dictate the terms. “I believe that at this stage Kazakhstan will benefit from increasing the shipments of raw materials to China. We first need to make sure that our economy is up and running, and only after that we can afford a luxury of engaging in measures to make it healthier. Population has already faced serious problems as a result of devaluation of the tenge (Kazakhstan's currency), so further contraction of the real GDP will hit the citizens even harder,” Naustoyev maintained.

Back in 2011, chief geologist of KazMunaiGas (KMG), Kazakhstan's national oil and gas company, Kurmangazy Iskazyev said that paying attention specifically to the ethnicity of investors was “hardly appropriate,” because what mattered were the terms they offered, KMG press service quote him as saying.

“If an investor is offering more favorable conditions than the other, then it is logical that the former one would have better chances of get this project or that. In this case, the origin of the investor, be it China, Russia, USA, etc., is of secondary importance, since in any case, whatever foreign country it represents, the interests of Kazakhstan are protected. There are four levels of protection. The first one is the licensing mechanism for companies to obtain rights to develop the field, the second one is the taxation system, the third one is the system of control by the Ministry of Oil and Gas of Kazakhstan, and the fourth one is the constant monitoring by other relevant state agencies,” Iskazyev said.

He pointed out that Chinese companies invested in the fields already mature, which meant that the share of these companies in the Kazakh oil and gas sector would inevitably decrease.

Famous sinologist Constantine Syroyezhkin also recommends taking into account the fact that China was working the fields that were past their production peak. The expert said that the share of Chinese companies on the territory of Kazakhstan was 23-24%, which could not be considered overly high. In addition, there was a relatively small labor quota for China in Kazakhstan - five thousand people a year.

The expert added that China's expansion was more pronounced in other countries. For example, Chinese companies had virtually replaced the United States in Africa.

He said that the rumors that China would significantly strengthen its presence in Kazakhstan in the future were due to limited access to the information about the relationship between the two countries. In particular, he tried but could not get much information about agreements in the oil and gas industry. The lack of information generates speculation and myths about Chinese expansion, he said.

But Syroyezhkin did not offer any explanation justifying the need to keep such information away from the public eye. Indeed, why?.

Fuente: Tengriz news



### **Kazakhstan's WTO accession hampered by Mongolia and Ukraine: Deputy PM**

Kazakhstan's entry into the World Trade Organization (WTO) is hampered by two countries - Ukraine and Mongolia, Deputy Prime Minister of Kazakhstan Bakytzhan Sagintayev said during his visit to Pavlodar Oblast in Kazakhstan, Tengrinews reports.

The reason for the talk was the proposal of Pavlodar authorities to develop a new state program for development of local content. The currently implemented program has served well to improve the exiting regulations and develop new measures to enhance coordination between the government agencies and national companies for development of local content and non-tariff regulation, they said, proposing to bring the work forward even further with the next program.

"The program was designed for the years 2010-2014. Under this program we held cooperation forums on a regular basis, where potential buyers could meet with companies to discuss cooperation. The program has proven its effectiveness, so we kindly ask to either renew the program for the development of local content or develop a new one," Deputy Akim (Mayor) of Pavlodar Oblast Duisenbai Turganov said at the meeting the the Deputy Prime-Minister of Kazakhstan where they discussed government support to industrial enterprises.

However, Sagintayev did not support this proposal and said that all the efforts had to be pulled into Kazakhstan's accession into the WTO.

"We cannot do this, we are entering the WTO. We have almost completed all the preparations and the negotiation processes for the accession onto the WTO. But we still have some unresolved issues with Mongolia and Ukraine. There are some unclear points. Mongolia opposes, citing some historical issues. It probably wants to bargain a better deal for itself, you know how talks happen in such cases. There are also issues with Ukraine. But I think that in the near future all of these issues will be resolved," Sagintayev said.

Fuente: Tengriz News

### **Kazakh banks experiencing tenge shortages**

Kazakhstani banks are experiencing a deficit of the tenge, a Tengrinews correspondent reports citing several interviewed experts.

Head of Asyl Invest Analytics Department Aivar Baikenov was one of them. He said that there was not enough tenge in Kazakhstani banks. "After February 2014 (that saw a nearly 20% devaluation of the tenge) customers of many Kazakh banks have been transferring their tenge deposits into dollars. The banks funding mainly comes from customer deposits nowadays. And when most of the deposits are in dollars, there are not enough tenge deposits to do any lending," Baikenov said.

