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### Kazajstán



#### Kazakhstan, Uzbekistan and Eurasian Union

The downslide of the oil prices and the Russian ruble trouble make people in Kazakhstan ponder about the prospects of the Eurasian Economic Union economies. And though there were media reports about the desire of some countries to join the Union, Uzbekistan does not appear to be one of them.

The Eurasian Economic Union is an economic integration of Kazakhstan, Russia, Belarus and Armenia that will soon be joined by Kyrgyzstan. It has a single market of 176 million people and a gross domestic product of over 4 trillion U.S. dollars. The union operates through supranational and intergovernmental institutions and provides free movement of goods, capital, services and people.

Many have been wondering whether another "stan" country - Uzbekistan, a southern neighbour of Kazakhstan and one of the leading economies of Central Asia - would also join the Union any time soon.

One of the reasons why Uzbekistan does not wish to join the integration at this point is that it will not be able to compete with Kazakhstan economically if they share an open border, Tengrinews reports citing political scientist Rustam Burnashev.

The expert said there were too many myths floating around Uzbekistan. In particular, he insisted that the situation in the country was more stable than it was portrayed in the media, that the country's political system



was moving away from the principles of tribalism and succession of power and becoming more institutionalized and legal framework-oriented, as opposite to the situation in some of its neighbouring countries.

Burnashev voiced an opinion that there were few to no benefits for Uzbekistan in joining the Eurasian Economic Union. In the single economic space Uzbek businessmen will not be able to compete with Kazakh oligarchs, who will gradually buy into all the significant production facilities of Uzbekistan.

He referred to the country's president Islam Karimov as saying several years ago that it would be unwise to combine two very different types of economies. Burnashev explained that Kazakhstan was relying on its strong banking sector whereas Uzbekistan's economy was based on industrial production.

Moreover, keeping its economy closed shielded Uzbekistan from the fallout of the global economic crises and has made the past seven years less painful for Uzbekistan than for other, more open, Central Asian countries. The dynamics of economic and social growth in Uzbekistan was not as pronounced as in Kazakhstan, but they were stable.

President of Uzbekistan Islam Karimov made it clear that he had no intention in joining the Eurasian Economic Union. On January 13, 2015, he declared that Uzbekistan was not interested in either the Eurasian Union or the Customs Union, adding that his country would never become member of an alliance resembling the former USSR.

Moscow Carnegie Center expert Alexei Malashenko told the Voice of America that Uzbekistan was at times "hostile" to the idea of the Eurasian Economic Union, but Russia was intending to soften its stance. He also noted that "not long ago there was a meeting between Nursultan Nazarbayev and Islam Karimov, where they discussed Russia's role in the Ukrainian crisis and, I think, the positions of Nazarbayev and Karimov, in general, coincide - none of them was particularly happy about it, I mean about the Russian actions towards the Crimea and Donbas."

The Uzbek leader visited his Kazakhstani counterpart in late November and they both stressed their commitment to strengthening the bilateral cooperation. Nazarbaev said "stability and development of the entire region depends on the stance and the cooperation of Kazakhstan and Uzbekistan."

As for security in the region, Uzbekistan suspended its membership in the Collective Security Treaty Organization on Jun 28, 2012. Some interpreted this as a sign that Uzbekistan would agree to host a US military base on its territory. But Uzbekistan openly denounced this option in August, 2014.

However, it became known that the country had been receiving large batches of military equipment from the United States. On January 22, 2015, in an interview with the Voice of America, Deputy Assistant Secretary of State for Central Asia Daniel Rosenblum said that the U.S. was giving 308 Mine-Resistant Ambush Protected Vehicles (MRAPs) and 20 Armored Recovery Vehicles to Uzbekistan. However it doesn't necessarily mean that Uzbekistan is tilting towards the United States, since it also appeared that Kazakhstan had expressed interest to getting a similar offer.



### **No sharp changes of the tenge exchange rate: Central Bank Governor**

There will be no sharp change of the tenge exchange rate, a Tengrinews.kz journalist reports, citing Central Bank Governor Kairat Kelimbetov as saying following the today's extended government sitting.

He stated the Central Bank is determined not to allow drastic changes of the tenge exchange rate in 2015. According to him, there is a sufficient margin of safety for that.

“We believe in the current macroeconomic conditions we will be further pursuing the policy of the currency corridor. It is reasonable within the current economic situations. Should there be some changes in the external markets, we will prevent a shocking currency devaluation and will be working to ensure a gradual change of the tenge exchange rate”, he said.

Earlier today the country's President Nursultan Nazarbayev called Kazakhstanis not to believe rumors of imminent currency devaluation.

“Today the Central Bank Governor has briefed me that all possible measures are being taken to curb inflation and prevent sharp changes of the national currency exchange rate. I have no grounds not to believe the Central Bank”, President said at the sitting.

### **Kazakhstan's lowered rating will not affect tenge rate – National Bank**

ALMATY (TCA) — The National Bank of Kazakhstan (NBK) does not expect that Kazakhstan's lowered long-term foreign and local currency sovereign credit ratings by Standard & Poor's Ratings Services will have direct negative influence on the national currency rate, Zhaslan Madiyev, deputy director for monetary operations and asset management at NBK, told Novosti-Kazakhstan.

On February 9, Standard & Poor's lowered its long-term foreign and local currency sovereign credit ratings of Kazakhstan to 'BBB' from 'BBB+' in connection with oil price drop in the world market. The outlook is negative. The agency also lowered the Kazakhstan national scale rating to 'kzAA+'.

