



# 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.

## GENERAL

### **EU adopts new strategy for Central Asia**

The new Joint Statement adopted today by the European Commission and the EU High Representative for Foreign Affairs and Security Policy sets out a new vision of a stronger partnership with the five countries of Central Asia.

“Central Asia has always been a key region: for its history, for its culture and for its role of connecting East and West. Today, it is becoming more and more strategic, against the background of positive internal and regional dynamics, as well as increasing global challenges, which requires strengthening the partnership,” said High Representative / Vice President Federica Mogherini on Wednesday.

Neven Mimitz, Commissioner for International Cooperation and Development, added that the European Union is a leading development partner in Central Asia, supporting a region with more than 1 billion euros from 2014 to 2020 in areas such as rule of law, environment, water, trade and border management.

“Through a renewed partnership, we want to strengthen our interaction with partners from Central Asia to help them make the region more sustainable, prosperous and more interconnected,” he said.

The joint statement proposes to focus future EU participation in two aspects:

- Partnership to ensure sustainability by strengthening the ability of Central Asian states to overcome internal and external challenges and increase their ability to implement reforms.
- partnership for prosperity by supporting economic modernization, promoting sustainable connectivity and investment in youth.

The European Union also notes that they intend to invest in regional cooperation in Central Asia, helping the countries of the region to develop dialogue and cooperation at their own pace.

It is worth noting that in addition to the Expanded Partnership and Cooperation Agreement, which the European Union has signed with Kazakhstan, the EU intends to complete negotiations on similar agreements with Uzbekistan and the Kyrgyz Republic, as well as to maximize the use of its broader set of development assistance tools .

In accordance with its Strategy for Europe and Asia Interconnection and using the existing cooperation framework, the EU will, if necessary, establish partnerships for sustainable linkage with the countries of Central Asia, following market principles, ensuring transparency and based on international standards. Prospective areas of cooperation include transportation, energy and digital communications, as well as contacts between people.

At the same time, there is a high interest of the countries of Central Asia in the future development of Afghanistan.

The EU also intends to intensify cooperation with partners from Central Asia in order to promote peace in the country. Therefore, the integration of Afghanistan into appropriate formats of meetings and regional dialogue programs between the EU and Central Asia and the support of more regional and trilateral cooperation projects with Afghan and Central Asian partners will remain a priority.

The joint statement adopted today by the European Commission and the High Representative of the European Union for Foreign Affairs and Security Policy will now be discussed in the Council of the EU and the European Parliament.

Along with this, the High Representative / Vice-President Federica Mogherini, together with Commissioner Neven Mimitz, intend to officially present the new EU Strategy for Central Asia to their colleagues from Central Asia at the 15th EU-Central Asia Ministerial Meeting, Kyrgyzstan (kapital.kz)

## MACRO-ECONOMICS & FINANCE

### **Mamin: Kazakhstan's economy grew by 4%**

Revenues to the republican budget for the four months amounted to 2.1 trillion tenge. At the meeting of the Government of the Republic of Kazakhstan chaired by Prime Minister Askar

Mamin, the results of the country's socio-economic development and the execution of the republican budget for January-April of the current year were reviewed, Zakon.kz reports with reference to the Prime Minister's press service.

Having heard the reports of the Chairman of the National Bank, the ministers of the national economy, finance, industry and infrastructure development, akims of the regions, the head of the Government of Kazakhstan noted the preservation of the positive dynamics of economic growth. GDP growth in January-April was 4% of the corresponding period last year. The main drivers of the economy were construction, where there was an increase of 8.4%, trade - by 7.3%, transport sector - by 4.8%, engineering industry by 19.8%, including the auto industry - by 45.8%, mining of metal ores - by 14%, oil refining - by 9.1%, and light industry - by 27.4%.

"It is necessary not only to preserve this dynamic, but also to take measures for the further development of the economy," the Prime Minister of Kazakhstan instructed (zakon.kz)

#### **Christine Lagarde spoke about the introduction of a single currency of the EAEU**

The Managing Director of the International Monetary Fund, participating in the Astana Economic Forum, held a press conference on Thursday, May 16

Journalists asked the head of the IMF to comment on the possibility of introducing a single currency on the territory of the EAEU (recall, this idea is voiced at the level of individual experts, but at the level of interstate relations this issue is not being considered). According to the experience of introducing a single currency in the Eurasian Union, Christine Lagarde recommended solving other issues first before making such a decision.

- For a currency to work well, it must be well built, organized, have all the signs of a currency area. This is a banking union, a budget union in order to ensure sustainability on a long-term basis, not only in favorable, but also in times of crisis. Currency unions may be appropriate, and there were circumstances in some countries of the region when such systems worked. From our point of view, the IMF, I would strongly recommend that you first provide all the necessary prerequisites before moving on to a joint currency, she said.(forbes.kz)

#### **European Union allocated about 11 million Euro as a grant for business-projects in Central Asia**

The European Union has allocated about 11 million Euros as grants for business projects in Central Asia, reported the press service of the EU mission in Kazakhstan.

"An information session was held in Nur-Sultan. The session was devoted to the EU-funded program Central Asia Invest V on supporting and developing business competitiveness, stimulating investment, developing private business and economic diversification in Central Asia. The staff of the EU Delegation in Kazakhstan presented the main provisions and features, as well as the procedure for submitting applications for the new fifth contest of the Central Asia Invest V program, launched in April of this year. The total budget of the grant program for all countries of Central Asia is €10,950,000," reported in a statement on Tuesday.

