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9 de marzo de 2015

Kazajstán



Head of Kazakh bank tags tenge deficit artificial

The deficit of tenge in Kazakhstan has been created artificially, says the Chairman of the Board of Halyk Bank of Kazakhstan Umut Shayakhmetova. She shared her views at the summit CFO Idea Exchange & Networking Event on March 4, Tengrinews reports.

"Today, I believe, the shortage of tenge liquidity is created artificially, because the regulator does not want the money to flow into the currency market and increase pressure on the exchange rate (of the tenge)," said the head of the Bank.

The deficit of tenge liquidity, according to Shayakhmetova, can lead to failures in payments, however.

"And I'm not talking only about failures of payments between legal entities. We can see that this happening already because banks are not lending. But when one company is not making payments to another one, this results in wages not being paid, loans not being repaid to banks, they are all part of one big circle," she said.

Shayakhmetova emphasized that if the negative scenario continues to unfold the banks themselves would end up in a liquidity crisis.

"If there are payment failures in the banking sector, i.e. when a bank is unable to make a payment, it will create a huge crisis in the country. Therefore, we are raising all these issues. This government regulation, such policies, can actually lead to weakening of the financial system," she concluded.



The shortage of the national currency - the tenge - became acute in the Kazakh banking sector after the devaluation of the tenge last year. The share of dollar-denominated deposits in most of the country's banks now exceeds 60% even despite small interest rates on such deposits. This made lending in tenge very difficult for the banks, thereby depriving the Kazakh economy of additional injections.

Fuente:Tengrinews

Kazakhstan suspends Russian fuel imports to avert surplus

Energy-rich Kazakhstan on Thursday suspended Russian fuel and gas imports to protect its domestic market from a surplus due to a weakened ruble which has sent ripples of economic uncertainty through Central Asia. The energy ministry confirmed the ban, expected to last 45 days, had gone into effect after it was announced Monday by deputy minister Magzum Mirzagaliyev.

Sliding oil prices and western sanctions over its backing of rebels in eastern Ukraine caused Russia's currency to plunge to roughly half its value against the dollar in 2014, and the economic turmoil has had a knock-on effect in former Soviet nations whose economies are still tightly bound to Moscow.

The weakened ruble - beneficial to Russian exports - led to an increase of Russian fuel products in Kazakhstan in January and February, creating concerns about oversupply and limiting profits for local refineries, which typically meet up to two thirds of the country's fuel needs. Russia is one of Kazakhstan's top trade partners and both are members of the Eurasian Economic Union, a regional free trade bloc driven by the Kremlin.

Eduard Poletaev, director of the World of Eurasia thinktank based in Kazakhstan said the fuel ban may be beneficial to both sides.

"Wholesale oil traders in Russia are finding it more profitable to go to Kazakhstan and sell there at the government price, so towns in Russia close to the border are also experiencing shortages," Poletaev told AFP. Energy-rich Central Asian nations like Kazakhstan and Azerbaijan were already struggling to deal with falling oil prices when Russia's economic crisis led to a cheap goods flooding their markets, making it hard for domestic producers to compete.

Kazakhstan devalued its own currency, the tenge, by almost a fifth in February last year after an earlier dip by the ruble and several former Soviet nations have been forced to sharply devalue their currency this year as contagion from the weakened ruble spread. The country's ban on Russian fuel products comes amid increased tensions between the neighbours.

Kazakh President Nursultan Nazarbayev said last year his country might leave the trade bloc if it did not meet his country's national interests.

Russian President Vladimir Putin then angered his neighbour by saying it had not existed as a country before the break-up of the Soviet Union.



In what observers saw as a response to his comments Kazakhstan, which has a significant ethnic Russian population, marked half a millennium of statehood this year. Kazakh officials have also called for bans on a number of Russian food imports.

Fuente: breccorder

Farming to Play Key Role in Kazakhstan's Economic Anti-Crisis Programme

The economies of Europe and Eurasia are facing significant challenges today, given the fallout from ongoing geopolitical tensions around the conflict-hit Ukraine, and as a result are undergoing significant macroeconomic and structural adjustment.

Falling crude oil prices are intertwined with a structural slowdown. Consequently, low oil prices will put significant pressure on the budget, limiting fiscal space for further investment and other stimulus. According to World Bank statistics, the annual GDP percentage growth rate at Kazakh market prices was 4.1 percent in 2014, whereas for 2015 and 2016 the forecast is a notably-lower increase of 1.8 percent and 3.2 percent, respectively. After a sharp deceleration in 2014, however, growth in the region is projected to recover moderately with an increase of 4.7 percent by 2017.

