



Economic Newsletter on Kazakhstan

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The Economic Section of the Embassy of the Kingdom of the Netherlands in Kazakhstan intends to distribute this newsletter as widely as possible among Dutch institutions, companies and persons from the Netherlands. The newsletter summarises economic news from various Kazakhstani and foreign publications and aims to provide accurate information. However, the Embassy cannot be held responsible for any mistakes or omissions in the bulletin.

ANNOUNCEMENT

The Netherlands Embassy in Kazakhstan will participate in the 13-th Central Asian International Exhibition **AgroWorld Kazakhstan 2018**, which will be held 31 October - 2 November, Almaty, Atakent Exhibition center.

The Embassy will be present with an information stand, which aims to promote Dutch suppliers to the agricultural sector.

If you plan to visit the exhibition, do not forget to visit the stand of the Netherlands Embassy (stand No.10-606). For more details check the exhibition floor plan at <https://www.agroworld.kz/ru/vystavka/plan-vystavki>

GENERAL

EU views Kazakhstan as key to better connections with Asia

The EU has unveiled ambitious proposals designed to “better connect” Europe and Asia. The blueprint was outlined on Wednesday by the European Commission and Federica Mogherini, the High Representative of the Union for Foreign Affairs and Security Policy. The joint communication sets out the EU’s vision for a “new and comprehensive strategy” to better connect Europe and Asia.

Mogherini, the EU foreign affairs chief, said, “We will do this by building new connections and networks between Europe and Asia.”

This will be done through transport networks, by building digital and energy networks and, thirdly, by promoting human exchanges and mobility.

The overall idea is to facilitate mutual understanding and to share ideas.

The “vision” promises to be a win-win for both the EU and Central Asian countries like Kazakhstan. The EU, for its part, stands to leverage sustainable investments for connectivity projects. Asia is estimated to need around €1.3 trillion per year for infrastructure investment – a huge amount of money – and if the EU supports Kazakhstan and its neighbours the opportunities for the European companies are clearly there.

But Kazakhstan stands to win as well, by promoting itself on the world stage and capitalising on ever closer relations, both trade and economic, with the EU and its member states.

Kazakhstan is, of course, rich in energy resources, its companies are part of global and regional value chains and Kazakhstan is promoting green economy with ambitious targets and by diversification and investments in renewable energy.

But the country’s rapid reform programme doesn’t stop there. It is, for example, also modernising the railways rolling stock and the new Astana International Financial Centre (AIFC), which opened this year, has already proved a big success.

The idea of the new EU initiative is to develop efficient, economically viable and environmentally sustainable trade routes and corridors between Europe and Asia.

A Commission source told this website: “Today, measured in value, 70% of the trade goes by sea, over 25% is carried by air, while rail remains relatively marginal. The potential for growth in all sectors is substantial.”

It is for this reason that the EU wants to work towards connecting the well-developed Trans-European Network for Transport (TEN-T) framework with networks in Asia

The relationship between the EU and Asia, including Kazakhstan, is of global significance and the ties are likely to increase in the coming years. Asia, with roughly 60% of the world population accounts for 35% of the EU’s exports (€618bn) and 45% of the EU’s imports (€774bn).

Asia will require over €1.3 trillion a year of infrastructure investment in the coming decades to maintain today’s growth rates and to adapt to climate change.

Fiscal and financial sustainability of infrastructure projects need to be ensured to avoid the risk of debt distress. This is partly why the Commission has proposed an “EU Strategy on Connecting Europe and Asia” with its concrete policy proposals and initiatives to improve connections between Europe and Asia.

The Commission is now urging the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the European Investment Bank and relevant stakeholders to discuss and support its joint communication.

Such ambitions are in tune with what Kazakh President Nursultan Nazarbayev is trying to do.

He has focused on what he terms a new, third stage of the country's modernisation. This consists of five top priorities that are to ensure economic growth above the world average and bring the nation closer to its goal of joining the top 30 most-developed countries by 2050. The priorities are: the economy's accelerated technological modernisation; improving and expanding the business sphere; macroeconomic stability; improving the quality of human capital; institutional reforms; security and fight against corruption.

The EU and Kazakhstan signed the 150-page EPCA in Astana back in December 2015 and, on Wednesday, a Commission official said that the EU's relationship with Kazakhstan and rest of Central Asia "has never been any stronger or any better".

"The EU and Kazakhstan share many common objectives, from regional peace and stability and fighting terrorism, to fostering the rule of law and increasing prosperity and trade," he said.

2018 is an important year for EU-Kazakhstan relations as it marks the 25th anniversary of establishing diplomatic relations and the start of a new chapter with the Enhanced Partnership and Cooperation Agreement between Kazakhstan and the EU (EPCA) fully entering into force.

Astana (and its neighbours) will be at the centre of the work the commission hopes to do during October which, as Mogherini said, will be a very Asia-oriented month because the EU will host in Brussels the Asia-Europe Meeting Summit on 18 and 19 of October.

Before that, EU Foreign Ministers are expected to agree on the new strategy at the next Foreign Affairs Council.

It all augers well, in particular, for the EU and Kazakhstan as the two sides seek to further cement their ever-blossoming relations, as reported by Colin Stevens for the EU Reporter.

CIS summit focuses on cooperation, expanding non-dollar transactions

The Dushanbe-hosted CIS summit showed that cooperation within the organization remains a priority for the Commonwealth of Independent States, the Russian Federation Council told Izvestia. The parties agreed to strengthen cooperation on all fronts, discussed widening mutual settlements in national currencies and maximizing the potential of the free trade zone. In addition, Russian President Vladimir Putin urged his colleagues to coordinate foreign policy actions.

First Deputy Chair of the Federation Council on Foreign Affairs Vladimir Dzhubarov told the newspaper that the key issue the CIS leaders focused on was bolstering interest in cooperation within the organization.

"The Commonwealth is still a priority for all participants, with the exception of Ukraine, which actually terminated its work in the group. Apart from that, all members of the CIS demonstrate a great interest," he noted. "It is extremely important that the parties talk about the need to transition to settlements in national currencies. That is - to get rid of the dollar equivalent," Dzhubarov added.

The Commonwealth once again proved that it is continuing to develop, moreover, the potential for deepening cooperation is evident, Deputy Director of the Institute of the CIS Vladimir Evseev told Izvestia. "The absence of Ukraine did not change anything. If Kiev thinks that this can leave a negative impact, then this is a delusion," the expert said.

The participants exchanged their views on current problems that the Commonwealth is facing. Putin emphasized the importance of cooperation within the CIS on the political, socio-economic, humanitarian and law-enforcement fronts. In addition, the Russian leader noted the need to expand the practice of mutual settlements in national currencies.

Within the framework of the summit, the Russian leader held separate meetings with his Kyrgyz counterpart Sooronbay Jeenbekov and President of Tajikistan Emomali Rahmon, reported by Izvestia (Russia).

Kazakh chief diplomat calls for joint efforts to pacify Afghanistan

Kazakhstan suggested Central Asian countries joining forces to help Afghanistan prosper.

While addressing the participants of the Regional Conference on Women's Empowerment in Afghanistan held in Astana, Foreign Affairs Minister Kairat Abdrakhmanov said Kazakhstan believes it is highly possible to integrate Afghanistan into the Central Asian economic space. According to him, Central Asian countries should join efforts and prioritize Afghanistan's socioeconomic development, adopt an overarching development program and attract international business to specific economic projects. These steps, in his words, will allow to shape up Afghanistan's economic self-sufficiency and self-reliance and make maximum use of its transit potential.

Minister Abdrakhmanov added that as a non-permanent member of the UN Security Council Kazakhstan prioritized Afghanistan's interests. Afghanistan's restoration, peace and stability are of paramount importance for the security of the entire Central Asia.

It was noted that Kazakhstan organized the visit of the UN Security Council members to Afghanistan in January 2018. President Nursultan Nazarbayev vowed 1,000 Afghan students will get free education in Kazakhstan and allotted \$50 million to this end, as reported by Kazinform.

Alikhan Smailov appointed Minister of Finance of the Republic of Kazakhstan

"Appoint Smailov Alikhan Askhanovich as Minister of Finance of the Republic of Kazakhstan. Release the adviser to the President of the Republic of Kazakhstan from his post," the Head of State's Decree reads.

Alikhan Smailov was born in 1972. In 1994 he graduated from the Al-Farabi Kazakh State National University with a degree in applied mathematics, in 1996 — from Kazakhstan Institute of Management, Economics and Forecasting under the President of Kazakhstan and received a master's degree in public administration.

In 1993-1999 he worked as a chief specialist in the investment-privatization fund A-Invest, deputy head of the department, head of the department of the National Statistical Agency of Kazakhstan, deputy chairman of the Committee on Statistics and Analysis of the Agency for Statistical Planning and Reforms of Kazakhstan, chief expert, head of the economic sector of the department, state inspector of the Presidential Administration.