“The National Bank does not expect direct negative influence on the [national] currency rate by the lowered credit ratings. Large accumulated forex reserves, a low public debt, and the absence of refinancing risks for the public sector are important factors of Kazakhstan's high credit worthiness,” the official said.

Standard & Poor's said that the National Bank of Kazakhstan will face challenging demands on several fronts in 2015. “On one hand, it will be looking to support financial stability in conjunction with the government's efforts to address legacy problem loans in the banking sector. On the other hand, it will want to facilitate an external



adjustment through the exchange rate. Similarly, it will not wish to counteract the government's counter-cycle fiscal policy, yet it may need to keep liquidity conditions tight to support the tenge. Moreover, despite the modification of Kazakhstan's pension system in 2014, the NBK continues to operate a shallow local bond market, which reduces its ability to conduct open market operations. Weighing these conflicting demands, we expect the NBK will either allow a gradual depreciation of the tenge or undertake another step devaluation this year, to accommodate lower oil prices and to ease the tenge's appreciation against the ruble (against which it has appreciated by around 50% in nominal terms since last year's tenge devaluation)," S&P said.

Fuente: Timesca

### **Tenge exchange rate adjustment possible if oil prices go below \$50: Kazakh central bank governor Kelimbetov**

Governor of the National Bank of Kazakhstan Kairat Kelimbetov has declared that a smooth adjustment, i.e. gradual devaluation, of the tenge exchange rate should be expected in case the global oil prices keep falling, TengriNews reports from the press briefing at the Central Communications Service quarters today.

"If the price of oil will be lower than \$50 and the more negative scenarios materialize, in this case we assume that a smooth change of the exchange rate is possible by widening the exchange rate corridor. Again, we are talking about the average price and a lingering decline in oil prices," Kelimbetov said.

He stressed that there were no preconditions for a devaluation at that point. "To date, there are no such macroeconomic preconditions, and the exchange rate corridor we are keeping is enough for us to maintain (the tenge) where it now is - at around 185 tenge per 1 dollar," Kelimbetov said.

Kazakhstan's national currency - the tenge - is maintained within the corridor of 185 tenge per dollar +3/-15 tenge.

Yesterday, after a government meeting in Akorda, Kelimbetov also declared that there would be no one-step devaluation in Kazakhstan. President of the country Nursultan Nazarbayev also urged the Kazakhstanis not to give in to devaluation fears.

So much reassuring is being made, because the devaluation expectations have been high in Kazakhstan over the past year peaking in February. The oil-driven Central Asian economy experienced a 22% devaluation of its national currency - the tenge - in February 2009 and then a one-step 19% devaluation of its currency last year, also in February.

Fuente: Tengriz News



### **Kazakhstan president speaks on anti-crisis measures**

ASTANA (TCA) — Kazakhstan President Nursultan Nazarbayev yesterday held the cabinet's meeting with the focus on the country's economic policy. The president said that Kazakhstan will overcome the ongoing crisis that, in his opinion, would last 2-3 years, and called on Kazakhstan citizens not to believe rumors of possible devaluation of the national currency, the tenge.

Nazarbayev said that the state budget for 2015 needs to be revised and many projects must be cut. He called on the Government to cut expenditures by 10 percent.

The head of state spoke of new anti-crisis measures including state support of domestic machine-building industry, Kazakh exporters, small and medium business, and agro-industrial complex, as well as measures to protect the domestic market, Novosti-Kazakhstan reported.

Nazarbayev said that the Russian ruble's steep decline during the past year had hurt Kazakh companies but he was confident that Russia "will manage to get out of the economic hardships with honor — and we will do so as well".

The president called on the National Bank of Kazakhstan to de-dollarize the Kazakh economy and urged citizens and companies to exchange their US dollars for Kazakh tenge.

The tenge hit a new low on February 9 at almost 186 tenge to the US dollar.

Nazarbayev promised the Kazakh people that their bank savings will be insured against any possible devaluation.

The president also called for belt-tightening measures, saying that Kazakhs should stop wasting money on parties and celebrations and urging them to buy domestic goods instead of imported ones.

Nazarbayev also said that the money allocated for the construction of new subway stations in Almaty and for hosting international sports events will be reduced.

Fuente: Timesca

### **Nazarbayev urges state companies to support tenge**

President of Kazakhstan Nursultan Nazarbayev has addressed the country's state companies in the context of ensuring stability of the national currency, the tenge, Tengrinews reports.

"The Holding [Samruk Kazyna] and national companies are requested to support the national currency by exchanging their money [from dollars into tenge]. This will be very important for the tenge," Nazarbayev said after the speech by the Chairman of the Board of Samruk Kazyna Holding Umirzak Shukeyev at the extend government meeting on February 11.



“So there are your interests, and there are common interests. I am addressing all of the national companies. Of course, you have to agree, there are times of need. Kazakhstan will try to prevent sharp fluctuations of the tenge from happening and take into account all of your interests,” Nazarbayev said.

A well-known Kazakh financial expert, Director at the Center for Macroeconomic Research Olzhas Khudaibergenov, also stressed that it was necessary for the state companies to buy tenge, because this would clearly demonstrate to the population that the government was serious in its intentions to de-dollarize the economy. It would also create a back pressure and strengthen the tenge, he said.

The extended government meeting was also attended by the Governor of the National Bank of Kazakhstan, who once again reassured everyone that there would be no sharp depreciation of the tenge any time soon.

“We will continue pursuing the policy of maintaining our currency in the set corridor (of 185 tenge per dollar +3/-15 tenge). It is reasonable under the current economic circumstances. Should there be some changes at the external markets, we will prevent a shock devaluation of the currency from happening and will work to make the change of the tenge exchange rate gradual,” he said.