Moreover, capital inflows into a few countries of the region, namely Azerbaijan, Kazakhstan, Romania and Turkey, resulted from the successfully placed modest-sized bond issues in the market. In Kazakhstan, authorities are taking additional measures to support the financial sector. Some of them include increasing the capitalisation of the Bad Loans Fund, which the government created to tackle the financial crisis of 2007-2009, expanding eligible loans for purchase by the entity and changing the tax rules and insolvency regime to incentivise debt write-offs.

Notwithstanding the current crisis, Kazakh President Nursultan Nazarbayev, who steered the country through the previous recessions of 1998-1999 and 2008-2009, has adopted a new strategy for the country's development. "A number of anti-crisis measures were taken last year. We enhanced partnership with international financial institutions last year and felt full support from them as we made deals for over \$8 billion," he said in announcing his anti-crisis programme Nurly Zhol – The Path to the Future during the annual state-of-the-nation address in November 2014.

Nazarbayev referred to the National Fund, a sovereign deposit accumulating excess revenues from the export of raw materials, as a major source of reserves that would help implement the government's extensive anti-crisis plan of action. The President noted the government used it successfully to tackle the economic crisis of 2007-2009, when \$10 billion sourced from the fund was funnelled into supporting the banking sector, construction industry and small- and medium-sized enterprises and boosting employment.

"As for the rest of the money, we have not spent it. We saved and multiplied it. Now we are in the period when we must use these reserves. They will help overcome uneasy times and stimulate the growth of our economy," Nazarbayev argued. As of February 2015, the National Fund's assets exceeded \$78 billion.



Furthermore, in order to attract additional funding and increase the flow of investment into the country, the Kazakh Parliament adopted a law on June 30 regarding amnesty for Kazakh citizens, repatriates and persons holding a residence permit due to the legalisation of their property. The nation's Minister of Finance Bakhyt Sultanov anticipates the inflow of money and property from the campaign to reach up to \$12 billion. Naturally, the question arises how the government should manage this money in terms of preventing crises and taking into account a long-term perspective.

The President's overall goal for his government is to develop Kazakhstan's business environment so that it becomes one of the world's top thirty largest economies. It is clear that in order to implement this serious objective, the government should work on it intensively. For instance, in 2011 the World Bank's Doing Business report acknowledged Kazakhstan as the number one pro-business reformer government in the world. Still, it is too early to claim Kazakhstan is the best place for small and medium-sized enterprises and the manufacturing industry. There is a lot of work to do in this regard and the government does not seem to be lenient on pursuing the changes needed.

It is widely believed that agriculture is one of the priority sectors of Kazakhstan's future economy. The country is one of the top 15 producers of wheat in the world, with its harvests competing in quality with those of Canada. Despite the ongoing cuts in government spending, it was announced on Feb. 18 that the farming sector will receive an additional 20 billion tenge (\$107.3 million) in government funding in 2015.

Moreover, Kazakhstan must use all the benefits of its membership in the recently-launched Eurasian Economic Union. In light of current sanctions, Russia is a huge market with high demand for all types of products. When prices rise due to high demand, the seller will want to increase capacity to produce greater quantity. We should not neglect the fact that during the transition period when joining the World Trade Organisation (WTO), it will be crucial to intensify the investments in agriculture, the processing industry and service structures. To enhance agricultural productivity, the government needs to invest in expanding infrastructure such as roads, irrigation and communication systems. In addition, in order to prevent future risks after joining the WTO it is of paramount importance to support farming in various creative ways.

One of the feasible solutions might be encouraging and helping farmers to enhance their qualifications and skills in those countries where the agrarian sector is well developed and successful, like New Zealand, which is world famous for its productive farms. The best way to experience this unique way of life is to live it yourself on one of over 400 farms around the country.

According to the Kazakh Committee on Statistics, the country's exports to New Zealand in 2014 totaled \$11,900 and imports were \$2.1 million. Kazakhstan imports meat, dairy products, fish and equipment from New Zealand.

New Zealand's agriculture

New Zealand is heavily dependent on international trade, particularly in agricultural products. Its highly-competitive and efficient primary production systems are exported to every corner of the globe. Its major export partners are Australia, United States, China and Japan, as shown in the pie chart below (data from 2014). New



Zealand and China signed the New Zealand–China Free Trade Agreement on April 7, 2008, the first such agreement China has signed with a developed country.