Speaking about the causes of the tenge deficit in Kazakhstani banks Talgat Kamarov, Chairman of the Board of Centras Securities said:



"The deposit portfolio of the banks consists of tenge-denominated deposits, but mostly short-term ones - from one year to three years. As the deposit periods end the people are transferring their money into dollar deposits and gradually the banks' deposit portfolios are shifting toward dollars. The loan portfolio of the banks is made of long term loans denominated in tenge - from 3 to 10-15 years - that take a longer time to repay. So most of the loan portfolio is still in tenge. And the tenge deficit has emerged because the issued tenge loans have not been repaid (yet) and the banks are having difficulty servicing the current demand of the population," Kamarov said.

He stressed that the problem was a temporary one, and as the tenge-denominated loans were repaid the situation at the market would straighten out.

According to Aivar Baikenov, a significant increase in the index of KazPrime that the financial market has seen lately is yet another sign of Kazakh banks being short of tenge. This index reflects the average interbank deposit rate in Kazakhstan. The tenge rate used to be at six percent per annum last year, whereas now it is at nine percent.

Head of the Analytics Department of Golden Hills-Kapital AM Natalia Samoilova also pointed out that domestic banks were experiencing a deficit of tenge.

Just like Baikenov, Samoilova referred to the high KazPrime index that is currently at around nine percent. But she said that it was still far from the highs that had been recorded during the crisis in March 2009 when the rate reached 15.04 percent. It happened after a 25% devaluation of the tenge in February 2009.

Talgat Kamarov suggested that the increase of KazPrime index against last year was relevant to the current situation and made the rate more realistic. According to him, the market liquidity is quite thin and the moment, and there is not enough money, which is why the operators of the index have pulled it to a more or less realistic level.

Most of the commercial banks in Kazakhstan have been reluctant to issue loans denominated in tenge lately. At the plenary meeting of the Majilis, the lower chamber of the Kazakh parliament, on January 28 one of the MPs - Svetlana Kadraliyeva from Ak Zhol political party - summed up the situation in the following way:

"Ak Zhol party has been receiving multiple reports from businessmen about second tier banks virtually stopping the lending in tenge. They offer loans in US Dollars, or peg tenge denominated loans to tenge per dollar exchange rate. And in the rare cases when loans are issued in tenge the interest rate is so high that it makes no sense using them for business."

Late last year President Nazarbayev tasked the Kazakh government with tackling the inflation rate and reducing the dollarisation of the Kazakhstan economy. "The latter means abandoning the use of US Dollars and other foreign currencies in the official and internal settlements or in financial planning in Kazakhstan. Whereas the current situation in bank with lending to businesses takes the trends in the opposite direction: it leads the market away from the national currency (tenge) and towards an even greater dependence on the foreign currency. It is quite clear that by doing this (issuing loans in dollars) banks are shifting the currency risks onto the businessmen and households," the Kazakh MP said.





Banking analyst Aivar Baykenov explained the situation by saying that banks simply "have nothing to lend" because of the tenge shortages.

"The banks are now trying to make some profit on consumer loans that have higher yield and interest rates. They are also trying to hedge their risks where possible. But overall, the lending is stalled," he said.

The analyst added that the National Bank of Kazakhstan that provided the commercial banks with tenge liquidity kept its rates high. "The National Bank provides (tenge) to the banks at the rate of about 15 percent. The banks take this money for urgent expenses, when they need some tenge. Otherwise, they do not want to take it because with the lending interest rate at 15 percent, their profit margin is too small," he said.

Baikenov said that evolution of the situation with the tenge deficit would greatly depend on the political will and economic decisions. "Right now they are pursuing a policy of de-dollarization of the economy. If it is indeed implemented, by the end of the year, perhaps, the situation will gradually improve," the analyst said.

Fuente: Tengriz News

### **Samruk-Kazyna told about next subsidiary to be part of IPO program**

ASTANA. KAZINFORM - The main criteria for taking part in the IPO Program will be stability and high profitability of the company, deputy head of the board of "Samruk-Kazyna" JSC Yelena Bakhmutova noted.

As is known, the initial list of subsidiaries of "Samruk-Kazyna" JSC underwent a serious correction. Several companies were excluded from the list. The main criteria were stability and high profitability of a company placing its shares on the market. Thus, "Samruk-Energo" JSC will join the People's IPO Program in 2015, "Kazakhstan Temir Zholy" JSC and "Kazatomprom" in 2016, the official website of the People's IPO Program informs.