Fuente: Tengriz News

### **Eurasian Economic Union is not responsible for economic hardships in Kazakhstan**

The Eurasian Economic Union and the Customs Union are not responsible for the economic situation Kazakhstan is facing nowadays, a Tengrinews.kz journalist reports, citing President Nursultan Nazarbayev as saying at the today’s extended government sitting.

“The weakening Russian rouble and the pressure of imported goods on the local producers have been damaging domestic manufacturing. However, the situation has nothing to do with the Eurasian Economic Union. The Union is the strategic path we have consciously taken. When working on its concept, we did understand there would be some adjustments. The global economy we are part of is introducing such adjustments. It would be unprofessional to assume the current economic hardships have been caused by the Eurasian Economic Union or the Customs Union”, President Nazarbayev said.

He elaborated that “Russia is facing a plight, and Kazakhstan is facing the adjacent consequences. The barbaric sanctions have only added to hardships (...) I’m confident Russia will find a way out (...) we need to come up with solutions to the temporary difficulties. I’ve had a talk with Russia’s President, Kazakhstan’s PM Karim Massimov has had a talk with his Russian counterpart Dmitry Medvedev. There are about a dozen of enterprises that have been aggravating the hardships through imports or exports [disturbing the fragile balance amidst distorted trade]. We need to come up with friendly quotas and agreements”, President said.

Fuente: Tengriz News



### **WTO to expand influence mechanisms of EEU– the expert**

ASTANA. February 13, 2015. BNews.kz

Within the framework of the World Trade Organization (WTO) influence mechanisms of the member states of the Eurasian Economic Union will extend, said the Chief Scientific Officer of JSC "Kazakhstan Institute for Strategic Studies" (KISS) Dariya Mukhamedzhanova, the correspondent of BNews.kz reports.

"Within the framework of the WTO influence mechanisms of EEU are expanding consolidation route and defend the collective interests of the CIS countries that are the members or observers of the WTO. New benefits include the ability to: solve the main problems of liberalization and protection CU / EEU, trade and economic area of the CIS, in particular the market of agricultural and industrial goods within the legal framework of the WTO; participation in the WTO reforming and ensuring the security of international trade and economic area; development of countermeasures on the negative effects of globalization; regional committee establishment on a membership in the organization monitoring; ensuring transparency of the laws and statutory and regulatory provisions, relating to trade within one stop service center on data collection on specific provisions and measures which are not coordinated with obligations of EEU and CIS countries to the WTO, as well as the regional law firm, providing the interests of EEU and CIS in DSB WTO (Dispute Settlement Body of the WTO), " explained the expert.

However, Dariya Mukhamedzhanova noted that the more effective interaction of EEU in the WTO, the higher the probability of favorable treatment and conditions of the international trade for the parties interaction.

It should be noted that the current members or observers of the WTO are almost all CIS countries except Turkmenistan (the Government Commission on the accession of Turkmenistan to the WTO was established in 2013). Kyrgyzstan is the 77th member of the organization since 1998, Moldova is the 142th member since 2001, Armenia is the 145th since 2003, Ukraine is the 152th since 2008, Russia is the 156th since August 22, 2012 , Tajikistan is the 159th since March 2, 2013. The following countries have the status of observers: Azerbaijan, Belarus, Kazakhstan, Uzbekistan.

Fuente: Bnews.kz.

### **Kazakhstan to lower oil export duty to \$60 per tonne – economy minister**

ASTANA. Feb 11 (Interfax-Kazakhstan) – Kazakhstan intends to reduce the oil export duty to \$60 per tonne from \$80.

Minister of National Economy Erbolat Dosayev told journalists in Astana that the oil export duty as part of the budget, according to the ministerial estimates, will be reduced to \$60 a tonne in line with the Kazakh president's instruction.

The minister said that hopefully the relevant decree regarding the government budget and financing would be adopted by mid-March.



In March 2014, Kazakhstan raised the oil export duty to \$80 a tonne from \$60.

Fuente: Interfax

### **Tenge-denominated loans to be available soon: Kazakh Central Bank Governor**

Kazakhstan banks will start issuing loans denominated in the tenge, the country's national currency, in the nearest future, the country's Central Bank Governor Kairat Kelimbetov told today.

When answering questions, he elaborated why banks had opted for issuing loans denominated in the USD rather than in the tenge some time ago. "It was a natural response of the banks (...) they had been expecting a drastic currency devaluation and they insured against currency-related risks (...) besides, they lacked tenge supplies", he said.

The banker emphasized there would be no sharp currency devaluation. "Everyone need to keep calm and get back to normal business operations (...) I want to remind that tenge-denominated deposits will bring you an interest of up to 10%, whereas USD-denominated deposits will only be offering 3%. There are no currency-related risks for banks, privately held legal entities or government-owned enterprises (...) the Central Bank will be providing banks with money to tackle short supply of the tenge. I believe tenge-denominated loans will be available very soon", he said.

February 11 at the extended sitting of the government President Nazarbayev called the country's people not to buy into rumors of allegedly imminent currency devaluation.

Fuente: Tengriz News

### **Kazakh President calls to look for new markets for domestic products**

President of Kazakhstan Nursultan Nazarbayev has called Kazakh companies to look for new markets to sell their products instead of the neighbouring Russia, Tengrinews reports from extended government meeting in Akorda on February 11.

The statement was made in the context of the deteriorating conditions Kazakhstan's domestic enterprises are in as a result of the nearly 80% depreciation of the Russian ruble. With the currency being so underpriced Russian products have become much cheaper and are virtually pushing their Kazakh competitors out of business. Russian products are flowing into Kazakhstan through open customs borders while the Kazakh producers are unable to sell any of their products either in Kazakhstan or in Russia.

