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## REVISTA DE PRENSA

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### Kazajstán



#### **Democracy in Kazakhstan and Uzbekistan is a managed affair, without clear rules of succession**

EVER since communist bosses morphed into democrats after the fall of the Soviet Union in 1991, they have polished a veneer of democracy. It means staging elections from time to time. It does not mean that votes are fair or that power changes hands.

Two presidential elections in Central Asia this spring guarantee new five-year terms for two Soviet-era strongmen. Both Islam Karimov of Uzbekistan and Nursultan Nazarbayev of Kazakhstan were first appointed to head their Soviet republics in June 1989. When the Soviet Union disintegrated two years later, they reluctantly declared independence. Since then, the men have built up personality-driven regimes not unlike the one in President Vladimir Putin's Russia. Rather than creating institutions to ensure a smooth political succession, they give the impression of wanting to rule for ever. They treat elections as carefully managed ceremonies to legitimise their reigns. Yet both are now in their mid-70s, and their health is the subject of persistent rumours.

Mr Karimov and Mr Nazarbayev ban genuine opposition, running against puppet candidates. They manipulate their countries' constitutions and hardly bother to campaign. On March 29th Mr Karimov snatched another term in office in Central Asia's most-populous republic with a nail-biting 90% of the vote.



Kazakhstan, the second-most-populous—it has 17m citizens, compared with 30m in Uzbekistan—will stage a similar show on April 26th. Mr Nazarbayev is enshrined in Kazakhstan’s constitution as “leader of the nation”. He alone is allowed by law to stand indefinitely. He was not due to face voters until late in 2016. But, as he has done for every election since independence, he moved the date forward. The fawning state media explained that the 74-year-old was responding to spontaneous outpourings of affection from fans demanding an early poll. The point of elections in Kazakhstan, says Nargis Kassenova of KIMEP University in Almaty, is not to contest ideas but to “demonstrate overwhelming support for the leader”. The authorities claim that the early election will ensure stability and grant Mr Nazarbayev a mandate to attend to Kazakhstan’s economy, which has been hit by falling oil prices as well as Russia’s economic woes.

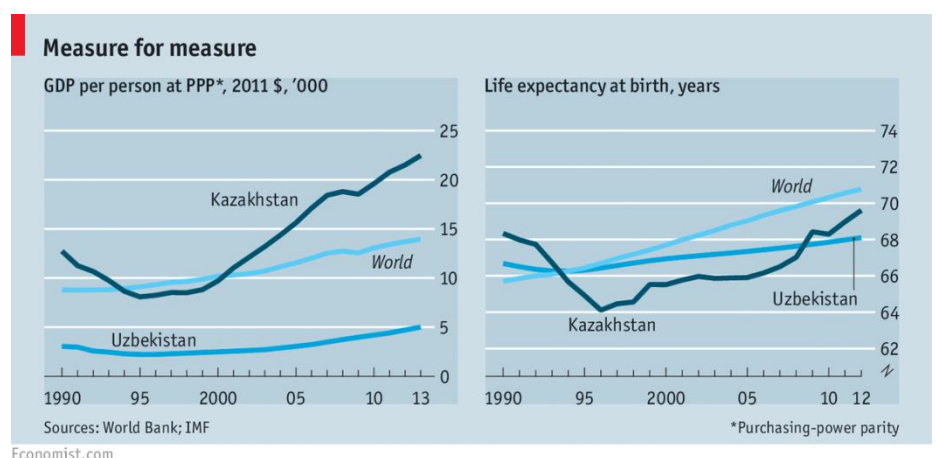
Kazakhstan’s president does not play fair. His courts lock up opposition figures on spurious charges. Hostile media outlets are shut down. And there is no proper opposition—indeed, one of the candidates running against Mr Nazarbayev in 2011 admitted that he had voted for him. Yet Mr Nazarbayev is genuinely popular, and despite Kazakhstan’s problems, he has overseen an economy that is a model of prosperity compared with the basket cases elsewhere in Central Asia.

Mr Nazarbayev once called his rule an “enlightened dictatorship”. The state spends fortunes on flattering his and his country’s image abroad; Western statesmen, none more eager than Tony Blair, a former British prime minister, also play their part. Next door in Uzbekistan Mr Karimov is less concerned about his image, overseeing a paranoid police state. His goons force critics into psychiatric hospitals. Human Rights Watch, an NGO, says that dozens are in Uzbek jails on “politically motivated charges”. Thousands of pious, peaceful Muslims are also locked up.

Yet the West is usually silent about Uzbekistan’s abuses, seeing Mr Karimov as a useful buttress against Islamist terror on Afghanistan’s northern border. Ten years ago, in Andijan in the east of the country, Mr Karimov’s troops opened fire on peaceful protesters, killing hundreds. Even so, in January the administration of Barack Obama said it would send him more than 300 armoured vehicles.

The biggest question in the run-up to Uzbekistan’s vote was Mr Karimov’s health, long thought poor. In February the 77-year-old disappeared for three weeks, missing the ruling-party congress at which he was officially nominated. “Islam Karimov’s only competitor is his age,” says Daniil Kislov, an exile at Fergana News, a Central Asian news agency based in Russia.

For years both leaders were assumed to be grooming fabulously wealthy children to take over one day.





Mr Karimov's older daughter, Gulnara Karimova, who is now 42, has been ambassador to the UN, a flamboyant pop-star wannabe and a rapacious collector of business interests (she is being investigated in Europe for over \$1 billion in alleged kickbacks from Western telecoms firms). In late 2013 Ms Karimova appeared to have fallen out with the head of Uzbekistan's secret police. Then she disappeared. In a recording that she smuggled out last August, she said she was being held under house arrest in Tashkent, the capital. What her father thinks or knows is unclear.

Mr Nazarbayev's family has had its dramas, too. Rakhat Aliyev was a spook turned ruthless businessman who was married to the president's daughter, Dariga Nazarbayeva, before an almighty falling-out with the ruling family. In February he was found dead in his prison cell in Austria, where he was part of a murder investigation. His death could clear the way for Ms Nazarbayeva, who is head of her father's party in parliament, to pitch either herself or her 30-year-old son, the deputy mayor of the capital, Astana, into the top spot. But no one knows for sure. Cliffhangers are great in soap operas, but lousy in the last reel of the lives of Central Asia's two oldest dictators.

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

### **When will Kazakhstan finally be allowed into the WTO?**

On January 1, the World Trade Organization, responsible for 97 percent of world trade, celebrated its 20th anniversary. On its website the WTO defines its role as "the only global international organization dealing with the rules of trade between nations." The WTO polices free trade agreements, settles trade disputes between governments and organizes trade negotiations and, most significantly, WTO decisions are absolute and every member must abide by its rulings.

Of the 15 independent nations that emerged from the breakup of the USSR in 1991, only Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan remain outside the WTO, a situation that Kazakhstan, the ninth largest country in the world, the second-biggest former Soviet republic and the largest economy in Central Asia, hopes to rectify later this year.

There are many yardsticks to evaluate Kazakhstan's changes. When the USSR collapsed in December 1991, Kazakhstan inherited the fourth largest nuclear arsenal in the world after Russia, the United States and Ukraine as well as a centrally planned economy emphasizing armaments production, directed from Moscow. Kazakhstan's government renounced nuclear weapons and by April 1995 had transferred all of its nuclear warheads to Russia, winning international plaudits. The nation's efforts to move away from its inherited centrally planned economy to a free market model globally integrated have been no less impressive, if much less heralded, which membership in the WTO is intended to crown.

It has certainly been a long process, as Kazakhstan's application to join the WTO was submitted on January 29, 1996, less than five years after achieving full independence from the Soviet Union. The WTO on February 6, 1996 established a Working Party for Kazakhstan's admission to the organization.



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But, 19 years after Kazakhstan expressed its desire to join the WTO, the country is still waiting to see its membership approved, while Kyrgyzstan (1998), Latvia (1999), Estonia (1999), Georgia (2000), Lithuania (2001), Moldova (2001), Armenia (2003), Ukraine (2008), Russia (2012) and Tajikistan (2013) have all joined the trade organization ahead of it.

Kazakhstan, along with Belarus and Uzbekistan, remain "Observer governments" with pending applications, leaving only Turkmenistan as the sole post-Soviet state uninterested in WTO membership. In contrast to Kazakhstan's prolonged WTO application Kyrgyzstan, from WTO application to membership, took only two years and four months.

The Kazakh economy is rich in natural resources including oil, natural gas, and minerals. With its significant geopolitical location, Kazakhstan also serves as a strategic entry point to the rest of Central Asia and borders regional powers such as Russia and China.