"The first package of companies was formed in a really short time. After the instructions given by the President of Kazakhstan, the Program was developed really quickly. The companies, that were considered to be good options for entering the stock market, were chosen. The Program dictates the companies to enter the market when they are ready and when the legislation basis is prepared. Therefore, there is no damage in any sense for the people in terms of reconsideration of the companies list," Y. Bakhmutova said.

"It is important to understand that in case of significant and long-term fall of a price of one or another company-participant of the IPO Program, the entire idea of the People's IPO Program can be simply depreciated. We have trust of people in the government at stake. However, the market is unpredictable and nobody is going to give any guaranteed to potential investors that the shares they bought will be steadily growing, but the negative scenario would be quite unwelcome from viewpoint of the image of the state," she noted.

Fuente: KazInform



### **AgromashHolding lowered vehicle production forecast by 58.3% in 2015**

KOSTANAI. Feb 4 (Interfax-Kazakhstan) - Kostanai-based AgromashHolding reviewed its production plan downward by 58.3% to 8,500 vehicles over the ruble's downfall.

Angelina Sineva told Interfax-Kazakhstan that the 2015's target was to produce 20,000 cars.

The revision of production plans came on the back of Russian ruble's downfall.

"At present, the automotive industry is going through hard times after a sharp downfall of the Russian currency. More than 50,000 vehicles were imported from Russia from the end of November 2014 till January 2015, which impacted the car sales of Kazakhstan dealers and domestic carmakers. Therefore, the production targets have been revised downward," according to a press release.

"Car assemblers need protection against imports of new vehicles from the EEC and subsidies to maintain jobs, pay energy and logistics costs and stimulate demand for vehicles in the corporate sector," the company said.

The Deputy Prime Minister of Kazakhstan Berdybek Saparbayev, who visited AgromashHolding on Tuesday, promised that government will not let the engineering industry die and will take appropriate measures to protect domestic producers. Saparbayev referred to the ongoing talks in Moscow on a temporary ban of car imports from Russia to Kazakhstan.

In 2014, the plant produced 8,500 cars.

JSC AgromashHolding founded in 2003 assembles SsangYong, Chance, Peugeot cars and agricultural machinery.

Fuente: Interfax-Kazakhstan

### **UAE supports Kazakhstan's candidacy for UN Security Council membership**

Bishkek (AKIpress) - In the framework of the promotion of Kazakhstan's candidacy for a non-permanent member of the UN Security Council for 2017-2018, President of the UAE Sheikh Khalifa bin Zayed Al Nahyan received a message of President of Kazakhstan Nursultan Nazarbayev on February 2.

Special Envoy of the President of Kazakhstan, Deputy Foreign Minister Askar Musinov handed message to Crown Prince of Abu Dhabi Sheikh Mohammed bin Zayed Al Nahyan during their meeting, reports the press service of the Kazakh Foreign Ministry.

At the meeting they stressed that the election of Kazakhstan to the UN Security Council non-permanent membership was one of the most important foreign policy priorities of our country and Kazakhstan sought to contribute to the cause of global peace and security. Musinov underlined the commitment of our country to the



comprehensive concept of security, which presumed interconnection and interdependence of security, human rights and sustainable development.

Crown Prince of Abu Dhabi announced that Emirates supported Kazakhstan's foreign policy initiatives, noting the accession of the UAE to the Statute of the Islamic Organization for Food Safety in January.

Fuente: Aki press

### **Industrial zone planned in West Kazakhstan region**

URALSK. Feb 5 (Interfax-Kazakhstan) – An industrial zone is planned in West Kazakhstan region for this year, Minister of Investment and Development Asset Isekeshv has told journalists.

Recently the regional administration completed its feasibility study, as well as design and estimates, the government will co-finance the project using budget funding in order to set up the new industrial zone for investors, Isekeshv said.

Head of the regional entrepreneurship department Aslan Dzhakupov said that negotiations had been held with Turkish holding Aktour Group, which drafted the industrial zone development concept. Four investors are already willing to set up production lines in the would-be zone, according to Dzhakupov.

Fuente: Interfax-Kazakhstan

### **KazCalcite to build 570 mln tenge worth of micro-calcite producing plant in Kostanai region.**

KOSTANAI. Feb 5 (Interfax-Kazakhstan) – KazCalcite LLP will build a micro-calcite producing plant with crushing, screening and milling equipment worth a total of 570 million tenge (184.75 tenge/\$1) in Denisov district, Kostanai region, the regional administration has told Interfax-Kazakhstan.

Currently paperwork was done and the construction of the plant got underway, which would be a standalone independent facility – the enterprise is to be put into service during the 2nd half of this year, according to the administration.

The plant annual capacity is 30,000 tonnes of micro-calcite.

