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## REVISTA DE PRENSA

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### Kazajstán



#### Kazakhstan, South Korea Work Together in Healthcare

Deputy Prime Minister of Kazakhstan Berdybek Saparbayev met with a delegation from the Republic of Korea on March 26 to sign memorandums and discuss ongoing cooperation efforts.

The delegation included the heads of Gangnam Severance, the Health Industry Development Institute and the International Health Centre, all leading clinics in the country. Kazakhstan was represented by heads of the Ministry of Healthcare and Social Development, the Ministry of Education and Science and Al-Farabi Kazakhstan National University.

During the meeting, the parties noted the dynamic nature of cooperation between Kazakhstan and South Korea in healthcare. The memorandums signed between the ministries included one pertaining to the treatment of Kazakh citizens in South Korean clinics on a regular basis, as well as the training of local specialists.

In December 2014, a diagnostic centre was opened on the premises of Al-Farabi Kazakh National University with cooperation from Gangnam Severance hospital.

The East Kazakhstan region has the most active interaction with the Gangnam clinic. The region has held master classes with South Korean doctors and counselling sessions with patients from its most deprived



districts. In addition, the specialists have been trained to work in a rehabilitation centre in Ust-Kamenogorsk and expensive diagnostic equipment has been donated for use in the regional hospital. This year, leading doctors from Gangnam hospital are expected to arrive to perform complex pro bono operations.

The meeting also included discussions on prospects of further expanding bilateral cooperation, including those relating to the construction of a medical centre and a number of projects on the modernisation of regional emergency centres.

Fuente:astana times

### **Russia may build Kazakhstan's first NPP**

By Sara Rajabova

Russia's state nuclear energy corporation Rosatom intends to build Kazakhstan's first nuclear plant.

Rosatom expects before July 2015 to sign an agreement with Kazakhstan on the construction of the country's first nuclear power plant, Novosti-Kazakhstan reported citing Vitaly Ryabov, Rosatom's representative in Kazakhstan.

The sides are currently finalizing the details of the agreement, Ryabov said at the opening of the International Exhibition KazAtomExpo-2015 in Astana on April 7.

Russia's state nuclear corporation Rosatom signed a draft agreement for the construction and operation of the first commercial nuclear power station in Kazakhstan last September.

Rosatom said the draft agreement allows for a "pre-contract period" for the partners to study the technical, financial and economic aspects of the project.

Kazakhstan's Energy Ministry said earlier that power generation at Kazakhstan's first nuclear power plant is expected after 2025.

"Construction of a nuclear power plant takes 10-12 years, which include selection of the power plant's location, design works, construction, installation and adjustment of equipment, and the plant's commissioning. It is also necessary to carry out work to develop infrastructure, train personnel, and create the normative and technical basis. Thus, power generation at Kazakhstan's first nuclear power plant is expected after 2025," the ministry said.

The town of Kurchatov in the East Kazakhstan province and the village of Ulken in the Almaty province were named the most suitable locations for building a nuclear power plant in Kazakhstan, according to the Energy Ministry.

Earlier this year, Toshiba Corp. said it might export a reactor for a new nuclear power plant in Kazakhstan. Such deal would be the first of its kind since Japan never exported a nuclear reactor to a former Soviet republic before.

Toshiba and Kazakhstan's state-run nuclear power company Kazatomprom held negotiations in late December, at which point the two sides agreed on an order to be fulfilled by the Japanese manufacturer.

Toshiba will export an AP-1000 advanced pressurized light water reactor produced by U.S. subsidiary Westinghouse Electric Co., with a generating capacity around the level of one million kilowatts. The order's expected value is ¥400 billion (\$3.36 million) to ¥500 billion (\$4.2 million).



Kazakhstan has decided to build nuclear power plants and develop domestic production of nuclear fuel for them based on the fact that the country is a world leader in uranium production.

Kazakhstan was the world's leading producer of uranium in 2011 and has around 15 percent of the world's uranium resources. Uranium is needed to make fuel for nuclear reactors, according to the Nuclear Energy Agency and the International Atomic Energy Agency.

Given the current electricity deficit and in view of preventing power shortage in the future, the Kazakh government has chosen the city of Kurchatov - east of the country - to become home for the new nuclear plant.

Fuente: azernews

### **Kazakhstan: Fledgling Auto Industry Wants to Give Russia a Run for Its Money**

Kazakhstan has long sought to diversify its economy to make it less dependent on energy exports, a mission that has taken on increasing importance in this age of low oil prices. A state-of-the-art automobile production line situated on the steppes of northern Kazakhstan represents a potentially important step in this direction.

On the factory floor, sparks fly as workers weld doors to the chassis of an off-roader. "What we are building here is the SsangYong Nomad," says Igor Zhuzha, head of the welding workshop at the AgromashHolding factory outside the city of Kostanay, a center of Kazakhstan's fledgling automobile manufacturing industry.

This vehicle is aptly named for a country of former nomads where the jeep has replaced the horse as a favored mode of transport. Autos in general are "like a drug," joked Andrey Lavrentyev, president of automobile dealer and manufacturer AllurAuto, whose cars are produced at this plant. "You get into it [a car] once, then you do not want to get out of the car again."

Kazakhstanis certainly seem hooked: car sales boomed by 1,864 percent over the last decade, according to figures from the Association of the Kazakhstani Automobile Business: from 8,328 sold in 2004 to 163,561 last year.