1999-2003 — he was chairman of the Agency of Statistics of the Republic of Kazakhstan.

2003-2006 — vice minister of foreign affairs of Kazakhstan, chairman of the board of JSC State Insurance Company for Insurance of Export Credits and Investments.

2006-2009 — vice minister of Finance, President of the KazAgro National Company.

2009-2014 — chairman of the Agency of Statistics of Kazakhstan.

2014-2015 — chairman of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan.

In December 2015 he was appointed assistant to the President of the Republic of Kazakhstan by the Decree of the Head of State, according to the Press service of the Prime Minister of the Republic of Kazakhstan.

Nazarbayev: Appointing capital mayor is always of particular importance for me

The President of Kazakhstan, Nursultan Nazarbayev, held a meeting with the senior management of Astana mayor's office, [Kazinform](#) cites the press service of Akorda.

Before the meeting, the members of the city maslikhat (local representative body) held a session, during which they unanimously approved the candidacy of Bakhyt Sultanov as the mayor of the capital.

The Head of State congratulated Asset Issekeshov on his appointment as the Head of the Presidential Administration and wished him success in the new key position.

The President of Kazakhstan underlined the professional and personal qualities of Asset Issekeshov and also dwelled on the results of the latter's work in the development of the capital. Mentioning the achievements of ex-mayor Asset Issekeshov, Nursultan Nazarbayev emphasized the tasks facing the new leader of the city.

"Appointing the mayor of the capital has always been of particular importance for me. On an ongoing basis, I personally monitor the issues of urban development, including the construction of all facilities in the capital. It is the overarching priority for me. Bakhyt Sultanov is well

experienced in public administration and has essential organizational skills," the Head of State said.

During the meeting, the President of Kazakhstan pointed to several top priorities facing the new leader of Astana.

"It is necessary to introduce a new development model. It is important to create a comfortable environment for promoting innovation and the growth of creative people. In this regard, it is necessary to develop a long-term city development strategy through to 2050," Nursultan Nazarbayev emphasized.

In addition, the Head of State stressed that it is necessary to continue developing the capital as a business financial hub, using the capabilities of the Astana International Financial Centre.

The President of Kazakhstan also dwelt on the new housing construction, the creation of a favorable living environment for people, and the construction of social facilities.

Nursultan Nazarbayev also pointed to the importance of maintaining the pace of developing the city infrastructure and its preparation for the gasification.

The President of Kazakhstan instructed the new mayor to use the best practices in unlocking the tourist potential of the capital.

Among the priorities of Astana's further development, Nursultan Nazarbayev underlined the need to continue transforming the work of all city government bodies, improving the quality of public services, and implementing the digitalization program.

At the end of the meeting, Asset Issekeshov and Bakhyt Sultanov thanked the Head of State for his confidence and expressed their readiness to continue contributing to the development of the capital and the whole country, according to Kazinform.

World Bank notes room for improvement in Kazakhstan's governance

The World Bank Group has just published the latest governance indicators including how well Kazakhstan is performing. The picture over a 10-year period is a mixed bag. It shows that Kazakhstan has made significant improvements in government effectiveness which measures the quality of public services and improved capacity of the civil service. It also shows a marginal improvement in the control of corruption although progress is very limited given the time period involved. Finally, the latest figures show that voice and accountability, which measures freedom of expression, freedom of association, and a free media has become marginally worse over the decade.

An upward trend in government effectiveness is hugely commendable and Kazakhstan has worked hard to improve public services through electronic government and one-stop-shops. But there is much more that can be done. We suggest the following 5 concurrent key steps broadly under the theme of Open Government.

Step 1: Stronger civil society. Kazakhstan has a very weak civil society with existing NGOs relying heavily on government funding to sustain their work. An important role for civil society organisations is to be independent of government and to provide constructive challenge to government policies. In fact, legislation is making it more difficult for civil society to receive funding other than from government.

Step 2: More inclusive decision-making. Despite the best intentions of the Kazakhstan Government to promote inclusion through measures like Open Legislation, Open Dialogue and Open Budgets, often the implementing bodies see these as a means of disseminating information rather than a genuine attempt to secure a two-way engagement with citizens.

Step 3: Access to information and freedom of the press. The law ostensibly improves journalists' rights to receive information from government through oral and written requests. These legal obligations on the part of government bodies are often frustrated through delays, officialdom and tacit resistance by officials. Journalists, for example, must now seek consent from any legal person to disseminate personal, family, medical, banking, commercial and other sensitive information in the media. Under these terms any unethical and corrupt behaviour of civil servants can be potentially hidden. With press restrictions, there has therefore been a huge growth in the use of social media as a way of citizens expressing their voice through this alternative platform.

Step 4: Access to Public Services. The growth in e-government has clearly been a successful development limiting opportunities for citizens-to-officials transactions and hence lowering the propensity for corruption. But so much more could be done beyond digitisation in those public services that cannot be conducted on-line. Services such as education, health and social welfare still require effective and well-trained officials. To some extent the surge towards digital services has eclipsed the need to improve services fundamental to improving the lives of Kazakh citizens.

Step 5: More effective anti-corruption measures. There are multiple laws and interventions aimed at tackling corruption in Kazakhstan. The metrics would suggest they have had limited impact to date. As one example, the recent introduction of ethics commissioners aimed at improving standards in public life is fraught with implementation difficulties. They have been appointed from within the ranks of the civil service and many of their superiors do not want cases of unethical behaviour or corruption exposed in their ministries. The job of commissioners has also been denigrated to one of whistle-blowers in a system where loyalty and patronage are highly valued. In short, like several other anti-corruption measures, this initiative is doomed to fail.

These five steps could form the basis of a formal Open Government Partnership (<https://www.opengovpartnership.org>) which brings together government reformers and civil society leaders to create action plans that make governments more inclusive, responsive and accountable, as reported by Astana Times.

MACRO-ECONOMICS & FINANCE

Cabinet evaluates Kazakh economic development by region

Minister of National Economy Timur Suleimenov reported that in January-August 2018, the positive trend of Kazakhstan's economic growth remains. At the same time, economic development is taking place in conditions of increasing risks and volatility in world markets.

"GDP growth for the reporting period was 3.8%. To fulfill the task of 4% GDP growth, it is necessary to ensure an average monthly growth of 4.2% by the end of this year," Suleimenov said.

The growth in output of agricultural production in the seven months amounted to 2.4% against 3.5%. There is a slowdown due to 1.5% decrease in crop production because of a decrease in harvesting in Akmola, Pavlodar, North Kazakhstan and East Kazakhstan regions. Livestock raising increased by 3.9%.

The construction sector, with a target of 3.6%, grew by only 0.8%. For seven months, growth was 1.3%. The production of services declined to 3.7% from 3.8% in January-July. The target is 4.1%. This is due to a slowdown in growth in information and communication services by 0.7 percentage points to 4.5% (seven months — 5.2%), scientific and technical activities — by 0.2 pp to 2.5% (seven months — 2.7%).

At the same time, trade increased by 5.8% (target — 3.9%) and transport — by 4.8%. Investments in fixed assets increased by 21.4%, including private investments — by 26.8%.

In his report Suleimenov drew attention to the decline in production indicators in some regions.

"In the North Kazakhstan, West Kazakhstan, Turkestan and Kyzylorda regions there is a decline in industrial production. The growth is lower than the republican level in Almaty, Mangistau, Pavlodar, Karaganda regions, as well as in Astana, Almaty and Shymkent with dynamics ranging from 1.1% to 3.9%," the minister reported.

In these regions, according to the ministry, oil and gas condensate, uranium ore, freight wagons and flour production were reduced.

In agriculture, a positive trend continues in 12 regions. At the same time, West Kazakhstan region has moved to a negative zone. The decrease was 1.7% due to a decrease in harvest. In Akmola region, the level of 2017 was maintained.

Construction shows negative values in Astana and Pavlodar region. In Astana the decline deepened from (-19.1%) in seven months (-21.7%).

Foreign trade turnover steadily keeps a high growth trend. For seven months, it increased by 20.1% (\$51.9 billion). Exports increased by 26% (\$34 billion). At the same time, the increase in exports of non-primary goods amounted to 4.1% (\$9 billion). Import increased by 10.3% (\$17.9 billion). In

general, growth is provided by imported investment goods (machinery and equipment). Their increase was 17.2%.

The labour market remains stable. From the early 2018, 297,100 people were employed (as of August 1). Wages are growing at a moderate pace. In January-July, the average monthly salary was 157,700 tenge and grew by 2.3% in real terms. Real monetary income in January-June increased by 1%.

"To achieve annual targets, there are four months left. In terms of GDP, this is 3.8%. But the desired result is 4%. This is not an easy task, given the growing international trade conflicts and volatility in the financial market," Suleimenov reported.