Fuente: Interfax-Kazakhstan



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### **European businessmen informed about innovations of customs regulation in EEU**

ASTANA. KAZINFORM - The representatives of the customs block of the EEU told the representatives of the European business about the changes that are expected when the Customs Code of the EEU enters into force in the territory of the union, the press service of the EEU informs.

A meeting of specialists of the EEC with the representatives of the business community of Czech Republic and Hungary was held in Moscow on February 4 at the platform of the Eurasian Economic Commission.

"Director of the department of customs legislation and law enforcement practice Dmitry Nekrasov told about the activity of the customs block of the EEC and about the main work - the project on the Customs Code of the EEU, which was sent for approval to the member-states. D. Nekrasov also told about the innovations that were introduced in the sphere of customs regulation that would come into force in all the territory of the EEU when the new customs legislation was adopted," the statement reads.

"The main task is to optimize and simplify the customs procedures without detriment to the security sphere of the EEU member states. When reaching this balance, the businessmen will be able to significantly reduce time and financial losses in their customs operations," D. Nekrasov noted.

Representatives of the EEC told about the goals of the EEU and familiarized the guests with the structure and main directions of the activity of the Commission. The specialists of the customs block answered the questions that were asked by foreign guests.

Fuente: InformKz



## Kirguistán



### **South Korean company to build waste processing plant in Kyrgyzstan**

BISHKEK (TCA) – The municipality of southern Kyrgyz city of Osh has signed a protocol of intention with South Korean company LSIS Co. Ltd for construction of a solid waste processing plant in Kyrgyzstan's second largest city, the Osh municipal press service said.

The project will build a solid waste processing plant, a waste sorting line, and greenhouses in Osh. The Korean company is ready to invest \$35 million in this project, the municipality said. The new facilities will occupy a total area of 10 hectares, including six hectares for greenhouses.

The new plant will be able to process 100 tons of solid waste per day and the sorting line will have a daily capacity of 200 tons. The plant's electricity generation capacity will be 1.5 MWh. This electricity will be used to heat and light the greenhouses.

Last year, it was reported that the European Bank for Reconstruction and Development (EBRD) was considering provision of a loan of up to EUR 1.5 million to finance critical solid waste investments for another city in southern Kyrgyzstan, Jalalabad, as well as for six neighboring municipalities of Atabekov, Barpy, Tash-Bulak, Yrys, Kyzyl-Tuu, and Suzak.

It is expected that the European Investment Bank would provide an up to EUR 2.5 million co-financing loan and that the EU's Investment Facility for Central Asia (IFCA) would provide EUR 4 million in the form of a grant, according to the EBRD.

The proceeds of the loans and the grant would finance urgently needed sanitary landfill, closure of the existing dumpsite, and upgrade of collection and transportation system in the city of Jalalabad and the neighboring municipalities.

Fuente: The Times of Central Asia



### **Kyrgyzstan to increase excise tax on cigarettes**

Kyrgyzstan will increase the excise tax on cigarettes. The decision was made today at the parliamentary meeting.

"The bill is aimed at preventing spread of such destructive habit like smoking. These goals are to be reached thanks to a series of measures, including fiscal instruments. This will significantly replenish the state budget and simplify tax administration. Tax measures represent one of the important mechanisms, which allow reducing tobacco consumption in the world. Therefore, the bill proposes a number of amendments to the Tax Code of the Kyrgyz Republic for gradual increase in the base rate of excise duty on cigarettes during 2015-2017," initiators of the law note.

The bill proposes to raise the base rate of excise duty on cigarettes with filter and non-filter cigarettes: from January 1, 2015 - 550 soms per 1000 pieces (filter cigarettes) and 100 soms for 1000 pieces (non-filter cigarettes); from January 1, 2016 - 730 soms (both types of cigarettes); from January 1, 2017 - 950 soms per 1000 pieces.

Recall, cigarette manufacturers opposed the increase. However, the deputies did not agree with them and adopted amendments. The bill has been sent to the President for signature.

Fuente: News Agency

### **Kyrgyzstan to devote \$100m to developing agricultural export potential**

BISHKEK – Kyrgyzstan plans to devote more than US \$100m (6 billion KGS) to boosting its agricultural export potential, officials concluded during a February 2 conference, the government press office said in a statement.

Deputy Prime Minister Tayyrbek Sarpashev participated in a session of the governing board of the Kyrgyz governmental office for Osh Province. The officials discussed their 2014 results and 2015 plans.

