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Kashagan economically viable with prices for oil at \$100 per barrel

Kashagan oil project in the Caspian offshore will be economically viable with oil prices standing at \$100 per barrel, a Tengrinews.kz journalist reports, citing Sauat Mynbayev, KazMunaiGas Chairman of the Board.

“When it comes to economic viability of the Kashagan project, it is a complicated project calling for substantial investments. To the best of my knowledge, it can be economically viable with oil prices standing at \$100 per barrel. In the long term the figures are acceptable for the subcontractors (...) the formal contract life is up to 2041; however, the actual production could be extended for another 50 years. Both Tengiz and Karachaganak oilfields are effective projects, with the break even point being much lower than that of Kashagan. Both projects are profitable even with the current prices for oil in place”, he said.

He also reminded that the works to have the damaged pipelines fixed and have the oilfield producing oil again could be completed in the second half of 2016.

“A respective contract is ready. The project participating oil majors have already taken all the required decisions and approved of the contract. As far as I understand, the contract covers laying the pipes, their dispatch (...) Given the negative experience [of pipes being damaged], there will be a special welding technique applied. The works to have all the pipes running from the D artificial island to the Bolashak treatment facility could be completed in the H2 2016. With the all prep works completed and the contract in place, nothing is going to disrupt the timeframe. At the same time the consortium of oil majors developing the oilfield will be carrying out



a comprehensive stocktaking of the entire equipment both on the D island and at the Bolashak facility”, he elaborated.

“I want to emphasize that the expenses to be incurred by the participating companies to have the damaged pipes replaced will not be compensated for by the Government, in line with a special addendum to the contract signed back in 2008. Therefore, it serves the interests of the participating companies to have the pipes replaced within a shortest possible time at lowest possible expenses”.

Commercial production at Kashagan started September 11, 2013. However, it was suspended 2 weeks later due to a gas leakage. The production process was resumed shortly. However, another leakage was detected in October.

The Kashagan field, named after a 19th century Kazakh poet from Mangistau, is located in the Kazakhstan sector of the Caspian Sea and extends over a surface area of approximately 75 kilometers by 45 kilometers. The reservoir lies some 4,200 meters below the shallow waters of the northern part of the Caspian Sea and is highly pressured (770 bar of initial pressure). The crude oil that it contains has high ‘sour gas’ content.

The development of Kashagan, in the harsh offshore environment of the northern part of the Caspian Sea, represents a unique combination of technical and supply chain complexity. The combined safety, engineering, logistical and environmental challenges make it one of the largest and most complex industrial projects currently being developed anywhere in the world.

According to Kazakhstan geologists, geological reserves of Kashagan are estimated at 4.8 billion tons of oil. According to the project’s operator, the oilfield’s reserves are estimated at 38 billion barrels, with 10 billion barrels being recoverable. Besides, natural gas reserves are estimated at over 1 trillion cubic meters.

“We expect Kashagan to come on stream shortly. The volume of crude to be produced hinges on the period of repairs currently under way. Our estimates stand at about 2 million tons for 2014”, Tengrinews.kz reported mid-January 2014, quoting the country’s Oil and Gas Minister Uzakbai Karabalin as saying at a press-conference following the sitting of KAZENERGY petroleum association.

Fuente: Tengriz News

Pipe replacement at Kashagan to be completed on schedule during 2nd half of 2016 - KazMunaiGas head

ASTANA. Feb 9 (Interfax-Kazakhstan) – The replacement of pipes at the Kashagan oil field will be completed as planned during the 2nd half of 2016, CEO of National Company KazMunaiGas Sauat Mynbayev has said.

The replacement of pipes is a big scope of work, including deliveries and order of pipes made of special alloys that requires specialist welding technique given the previous negative experience, in short, the work scope involving the replacement of the pipeline from Island D to the complex Bolashak should be completed during the second half of 2016, Mynbayev told a Monday briefing in Astana.



He noted that given the job which was already done and concluded contracts nothing could prevent the project from being implemented on schedule.

In parallel within this period the consortium - the North Caspian Operating Company (NCO) – will carry out a total inventory of all its equipment at Bolashak and Island D in order to take the advantage of this outage, Mynbayev said.

The replacement of the pipes will not be refunded by Kazakhstan in accordance with an addendum to the agreement signed in 2008, according to Mynbayev. These are the consortium expenses not to be refunded by Kazakhstan and it has to be interested in completing the project as soon as possible with least costs, he added.

Oil production at Kashagan began on September 11, 2013. According to the PSA, the field should have reached the commercial production level by October 1, 2013. On September 24, 2013, however, the gas pipeline that ran from Island D to Bolashak Unit failed leading to a gas leak. The Kashagan field was shut down for repairs until October 6, when oil production was resumed. On October 9, 2013 another gas leak was detected on the same pipeline and, once again, the oil production was suspended and has not been resumed since then. The consortium said earlier that the gas leak in the pipeline was caused by sulfide stress cracking. Research showed that the oil and gas pipelines should be fully replaced and to do so 200 km of piping is required.

Kashagan is developed by NCO as part of the North Caspian project. Its shareholders are Agip Caspian Sea B.V. (16.81%), KMG Kashagan B.V. (16.88%), ExxonMobil Kazakhstan Inc. (16.81%), Inpex North Caspian Sea Ltd. (7.56%), Shell Kazakhstan Development B.V. (16.81%), Total EP Kazakhstan (16.81%) and CNPC Kazakhstan B.V. (8.33%).

The recoverable resources of the Kashagan field are estimated at 11 billion barrels and oil in place at nearly 35 billion barrels. Kashagan is considered to be the second largest oil field in the world following Prudhoe Bay Oil Field in Alaska, which was opened in 1968.