"Our industrial companies are feeling the market situation in Russia, don't they? What have they learned from this situation? First - we need to diversify, and second - we need to look for other markets. There is China," Nazarbayev said to the Minister for Investment and Development of Kazakhstan Asset Issekeshiev.



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"We will be developing, we will send more goods to where we can sell more goods. This is a good lesson for the future, it should get everyone thinking. There is something good in every bad situation," Nazarbayev said.

Akim of Pavlodar Oblast Kanat Bozumbayev replied that all the region's businesses had been instructed to seek new markets to remain competitive. He also emphasized that job cuts would not be allowed.

Fuente: Tengriz News

### **Kazakhstan to introduce ban on purchase of real estate and vehicles for cash: Central Bank Governor**

It would make sense to introduce a ban on purchase of real estate and vehicles for cash, the country's Central Bank Governor Kairat Kelimbetov told a briefing at the President's Service for Public Communications.

"We have all seen that 93% of all such transactions are made in cash. In any economy such a situation wouldn't be correct as it means that those involved in the transactions evade taxes. Many of such payments are made in US Dollars. There should be some regulations to ensure prices are quoted in the national currency and the pricing relies on the tenge", Mr. Kelimbetov elaborated.

Back in December 2014 the Central Bank in partnership with the Government issued a statement that among other things suggested introducing a ban on transactions in foreign currencies.

Mr. Kelimbetov emphasized all significant purchases should be made cashless. "The Central Bank believes the most sizeable purchases, e.g. of real estate or vehicles, should be cashless. These transactions should be made through a bank account so that the National Bank and tax authorities could see the payments. This issue should be regulated shortly", he told journalists.

Fuente: Tengriz News

### **Kazakhstan & China to establish agricultural research park in Zhambyl rgn**

ASTANA. KAZINFORM - Authorities of Zhambyl region and the Chinese province of Shanxi have agreed to establish a joint agricultural park, Kazinform refers to the president of Dungan Association in Kazakhstan H. Daurov.

According to him, recently a delegation of Zhambyl region, which included representatives of the association, made a business trip to the Chinese province. As a result, agreements were signed on cooperation in the fields of alternative energy and agriculture.

"In particular, we will establish the Kazakh-Chinese agricultural research park which will implement modern technology of agriculture," he said.



H. Daurov recalled the position of President Nursultan Nazarbayev that representatives of the People's Assembly should keep in touch with their historical homeland not only culturally but in terms of attracting investment.

Daurov noted that the Head of State, speaking at the enlarged meeting of the Government on February 11, said that ministries and regions have to work with foreign investors and attract them to our economy.

Fuente: KazInform

### **WHO opens primary health care center in Kazakhstan**

ALMATY (TCA) — The World Health Organization (WHO) yesterday inaugurated a new center for excellence in primary health care in Almaty in Kazakhstan.

Zsuzsanna Jakab, WHO Regional Director for Europe, and Salidat Kairbekova, First Vice-Minister of Health and Social Development of Kazakhstan, took part in the opening ceremony.

Speaking of the importance of primary health care, Dr Jakab said, “The conditions for achieving the Region’s greatest health potential, as set out in Health 2020, requires strong leadership to take on the complexities of systems and bring their parts into alignment, while managers face the equally difficult challenge of bringing about people-centered services in the day-to-day functioning of service provision.”

Dr Jakab thanked Kazakhstan for its global commitment to the primary health care approach, as well as undertaking such reforms in the country.

The new center will bring together knowledge to expand the evidence base on service delivery; support countries through experience and technical know-how in strengthening the delivery of services; advance policy options, mechanisms and tools for priority actions to transform services; and build synergies with global health initiatives, foster partnerships with leading academic institutions and think-tanks, and collaborate with development partners, the WHO said.

Jakab’s four-day visit to Kazakhstan also included discussions with high-level officials, including representatives of the President’s Office and the Government, the mayors of Almaty and Astana, Kazakh health workers, as well as partners from United Nations agencies working in the country.

The Regional Director also participated in a senior policy seminar “Transforming Health Services Delivery in Kazakhstan” focusing on key primary health care developments in the country from 2016-2020.

Fuente: Timesca



### **Kazakhstan to return 4.1 billion tenge of VAT payments to ArcelorMittal Temirtau**

The Taxation Department of Karaganda Oblast has begun a check to confirm the outstanding debt of Kazakhstan tax authorities to ArcelorMittal Temirtau, Tengrinews reports citing the head of the Public Revenues Department Azamat Akhmetov.

Earlier this month, ArcelorMittal Temirtau announced a plan to cut wage because of a difficult financial situation in the company caused by uncompetitiveness of Kazakh steel at the Russian market amid 80% devaluation of the Russian ruble.

At the same time, the company applied to the Kazakh government asking to speed up the tax refund, which could probably help the company overcome the current difficulties. "The company has asked the Kazakhstan government to return the 12 billion tenge (\$65 million) of VAT payments that the state owes to the company since 2010," ArcelorMittal Temirtau then said.

The Taxation Department began a check to confirm the existence of the debt of the state authorities to the Indian owned steel company since 2010. "Out of 12 billion tenge, today we are ready to pay 4.1 billion tenge. There are documents confirming that ArcelorMittal overpaid this amount of money in taxes. Once the company provides a tax declaration for the fourth quarter, the stated amount will be transferred to its account. According to Article 274 of the Tax Code (of Kazakhstan), the state has 15 days to make the payment (after the company provides the tax declaration)," Akhmetov said.

"We met with the top management of the company and they treated the check to confirm the debt with understanding," Akhmetov said.