Sarpashev disclosed the amount the government plans to spend on developing agricultural export potential and called on local authorities to raise land taxes. Higher land taxes would enable local governments to improve villages' infrastructure, he said.

In 2014, Osh Province agricultural production reached almost 3.5 billion KGS (US \$60m), representing a 1.6% increase from 2013, Sooronbai Jeenbekov, the representative of the Kyrgyz government in Osh Province, said.

Fuente: Central Asia Online



### **Ministry of Agriculture calculates how much agricultural products Kyrgyzstan to be able to export in framework of CU**

Ministry of Agriculture calculated how much agricultural products Kyrgyzstan will be able to export. The figures given in the draft concept for the implementation of trade and logistics centers in the country, transmitted by the Office to the government.

The document states that, basing on available capacity, during 2015-2016 years on deliveries to the Russian Federation the Ministry of Agriculture and Land Reclamation of the Kyrgyz Republic predicts the following tonnages: meat and meat products - 30-35,000, dairy products - 1.5-2,000 (in the case of matching the adoption of local certification); potatoes - 50-60,000, vegetables - 60-70,000, including onions - 15-20,000; melons (watermelon, cantaloupe) - 5,000, canned vegetables - 200-250,000; fresh grapes - 3-3,200; dried fruit - 200-220,000; fresh fruit - 60-65,000; nuts - 100-120,000; as well as alcoholic beverages, vodka, brandy - 4.5-5,000 dal; mineral water and soft drinks - 15-20,000 dal.

Currently, out of 34 milk processing plants in Kyrgyzstan, only 8 have permission to export products in Kazakhstan. Still there is a ban on the export from the country of meat and meat products. "In general, the country produces about 500,000 tons of meat and offal of the first category of live weight," the document says.

Fuente: News Agency

### **In Kyrgyzstan turnover in public procurement system amounts to 20 bln soms**

The turnover of the public procurement system of Kyrgyzstan amounts to 20 billion soms. Such data are announced at the presentation of the electronic tender system.

It is noted that the Kyrgyz system of "paper tenders" lags far behind modern world trends related to the development of high technologies, and falls into stagnation for a long time.

"Carrying out of "paper tenders" originally incorporated corruption risks and opportunities associated with human factor. Electronic trading can solve problems involving large private investments, help in implementation of major budget-making projects in the industry and define clear and transparent rules in business, government and society relationship," the head of the control and internal audit department of the State Agency of Antitrust Regulation Pavel Lee noted.

Fuente: News Agency



EMBAJADA  
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Y COMERCIAL DE ESPAÑA  
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### **Kyrgyz parliament ratifies agreement with Qatar on economic, trade and technical cooperation**

The Parliament of Kyrgyzstan ratifies agreement with Qatar on economic, trade and technical cooperation. The decision was made today at the meeting.

The agreement will strengthen cooperation in such areas as industry, energy, agriculture, communication, transportation, construction, labor and tourism.

There are currently 30 intergovernmental commissions with foreign states. However, they weren't established with the Arab countries. Moreover, there are opportunities to establish long-term trade, economic and cultural relations with Qatar. Kyrgyzstan can develop exports of agricultural products, drinking water, as well as highly skilled workforce.

Fuente: News Agency





## Tayikistán



### Malaysian company to build a power plant in Tajikistan

DUSHANBE (TCA) — Preparation of a feasibility study for construction of Shurob thermal electric power plant in Tajikistan will be completed by the end of the first quarter of this year, Avesta news agency reported with reference to the Ministry of Energy and Water Resources of Tajikistan. The feasibility study was started by Malaysian specialists in 2014.

The State Committee of Investments and Public Property Management of Tajikistan earlier said that construction of the power plant in the village of Shurob of the Isfara district will start in 2015.

The project of construction of the Shurob power plant, with a capacity of 300 MW, is implemented through direct Malaysian investments worth \$400 million.

In October 2013, the Government of Tajikistan and the Malaysian company HOS International Trading SDN BHD signed an agreement to implement the project of Tajikistan government decree "On the Draft Concession Agreement on the Shurob power plant".

This concession agreement defines relationship between the Tajikistan government and HOS International Trading SDN BHD in the project of reconstruction of OJSC Angisht (Tajik state owned coal mine enterprise), as well as design, construction and commercial use of the Shurob power plant.



In line with the agreement the Malaysian company, at its own expense, will restore coal production at the Shurob coal deposit, primarily for supplying coal to the future power plant.

Shurob will be the most powerful power plant in the northern part of Tajikistan, providing permanent employment to more than a thousand people.