Fuente: Interfax-Kazakhstan

Ingenious method of wastewater treatment developed in East Kazakhstan

A method for purifying wastewater from heavy metals using diatoms has been developed by researchers of Serikbayev East Kazakhstan State Technical University, Tengrinews reports with a reference to the press service of National Center for Scientific and Technical Information.

Pollution with heavy metals is nearing critical levels in some regions of Kazakhstan. According to the Regional Center for Ecological Security, in 2013, some areas of Ust-Kamenogorsk had a content of cadmium in soil exceeding the maximum allowable concentration (MAC) by 40-60 times, of lead – by 20 times, of copper - by 30-90 times, and of zinc – by 15 times. The zinc content in the water of the rivers Ulba and Irtysh in the city reached 7.3 MAC and that of copper was as high as 7 MAC.

The new water purification method developed by the University is more than welcome in this region. It employs diatom algae, which are widespread in the waters of Eastern Kazakhstan.



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Y COMERCIAL DE ESPAÑA
ALMATY

They reproduce well in the waters of Kazakhstan and are quite capable of binding salts of mercury, cobalt, manganese, copper and zinc, says Vice-Rector for Science and International Cooperation of the University, Oleg Gavrilenko, Ph.D. in geological-mineralogical sciences. In addition, algal skeleton is capable of binding salts of radioactive elements.

This makes the method more or less cheap as well as productive. Certainly, replacing the chemical methods of wastewater treatment with the algae method is hardly possible. Nevertheless, it can become part of the process, Gavrilenko said.

The technology has been successfully tested and is being introduced at Kazzinc (Kazakh zinc production plant) sewage clearing site. Possibility of using the algae method in settling ponds of concentrating mills is being studied too.

The project was funded within the framework of state scientific and technical program of Kazakhstan.

Fuente: Tengriz News

KazMunaiGas head does not rule out further fuel price cut

ASTANA. Feb 9 (Interfax-Kazakhstan) – CEO of KazMunaiGas National Company Sauat Mynbayev considers it possible to decrease further fuel prices in Kazakhstan.

Further fuel price cut is quite likely because today's fuel overstocking should anyway result in attempts to empty tanks given that supplies to the domestic refineries were not reduced by the ministry and oil companies keep supplying agreed oil volumes domestically, and the situation, when storage tanks are full, may result in further fuel price decrease, Mynbayev told a Monday briefing in Astana.

Mynbayev said that fuel capped prices are set by Kazakhstan's energy ministry, although it does not regulate retail prices at filling stations. Retail prices may be even lower than capped prices established by the ministry in many instances, he added.

In December 2014, capped prices for fuel were reduced in Kazakhstan: for AI-92/93 petrol to 115 tenge per liter (184.75 tenge/\$1) from 109 tenge, for diesel and AI-80 petrol to 107 and 89 tenge per liter respectively.

Fuente: Interfax-Kazakhstan



Solar power plant to be built in Aktau in western Kazakhstan

A solar power plant will be built in Aktau in western Kazakhstan, Tengrinews reports citing BNews.kz. The total cost of the project is \$85.5 million.

Indian Empereal company focusing on renewable energy and desalination of water, the Mayor's Office of Aktau and the region's Chamber of Entrepreneurs signed an agreement to construct the plant for generation of solar and thermal energy and water desalination.

Mangistau Oblast in Kazakhstan's west was chosen as the plant's location because of high level of solar activity there. In addition, such plants are usually located in remote areas or islands where it is not feasible to construct long power transmission lines, gas and water pipelines.

Empereal company successfully implemented similar projects in nine countries of the world. It hopes that this project will help Kazakhstan achieve its goal of generating at least 30% of its electricity from renewable energy sources by 2020.

According to the company's founder and managing director Manoj Divakaran, the implementation of the project will begin in two months.

The company intends to build a modular plant, which will generate power from solar and thermal energy and will desalinate water. It takes around 12 - 15 months to construct the entire. The length of the construction periods depends on the plant's capacity.

This plant will be capable of producing at least 10 million liters of water and 150 MW of electricity per day.

One of the main goals of this project is also to reduce an environmental burden in the region. "The company will retain the fixed tariff rates set by the Kazakh government for the next 20-25 years. That is, it is a long-term project. Within the frameworks of a public-private partnership, a land plot will be leased to the company (foreigners cannot buy land in Kazakhstan), and additional investments will be attracted. A company will manage the plant after its commissioning for the next 20 years, and after that, it will become state-owned. The project is part of the state-run program for development of renewable energy sources in Kazakhstan," the Mayor of Aktau Yedil Zhanbyrshyn said.

The Indian company is not planning to stop at constructing the plant in Kazakhstan. Once the plant is built, they will open a research-and-innovation center in one of Kazakhstan's universities, they said.

Fuente: Tengriz News



Business support center opens in Kazakhstan

UST-KAMENOGORSK. KAZINFORM - A Business support center has opened its doors in Zyryanovskiy district of East Kazakhstan region.

The center will operate on one-stop principle.

National Chamber of Entrepreneurs, the Ministry of National Economy, "Damu" fund will improve the current system to support entrepreneurs in the regions through certain centers, the press service of East Kazakhstan Chamber of Entrepreneurs informs.

Business support center will provide a number of services for free, including the complete list of consultations to provide measures of financial and non-financial support for small and medium-sized businesses; protection of the rights and legitimate interests of entrepreneurs; support for organization and business development; learning the basics of entrepreneurship.

"The Head of State in his address to the people "Kazakhstan-2050 Strategy", a new policy of the established state, has outlined that the share of small and medium-sized businesses in the economy should grow two-fold by 2030. Kazakhstan has opened the Business Support Center with a full range of services for entrepreneurs. Our main goal is to help entrepreneurs, especially in rural areas and small towns, in all matters related to their business," said Deputy Chairman of the National Chamber of Entrepreneurs Nurzhan Altayev.