But since last fall, sales have plummeted, dropping by 20 percent in November, 18 percent in December, and 28 percent in January (in year-on-year terms). This year will be "very painful," Lavrentyev told EurasiaNet.org in an interview in one of AllurAuto's plush car showrooms in Almaty.

Last year, the industry posted its first drop in sales in five years, of 1.3 percent. So are Kazakhstanis taking their feet off the gas?

In fact, they are still buying plenty of cars – but competition from Russia, Kazakhstan's partner in the Eurasian Economic Union (EEU), is putting the brakes on domestic auto sales. The reason for "the crisis on the automobile market" is the "shock devaluation of the ruble," Lavrentyev said.



Consumers have been flocking from Kazakhstan to Russia to buy cars, because the ruble's nosedive means they get more bang for their buck.

Almaty resident Marat Jarzhanov saved \$13,000 by traveling 4,000 kilometers to Moscow to buy a Nissan Qashqai in January – even after paying his airfare and shipping costs to Kazakhstan.

“I decided to go to Russia [because of] the price difference,” he told EurasiaNet.org. “Thanks to [the EEU] I did not need to make customs clearance, so it was a winning idea.”

In October, November, and December, 36,527 vehicles were brought into Kazakhstan from Russia – almost equivalent to the 38,380 cars sold inside the country in that period. The share of Kazakhstani-made vehicles in sales tumbled from 20 percent last October to 12 percent in January.

Manufacturing output also dipped last year, by 1 percent, to 37,157 cars – although AllurAuto's output rocketed, by 29 percent. It produced 8,354 cars last year, partnering with international brands like Peugeot, Toyota, and SsangYong. It is a small, but impressive number for a firm that only branched out from selling to manufacturing in 2010.

“In just four years, every fifth car produced in the country is ours,” said Lavrentyev, who owns 30 percent of AllurAuto. Oligarch Yuriy Tskhay owns the remainder. “We control 23 percent of the country's automobile output.”

Rival AZIA AVTO, which manufactures vehicles in Oskemen (Ust-Kamenogorsk) in eastern Kazakhstan, accounts for the rest, but Lavrentyev hopes to become market leader by 2020.

The ambitious plans of this go-getting, self-made entrepreneur are music to the ears of the administration of President Nursultan Nazarbayev: it views manufacturing as the linchpin of Astana's diversification drive to wean the economy off oil and gas – and the automobile sector is “a real driver” of industrial growth, said Lavrentyev.

Output at AllurAuto will be flat this year: it has shelved plans for a massive boost to 20,000 vehicles, scaling back to 8,500. Executives cite the flood of Russian imports as the reason for the reduction.

Kazakhstani manufacturers and dealers have long accused Russian rivals of protectionism, despite the EEU's theoretical open market – and Moscow has just announced another \$26-million injection to prop up its flagging automobile industry.

Astana is responding in kind, with a \$107-million package to fund vehicle loans to stimulate demand, and there are additional measures under discussion between the government and industry executives.



Mutterings about unfair competition notwithstanding, Lavrentyev sees the EEU as a “blessing,” opening up a market of 170 million people – 10 times Kazakhstan’s population.

He also spies opportunities as automobile giants like GM exit Russia, spooked by the ailing economy and western sanctions: “Someone has to fill this niche,” he said.

As Kazakhstan’s dealers slash prices to compete with Russian automakers, Astana has ruled out one measure that would stop buyers going across the border searching for bargains: a snap devaluation to weaken the tenge against the ruble (a sliding devaluation is planned instead).

Automobile magnates back that strategy, since sudden devaluation (as that carried out in 2014) creates economic havoc and is no “panacea,” Nurlan Smagulov, president of the auto dealership Astana Motors, said in January; Lavrentyev also favors a “firm tenge.”

Like other companies, AllurAuto – which employs a 2,500-strong workforce – is “belt-tightening all round,” he said, including a 15-percent pay cut for top management because “the soldiers will not fight if the general is sitting gorging himself.” He ruled out job cuts on the shop floor, but added that back office cuts were possible.

Challenges aside, Lavrentyev is bullish about the future: his company has just raised its 2015 sales forecast by 57 percent, from 70,000 cars to 110,000.

He believes there is ample room for expansion: car penetration is low in Kazakhstan, at 270 per 1,000 people (against 439 per 1,000 in the United States), and half of the cars already on Kazakhstani roads are over two decades old.

With the right “state protection and support,” concludes Lavrentyev, Kazakhstan’s nascent automobile industry has every chance of “growing its muscles and capacity.”

Fuente: eurasianet

### **Does Nuclear Deal Presage a New Era for Iran-Central Asia Relations?**

A EurasiaNet Partner Post from: RFE/RL

Did a door to Europe just open up for Central Asia?

The five Central Asian states have been independent for nearly 25 years and throughout that time -- as talk continued about recreating the ancient Silk Road -- there was always one direction that was off limits: the route through Iran.

But, judging by the encouraging news from negotiations between Tehran and world powers, that route might soon open and, if it does, it will have a dramatic effect on Central Asia.



RFE/RL's Turkmen Service, known locally as Azatlyk, assembled a roundtable discussion to discuss the new opportunities for Central Asia if and when international sanctions on Iran started to be lifted.

Azatlyk director Muhammad Tahir moderated a panel that included Mohammad Boghrati of RFE/RL's Radio Farda, Alex Vatanka of the Washington-based Middle East Institute, and Hussein Aryan, a London-based independent Iranian analyst. As usual, I also chimed in with some comments.