The minister noted that taking into account the base of the last four months of 2017, as well as its historical share over the last six years in the final GDP, on average from 42% to 58%, it is necessary to ensure the growth of the sectors by the end of the year at the levels:

industry — 5.7%, including processing — 5.6%;

agriculture — 4.4%;

construction — 3.7%;

services — 3.8%, including trade — 5.8%, transport — 4.8%, communications — 4.5%.

"Given the accumulated GDP growth rate since the beginning of the year, the 4% target remains feasible. However, it is possible to not achieve the target growth rates in such sectors as pharmaceuticals, food and beverage production, oil refining, and agriculture. In these industries, it is necessary to ensure, by the end of the year, an average monthly growth rate in the range of 4-9% for qualitative growth rates of the economy," Minister Suleimenov reported.

Having heard the report of the minister of national economy, Prime Minister Bakytzhan Sagintayev noted that low indicators in 11 regions are not a favorable trend in the economy. Also, the decline in indicators is observed in the areas of construction and investment.

"Everything that you said is correct, but when you showed the fifth and sixth slides, you said that a favorable trend remains. If you talk about production, then the industrial indicators in 11 regions lag behind, so why is it favorable? Then look at the construction, investments: only in four regions it is higher than the republican level, but what does this mean? If there is no investments in fixed assets, production will not develop, what favorable situation can be talked about, it is necessary to put demands first of all to ourselves, and only then teach the others," Sagintayev said.

Minister of Finance Bakhyt Sultanov reported on the main indicators of budget execution for eight months of 2018. Thus, the main indicators of the budget have been significantly improved.

The state budget received income (without transfers) 5,252 trillion tenge. Thus, the revenues collected are more by 74 billion tenge than for 2015. The growth of revenues was undoubtedly affected by the improvement of macroeconomic indicators in all sectors of the economy, the growth of prices for oil and metal. This was also facilitated by an increase in the effectiveness of tax and customs administration procedures.

"Current plans for income at all levels of budgets are overfulfilled. The state budget — 104.7%, the republican budget — 103.7% and the local budget — 107%. And there are no problems until the end of the financial year with the implementation of the updated plan," Sultanov reported.

Expenses in the reporting period were made in the amount of 7.439 trillion tenge. Of these, 55% are directed to the social sphere (in the eight months of last year — 40.8%). The percentage of development by expenditure is quite high: the state budget — 97.9%, the republican budget — 98.6% and the local budget — 97.8%.

476.3 billion tenge is provided for the implementation of the Nurly Zhol State Program in the republican budget for 2018. According to the Ministry of Finance, the development of the state program at the republican level is quite good. As of September 1, 248.4 billion tenge or 99.5% of the plan was spent for the reporting period. The development to the annual plan was 52.2%.

"Expenditure of budgetary funds is also on constant control. In the reporting period, 923 billion tenge of budget funds were covered by audit. There is a decrease in financial violations compared to the same period last year. A total of financial violations amounting to 86.6 billion tenge were established. During the audit, 53.3 billion tenge was recovered," the finance minister said.

As part of the privatization, out of 887 objects of the Comprehensive Plan as of September 1, 515 objects were put up. Of these, 435 objects were sold for 246 billion tenge. 269 objects are at the

stage of reorganization and liquidation due to the economic inexpediency of their sale, including unrealized by the results of three trades. Thus, the implementation of the Comprehensive Privatization Plan, taking into account the reorganized and liquidated facilities, as of September 1, amounted to 79.4%.

In general, as Sultanov noted, the privatization process is in accordance with sales schedules. By the end of 2018, 70 objects are to be put up, of which 15 are republican property, 24 are municipal property, 31 are assets of national holding companies and national companies.

Chairman of the National Bank Daniyar Akishev, in his turn, said that inflation for January-August 2018 was 2.9%, which is lower than the same period last year. Annual inflation in August slowed to 6% compared with 7.1% at the end of the previous year. According to the results of the population survey in August, the quantitative estimate of the expected inflation for the year ahead is 5.9%, practically equaling the level of the current annual inflation.

According to the estimates of the National Bank, in 2018 inflation will remain in the target corridor of 5-7%. However, in the last few months, the risks have increased that in the future inflation will decline more slowly than the National Bank estimated earlier.

"Inflation in 2019 will be formed near the upper boundary of the target corridor, which is defined in the corridor 4-7%, that is about 6%. This is due both to the influence of external factors and to the expansion of domestic aggregate demand. In this regard, it is necessary now to take additional measures to keep inflation in the target corridor," Akishev said.

Since the beginning of 2018, the base rate has been reduced from 10.25% to 9%. However, the National Bank does not exclude the tightening of monetary conditions until the end of 2018, if the estimates for inflation risks are confirmed.

It was also noted that in the currency market, the tenge rate from the beginning of the year to September 10 weakened by 13.8% and amounted to 378.11 tenge for \$1. In addition to the fall in the Russian ruble from the beginning of the year by 22%, the tenge is influenced by the factors of considerable weakening of the currencies of developing countries against the dollar.

Akishev noted that the National Bank corrects the fall of the exchange rate, when the demand for the currency is much higher than the supply, but on the whole it does not impede the fundamental trends. At the current moment, this leads to volatility of the course, but on the long-term horizon it provides macroeconomic stability and the balance of payments. The current situation does not pose a threat to financial stability and the situation in banks.

Since September 10, 2018, the National Bank has changed the approach to the formation of the official tenge. Now the official rate is set based on the results of the main additional session with the timing of settlements on the Kazakhstan stock exchange. This approach is fully consistent with international practice. The results of yesterday's trading showed that the transition to a new calculation was carried out successfully and did not cause inconvenience to market participants, reported by Egemen Kazakhstan.

Astana shakes economic funk due to infusion of Chinese investment

September 7 was the five-year anniversary of the introduction of the [Silk Road](#) Economic Belt concept, and Kazakhstan, dubbed as the "buckle" of the "belt," was in the mood to celebrate. That day, Kazakh journalists were busy traveling between two forums marking the anniversary in Astana: the Kazakh-Chinese Business Forum, to which Kazakhstan's President Nursultan Nazarbayev and Chinese President Xi Jinping sent video messages, and the Belt and Road China-Kazakhstan Forum on Think Tanks, Media and Cultural Communication.

Five years ago, on September 7, 2013, Xi introduced the Silk Road Economic Belt concept during his visit to Kazakhstan. In a speech delivered at Nazarbayev University in Astana, Xi suggested that China and Central Asia cooperate to build a Silk Road Economic Belt, according to the Xinhua News Agency.

The Global Times visited Kazakhstan for the special occasion of the five-year anniversary to see how the initiative has changed the country and its relations with China.

The Belt and Road China-Kazakhstan Forum on Think Tanks, Media and Cultural Communication, held at Astana's Beijing Palace, was attended by key representatives from political, business and academic circles of China and Kazakhstan, who exchanged ideas on how the Belt and Road initiative

has changed Kazakhstan. The forum was held by the Global Times Chinese website huanqiu.com together with China Public Diplomacy Association.

"It's unusual that two grand foreign affairs events are held on the same day," a Kazakh reporter told the Global Times. "Most of the mainstream Chinese and Kazakh media have arrived, and both events are important."

Kuanyshtanov, Kazakhstan's former ambassador to China from 1995 to 2001, recalled the time when China and Kazakhstan established diplomatic relations on January 3, 1992. As almost no Kazakhs spoke Chinese at that time, a Chinese with Kazakh ethnicity was employed as the translator. The former ambassador said, "The Belt and Road initiative will create over 200,000 job opportunities for relevant countries, which means more opportunities and more choices. A fever to learn the Chinese language has already swept Kazakhstan, and 14,000 Kazakhs are now studying in China."

The country's high hopes for the initiative are evident from conversations: young people want to study and work in China and take advantage of favorable policies; businessmen want to introduce Chinese products and television dramas to Kazakhstan; academics want to do research with Chinese counterparts.

Kazakh media's coverage on the initiative has also been intensive. Kazakhstan's state television channel said in its report that the country can play a huge role in energy and logistics under the framework of Belt and Road initiative. Kazinform, a Kazakh news agency, covered the forums in three languages including Chinese, Kazakh and Russian. A Chinese expert who often visits Kazakhstan said "Belt and Road" is now a hot foreign buzzword in the country.

According to trade statistics from the Chinese Embassy in Kazakhstan, bilateral trade volume between the two countries has almost reached \$100 billion. China is Kazakhstan's second-largest trading partner, export destination and source of imports. Various Chinese organizations have extended loans of over \$40 billion to Kazakhstan, making China Kazakhstan's biggest lender in terms of commercial loans. As a critical stop on the China-Europe rail route, China-Europe freight trains passed Kazakhstan 1,800 times in 2017, a 50 percent rise over the previous year, and commodities worth \$120 million were transported by the China-Kazakhstan section of China-Asia freight train services. In addition, the two countries boosted cultural exchanges, with five Confucius Institutes established in Kazakhstan and five Kazakhstan language and culture centers launched in China.