Such opportunities would be welcome as the recent dramatic fall in global oil prices has inflicted substantial economic hardship. Kazakh Foreign Minister Erlan Idrissov has emphasized how important WTO membership is to Kazakhstan, remarking, "This is a balancer of our global economic relations. Through the WTO, we will get access to an extensive global trading system, to its standards, rules and regulations. These same rules and regulations will apply to Kazakhstan in its trade with other countries. So, for us the WTO is a signifier of growth, which we are consistently working towards."

The Working Party on Kazakhstan's accession to the WTO consists of 39 WTO member-states with the 28 European Union (EU) member states involved as a single entity. Kazakhstan has already signed bilateral trade protocols with 30 WTO member-states, including the U.S. and the EU and by the end of 2011 had completed bilateral negotiations with all of its Working Party members.

Since the WTO was created in 1995, the U.S. administration has used the Geneva-based group to help resolve a growing number of disputes, rather than attempting to impose sanctions unilaterally, an option that in many cases is illegal under WTO regulations. To become members, candidate countries must agree to cut tariffs and change their laws to guarantee the rights of importers and exporters under WTO rules.

Kazakh President Nursultan Nazarbayev has long been sanguine about what WTO membership would mean for Kazakhstan. Speaking on Feb. 27, 1999 about the World Trade Organization he commented about the aspirations of post-Soviet nations, "We are all holding talks, and we all want to join. But anyone who joins accepts certain conditions. He opens his own borders up fully and paves the way for a flood of Western goods into that country. In other words, regardless of whether we want to develop our own industries inside our own countries, Western goods will fill our markets up very cheaply, and our enterprises will stop producing. In that case, agreeing to open up fully -- let anyone who wants to bring his goods into our country -- threatens to cause unemployment and the shutdown of our enterprises."



While a number of WTO members welcomed progress in Kazakhstan's accession negotiations they still expressed serious concerns about the absence of inputs and progress in tariff adjustment, regulations and practices governing sanitary and phytosanitary (SPS) measures and WTO-inconsistent trade-related investment measures (TRIMS), including those in state-owned enterprises.

Another stumbling block for Kazakhstan's WTO admission is its commitment to the Customs Union (CU) that it formed in 2010 with Russia and Belarus, which on January 1, 2015 became the Eurasian Economic Union (EEU). The CU led to a rise in some trade tariffs disputes with other nations, subsequently requiring new discussions about the conditions of its WTO entry. In June 2010 EU foreign policy chief Catherine Ashton warned that the CU might harm international trade and pose "an additional barrier fencing Astana, Minsk and Moscow off from the WTO."

It is difficult to see these objections as anything other than a stalling tactic, however, as the activities of other international regional trading entities, including the EU and the North American Free Trade Agreement (NAFTA) do not preclude or inhibit WTO activity. Despite this, seeing darker ulterior motives in the EEU beyond mere economics, a September 29, 2013 Washington Post editorial warned that the "Moscow-led customs union... would be an E.U. rival - and a means of realizing Mr. Putin's dream of recreating something like the Soviet Union."

More recently, objections have arisen among Kazakhstan Working Party members even though, in a rare display of bilateral accord in the wake of the Ukrainian crisis, both the U.S. and Russia support Kazakhstan's accession as soon as possible, along with the EU and China. On a visit last month to northeastern Kazakhstan Deputy Prime Minister Bakytzhan Sagintayev remarked, "We have almost completed all the preparations and the negotiation processes for the accession into the WTO. But we still have some unresolved issues with Mongolia and Ukraine." As a WTO Working Party has to make a unanimous recommendation to the General Council for admission, Kazakhstan's admission is being sidetracked yet again.

These delays do not only impact Kazakhstan. Kazakhstan is situated in the heart of the Eurasian continent so it could serve as a transit route from East to West and from South to North and has spent billions on developing its railways and roads with the aim of Eurasia transit hub, which will benefit all of its neighbors – China, Russia, Kyrgyzstan, Uzbekistan and Turkmenistan, transforming the country from "land-locked" to "land-linked." Looking at the future, Kazakhstan has launched its new Strategy 2050 to become one of the 30 most competitive nations in the world by 2050.

On November 25, 2014 WTO Director-General Roberto Azevêdo said that negotiations with Kazakhstan "are at an advanced stage of maturity and on the threshold of conclusion," adding that a formal decision should be announced in early 2015. Given Azevêdo's comments and the fact that it is now early 2015, Kazakhstan's long effort to join the WTO seems on the verge of being fulfilled, an event that will not only benefit Kazakhstan, but all nations along the reviving Silk Road.

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



### **World Bank loan to boost employment and skills in Kazakhstan**

Kazakhstan is to receive a \$100m loan from the World Bank to improve employment outcomes and skills of its current workforce.

The bank said the new Skills and Jobs Project will increase access to relevant training for the working-age population and is expected to yield economic benefits.

The project aims to improve the public employment services, and enhance the capacity of training centres and institutions to deliver skills development programs in line with market demand.

Ludmilla Butenko, World Bank country manager for Kazakhstan, said the project aims to contribute to Kazakhstan's national goal of diversifying its economy and increasing the productivity and earning capacity of the working-age population.

'Education and acquiring relevant skills largely determine access to higher paid quality jobs,' Butenko said.

Fuente: <http://www.publicfinanceinternational.org/>

### **China, Kazakhstan Sign \$23.6 Billion In Deals**

China and Kazakhstan have signed 33 deals worth \$23.6 billion covering areas from hydropower to steel, state news agency Xinhua said.

The agreements were reached during a visit by Kazakhstan Prime Minister Karim Masimov to China after a meeting with Chinese Premier Li Keqiang, state news agency Xinhua said late on Friday.

Others areas covered by the deals include oil refining and cars, the report said, without providing further details.

"The inking of the deals show the success of bilateral cooperation, and proves that the two countries' economies are complementary," Xinhua quoted Li as saying.

"China's equipment and technology are cost-effective, which are suitable for countries promoting industrialization," he added.

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





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## **HUNGARY, KAZAKHSTAN AGREE TO STRENGTHEN POLITICAL AND ECONOMIC RELATIONS**

The Hungarian oil industry in Kazakhstan is a flagship for developing Hungarian-Kazakh relations, PM Viktor Orbán said after talks with counterpart Karim Massimov. On a three-day visit to Astana, Orbán told a joint press conference with Massimov that they had decided to sign an aviation agreement with a view to launching direct flights between the two countries. Moreover, Hungary and Kazakhstan aim to relax visa regulations between the two countries, he said.

In the course of the day, Orbán signed a memorandum of understanding on setting up a Hungarian-Kazakh strategic council; Foreign Minister Péter Szijjártó signed a preliminary agreement on the launch of a joint fund by KazAgro Holding and Eximbank; Justice Minister László Trócsányi signed a criminal legal-aid agreement; and Economy Minister Mihály Varga signed a cooperation agreement with his Kazakh counterpart on bilateral vocational training.

PM Viktor Orbán said at the press conference that his government has decided that Hungary would join the Asian Development Bank, therefore he accepted an invitation to an economic forum to be held in May. He also pointed out that Hungarian-Kazakh political relations are currently much stronger than their economic relations; this is a major problem, since everyone believes that there is a bright future ahead of Kazakhstan, and that Central Europe will be the engine of European growth in the coming years. Consequently, close economic cooperation is needed between the two countries, he said.

Karim Massimov said talks with Orbán went well beyond the usual level of political dialogue and this had been true too of a meeting with President Nursultan Nazarbayev earlier in the day. Karim Massimov said he believes that his country has much to offer Hungarian businesses, and there are already a number of fields in which Hungary and Kazakhstan are cooperating. He underlined that Hungarian companies are most welcome in every industry, adding that Kazakhstan is very well located in the region, and that the country has friendly and constructive relations with its two large neighbours: China and Russia.

According to Kazakh news agency inform.kz, the Hungarian Prime Minister feels at home in Kazakhstan as opposed to the EU, since he has told the following after the talks in Astana: "We are always glad to come to Kazakhstan. We are equal in political terms in the European Union, but genealogically we are different. When we go to Brussels we do not have any relatives there. But when we come to Kazakhstan we have close people here. It is a strange feeling for us but it is true. Therefore, Hungarian delegations always come to Kazakhstan with pleasure." According to Hungarian news portal index.hu, Viktor Orbán added that "it is a rather strange feeling that one must travel to the East to feel at home."