In terms of trade, Central Asia is ideally located geographically in the heart of the Eurasian continent, but geopolitically the region has been boxed in.

The southern trade route through Afghanistan has been practically impossible due to instability and Iran was effectively off limits. The Caspian Sea to the west offers little trade potential at the moment, due in large part to its unclear legal status.

As Vatanka noted, this meant that the only routes open to Central Asia up to now have been "to the north, the giant Russia, and to the east another giant, China."

The Central Asians have wanted "to break that geopolitical grip [of China and Russia]," but with the southern route closed off there were no other options. Now, Vatanka said, "You see from Astana to Ashgabat an interest in reconsidering what Iran can do for them geopolitically to lessen their reliance on countries like Russia and China."

A trade route through Iran, westward toward Europe or south to the Persian Gulf States, changes the dynamics of trade for Central Asia and would also give the five countries a bit more leverage at the bargaining table with their "giant" neighbors.

And the most dramatic change in trade is likely to be in energy politics.

"One particular area where Iran would be interested in having sanctions lifted would be in the domain of energy where Iran would be able to absorb foreign investment," Aryan explained. "That would give Iran a real boost in terms of its economy."

Iran not only has huge oil and gas reserves, it also offers the shortest non-Russian route for shipping Central Asian gas and oil to Europe. President Hassan Rohani mentioned this fact during his visit to Turkmenistan last month and the National Iranian Gas Company (NIGC) publicly offered at the start of February to transfer Azerbaijani and Turkmen gas to Europe through Turkey.

The European Union has been anxious to diversify its gas suppliers so it can decrease its dependence on Russian gas. The EU Southern Gas Corridor projects include receiving supplies of Azerbaijani and Turkmen gas, and possibly also gas from Kazakhstan and Uzbekistan, via this route.



The EU has been speaking with Azerbaijan and Turkmenistan for months about finally building a Trans-Caspian pipeline (TCP) to bring Turkmen gas across the Caspian Sea to Azerbaijan and on to Europe. The EU's chief negotiator for the Southern Gas Corridor, Maros Sefcovic, is due to go to Turkmenistan in the coming weeks to discuss the construction of the TCP.

Iran would be an easier and cheaper route and the construction of the Trans-Anatolian Pipeline (TANAP) stretching across Turkey just started in mid-March. TANAP will eventually have the capacity to ship some 60 billion cubic meters of gas per year and will ultimately need more than Azerbaijani gas to fill it.

However, some of the panelists mentioned that it would be a minimum of five years and probably closer to a decade before any energy export projects through Iran were operational.

#### Other Issues

There were other concerns mentioned, such as the Turkish-Iranian rivalry in the region, which could one day threaten these southern routes to Europe.

However, Turkish President Recep Tayyip Erdogan was due to visit Iran on April 7, and the transportation of gas was reportedly high on his agenda.

One of the other factors to be considered is Russia's reaction to Iran not only entering the gas market, but acting as a transit country for gas from the Caspian Basin region. Russia is the obvious loser in such a scenario, as Iran, Azerbaijan, and Central Asian countries would be replacing Russian gas to Europe with their own gas, which is precisely the thinking that lies behind the Southern Gas Corridor project.

Another issue was the influence Iran might have on Central Asia if sanctions were lifted. Vatanka and Aryan agreed that the days when Iran might have dreamed of exporting its Islamic Revolution into Central Asia are long gone. There never was much hope for majority Shi'ite Iran to lure majority Sunni Central Asia into Tehran's sphere of influence, but there were such concerns and some Iranian movement in that direction in the early 1990s, right after the Central Asian states became independent.

Vatanka pointed out that Iran seems to have respected Russia's claim of influence in Central Asia and for that reason "If you look at what Iran does today in Iraq, Lebanon, Syria, in Bahrain or Yemen, you cannot compare the investment the Iranians have made in the Arab world to what they've done in Central Asia."

Aryan said the only influence Iran could have, or would even be interested in with respect to Central Asia, would be economic.

The Central Asian states do have one small advantage in building relations with a post-sanctions Iran. They already have ties with Tehran, albeit to varying degrees.



A gas pipeline was built in the late 1990s connecting Iran to Turkmenistan (and another more recently) and Tehran has oil-swap arrangements with fellow Caspian littoral states Kazakhstan and Turkmenistan. The Kazakhstan-Turkmenistan-Iran railway was just inaugurated at the end of last year. Iranian companies have also invested in projects in Tajikistan, notably the Sangtuda-2 hydropower plant.

That said, many of the top officials in the Central Asian governments were once members of the Communist Party during the Soviet era and still harbor deep suspicions about theocracies.

So the road from Central Asia to Europe through Iran is not likely to open easily.

These topics and more, including much more about Iran's domestic and foreign politics, are dealt with in the audio recording of the panel session.

Fuente: eurasianet

### **Indonesia to build two factories in Kazakhstan: Official**

Jakarta (ANTARA News) - Indonesia plans to build car tire and instant noodles factories in Kazakhstan to expand the export of its commodities to non-traditional markets in Central Asia, a top official of the Ministry of Foreign Affairs said.

Speaking at a seminar on "Indonesian Economic Diplomacy in Central Asia" here on Wednesday, Director of South and Central Asia of the ministry Listyowati stated that the establishment of the two factories was part of efforts to increase Indonesias volume of trade in Kazakhstan, given its strong economy.

So far, Indonesia has only exported car tires to Kazakhstan instead of building a factory there due to certain obstacles. These include the high costs of logistics and transportation.