The EU Delegation to Kazakhstan notes that encouraging investment in the region is "an important part of the new EU strategy for Central Asia, adopted on May 15, 2019". As specified in the press service, participants can submit their applications until June 24, 2019 in one of the following areas: access to finance, business, tax regulation and the informal economy, promoting intraregional and international trade, building the capacity of entrepreneurs and people looking for work.(kaztag.kz)

#### **Largest Kazakh bank given licence to operate in Uzbekistan**

Uzbekistan's Central Bank has issued a licence to the Kazakh joint stock bank Tenge Bank, a subsidiary of Halyk Bank [largest bank in Kazakhstan], to carry out banking activities, the Uzbek financial regulator [Central Bank] has said on its Telegram channel.

The fact that Tenge Bank was launched in Tashkent, with its office at the Mingguzor street 32 in Yakkasaroy District, became known in September 2018, when Halyk Bank approved this decision. Tenge Bank became the sixth bank with foreign capital in Uzbekistan and the first one with Kazakh capital.

Halyk Group operates in five countries: Russia, Kyrgyzstan, Georgia, Tajikistan and Kazakhstan. The chairperson of Halyk Bank's board of directors, Umut Shayakhmetova, said that she feels that

"Kazakh businessmen have great interest in investments in Uzbekistan". The bank has no plans to carry out operations in Uzbekistan's stock exchange.

Georgia's TBC Bank is also making preparations to enter Uzbekistan. It bought 51 per cent of the shares in the Inspired - Uzbekistan's leading payment platform which works under the Payme brand - for 5.5m dollars. The head of TBC Bank, Vakhtang Butskhrikidze, called the deal as a step towards "a planned expansion in Uzbekistan". (BBC Monitoring)

### **Kazakhstan plans to implement two new road reconstruction projects with the EBRD**

These are the Kurty - Kapshagay and Atyrau - Astrakhan sites

Today, within the framework of the XII Astana Economic Forum, Kazakhstan Prime Minister Askar Mamin held meetings with the leadership of the European Bank for Reconstruction and Development, the Asian Development Bank, the Chinese CITIC Bank and the Indian Punjab National Bank.

According to the press service, current investment projects and promising areas for further development of cooperation in various sectors of the economy were discussed with delegations of international banking organizations. Much attention was paid to projects supporting small and medium-sized businesses, including through the active use of the PPP mechanism.

In particular, at the talks with EBRD Vice President Alan Pius, the Prime Minister discussed the implementation of joint projects. In 2018, Kazakhstan signed with the EBRD 26 projects worth \$ 541 million across all sectors of the economy, including the mining industry, municipal and transport infrastructure, renewable energy sources and SMEs. To date, 9 projects are being implemented for a total amount of 31.5 billion tenge, and in general, the EBRD's active portfolio in Kazakhstan includes 124 projects. One of the main areas of cooperation is the reconstruction of highways.

"This year, it is planned to sign two new projects in the Kurty-Kapshagay and Atyrau-Astrakhan areas," the report says. (vlast.kz)

### **New government structure offered to create in Kazakhstan**

The National Bank of Kazakhstan has developed a draft law "On introducing changes and amendments to some legislative acts of the Republic of Kazakhstan on the regulation and development of the financial market and microfinance activity". This was announced by the Deputy Chairman of the National Bank Oleg Smolyakov in the Mazhilis of the Parliament of Kazakhstan, Zakon.kz reports. According to him, the bill provides for two directions.

- The first direction is the creation of an independent financial sector regulatory authority. To promote economic growth in the country, the National Bank intends to focus on the effectiveness of monetary policy and the implementation of measures to control inflation, he said.

It is proposed to transfer the functions of regulation and development of the financial market, as well as consumer protection, to a new state body directly accountable to the President of the Republic of Kazakhstan - the Agency for Regulation and Development of Financial Markets.

- The activities of the National Bank and the Agency will be carefully coordinated, including through mutual representation in the management bodies. The agency will be funded from the republican budget.

- The functions of regulation and supervision of financial markets in general will be assigned to the Agency. For the National Bank, the functions of regulation and supervision in respect of payment organizations, non-bank exchange offices, and collection companies will remain," he said.

He also added that any activity on granting loans to citizens of Kazakhstan will be fully regulated by the new supervisory authority.

"The credit activities of credit partnerships, pawnshops, microfinance organizations (including online lenders) will be defined as microfinance activities based on the current law On Microfinance Organizations," Smolyakov said.(zakon.kz)

### **International Finance Corporation investments in Kazakhstan seek to transform stressed assets**

Stressed assets are a strong indicator of the banking system's health and are thus closely followed around the world, including in Kazakhstan, International Logistics Parks (ILP) Group Managing Director Alibek Arystanov told The Astana Times.

“In the United States, investment and insurance funds specialise in identifying banks’ stressed assets, buying them out at the cost of previous owners’ debts,” said Arystanov. “The Japanese stressed asset management system is a classic example of prioritising the confidence of foreign investors and production with high potential.”

According to the International Finance Corporation (IFC), which is the World Bank’s private-sector arm, investors and investment and insurance funds are ready to invest more than \$100 trillion in stressed assets in the private sector, which is 22 times more than the financing needs of developing countries. As part of its syndicated loan programme, the IFC acts as an intermediary for finding partners for long-term financing of projects in developing countries.