The deadline for the company to provide the declaration is February 15. After that Kazakhstan should transfer 4.1 billion tenge to the company's account by March 6.

Currently, the region's Taxation Department continues checking into the remaining debt, particularly the payments ArcelorMittal Temirtau made in 2012-2013. This check is nearing its completion. So far, it has been confirmed that Kazakhstan tax authorities owe 7.5 billion tenge to the steel giant.

Earlier, the company explicitly declared that once the government made the refund it would be able to resolve the salaries issues. However, the company's profits from sales turned out to be enough to pay the wages in full to its metallurgists and miners before February 17.

In addition, during an extended government meeting chaired by President Nursultan Nazarbayev, the Minister of Investment and Development Asset Issekeshov said the Ministry along with the enterprise's administration was working out various options to increase the demand for the steel giant's products both at the domestic and foreign markets.

Fuente: Tengriz News



### **Hill Corporation lub production plant employs 300**

SHYMKENT. KAZINFORM - "Hill Corporation" plant, launched in Shymkent under the state program of forced industrial-innovative development, has employed 300 people.

This plant is the only one in the country which produces lubricants in accordance with world standards. The plant's construction started in 2009 in the framework of the state program of forced industrial-innovative development.

According to director of business development of the plant Marat Mukanov, during start-up operation the plant's capacity reached 2.5 thousand tons of lubricants. At the present time this figure is amounted to 24 thousand tons of lubricants per year. The equipment installed at the plant allows increasing capacity to 100 thousand tons per year.

Shymkent plant products have already been appreciated by large industrial companies including JSC "KMG EP", JSC "Intergas Central Asia", "Kazakhmys Corporation", JSC "Arcelor Mittal" and many others.

Plant managers informed that in the near future they are going to conclude contracts with partners from Iran, Turkey, Ukraine, and Afghanistan. In 2016 the company plans to start production of base oils. The project cost is 235 billion tenge. The enterprise will create 2,000 new jobs, according to the regional department for business and industry. The design capacity of the new production plant will reach 7.5 million tons of base oils per year.

Fuente: KazInform

### **Kazakhstan and Russia began talks on reduction of influence of ruble on economy of Kazakhstan**

ASTANA. KAZINFORM - Kazakhstan and Russia began talks on the issues of reduction of influence of Russian ruble on the economy of Kazakhstan, First Deputy Prime Minister of Kazakhstan Bakytzhan Sagintayev told at the enlarged sitting of the Government today.

"The issue regarding weakening ruble and reduction of a demand for the products of Kazakhstan are extremely critical now. According to the reached agreements during the telephone talk with Vladimir Putin on February 9, you gave specific instructions, and the Government already began the process on development of mutually beneficial decisions and measures with the Russian side, B. Sagintayev said addressing the Head of State.

B. Sagintayev informed that taking into consideration falling down prices for oil, entrepreneurs in the region raise issues regarding the measures taken immediately by the Government.

First of all, these are issues regarding the support in the form of reduced tariffs for electricity, rail transportation and provision of access to trade facilities for manufacturers.



"All of these issues are being considered within the measures of support for 2015. The issues regarding reduced tariffs for rail transportation and electricity for some companies were considered and addressed right away," he added.

Secondly, ensuring of sale of products through increasing the requirements for the share of local content and signing of long-term contracts with national companies and strategic companies are also of special importance.

"In order to ensure Kazakhstani companies have contracts, 121 memorandums amounting to KZT 960 bln were signed between the national and strategic companies and regional administrations," the First Deputy Prime Minister added.

Fuente: KazInform

### **"KazAgro» Holding and World Bank discussed cooperation issues**

ASTANA. KAZINFORM - A meeting of representatives of "KazAgro" National Holding and the World Bank took place in Astana. The meeting was focused on the trends of the global development of agriculture and the issues of development of this sector in Kazakhstan. Besides, the sides discussed the prospects of cooperation in the sphere of diversification of the agricultural sector of the country and its adjusting to climate changes, the press service of the Holding informs.

The delegation of the Bank headed by representative of the World Bank Mark Keckler was interested in a wide range of issues - from development of promising directions in the agro-industrial complex to the issues of financing of the sector and measures of the state support of agricultural producers of Kazakhstan. Another topic of the discussion was about financial instruments of the National Holding and its future plans.

During the meeting, the representatives of the Holding familiarized the experts of the World Bank with the present state of the agricultural sector of the country. Acting Chairman of the Board of the Holding Dauren Makhazhanov told the guests about the functioning mechanisms of financing of the agro-industrial complex in Kazakhstan and about the key priorities of future development of the Holding.

The sides told that they had similar opinions on many issues. Regarding the prospects of cooperation, the National Holding of Kazakhstan expressed its interest in a long-term funding and cooperation in the sphere of technical support of the agricultural sector of the country.

Fuente: KazInform



### **‘Power of Siberia’: Russia's rising Eastern gas empire?**

Behind the scenes of the crisis-hit Russian economy, the sanctions and the rouble crisis, Moscow and Beijing are busy building a counter-axis to EU-US world dominance, writes Szilvia Batkov.

Szilvia Batkov is an international journalist, running the English language website of Bulgaria’s daily Standart.

Last week, Russian Foreign Minister Sergey Lavrov boasted that “the Russian-Chinese relations are at the highest level ever”. In a parallel PDA during a Hong Kong visit for talks with investors, Russian energy giant Gazprom deputy CEO Alexander Medvedev emphasized that possibilities and prospects on the Asian market as the most attractive for gas supplies.