Fuente: <http://hungarytoday.hu/>



### **Kazakhstan restricts sales of Russian meat products**

Astana, Kazakhstan--Kazakhstan banned sales of a slew of meat products originating from Russia Tuesday, in another sign of tensions between the allies in a Moscow-backed trade union.

Restrictions on sales of Russian pork products will go into effect immediately, said a statement by Kazakhstan's committee on consumer protection.

Testing this month revealed the presence of E.coli bacteria, excessive sodium and other violations of Kazakh consumer standards, the committee claimed.

Additionally, Russian meat products that were found to contain pig DNA showed no pork labelling, and as such "mislead consumers," the committee in the mainly-Muslim ex-Soviet country said Tuesday.

Authorities are also "conducting activities to withdraw these products from points of sale and the warehouses of suppliers," the statement added, without stipulating how long the restrictions would be in place.

The Central Asian country's domestic producers have been struggling to compete with Russian imports since the Russian ruble - reeling from sanctions and falling oil profits - lost around half its value against the dollar last year.

On March 5 energy-rich Kazakhstan banned Russian fuel imports for a period of 45 days, complaining of a surplus of Russian-origin petrol and diesel products on its domestic market.

Russia also had a number of trade disputes with neighbouring Belarus, which along with Kazakhstan is part of the founding trio of the Eurasian Economic Union that Russian President Vladimir Putin considers a rival to the European Union and other multilateral trade blocs.

Strong lobbying by local businesses has fuelled speculation that Kazakhstan will devalue its tenge national currency, following a snap presidential ballot in April.

The poll is expected to hand 74-year-old incumbent strongman Nursultan Nazarbayev a five-year term to extend his 26-year rule of the country.

The Kazakh central bank sliced almost a fifth off the tenge's value overnight in February 2014, partly to make its exports to Russia more competitive.

Products from its northern neighbour continue to flood into Kazakhstan, however, after the Russian ruble plunged to record lows in December.

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





### **EBRD finances ore-processing plant in Kazakhstan**

ASTANA (TCA) — The European Bank for Reconstruction and Development (EBRD) is extending a loan of US \$100 million to AltaiPolimetal and Terekty Ken Baity, two companies involved in the Koktaszhal copper and gold deposit in the Karaganda province, to support the introduction of the best available technology and high environmental standards in Kazakhstan's natural resources sector.

The loan will finance the development of the Koktaszhal mine and the construction of an ore-processing plant to produce copper-gold concentrate, the EBRD said. New, highly efficient milling and processing equipment will be purchased, including a system of conveyor belts. The new conveyors and other technologies used in the plant will eliminate the need for conventional diesel-fired heavy machinery and trucks. The new plant and modern equipment will also help the operators substantially reduce dusting and emissions, and water use will be halved compared with projects using conventional machinery.

“Kazakhstan has significant reserves of copper and gold and the Koktaszhal project will support the development of a new deposit that meets the heightened standards for resources and energy efficiency. The operation will also support investment in the remote region, create new jobs and boost the local economy,” said Aida Sitdikova, EBRD Director for Energy and Natural Resources in Russia and Central Asia.

Ruslan Yun, Chairman of the Board, said: “We appreciate the Bank's support in developing this state-of-the-art mining project. Based on our experience studying numerous copper-gold mines around the world, we are using the best equipment and techniques to make Koktaszhal a showcase for the world mining community in terms of efficiency as well as environmental and health and safety standards, which will contribute to minimising emissions and dust and substantially reducing water consumption. From a social perspective we are supporting the local community. To attract the best mining engineers and their families to work and live in the project's region we are building a modern village with all necessary infrastructure, including an Olympic-size swimming pool, sports centre, park and market place.”

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

### **No issue with funding for Kazakhstan oil fields**

CLIQ says it will come up with the money to develop them

Industry observers have been raising questions on how CLIQ Energy Bhd will fund its proposed development plan for the two Kazakhstan oil fields it intends to buy as its qualifying acquisition (QA).

However, the special purpose acquisition company (SPAC) says funding will unlikely be an issue, as the oil fields will soon be able to fund the capital expenditure (capex) requirements.



On Wednesday, CLIQ entered into a conditional sales and purchase agreement (SPA) to acquire a 51% stake in a special purpose vehicle (SPV), which will comprise the two oil producing field assets in Kazakhstan from Phystech Firm LLP for US\$117.3mil (RM433.5mil).

Under the agreement, the two assets will be transferred to the SPV, following which, the SPV will seek to list on the Kazakhstan Stock Exchange.

As part of the agreement, Phystech will inject US\$30mil into the SPV to be utilised as working capital financing. Moving beyond that, another US\$236mil will be spent on capex to improve the facilities and production of the oil fields.

Phystech wholly-owns and operates the two oil fields (Karazhanbas Northern Field), and hence if approved, the acquisition will see CLIQ having full operatorship of the assets.

Ziyad: 'Our first year shortfall in capex is only US\$30mil. After the first year we will have enough production and cashflow to internally fund future development.'

Managing director and chief executive officer Ziyad Elias says the additional capex will be funded internally.

"As you know our first year shortfall in capex is only US\$30mil. After the first year we will have enough production and cashflow to internally fund future development," he tells StarBizWeek.

Part of the deal involves CLIQ paying US\$90mil upfront, while the remainder US\$27.3mil is deferred to three years after the SPA is completed. Also, its portion of the US\$30mil capex shortfall comes up to US\$15.3mil, which will mean its total debt will stand at US\$42.3mil.

Ziyad says CLIQ has about US\$100mil in its trust account, of which US\$90mil will be used for the upfront payment for the acquisition. He adds that the balance will be used as working capital at the company's holding level.

However, the company still has 630.9 million convertible warrants units, which will expire come April 9, 2016. If all warrants are converted come expiry, CLIQ will have a gain of RM315.5mil.

"We are hoping for the warrant conversion of around US\$80mil," he says.

With that, CLIQ would be able to pay off its debts and still have almost US\$40mil in cash to spare.

"Even after paying off our debts, we won't be strapped for cash. We are buying an asset with no liability with minimum debt that won't constrain our cashflow and our balance sheet," says Ziyad.



He adds that CLIQ's investment has an internal rate of return that is well above the stipulated 15% discounted cashflow hurdle rate.

Currently the earnings before interest, tax, depreciation and amortisation (EBITDA) of Phystech are positive, although they have been on a downtrend since 2011.

In the financial year ended Dec 31, 2011, Phystech posted RM39.48mil in EBITDA, while in 2012 it was higher at RM52.9mil. However, in 2013 the company, whose general director is Daribekov Adil Maratovich, saw EBITDA levels fall to RM22.62mil.

EBITDA margins fell from 38.3% in 2011 to 36.11% in 2012 to 17.57% in 2013, as a result of "production inefficiencies", CLIQ said in its filing with Bursa Malaysia on Wednesday.

It is understood that Phystech's unaudited third-quarter results stand at RM29.8mil, a sign that things could be turning around for the owner of the 78.8 sq km Karazhanbas Northern Field.

Phystech are CLIQ's long-term partners, Ziyad adds. "They are not like other vendors that sell their asset, get the money and then run away. They are still shareholders in the SPV, so they will derive the value of the asset together with us. It is what we call a win-win situation," he says.

If the acquisition is approved by the Securities Commission (SC) and CLIQ's shareholders, it would see the company graduating from a SPAC to a junior independent exploration and production (E&P) company.

CLIQ will make its submission to SC within two month's time, and hopes to receive an approval in principle from the regulatory board by the end of September. It will then hold its extraordinary general meeting by the end of October, and are hopeful of completing the acquisition by December.

Ziyad anticipates to be cashflow positive by the end of the third year, and to breakeven by the end of the fourth year. By that time, CLIQ will look at the possibility of paying out dividends, or further develop its business.

"Perhaps we can buy another asset ...," he teases.

Ziyad continues, saying the life of an E&P company is to develop oil fields and then "replenish". "But our main focus at this time is to deliver this QA," he adds.

Under the development plan, CLIQ intends to add more oil gathering stations, build oil processing units (OPU), and install the pipeline to connect the OPU to the Kaztransoil pipeline, among others.

Although the fields, which have reserves of 39.5 million barrels, came onstream in 2008, only about 2 million barrels of oil have been produced.



“We consider it as early stage greenfield. We will bring in the capability and experience to improve the facilities and to drill in more wells, improve production and also improve the central processing unit to be able to produce export grade oil,” says Ziyad.

Through the development plan, Ziyad says CLIQ aims to bring down the costs by about US\$7 per barrel from around US\$12 to US\$15 per barrel currently.

There are currently 130 drilled wells at the Karazhanbas Northern Field concession area, but only 90 wells are producing.