“The IFC created this programme in 2013, when the People’s Bank of China allocated \$3 billion of investment in the IFC’s projects. Since then, the programme’s capital has more than doubled because of the inclusion of global investors. In 2017, the Hong Kong Monetary Authority reserved \$1 billion for the programme. These funds will be used to finance projects in more than 100 countries,” said Arystanov.

Last year, its fund accumulated a record \$693 million of investment for 26 countries in Asia.

“Kazakhstan is one of the top five countries in the Europe and Central Asia region that the IFC invested in long-term projects to diversify the economy, environment and development of small and medium-sized businesses,” said Arystanov, noting that the aim of the investment is to transform stressed assets into sustainable ones.

Stressed assets in Kazakhstan are largely managed by the government, which purchases enterprises with debt through the Fund for Problem Loans and the Kazakh Investment Fund, after which they are restored and put up for sale.

“Stressed asset recovery is also carried out by Kazakhstan’s banks, which have formed relevant units and positions for loan officers in their structures and also participate in the Kazakh National Bank’s programmes for improving financial stability. For example, Kaspi Bank has two subsidiaries engaged in stressed assets,” said Arystanov, noting that Tsesnabank, CenterCredit Bank and Eurasian Bank reduced their share of stressed assets after placing bonds for tenders for \$157.77 million to \$262.96 million last year.

An example of effective stressed asset management in Kazakhstan is Almaty Contract Logistic, a logistic centre of ILP Group’s Global Ecological Group Almaty. A key link in the transnational road connecting the flow of goods from China to Europe, the centre serves more than 500 cars and railway cars daily and guarantees that up to 75 percent of fresh produce, cosmetics and medicine is delivered without compromising quality. It employs more than 400 people, and its clients include Huawei, Medtronic, Armttec and Smeg.

“Ten years ago, logistic projects were a stressed asset. After the 2008 financial crisis, Kazkommertsbank, which was financing the projects’ construction, ceased to receive sufficient funding from foreign investors, and projects were frozen until 2011. Having revised its stressed asset management policy, the bank looked for investors in Kazakhstan that could revive the projects and ensure their sustainable development,” said Arystanov.

Almaty Contract Logistic consequently developed its concept for sustainable development and found funds to launch. Its infrastructure was built from an incomplete warehouse that meets international requirements and expanded after the acquisition of neighbouring sites.

Investment for Almaty Contract Logistic’s final stage of construction was drawn from the state programme for entrepreneurship support, for which the loan terms required a change of ownership to a public-private partnership. This strategic decision allowed for the launch of Almaty Contract Logistic’s first warehouse in 2013, having attracted \$10.52 million in investment, and a second warehouse in 2015 funded by its working capital.

“Almaty Contract Logistic plans to build a network of warehouses for small and medium-sized businesses with an area of 50,000 square metres,” added Arystanov on the firm’s future.

According to the Atameken National Chamber of Entrepreneurs, 3,146 enterprises in Kazakhstan went bankrupt last year. The direction of the country’s development in the banking sector will depend on whether people choose to transform stressed assets into sustainable ones through investment over bankruptcy, said Arystanov.(theastanatimes.com)

### **Samruk Kazyna's privatisation programme to facilitate Kazakh national companies' IPOs**

Samruk Kazyna Sovereign Wealth Fund developed a privatisation programme to launch the initial public offerings (IPOs) of Kazakhstan's major national companies and engage foreign investors, said its Assets Management Managing Director Almasadam Satkaliyev May 17 at the 2019 Kazakhstan Global Investment Roundtable (KGIR).

Kazatomprom, the world's largest uranium producer, placed 15 percent of its shares worth \$431 million on the London Stock Exchange and Astana International Exchange in November. It was the first national company listed on an international stock exchange, and its shares were purchased by 49 foreign and 17 local companies and 2,700 Kazakh citizens.

Kazakhtelecom and Air Astana are expected to go public this year, giving momentum to the government's privatisation programme.

"All IPO cases are different, each with a different strategy and approach," said Satkaliyev at the roundtable on Kazakhstan's Privatisation Drive: Building a Capital Market Through the IPO of State-Owned Champions. "Kazakhtelecom is the leading telecommunications operator in our country, accounting for 61 percent of mobile network communication. Its shares will be listed at the Astana International Exchange this year, and we are almost at the final stage. We anticipate a strong interest from the investor community because they like the company's history."

Stock market launches of Kazakhstan Temir Zholy, KazPost, KazMunayGas, Qazaq Air, Samruk Energo and Tau-Ken Samruk were initially planned for 2020.

"Tau-Ken Samruk is a promising national mining company that deals with solid minerals. Currently, the company operates eight projects in metals, such as zinc, copper, gold and silver. All of them are at different stages of development. We believe that we need a special programme for this company and need to attract international investment institutions and banks as investors," he said.

Kazakhstan Temir Zholy, Kazpost and Qazaq Air, in particular, will undergo thorough preparation before launching their IPOs.

"We are working on the financial stability of the companies and understand that they should pass this stage in two to three years time and, only then, can go public," noted Satkaliyev. "We enlisted KPMG as an independent expert (for Kazpost), and they advised that we list a certain number of its shares. Kazpost's current operating conditions require subsidies from the government for things such as a local postal service. We believe that all these companies are very promising, especially Kazpost because it has a very interesting logistics project."