The benchmark project of Russian-Chinese relations is the recently signed \$400 billion Power of Siberia pipeline, designed to supply natural gas to China after more than a decade of negotiations. Yet the ‘Power of Siberia’ will be much more than just a pipeline: it is meant to start a new era in the balance of power of the global energy market. This tilting of the world’s largest energy exporter towards Asia - and away from Europe - is also exemplified by the re-routing of South Stream to Turkey, a longtime buffer zone between the East and the West.

Once completed, the 3,968 KM Power of Siberia will be the world's largest gas infrastructure. The pipeline's completion will most likely bind China and Russia together for a while, especially since according to confidential sources, the Chinese refuse to pay for the construction of the pipe itself – which is in turn putting a serious burden on Russia's Gazprom.

Work on the 1,860-mile Power of Siberia was already launched in Yakutia on 1 September 2014. This historic gas deal between Russia and China is particularly bad news for the petrodollar, as through this one deal, the Russians will provide about 25% of China’s current natural gas demand. And the two old/new best friends seem to agree that they do not want to use the dollar anymore in order to make that happen, which could pose a threat to the American currency by bringing down the artificially pumped demand for it.

In addition, the BRICS countries recently announced the creation of a new lending institution to end the USD - based monopoly of the World Bank and the IMF. As such, these debts will not be paid in USD anymore in the near future – which would further decrease demand for the American currency.

Besides the staggering momentum of the project, putting the ‘Power of Siberia’ into context is making it even more significant. We see America increasing its LNG shipments to Europe on one side, versus Russia and China teaming up with the ‘Power of Siberia’ mega project.

On the one hand, Russia is turning its attention -and resources - eastwards, away from the European market, where it already has a dominant position with supplying almost 80% of the EU's gas. Additionally, Gazprom has a need for a bigger market, especially since the company's profits are shrinking due to the sharp fall in gas prices.

On the other hand, as leaked documents revealed, the EU has been asking the US for increased supplies, particularly crude oil and LNG produced by its shale gas revolution. The leak came just before the EU and US



restarted their long-forgotten free trade negotiations, which will eventually lead to the \$4.7 trillion Transatlantic Trade and Investment Partnership.

Since the Western axis has NATO as its military alliance, Russia and China are increasingly working to strengthen the Shanghai Cooperation Organization.

SCO is well worth our attention: as a Eurasian political, economic and military alliance which was founded in 2001 by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan, it is the scene of some of the most significant developments on the other side of the Pacific Ocean. The newly established Eurasian Union and the SCO seem to have a true potential to become the legitimate counters to the EU and NATO. In an interesting recent development, the US has finally pulled out of its huge, important military base in Manas, Kyrgyzstan, which it built right after 9/11 and was its biggest base in Central Asia. Some observers take that to mean that the US has basically given up trying to be a major player in Central Asian politics, except for trying to exploit Kazakh oil, which it already does.

Russia is not making a secret of the fact that it is aiming to create a new post-US world order. Russian Foreign Minister Sergey Lavrov reiterated that the "Shanghai Cooperation Organisation is working to establish a rational and just world order" and that "the Shanghai Cooperation Organisation provides a unique opportunity to take part in the process of forming a fundamentally new model of geopolitical integration".

The signing of the \$400 billion natural-gas deal between China and Russia has a life-span of 30 years and is the biggest in the history of the natural-gas industry. Nevertheless, the two nations' alliance is more powerful than most are willing to acknowledge. Consider Beijing's support for Moscow throughout the Ukraine crisis: when Russia invaded Crimea in March, China tacitly supported the move by abstaining from a vote in the United Nations. And when new EU sanctions against Russia came out, Beijing suggested that additional sanctions "may lead to new and more complicating factors" in Ukraine. China's Vice Premier Wang Yang even expressed that Western countries mistakenly imposed the sanctions against Russia. One party's mistake is another party's benefit. China seems to be coming out as the laughing third from the tensions between the EU and Russia.

Fuente: Euractiv



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### **NB of Kazakhstan expects growth of a credit portfolio by 10% - K.Kelimbetov**

ASTANA. February 12, 2015.BNews.kz

Chairman of the National Bank of Kazakhstan expects that the total credit portfolio of domestic banks will grow by 10%, he said at a briefing in SSC, answering the questions from journalists, the correspondent of BNews.kz reports.

"We expect that the credit portfolio should grow. We would like to the credit portfolio to increase significantly for more than 10%, but life will show how the economy will develop in general. I believe that the year 2015 is the bottom of the global financial crisis, when some negative external shocks that are on the agenda could be implemented, " said Kelimbetov.

Fuente: Bnews Kz



## Kirguistán



### Kyrgyzstan has the freest press in Central Asia

Kyrgyzstan has significantly outscored Central Asian neighbors in the Press Freedom Index and took 88th place. This is stated in the report of the international non-governmental organization "Reporters Without Borders".

Kyrgyzstan has the best position among countries of Central Asia. Thus, Tajikistan is on the 116th place, Kazakhstan only 160th. Uzbekistan (166th) and Turkmenistan (180th place) are traditionally at the end of the press freedom index, along with North Korea and Eritrea, where "systematic violations of freedom of expression and information" are noted, the report says.

According to "Reporters Without Borders", the level of media freedom around the world experienced a sharp drop in 2014. As it is noted in the document, two-thirds of the 180 countries, where the research was conducted, showed the results worse than in the previous few years. Partly the situation is caused by increased activity of extremist groups, including the "Islamic state" and "Boko Haarama", information warfare and pressure on the media by various non-governmental groups, the report said.

In 2014 Reporters Without Borders records 3,719 acts of violation of freedom of expression in 180 countries, that is 8 percent more than in 2013.