Fuente: The Times of Central Asia

### **Georgia, Kyrgyzstan, Tajikistan see boost in US AIDS – Analysis**

By Joshua Kucera

Georgia would see a big boost in its U.S. military and economic aid under the White House's new proposed budget, while aid to most of the rest of the region would decline.

Under the budget proposed on February 2, Georgia would get \$20 million in Foreign Military Financing aid (which allows the country to buy equipment from the U.S.) in Fiscal Year 2016. That's double the amount proposed last year (it's not yet clear how much of that was actually disbursed). From the State Department document explaining the proposal:

Funds will be used to advance Georgia's development of forces capable of enhancing security, countering Russian aggression, and contributing to coalition operations. This will include support for such things as upgrades to Georgia's rotary wing air transport capabilities, advisory and defense reform, and modernization of Georgia's military institutions.

"Countering Russia" is a priority for the U.S. across the region. Georgian economic aid (up from \$38 million to \$50 million) would be aimed at supporting "Euro-Atlantic integration and resistance to Russian pressure." Moldova's economic aid would support "European integration and mitigate vulnerabilities to Russian trade bans and other forms of pressure." Ukraine's will "support new initiatives to counter Russian pressure and aggressive action." Regional economic aid to Central Asia is intended to "foster resilience to economic pressures owing to Russian political influence and overreliance on remittances."

The budget documents described a variety of programs for the U.S. under Georgia's economic aid:

FY 2016 resources will continue to support Georgia's democratization, economic development, Euro-Atlantic integration, and resistance to Russian pressure. U.S. programs will help strengthen institutional checks and balances and the rule of law; develop a more vibrant civil society; promote political pluralism; increase energy security and clean energy; promote reforms necessary to foster economic development; expand private-sector competitiveness; and attract foreign investment. U.S. programs will have a focus on Science, Technology, Innovation, and Partnerships (STIP). Increased funding will expand support to displaced persons within communities along the Administrative Boundary Lines with South Ossetia and Abkhazia, for example, through



small scale infrastructure and income generation projects for vulnerable households. U.S. assistance also will improve access to independent, reliable, and balanced media to those living within the occupied territories.

The other two countries in the region which saw their total aid packages increase were Kyrgyzstan and Tajikistan. While security assistance to each country remained about the same as from last year's request, economic aid to each would be increased under this budget: from \$36.3 to \$45.6 million for Kyrgyzstan, and \$21.1 to \$28.4 million for Tajikistan.

For Kyrgyzstan:

U.S. assistance will support democratic institutions, helping the Kyrgyz Republic to consolidate its progress toward accountable, inclusive governance, and working towards increased economic opportunities and increased resilience to external shocks. Programs will also aim to address chronic instability by bolstering civil society, support the rule of law and human rights, empower the private sector as a means to foster economic growth, and address key social issues such as education. Assistance will also support domestic energy policy reform to increase energy efficiency.

For Tajikistan:

U.S. assistance will enhance Tajikistan's stability, particularly along its long and porous border with Afghanistan. Programs will help build economic resiliency so that Tajikistan is less reliant on remittances, which make up fifty percent of its GDP, and less vulnerable to external pressures. Assistance will strengthen local governance and provide training opportunities to secure skilled employment. Programs will address systemic problems that contribute to food shortages such as inequitable access to water, inadequate supplies of seeds and fertilizer, a lack of modern technologies, and poor farm practices. [Economic Support Funds] will also help increase literacy rates, help young people find employment, and support domestic energy policy reform to increase energy efficiency.

Central Asia regional economic aid programs would get \$21.7 million (up from \$16.9 million last year):

U.S. assistance will continue to support regional cross-border activities under the New Silk Road initiative, which aims to further Afghanistan's economic integration into the broader region and increase Central Asia's access to diverse markets. Specifically, these resources will fund projects that increase economic growth and trade, including improving the transit of legal goods and services across borders, increase regional cooperation on the use of energy resources, increase cooperation and rational use of water and other natural resources, and improve governance along trade and transit corridors.

Interestingly, none of the Central Asian countries has been given Foreign Military Financing aid for FY2016, but the amount devoted to "Central Asia Regional" programs was \$3.2 million, roughly the same as the region was promised last year.



The aggregate figures:

Armenia: \$22.4 million, down from the FY2015 request of \$24.7 million;  
Azerbaijan: \$11.1 million, down from the FY2015 request of \$12.7 million;  
Georgia: \$76.2 million, up from the FY2015 request of \$54 million;  
Kazakhstan: \$7.5 million, down from the FY2015 request of \$8.3 million;  
Kyrgyzstan: \$45.6 million, up from the FY2015 request of \$36.3 million;  
Tajikistan: \$28.4 million, up from the FY2015 request of \$21.1 million;  
Turkmenistan: \$4.5 million, down from the FY2015 request of \$4.9 million;  
Uzbekistan: \$6.2 million, down from the FY2015 request of \$6.8 million.