China and Kazakhstan have started currency swaps and settlement, and established the China-Kazakhstan Production Capacity Cooperation Fund as well as an international exchange.

Such an intensive level of cooperation would have been unimaginable five years ago. Yermek Duisenkozha, a lecturer in international relations at the LN Gumilyov Eurasian National University, said Kazakhstan has been living under the influence of Russia for a long time. After the outbreak of the [Ukraine crisis](#) at the end of 2013, the depreciation of the Russian ruble resulted in the devaluation of the tenge, Kazakhstan's currency, and its economy suffered enormously. The Belt and Road initiative revived the country, which was once in crisis.

Yernar, aged 23, returned to Astana two months ago after finishing his studies in Xi'an International Studies University in Northwest China. Having left his hometown for three years, he said the changes in the capital has been striking: buses now accept transportation cards as a payment method; ride-sharing app Uber has entered the city; traffic congestion occurs more frequently on the roads of Astana; and internet banking is becoming prevalent.

Yernar bought a 40-square-meter apartment in the city's old town at 6,000 yuan (\$874.17) each square meter. While he is under stress from the mortgage, Yernar said he is confident that the city will see major economic development and a boom in real estate prices in the future. Those familiar with Kazakhstan told the Global Times that after the 2008 financial crisis, construction of infrastructure in Astana almost halted. But after China and Kazakhstan kicked off a series of cooperative projects in various sectors, the city's infrastructure building revived.

Wang Wen, executive dean of the Chongyang Institute for Financial Studies at Renmin University of China, said when he visited Astana three years ago, many parts of the city were empty and waiting to be developed. In recent years however, the number of new skyscrapers mushroomed, and the city expanded 20 to 30 percent.

Official statistics show that Kazakhstan has been a popular destination for Chinese companies to expand abroad. Over 2,600 Chinese companies have registered in Kazakhstan. Among them, 600 are already carrying out businesses there. One of them is Infinitus, a Chinese herbal health products developer. Its branch in Kazakhstan has gained approval from the Kazakh government, and Yu Jianglin, its global executive president, said he saw business opportunities in the cooperation between the two countries under the framework of the Belt and Road initiative.

Despite promising prospects, cooperation between China and Kazakhstan isn't without risks. Wang told the Global Times that both countries should put more efforts into people-to-people communication, in addition to governmental cooperation. This, however, is challenged by the lack of bilingual talent, and the inconvenient visa procedures required by both countries for each other. Currently, Kazakhstan does not issue tourist visas to Chinese individuals. Chinese tourists can get 72-hour visa free transit in Kazakhstan on the condition that they arrive using certain airlines. And just like many countries in the Commonwealth of Independent States, Wang said the political uncertainty of Kazakhstan should not be ignored. Corruption in Kazakhstan is also a high risk among many sectors in the country.

But in general, Kazakhstan is still the most promising country on the route of Belt and Road. The GDP growth in the world's largest landlocked country in the first half of this year reached 4.1 percent, and industrial production grew by 5.2 percent, according to Kazakhstan media. The promising economic outlook and Kazakhstan's strategic location between Europe and Asia has given rise to the country's diplomatic ambitions. Last year alone, the country hosted a series of international talks and events including the eighth round of the Astana Process on Syrian peace, the 2017 Shanghai Cooperation Organisation (SCO) summit and the Expo 2017 Astana. Some media even called Kazakhstan "the Switzerland in the East."

The entire city of Astana is like a construction site, with many new projects underway. At Astana's city center, the 78-floor Abu Dhabi Plaza, a skyscraper, is expected to be completed in 2020 and become the tallest skyscraper in Central Asia as posted by Xing Xiaojing for the Global Times (China).

Kazakhstan, Uzbekistan post trade boost over H1 2018

Trade turnover between Kazakhstan and Uzbekistan is growing at an accelerated pace, Kazinform reported citing Kazakh Vice Minister of Finance Kanat Bayedilov.

He made the remarks at the expanded meeting of the Finance and Budget Committee of the Kazakh Parliament's Senate.

The draft law "On Ratification of the Protocol between the Government of the Republic of Kazakhstan and the Government of the Republic of Uzbekistan on Amendments and Additions to the Agreement between the Government of the Republic of Kazakhstan and the Government of the Republic of Uzbekistan on Avoiding Double Taxation of Income and Property dated June 12, 1996" was discussed at the committee meeting.

"In recent years, the trade turnover between the two countries has been developing at a good pace, in particular, only in 2017 the trade turnover amounted to \$2 billion. The growth was 31.2 percent compared to 2016. When considering 1H2018, the turnover has increased by 35 percent. Growth has been observed in both imports and exports. The main export products are ferrous metals, oil products and wheat. Vegetables, fruits and nuts predominate in imports," Bayedilov said.

The Vice Minister also noted that Uzbek investments in Kazakhstan for the past 10 years amounted to \$31.3 million, half of which was invested in 2016.

Kazakh investments in Uzbekistan amounted to \$114.4 million over the past decade.

Bayedilov said in his report, that amendments to the Agreement on the avoidance of double taxation of income and property dated June 12, 1996 are introduced in connection with the changes made to the model convention of the Organization for Economic Cooperation and Development.

The protocol between Kazakhstan and Uzbekistan will introduce a number of changes to the current agreement and set several goals, according to AzerNews.

Halyk Savings Bank of Kazakhstan opens Uzbek subsidiary

Kazakhstan's Halyk Bank has announced the establishment of joint-stock commercial Tenge Bank in Uzbekistan, Kazakhstan Stock Exchange (KASE) said in a message on Sept. 10.

The Board of Directors approved the corresponding decision on September 6.

Halyk Bank had earlier announced its interest in the Uzbek market.

In May 2018, the head of Halyk Bank, Umut Shayakhmetova, said that the documents were being collected to obtain permission to establish a subsidiary bank in Uzbekistan as posted by AzerNews.

S&P confirms Kazakhstan's credit ratings

The S&P Global Ratings international rating agency has affirmed the long-term and short-term sovereign credit ratings in Kazakhstan's foreign and national currency at "BBB-/A-3", the agency reported.

The outlook on the ratings is Stable. S&P also confirmed the rating on the national scale at "kzAAA".

"We have revised our assessment of the risk of transfer and convertibility assessment to "BBB" from "BBB-" due to the openness of the foreign exchange policy," the report said.

The stable outlook reflects S&P's expectation that over the next two years the sovereign and external balance of accounts will remain life-sustaining.

S&P may upgrade its ratings if recent political reforms help significantly strengthen Kazakhstani institutions, the agency said.

On the contrary, a sharp fall in oil prices or a decline in production could put the ratings under pressure, if this leads to a deterioration in external economic indicators. S&P may lower ratings when destabilising factors appear, for example, a sharp increase in the dollarisation of household deposits.

The ratings for Kazakhstan, according to S&P, are still built on a strong state balance, formed on past budget surpluses accumulated in the National Fund in the era of high commodity prices.

Also, the liquid external assets of Kazakhstan, exceeding the external debt to 2021, support ratings, as reported by Kapital.kz (Kazakhstan).

Fitch affirms Kazakhstan's rating at BBB

Fitch Ratings, the international rating agency, affirmed Kazakhstan's long-term issuer default rating (IDR) at 'BBB' with 'Stable' outlook.

The sovereign balance remains strong and assets in the National Fund of the Republic of Kazakhstan (NFRK) in the amount of 43 percent of GDP at the end of 2018, Fitch said, predicting that in the end of 2019, assets in the National Fund will reach \$58 billion (34% of GDP).

According to Fitch's forecasts, the budget deficit in 2018 will be about 3.8% of GDP, Growth is forecast to decline to 3.3% in 2019 and to 3% in 2020 as posted by Vestnik Kavkaza.

Fitch recognises Kazakhstan economy stable

Kazakhstan's IDR reflects a strong public and external balance sheet, backed by large government savings and a significant sovereign net position on foreign assets. As well as high consumer dependence, weak banking sector, weak indicators of the World Bank's management and higher inflation compared to its neighbours by rating.

According to Fitch, economic growth in Kazakhstan is still highly dependent on the development of the oil sector. Higher production volumes and a rise in world oil prices have contributed to higher GDP growth and an external current account over the past year. Meanwhile, greater exchange rate flexibility and improved monetary policy credit have helped mitigate the effects of external volatility. The ongoing restructuring of the banking sector and fiscal consolidation, sufficient to stabilise reliable savings buffers, have strengthened Kazakhstan's ability to absorb shocks compared to 2014–2015.

The external balance of the state remains stable, and sovereign net foreign assets are projected at 43% of GDP for 2018, which is the strongest in the BBB category.

Assets in the National Fund will reach \$58.3 billion (34% of GDP) at the end of 2018, and gross international reserves will be \$77.2 billion for 2018.