New Zealand's stringent food standards have led to a high-performing primary sector. The country has implemented robust biosecurity measures and has high levels of food traceability. The World Organisation for Animal Health has recognised New Zealand as free of animal diseases. The country's reputation for farming expertise and quality food-production systems places it in a strong position to meet the world's increasing food demands. Furthermore, the country is one of the most efficient agricultural economies with a reputation for producing internationally-significant research, agricultural practices and products.

As a country with considerable potential, Kazakhstan should learn more from New Zealand's experience on the way to establishing and managing productive farms. New Zealand's Lincoln and Massey universities offer study areas such as agriculture, commerce, computing, engineering, environment, food, forestry, horticulture, hospitality, landscape, property, recreation, sciences, transport and winemaking. These universities provide an opportunity to gain experience from the best agribusinesses. Consequently, after finishing their education Kazakhstan's farmers would acquire a confidence and willingness to implement new ideas and experiences which would help farming industry progress in the nation.

It is vital to support agriculture through implementing action which is needed at all levels to revitalise Kazakhstan's agricultural sectors. Rural communities and small farmers deserve empowerment and assistance from the government through the provision of additional financing and access to technology and technical know-how.

Fuente: The Astana Times

New Law and More Filling Stations Planned for Liquid Petroleum Gas Cars

ASTANA – In response to government plans to enact a law abolishing taxes and fees for liquid petroleum gas (LPG) users, KazTransGas is planning to construct 105 new methane filling stations in addition to the 508 LPG filling stations currently available. While the law will create an option for drivers, LPG usage in vehicles will remain safe, economically sound and environment friendly.

“Installation of LPG equipment costs 100,000 – 150,000 tenge (US\$538-\$808) and in the context of present prices for gasoline pays back in half a year. If you use an SUV, the converting cost is up to 300,000 tenge (US\$1,616) and it will pay its way in 10-12 months. There are 508 gas filling stations in our country,” said Minister of Energy Vladimir Shkolnik at the Oct. 8 enlarged meeting of the Mazhilis (lower house of Parliament) Committee, according to tengrinenews.kz.

Varvara Gutchenko, manager at Gazcenter, a major service station in Astana, commented after Shkolnik's speech regarding the change-over.



“We don’t call on everybody to convert their cars to LPG consumption. It is irrational to convert some vehicles; for example, old cars or cars with insignificant everyday kilometrages. It is also unwise to convert a car if its owner plans to sell it in the near future, because the cost of converting won’t pay for itself in a short span of time.”

“But we can talk about the increase in demand for our services from one year to the next. One of the reasons is that LPG usage makes vehicles more environmentally friendly. It is especially relevant for cities with bad ecological situations, for example, Almaty, which is stifled by vehicle exhaust gas,” she said.

“Today, LPG costs are also twice as cheap as low-octane gasoline and three times cheaper than high-octane gasoline. Besides, up-to-date LPG equipment sufficiently increases engine life, decreases engine oil pollution and the converted car has two fuel tanks, which means that its trip distance doubles,” she added.

Gutchenko also discussed the safety of LPG equipment.

“First of all, I would like to state that up-to-date equipment is absolutely safe. Even more, such LPG equipment is safer than the standard gasoline system of a car.

“An LPG tank’s wall thickness is 3-4 mm. A gasoline tank’s wall is 0.5 mm. It is much firmer than a standard fuel tank, which has been proven in ghastly accidents. Also, an LPG tank is equipped with a multivalve, which disables its explosion. All you need to do is to choose the right place for converting and further maintenance of your car,” she said.

When converting a car to natural gas consumption, Gutchenko noted the importance of selecting a qualified company to complete the work.

“The minimum price at our company for LPG converting amounts to 165,000 tenge (US\$889) for a four-cylinder passenger car. We don’t give preference to any brand, because every brand has its own advantages and peculiarities without regard to the country of its production. But we can say that Italian, Turkish and Polish equipment is the best. You know Italian companies started to produce the equipment in the 1960s and have great work experience,” she said.

“A car owner should write a written request for LPG equipment installation to a corresponding official dealer. The official dealer hasn’t the right to refuse such a request and we have a lot of car owners who saved their warranties, because our service station has all the necessary corresponding certificates,” she explained.