"A memorandum of understanding has been signed by private sector companies of both countries. However, it will take time to realize the construction of the two factories," she pointed out.

Listyowati added that Indonesia needs to follow the ways of Singapore and Malaysia. The two neighboring countries have introduced direct flights and cargo plane services to some Central Asian countries.

Moreover, she believes that the instant noodles market in Kazakhstan has potential to be tapped into because the country produces abundant wheat, which can be used as the main ingredient of the product in the factory.

Indonesia can also export other commodities, such as medicines, textiles, herbs, furniture, and spare parts, to Kazakhstan.



In addition, these efforts are part of plans to boost the export of Indonesian commodities to non-traditional markets in Central Asia, such as Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

Furthermore, Indonesia witnessed a downward trend in bilateral trade with four countries in the 2010 to 2014 period. Trade with Kazakhstan dropped by some 3.42 percent; with Kyrgyzstan by 23.17 percent; with Tajikistan by 43.65 percent; and with Turkmenistan by 43.65 percent.

Indonesia posted an upward trend with only two countries---an increase of about 21.84 percent with Azerbaijan, and 16.26 percent with Uzbekistan.

Some large countries, such as the United States, Russia and China, have begun to expand their investments in Central Asian countries.

So Indonesia is expected to increase its trade volume as well by using Kazakhstan as a hub due to its strategic position, which can help connect the country with some big markets such as China and Russia. (\*)

Fuente: antaranews

### **Kazakhstan adopts Islamic finance laws, eyes first sovereign sukuk**

ASTANA, April 8 (Reuters) - Kazakhstan's parliament approved new Islamic finance laws on Wednesday, moving a step closer to launching the oil-producing nation's first sovereign Islamic bond - possibly in early 2016. The mainly Muslim state, Central Asia's largest economy, hopes to become a regional centre for Islamic finance, based on principles including bans on interest.

The lower house of the legislature passed a bill introducing new definitions, such as Islamic insurance known as "takaful", Islamic leasing, and "murabaha", an acceptable form of credit sale under Sharia, the Islamic religious law.

"We expect that very soon the Finance Ministry will propose a new draft law on the sukuk (Islamic bond)," Yerlan Baidaut, an adviser to the Investments and Development Ministry, told Reuters.

"Probably, the launch of a sovereign sukuk may take place early next year," added Baidaut, who heads the Islamic Finance Development Association.

Kazakhstan's first Islamic bond was a 240 million Malaysian ringgit (\$73 million), five-year sukuk issued by the state-owned Development Bank of Kazakhstan in 2012.

Proponents of Islamic finance cite Kazakhstan's painful recent experience with conventional finance, pointing to a crisis in 2007-2008 which was triggered by banks' exposure to bloated real estate markets and reliance on foreign funding.

Islamic finance claims to be less risky because transactions are meant to be based on income from real assets. (Reporting by Raushan Nurshayeva; Additional reporting by Mariya Gordeyeva in Almaty; Writing by Dmitry Solovyov; Editing by Ruth Pitchford)

Fuente: Yahoo Finance



## **Almaty on route to financial hub role in Central Asia: its own legislation to provide security for investments**

Talks about Almaty becoming the financial hub of Central Asia have resurfaced last summer, when Kairat Kelimbetov, Governor of Kazakhstan's central bank, talked about the city's potential on the international financial arena.

Kelimbetov talked about revisiting the Concept of Developing Almaty as a Financial Center. Earlier, Kazakhstan's Minister of Finance Bakhyt Sultanov said that a conceptual document on development of a separate legislation for Almaty was being considered.

“Almaty has already become a financial center. In some terms, the city has been recognized and rated as one. But, for Almaty to be more attractive for businesses, first of all the city needs a specific legislation and secondly, there has to be a mechanism for comprehensive protection of investments and investors in place. That is why we are considering introduction of an international commercial court and a separate legislation altogether convenient for investors. This can be achieved fairly soon,” Sultanov told the journalists.

In response to the question on whether Almaty as a regional financial hub would be getting its own legislation, the Minister confirmed that institutions responsible for this matter were considering the possibility.

“Yes, this possibility is being considered. For instance, the usage of the British legislation on the territory of Almaty as the regional financial hub. The concept is at consideration stage yet,” Bakhyt Sultanov stressed.

On March 11, 2015 President Nursultan Nazarbayev talked about the importance of creating a special status for Almaty during the Nur Otan party congress. “The process of establishing Almaty as a financial center has stalled. It needs new dynamics. It requires fundamental changes. We need to vest Almaty with a special status and give it its own legislation for business like in Dubai and other countries. It is a necessity,” Nazarbayev stressed.

Going back to Kelimbetov, the concept for Almaty's development into a financial hub by 2020 envisions strategic restructuring of the city's infrastructure, business environment, financial infrastructure and creation of new education centers.

Fuente: tengrinews

## **Producers of milk and butter mislead consumers: Kazakhstan's Agriculture Minister**

Kazakhstan's Minister of Agriculture Asylzhan Mamytbekov has talked about dairy products, particularly milk and butter, produced in Kazakhstan that violate technical regulations and mislead consumers, Tengrinews reports. He spoke about it at Kazakhstan's Food Security: The Urgency of Agriculture and Agribusiness Development conference organized by American Chamber of Commerce and held on March 13 in Astana.