According to forecasts, in 2019–2020, Kazakh assets in foreign currency will gradually grow, which reflects still favourable oil prices, and is currently expected to reduce transfers to the state budget. The process of freezing the assets of the National Fund related to litigation with Moldovan entrepreneurs will not be lengthy. The government received a favourable court decision in July, which led to the National Fund's assets being thawed at a rate of \$22.1 billion. Currently, \$530 million of the fund's assets remain frozen pending further proceedings in the UK courts regarding the validity of the award.

Higher oil prices and an increase in export volumes will reduce the current account deficit and support the stabilisation of foreign currency assets. Fitch expects the current account deficit to shrink to 1.7% of GDP in 2018, reflecting a stronger trade surplus (15.4% of GDP), as well as a higher income deficit (13.8% of GDP) derived from remittances dividends and profits.

The current account deficit is projected at an average of 1.1% of GDP in 2019 and 2020, reflecting moderate growth in imports, still favourable oil prices, as well as high production volumes and continued outflow of funds associated with foreign direct investment, according to the news of Liter (Kazakhstan).

Baikonur space centre to create own economic zone, looks for investors

The establishment of a special economic zone at Baikonur will allow to attract investors in order to implement joint space programs there, the Department on ensuring activity of the special representative of the President of Kazakhstan on the Baikonur complex told RIA Novosti.

The concept provides for the possibility of attracting investments, in particular from third countries, for the implementation of joint space programs, as well as the diversification of the economy of the Baikonur complex.

"The long-term program of development of the Baikonur city for creation of favorable conditions for business development provides for the possibility of creating a special economic zone on the territory of the "Baikonur" complex, said the department.

The department said: "Given that Baikonur has a special status, the standard measures to support investors stipulated in the national legislation of Kazakhstan and Russia, do not have effect here."

"The establishment of the Baikonur SEZ will allow to attract investors for the implementation of joint space programs at the cosmodrome, as well as for the development of business and diversification of the economy of the Baikonur city," the department stated.

In order to stimulate the inflow of investments to Baikonur, the Governor of Kyzylorda region Krymbek Kusherbayev proposed in July 2018 to start working on the issue of signing a separate intergovernmental agreement on the creation of a special economic zone at Baikonuras posted by MENAFN.

Deals worth 1.7bn signed at Turkestan Forum

19 memorandums worth USD 1.7 billion were signed at the Ancient Turkestan - New Opportunities international investment and tourism forum, press service of the Turkestan region governor reports.

In particular, Turkestan region administration (akimat) signed agreements with investors from Iran, Turkey, Czech Republic, Russia, the UAE, Malaysia, Italy, Poland and China.

Turkestan region governor Zhanseiit Tuimebayev and Iran's Ardabil Petrochemical Co. signed a memorandum to the amount of USD 205 million to build a cancer centre and an oil refinery.

An agreement was signed with Changchun Longyuan Power Equipment Co. Ltd that intends to invest USD 648 million into production of power generation systems and goods.

Green Land Alatau and Russian investors plan to channel USD 180 million into construction of greenery, etc. It is noteworthy, foreign companies will start soon their work in Turkestan city and region that will take to a new higher level development of agriculture, infrastructure, tourism and light industry and contribute to creation of new productions and workplaces, as reported by Kazinform.

Stamps no longer mandatory for businessmen in Kazakhstan

State bodies and financial organisations may no longer require on documents from legal persons related to private business, Kazpravda.kz reports with reference to the press service of the RK Justice Ministry. Amendments were entered on the legislation on business regulation that abolishes the requirement of a seal on the documents, the information indicates.

So, to certify documents, private business entities are not obliged to use seals; signature of the authorized person is sufficient for it, the ministry says.

"At the same time, changes do not mean a ban on the use of seals. The business subjects are entitled to use the seal or to abandon it at their discretion," it is explained.

As noted in the Justice Ministry, the right not to use the seal will greatly simplify the interaction of private businesses with government agencies and financial institutions.

Also, according to the new amendments, state bodies, financial organizations, including second-tier banks, are not entitled to demand a seal imprint as an obligatory requisite for the document. They are obliged to accept documents, certified only by the signature of the authorized person.

"Amendments on the exclusion of mandatory seal for legal entities related to private business are based on the recommendations of the World Bank experts and the experience of other countries: the USA, Denmark, Norway, Sweden, Germany, Austria, Switzerland, the United Kingdom, Australia, Canada, Finland and Georgia in ensuring ease of doing business," the press service of Kazakhstan's Ministry of Justice added according to the statement of the Kazakhstanskaya Pravda.

ENERGY & NATURAL RESOURCES

KIOGE once more a platform for development of international cooperation and strengthening of Kazakhstan's oil and gas industry

KIOGE once again proved its status as the largest oil and gas exhibition in Central Asia, demonstrating the latest technologies and samples of equipment from leading Kazakhstan and foreign manufacturers. This year, 250 companies from 15 countries took part in the exhibition.

September 26, 2018 in Kazakhstan the 26th Kazakhstan International Exhibition and Conference "Oil and Gas" KIOGE 2018 opened its doors. The opening ceremony was attended by Makhambet Djoldasgalievich Dosmukhambetov - First Vice Minister of Energy of the Republic of Kazakhstan, Almas Uskenbaevich Madiyev - deputy mayor of Almaty city, Kurmangazy Oryngazievich Iskaziev - Deputy Chairman of the Board for Exploration, Production and Oil Services of NC "KazMunayGas" JSC and Yuriy Borodikhin - Director of exhibition company Iteca.

In his welcome speech, First Vice Minister of Energy of the Republic of Kazakhstan Makhambet Dosmukhambetov emphasised that "For 26 years the Conference has become a truly authoritative dialogue platform where representatives of all oil and gas companies of our Republic, countries of near and far abroad meet. The exhibition promotes an active exchange of views on development of the industry, development of effective proposals, which are necessary for implementation of both priority and long-term tasks. Introduced advanced developments of new technologies implementation to optimize oil production process enhances opportunities for mutually beneficial cooperation."

According to Almas Madiyev, deputy mayor of Almaty, KIOGE site is very important for interaction of the state with representatives of oil and gas companies. "When such exhibitions take place, it is important that our Almaty companies take part in them, as our economy is formed on the basis of rendering highly qualified services," he added.

KIOGE 2018 presents the latest technological, engineering and software developments for oil and gas producing companies from the leading oil and gas and oilfield service companies: Kazmunaygas, Tengizchevroil, North Caspian Operating Company NV, Caspian Pipeline Consortium, Dow Chemical, Embamunaygas, Control Seal, Complect Armatura and Russian Export Center, as well as Baker Hughes a GE company, Fluor Kazakhstan Inc., Wabag, ILF and machinery and engineering holding company HMS Group.

As noted by Kurmangazy Oryngazievich Iskaziev, deputy chairman of the board for exploration, production and oil services of NC KazMunayGas JSC, KIOGE exhibition was a key event in oil and gas industry of the Republic of Kazakhstan. "I am convinced that this exhibition, as during the past ten years, will confirm the status of business site, which presents advanced technologies of oil and gas industry, which corresponds to programs of modernization of economy of the Republic of Kazakhstan."

The international presence at KIOGE exhibition is represented by national stands of Canada, Russia, China and Germany.

Thus, Russian Export Center has unified 35 leading oil and gas exporting enterprises at its stand. Alexander Yakovlev, Russia's trade representative in Kazakhstan, noted: "The Russian Federation is one of strategic partners in oil and gas sector for the Republic of Kazakhstan, and presence of Russian companies at the exhibition is personification of close historical ties connecting our countries."

Within the framework of exhibition business meetings, presentations, negotiations between market participants were to take place. Business program of the event included 12 events on actual market topics. The main emphasis was placed on development of digitalization and introduction of innovations. During the first day, a series of seminars were held, in which experts discussed the issues of TCO digitalization, and NCOC spoke about achievements in local content at the SPC for 25 years.

During the second and third days of the exhibition, seminars were to be held from the leading companies of Embamunaygas JSC, Tengizchevroil LLP, DOW and other leading industry organisations.

Official support for the event was provided by the Ministry of Energy of the Republic of Kazakhstan, Almaty City Akimat, "National Company "KazMunayGas" JSC, Union of Service Companies of Kazakhstan, according to Iteca press release.

Multinationals resolve Karachaganak dispute by paying up \$1.1bn

Oil majors from various countries developing the Karachaganak gas condensate field will pay \$1.1 billion (£844 million) to Kazakhstan to settle a profit-sharing dispute, Kazakhstan's Energy Ministry said on Monday, October 1.

Kazakhstan and the consortium led by the Royal Dutch Shell and Italy's Eni will also amend the terms of their production-sharing agreement so that the former Soviet republic will receive a higher share of future revenues from one of the Central Asian nation's biggest hydrocarbon fields.

The ministry estimated the extra income to amount to \$415 million by 2037 based on the Brent crude price of \$80 per barrel. The group has also agreed to provide a \$1 billion long-term loan to Kazakhstan for infrastructure development.