The third annual KGIR, headlined by Kazakh Prime Minister Askar Mamin, convened more than 1,100 business executives, influential policymakers and international experts from 41 countries to promote Kazakhstan's investment potential and introduce new technologies and global best practices for local implementation.(astanatimes.com)

### **Nearly 8bn dollars allotted for Kazakh public-private projects**

Over 500,000 agreements have been signed in the country as part of the public-private partnership [PPP] programme. Additional 1,285 PPP projects to the tune of 3,000bn tenge [about 7.9bn dollars] have been approved for this year.

Most of the projects are being implemented in the education field. This is what National Economy Minister Ruslan Dalenov said at a government meeting on May 9, 2019.

Businessmen from East Kazakhstan, Kyzyl-Orda and Akmola regions are most active in this field; northern and western Kazakhstan as well as [the city of] Shymkent and Atyrau Region are outsiders. About 740 projects in Kazakhstan are currently at various stages of development. The plan is to attract investments as much as possible.

[Ruslan Dalenov, minister of national economy, captioned, in Kazakh with Russian translation overlaid] As of today, the pool [as heard] for the projects has been formed. Given that 946bn tenge [some 2.5bn dollars] has been allocated to implement 375 PPP projects. We would like to attract investments into all fields. Major SPP projects are being implemented in transport, energy, housing, health and education.(BBC Monitoring).

### **The number of operating small companies increased in Kazakhstan**

In Kazakhstan at the end of March 2019, the number of operating small enterprises was 279.9 thousand, an increase of 9.3% over the year. 56.1% of them are active enterprises, a year earlier the figure was 54.3%. This is reported by the MIA "Kazinform" with reference to finprom.kz.

The number of small active enterprises increased by 13% per year and amounted to 157.1 thousand. For comparison: in the same period last year, the number of operating small business companies was 139 thousand, with an increase of 5.4% per year. By type of economic activity, most active small enterprises are concentrated in the field of wholesale trade, retail and car repair: 23.8%, or 37.3 thousand enterprises, 15.8% more than a year earlier (32.2 thousand enterprises).

In second place is the construction sector, in which there are 15.9 thousand active enterprises with an annual growth of 26.7%.

Also in the top three industries with the largest number of active small companies included education: 15.2 thousand, plus 5.6% for the year.

In the regional context, the largest number of small active companies is observed in Almaty and Nur-Sultan: 36.7 thousand and 25 thousand, respectively. Together, their number increased by 23.7% over the year.

Also among the leading regions of the Karaganda region: 10.4 thousand enterprises. East-Kazakhstan and Almaty regions close the TOP-5: 9.9 thousand and 7.9 thousand small active enterprises, respectively.

In these five regions of the Republic of Kazakhstan, 57.2% of the active small business of the country are concentrated at once (inform.kz).

## **INNOVATION**

### **The share of e-commerce in Kazakhstan is 2.9%**

The share of e-commerce in Kazakhstan is 2.9%, the volume of online commerce is 269 billion tenge, the Minister of National Economy of Kazakhstan Ruslan Dalenov said.

"The e-commerce market in Kazakhstan is as follows: by the end of 2018, the volume of the online trading market grew 1.5 times and amounted to 269 billion tenge. The share of e-commerce is 2.9%. The number of active buyers increased by 2 times and amounted to 2.3 million people," said Dalenov at a government meeting on Tuesday.

At the same time, according to him, China occupies a leading position in this area with an e-commerce share of 23.7% of the national retail turnover and the Eurasian Union country, whose share is 14.8%.

According to Dalenov, there are "about 20 electronic trading platforms that allow more than 1 million SMEs to sell their goods" and more than 1,700 independent online stores in the Kazakhstan market.

"The structure of the e-commerce market in Kazakhstan consists of 68% of trade in goods and 32% in services. Among the goods in great demand are building materials, household appliances, cosmetics, clothing and footwear. Services include the sale of air and railway tickets, payment for cultural events and utilities," said Dalenov. (Kaztag.kz)

### **German companies are ready to contribute to the development of Turkestan**

On May 23, Akim of the Turkestan Region, Umirzak Shukeyev, met with delegates of the Union of German Economy, headed by Ambassador Extraordinary and Plenipotentiary of the Federal Republic of Germany Tilo Kliner, the press service of the mayor of Turkestan region reports. The head of the delegation said that German companies intend to invest in the digitalization, power generation, utilities and tourism.

For example, the executive director of ILF Business Consult, Adreas Linke, who works in the field of energy in Germany, said that he was ready to build a hybrid power plant in the Turkestan region to produce energy using solar power plants, and also to create a special park. At the same time, the representative of the company "Bosch" Vladimir Kolomytsyn expressed readiness to provide boiler rooms for heating systems and to fully support the city water supply system. Along with this,

Andreas Stumpf, Director General of Petroline Holding, stated that the company is ready to provide the necessary equipment for waste treatment and water treatment.

In turn, the regional akim thanked the German entrepreneurs, noting the readiness to establish bilateral cooperation.

- Today, Turkestan is turning into a large construction site. You can invest in construction, utilities, transport and a number of other industries. There are special economic zones where you can build factories. German technology is recognized all over the world, and I think that we can establish close cooperation. The main thing is that projects should be environmentally friendly, of high quality and affordable," said U.Shukeyev. (zakon.kz)

## ENERGY & NATURAL RESOURCES

### **The President is concerned about the depletion of oil and gas fields in the Kyzylorda region**

At a meeting with the public in the Kyzylorda region, the President of Kazakhstan expressed the need for urgent measures in connection with the depletion of oil and gas fields, reports Zakon.kz with reference to Akorda.