"One dairy farm in Kostanai oblast recently had to dump 30 tons of milk, because a milk plant did not accept (the dairy farm's) milk. Milk plant often prefer to use powdered milk supplied by Russia and then sell it (milk) as if it was natural milk. Why? Because, unfortunately, in the market the concepts are changing for consumers. Milk that, in fact, has no right to be even called milk is sold everywhere as if it was real milk. We know that nearly half of all the milk is produced from powder," Mamytbekov explained.

"If you walk into a grossery store, you will not find reconstituted milk, it is what it (milk produced from powder) should be called. According to Kazakhstan's technical regulations, milk, which is made of powder, should be called reconstituted milk. But you won't find any such milk, because it is surprisingly called natural milk," Mamytbekov said.

In such conditions, producers of natural milk have to compete with producers, who use powder to produce milk. This violates the technical regulations and misleads consumers. According to the Minister, if consumers knew the truth, they would rather pay a little bit more for the product that it is real and healthier. "Because of the lack of proper control, our consumers have to end up in such situation," Mamytbekov said.

Besides milk, Kazakhstan's Agriculture Minister also spoke about other dairy products. "Butter competes with spreads and butter, which contains natural additives. Margarine is called butter. The same is true for other products. For example, last year when a tomato paste was tested, it turned out that it did not contain any tomatoes. There were mashed vegetables full of flavorings and colorings, but it was called 'tomato paste'. This falsification is deception of consumer. It has a huge negative impact on our producers. They can not compete with unscrupulous products, and it significantly affects both their profits and sales," he said. Mamytbekov emphasized that Kazakhstan had to step up control in that area.

The video below was made by the Kazakh farmer who had to dump 30 tons of milk.

Fuente: tengrinews

### **Astana gasification gets off ground**

Saryarka Social-Entrepreneurial Corporation (SEC) and KazTransGas JSC have jointly launched a project for exploration of methane gas in Karaganda coal basin. They want to use the fuel for gasification of Astana, Kazakhstan's capital Tengrinews reports with a reference to the press service of Karaganda Oblast municipal authorities.

Saryarka SEC is the national company promoting economic development of Karaganda Oblast facilitating public-private partnership.

KazTransGas JSC is the national gas company responsible for integration and development of gas sector, reliable and safe gas supply to consumers in Kazakhstan. It also aims to maximize profit from Kazakhstan gas export and



utilizes the country's transit capacity, works on improving the profitability from gas processing and sales at the domestic market.

The relevant cooperation agreement on the project of exploration in Sherubai-Nurinsky coal deposit between the two companies was signed on 5 April. All the obligations related to the execution of the exploration contract are born by the SEC, while the funding for the exploration works is provided by KTG.

Joint implementation of the project will solve the problem of gasification of Astana and Karaganda Oblast and will also help to solve a number of major socio-economic issues in Kazakhstan.

Currently, the total annual gas demand in Karaganda Oblast is at about 1-1.5 billion cubic meters. 30 percent of this amount is required to supply energy to the region, while the rest should cover the needs of the industry in the region.

The total annual gas demand of Astana is 1.1 billion cubic meters, of which about 600 million is needed for energy (CHP-1, CHP-2, CHP-3) and about 500 million is needed for domestic use.

A year ago, it was announced that the gasification project in Astana was postponed because of the high cost. In January this year, Minister of Energy said that the authorities were looking into the idea of supplying Astana with coal bed methane.

According to preliminary data, probable reserves of methane in Sherubai-Nurinsky coal-bearing area equal about 50 billion cubic meters - the amount enough to supply gas in the region for 20 years.

The exploration works are expected to be completed in 2015-2017. In case they produce good results, the new reserves will be put on the state balance, and methane production works will commence.

Fuente: tengrinews

### **UPDATE 2-KMG EP proposes low dividend as oil drops, parent eyes takeover**

ALMATY, April 8 (Reuters) - KazMunaiGas Exploration Production (KMG EP) has proposed a smaller dividend for 2014 as the London-listed company faces low oil prices.

KMG EP, Kazakhstan's third-largest oil producer, said on Wednesday that its board had recommended a dividend payout of about 30 billion tenge (\$162 million), a sharp fall from the \$730 million the company paid out in 2013.



KMG EP's net profit fell by 67 percent to 47 billion tenge (\$263 million) last year, mainly due to impairment charges related to its main production unit.

It revised its 2015 budget this month, saying it expected its free cash flow to be negative this year if crude oil prices remain around \$50 per barrel.

"The company needs to have a maximum (safety) cushion in order to be able to live through the hard times," said Yerkin Abdrakhmanov, senior equity analyst at Kazakh investment company Halyk Finance.

"This is why they decided to cut their dividend now and not next year, as we had supposed before."

Kazakhstan's national oil company KazMunaiGas said in January it was withdrawing an offer to buy up KMG EP's shares, citing volatility on the oil market.

"We believe the lower dividend could be a way for the parent company, NC KazMunaiGas, to make minorities more receptive to a future takeover approach," analysts at Sberbank CIB said in a note.

KMG EP produced 12.328 million tonnes (250,000 barrels per day) of crude oil in 2014, marking a fall of less than 1 percent from its 2013 output. (Writing by Dmitry Solovyov; Additional reporting by Mariya Gordeyeva and Vladimir Soldatkin in Moscow; editing by Jason Neely and Louise Heavens).

Fuente: <http://www.lse.co.uk/>

### **Alstom/TMH electric locomotive enters service**

KAZAKHSTAN: The first of 95 Type KZ4AT electric passenger locomotives has entered revenue service on the Astana – Kokshetau route, Alstom announced on April 2. Two more are now on test and are expected to be handed over this year.