Ziyad says CLIQ will reassess the 40 wells that are not producing.

CLIQ intends to increase production from 1,400 barrels per day to 7,500 barrels per day in five year’s time.

The company also plans to add 400 new wells at the onshore shallow reservoir, from 90 wells currently. The Karazhanbas Northern Field covers 78.8 sq km with a drill depth of less than 1,000 m.

CLIQ started assessing the assets in early December 2014 and completed an in-house analysis as well as visited the physical location to “get a feel” of the assets.

“The other aspect is that the fields’ location is not in a very difficult terrain. It would have been different if it was in swampy or mountainous area. It is on relatively flat and firm ground so it is easy to build facilities,” he says.

Fuente: <http://www.thestar.com.my/>

### **Kazakhstan to commission new wind project by 2016**

KAZAKHSTAN: The government of Kazakhstan is completing preparations to build a 78MW project in the Tainty Ulan area in the east of the country.

According to Darkhan Tokhtarov, head of the regional department of energy and utilities of the East Kazakhstan region, commissioning of the new wind farm is scheduled for 2016.

The project will have around 35 turbines.

Among the participants of the project are LLP Spain Consulting (a joint venture of the Kazakh and Spanish business), a local joint-stock company, Yertys, and Hydro China International Engineering.



Last year, Kazakhstan announced plans to build up to six wind projects in northern Kazakhstan by 2018, according to a recent statement by Anton Fedyayev, head of the department of housing and communal services and energy of the Kazakh government.

Fedyayev said the projects form part of an existing state programme to develop renewables in the country through to 2018.

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

### **Samruk-Energo in Kazakhstan draws plans for more wind, solar farms**

April 3 (SeeNews) - Kazakhstan-based power producer JSC Samruk-Energo aims to produce more power from wind and solar parks and already has several projects planned for the 2015-2019 period.

Trend News Agency said the company aims at a renewable power output of 110 million kWh in 2015 and 355 million kWh in 2016.

Samruk-Energo intends to build a 50-MW solar farm near Kapshagay city, with potential for a later expansion to 100 MW, according to the report. Several wind farm projects of around 50 MW each are also planned for the Shelek corridor and Yereimentau city.

In the second quarter of 2015, Samruk-Energo will commission a 45-MW wind park near Yereimentau, which can later be expanded to 300 MW, Trend said, citing the company.

Kazakhstan's government has set a 30% renewables goal for 2030.

Fuente: <http://renewables.seenews.com/>

### **Kazakhstan plans to harvest 17.2 mln tons of grain crops in 2015**

According to the forecasts of Agriculture Ministry, this year it is planned to harvest not less than 17.2 million tons of grain crops.

Speaking about the forecast for gross harvest, Deputy Minister of Agriculture Saparkhan Omarov noted that after follow-up revision, it equaled to 17.2 million tons of grain. He expressed hope that this year's gross grain harvest will not be lower than in the last year.

It was informed, that in 2015 cultivated crops will be planted on an area of 21.5 hectares, which is 0.1 million hectares more than in 2014.



### **Kazakhstan to double its grain exports to Iran**

Kazakhstan is to double its grain exports to Iran, a Tengrinews.kz journalist reports, citing Saparkhan Omarov, Vice Minister of Agriculture.

“When it comes to the Middle East, Iran has been a major importer of Kazakh grain; with the new railroad to Iran in place, we expect the grain exports towards Iran to double”, he told a briefing at the Public Communications Service.

The 900-km-long railway link constructed through concerted efforts of Kazakhstan, Turkmenistan and Iran runs from the Kazakhstan’s steppe across Turkmen Karakumy desert to the mountainous Gulistan province in the North of Iran. The project was bolstered by the Asian Development Bank and the Islamic Development Bank. The agreement on construction of the railway link was signed by the three leaders back in 2007, the actual construction works commenced in 2009. The Kazakhstan’s arm of 120 km was the first to be completed in 2012; in 2013 it was stitched to the Turkmen section Kyzylgaya – Bereket. The entire railway corridor, including the Iranian leg, was inaugurated early December 2014.

According to Mr. Omarov, the country’s grain exports potential for 2014-2015 stands at 7 million tons. “As of today, 4.7 million tons have been exported, mainly to other Central Asian states – Azerbaijan, Afghanistan, Iran (2.1 million tons), Russia (119 000 tons), China (55 000 tons), EU countries (61 000 tons), and the Middle East (17 900 tons)”, he elaborated.

He also specified Kazakhstan had so far exported 1.1 million tons of flour, including 860 000 tons to other Central Asia nations and 380 000 tons to Afghanistan.

Earlier Tengrinews.kz reported, citing the country’s Agriculture Minister Assylzhan Mamytbekov, that for the 2013-2014 marketing year Kazakhstan had exported 8.7 million tons of grain, including grain equivalent of flour (6 million tons of grain and 1.9 million tons of flour), 22% up against the preceding marketing year.

The 2014 grain harvest in Kazakhstan was estimated at 17 million tons. In 2013 and 2012 the country harvested 18.9 and 17.7 million tons of grain respectively. In 2011 the figure made up whopping 26.9 million tons (net weight), with exports potential standing at 15 million tons.

Fuente: <http://en.tengrinews.kz/>





### **Serial production of electric vehicles in Kazakhstan postponed**

Serial production of electromobiles in Kazakhstan has been postponed, albeit promises to launch it in December last year, a Tengrinews correspondent learnt this from Asia Auto car assembly plant president Yerik Sagymbayev.

"Now is not the most favorable climate for launching new conceptual models on the market. Electromobiles are more expensive than traditional cars. Besides, the consumers lack appropriate infrastructure (charging stations). Therefore, the exact date of the launch of electromobiles into mass production has not been determined yet," Sagymbayev said.

Back in October 2014, the Ministry for Investment and Development of Kazakhstan declared that by the end of that year, the assembly line of Ust-Kamenogorsk assembly plant Asia Auto will see its pilot electricromobiles brought to light. These vehicles were to have a running distance of up to 200 kilometres between charges.

Sagymbaev, in turn, noted that they released the first pilot vehicle in December 2014. It was reported that experts were testing the car in an urban setting, and then, around April 2015 will decide on whether to start mass production of electric vehicles in Kazakhstan.

Now he says that the final decision on the use of electromobiles has not been reached.

"We continue to test the pilot bunch of cars, which we assembled at the end of last year. The tests of cars in winter period went well; no problems in operating the cars in our low temperatures have been identified. However, a final decision on the feasibility of running the project has not yet been made. This is a major factor," Sagymbayev said.

Fuente: <http://en.tengrinews.kz/>

### **Fitch Assigns Kazakhstan's Altyn Bank 'BB' Long-Term IDR; Outlook Stable**

(The following statement was released by the rating agency) MOSCOW/LONDON, April 02 (Fitch) Fitch Ratings has assigned Altyn Bank JSC Long-term foreign and local currency Issuer Default Ratings (IDRs) of 'BB'. The Outlooks are Stable. A full list of rating actions is at the end of this rating action commentary. KEY RATING DRIVERS: IDRS, SUPPORT RATING AND NATIONAL RATING Altyn Bank's Long-term IDRs are aligned with the ratings of its parent institution, Halyk Bank of Kazakhstan (BB/Stable), which acquired 100% of Altyn Bank's (former SB HSBC Bank Kazakhstan JSC) ordinary shares in 4Q14. In Fitch's view, Halyk's high propensity to support its subsidiary, if needed, is based on Altyn Bank being a key and integral part of the parent's group providing core services to core clients in the domestic market. Our view also considers the subsidiary's currently full ownership, tight supervision by the parent and increasing parent-subsidiary integration at the operational level, as well as the low cost of potential support which might be required to Altyn Bank. Fitch also believes that Halyk would be exposed to high reputational risks should it withhold