- Now there is a depletion of oil and gas fields in the region and an annual decline in hydrocarbon production. In the future, people employed in this field may have problems. Urgent measures are needed to expand the resource base, said Kassym-Zhomart Tokayev.

He noted that it was necessary to start developing new fields, introduce modern technologies in existing projects.

"The government together with the national company KazMunayGaz and the akimat will have to develop a clear strategy for the development of the oil and gas industry in the region," Tokayev said.

He also drew attention not to the fact that incomes of Kyzylorda residents are still low compared with the republican level.

- This problem cannot be solved in one day or month. I understand it. But the situation needs to be changed. Raising wages in the region is the main task of the regional government and akim, said the head of state.(zakon.kz)

### **How much oil Caspian Pipeline Consortium exported?**

Caspian Pipeline Consortium (CPC), a consortium and a pipeline to transport oil from Kazakhstan's Tengiz field, is of great importance for the development of major oil fields in the Caspian region.

In January-April 2019, CPC exported 20.3 million tons of oil, which is 1.45 percent more than in the same period of 2018 (20 million tons), CPC informed.

In April 2019, the volume of oil exports amounted to 4.13 million tons compared to 5.07 million tons in the same month of 2018.

Volume of export oil shipments by the Caspian Pipeline Consortium amounted to 61.08 million tons in 2018, which is 10.8 percent more than in 2017 (55.11 million tons).

As many as 54.3 million tons of all the oil shipped by CPC in 2018 from the sea terminal in the Novorossiysk port was oil from Kazakh fields.

The largest volumes of oil in 2018 came from the Tengiz (28.7 million tons), Kashagan (13.2 million tons) and Karachaganak (10.3 million tons) fields. More than two thirds of Kazakhstan's total export oil is transported via CPC.

The Caspian Pipeline Consortium is the largest international oil transportation project with the participation of Russia, Kazakhstan and world leading producer companies, which was established for construction and operation of the trunk oil pipeline which is more than 1,500 km long.

The CPC pipeline system mainly collects crude oil from large oil fields of West Kazakhstan, as well as crude oil from Russian producers.

Caspian Pipeline Consortium loaded the first tanker at the Marine Terminal on October 13, 2001. Since 2001 until November 30, 2018, about 577 million tons of crude oil was shipped for export and over 5,400 tankers left the single buoy moorings.

CPC shareholders are Russia - 24 percent, KazMunaiGas JSC - 19 percent, Chevron Caspian Pipeline Consortium Company - 15 percent, Lukarco B.V. - 12.5 percent, Mobil Caspian Pipeline Company -

7.5 percent, Rosneft-Shell Caspian Ventures Limited - 7.5 percent, CPC Company - 7 percent, BG Overseas Holding Limited - 2 percent, Eni International - 2 percent, Kazakhstan Pipeline Ventures LLC - 1.75 percent, and Oryx Caspian Pipeline LLC - 1.75 percent.(azernews.az)

**Kashagan restarts oil production after shutdown, to exceed output target by 3 mln barrels in 2019**

According to Kazakh Energy Ministry, Kashagan resumed oil production and will produce 3 million barrels of crude oil above the 2019 target as the shutdown project was completed ten days ahead of schedule. As reported earlier, the production level at Kashagan oil field is to reach 370,000 barrels per day by July 2019, and 450,000-500,000 barrels per day after implementation of the gas reinjection project. In 2018, Kashagan produced 13.2 million tonnes of crude oil or about 7 million barrels (Interfax-Kazakhstan, [tengrinews.kz](http://tengrinews.kz)).

**Kashagan's output may reach 500,000 bpd after expansion project**

The gas reinjection project at Kashagan field will lead to an increase in oil production to 450,000-500,000 barrels per day. The first stage of the gas reinjection project will start this year, and will be followed by the second phase of Kashagan development, which concept note is scheduled to be adopted by the end of 2019. In addition, according to Kazakh Energy Ministry, the production level is already to reach 370,000 barrels per day by July 2019 after the current maintenance work will be finished. To recall, the first pilot phase of the Kashagan project commenced in 2016. NCOC, the operator of the Kashagan project, is owned by KMG Kashagan B.V. (16.877%), Shell Kazakhstan Development B.V. (16.807%), Total EP Kazakhstan (16.807%), Agip Caspian Sea B.V. (16.807%), ExxonMobil Kazakhstan Inc. (16.807%), CNPC Kazakhstan B.V. (8.333%), and Inpex North Caspian Sea Ltd. (7.563%) (Interfax-Kazakhstan).

**About 590,000 tonnes of Kazakh oil contaminated in Druzhba pipeline**

About 590,000 tonnes of Kazakh oil flowing via Russia to be loaded on tankers at the Baltic Sea port of Ust-Luga has been contaminated and Kazakhstan plans to seek compensation from Russian pipeline monopoly Transneft, Kazakh Deputy Energy Minister Asset Magauov said. To note, Russia's oil export flows have been disrupted since April, when high levels of organic chloride were found in crude pumped via the Druzhba pipeline to the Baltic Sea port of Ust-Luga and on to other European countries. Magauov added that now the oil is of good quality and two tankers have been shipped from May 10 to 15 ([reuters.com](http://reuters.com)).