Finland takes the lead in the list of the countries in Media Freedom ranking. Norway, Denmark, the Netherlands and Sweden are the top five. Ukraine, where there is armed conflict, takes 129th place. Russia is in 152nd place, while human rights activists criticize the Russian authorities for "TV propaganda" when covering the Ukrainian crisis and "putting pressure on independent media," the report states.



The USA ranks the 49th, however, Reporters Without Borders noted that freedom of media in the country fell by three points. According to human rights activists, one can observe noticeable problems with safety of journalists in the United States within federal protection program. Human rights activists also noted the negative facts: arrest of 15 journalists during demonstrations, associated with death during police detention of black teenager Michael Brown in Ferguson, the scandal with The New York Times journalists upon the case of judicial proceedings against the former CIA officer, who disclosed secret information.

Fuente: News Agency

### **Coal base to be opened in Balykchy**

A coal base will be opened in Balykchy. The General Director of Kyrgyzkomur SOE Mirlan Zhakypov informs today at a press conference.

According to him, it will be launched this autumn. "There is already a plot of land of 15 hectares initially on a rental basis, henceforth we plan to buy land. Our main goal - to allow residents of the northern regions buying coal at a prime cost without using open pits. For example, if in season coal rises up to 3.5 thousand soms per ton, here they will be able to buy fuel at 2.5 thousand, significantly cheaper. We are negotiating with leadership of JSC Kumtor Gold Company for support and upclassing," Mirlan Zhakypov explains.

He added that currently Karakeche open pit is cleaned up. "There is a clear order of shipment of coal haulers, additional post of weight and dimensional control is equipped. We conduct operations for provision with cellular communication, which is still absent in the open pit. Solution of this issue will provide communication service in the whole water area of the Lake Son-Kul," he said.

"Over the past year Kyrgyzkomur SOE managed to get out of the crisis and pay off a debt of \$83 million soms within two months, and total debt amounted to 116 million soms. In addition, the law enforcement officials repeatedly revealed facts of illegal export and theft of coal from Kara-Keche open pit. Materials on these facts are sent to the competent authorities," Mirlan Zhakypov specified.

Fuente: News Agency

### **Tashkent, Washington mull military equipment supply**

The governments of the U.S. and Uzbekistan are holding negotiations on the supply of military equipment to Uzbekistan, said Daniel Rosenblum, Deputy Assistant Secretary for Central Asia at the US Department of State.

He made the remarks during a conference call with reporters from Uzbekistan, Kyrgyzstan and Kazakhstan. The conference call was organized by a media center in Brussels.

Rosenblum didn't provide detailed information about the negotiations.



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Uzbekistan and the US in 2014 agreed on delivering 308 M-ATV armored vehicles to Uzbekistan.

The representative of the US Department of State said the talks on delivering the armored vehicles lasted very long and were difficult.

He added that the ongoing negotiations focus on other types of military equipment.

Currently, 308 M-ATV armored vehicles are delivered from the US to Uzbekistan. Moreover, 20 armored recovery vehicles are delivered to this country from the US for the technical support for the armored vehicles.

The delivery of the military equipment from the US to Uzbekistan started in December 2014 and this process will last for several more months.

Fuente: News Agency

### **Kyrgyz parliament exempts natural gas imports from customs duty**

The parliament of Kyrgyzstan has exempted natural gas imports from customs duties. The decision is made today.

Earlier, in Moscow the governments of the Russian Federation and the Kyrgyz Republic signed the agreement on cooperation in the sphere of transportation, distribution and sale of natural gas in the territory of the Kyrgyz Republic. Under the terms of the agreement, Gazprom ensured uninterrupted supply of fuel to consumers of the Kyrgyz Republic. Under the agreement with KazTransGas JSC, fuel price amounted to \$224 per thousand cubic meters. However, in supply the rule of "direct purchase and direct delivery" wasn't complied with the contract, since gas is from Kazakhstan.

Under the law, non-compliance with this rule entails maximum rate of customs duty in the amount of 35 percent. If you leave everything as it is, LLC Gazprom Kyrgyzstan will include the costs for payment of customs duties in the tariff, which will lead to increase in gas prices.

Fuente: 24 Kg

### **Valery Dil: Kyrgyzstan – only country in world that produces primary mercury**

Kyrgyzstan - is the only country in the world that produces primary mercury, the Vice Prime Minister of Kyrgyzstan Valery Dil says today at the Board of the Ministry of Energy and Industry.

"We are not satisfied with the work of Aidarken mercury, Kara-Balta Mining and Kadamdzhai antimony plants. Mercury plant attracted investment and got out of the crisis, but it still needs more investment. Countries all over the world refuse mercury mining, and the KR also agrees, but it is the only company in the world that produces primary mercury," he said.



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According to the Vice Prime Minister, domestic mercury plant is the main township-forming enterprise.

Fuente: News Agency

### **Kyrgyzstan hopes to increase exports of military products after joining Eurasian Union**

Kyrgyzstan will get a real chance to increase exports of military products after full accession to the Eurasian Economic Union (EEU). The Vice Prime Minister Abdyrakhman Mamataliev, supervising the issues of defense, security, law and order in the government of the republic, states today during his visit to Bishkek military-industrial complex plants, TASS reports.

"Within the accession to the EEU, Kyrgyzstan will have an additional opportunity to deliver military products to the countries of the organization, - he says. - It is necessary to attract and train young professionals for sharing invaluable experience of the older generation." According to him, today all Bishkek industrial enterprises of defense profile have similar problems, which can be solved only with support of the state. He highlighted the lack of young professionals, modern technologies, as well as small volumes of production among the urgent ones.