While Gutchenko noted that conversion registration isn’t complicated, approximately only 12,000 such vehicles are registered in Kazakhstan. The real number is possibly much higher.

The conversion has one disadvantage – the loss of free space in the trunk, which is solved by using a toroidal tank, she said. The tank is installed instead of a spare wheel or under the body of the car, truck, pickup or SUV.

Gutchenko also sought to dispell a myth about LPG users.



“We have absolutely different clients; for example, we equipped Daewoo Matiz. If you don’t know, it is three-cylinder, very small car. We also worked on brand-new models of BMW, Lexus, Range Rover and other luxury cars. Apart from the fact that these cars are very expensive, these cars are very complicated and have very protected electronics. Sometimes we have to dismantle half of a car to install LPG equipment. Electronic adjustment is very hard, but we do it. The Toyota Land Cruiser is the most popular model we are working on. This model amounts to approximately 50 percent of the cars we are working on. It should be noted that we don’t have many women among our clients. We haven’t had more than five female clients since 2009. I don’t know the reason. Maybe they are afraid of LPG usage. Maybe they aren’t interested in automobile tuning,” said Gutchenko.

Approximately 600 buses using natural gas operate in Almaty, which amounts to 37 percent of all buses, as reported by auto.lafa.kz.

Gazcenter sales director Dmitri Likhachev talked about converting diesel vehicles to LPG.

“In Astana, one of the bus fleets is going to convert its diesel buses to a gas diesel system, too. We actively develop converting diesel engines, which are used in logistics companies and passenger transportation companies. It is very important, because vehicles in such companies have very high everyday kilometrages. And in spite of less economic efficiency in gas diesel systems, converting enables companies to save money. As you know, saved money is earned money.

“Also we are ready to equip vehicles with methane equipment, but there are no methane filling stations in Astana,” he said.

Likhachev also commented on government actions: “We consider that converting all state vehicles to LPG usage could be a good decision and save a vast amount of money. Gas consumption is accompanied by sufficiently-less pollution than gasoline or diesel fuel consumption. Converting 1,000 buses to gas leads to the decrease of CO₂ to the amount of six tonnes per year and carbon soot three-five times.”

The government plans to enact a law concerning a national green economy that could make gas usage more attractive, because taxes and fees will be abolished for the owners of vehicles with gas equipment.

“KazTransGas embraced a course of action to construct 105 new methane filling stations. After this programme is carried out, trucks will be able to run from Khorgos to the border with Russia,” said Greenauto Director Rustam Issayev.

Fuente: The Astana Times



Kazakhstan's Only Tire Recycling Plant Reopens in Astana

Production at Kazakhstan's only tire recycling plant has begun rolling again after being shut down for two years.

The German equipment and technologies used at the plant allow up to 32,000 tons of raw material to be processed annually. While the plant was offline, Kazakhstan's environmental regulations underwent considerable changes. This simplified the plant's operations because before that it was easier to burn used tires than recycle them.

Because the plant was out of commission for two years, the company could not pay its debts. In order to actualise the project, a loan of more than \$6.5 million from the Development Bank of Kazakhstan was taken. The Baiterek Holding and the National Chamber of Entrepreneurs decided to write off 330 million tenge (US\$1.78 million) of the plant's debt as part of the restructuring programme.

In processing used tires, the plant produces three products: rubber crumbs, high-alloy steel and rayon. The rubber crumbs are used to cover playgrounds and sports fields, stadiums and artificial turf. They are also used in the production of railroad crossing plates, manhole covers, pavement and more. The company currently employs 25 people. The plant is looking to expand its staff to 90 employees.

According to recent statistics, around 300,000 tires are disposed of in Kazakhstan every year. Experts say that the launch of such plants has positive environmental impact. A single tire needs 150 years to decompose; the recycling process reduces man's effect on nature. Also, with the number of cars in the country increasing every day, the plant's reopening means that the country will be unlikely to see a raw material shortage.

Fuente: The Astana Times

Food Contract Corporation approved applications of Kazakh growers for planting in 2015

The Food Contract Corporation continues implementing a program for forward wheat and barley purchases from growers by the means of spring and summer financing.

Under the program, the Food Contract Corporation received over 600 applications from growers in different regions by February 25, to a total amount of more than KZT 5.3 Bl. The total planting area declared by them exceeded 880 Th ha.