**Kazakhstan mined more than 20 thousand tons of uranium in 2018 - Aset Magauov**

The Vice Minister of Energy of the Republic of Kazakhstan, Asset Magauov, spoke about the volumes of uranium mining in Kazakhstan, the correspondent of the IAA Kazinform reports.

"We are ranked second in the world. 1.5 million tons of uranium reserves are. In terms of mining, we are in first place in the world, last year we extracted 21.6 thousand tons of uranium. In general, there are great prospects for further expansion of the resource base. The national company faces the task of creating a complete fuel cycle. A fuel assembly plant is being built in Ust-Kamenogorsk together with Chinese partners," Asset Magauov said at a plenary session of the Majilis.

The Vice Minister expects that in 2019 this plant will already go into operation.

"Meanwhile, the production of tablets for Chinese partners has already been launched at the Ulbinsky plant. In addition, we have research reactors within the framework of the national nuclear center, where various radiation safety materials are being studied with the great involvement of our international partners," he added.

In addition, the speaker recalled that another Tokamak reactor was built in Kazakhstan. "This year its physical exploitation is expected. The reactor is already ready, now it is expected to obtain a stable plasma in this reactor. In general, we see no restrictions in connection with this agreement," A. Magauov noted.

## TRANSPORT & COMMUNICATIONS

### **Kazakhstan to increase cargo turnover five times**

“Kazakhstan is planning to increase the volume of cargo turnover with partner countries,” said Pavel Sokolov, Chairman of the board of Kazakhstan Temir Zholy, [Trend](#) reports citing Casp-Geo. He made the statement during the 1st Caspian Ports and Shipping 2019 Exhibition and Conference in Aktau, Kazakhstan.

“It is expected that the volume of transport of containers from China through the Trans-Caspian International Transport Route will increase four or five times. This is due to the changes in the freight transport technology, especially of container transport, which the company is implementing at the moment,” he said.

“Currently, we receive 3,900 containers from China in a year, and plan to increase this figure up to 15,000. Last year, over 1,000 containers were transported to China through the territory of Kazakhstan. We also plan to increase this volume up to 5,000-10,000 containers a year,” said Sokolov.

Furthermore, he stated that the company is looking for opportunities to transport cargo from China to Iran, notwithstanding the situation concerning the sanctions imposed on Iran.

Recently, Saparkhan Omarov, the Minister of Agriculture of Kazakhstan hold a meeting with Majid Samadzadeh Saber, the Ambassador Extraordinary and Plenipotentiary of the Islamic Republic of Iran to Kazakhstan. At the meeting, issues related to increase of mutual cargo transportation volume were discussed. It was agreed to work to increase the volume up to \$3 billion in the coming years.(azernews.az)

### **The repair of the motorway Western Europe - Western China began**

Zhambyl Oblast has begun repairing the Western Europe-Western China highway, reports Kazinform MIA, citing [«Хабар 24»](#)

About 1 billion 900 million tenge was allocated for these purposes from the republican budget. Work will be carried out on the route Almaty-Tashkent-Termez. 3 bridges are in need of reconstruction. Experts associate the poor condition of the section of the international corridor with the increase in cargo traffic.

“Western Europe - Western China. In 2009-2015, the project was implemented. At that time, the number of cars was from 6 to 7 thousand per day. Now it has increased - 8,600 tentatively, sometimes it comes to 9 thousand. We have more cargo carriers, in connection with this, there are more drawdowns” said Nurbol Mynzhasarov, director of the regional branch of JSC“ NC “Automaker”.

## AGRICULTURE

### **The head of state visited the greenhouse complex Green Capital Kazakhstan**

As part of a working visit to Aktobe region, the President of Kazakhstan examined the greenhouse complex of Green Capital Kazakhstan LLP, which grows up to 3 thousand tons of vegetables per year.

Kassym-Zhomart Tokayev familiarized himself with the range of products and noted the importance of launching such investment projects for creating new jobs and increasing the welfare of the population.(akorda.kz)

### **International company invests in the creation of orchards in Kazakhstan**

The international organization IFC, a member of the World Bank Group, has allocated money for the development of fruit orchards in Kazakhstan, the correspondent of the MIA "Kazinform" reports.

The territory of Kazakhstan is commensurate with the size of the whole of Western Europe, 74% of the area is suitable for agriculture. Financing of \$ 10 million by PhoenixFruits LLP is aimed at the development of orchards in the Almaty region.

IFC's investments are aimed at creating orchards with a total area of up to 1000 hectares with a full cycle of growing, sizing, storing and freezing various types of fruits, such as apples, apricots and sweet cherries. It is expected that the new project will create more than 100 full-time jobs, 70% of which will be women's employment, as well as more than 2,200 seasonal jobs for the local population.

"Within the framework of this project, we will bring the best experience in agriculture to Kazakhstan. In addition, IFC's global expertise will help increase fruit and vegetable yields, create stable jobs and provide access to global agribusiness markets," said Anatoly Shakirzhanov, business development director for Kazakhstan and Central Asia, Phoenix Global.

IFC Director for Europe and Central Asia, Vibke Schlemmer, said that through investments in the horticultural sector, the company seeks to transfer and implement the best international standards in agriculture and to assist Central Asian countries in improving competitiveness.