Kazakhstan filed a \$1.6 billion claim against foreign firms developing Karachaganak in 2015, Russia's Lukoil - another consortium member - has said.

The claim stated, in essence, that Kazakhstan had not received its fair share of income from the giant project. The two sides have since discussed various ways of settling the row.

The Energy Ministry told Reuters in May that Astana expected to settle the dispute within a month and that it expected a large one-off payment from energy majors as well as a higher share of future revenue.

The consortium, which includes Chevron and Kazakh state-owned company KazMunayGaz, produced 8.4 million tonnes of condensate - a product marketed together with oil - at Karachaganak in January-August this year.

The Energy Ministry said the companies have pledged to invest \$5 billion more in the field so that it would generate billions in additional revenue and agreed to supply feedstock for local refineries and chemicals plants on commercial terms.

The consortium said this month it would spend \$1.1 billion on a project that would sustain Karachaganak's output at its peak for a longer time, as reported by Reuters.

Kazatomprom intends to become the largest player in the world market

Kazatomprom is one of the largest national companies in Kazakhstan and holds leading positions in the world nuclear industry, Nursultan Nazarbayev said during a meeting with the chairman of the board of Kazatomprom Galymzhan Pirmatov, the press service of the President informs.

The Chairman of the Board of Kazatomprom reported to Nursultan Nazarbayev about the main results and prospects of the company's activities.

"We carefully analysed the current situation in the world nuclear industry and adopted a new development strategy. In the year 2017 and for 8 months of this year, the company has fulfilled all production and financial plans. It is expected that this year the payment of dividends will increase more than 2 times compared to the results of the previous year," Galymzhan Pirmatov said.

According to the head of Kazatomprom, in the current year the volume of sales of uranium will exceed the average figures for the last three years. Thus, the company will become the largest player in the world market, not only in terms of production volumes, but sales also, reported by Kapital (Kazakhstan).

Kazakhstan ranks 15th in the world for gold reserves

Since early 2018, the National Bank of Kazakhstan has purchased about 33 tonnes of refined gold from domestic producers, the press service of the National Bank of Kazakhstan reports.

At the moment, Kazakhstan is on the 15th place in the world for gold reserves, having outstripped Saudi Arabia in 2018. In the first place are the United States of America.

The National Bank of Kazakhstan plans in the near future to sell abroad a small amount of ingots – up to 4% of the amount of refined gold that is annually acquired as part of the priority right, in order to increase the recognition of domestic ingots on world markets.

Since the beginning of 2018, quotes for gold on world exchanges have fallen by about 8%. The main factor behind the decline in the price of gold was the strengthening of the US dollar as a result of higher US Federal Reserve rates and the release of positive data on the US economy.

However, the tense geopolitical background caused by economic sanctions and trade restrictions against a number of countries, increases the volatility of markets and facilitates the search for safer assets by investors.

In the conditions of economic and political instability, the role of gold and precious metals increases as a protection against volatility, both in the foreign exchange market and in the securities market. The gold reserves of central banks serve as insurance assets possessing the characteristics of security, liquidity and profitability in the long term.

The process of accelerating the growth of physical volumes of gold by world central banks began in the post-crisis year of 2009. Over the past 5 years, reserves in gold have increased in many developing countries. The most active buyers of gold in this period were the central banks of Russia, Turkey, China and Kazakhstan.

In terms of the growth of the physical volume of gold from 2011 to 2017, Kazakhstan is the leader among the most active buyers. However, in absolute terms, Russia (plus 956 tonnes in 6 years) and China (plus 789 tonnes in the same period) bought the biggest volumes of refined gold in the given period, Kazakhstan acquired about 219 tonnes from 2011.

Among the factors that could affect the volatility of the price of gold in 2018 are the value of the dollar in world markets, the US monetary policy, the situation in the capital markets, the state of the global economy, and geopolitical risks.

According to the opinion of commodity analysts, the forecasts for gold are largely tied to investors' expectations for the value of the US dollar. According to some estimates, after a short-term decline, the price of gold will continue to rise.

In view of the current uncertainty about US trade policy towards China and a number of other countries, there is also additional growth potential, but historically geopolitical risks do not have a long-term impact on the price of gold unless they have a significant impact on the economy and financial markets.

The growth of the US economy, the growth of yields of the US Treasury bonds and the strengthening of the US dollar can exert further pressure on prices. However, according to some experts, the fall in gold prices may be limited by the beginning of growth in demand from buyers from developing countries.

In a negative scenario, the price of gold is limited by the cost of production. According to the CPM Group and Julius Baer, the cost of gold production has been increasing since 2000, reaching a peak of \$1,200 in 2012, fell below \$900 in 2016 and again resumed growth, currently at about \$950.

On average, analysts expect a moderate increase in metal prices in the coming years. At the same time, combinations of the above-described factors can lead to significant volatility.

The gold portfolio of the National Bank of Kazakhstan as of September 10, 2018 is 333 tonnes, or the equivalent of \$12.8 billion, as reported by Kursiv (Kazakhstan).

Plant worth over 3 trillion tenge to be built on Tengiz

The construction of the third plant at the Tengiz field began. This is the largest investment project, which has been started in recent years in Kazakhstan. Its cost is over three trillion tenge.

After the completion of the work, oil production in Tengiz will increase by 12 million tonnes, reaching a volume of 39 million tonnes per year. The project is already making a significant contribution to the economy of the country, as nearly one hundred thousand Kazakhstanis received work in Tengiz.

The operator Aset Sukhanov's task is responsible as he controls the process of separating gas from oil coming from wells to one of the two factories already operating in Tengiz.

Aset Sukhanov, operator of the console for oil and gas consolidation: "The main thing is to closely monitor the sensors. We must not allow the slightest malfunction."

Aset comes to the Tengiz on watch from Uralsk. People from all regions of Kazakhstan work next to it. In total at the field, where they began to expand production, up to 50 thousand people work at the same time. Taking into account the overhauls, it is almost 100 thousand, a population of a city.

Victor Sutyagin, reporter: "The scale of construction can be judged at least by this crane. Its carrying capacity is 3.5 thousand tonnes. This is one of the largest cranes in the world."

The contours of the new plant on the construction sites are just emerging. But we can already talk about its uniqueness. It will consist of individual modules with a total weight of 53 thousand tonnes. For their delivery to the plant in the Caspian Sea, it was necessary to build a small port. When it was built, a 71 km long and almost 5 metres deep canal was dug.

Rzabek Artigaliev, the general manager for government and public relations of the oil company: "The modules flow through the inland waters of Russia from the Black and Baltic seas to the Caspian Sea. The maximum capacity of barges is up to 2 thousand tonnes. The modules are delivered to the Port of Prorva, from there they are delivered to Tengiz."

After completion of the project, the port will be passed to Kazakhstan and become another transit hub on the Caspian Sea. It will be convenient to send both grain and metals, tranship cargoes coming from China and Asian countries to Europe through it. Of course, the port will work on Tengiz too. In four years, oil production is expected to grow by 12 million tonnes, to 39 million a year, as reported by correspondent of 24kz..

OVL quits Kazakh Satpayev oil field

ONGC Videsh Ltd, the overseas investment arm of state-owned Oil and Natural Gas Corp (ONGC), plans to exit Kazakhstan's Satpayev block after it could not find commercially exploitable oil, an official said Tuesday.

OVL had in April 2011 bought 25 per cent of Satpayev oil block. It paid USD 13 million as a signing amount to Kazakhstan and an additional USD 80 million as a one-time assignment fee to JSC NC KazMunaiGas (KMG), the national oil company of Central Asian nation.

Satpayev was OVL's entry into hydrocarbon-rich Kazakhstan.

But its exploration campaign hasn't met with much success, the official said.

OVL, he said, drilled the committed two exploration wells on the block without any commercial hydrocarbon success.

As the prominent prospects in the block have been probed without any commercial hydrocarbon discovery, OVL decided to exit from the Satpayav contract after the expiry of the first extension of exploration phase on June 15 this year, he added.

The company had spent almost USD 300 million (about Rs1730) on the block so far, according to the statement of Business Today (India).

TRANSPORT & COMMUNICATIONS

New checkpoint opened on the border of Kazakhstan and China

In the Panfilov district of the Almaty region, the Nur zholy car checkpoint and a modern transport and logistics centre were opened. The project's investment came to nearly 70 billion tenge.

The project was implemented by the Ministry of Finance of Kazakhstan, the Ministry of Investment and Development jointly with Eurotransit Terminal on the basis of public-private partnership.

The new checkpoint is designed to cross the border with China heavy vehicles and cars, as well as passenger buses. The capacity is up to 2500 vehicles, the occupied area is 25 hectares.