"Compared to the Soviet period, production level has decreased by more than ten times," the Vice Prime Minister specifies. Nevertheless, he said, considerable part of military-industrial complex enterprises focuses on production of military equipment that is in demand in Russia and the CIS countries. "Need for modernization of equipment, the lack of appropriate amount of orders, personnel problems - all these issues can be resolved, because the plants are liquid, - Abdyrakhman Mamataliev says. - We must help them to restore previous mode of operation, it is necessary to take these objects to control and support them."

Kyrgyzstan signed an agreement on accession to the EEU in December 2014. As planned, the country will become a full member of this organization since May 2015, TASS recalls.

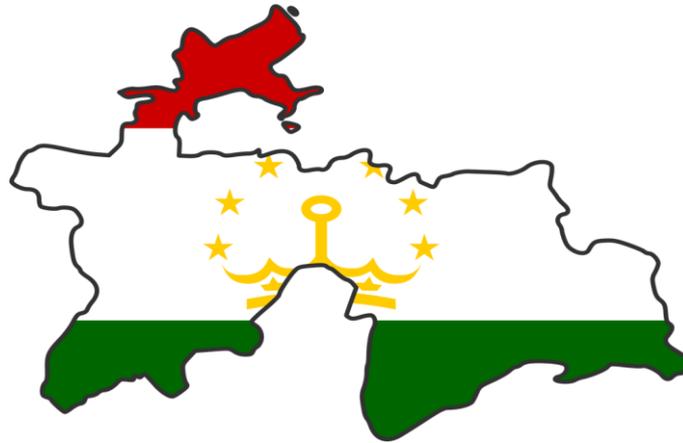
Fuente: News Agency



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## Tayikistán



**Tajikistan is to set up an expert group to analyze the pros and cons of joining the Eurasian Economic Union. Dushanbe may considerably benefit from the free flow of goods, capital and labor, the Russian Ambassador to Tajikistan believes.**

DUSHANBE (Sputnik) – Tajikistan's potential accession to the Eurasian Economic Union (EEU) could benefit the country, Russian Ambassador to Tajikistan Igor Lyakin-Frolov told RIA Novosti.

The EEU was established on May 29, 2014 by a treaty signed by Russia, Belarus and Kazakhstan. Armenia joined the organization in October, and Kyrgyzstan signed its accession treaty in December.

"I think, on the whole, EEU membership will have more upsides for Tajikistan than downsides, although it might require serious talks on the conditions of Tajikistan's accession," Lyakin-Frolov said.

China Proposing to Establish Free Trade Zone With Eurasian Economic Union

According to the ambassador, Russia understands the importance of this decision and Tajikistan's approach of analyzing the situation before making the move.

"President [of Tajikistan] Emomali Rahmon said that at the moment legal basis necessary to join the EEU was under consideration. Moreover, the Eurasian Economic Commission and the Strategic Research Center under the president of Tajikistan have agreed to set up an expert group on the process of the country's accession to EEU," Lyakin-Frolov said.



He noted that the free flow of goods, services, capital and workforce among EEU members could benefit Tajikistan in terms of labor migration.

"The creation of EEU makes a great contribution to the economic stability on the continent, which is in the interests of all members of Eurasian economic integration, as well as our neighbors and partners," the ambassador said.

The EEU guarantees the free flow of goods, services, capital and labor, and a coordinated energy, industrial, agricultural and transport policy among the union's member countries. The EEU's goal is to establish a single economic market stretching from the European Union to China, which would serve more than 170 million people.

Fuente: Sputniknews

### **Agreement for two new cement plants for Tajikistan**

According to local press reports, Tajikistan's parliament has formed an agreement with Huaxin Cement Co. Ltd, China, for the construction of two new cement plants. This includes a 1 million tpy plant in the district of Bobojon Ghafurov and a cement plant with a production capacity of 1.2 million tpy in the Dangara Free Economic Zone.

Tajikistan will reportedly hold a 30% stake in the Bobojon Ghafurov plant and a 45% ownership share of the Dangara plant.

In January, Tajikistan's Ministry of Industry and New Technologies said that six new cement plants would be established within the next two years. By increasing the production capacity of the country's cement sector, which currently comprises ten plants, Tajikistan expects to become an exporter of cement.

Fuente: Timesca

### **IFC helps expand MSME finance in Tajikistan**

DUSHANBE (TCA) — The International Finance Corporation (IFC), a member of the World Bank Group, has mobilized \$16.5 million, including \$5 million from its own account, for IMON International, Tajikistan's leading microfinance institution, to boost lending to micro, small, and medium enterprises in the country's remote and rural areas.

The local currency loan is IFC's first parallel financing in Tajikistan. It will be complimented by investments mobilized by IFC from PROPARCO, a subsidiary of the French Development Agency (AFD), and the OPEC Fund for International Development (OFID), which is making its first private sector investment in the country, the IFC said.



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“Our long-standing partnership with IFC was critical for attracting additional financing as it proved our sustainability and viability,” said Sanavbar Sharipova, IMON International’s CEO. “With this financing package, we will be able to increase our credit and other product offerings for farmers, small businesses, and female entrepreneurs in Tajikistan.”

“IFC promotes development by mobilizing financing for the private sector, which is what differentiates us from commercial financiers,” said Edward Strawderman, Regional Head of Industry, IFC EMENA Financial Institutions Group. “This parallel financing will support IMON's overall growth strategy to diversify and increase the volume of its funding, better manage foreign currency risks, and meet the local currency funding needs of its borrowers.”

Since 2008, IFC has provided funds to IMON International totaling \$12.5 million to boost lending to small businesses.

Fuente: Timesca