"New orchards will increase the added value created domestically by storing and processing local fruits. We are proud to partner with Phoenix in this project." - noted Vibke Schlömer. Since 1997, IFC has invested about \$ 1.25 billion, including \$ 300 million in syndicated loans for more than 60 projects in various sectors of the private sector, including agriculture, financial services, manufacturing, and the oil and gas sector. (inform.kz)

#### **Kyrgyzstan's veterinary system recognized as corresponding to the Eurasian Economic Union's rules**

Member states of the Eurasian Economic Union (EEU), namely, Russia, Kazakhstan, Belarus and Armenia, recognized veterinary system of Kyrgyzstan as complying with the requirements of the Union. The decision was adopted recently after several years of negotiations and inspections by the Union's Member States. Now that Kyrgyzstan's veterinary system is equal to other ones, Kyrgyz goods and products (falling under veterinary control) can be freely exported within the Union. Previously, other member states, Kazakhstan, especially, did not allow Bishkek to export its goods. (azattyk.org)

#### **FAO experts will help the Turkestan region to combat locust**

The Food and Agriculture Organization of the United Nations (FAO) will help farmers of the Zhambyl and Turkestan regions of Kazakhstan in the fight against locusts, the press service of the FAO reported, Kazinform reports with reference to Otyrar.kz.

From May 4, the Locust Control Expert Alexander Laceyinsky began work in Kazakhstan. He provides methodological support in carrying out protective measures against pests.

It is planned that, thanks to FAO technical assistance, optimal solutions will be found for the survey of areas contaminated by pests. In addition, it is also planned to prevent the further spread of pests. According to previous month's information of the Ministry of Agriculture, 4.4 billion tenge was allocated from the republican budget for protective measures against especially dangerous pests and quarantine objects, including 2.1 billion tenge for the control of herd locust pests. (inform.kz)

#### **Up to 90% of Ekhibastuz tomatoes from Greenhouse is planned to be exported to Russia**

In Ekibastuz, Greenhouse-Qaztomat LLP has signed a contract with a large network of Russian hypermarkets OOO Lenta, under the terms of which the enterprise will send up to 90% of tomatoes for sale in Russia, reports [pavlodarnews.kz](http://pavlodarnews.kz).

According to the information, last year the volume of tomato production in Greenhouse-Qaztomat was 2.2 thousand tons, in 2019 the greenhouse complex expects to collect 2.7 thousand tons. For the cultivation of its products, the company uses modern methods such as hydroponics, as well as fertilizers from the largest European company Yara. Temperature, humidity and light are monitored by the Priva computer program.

"We pay great attention to ecological methods of pest control. For example, in a greenhouse, two types of entomophages are used at once - ticks, which do not harm plants but destroy pests. In addition, bumblebee families are used for pollination of tomatoes. Thus, the microclimate in the greenhouse is as close as possible to the natural environment," said the director of Greenhouse-Qaztomat LLP, Baurzhan Kamenov.

According to him, the company will send up to 90% of tomatoes to be sold in Russia under a contract with a large chain of stores OOO Lenta.

It is noted that the existing greenhouse complex consists of two modules of 5 hectares each. In the first, put into operation in 2016, roses are grown, in the second, from 2017, tomatoes. The company purchases seeds for planting vegetables from the Dutch company RijkZwaan, and the specialist of the same company controls all stages of the cultivation of this vegetable.

According to Baurzhan Kamenov, in September this year it is planned to expand the greenhouse complex to 11.5 hectares, and in March 2020 - another 10 hectares. In new areas, except for the existing varieties of tomatoes, new ones will be grown, such as Paulanka, Plimola and others. Future greenhouses are expected to create over 550 new jobs.(agrosektor.kz)

#### **It is planned to open the production of potato starch using modern non-waste technology in Priirtyshye**

Investment issues in the production of potato starch in modern non-waste technology in the Pavlodar region were discussed between representatives of the Ministry of Agriculture of the Republic of Kazakhstan and President of Sicca Dania Soren Rasmussen in the framework of Kazakhstan Global Investment Roundtable 2019, the press service of the agricultural department reports.

According to the information, the total cost of building a potato starch plant is \$ 35 million. The facility is scheduled for completion in 2020. The final products will be potato starch, protein, fiber and fertilizers, which will be sold on the domestic market and exported to neighboring countries - China, Russia, etc. It is also specified that Agro Ondiris and the Union of Potato and Vegetable Growers of Kazakhstan will be Kazakhstan's partners.

It is noted that earlier meetings were held with sales representatives and company management, which presented information on the project budget and financial model, and in March, the head of the company, Soren Rasmussen, confirmed interest in implementing the project in our country and joining the share of 10-20% depending on the structure of the project.

For reference: the company "Sicca Dania" was founded in 2014, the head office is located in Denmark. The core of the company are professionals who specialize in drying technology. The company's offices are located in France, Singapore, China, New Zealand and in other countries.(agrosektor.kz)

#### **A poultry farm is planned on the withdrawn from the state reserve 300 hectares of land in East Kazakhstan**

According to regional officials, the sale of 300 hectares of land to the Chinese in the Urdzhar district of the East Kazakhstan region is not discussed, KazTAG reports, referring to the message of the East Kazakhstan Information Center.

"Currently, 300 hectares of land have been withdrawn from the state reserve in the district. Construction of the poultry farm is planned at these sites. Both Kazakhstani and foreign investors can take part in a large-scale construction project. The land will be in a long-term lease, we are not talking about the sale," said Victoria Barsukova, head of the Department of Land Relations of the East Kazakhstan Oblast.

It is noted that in the Urzhar district there are another 40 thousand hectares, which "still remain on the balance of the state."