According to his words, the center has been established on the basis of the memorandum signed between JSC "Halyk Bank of Kazakhstan" and the National Chamber of Entrepreneurs.

Fuente: KazInform

Kazakhstan considers no restrictions for Russian oil product imports - KazMunayGas

Kazakhstan considered no restrictions for oil product imports from Russia, KazMunayGas National Energy Company Head Sauat Mynbayev said on Monday

"As far as I understand, no specific decisions on restricted oil product supplies from Russia have been taken and I don't know any drafts of such documents," he said. "As I understand, there will be no such restrictions," he added.

Kazakhstan annually imports about 1.8 million tons of light petroleum products from Russia, the KazMunayGas head said.

"This volume was determined earlier and is annually confirmed by the so-called indicative balance. But now imports from Russia slightly exceed the volumes, which were stipulated in the indicative balance," he said.

The KazMunayGas head said he shared concerns about the risk of the domestic market's overstocking with fuel and lubricants.



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"As of today, the storage capacities in all the regions are, indeed, overfilled and this creates a certain problem for the utilization of our refineries," he said.

"The problem is that these refineries are major taxpayers for each region and local budgets will collect fewer revenues, if these refineries are loaded to a lesser degree," the KazMunayGas head said.

Fuente: World News Report

Poultry farm to be launched in Akmola region

ASTANA. KAZINFORM - In Bulandinskiy area, Akmola region, it is planned to launch a poultry farm with the capacity of 60 thousand tons of poultry meat per year, the press service of the regional Akimat informs.

Governor of the region Sergey Kulagin on Monday received S.Tolykbayev, the incorporator of "Aitasgroup" company - General Director of JSC "Ust-Kamenogorsk Poultry". During the meeting the parties discussed the launch of Makinskiy poultry farm in Bulandinskiy area of the region.

The total cost of the project is estimated at USD 135.4 million. The design capacity of the poultry farm is 60 thousand tons of poultry meat per year.

8 broiler sites, 6 chicken houses, an incubator, an administrative area and a plant waste are planned to be put into operation in 2017.

The project is included in "Agribusiness 2020" and "Business Road Map-2020" programs.

Fuente: KazInform

Egypt to establish free trade zone with Eurasian Economic Union

BISHKEK (TCA) — Egyptian President Abdel Fattah al-Sisi has announced the establishment of a free trade zone between Egypt and the Russian-led Eurasian Economic Union (EEU).

Egypt and the Eurasian Economic Union of Russia, Belarus, Kazakhstan, and Armenia have agreed to establish a free trade zone, Egyptian President Abdel Fattah al-Sisi said after his meeting with Russian President Vladimir Putin in Cairo yesterday.

The Eurasian Economic Union was officially launched on January 1, 2015, and now includes Russia, Belarus, Kazakhstan, and Armenia. Kyrgyzstan will join the organization in May.



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It was reported last week that Eckhard Cordes, chairman of the Committee on Eastern European Economic Relations of Germany, said that German business supports the idea of creation of a free trade zone between the European Union and the EEU.

Russian Foreign Minister Sergey Lavrov said at a news conference following his talks with Israeli Foreign Minister Avigdor Liberman in Moscow on January 26 that Israel is interested in creation of a free trade zone with the EEU. Timur Zhaksylykov, deputy minister of national economy of Kazakhstan, earlier in January said that more than 30 countries are interested in creation of a free trade zone with the EEU.

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

Fuente: The Times in Central Asia

Kazakhstan Automobile Market Sees Big Changes with EAEU in Place, Cheaper Ruble

ASTANA – The Kazakh automobile market was traditionally distinguished by high prices for used cars. At the same time, official car dealers in Russia provided a wide range of brands and models at lower prices. Moreover, the dealers negotiated large discounts and presents, especially for cars produced in 2013.

Everything changed Jan. 1, when the treaty creating the Eurasian Economic Union (EAEU) among Kazakhstan, Russia, Belarus and Armenia went into effect. The people in Kazakhstan have now gained full access to the Russian automobile market.

This situation was affected by the currency difference between the tenge and the ruble and opportunities for Kazakh customers increased up to 70 percent.

As a result, 36,527 cars were purchased in Russia from Oct. 1 to Dec. 31 of last year by Kazakh citizens, according to the Administrative Police Committee of the Ministry of Internal Affairs.

Andrey Lavrentyev, president and chairman of the board of AllurGroup, a local car producer, indicated Kazakhstan automobile producers ended 2014 with good results. "First of all, 37,157 passenger cars and 2,567 lorries were produced in 2014, which is almost equal to the result of 2013 in spite of tenge and ruble devaluation. Our group of companies increased the rate of production 18 percent in comparison to 2013. In 2014 we signed a contract with Geely, the major Chinese car manufacturer. This is a very serious and large project which will be developed. In particular, we plan to install welding and painting equipment," Lavrentyev said at a press conference held by the Kazakhstan Automobile Business Association on Jan. 26.

He continued: "The current economic situation is a period of time which has to be used to our advantage to increase qualifications of employees, attract new partners and investors for the development of automobile, commercial and agricultural equipment and increase local production of automobile parts. It is a very important time for new project construction, installation of production lines and expansion and qualitative improvement of the manufacturing process. That is, it is time for thorough preparation for dynamic development in terms of the EAEU."



“All of this is possible only if the government supports automobile producers. We don't ask for support for existence. We need it for strategic development and preparation for operation in terms of the EAEU,” he said. “As of today, automobile dealers in Kazakhstan decrease the cost of cars and hold negotiations with Russian distributors about lowering prices. Now you can buy a car with a 30 percent discount. Dealers and distributors allow such discounts at their own expense.”