It should be noted that in terms of military aid, the above figures are only part of the picture, an increasing portion of aid to the region is funded by the Department of Defense, rather than through the traditional State Department programs like FMF.

Fuente: Eurasia Review

**Tajikistan to join EXPO 2017 in Kazakhstan**

Tajikistan has confirmed its participation in EXPO 2017, the Kazakh foreign ministry said.

A Kazakh delegation headed by Rapol Zhoshybayev, Expo 2017 Commissioner - First Deputy Foreign Minister of Kazakhstan paid a working visit to Tajikistan. The bilateral meetings were held with Davlatoli Said, First Deputy Prime Minister of Tajikistan and Parviz Davlatzoda, Deputy Minister of Foreign Affairs of Tajikistan as part of this visit.

Said, on behalf of the Tajik government, confirmed Tajikistan's participation in EXPO 2017 and assured that Dushanbe will be adequately represented at Astana's exhibition.

Said also drew attention to the similarity of the main objectives of the Green Bridge partnership program with the Tajik leadership's initiatives on the use of environmentally friendly hydropower, environmental protection and transfer of new technologies.

The sides also discussed the implementation of joint projects in the field of mining and metallurgical industry, transport and logistics, as well as power engineering.



"The issues of strengthening the Kazakh-Tajik bilateral relations negotiations were discussed with the Deputy Foreign Minister of Tajikistan Parviz Davlatzoda," the statement says. "In particular, they discussed the issues of organizing the exchange of visits at various levels and another meeting of the Kazakh-Tajik intergovernmental commission on trade and economic cooperation, as well as holding the Days of Culture of Kazakhstan in Tajikistan."

Fuente: azernews

### **Tajikistan to increase production of aluminium this year**

Mr Sharif Rakhimzoda, Tajikistan's Minister of Economic Development and Trade, declared that the country plans to increase its aluminium output to 190,000 tonnes from the 121,000 tonnes produced the previous year.

The ministry had declared an estimated production of 150,000 tonnes of aluminium last year but the target could not be fulfilled as the aluminium prices started falling globally in 2014, with an average price of USD 1,870 per tone.

The minister said that Tajikistan Aluminium Company has joined hands with the Norwegian aluminium producer Hydro and together they will be able to improve TALCO's production and sale of the metal.

TALCO is the largest state owned aluminium producer in Tajikistan with the overall capacity of producing 500,000 tonnes of aluminium per year. The company is a prime entity in the country's economy contributing 45% to the GDP and 90% to the foreign exchange earnings. In 2014, Tajikistan exported 125, 000 tonnes of aluminium earning a total of USD 234 million.

On January 14, an agreement between the Tajik government and the Export Import Bank of China was approved by the Tajik parliament allowing the concessional loan required for constructing a cryolite plant, an aluminium fluoride plant and a sulphuric acid plant as a part of TALCO's modernization plan.

Fuente: Alcircle.com

### **Modernization of the Mining Cadastre of the Republic of Tajikistan**

GAF to implement its electronic mining cadastre framework eMC+ in the Republic of Tajikistan

GAF is pleased to announce the acquisition of a contract to design and implement a new mining title-cadastre and registry system for the Republic of Tajikistan. The client and beneficiary is the Department of Geology under the State Committee for Investments and State Property Management.

The overall project objective is improving governance in the mining sector by establishing a transparent system for granting and managing mineral permits. The efficient and reliable administration of such titles is considered to be a key factor in increasing investment and growth in the Republic of Tajikistan's mining sector.



In practical terms, the project involves implementing a rule-based, computerised management system with GIS functionality that caters for the entire life cycle of mineral titles. The system must also ensure that the title administration procedures comply with the relevant laws and regulations. The implementation will be accompanied by institutional and technical capacity building activities within the cadastral organisation. The resulting improved and transparent administration of mining titles is expected to make the mining sector more attractive to private sector investment, to exploration and mining companies.

The project has a duration of two years and is embedded in the “Tajikistan Private Sector Competitiveness Project” funded by the World Bank/International Development Association (IDA). This was launched as a response to Tajikistan’s request for assistance in developing its mineral sector. It will result in the introduction of best practices and will strengthen the contribution of Tajikistan’s mining sector to economic development in the country.