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support to Altyn Bank, despite the latter's separate branding and marketing strategy, small size (5% of groups' total assets at end-2014) and absence of cross-default linkage with the parent. We do not expect Kazakhstan's bank regulator to hamper Halyk supporting its domestic subsidiaries. Fitch has not assigned Altyn Bank a Viability Rating given the significant recent changes in its financial profile, which followed the bank's acquisition by Halyk and the expectations of a further evolution of the subsidiary's business model, underwriting standards and performance in the medium term. At end-2014, Altyn Bank's healthy balance sheet was underpinned by moderate 6.8% NPLs and 4.5% restructured loans and the high 34% Fitch core capital/risk-weighted assets ratio, largely reflective of the generally low-risk focus under the previous parent. Fitch believes that the Altyn Bank might become increasingly exposed to a higher risk/return lending to improve its relatively low 6% return on average equity in 2014. RATING SENSITIVITIES- IDRS, NATIONAL RATING AND SUPPORT RATING Altyn Bank's support-driven ratings would likely change in tandem with Halyk Bank's Long-term IDR. A potential failure by Halyk to provide timely and sufficient support to its subsidiary, if needed, would likely lead to Altyn Bank's ratings being downgraded. The rating actions are as follows: Long-term foreign and local currency IDRs: assigned at 'BB'; Outlook Stable Short-term foreign-currency IDR: assigned at 'B' National Long-term rating: assigned at 'A+(kaz)'; Outlook Stable Support Rating: assigned at '3' Contacts: Primary Analyst Konstantin Yakimovich Associate Director +7 495 956 9978 Fitch Ratings Moscow Valovaya str., 26 Moscow Secondary Analyst Timur Lebedev Analyst +7 495 956 9983 Committee Chair Olga Ignatieva Senior Director +7 495 956 6906 Media Relations: Elaine Bailey, London, Tel: +44 203 530 1153, Email: elaine.bailey@fitchratings.com; Julia Belskaya von Tell, Moscow, Tel: +7 495 956 9908, Email: julia.belskayavontell@fitchratings.com. Additional information is available at [www.fitchratings.com](http://www.fitchratings.com). Applicable criteria, 'Global Bank Rating Criteria' dated 20 March 2015 are available at [www.fitchratings.com](http://www.fitchratings.com).

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



## Kirguistán



### **India's Central Asia Policy Makes Comeback in Kyrgyzstan**

After years of floundering, India's Connect Central Asia policy is finally making progress.

On March 25, 2014, members of the Indian and Kyrgyz armed forces completed a two-week joint military exercise in Kyrgyzstan. Involving special forces from each country, including Kyrgyzstan's "Scorpions" units, the Kanzhar 2015 exercise focused on the neutralization of armed militant organizations in mountainous areas. While the joint exercise was relatively small, consisting of approximately 100 soldiers, the presence of Indian combat forces on the ground in Central Asia marks an important comeback for India's hitherto floundering Connect Central Asia policy. Indeed, New Delhi's poor maneuvering during the latter part of the Manmohan Singh government had left India isolated in Central Asia, a region critical for India's energy, trade and security needs.

Officially announced by New Delhi in June 2012, India's Connect Central Asia policy was the formalization of New Delhi's revamped efforts to offset the grave strategic setback India first suffered in December 2010 with its loss of Tajikistan's Ayni airbase to Russia. The Ayni airbase had been the key to New Delhi's plan for expanding India's strategic footprint in Central Asia. Originally used by the Soviets during the 1980s, the airbase had been abandoned since the 1988-89 withdrawal Soviet troops from Afghanistan. New Delhi contributed technical assistance and \$70 million to renovate the airbase between 2003 and 2010. India's Border Roads Organisation (BRO), directed by the Army Corps of Engineers, extended the main runway to 3,200 meters to accommodate all types of aircraft, built a control tower with state-of-the-art navigational technology, and constructed three hangars capable of housing squadrons of MiG-29 bombers used by the Indian Air Force. Nonetheless, there are no reports of Indian combat aircraft having ever been stationed at the base. Although the BRO began the Ayni



renovations in 2004, New Delhi never developed any meaningful leverage with the Tajik government. In December 2010, Tajikistan announced that Russia would be the only country to use the Ayni airbase. Moscow and Dushanbe then began negotiating the terms of their future military cooperation and Russia's support for Tajik President Emomali Rahmon's November 2013 re-election bid. India was effectively closed out of Ayni and the embarrassing reversal ushered in a period during which India had virtually no significant defense cooperation in Central Asia.

To bolster its weak position in Central Asia in the wake of its setback in Tajikistan, India convened the first meeting of the India-Central Asia Dialogue in the Kyrgyz capital Bishkek in June 2012. In his keynote address, India's Minister of External Affairs unveiled New Delhi's Connect Central Asia Policy. Among its declared objectives for "deep engagement" with the Central Asian republics, New Delhi enumerated the need for strengthened strategic and security cooperation and long-term partnerships in energy development. However, New Delhi continued to struggle to realize these goals.

The ongoing difficulty for India's Connect Central Asia policy was most poignantly exemplified when Beijing thwarted New Delhi's attempt to develop a foothold in Central Asian energy by acquiring ConocoPhillips' 8.4 percent share in Kazakhstan's massive Kashagan oil field. Although Kazakhstan previously gave indications that it would approve the \$5 billion sale of ConocoPhillips's share to OVL, the international division of India's Oil and Natural Gas Corporation (ONGC), the Kazakhstani government blocked the transaction and bought ConocoPhillips' 8.4 percent stake in July 2013. Kazakhstan then turned around in September 2013 and sold an 8.33 percent stake in Kashagan to the Chinese National Petroleum Corporation (CNPC) for an equivalent \$5 billion along with CNPC's agreement to provide \$3 billion to cover half the cost of Kashagan's phase two development.

As discussed recently in *The Diplomat*, India's Connect Central Asia policy may soon experience a significant breakthrough in the energy sector with the start of construction on the long stalled Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline. The joint military exercise Indian forces conducted with their counterparts in Kyrgyzstan similarly signals a turnaround for India's objective to develop strengthened strategic and security cooperation.

The changing fortunes of India's strategic cooperation in Central Asia is undoubtedly connected to a rising anxiety over Russian hard power as well as a concurrent apprehension over the growing predominance of Chinese economic soft power among the nations of the region. However, it is also the product of India's more muscular assertion of its national interests in international affairs under Narendra Modi's government and, in particular, Modi's deepening strategic partnership with the United States. Five months prior to the Indian-Kyrgyz joint exercises, Kyrgyzstan participated for the first time in the Kazakhstan-NATO joint military exercise known as Steppe Eagle.



Featuring Kazakhstan's NATO-trained air mobile brigade KAZBRIG, the yearly Steppe Eagle exercises serve to widen the scope of NATO interoperability across the Kazakhstani armed forces and is therefore perhaps the most significant of NATO's Partnership for Peace programs conducted in Central Asia. Despite the fact Kyrgyzstan has received a \$1 billion military aid package from Moscow, Bishkek chose to participate in Steppe Eagle 2014, which ran from September 16 to October 25, 2014. That followed the 2013 training of almost 900 members of Kyrgyz special forces units by the United States. Among those units trained by the U.S. were Kyrgyzstan's "Scorpions" special forces that participated in the March 2015 joint exercises with India.

India's decision under Narendra Modi to modify its policy orientation of strategic autonomy and develop closer cooperation with the United States, as well as strong U.S. allies like Japan, enhances New Delhi's value as a security partner. Should India continue to pursue this new policy direction, the India-Kyrgyzstan joint exercise may be an augur of a greater Indian role in the strategic architecture of Central Asia.

Micha'el Tanchum is a Fellow in the Middle East and Asia Units, Truman Research Institute for the Advancement of Peace, Hebrew University. Dr. Tanchum also teaches in the Departments of Middle Eastern History and East Asian Studies as well as the Faculty of Law at Tel Aviv University.

Fuente: The Diplomat

### **Kyrgyzstan will push for "close engagement" with EU says President Almazbek Atambayev**

Kyrgyzstan President Almazbek Atambayev has been on an extended tour of Europe meeting major European Union leaders. He plans to go to Moscow soon to sign up to full membership of the Russian-led Eurasian bloc. He spoke to euronews' correspondent Andrei Beketov Euronews: "Mr. President, welcome to euronews. Can we regard your visit to Brussels as something of a farewell before Kyrgyzstan joins the Eurasian Economic Union in May and when you will stop getting closer to the European Union?"

Atambayev: "On the contrary. I think, as a part of the Eurasian Union, Kyrgyzstan will be pushing it towards tight engagement with the European Union. Europe should extend from Lisbon and Brussels – to Vladivostok, and of course, I think, to Bishnek."

Euronews: "Why did Bishnek decide to associate with Moscow rather than with Brussels?"

Atambayev: "We are ready to join the European Union. But when, two years ago I said that we are always ready to sign an agreement with the EU, I was told that it has no common border with Kyrgyzstan."

Euronews: "Is this the only obstacle?"

Atambayev: "Apparently so. There is only one reliable road for us to Europe. It goes through Russia and Kazakhstan. I think that together we will move in this direction."



Euronews: “Human rights bodies criticise Kyrgyzstan for following the Russian example in preparing laws ‘against gay propaganda’ and for registration of ‘foreign agents’. Aren’t you losing already your democratic gains and liberties?”