“Different measures, such as subsidy assistance and leasing transactions for physical and legal bodies, are considered to support automobile producers, taking into account opportunities of the state budget,” he continued.

“The Kazakhstan automotive industry has a good chance to enter the EAEU market. First, the market is free. There are no limitations to export models produced in Kazakhstan. Kazakhstan plants produce popular and competitive cars and commercial carriers: SsangYong Nomad, Iveco, Hyundai and Geely. All these automobiles are very interesting for EAEU member countries. Second, development of automobile parts production will increase local production of the parts. This is real production of automobile parts in Kazakhstan, which can reach a rate of 50 percent. A high level of local production increases the chances of unhindered export on the terms of the EAEU. Don't forget about production opportunities. Kazakhstan plants can produce up to 190,000 cars annually.”

“Automobile producers shouldn't wait for the end of the crisis. They should attract new partners and improve production, logistic, infrastructure and financial processes,” Lavrentyev concluded.

Nurlan Smagulov, chairman of the board of the Kazakhstan Automobile Business Association and president of Astana Motors, also said at the Jan. 26 press conference: “The situation in the Kazakhstan automobile market is governed by current macroeconomic trends. Kazakhstan's automobile industry is developing. More than ten brands of automobiles are produced in our country and the rate of local production of automobile parts is constantly increasing.”

“Our company signed a contract on the production of Hyundai lorries and buses. The Hyundai County bus is welded and painted at our plant. In August 2014, the first Hyundai cars were produced in Kostanay city on the grounds of the SaryarkaAvtoProm plant, which demonstrates the trust of international producers in Kazakhstan market potential. In 2015, we plan to increase the quantity of Hyundai models. We are considering the possibility of cooperation with Chinese producers to give a choice in quality-price ratio for our clients in hard years. The Kazakhstan automobile market has all the opportunities for further development,” he said.

Supported by the Kazakh government, domestic automobile manufacturers are going to compete in the EAEU market. Kazakhstan consumers have received new opportunities to purchase a wide range of new and used cars at lower prices.

Fuente: The Astana Times

Standard & Poor's lowers Kazakhstan long-term ratings

Standard & Poor's (S&P) has downgraded the long-term ratings of Kazakhstan amid falling oil prices, Tengrinews reports citing the agency's website.

Since mid-2014, world oil prices have fallen by more than 50 percent and have greatly affected the growth prospects of Kazakhstan. S&P has downgraded the country's foreign and local currency sovereign credit ratings from "BBB+" to "BBB" with a negative outlook, dangerously close to the junk territory.



According to the agency, the fall in the oil prices will have a significant effect on the economic growth prospects, external balance and fiscal performance of Kazakhstan, given the high dependence of its economy on oil revenues. Other oil-dependent nations - Bahrain, Oman and Venezuela - have also seen their ratings downgraded.

Standard & Poor's expects the real GDP growth of Kazakhstan to slow down to 1.5 percent in 2015, and the growth rate of GDP per capita to average 1.6 percent during the period of 2015-2018.

The agency's experts also expect Kazakhstan's oil production to reduce slightly from 81.8 million tons to 80.5 million tons a year in 2015-2016. They also do not expect any significant oil production from the long-troubled Kashagan oil field in Kazakhstan's sector of the Caspian Sea until 2018. They are not even certain whether the operation of the field will resume at all and whether it will be possible to exploit it to capacity during the first stage of the operation.

Kashagan was one of the largest oil discoveries of the last 40 years and is also one of the most complex industrial projects being developed anywhere in the world. After years of delays it was supposed to start bringing profit back in 2013 but the production was suspended after hardly even starting because gas leaks were detected. Now, it appears that the entire pipeline system has to be replaced at the field. Given the current oil prices, the entire project of Kashagan is edging on unfeasibility. Sauat Mynbayev, Chairman of Kazakhstan national oil and gas company KazMunaiGas, said that the oil field was economically viable only with oil prices at \$100 per barrel or higher.

Standard & Poor's also predict complications for the National Bank of Kazakhstan. On the one hand, it will have to maintain financial support to the Kazakh government's measures on helping out the banks with the bad loans that constitute a sizeable portion of their loan portfolios. On the other hand, the National Bank may have to respond to the external economic imbalances by adjusting the rate of the national currency, the tenge.

According to experts of Standard & Poor's, the National Bank would not want to confront the countercyclical fiscal policy of the government, but will be forced to pursue a tight monetary policy in order to maintain the tenge exchange rate. "After the changes to the pension system of Kazakhstan in 2014 (a dozen pension funds were merged into one state-run fund), the National Bank conducts operations in a much less liquid bond market, which reduces its ability to operate in the open market," the experts of S&P said.

Nevertheless, Deputy Head of Monetary Operations and Asset Management at the National Bank of Kazakhstan Zhaslan Madiyev assured that the National Bank of Kazakhstan did not expect the latest downgrade to have a direct negative impact on the exchange rate of the tenge, RIA Novosti reported. He reminded that the central bank had accumulated substantial foreign reserves and had low public debt, and said that these were signifiers of Kazakhstan's creditworthiness.

Fuente: tengrinews

Kazakhstan urges Egypt to join initiative on forming Islamic food safety organization

Egypt's capital Cairo hosted the sixth round of the Kazakh-Egyptian interministerial consultations. The Kazakh side was headed by the deputy foreign minister, Askar Musinov, and the Egyptian side was led by the Egyptian assistant foreign minister, Yasser Morad, the Kazakh Foreign Ministry reported.