The farmers must meet their obligations, i.e. supply wheat, by November 1, 2015 inclusive. In total, KZT 17,650 Ml was allocated for the program's implementation.

Overall, KazAgro Group is planning to spend some KZT 97 Bl on the spring field and harvest works in 2015.

USD 1 = KZT 184.45

Fuente: blackseagrain



Just Published: "Kazakhstan Infrastructure Report Q2 2015"

Fast Market Research recommends "Kazakhstan Infrastructure Report Q2 2015" from Business Monitor International, now available

[USPRwire, Sat Mar 07 2015] The Kazakh infrastructure sector is facing severe challenges stemming from falling oil revenues, a weakened Russian rouble and governmental spending cuts. However, preparations for the 2017 World Expo as well as the country's rich natural resource endowment will provide for distinct investment opportunities and some growth relief and continued investments. Following a generally weakening domestic economy, including falling loan and private consumption levels, we nonetheless expect infrastructure and construction growth to remain far below previously expected levels.

Key Trends And Developments

* Against the weakened economic background, the government was forced to adjust its 2015-2017 budget plan, including a drop in public expenditure in the range of USD5.5bn in 2015.

* Ongoing external developments associated with decreasing oil prices, the economic crisis and a falling Russian rouble due to the Western sanction regimes could force the Kazakh central bank to further devalue the currency in the near future. As such, demand for housing, commercial and industrial construction is set to remain subdued over the short term.

* Business loan growth in Kazakhstan slowed to 5.5% y-o-y in December 2014 from 16.9% y-o-y in February, while household lending slowed to 10.7% y-o-y from 29.8% y-o-y in the same period, due to the ongoing liquidity crunch in Russia's banking sector that holds around 10% of total banking sector assets in Kazakhstan.

* The restart of the giant Kashagan field, expected for H215 at the earliest, continues to be doubtful. An investigation into the production challenges at Kashagan determined in early 2014 that the two 55-mile long offshore pipeline sections will need to be replaced. New materials able to withstand the highly corrosive hydrogen sulphide gas - the cause of the production problems - will need to be used. A first step to save the project was taken in mid-2014, when the group appointed an ExxonMobil executive to take...

Full Report Details at

- http://www.fastmr.com/prod/960680_kazakhstan_infrastructure_report_q2_2015.aspx?afid=302

The Kazakhstan Infrastructure Report features Business Monitor International (BMI)'s market assessment and forecasts covering public procurement and spending on all major infrastructure and construction projects, including transportation and logistics by land, sea and air; power plants and utilities, and commercial construction and property development. The report analyses the impact of regulatory changes and the macroeconomic outlook and features competitive intelligence on contractors and suppliers.



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BMI's Kazakhstan Infrastructure Report provides industry professionals and strategists, sector analysts, investors, trade associations and regulatory bodies with independent forecasts and competitive intelligence on the Kazakhstani infrastructure and construction industry.

Key Benefits

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Fuente: usprwire

Caspian Sea legal status to be agreed in coming days

Officials coming from the latest round of talks of the Caspian littoral states (Azerbaijan, Turkmenistan, Iran, Russia, and Kazakhstan) have reported major progress in delineating regions of authority in the Caspian Sea. Iranian Deputy Foreign Minister Ibrahim Rahimpour reported that he was confident that the dispute and outline could be resolved by the time of the next summit. The current summit is being held in Baku, Azerbaijan and the location for the next will be in Astana, though it is unclear when this will be. The Five Littoral States have been debating for as many as 20 years as to whether the body of water should be classified as a sea or a lake in order to circumvent international regulations on maritime commerce. The definition changes the way each of the littoral states will interact with one another.

This marks one of the few areas of cooperation between the five countries, and it is unclear how large of a stake Russia's interest in this could be, considering that some speculate they could be applying pressure on Iran through this meeting to ensure cooperation or closer working relationships on the Iranian nuclear deal. Based on the preliminary announcement from the meetings, it looks like the Caspian will be designated as a sea, and territories will be hammered out accordingly to determine which oil and gas reserves reside in which territories.

Fuente: steppedispatches



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Kazakh Senate ratifies amendments to IMF Articles of Agreement

Bishkek (AKIpress) - ifm Upper house of Kazakhstan's parliament, the Senate, has ratified today the amendments to the Articles of Agreement of the International Monetary Fund.

Board of Governors of the International Monetary Fund (IMF) approved a package of reforms of the Fund's quotas and governance.