The KZ4AT was developed by Alstom and Transmashholding and is being supplied to Kazakh national railway KTZ by the EKZ joint venture between the two manufacturers and the operator.

The 25 kV 50 Hz KZ4AT is designed for the Kazakh and wider CIS markets, with a maximum speed of 200 km/h and the ability to operate in temperatures ranging from -50°C to +45°C.

The design has a greater degree of Alstom input than the locomotives which are being built for Russian Railways by the Alstom/TMH joint venture at Novochoerkassk. The traction system is based on Alstom technology and components, and is jointly produced by Alstom and Transmashholding. The modular design is expected to minimise maintenance, leading to a low life-cycle cost and high levels of reliability.



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EKZ is to supply KTZ with 200 KZ8A twin-section freight and 95 KZ4AT single-section passenger electric locomotives by 2020 under an October 27 2010 framework contract worth €1.3bn. The initial 10 freight locomotives were supplied from Alstom's Belfort plant in France, with the first rolled out in October 2012, and 15 more were supplied in kit form. The first of the passenger locomotives was also supplied from Belfort.

The joint venture partners launched construction of the EKZ factory in Astana in June 2010, and it was officially inaugurated on December 4 2012. So far 25 freight locomotives have been certified and handed over.

In October 2014, Alstom and KTZ reached an agreement for Alstom to increase its share in EKZ from 25% to 50% and expand its activities to include maintenance.

Fuente:<http://www.railwaygazette.com/>



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## Kirguistán



### **IMF approves \$92 million credit to support Kyrgyzstan**

BISHKEK (TCA) — The Executive Board of the International Monetary Fund (IMF) on April 8 approved a three-year arrangement under the Extended Credit Facility (ECF) for the Kyrgyz Republic in a sum equivalent to SDR 66.6 million (about US \$92.4 million), which enables the immediate disbursement of about \$13.2 million, while the remaining amount will be phased over the duration of the program, the IMF said.

The new IMF-supported program will provide a macroeconomic framework that will support the Kyrgyz authorities' efforts to reduce macroeconomic vulnerabilities stemming from a weak regional environment and dependency on gold and remittances.

“Despite Kyrgyz Republic’s good performance under the 2011–14 Extended Credit Facility arrangement, important challenges remain,” said Mr. Min Zhu, IMF Deputy Managing Director. “These include a weak regional economic environment that is weighing on growth; a high public debt resulting from an ambitious investment program; the transition to the Eurasian Economic Union; and heavy reliance on gold, remittances, and foreign aid. Moreover, further progress on the reform agenda is needed, particularly in the financial sector. The authorities’ program, which will be supported by a new three-year Extended Credit Facility arrangement, aims to address these challenges by helping achieve fiscal and debt sustainability, ensure financial sector stability, and encourage structural reforms to boost the economy’s growth potential.”

“The fiscal strategy will play a critical role. It will consist of a pause in fiscal consolidation in 2015 to accommodate external shocks, followed by the resumption of the adjustment in 2016–17 to maintain public debt at a sustainable level. Strong tax measures to increase revenues as well as the streamlining of current expenditures will be essential to improve the operating balance. The elaboration of a new debt management



strategy and the review of the public investment program are crucial to address the high public debt level,” the Deputy Managing Director said.

He also said that Kyrgyzstan’s central bank will focus on containing inflation and also limit foreign exchange interventions to smoothing excessive volatility without resisting exchange rate trends.

Fuente: Timesca

### **Deal to create Kumtor joint venture in Kyrgyzstan has failed**

BISHKEK (TCA) – The Kyrgyz Government and Centerra Gold Inc have not agreed on the future of the Kumtor gold project. On April 7, the Committee on Fuel and Energy Complex and Subsoil Use of the Kyrgyz Parliament found the Government’s work on the Kumtor gold project unsatisfactory.

Kumtor, the largest gold mine in Central Asia, is located in Kyrgyzstan’s Tien Shan mountains. Centerra owns 100% of the Kumtor gold mine through its wholly owned subsidiary Kumtor Gold Company. The Kyrgyz Republic holds 33% shares in Centerra through the state gold company KyrgyzAltyn.

Kyrgyz Prime Minister Joomart Otorbayev said that negotiations on Kumtor with Centerra will continue, but the parties have not come to an agreement. A 50/50 joint venture is disadvantageous for the Kyrgyz side, said the Prime Minister. He is against the creation of a joint venture under the terms offered by the Canadian side.

“It is good that a joint venture has not been created, because the recent studies have shown that the JV would be uneconomical for Kyrgyzstan,” he said.

The Government has decided not to create the joint venture after the publication of Centerra’s mining plan at the Kumtor deposit, which significantly reduced its probable gold reserves.

#### *Terms changed*

On February 9, Centerra announced a decrease in Kumtor gold reserves and a new development plan for 2015-2016. On March 26, the company released a new mining plan with a decrease of 21% which will significantly reduce Kyrgyzstan’s benefits of participating in the project.

In turn, Kyrgyzstan demanded to change the terms of the agreement and provide payment in advance. Centerra has not accepted the offer.

The Kyrgyz Government said that it is impossible now to sign the agreement with equal shares, as the current conditions contradict to Kyrgyzstan’s interests.



There is also new information on the state of the mine, about significant risks that led to the revision of the work plans until 2020 including pit wall instability, the movement of the glacier, waste of rock dumps, tailings content, and drainage from the pit. This could lead to increased costs.