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Y COMERCIAL DE ESPAÑA
ALMATY

"The issues of bilateral cooperation in political, trade, economic, cultural, humanitarian, consular and other spheres were discussed at the meeting," the ministry said. "The representatives of the two countries' foreign ministries confirmed the agreement on mutual support for Kazakhstan's and Egypt's candidacies as the non-permanent members of the UN Security Council."

The Kazakh side also urged Egypt to join the initiative of Kazakhstan on the creation of an Islamic organization for food safety at the Organization of Islamic Cooperation (OIC), headquartered in Astana.

The parties also agreed on the early holding of the fifth meeting of the Kazakh-Egyptian intergovernmental commission on trade-economic, cultural- humanitarian and scientific-technical cooperation, as well as the fourth meeting of the Kazakh-Egyptian Business Council. Musinov also met in Cairo with the Secretary General of the Supreme Council of Antiquities of Egypt Mostafa Amin.

They discussed the completion of restoration of the Mosque of Sultan Baybars, who is considered an important historical link between the peoples of Kazakhstan and Egypt.

Musinov was also received by the Arab League Secretary-General Nabil Elaraby. They discussed the prospects for strengthening cooperation of Kazakhstan with the Arab League.

Fuente: tengrinews

National Bank of Kazakhstan: change of rating does not affect exchange rate

The National Bank of Kazakhstan does not expect that the credit rating downgrade of the Republic by Standard & Poor's Ratings Services will have a direct negative impact on the exchange rate, Deputy Head of Monetary Operations and Asset Management at the National Bank of Kazakhstan, Zhaslan Madiev said.

Yesterday S&P lowered its long-term foreign and local currency sovereign credit ratings on the Republic of Kazakhstan to 'BBB' from 'BBB+'. The ratings company also cut the grades of Oman and Bahrain.

"The National Bank does not expect a direct negative impact on the exchange rate due to a decrease in the credit rating. The high accumulation of foreign reserves, low public debt and lack of refinancing risk for the public sector are the most important factors of the high creditworthiness of Kazakhstan, " Madiev said.

"The program of the Government's National Bank of Kazakhstan for the diversification of funding and expansion of the investor base helps to strengthen the position of Kazakhstan in the framework of maintaining a high credit rating of the country," RIA Novosti cited Madiev as saying.

Fuente: vestnikkavkaza



The Russian rouble and monetary trends in Central Asia and the world

ALMATY (TCA) — Are commodities too cheap or is money, in particular the American greenback, too expensive? That is the basic question behind what is currently dubbed a “rouble crisis” and misleadingly connected with “sanctions” veiling the face of what is a profound global market deadlock which touches Central Asian, Caucasian, other former Soviet economies and indeed most of those in the rest of the world.

Seeing from the outside it looks like there is a need of a “demonetisation” of tangible goods markets – or to put it quaintly: let not cash value determine commodity value but the other way round. Interestingly, Central Asia with its rich variety in natural resources finds itself right in the middle of what could become the biggest economic and industrial revolution since the 18th century: a shift from a world economy based on greed to one based on need. The question is profound and of global impact – and so is any possible answer to it.

Each episode in the continuing cycle of economic and financial shakeups can be seen as “an artificial blow up of financial bubbles and craving for easy money, absence of proper responsibility of national financial institutions and the weakness of the global financial management” – at least in the words of Kazakhstan’s President Nursultan Nazarbayev as he spoke at the opening of the 6th Astana Economic Forum back in late spring 2013. His opinion was later accompanied by that of Nobel laureate John Nash who simply observed on one of the panels he took part in that “money is a tool but has wrongly turned into a means in itself, an obsession”.

“In fact, these and other fundamental causes of the global downturn have not been eliminated yet,” the Kazakh head of state thundered in his address. “The deficiency of the global currency system is the main reason for the current global economic storm. Let me remind that I persistently urged to change the ways of global currency emission and circulation that do not meet the criteria of legitimacy, democracy, efficient controllability and responsibility. Yet to this day, there have been neither efficient global anti-crisis mechanisms nor reliable global reserve currency or a group of regional currencies. No sufficient will and responsibility has been present to make radical decisions.”

If asked today, Nazarbayev would indeed be most unlikely to have changed his opinion which is quite understandable since the country he is responsible for finds itself right in the middle of a crisis which is dominated by false images. Thus, commodity prices over the last couple of years and through last year in particular have “lost” substantial “value”, with oil close to 60, metals in the order of 30 and cereals around 20 per cent on average. But have they really? In terms of US dollars, quite so. But in Russian roubles, a barrel of oil cost about as much as it cost a year-and-a-half ago while other commodities have even become more expensive. It should therefore be considered quite natural if one thinks objectively for a moment using pure mathematics that a commodity producing and exporting country adapts its domestic currency’s exchange value to sales prices against foreign currency with little other aim than to preserve as much of its domestic purchasing power and profits on domestic sales as possible.

The policy pursued by the Russian government roughly consists of the following pattern: swallow losses in cash, compensate them by taking money from state reserves and use the opportunity to “de-dollarise” the national economy. “With the fall of the average price for oil from \$100 to \$50 per barrel in 2015, the budget revenues just from oil taxes could decrease by 2.1 trillion rouble [\$31 billion] while a more serious fall in price, to an average of \$40 [per barrel] for the year, could lead to a budget revenue decline of 3.1 trillion rouble [\$46 billion],” Ilya Trunin, head of the tax, customs and tariff department at the Russian Finance Ministry, wrote in an article posted by SputnikNews on February 4.

But he added that Russia has more than enough reserves to take care of the “losses” and can use the opportunity to make the state household book less dependent on a currency from the other side of the globe over which the local



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Y COMERCIAL DE ESPAÑA
ALMATY

government has no control. Other former Soviet states are less consistent in their currency policies and at least in part cling to the dollar benchmark. In the end, they could lose a lot more in terms of national purchasing power than Russia does unless their governments grasp the overall idea.