"These areas are intended to create their own forage base for the future poultry farm. Grain crops will be grown here to feed the hens.(agrosektor.kz)

## **ENVIRONMENT**

#### **The plant for processing of polyethylene products to be built in Turkestan region**

In the Ordabassky district of the Turkestan region in the first half of 2019, the first stage of construction of a plant for the recycling of polyethylene products with a total value of 6,600 million tenge began in the industrial zone "Badam". This is reported by the MIA "Kazinform" with reference to the press service of the regional akimat.

The project is implemented by AVF INVEST LLP. Works are in full swing. Until 2025, up to 35% of municipal solid waste will be recycled in the Ordabinsky district.

In addition, it is planned to increase the volume of industrial production in the region to 19.4 billion tenge, an increase in physical volume index compared to last year to 105.5 percent. And in the processing industry it is planned to produce products for 17.9 billion tenge. As part of the industrial-innovative development program and the Regional Business Development Map in 2019, it is planned to begin the implementation of the second stage of the investment project of Green Technology Industries LLP with a total value of 4.6 billion tenge. This is a project for the processing of polyethylene products and the production of synthetic fiber.

In addition, in 2019 in the field of entrepreneurship and tourism, 10 projects are planned to be implemented with a total value of 15 billion 691 million tenge. Over 500 jobs will be created. In the current year in the field of agriculture the volume of agricultural products is planned to increase to 40 billion 157 million tenge, the area of cultivated land to 65,100 hectares, to enter into circulation 2,500 hectares, the territory of greenhouses to increase by 20 hectares.(inform.kz)

### **Harmful emissions tracking station will appear in Kazakhstan**

Deputy Minister of Foreign Affairs of the Republic of Kazakhstan Yerzhan Ashikbayev told about the planned installation in the territory of the country of the station that monitors harmful emissions, the correspondent of the IAA "Kazinform" reports.

"In Kazakhstan there are 5 stations of the so-called International Monitoring System - stations that cover the entire globe. The stations are seismic and infrasound, they are able to record nuclear tests. Today we are completing another project with Canadian partners to install stations in the Republic of Kazakhstan to monitor emissions of noble gases. We hope the station will be included in the International Monitoring System," said Yerzhan Ashikbayev at the plenary session of the Majilis (Lower Chamber of the Parliament).

He recalled that the historic decision of the First President of the Republic of Kazakhstan - Elbasy Nursultan Nazarbayev to close the Semipalatinsk nuclear test site paved the way for the declaration of a moratorium, as well as for closing and suspending the activities of all other nuclear test sites in the world.

"It is on this basis that the Comprehensive Nuclear-Test-Ban Treaty was created. Kazakhstan since 2009 by the decision of the General Assembly, together with all countries of the world, celebrates the International Day against Nuclear Tests. Our country is an active member of the comprehensive nuclear-test-ban treaty," the speaker said.

In addition, according to Yerzhan Ashikbayev, in 2015-2017, Kazakhstan together with Japan co-chaired this Treaty in order to raise awareness, achieve universality of the Treaty.

"For the Treaty to enter into force, its signing and ratification by the remaining 8th states of the so-called List-2 is required. Therefore, for the first time, we jointly with our Japanese partners adopted a joint statement at the level of the Heads of State and Government during the visit to the Prime Minister of Japan Abe in Kazakhstan," the speaker emphasized. (inform.kz)

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## EXHIBITIONS IN KAZAKHSTAN (Jun-Dec.2019)



### AMM 2019

Date: from 12 June -13 June 2019  
City: Nur-Sultan  
10<sup>th</sup> International Mining and Metallurgy Congress, [www.amm.kz](http://www.amm.kz)



### KazBuild 2019

Date: from 4 Sep - 6 Sep 2019  
City: Almaty  
26<sup>th</sup> International Building and Interiors, [www.kazbuild.kz](http://www.kazbuild.kz)



### Translogistica Kazakhstan 2019

Date: 18 Sep- 20 Sep 2019  
City: Almaty  
23<sup>rd</sup> Kazakhstani International Exhibition, [www.transitkazakhstan.kz](http://www.transitkazakhstan.kz)



### Mining & Metals Central Asia 2019

Date: 18 Sep – 20 Sep 2019  
City: Almaty  
25<sup>th</sup> Central Asian International Mining, Exploration and Mining Equipment Exhibition, [www.miningworld.kz](http://www.miningworld.kz)



### PowerExpo Almaty 2019

Date: 23 Oct – 25 Oct 2019  
City: Almaty  
Kazakh International Energy, electrical equipment and Machine building Exhibition, [www.powerexpo.kz](http://www.powerexpo.kz)



### KazAgro/KazFarm 2019

Date: 23 Oct – 25 Oct 2019  
City: Nur-Sultan  
Kazakhstan International exhibitions KazAgro 2019 and KazFarm 2019  
[www.korme-expo.kz](http://www.korme-expo.kz)



### AgroWorld Kazakhstan 2019

Date: 6 Nov – 8 Nov 2019  
City: Almaty  
14<sup>th</sup> International Central Asian Agricultural exhibition  
[agroworld.kz](http://agroworld.kz);

### Collateral Exhibitions





**Agritech Shymkent 2019**

Date: 13 Nov – 15 Nov 2019

City: Shymkent

8<sup>th</sup> International Exhibition for Agriculture, Horticulture, Animal husbandry and stock breeding in Southern Kazakhstan

[www.agrishymkent.kz](http://www.agrishymkent.kz)