Unacceptable proposals

According to Otorbayev, Centerra makes the Government unacceptable proposals on the JV creation, offering small funds for land reclamation and working through offshore companies.

The Kyrgyz Government proposed Centerra to pay \$3 million for environmental pollution but the Canadian side is ready to pay \$1 million.

Kyrgyzstan wants to increase the trust fund to \$69 million while Centerra suggest \$40 million. The Kyrgyz Government proposed to abolish the lease of equipment, but the Canadian side insists on payment of the lease.  
JV or nationalization?

Otorbayev also expressed a negative opinion about the nationalization of Kumtor. The gold mine cannot be nationalized because there are big risks of payment of huge money to Centerra for damages. As a result, the mine's importance will be diminished and foreign investment will not come.

Earlier this year, the Ata Meken parliamentary faction initiated a bill on Kumtor's nationalization.

Otorbayev said he would resign if the MPs will insist on Kumtor's nationalization or the joint venture's creation. MPs questioned the outcome of the Government's negotiations with Centerra. "We did not get a definite answer about the future of the Kumtor project, as the Government has no specific arguments against its nationalization," MP Ryspayev said.

As a result, the Prime Minister suggested initiating, under the Canadian law, changes to Centerra's Board of Directors and management.

### *Background*

In February 2014, the Kyrgyz Government was tasked to create a 50/50 joint venture, and it predicted large gains in 2014. The Kyrgyz parliament supported the memorandum under which Kyrgyzstan and Centerra would create a joint venture with equal stakes.

On April 1, 2015, the Advisory Council on the negotiations with Centerra to restructure the Kumtor project discussed the outcome of the Government's negotiations with Centerra which took place from 23 to 30 March in Bishkek, as well as the content of Kumtor's revised mining plan, published on March 20, 2015 on the Centerra website.

As a result, in case of creation of a 50-50 joint venture, the previously projected dividends will be reduced significantly for the Kyrgyz side. There has been an adverse change in the input data and the conditions under



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which the Kyrgyz Government began negotiations with Centerra in 2013, and on the basis of which the Agreement was concluded in January 18, 2014.

According to the Advisory Board, the adoption and publication of a revised plan of the Kumtor mine was “an unpleasant surprise”, because this issue has never been discussed.

The State Agency for Geology and Mineral Resources was instructed to carry out a detailed analysis of calculations on Kumtor.

### *Conclusion*

Centerra has not yet accepted the proposal of the Kyrgyz side to adjust the agreement to establish a joint venture and will answer not earlier than in July of this year, the Geology Agency Chairman Duishenbek Zilaliyev said. The Kyrgyz Government also needs time to check the reasons and circumstances to reduce gold reserves, he added.

What Kumtor’s future could be? The Government opposes nationalization but the parliament supports it. Experts say that in case of Kumtor’s nationalization Kyrgyzstan’s shares in Centerra, arrested by the Canadian court as a result of a lost arbitration case, can be confiscated and Kyrgyzstan would lose up to 75% stake in Centerra.

It is clear that the Government is trying to avoid taking the responsibility, while delaying the negotiations, which have lasted for three years, badly affects Kyrgyzstan’s investment image and the country can be regarded an unreliable partner in the international market.

Fuente: Timesca



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### **Malta, Kyrgyzstan join AIIB as founding members**

Malta and Kyrgyzstan have been approved as prospective founding members of the Asian Infrastructure investment Bank (AIIB), China's Ministry of Finance said on Thursday.

This brings the number of prospective founders to 37, the ministry said. Membership will be finalized on April 15.

Founding members have the right to make rules for the bank. Countries that applied to join after March 31 will be ordinary members with voting rights only, and less say in the rule-making process.

The AIIB will finance for roads, railways, airports and other infrastructure in Asia. It is expected to be established by the end of this year.

Fuente: ECNS



## Tayikistán



### **Dzhoomart Otorbaev: Economic growth for 3 months in 2015 amounts to 7.7 percent**

"Economic growth in Kyrgyzstan for 3 months in 2015 amounted to 7.7 percent. At the same time collected more taxes than last year, at 10.5 percent, despite the fact that imports have significantly reduced," the Prime Minister of Kyrgyzstan Dzhoomart Otorbaev said today at the presentation of private sector development program for 2015-2017 years.

"Today, the state receives from the business more than it gives. But we fully fulfill all our social obligations. As a result, we have to thank those who have contributed to this process. We must do more to entrepreneurs could work efficiently and comfortably," Dzhoomart Otorbaev said.

Fuente: 24.kg

### **Tajikistan, Pakistan, Afghanistan finalizing Trilateral Transit Agreement**

Bishkek (AKIpress) - meeting Pakistan, Afghanistan and Tajikistan have almost neared on the finalization of draft of the Trilateral Transit Agreement among the three countries.

On April 9, the meeting of the working group of representatives of the governments of the three countries opened in Dushanbe. The meeting will agree on a draft of this agreement. "The relevant decision under this agreement will be made on April 10 this year at the end of the meeting of the working group," said the Ministry of Economic Development and Trade of Tajikistan on Friday.



In January this year, Pakistan handed the draft of the proposed Pakistan-Afghanistan-Tajikistan Trilateral Transit Agreement (PATTTTA) to both the Afghan and Tajik governments and sought their seeking proposals.

In the beginning of January this year, Pakistan and Afghanistan held two days negotiations to review Afghanistan Pakistan Transit Trade Agreement (APTTA) and to search out avenues of signing Trilateral Transit Trade Agreement (ATTA) amongst Pakistan, Afghanistan and Tajikistan with an aim to enhance trade volume up to \$5 billion over the next three years, according to Pakistani media.