Atambayev: “You know you are confusing Kyrgyzstan with other ‘stans’. Our Parliament considers any laws. When I am asked such questions it show that many people think in old way. In Kyrgyzstan it’s the Parliament that decides what laws to adopt. And often the laws are such that I have to veto them.”

Euronews: “There is also a proposal to remove official status from the Russian language in Kyrgyzstan. We remember what happened following a similar move in the Ukraine.”

Atambayev: “Our Parliament has already attempted to adopt such a law. I vetoed it then. They failed to overrule my veto. When a revolution happened in Ukraine, we were probably the only ones in Central Asia who congratulated Ukraine with this revolution last February. We urged the Ukrainians to pay special attention to inter-ethnic issues. Because we remember that in 2010, a few months after our own revolution, certain forces have organised inter-ethnic clashes in Southern Kyrgyzstan, as today in the South of Ukraine. And we warned Ukrainians about that.”

Euronews: “What is the attitude in Kyrgyzstan to Russia’s actions in Ukraine and it’s annexation of Crimea?”

Atambayev: “Of course, we have always supported the territorial integrity of any country. At the same time the current situation in Crimea is a result of a referendum. I’m sure that if they were to conduct it again, dozens of such referendums 90 percent of the Crimeans would still vote for Crimea to be with Russia. Actions? We believe that the current conflict should be stopped, a compromised solution should be found. There should be very accurate and detailed implementation of the Minsk agreement.”

Euronews: “Russia is in increasing international isolation because of this situation. Isn’t it pulling Kyrgyzstan into this isolation?”

Atambayev: “Sanctions that are being used to punish Russia are hurting the whole region very badly including the economy of Kyrgyzstan. I believe that the future does not belong to the escalation of the conflict between Europe and Russia. The future belongs to the settlement of this conflict. Europe should be one and undivided.”

Euronews: “You were the first statesman to meet with President Putin on March 16 after his mysterious disappearance. What is your impression – is he in a mood for a showdown with the West, with the European Union on this issue?”

Atambayev: “Putin is the man who put Russia together again. Of course, President Putin does not need this confrontation. At the same time he wants to protect the interests of Russia and, first of all, of the Russian-speaking population in the south-east of Ukraine and in general, apparently, in the Ukraine.”





Euronews: “One of the main threats for the European Union comes from the so-called Islamic State. Do you think that your country can cooperate with the EU in containing this threat?”

Atambayev: “When trillions of dollars are being spent on wars in Afghanistan or Iraq or Libya or elsewhere you can’t stop them with force. They can be stopped only by showing an example of at least one country – democratic, secular Muslim country. I’m tired of pointing out that it would be much cheaper just to help Kyrgyzstan build a secular democratic state in our Muslim country. But you know, we are left with no real support from the democratic countries.”

Euronews: “Can you name some of the fruits of your long-term interaction with the European Union?”

Atambayev: “We make good use of the example of the European Union itself and of the developed democratic countries in Europe. There is a saying that ‘rather than giving somebody a fish, it’s better to teach them how to fish’. We successfully learn how to fight corruption in Kyrgyzstan, conduct clean and fair elections and get rid of the so-called ‘untouchables’ (the privileged ). We learn from the European countries how to build a fair and democratic society. This is at least something that we take from them. So far so good.”

Fuente: Euronews

### **Russian-Kyrgyz Development Fund to invest in Kyrgyzstan**

The first meeting of the Board of Directors of the Russian-Kyrgyz Development Fund was held in Bishkek on March 31 under the chairmanship of Deputy Finance Minister of Russia Sergey Storchak.

The meeting discussed the activities of the Fund's main governing bodies and key regulations governing its activities. The meeting also approved the investment policy of the Fund, and financing procedures.

The Russian-Kyrgyz Development Fund was established in accordance with intergovernmental agreements signed on May 29, 2014 and the agreement between the two governments of November 24, 2014.

The Fund has been created to maximize adaptation of the Kyrgyz economy to the Eurasian Economic Union and to implement investment projects in Kyrgyzstan. According to Storchak, the Fund will finance projects on favorable terms. The Fund will not lend to the Government of Kyrgyzstan as a sovereign borrower, but will work with market participants including businesses and private enterprises. The Fund's capital will be \$1 billion, including an authorized \$500 million capital and at least \$500 million of borrowings. In addition, Russia promised to allocate a \$200 million grant to implement the roadmap for Kyrgyzstan's accession to the EEU. Kazakhstan also promised to allocate \$100 million for this purpose. The grants will help bring the infrastructure



of veterinary and sanitary services in accordance with the EEU requirements and create favorable conditions for development of export potential of Kyrgyzstan.

Funding will be provided on terms of maturity, repayment and interest payment. In 2014, Russia made the first \$100 million payment. In 2015, the second tranche of \$250 million is planned, and in 2016 - the third one of \$150 million. In the near future, Russia will transfer \$50 million. The Fund Board has the right to decide on projects worth up to \$10 million.

Sanctions against Russia will not affect the allocation of funds to Kyrgyzstan, because money to adapt the Kyrgyz economy to the EEU norms were planned by the federal budget of Russia, Storchak told reporters at a briefing in Bishkek.

The Russian-Kyrgyz Development Fund is a strategic authority that approves the investment and credit policy in the interests of both sides. The Fund aims to promote economic cooperation, modernization and development of the Kyrgyz economy, efficient use of the opportunities arising from the participation of the parties in the Eurasian Economic Union.

The Fund is focused on lending to self-supporting projects in priority sectors of the Kyrgyz economy: agriculture, clothing and textiles, mining and metallurgical industry, manufacturing industry, housing, transport, trade, business development and infrastructure, the Kyrgyz Government said in its report for 2014. In addition, the Fund will invest in economic entities registered and running their business in Kyrgyzstan.

The Fund is based in Bishkek, and its Board includes three representatives of Kyrgyzstan and two of Russia. Board Chairman from the Russian side is Deputy Finance Minister of Russia Sergey Storchak. Earlier this year, Nursulu Akhmetova was appointed Chairperson of the Fund from the Kyrgyz side. Before the appointment, she headed the Department of financial and economic analysis and monitoring in the rank of Deputy Chief of Staff at the Kyrgyz President's Office. Kyrgyzstan's Finance Minister Olga Lavrova and Economy Minister Temir Sariyev are members of the Fund's Board of Directors from the Kyrgyz side.

The governments of Kyrgyzstan and Russia will monitor the Fund's activity. "I hope the board will use its power wisely. It will be long-term money, which will improve the conditions for the implementation of projects and the financial situation in the country so that the position of local banks will not deteriorate after Kyrgyzstan's entry to the EEU," said Storchak. At the meeting, Kyrgyzstan and Russia signed an agreement that will be implemented in several stages. The most important one is modernization of four customs posts in Kyrgyzstan before May 9, 2015, when Kyrgyzstan plans to become the EEU member.

By the next Board meeting, to be held in late May, the first projects to be implemented in the country will be presented. All projects will be necessarily subjected to anti-corruption examination.

Fuente: 24.kg



### **Anti-corruption policy helps increase budget revenues in Kyrgyzstan**

BISHKEK (TCA) – The chief of the investigation department of the General Prosecutor's Office of Kyrgyzstan, Kylychbek Arpachiyev, has been arrested for a \$100,000 bribe. Later, his deputy Jenishbek Seitov was also arrested. The officials extorted money in exchange for the closure of a criminal case. Earlier this month, Kyrgyz President Almazbek Atambayev dismissed three of the four Deputy General Prosecutors.

Last week, at the Kyrgyz-French business forum in France, Atambayev said that he will purge all government structures of corruption before the end of his tenure.

Before his trip to Europe, the President held a meeting with the General Prosecutor and the anti-corruption agency, ordering them to combat corruption in the power structures.

On March 19, Atambayev received the members of the Working Group of the Defense Council on monitoring implementation of the state anti-corruption policy. According to the President's press service, Atambayev thanked the WG members for their work. "We have achieved a lot in the fight against corruption in Kyrgyzstan, but more is yet to be done. It is necessary to eliminate corruption at all levels and destroy the corruption schemes in the state bodies," Atambayev said. "Today we see that some structures designed to combat corruption are violating the law themselves and have become hotbeds of corruption."

According to the president, officials are now afraid to steal, after some ministers and parliament deputies were arrested for corruption. Today there are no longer untouchables in Kyrgyzstan, and it is important for business, Atambayev said to European business people.