These reforms represent a major realignment in the ranking of quota shares that better reflects global economic realities, and a strengthening in the Fund's legitimacy and effectiveness.

The reforms protect the quota shares and voting power of the poorest members.

In addition, Board of Governors of IMF adopted the Articles of Agreement to Expand the Investment Authority of IMF.

The amendment expands the authority of the Fund regarding the use of currencies and investments.

The amendments to the IMF Articles of the Agreement on Fourteenth General Review of Quotas and Reform of the executive board was approved.

Fuente: Akipress



Kirguistán



Will Kyrgyzstan's hydropower building spree work?

March 6, 2015 by Michael Lerner in Asia-Pacific. 0 Comments

Kyrgyzstan is seeking bids by March 9 to perform underwater inspection services for the rehabilitation of its 1,200 MW Toktogul hydroelectric project on the Naryn River. The impoverished mountainous country is facing an energy crisis that will only get worse with climate change. 80% of its electricity came from hydropower in 2010, with the country's largest hydroelectric power plants (HPPs) on the Toktogul reservoir providing 70% of all electricity.

Water levels, whose drop two years ago in the Toktogul reservoir started the energy crisis, will continue to decrease through 2030 as the country's glaciers melt, making the large-scale HPPs less efficient. The electricity deficit is also due in large part to unsustainably low subsidized electricity tariffs that encourage wasteful and inefficient use. (For reference, 1 kWh of electricity in neighboring Kazakhstan costs 9 cents, while in Kyrgyzstan it costs 1.5 cents.) "The government has taken a number of measures to rectify the situation, and even enforced energy consumption limits," writes Renewable Energy World, but previous price hikes have caused social unrest so additional ones would be politically tricky to implement.

Facing an annual energy deficit of 2.4 million MWh, during the last few years Kyrgyzstan has resorted to importing electricity from Kazakhstan. The issue is quite complex because apart from contentious electricity price differences, the issue of water sharing is vital for both countries. Kazakhstan relies on water from rivers originating in Kyrgyzstan for irrigation, but during the current crisis Kyrgyzstan has been reducing outflow from dams in order to maintain higher water levels ahead of the winter low season. "The two countries reached an agreement in late July, whereby Kyrgyzstan started providing water to Kazakhstan on August 1," Eurasianet



reported. In return, Kazakhstan provided “winter electricity equivalent to the amount Kyrgyzstan could have produced with that water.”

To try to resolve this electricity deficit on more favorable economic terms, the government is embarking on a two-pronged engineering strategy. On one hand it is rehabilitating or expanding some existing large HPPs, like the 1,200MW Toktogul one. The government is also seeking consultants by March 16 to audit its financial and engineering plans to build a second turbine-generator at the 360MW Kambarata 2 hydroelectric project, and ensure it gets the estimated \$80 million needed to fund it.

On the other hand, Kyrgyzstan plans to construct several dozen small HPPs (which don't require high water levels) around the country over the next few years at an estimated cost of \$115-160 million. The government is trying to make the country more attractive for businesses to invest in by aiming to cut the break-even point for small HPPs from the current 18-20 years to 8. Only two such plants are still active in the country, while the remaining ones, rendered obsolete after 1974 by the large Toktogul HPP, have long been non-operational. Small HPPs could make a breakthrough since they require small amounts of investment, the Kyrgyz deputy prime minister said.

The country's negative balance of trade, which has been steadily worsening over the past decade, will also benefit from the expansion of its domestic HPP industry. Between 2015 and 2016 Kyrgyzstan will still have to import 760,000 MWh from Kazakhstan. However, as small HPPs become operational, these imports should gradually decrease, reaching zero by 2019 approximately.

Foreign investors have indeed expressed initial interest in Kyrgyzstan's small HPP construction. At the country's first-ever Silk Road Forum 2015 held from February 4-5 in the capital Bishkek, Kyrgyz businesspeople presented 27 projects to visiting E.U. investors. Of these, eight were selected, including a number of mini HPPs, which will be thoroughly assessed before contracts are signed. Work may begin as early as this year, according to a Kyrgyz investment firm. That said, for hydropower to be truly sustainable, sooner or later the government must stomach reducing electricity price subsidies.

Fuente:Blouin News



Investment decrease in 2014.

DIs inflow to Kyrgyzstan amounted to \$608 M, which is a 37% decrease as compared to 2013, the National Statistics Committee announced. In 2014 the biggest investors were 1) China, 2) Canada, 3) UK and 4) Kazakhstan. The latter registered a decrease of -10.7% y-o-y basis.