Irrespective of European and American sanctions toward Russia, and the ongoing war on terrorism and the use of oil money by ISIL, it all leads to two basic monetary scenarios for years to come. The first one consists of persistent, though fluctuating market situation that determines undervaluation of commodities and overvaluation of cash, resulting in blowing bubbles on a regular basis which are bound to burst subsequently.

The second scenario consists of a trend already visible and led by Russia and China in particular, with most of southern Asia and Latin America following the pace and even the European Union getting to its senses. The first step was the creation of currency baskets for national reserves, mainly consisting of US dollars, euros, yens, Swiss francs, and Sterling, but increasingly also of yuans. Which scenario is going to prevail remains to be seen in the actions of several world players.

Fuente: The Times in Central Asia

German business for a free trade zone with Eurasian Economic Union

ASTANA (TCA) — German business supports the idea of creation of a free trade zone between the European Union and Eurasian Economic Union, RIA Novosti reported citing Eckhard Cordes, chairman of the Committee on Eastern European Economic Relations of Germany.

“German industries always support political decisions that remove trade barriers, as we believe that it eventually meets the interests of all economic players,” Cordes was quoted by the news agency as saying.

The Committee on Eastern European Economic Relations represents the interests of German business in Eastern Europe and post-Soviet countries. It is a joint organization of the leading associations representing German business. It is supported by the Federation of German Industries (BDI), the Association of German Banks (BdB), the German Insurance Association (GDV), the Foreign Trade Association of the German Retail Trade (AVE), as well as the German Confederation of Skilled Crafts (ZDH).

The Eurasian Economic Union (EEU) was officially launched on January 1, 2015. It now includes Russia, Belarus, Kazakhstan, and Armenia. Kyrgyzstan will join the organization in May.

Russian Foreign Minister Sergey Lavrov said at a news conference following his talks with Israeli Foreign Minister Avigdor Liberman in Moscow on January 26 that Israel is interested in creation of a free trade zone with the Eurasian Economic Union. Timur Zhaksylykov, deputy minister of national economy of Kazakhstan, in January said that more than 30 countries are interested in creation of a free trade zone with the EEU.

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

Fuente: The Times in Central Asia



Kirguistán



Kyrgyzstan reduced export of agricultural products in 2014

BISHKEK (TCA) — In 2014 Kyrgyzstan reduced the export of agricultural products and increased agricultural imports, KyrTAG information agency (www.kyrtag.kg) reported citing Janybek Kerimaliyev, deputy agriculture minister of Kyrgyzstan.

“In 2014 the export of agricultural products amounted to \$244.3 million, 8.5 percent less than in 2013,” Kerimaliyev said last Saturday at the Agriculture Ministry’s meeting summing up last year’s results.

In his words, in 2014 Kyrgyzstan exported meat worth \$15.1 million and cereals, fruit and vegetables worth \$134.9 million, both figures lower than in 2013.

The export of processed agricultural products amounted to \$94.2 million, a 31.7-percent increase compared to 2013.

Agricultural imports last year exceeded the exports.

According to the deputy minister, the import of agricultural products last year amounted to \$163 million, a 0.5-percent increase compared to 2013. The imports included cereals, fruit and vegetables worth \$157 million and processed products worth \$640 million.

“In 2014, Kyrgyzstan produced 369 thousand tons, a 13.8-percent increase from 2013,” the deputy minister said.

He also reported a 7.3-percent decrease in the yield of wheat last year compared to 2013.



EMBAJADA
DE ESPAÑA

OFICINA ECONÓMICA
Y COMERCIAL DE ESPAÑA
ALMATY

“The yield of wheat in 2014 was 1690 kilograms per hectare, 7.3 percent lower than in 2013. The reason is that wheat was mainly grown in the Chui and Issyk-Kul provinces (in northern Kyrgyzstan) which experienced a low water period and drought last year,” the official said.

Kyrgyzstan imports wheat mainly from Kazakhstan.

Fuente:Timesca

Decline in imports and exports marked in Kyrgyzstan in 2014

Bishkek, February 10 / Kabar /. Decline in imports and exports marked in Kyrgyzstan in 2014, first deputy chairman of the National Statistics Committee of the Kyrgyz Republic Dzhanbulat Bajjumanov said today at a press conference in Bishkek.

Thus, according to him, exports last year compared with the previous year decreased by 6.3% and amounted to \$ 2 billion. Imports amounted to about \$ 6 billion and decreased by 4.3%.

Exports reduce last year due to a decrease of supply of fruits, vegetables, leather, garments and clothing accessories, as well as gold. Imports decreased mainly due to the reduction of import of natural gas, footwear, coal, and petroleum products.

Fuente: Kabar

Kyrgyzstan yet to sign 2 protocols within its accession to EEU

Bishkek (AKIpress) - Otorbaev blue tie Kyrgyzstan still needs to sign additional protocols within the country's accession to the Eurasian Economic Union (EEU), Joomart Otorbayev said this week.

“In addition to the agreement, which was signed on 23 December 2014 during the summit of the Eurasian Economic Union, we have to coordinate and sign two major protocols,” said the Prime Minister.

These documents, he said, will define additional terms and transition elements within the accession procedure.

“We have reached a certain progress on signing of these protocols at the level of heads of government; we discussed them and adopted a number of important decisions for our country,” he went on.

On February 6, Otorbayev took part in the first session of the Eurasian Intergovernmental Council in Moscow. The meeting was also attended by the heads of government of Armenia, Belarus, Kazakhstan and Russia.



Prime Ministers addressed the issue of Kyrgyzstan joining the EEU, as well as the issues relating to functioning of the union, development of the regulatory framework and implementation of a number of specific cooperation projects.