Fuente: AkiPress

### **Trade winds: 'K-P trade with Tajikistan hobbled by logistics'**

Honorary Consul General of Tajikistan in Khyber-Pakhtunkhwa Said Mahmood says the creation of a trilateral chamber of commerce between Pakistan, Tajikistan and Afghanistan will improve the regional economy.

In an interview with The Express Tribune, Mahmood raised several issues which stand in the way of trade between Tajikistan and Pakistan and prevent the countries from unlocking their economic potential.

Highlighting that K-P is the gateway to Pakistan for Afghanistan and Central Asian Republics (CARs), Mahmood explained there is little awareness of business opportunities.

An importer-exporter himself, Mahmood explained how the shared cultural attributes between nations such as a common religion should ease trade rather than inhibit it.

At present, trade between K-P and Tajikistan must pass through Afghanistan, with the latter reaping sizable fees in customs and transportation costs. Like Pakistan, trucks from CARs cannot pass through Afghanistan legally without transit permits.

In order to transport goods, trucks require transit permits which are available only to Afghan nationals. Goods from K-P must first be exported to Afghanistan then imported again into Tajikistan, exposing a trade barrier between nations.

“If the government pays attention to K-P and increases economic awareness, exports will increase day by day and we will be able to do more business with CARs,” Mahmood explained. “There is a huge market for Pakistani goods in Afghanistan and Tajikistan,” he said.

Mahmood also suggested the government hold regular business exhibitions to promote trade with Tajikistan.



Currently, there are no direct flights from Pakistan to Tajikistan, which adds another barrier to international trade. Flights departing from Pakistan must pass through Dubai while en route to Tajikistan.

A regular Lahore to Dushanbe flight was planned in November 2012, but never took off. Today it takes more than a day to fly to Dushanbe even though its southeastern border is merely 17 kilometres from the Durand Line. Aside from the heavily anticipated Central Asia South Asia Electricity Transmission and Trade Project (CASA-1000) which will shuttle electricity to Pakistan via a converter station in Peshawar by 2018 and federal talks of a Pakistan-China Economic Corridor, trade between K-P and Tajikistan—a major source of hydropower—remains difficult.

Fuente: The Express Tribune

### **Tajikistan expected to tax offshore companies**

DUSHANBE, April 7, 2015, Asia-Plus -- The Tax Committee under the Government of Tajikistan has begun imposing taxes on companies somehow connected with offshore zones.

The Tax Committee says that amendments have been made to the country's tax code for the purpose of preventing tax evasion by companies registered in offshore zones or engaging in offshoring manufacturing or business services and owning shares in domestic companies or collaborating with domestic companies.

“For the purpose of taxation the list of offshore zones will be submitted for consideration to the Government and the National Bank of Tajikistan (NBT), which is authorized to combat money laundering,” the source says.

Besides, the amendments made to the tax code determine the procedure of taxation and rating for domestic companies carrying out transactions together with offshore companies.

The amendments reportedly took effect on April 1, 2015.

Fuente: Asia-Plus

### **IFC, Imkon Consulting urge Tajik companies to improve corporate governance**

DUSHANBE, April 9, 2015, Asia-Plus -- A new report by Imkon Consulting, a partner of International Finance Corporation (IFC), urges Tajik companies to improve their corporate information disclosure practices in order to enhance corporate governance, attract investment, and better contribute to Tajikistan's long-term economic growth.

The report, titled Surveying Corporate Governance in the Republic of Tajikistan: Corporate Websites through the Eyes of an Investor, is an independently produced survey of corporate information disclosure practices in



Tajikistan. It finds that most companies disclose corporate information, including details about financing, performance, ownership, and governance, on an ad hoc basis, often with incomplete information.

The report urges businesses to improve information disclosure, which is essential for shareholders, potential investors, regulatory authorities, and other stakeholders. It also supports the view that high standards of transparency and disclosure can have a positive impact on the cost of capital.

“At this crucial developmental stage, Tajik companies are in need of additional financing. We sensed this need and conducted research to highlight one of the powerful tools for attracting investors – transparency,” said Zamira Samadova, Director of Imkon Consulting. “Moreover, as an IFC partner, Imkon Consulting is fully equipped to provide high quality corporate governance services to local companies and help them improve practices and boost their investment profiles.”

Tahmina Nourova, IFC Operational Officer, said: “Good corporate disclosure is one of the key indicators of sound corporate governance and a good signal to potential investors who would like to have complete information about the situation in a particular company in order to compare investment opportunities. We hope the survey will encourage more Tajik firms to follow better information disclosure practices, demonstrating accountability and transparency.”

The report reviewed the websites of 32 companies from the financial, telecommunications, real, medicine, services, and transport sectors. This initiative is part of IFC’s Central Asia Corporate Governance Project, implemented in partnership with the government of Switzerland and the United Kingdom’s Department for International Development (DFID).

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. Working with private enterprises in about 100 countries, IFC uses its capital, expertise, and influence to help eliminate extreme poverty and boost shared prosperity. In FY14, it provided more than \$22 billion in financing to improve lives in developing countries and tackle the most urgent challenges of development.

Imkon Consulting operates in the market of Tajikistan since 2007. The company specializes in a range of services in management consulting and business education. Imkon Consulting is the official partner of IFC corporate governance.

Fuente:Asia-Plus