Fuente:UE Delegation Kyrgyzstan

Cashless payments to reduce shadow economy in Kyrgyzstan

BISHKEK (TCA) — Kyrgyzstan's economy is facing difficulties related to external shocks. The current economic situation is much worse than three months ago, Prime Minister of Kyrgyzstan Joomart Otorbayev said at a meeting on the development of cashless system of payment in the country.

Experts forecast decline in growth of the Russian economy by 5% and in Kazakhstan by 1.5% in 2015. Devaluation of currencies negatively affects the economic development of Kyrgyzstan, he said. “In this situation, we have to look for reserves, and one of the main reserves is the legalization of the shadow economy.”

According to various studies, the size of the shadow economy in Kyrgyzstan is from 40% to 60%. It means that informal transactions are worth about \$3 billion. Legalization of even 25% of this amount will make it possible to collect 10 billion soms more for the state budget, said Prime Minister.

The banking system of the country is developing vigorously now. Last year, the banks' loan portfolio grew by 50%. The number of bank cards in circulation as of December 31, 2014 totaled 908,908, 39.7% more than in 2013 and 235.2% more than in 2012. Due to the Pensioner's Card project, 33.4% of pensioners received pensions through banks as of the end of 2014.

However, there are some problems in this sector. In 2014, 3.6 million payments totaling more than 1.5 billion soms were carried out through the interbank payment systems (80.3% more in volume), but the number of payments has increased by only 33%. This shows that only every third consumer practiced non-cash payments. The situation needs to be changed, the Prime Minister said.

It is necessary to further develop non-cash payments and infrastructure to focus on informing citizens on the benefits of cashless payments, to improve the financial literacy of the population, and to provide remote banking services.

At the initiative of the Government, several laws have been adopted aimed at encouraging businesses and individuals to implement non-cash payments for goods and services. The Parliament has already approved



changes to the laws providing for exemption from VAT on imported banking equipment for cashless payment. Amendments to the Law "On State Social Insurance" require payment of premiums only by transferring money from the account of the legal entity to the accounts of the Social Fund.

According to the amendments to the Tax Code, the sales tax will be 1.5% for those who will conduct cash transactions, and 1% for those who will use cashless payments.

The campaign will first involve cafes and restaurants.

Economy Minister Temir Sariyev believes that banks have to offer new banking products. The Government has pledged to abolish the VAT on imported banking equipment, but POS-terminals should be installed throughout the country including villages. The government starts the program "Concessional lending farmers-3", and it is vital to ensure the quality of granted loans and monitoring their use.

"We should develop mobile banking products such as mobile wallets and electronic wallets. The mobile market is well developed for this: mobile penetration is more than 150% in Kyrgyzstan," the minister said.

All sides — the Government, the banks and the population — will benefit from increasing the share of non-cash payments in the country, the Prime Minister believes.

Kyrgyzstan will soon join the Eurasian Economic Union, and then the full administration of the customs border will be carried out according to the standard price system with the full collection of revenues, and it is also related to the cashless payments. All functions in this area will be transferred to the State Tax Service of Kyrgyzstan.

Fuente: Timesca

A preliminary agreement reached on export of dried fruits to Russia

Bishkek, March 7 / Kabar /. A preliminary agreement is reached in late February of this year in Moscow on export of domestic dried fruits to the Russian Federation, the press service of the Ministry of Economy of the Kyrgyz Republic reports.

With the assistance of an authorized representative of the State Enterprise "Single Window Center" in the field of foreign trade of the Ministry of Economy of the Kyrgyz Republic on export U. Mamytov organized a meeting and talks between President of the "Association of organic products" A. Asanaliev (KR) and the commercial director of network of shops "Rainbow" A. Ismailov (RF).



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The first batch of samples of dried apricots from Kyrgyzstan has been sent to Russia. At the moment the sides agree on the following types of products - frozen berries, snacks, canned (vegetables, fruit), juices, dried fruit (packed), cereals (packed), nuts.

Fuente: Kabar

Almazbek Atambayev signs law on increasing excise taxes on alcohol and gasoline

05/03/15 10:15, Bishkek – 24.kg news agency, by Anara MAMYTOVA

Almazbek Atambayev signed the Law "On Amendments to the Tax Code of the Kyrgyz Republic", the Department of Information Policy of the President reported.