"Today we are witnessing a truly historic event of the opening of the Nur zholy cargo and passenger passage, which is the logical conclusion of the large-scale project, Western Europe-Western China, implemented under the President's Nurly Zhol program. This program is associated with Chinese One Belt, One Way project and is aimed at reviving the Great Silk Road in modern realities. The checkpoint opened today, which meets the highest world standards and is capable of passing up to 2,500 vehicles a day in both directions, will allow to increase transit flows at times. The appearance of a large trade corridor with such a checkpoint will further enhance the investment attractiveness of the region and will give a powerful impetus to the development of the region's economy," the head of the region Amandyk Batalov said.

At the new checkpoint there is an opportunity to increase the throughput to 5000 vehicles per day. The territory of the checkpoint is divided into two zones: cargo and passenger. Nur Zholy has no analogues in the world in terms of its technical equipment, speed of passing vehicles and a system of integrated control. Thus, the installed modern equipment allows to reduce the time of passage of trucks to 40 minutes, while the human factor is minimized, as reported by Kapital (Kazakhstan).

Uzbekistan, Kazakhstan to form joint container transportation hub to China

Uzbekistan and Kazakhstan will create a joint venture that will be engaged in railway container transportation to China, the Uzbek media reported on September 26.

The relevant agreements were reached during the visit of the Kazakh delegation to Tashkent. The railway administrations of the two countries will be engaged in the organization of the enterprise. Moreover, Uzbekistan and Kazakhstan agreed to extend the tariff preferences for the transportation of rail cargo until 2019 and to open representative offices of Uzbek Railways in Astana and Aktau.

Earlier it was reported that Uzbekistan and China plan to sign a memorandum of cooperation in railway transport, which will outline the parameters of joint projects and tariff policy.

Presently, the total length of railways in Uzbekistan exceeds 7,000 kilometers. The share of rail transportation in the country's freight turnover of all types of transport is 52 percent. In recent years, 44 freight electric locomotives, 15 high-speed passenger electric locomotives and 10 passenger diesel locomotives have been purchased within cooperation with Chinese and Russian partners.

Uzbekistan has recently made efforts to establish closer political and economic relations with neighboring countries. Changes in the foreign policy course of the country occurred after Shavkat Mirziyoyev came to power in 2016. Tashkent declared that its priority in foreign policy is to improve relations with the states of Central Asia as reported by AzerNews.

First European company to join Trans-Caspian International Transport Route

The Grampet Group, the largest private rail freight and logistics operator in Romania and in Central and South Eastern Europe, joins the Trans-Caspian International Transport Route (TITR)

Association, an initiative of Chinese, Kazakhstan and Azerbaijan governments for the development of a new Asia – Europe multimodal transports corridor. TITR starts from Southeast Asia and China, runs through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia and further to European countries. "We are honored to join this partnership that brings us closer to a strategic objective we have set 20 years ago – connecting the North Sea and the East China Sea by rail," said Gruia Stoica, President of Grampet Group. "At that time, we were an entrepreneurial company in a small country, at the borders of two continents, according to the news of Energyindustryreview, Romania.

Direct Kazakhstan-US flight links in the air

The Civil Aviation Committee of the Kazakh Investments and Development Ministry held talks at the U.S. State Department pursuant to the task of Head of State Nursultan Nazarbayev to launch direct air service to the U.S. cities.

The parties discussed opening of the direct air service and development of its regulatory regime. Following the results of the talks the parties agreed to carry out further work in this direction, the press release reads.

As earlier reported, on January 17, 2018 during the meeting held at the White House President of the United States Donald Trump and Head of State Nursultan Nazarbayev expressed readiness to develop bilateral cooperation in spheres such as digital economy, healthcare, commercial aviation, finance and banking, agriculture and space exploration, reported by Kazinform.

Kazakhstan, Kuwait to open non-stop air link

Ambassador of Kuwait to Kazakhstan Tareq Abdullah Al-Faraj met with Civil Aviation Committee Chairman Talgat Lastaev to discuss launch of direct flights between two countries, the Ministry of Investments and Development of Kazakhstan said.

Designated air carriers of both countries have the right to perform up to 7 passenger, cargo and mixed flights a week between Astana and Kuwait. Kuwait has designed such air carriers as Kuwait Airways, Wataniya Airways and Jazeera Airways.

The sides agreed to continue work on the intergovernmental agreement on air service between Kazakhstan and Kuwait necessary for its signing, as reported by AKIpress (Kyrgystan).

Number of cyber threats in Kazakhstan grows

Ensuring information security of Kazakhstan is becoming an increasingly urgent task. The number of threats is growing, experts said during a press conference in Almaty. So, the number of unique cyber incidents exceeded the figures of the last year by 47%, every fourth attack is aimed at private users, the losses of Kazakh companies from phishing attacks have increased.

The share of targeted attacks in Kazakhstan exceeded the share of mass attacks and amounted to 54%. The number of attacks on web resources is growing, in the first half of 2018 there were 32% of them, as against 23% in 2017.

"Attackers are primarily interested in the confidential information of target organisations, for example, payrolls, employment contracts and any other documents of limited access. In addition, criminals are actively attacking government services, creeping into the trust of citizens, masking phishing sites under public service sites. In the second quarter of 2018, more than 300,000 citizens of Belarus, Kazakhstan, Russia and Ukraine suffered from such attacks," Mikhail Levin, deputy director of Expert Security Centre in Positive Technologies said.

Experts said that among the leaders are the attacks using malicious software (MSW), despite that in the II quarter of 2018 the proportion of attacks in which attackers used MSW, declined to 49% instead of 63% in the I quarter). The share of other methods of attacks significantly increased, for example, the exploitation of web vulnerabilities (18% instead of 12%) and the selection of accounting data (19% instead of 7%).

Cybercriminals in Kazakhstan were most interested in personal (31%) and accounting data (22%), including passwords from online banks of individuals. They were abducted mainly through various online sites such as online stores, services for ticket sales, hotel reservations, according to a study conducted in the first half of 2018.

"The damage to tens of millions of dollar and 765 million victims are the results of cyber-attacks, whose victims in the II quarter of 2018 were private users. Today, no one can guarantee that the details of your credit card are not known to criminals, and even when buying a brand new smartphone in the store, the user cannot be sure that there is no pre-established malware in it. Many companies pay insufficient attention to the protection of processed information, which makes it easy, even for low-skilled hackers," Mr. Levin explained.

Another problem is phishing, which continues to be the main weapon of the SongXY criminal group, whose activities were fixed in April last year by the team of Expert Security Centre. SongXY continues its activity, including directed at various organisations in Kazakhstan. In this campaign, attackers use phishing mailings to distribute CMstar and Lurid malware to compromise target systems.

According to a study by Positive Technologies, crypto-exchange markets are vulnerable, the number of attacks on the sites in the second quarter of 2018 has doubled compared to the first quarter. Among the vulnerabilities: the installation of malware, the use of zero day vulnerabilities, the theft of administrator's passwords through social engineering.

In order to ensure the information security of Kazakhstan, a memorandum on cooperation and interaction between Positive Technologies, which is engaged in the field of software in the field of information security, and the State Technical Service of the Committee for National Security of Kazakhstan was signed.

"The office in Almaty will allow analysing the situation not only in Kazakhstan, but throughout the CIS. Annually, we plan to double the turnover in this market. In the coming year, we expect to increase the share of sales in Kazakhstan in the company's total turnover to 5%," Positive Technologies director in Kazakhstan Dmitry Stepaniuc said.

"The State Technical Service establishes the interaction of operational information security centres, collects, analyses and summarises information on information security incidents at the facilities of the information and communication infrastructure of the e-government," its director Yerzhan Birzhanov explained.

According to him, among the most popular technologies of information security in Kazakhstan are automated means to control the security of information systems, manage information security events and identify incidents. They should provide 70-75% of the company's total sales on the territory of Kazakhstan in the coming year.

Solutions of the application security class are also in demand. Forecasted share of sales of tools for analysing the source code and protecting Web applications in the republic is about 20%. The rest will be shared by the means of multi-level protection against malware, cyber-security technologies of automated process control systems, to which the companies from Kazakhstan's energy industry have recently begun to show interest.

In general, according to experts, the demand for high-tech products in the field of information security is growing in the market, over the past three years, growth has been registered at 25-30% annually, reported by Kapital (Kazakhstan).

AGRICULTURE

Kazakh Ministry of Agriculture reduces forecast of grain production

In 2018, Kazakhstan will harvest nearly 20 mln tonnes of grains, declared the Deputy Prime Minister, Minister of Agriculture of the Republic of Kazakhstan, Umirzak Shukeyev on September 18.

According to the announcement, as of the reporting date agrarians already harvested 11.2 mln tonnes of grains throughout the areas of over 8.9 mln ha (59%). The average yield totaled 1.25 t/ha. At the same time, southern oblasts already harvested grains throughout 86% of the planned areas, in the western provinces 89%, and the northern, central and eastern ones 56% each. U. Shukeyev explained that in terms of the current daily capacities of combine harvesters and favourable weather conditions, agrarians will manage to complete the harvesting campaign in the first ten-day period of October 2018.