Atambayev's visit to Europe began on March 22 and will end on April 1. The President has already visited Austria, Switzerland, France, and Belgium, before going to Germany.

Thanks to anti-corruption measures, Kyrgyzstan has doubled budget revenues in the last three years, Atambayev said on March 25 at a meeting with the head of the Union of Entrepreneurs of France Jean Burelle. Although exports and imports have not increased, the customs duty collection has increased three-fold over 4.5 years, because before two-thirds of the duties collected went to the "thieves' pockets", the president said.

Last week in Paris, the Plenary Session of the Organization for Economic Cooperation and Development (OECD) approved a report on the results of the third round of monitoring of Kyrgyzstan's implementation of Istanbul Action Plan to combat corruption.

Another view



Director of the Adilet legal clinic and well-known Kyrgyz rights activist, Cholpon Jakupova, was not surprised by the arrest of Arpachiyev. According to her, the prosecution agency is among the worst structures which oppress the business. Most violations have occurred not in the courts, but during investigation, she said in an interview to the media. She wondered why the prosecution official has been arrested now and not earlier.

The \$100,000 bribe is not so big, while there were \$1 million bribes in the country, she said. “The main problem is that the General Prosecutor’s Office, the body supervising the law, has committed such lawlessness. So, what shall we expect from others?”

A paradox: The process of eradication of corruption has reached the moment of fighting against those who are officially obliged to fight corruption.

According to a study conducted by the Chamber of Commerce and Industry of Kyrgyzstan, corruption, government intervention in the conduct of business, the lack of guarantees of the state to protect the property, and political instability are the main obstacles for business development.

Some experts believe that the arrest of the high-ranking prosecution official was due to the fact that the newly appointed General Prosecutor is getting rid of the old team. Arpachiyev was one of the closest colleagues of the former Prosecutor General Aida Salyanova. Moreover, he was Salyanova’s fellow countryman, which is very important in Kyrgyzstan.

It was also surprising that during Arpachiyev’s arrest, journalists of the National TV Company “accidentally” appeared at the General Prosecutor’s Office. This fact suggests that the top authorities were managing and monitoring the whole process. As a result, some experts doubt that the state system is combating corruption transparently and fair, on equal conditions for all citizens.

Fuente: Timesca

### **World Bank supports rural development in Kyrgyzstan**

BISHKEK (TCA) — The World Bank’s Board of Executive Directors has approved financing in the amount of US \$12 million equivalent for the Third Village Investment Project in the Kyrgyz Republic. \$6.6 million is a highly concessional credit and \$5.4 million is a grant, the World Bank said on March 27.

The Third Village Investment Project (VIP-3) aims to build the capacity of local self-governments to work with their communities to plan and implement local development programs. In particular, the project will work with local community members, local administration staff and local council members to increase their capacity for participatory development through social mobilization, training and peer-to-peer learning activities. It will also



support the design and implementation of sub- and micro-projects from local investment plans to improve access of rural citizens to quality community infrastructure services.

The project will be implemented over five years by the Community Development and Investment Agency (ARIS) in four northern regions (Naryn, Issyk-Kul, Chui and Talas oblasts) and will directly benefit 266 communities with nearly 29,000 citizens. Targeted villages will develop local investment plans through a participatory process in which communities assess local needs and identify priorities for investments, taking into account needs of women and vulnerable groups such as youth and children.

Village investment projects for financing under VIP-3 will be selected through a competitive process.

“The VIP-3 project will work with only rural communities, where the highest number of low-income people reside. The investments will provide important enduring benefits for poor communities, reflecting national development strategy and local priorities,” said Jean-Michel Happi, World Bank’s Country Manager for the Kyrgyz Republic. “For example, rehabilitation of schools and health clinics will contribute to reducing high maternal mortality rates and improving education services for the rural poor. Other demand-driven investments will help expand the power supply and thus support productive activity.”

The VIP-3 project will build on the achievements of the World Bank-supported Village Investment Project (VIP-1, 2003-2008) and Second Village Investment Project (VIP-2, 2006-2014), both implemented by ARIS. These projects helped to establish village and local investment committees that mobilize communities and internal resources for planning and implementing investment activities. The VIP-1 Project helped 1,661 villages to implement 4,344 micro projects. 475 ayil aymaks (local municipalities) participated in VIP-2 Project and about 2.3 million people benefited directly from the completion of about 6,000 micro projects.

Fuente: Timesca

### **Kyrgyzstan adopts measures to reduce the shadow economy**

BISHKEK (TCA) — Kyrgyzstan's state budget loses 40 percent of revenues because of non-payment and concealment of taxes. In different sectors of economy, working people do not submit their tax declarations. The shadow turnover is mainly observed in the services industry, agriculture, construction, and individual entrepreneurship.

According to entrepreneurs, they have to go underground due to high taxes and contributions to the Social Fund, as well as inefficient tax administration, opaque legislation and corruption.

On March 27, Kyrgyzstan’s Government discussed measures to reduce the shadow economy. According to First Deputy Prime Minister Taiyrbek Sarpashev, the Interdepartmental Commission has drafted a Government program to reduce the shadow economy for 2015-2017.



The Commission conducted a study of fiscal policy and control functions, information policy, and regulatory mechanisms in the financial sector, and investigated the accounting of raw materials, operations in tourism, construction and real estate services.

The shadow economy seriously affects economic development, threatens the country's economic security, and contributes to corruption in all sectors of the economy. The informal economy is a fertile soil for organized crime, and it also causes significant damage to the state system of equitable distribution of national wealth, Sarpashev said.

According to experts, the maximum size of the shadow economy, 58% of GDP, was recorded between 1998 and 2001. Since 2001, it began to decline gradually, and reached 48% of GDP in 2014. In 2014, the budget did not receive 57.3 billion soms (\$974 million) due to the shadow economy. Since independence the state budget has lost around \$6 billion due to unpaid taxes.

Economy Minister Temir Sariyev told about measures aimed at reducing the shadow economy. The Government proposed to adopt a medium-term program to improve the patent taxation and introduce simplified reporting for small and medium-sized businesses, especially to tax authorities.

The growing shadow economy threatens national security, said the minister, adding that there is no country in the world without this economic phenomenon. Even in the developed countries of the European Union, the level of the shadow economy is 19 percent of GDP.

2015 was declared the year of strengthening the economy in Kyrgyzstan, and legalization of the shadow economy, which accounts for a third of the total economy, is among priority tasks for the state.

The Government has to start negotiations with business to withdraw from the shadows. As part of activities related to Kyrgyzstan's accession to the Eurasian Economic Union, the country has to maximize the transparency of the collection of customs revenues, which in turn will reduce the level of the shadow economy.

According to Sariyev, the local authorities did not take part in the development of the action plan to reduce the shadow economy. It is an alarming fact that a lot of decisions have not reached the public in the regions, and control of the state has been lost. The Government's decisions were often rejected on the spot, he said. Later on March 27, Director the State Agency for Local Self-Government, Naken Kasiev, was fired.

The Government was also recommended to develop small and medium-sized businesses through tax incentives and exemptions, to be included in the Tax Code.





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In Kyrgyzstan, the shadow economy is now at 40-60%, Prime Minister Joomart Otorbayev said. It is necessary to introduce cashless payments in the country. "We want to increase the number of terminals. The Tax Code will provide that if a company makes cashless payments, sales tax will be reduced for it," said Otorbayev.

The Government plans to study the shadow economy and develop a unified state policy to reduce it. Working groups to develop effective measures in the financial sector and improve the accounting of raw materials, goods, operations in tourism, construction, and real estate services have already been established.

Fuente: Timesca

### **Kyrgyzstan decides to join China-proposed AIIB**

Kyrgyzstan on Tuesday decided to join the China-proposed Asian Infrastructure Investment Development Bank (AIIB) as one of prospective founding members, said the Kyrgyz government website.

The website noted that the purpose of AIIB, a multilateral development bank, is to provide financial support to the development and improvement of infrastructure in Asia, whose priority investment areas are energy, transportation, communications, agriculture, water supply, environmental protection and urban construction.

China's Ministry of Finance welcomed the Kyrgyz application to join the AIIB on the same day.

The ministry website said Kyrgyzstan will become a founding member on April 9 if other members approve.

The AIIB, an international financial institution aiming to provide support to infrastructure projects in Asia, is expected to be established by the end of this year.

The application deadline is Tuesday. So far more than 40 countries have applied to join the AIIB.

Fuente: The global times



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## Tayikistán



### **Tajikistan seeks rehab construction of 240-MW Golovnaya hydro project**

Utility Barki Tojik Joint Stock Holding Co. seeks bids for construction and completion of the rehabilitation of Tajikistan's 240-MW Golovnaya hydropower project. Bids are due May 15.