It is noted that the law provides for an increase in base rates of excise duty on alcoholic beverages and petroleum products. However, in accordance with paragraph 2 of Article 287 of the Tax Code, the excise rate is subject to change by the government within the size of the fixed base rate.

Fuente:24 kg

Russia to modernize Kyrgyz air defence system

Kyrgyzstan's air defence system will be modernized, the deputy chief of the General Staff, Maj-Gen Marat Kenjisariyev, said at a round-table conference today.

"A meeting with representatives of Russia's Almaz-Antey concern was held, literally, yesterday, at which we discussed carrying out capital repairs on the country's air defence system and modernizing it. To be frank, we have not achieved the desired or serious results even within the united air defence system (of the Collective Security Treaty Organization)," the deputy chief of General Staff said.

The major-general said that an agreement had been reached with representatives of Almaz-Antey to set up a joint commission of experts, which would estimate how much work would have to be done and draw up a list of this work.

Fuente:KyrTag



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Tajik capital listed 214th among 230 cities of the world in terms of quality of living

DUSHANBE, March 5, 2015, Asia-Plus -- An annual Quality of Living rankings released by a consulting firm, Mercer, on March 4 ranks Dushanbe 214th among 230 cities of the world in terms of the quality of living. Mercer's Quality of Living Rankings covers 230 prevalent destinations and is based on its Quality of Living Survey.

Vienna (Austria) remained at the top of Mercer's Quality of Living Rankings in 2015, boasting the best quality of living for expatriates. It is followed by Zurich (Switzerland), Auckland (New Zealand), Munich (Germany) and Vancouver (Canada).

Conflict-ridden Baghdad in Iraq comes out bottom of the pile in terms of quality of living, with Bangui in the Central African Republic coming a close second. Port-au-Prince in Haiti comes out as Mercer's third lowest ranking city in terms of quality of living.

Mercer is an American global human resource and related financial services consulting firm, headquartered in New York City. Mercer is one of the largest consulting firms in the world, based in more than 40 countries, and operating internationally in more than 130 countries with more than 20,500 employees. Mercer is a subsidiary of Marsh & McLennan Companies.

Fuente: Asia Plus



FAO invest \$638,000 in Tajikistan's agriculture

The Food and Agriculture Organization of the UN is set to invest \$638, 000 in Tajikistan's agriculture sector. Tajikistan is a highly agrarian country, with its rural population (more than 70 percent) where agriculture accounts for 48 percent of national employment.

FAO in Tajikistan and Tajik agriculture ministry and the State Enterprise 'Project Management Unit Livestock and Pasture Development' signed on March 4 an agreement toward the implementation of a new project on farm technology validation and demonstration under Khatlon Livelihoods Support Project.

Under a deal between FAO and the Tajik government, the International Fund for Agricultural Development will finance FAO Tajikistan to implement the Khatlon Livelihoods Support Project.

The total cost of the provision of the services stands at \$638,227, Avesta news agency reported. "This project will help 1,500 household farms to increase their profitability through improved agricultural (including livestock) technologies and inputs," said Viorel Gutu, FAO representative in Tajikistan.

He also added that the proposed implementation arrangements involve state and local government agencies in project coordination and in providing support services at the national, district and jamoat levels.

The project will work in 30 villages in Muminobod and Shuroobod districts and closely cooperate with the Village Organizations formed by Khatlon Livelihoods Support Project. It is expected that the farmers, farmers' communities and rural households as well as implementing partners will directly benefit from knowledge management, field days, exchange visits, season-long trainings, training modules and materials, as well as information materials on agriculture.

The project will also organize an international study tour and visits to advanced farms and research institutes for selected agricultural specialists and farmers from the project districts.

It will introduce conservation agriculture, improved pasture and grassland management practices in farming communities, promotion of diversified cropping systems and seed production, and suitable fodder crops for pasture improvement. Some 28 local veterinarians will be trained in animal health and production, and will be provided with transport facilities.

Agriculture accounts for 23 percent of GDP and 48 percent of employment in Tajikistan, so it plays a major role in economic growth and poverty reduction.

Cotton and wheat are the two main cash crops in Tajikistan, cultivated on nearly 70 percent of the cropped area. Beef, mutton, and poultry are the most important meat products; cow's milk, goat's, cheese, and wool are also important. Silk production exists, but remains a comparatively minor industry.

Fuente:AzerNews