In addition, the forecast of oilseeds production totals 2.3 mln tonnes, which allowed increasing the export potential to 1 mln tonnes of oilseeds.

As a reminder, in early August 2018 the Ministry estimated the general grain harvest in 2018 in Kazakhstan at 21-22 mln tonnes, reported by APK Inform (Ukraine).

Aitas KZ launches the first stage of a poultry farm worth KZT33.5 billion near Astana

Aitas Group has commissioned the first stage of the Makinskaya poultry farm with a production capacity of 25 thousand tonnes of poultry meat per year in the Bulandinsky district of the Akmola region, the press service of the Development Bank of Kazakhstan reports.

"Over 50% of the necessary investments in the project at a cost of KZT33.5 billion were provided by subsidiaries of the Baiterek holding - Development Bank of Kazakhstan and Kazyna Capital Management, the remaining volume was provided by Aitas KZ, the European Bank for Reconstruction and Development by participating in the capital of Aitas KZ.

The total cost of construction of the Makinskaya poultry farm, including the second stage, is 45.6 billion tenge. The project financing from DBK and KKM was opened in 2017 as part of the Baiterek holding program.

"Leaders of competitiveness are national champions". The Bank provided Aitas KZ a loan for up to 10 years in the amount of KZT16.1bn. KCM invested \$9 million by entering into capital through its subsidiary structure, Baiterek Venture Fund. The first stage of the Makinskaya poultry farm includes nine production sites, including an incubator, four broilers for twelve poultry houses on each, a poultry processing plant, a compost line, a plant for the production of a litter, a feed shop.

"By now, the incubator has started functioning, where the first laying of eggs took place on September 6. The remaining sites of the first stage of the factory will be phased in by the end of this year," the information says.

According to the information, after the commissioning of the second stage with a similar capacity, scheduled for the second half of 2020, the Makinskaya poultry factory by the volume of chicken production will become the largest in Central Asia, having a processing capacity of up to 9 thousand broilers per hour.

"The main product that will be produced by the factory is chilled broiler meat. The capacity of the enterprise after commissioning of the second stage will allow satisfying up to 15% of the demand of the domestic market in poultry meat. In 2017, according to the Poultry Union of Kazakhstan, consumption of chicken meat in the country amounted to 341 thousand tonnes. It will also reduce the share of imports of products to 32.6 percent from the current 50.4 percent," the press release said.

The Makinskaya poultry farm is oriented to the markets of Akmola, North Kazakhstan, Kostanay and Karaganda regions and primarily to the cities of Astana and Karaganda, where it is planned to sell up to 60% of the chicken meat produced, as reported by ABC TV (Kazakhstan).

Kazakh farms to go high-tech

Kazakhstan plans to increase exports of processed agricultural products through the introduction of digital technologies on farms, the First Vice-Minister of Agriculture of Kazakhstan Arman Evniev said at a government meeting Sept. 25.

The first vice-minister noted that at least 20 digital farms will be established in Kazakhstan.

"The experience of such countries as Canada, Turkey, Australia, Germany, the United States shows that the state creates conditions for farmers at each stage of activity. The experience of these countries on online loans, weather analysis and forecast, crop planning, price monitoring and others will be used in the digitalization of agro-industrial complex," Arman Evniev said.

In addition, it is planned to launch, beginning from 2020, online training for farmers with the involvement of private IT companies.

"A farmer will be able to choose a trainer and take courses without coming to the training center, which will reduce time and transport costs. The introduction of online consultations will allow a farmer to learn necessary information on entrepreneurship, farming, agronomy, seed production, animal husbandry, to reduce the cost of finding and attracting specialists", Arman Evniev said.

The vice-minister also said that it is planned to launch in 2019 a pilot project of online lending during the spring field work, and to fully automate this process by 2021. It is also planned to automate the process of obtaining land at trading sessions and auctions.

"It is planned to carry out in the pilot mode the provision of land only in electronic form in some regions until July 1, 2019, and to launch the process full-scale in the whole country beginning from 2021. It is planned to create an open map of land plots until the end of 2019," Arman Evniev added. The process of digitalization will also affect precision agriculture. As part of the introduction of precision farming, three levels of farms have been identified: a digital farm, an advanced farm and a basic farm, for which a set of necessary elements has been defined. According to the data of the Ministry of Agriculture, today there are 114 advanced and 10 digital farms in Kazakhstan as posted by AzerNews.

China's watchdog checks Kazakh exporters

Chinese inspection authority is visiting 18 Kazakh enterprises producing barley and corn, said Nuraly Bukeikhanov, Deputy Chairman of the Management Board of the Foreign Trade Chamber of the Republic of Kazakhstan.

According to the official, as of today more than 25 agricultural commodity groups in Kazakhstan are authorized in China. This includes frozen beef, lamb meat, wheat, crop products, confectionery, and manufactured products.

"China's inspectorate delegation is now in Kazakhstan. It is conducting inspections at 18 barley and corn enterprises. We expect that by the end of the year, these enterprises will have accessed the Chinese market. In addition, in late September, there will be another inspection at slaughterhouses. A number of enterprises will be authorized to supply goods to China," Nuraly Bukeikhanov told the Kazakhstan-China Business Forum.

Earlier Kazinform reported that last year, Kazakhstan's exports to China exceeded \$5 billion 600 million, while China imported commodities for a total of \$4 billion 492 million, according to Kazinform.

Deliveries of livestock products from Kazakhstan to Russia may be banned from November 1

Russian agricultural watchdog Rosselkhoznadzor has postponed the ban on shipments of livestock products from Kazakhstan to Russia from October 1 until November 1, Yulia Melano, spokesperson with the regulator told TASS.

"We have just held talks with our Kazakh colleagues, we signed a plan for the integration of our two systems, we are rescheduling the alleged ban on November 1, and we expect our colleagues to implement the plan of action we agreed on," she said.

On September 13, Melano told reporters that the Rosselkhoznadzor could impose restrictions on the import of livestock products from Kazakhstan on October 1, 2018 because of the lack of transparency in its supplies and production. She noted that the accompanying documents do not accurately specify the origin of raw materials. She also said that sometimes it is not clear from the documents where finished products were made. All this may pose a risk to the health of Russian consumers, she concluded.

Melano also pointed out that Kazakhstan was failing to meet the terms for integration of the Unified Automated Control System of its agricultural sector and Russia's Vetis system.

Earlier head of Rosselkhoznadzor Sergei Dankvert said that his agency has not decided yet on a total ban on livestock products from Kazakhstan, reported by Tass (Russia).

New veg-oil processor to be built in northern Kazakhstan

The construction of an oil extraction plant has started in Aktobe region (North-West Kazakhstan). The investment project is valued at USD 3.2 Ml, reports UkrAgroConsult.

The plant is designed for processing sunseed, safflower, linseed, rapeseed and soybeans. Its productive capacity will be 17 KMT of vegoil and 23 KMT of meal per annum. The launch of the oil extractor's first stage is scheduled for October 2018.

It is projected to sell its finished products mostly in foreign markets, including countries such as China, Kyrgyzstan, Turkmenistan, Tajikistan and Afghanistan, according to UkrAgroConsult.

EXHIBITIONS IN KAZAKHSTAN (October-November 2018)



KazAgro

Kazakhstan International Exhibition of Agriculture and Food Industry

25 – 27 October 2018, Astana

Organizer: Expo Group

www.expogroup.kz



KazFarm

Kazakhstan International Exhibition for Cattle Breeding and Poultry Yards

25 – 27 October 2018, Astana

Organizer: Expo Group

www.expogroup.kz



PowerExpo Almaty

Kazakhstan International Electrical Engineering, Alternative Energy Sources, Lighting Engineering Exhibition

23 – 25 October 2018, Almaty

Organizer: Iteca

www.powerexpo.kz



AgroWorld Kazakhstan

Central Asian International Agricultural Exhibition

31 October – 2 November 2018, Almaty

Organizer: Iteca

www.agroworld.kz



World Food Kazakhstan

Central Asian International Food Exhibition

31 October – 2 November 2018, Almaty

Organizer: Iteca

www.worldfood.kz



ColdChain Kazakhstan

Central Asian International Cold Storage, Transportation and Cold Chain Logistics Services Exhibition

31 October – 2 November 2018, Almaty

Organizer: Iteca

www.coldchain.kz



Horex Kazakhstan

Central Asian International Exhibition for HoReCa Industry

31 October – 2 November 2018, Almaty

Organizer: Iteca

www.horexexpo.kz



KazUpack

International Exhibition on Packaging, Tare and Label
31 October – 2 November 2018, Almaty

Organizer: Iteca

www.kazupack.kz

Exhibitions dates are subject to change. For a complete overview and more information on exhibitions in Kazakhstan, please visit:

www.iteca.kz

www.expocentralasia.com

www.tntexpo.kz

www.atakentexpo.kz

<http://10times.com/>

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