Barki Tojik last year recruited consultants to oversee refurbishment of electrical and mechanical equipment at Golovnaya. The Asian Development Bank (ADB) approved a US\$136 million grant for refurbishment of Golovnaya, which was commissioned in 1962 on the Vakhsh River.

ADB is helping finance improvements to Golovnaya and other projects in the Vakhsh River Cascade. Golovnaya currently has only 120 MW operating. Officials said the rehabilitation should increase Golovnaya's capacity to 252 MW while extending its life by 50 years.

Golovnaya is to be refurbished and upgraded under two separate turnkey contracts. The current solicitation is for the first contract for replacement of water-to-wire equipment for three of the six units, partial refurbishment of two other units, new control systems, refurbishment or replacement of spillway facilities and powerhouse operating equipment, civil and building works and environmental mitigation. The second contract, to be tendered later, is for replacement of electrical equipment and control systems for the 220/110/10-kilovolt switchyard.

Bidding documents in English may be obtained in hard copy by written request to the address below for bidding documents for "ADB Grant 0376-TAJ/BT/ICB-1 Golovnaya 240-MW HPP Rehabilitation Project." Payment of US\$500 for hard copy is by cash or transfer to OJSC Orientbank, Dushanbe, Republic of Tajikistan; SWIFT: OTJKTJ22; In favor of SE Project Management Unit for Electro Energy Sector; Account No.

e-mail: [almaty@comercio.mineco.es](mailto:almaty@comercio.mineco.es)  
<http://kazajstan.oficinascomerciales.es>

20, KAZYBEK Bl st  
050010 ALMATY  
TEL.: +7 727 2930240  
FAX: +7 727 2930259



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Bids are due by 3 p.m. May 15. For information, contact Project Management Unit for Electro-Energy Sector, Executive Director Nazar Nazarzoda, 39A Kahorova Str., 734042 Dushanbe, Tajikistan; Tel/Fax: (992) 372222556; E-mail: [pmu\\_tj@mail.ru](mailto:pmu_tj@mail.ru).

Fuente: Hydroworld

### **Russia's weak economy continue to slow Tajikistan's growth**

The sharp drop in global oil prices, as well as the recession in Russia has slowed down the economic growth of the Central Asia, amounting to 5.1 percent in 2014, according to the Asian Development Bank's recent report.

The weak state of the Russian economy, associated with the sanctions over Ukraine crisis especially have significantly affected Tajikistan that heavily dependent on the remittances from Russia.

Russia's economic slump will further slow export and remittances to Tajikistan, lowering the economic growth in the country, according to the report.

Economic growth will likely slow further to 4 percent in Tajikistan in 2015, affected by a slowdown in Russia, ADB's Asian Development Outlook 2015 said.

Growth in Tajikistan slowed to 6.7 percent in 2014 from 7.4 percent in 2013 as remittance inflows, which are equivalent to almost half of the country's GDP, fell sharply by 8.3 percent in U.S. dollar terms. The fall was most pronounced in the fourth quarter and reflected prolonged economic slowdown, lost jobs, and currency depreciation in Russia, which hosts up to 90 percent of the one million Tajik migrant workers, the report said.

However, the report noted that the growth could recover somewhat to 4.8 percent in 2016 with some improvement in Russia and the external environment generally.

"This will likely be supported by new job creation along the Trans-Tajik Gas Pipeline, which was ratified by parliament in December 2014 and is slated to begin construction this year. Plans to increase social spending and raise public sector wages by 25 percent beginning in September 2015 should add to growth in 2016," according to ADB.

The report said inflation will likely accelerate in 2015 to 10 percent or more as currency depreciation raises the prices of imported consumer good, adding that a more stable currency and some recovery in remittances would allow inflation to ease back to 6.5–7.0 percent in 2016.



“With growth slowing, the current account deficit is forecast to narrow to 5.9 percent of GDP in 2015. It could narrow further to 4.8 percent in 2016 with some recovery in remittances. Exports are projected to grow by 14 percent in 2015 to \$1.6 billion and a further 13 percent to \$1.8 billion in 2016, while imports are projected to decline by 16 percent in 2015 to \$4.8 billion in 2015, before recovering by 6 percent to \$5.1 billion in 2016,” the report said.

It went on to say that remittances will likely contract further in 2015 as new regulations require that migrants to Russia have Russian language proficiency, as well as medical tests and health insurance that are estimated to cost about \$500 per Tajik migrant. The report noted that this will induce more to return home.

Remittances are expected to recover somewhat in 2016 along with the economy of Russia, according to the report.

Tajikistan heavily relies on its migrant remittances from Russia, home to millions of migrants.

The International Monetary Fund has forecasted in 2015 a sharp fall in remittance flows to Tajikistan. It said dollar remittance flows to Tajikistan will decline by approximately 30 percent this year compared to 2014.

Some 42 percent of the country’s economy relies on the money sent by Tajik migrants working mostly in Russia. However, the new restrictions on immigration and dramatic fall of ruble worsened the conditions for Tajik migrants.

In 2014, the Federal Migration Service of Russia deported more than 200,000 Tajik citizens who worked without proper permission or committed administrative violations, according to Russian officials. That number is expected to grow with tighter regulations adopted in January.

Fuente: AzerNews

### **Chinese company invited to participate in building new Tajik city**

DUSHANBE (TCA) — Authorities of the Sughd province in northern Tajikistan have proposed China’s TBEA company to take part in the project to build a new Tajik city, Saikhun, Avesta news agency reported citing the province’s administration.

The proposal was made taking into account the Chinese company’s experience in the construction of high-rise buildings, hotels, schools, sports and other social facilities, the administration said.

Tajikistan started the construction of a new city in a desert area near Khujand, the country’s second-largest city in the Sughd province, on March 24, when Tajik President Emomali Rakhmon took part in a ceremony to lay the cornerstone of the future modern city to provide housing and jobs for some 250,000 people.

Rakhmon suggested naming the city Saikhun, after the ancient name of Syrdarya River. Saikhun will be the first city to be built in Tajikistan over the years since independence.



The new city is to be built on a 14,000-hectare desert land and will have 19 residential areas, 17 schools, 31 kindergartens, 40 sports centers, 140 shopping and services centers, a transport terminal, and other social facilities.

The Sughd province administration and TBEA also discussed construction of a coal-fired, 50 MW thermal electric power plant in Khujand, as well as creation of industrial enterprises in the province, including in the mining industry.

The Chinese company was also proposed to consider projects to generate solar and wind power in the Sughd province.

Tebian Electric Apparatus Stock Co., Ltd. (TBEA) is a leading Chinese producer of transformers, wire and cable, high-voltage electric aluminum foil, and solar energy equipment.

Fuente: Timesca

### **EBRD assists in developing trade finance in Tajikistan**

The European Bank for Reconstruction and Development is continuing to support the development of international trade in Tajikistan with both financial support and training.

The Bank announced that it provided a new trade finance facility to Access Bank Tajikistan under the EBRD's Trade Facilitation Programme (TFP) on March 30.

The EBRD jointly with Tajik Banking Association held a workshop on the latest rules of International Chamber of Commerce (ICC) on International Standard Banking Practice (ISBP).

The workshop, which took place at the National Bank of Tajikistan, was opened by the National Bank's Chairman, Abdujabbor Shirinov, who said: "We are very pleased to be able to host today's event which will offer to commercial banks updates and training on the latest changes to the ICC's ISBP rules and regulations."

Richard Jones, Head of the EBRD's resident office in Dushanbe, said: "Technical assistance and trainings such as the TFP workshop are an integral part of the EBRD's mission in the country. I am very pleased that around 40 trade finance officers and bankers from over a dozen local banks were able to attend the workshop."

A new TFP facility for AccessBank Tajikistan for the amount of €200,000 was signed alongside the workshop.. "We are very pleased that AccessBank Tajikistan, which the EBRD co-founded and which already partners with us to support MSMEs, will now also be able to support Tajik companies trading with foreign partners through our trade facilitation programme," added Richard Jones.

Launched in 1999, the TFP aims to promote foreign trade to, from and among the EBRD's countries of operations. Under the programme, the EBRD not only provides guarantees to international confirming banks,



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but also grants short-term loans to select banks and factoring companies for on-lending to local exporters, importers and distributors.

The TFP currently includes over 100 partner banks in 23 countries where the Bank invests, with limits exceeding €1.5 billion in total, and more than 800 confirming banks worldwide.

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: AzerNews