Fuente: AkiPress

China supports Kyrgyzstan's proposals to promote the railway construction project

Bishkek, February 10 / Kabar /. China supports Kyrgyzstan's proposals to promote the railway construction project. Deputy Chairman of the State Committee for the Development and Reforms of China Wang Xiaotao told during a meeting in Beijing with Special Representative of the President of Kyrgyzstan, Minister of Transport and Communications Kalybek Sultanov.

According to the press service of the Ministry of Transport of the Kyrgyz Republic, the parties discussed the implementation of agreements reached on the results of meetings of President of the Kyrgyz Republic Almazbek Atambayev with Chinese President Xi Jinping, as well as visit the Special Representative of the President of China, Member of State Council Yang Jiechi to Kyrgyzstan.

During the meeting, both sides expressed opinions to intensify cooperation in implementation of joint infrastructure projects in the framework of the strategic partnership between Kyrgyzstan and China. In particular, they discussed construction of the railway "Kyrgyzstan-China". The Chinese side supported the proposals of the Kyrgyz side to promote this project.

Fuente: Kabar

Azerbaijan company to participate in implementation of new project in Kyrgyzstan

Bishkek, February 10 / Kabar /. SINAM Ltd, a leading information technology (IT) company of Azerbaijan, will participate in the implementation of a new project in Kyrgyzstan current year, AzerTac reports.

According to the Company's president Elchin Aliyev, the Ministry of Finance of Kyrgyzstan plans the next tender for the establishment of an automated control system of the State Treasury this year.

Considering the success of other projects in Kyrgyzstan, the Ministry of Finance included the SINAM Ltd to the list of business subjects to participate in the tender.

Saying that, the presentation of the system of the State Treasury of Azerbaijan in the city of Bishkek was one of the key factors in making this decision, E. Aliyev recalled that, SINAM Ltd won the tender in competition with "Free Balance" company. "Sinam" has been operating since 2009 in Kyrgyzstan. The Company carried out 3 projects in this country, with the financial support of World Bank and the Asian Development Bank. The Company has also taken practical steps in Kyrgyzstan for the formation of a positive image in the direction of "E-



EMBAJADA
DE ESPAÑA

OFICINA ECONÓMICA
Y COMERCIAL DE ESPAÑA
ALMATY

Government” of Azerbaijan. So that, Azerbaijan's Ministry of Finance shared experiences with the other side at the conference on electronic government in Bishkek, in 2014.

Fuente: Kabar

Return of debts on budget and foreign loans in January 2015 amounts to 331.3 mln soms

Return of debts on the budget and foreign loans in January 2015 amounted to 331.3 million soms, the Ministry of Finance of the KR reported.

According to it, at the same time 162.81 million soms of principal and interest are returned and 168.49 million soms of penalties paid. Economic entities paid the debt on foreign loans in the amount of 197.63 million soms, on budget loans - at 133.67 million soms.

Fuente: 24 Kg



EMBAJADA
DE ESPAÑA

OFICINA ECONÓMICA
Y COMERCIAL DE ESPAÑA
ALMATY

Tayikistán



EBRD finances micro, small and medium-sized enterprises in Tajikistan

DUSHANBE (TCA) — The European Bank for Reconstruction and Development (EBRD) is boosting its support for the financial sector in Tajikistan with a multi-currency loan facility, equivalent to US \$5 million, to AccessBank Tajikistan CJSC for the benefit of its micro, small and medium-sized enterprise (MSME) customers.

The EBRD aims to boost local currency lending in Tajikistan, to build up local sources of domestic funding and reduce the use of foreign exchange in the country's financial system, the EBRD said.

“The EBRD has been promoting local currency loans in Tajikistan to decrease foreign currency risk for financial institutions and local enterprises. This new multi-currency loan will provide AccessBank Tajikistan with flexibility and aims to help the bank increase its share of local currency lending to small businesses,” said Richard Jones, head of the EBRD Resident Office in Dushanbe.

“We greatly appreciate the renewed support of the EBRD for AccessBank Tajikistan. The recent funds provided to us offer an excellent opportunity to enhance our lending activities to micro, small and medium-sized businesses in difficult times. We aim to channel the local currency funds of this facility to our smallest and most vulnerable clients, shielding them from currency risk and thus enhancing our responsible lending approach. The loan facility will allow us to stimulate the Tajik economy when the funds are needed most and to keep our



promise to be a reliable banking partner for our clients,” said Katharina Schachtner, CEO of AccessBank Tajikistan.

AccessBank is a microfinance bank established in April 2010 with the participation of the EBRD, International Finance Corporation (IFC), KfW and AccessHolding to create a financial institution that offers a wide range of loan and deposit products to MSMEs in Tajikistan, a country with one of the lowest levels of financial intermediation. AccessBank Tajikistan has been an EBRD client since 2009 and has received \$8 million in debt and equity financing to date.

Fuente: Timesca

EBRD provides multi-currency loan equivalent of US\$ 4 million to FINCA Tajikistan

Microcredit organisation will on-lend to micro and small businesses in the Tajik regions

The European Bank for Reconstruction and Development (EBRD) is expanding its support for rural areas of Tajikistan with a new loan to microcredit deposit-taking organisation FINCA LLC.

The multi-currency loan equivalent to US\$ 4 million, will be used by FINCA to increase financing for micro and small businesses mainly outside the capital, in regions underserved by banks.

FINCA has a strong presence across the country, serving clients through its 36 branches and service outlets in central, northern and southern Tajikistan. Since its establishment in 2003, FINCA has mainly been serving smaller microfinance borrowers with an average loan size of around US\$ 1,100.