The assignment is well-suited to GAF, as the company has more than 20 years of experience in the institutional and technical establishment and reorganisation of mining cadastre authorities. This includes the provision of associated consultancy services and cutting-edge software solutions. GAF’s comprehensive experience and skills in the field of mining, land management and agriculture cadastres and registries is underlined by the fact that it has implemented more than 2000 cadastre-application installations in the public and private sectors. GAF’s software unit consists of more than 40 software programmers, developers and testers.

#### About eMC+

eMC+ is GAF’s framework for providing mining cadastre authorities worldwide with a complete package of products and services. Using the eMC+ framework as a basis, GAF can create tailor-made and maintenance-friendly solutions for each individual client. As it is web-based, it works in an intranet setting as well as over the internet. The application’s source code can also be made available to the client, thereby ensuring that the solution can be used sustainably beyond the lifetime of the implementation project. The system is based on FOSS (free and open-source software), which ensures that no additional costs are incurred for 3rd party licenses and their maintenance. Thus the total cost of ownership is fully transparent and there is no vendor lock-in. eMC+ increases institutional capacity and efficiency by providing a comprehensive mineral tenure management

#### About GAF AG – Germany

GAF AG is a leading solutions-provider with an international reputation as a skilled provider of data, products and services in the fields of geo-information, spatial IT and consulting for private and public clients. Over the past 29 years, the company has been active in more than 500 projects in over 100 countries throughout Europe, Africa, Latin America and Asia. The company is part of the Telespazio Group, which belongs to Finmeccanica and Thales, two European technology leaders. GAF is currently performing mining governance and consulting projects in a number of countries, including Morocco, Mongolia, Nigeria, Laos, Cameroon, Sierra Leone, Tajikistan, and Afghanistan

Fuente: <http://gisuser.com/>



## **China's Central Asian Opportunity**

China might be a saving grace for Central Asia's economies.

Earlier this week, I penned an admittedly pessimistic take on Central Asia's short- and medium-term economic fortunes owing primarily to the collapse of the ruble. Even though the current crisis should be an important reminder of the risks of economic over-reliance on Russia, these states should seize the opportunity to appeal to China's westward impulses. Critically, by attracting Chinese trade and investment at a time of economic need, these former Soviet republics could bring some much-needed balance to their economies. Given China's strategic interest in Central Asia, perhaps best captured by Beijing's "March West" concept, attracting Beijing should not be an insurmountable task for these countries.

Beijing's interest in marching west, toward Central Asia and Eastern Europe, is in part due to a desire to hedge its current over-reliance on Asia's fragile sea lanes — fragile in the sense that Beijing is entirely vulnerable to sea-based interdiction by hostile foreign powers. Beijing's massive land borders with the Central Asian republics and Russia carry none of the inherent geographical risk of the increasingly volatile South China Sea. Beijing has already invested in a China-Central Asia gas pipeline which starts at the Turkmen-Uzbek border city of Gedaim and runs through central Uzbekistan and southern Kazakhstan on its way to China's Xinjiang province. As of late 2014, China had concluded several inter-governmental agreements with Uzbekistan, Tajikistan, Kyrgyzstan and Kazakhstan.

All this means that the groundwork for increased Chinese trade, investment, and financing toward Central Asia exists. Beijing should be willing to capitalize on the current opportunity in the region, not for the purposes of explicitly competing with Moscow — now a reliable partner — but to expand its linkages with Central Asia. What additionally sweetens the opportunity for China is the current collapse in global hydrocarbon prices. Central Asia's resource exports, now largely uncompetitive on the global market, can still find a willing importer to the east. China is still a massive net importer of fossil fuels and Central Asian governments should be doing all they can to convince Beijing to import more.

As I pointed out in my previous piece, a major risk of the current economic crisis is prolonged political instability in Central Asia — an intolerable outcome for Beijing. Given current instability in China's own western province of Xinjiang and concerns about growing Uighur separatism, Beijing will be keen to preserve political stability in Central Asia. China's checkbook diplomacy toward Central Asia thus can be about more than just energy security and geopolitical influence; Beijing will be keen to preserve its own national security by preventing civil unrest in Central Asia.

China might be the best opportunity for many of Central Asia's hurting economies to make the best of a bad situation. Approaching China does have its limitations, however. Significantly, expanding economic cooperation with China will do little to solve the issue of migrant workers' remittances. While China can't entirely substitute the historic and cultural relationship these countries have with Russia, it can help alleviate the longer term damage of the current crisis.

Fuente: The Diplomat