The EBRD has been working with FINCA in Tajikistan since 2012, providing a total of US\$ 7 million for on-lending to local small businesses. The Bank also works with FINCA in Jordan, Kosovo and Russia as well as other countries in Central Asia and the Caucasus.

Richard Jones, Head of the EBRD Resident Office in Dushanbe, said: “The funding will help FINCA Tajikistan to further expand its lending operations, contributing to the development of micro and small enterprises in the country. It will also allow local borrowers, whose revenue streams are predominately in somoni, to take medium-term loans in local currency, thus eliminating currency exchange risks.”

“We believe that our rural customers in particular, as well as their families, will benefit greatly from FINCA’s increased ability to meet their somoni loan demand. We are very thankful for the ongoing trust and cooperation with the EBRD,” said Jana Chmelnizki, General Director of FINCA Tajikistan.

The US\$ 4 million equivalent loan to FINCA Tajikistan for on-lending to micro and small businesses will be the second under the Early Transition Countries (ETC) Non-Bank Microfinance Institutions Framework. The framework aims to strengthen microfinance institutions in countries that are in the early stages of transition to



open market-oriented economies. Loans are provided for on-lending to the smallest borrowers across the ETC countries: Armenia, Azerbaijan, Belarus, Georgia, the Kyrgyz Republic, Moldova, Mongolia, Tajikistan and Turkmenistan. The facility is accompanied by a technical cooperation framework funded by multi-donor funds.

Since the beginning of its operations in the country, the EBRD has invested close to US\$ 320 million in Tajikistan across many sectors of the economy.

Fuente: EBRD

FAO launches new agricultural project in Tajikistan

DUSHANBE (TCA) — The Food and Agriculture Organization of the United Nations (FAO) has launched a new project worth US \$400,000 aimed at supporting promotion and implementation of integrated pest management strategies for important field and fruit crops in Tajikistan, the FAO office in Tajikistan said.

FAO is contributing \$400,000 into demonstration and successful implementation of the new pest control technologies in Tajikistan.

The two-year project will be implemented in close partnership with the Agriculture Ministry of Tajikistan.

"This project focuses on testing, validating and adapting integrated pest management technologies to local conditions in specific regions where field and fruit crops of major economic importance are prevalent, and promoting them to farmers through training programs for private and public extension services, agriculture specialists and farmers," said Viorel Gutu, the FAO representative in Tajikistan.

The project will include a solid capacity building component on training the facilitators, setting up pilot sites for selected crops and cropping systems.

The project team will train the master trainers and farmers and develop the training and extension materials.

The project will build partnerships among farming communities, NGOs, government agencies, research institutes, Agrarian University and relevant projects implemented by donors and development partners.

The direct beneficiaries of the assistance will be the farmers and their families, researchers and extension specialists; the indirect beneficiaries will be the rural population at large, specialists of the Ministry of Agriculture, and NGOs involved in agricultural and rural development.

Fuente: Timesca



Development partners continue supporting Tajikistan in improving its economic competitiveness

DUSHANBE, February 10, 2015, Asia-Plus – Ways to improve Tajikistan’s economic competitiveness were discussed at a meeting of the National Development Council.

Presided over by President Emomali Rahmon, the meeting took place in Dushanbe on February 10.

The Development Coordination Council (DCC) reportedly noted at the meeting that Tajikistan should aim to improve its economic diversification and competitiveness over the next 15 years and the development partners will continue their support.

According to the DCC Secretariat, the National Development Council meeting marked the end of implementation of the National Development Strategy 2015 and the Tajikistan Living Standards Improvement Strategy (LSIS) 2013-2015.

Members of the DCC, consisting of 30 multilateral, bilateral and UN based organizations, commended the Government’s efforts towards achieving country’s strategic priorities, namely improving energy supply and transport connectivity, ensuring food security, improving public administration, developing the private sector and developing human resources, the Secretariat said.

The meeting participants also discussed the remaining challenges related to welfare improvement and poverty reduction, particularly in the rural areas.

Looking forward, the development partners reaffirmed their commitment to support Tajikistan to achieve its development goals and priorities to be reflected in the next National Development Strategy (2016-2030). The new strategy will reflect the theme of improving Tajikistan’s economic efficiency, diversification and competitiveness. Joint development of the strategy will result in more effective development assistance through closer collaboration between international development partner organizations and Government of Tajikistan in the coming years.

Fuente: Asia Plus

Prices for goods and services in Tajikistan reportedly rose 0.4 percent in January

DUSHANBE, February 10, 2015, Asia-Plus – Inflation for January this year stood at 0.6 percent in Tajikistan, according to the National Bank of Tajikistan (NBT).

An official source at Tajik central bank says prices for goods and service rose only 0.4 percent last month.



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According to the NBT, Tajikistan's year-end inflation for 2014 stood at 7.4 percent.

In 2013 Tajikistan had the lowest inflation rate among Central Asia's countries. In 2013, the year-end inflation in Tajikistan stood at 3.7 percent.

This year, the government reportedly plans to keep the year-end inflation at 7.5 percent.

Fuente: Asia Plus

Nawaz Sharif Seeks To Implement TAPI Project Immediately

ISLAMABAD – Considering the permanent crises of power in the country Prime Minister Nawaz Sharif says that Tajikistan, Afghanistan, Pakistan India (TAPI) gas pipeline project should be implemented immediately, PakistanTribe reported.

According to details the premier met with the petroleum ministers of involved countries, Pakistan, Afghanistan, India and Tajikistan, and said that the TAPI gas pipeline project should be immediately implemented.

“Pakistan will take all necessary measure to implement the project,” premier ensured.

It is worth mentioning that an operational agreement on the TAPI gas pipeline was signed by Turkmenistan, Afghanistan, Pakistan and India on July 8, 2014.

Fuente: pakistantribe