



Economic Newsletter on Kazakhstan

| June 2017

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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

Seminar and Trade Mission on the Greenhouse Sector in Kazakhstan in the framework of the EXPO-2017, 5-7 September 2017 (Astana and Taldykorgan)

The Netherlands Ministry of Economic Affairs is pleased to announce an upcoming **Seminar and Trade Mission on the Greenhouse Sector** in Kazakhstan in the framework of the EXPO-2017. Both events are prepared and organized in close cooperation with the Netherlands Embassy and its Office in Kazakhstan (Astana respectively Almaty) and the Dutch Agricultural Counsellor in Moscow and will be held in the period **5 - 7 September 2017**. Director International Agribusiness, Mr. Michiel van Erkel, of the Ministry of Economic Affairs, will be the head of this series of greenhouse events in Kazakhstan.

The first part of the programme starts on the 5th of September in the EXPO-capital Astana, where the Seminar on the Dutch greenhouse value chain will be organized. Several Dutch guest speakers will give presentations on topics of interest taking into account the latest sector and market developments in the greenhouse industry in Kazakhstan. The same day and next morning meetings are foreseen with representatives of the Kazakh Ministry of Agriculture and Financial Institutes like KazAgroFinance, Agrarian Credit Corporation as well the World Bank (IFC) and the EBRD.

The second part of the programme, the Trade Mission on the Greenhouse sector, is foreseen on the 6th and 7th of September in Taldykorgan (Almaty region), well-known for its horticulture. The Trade Mission will include the following activities:

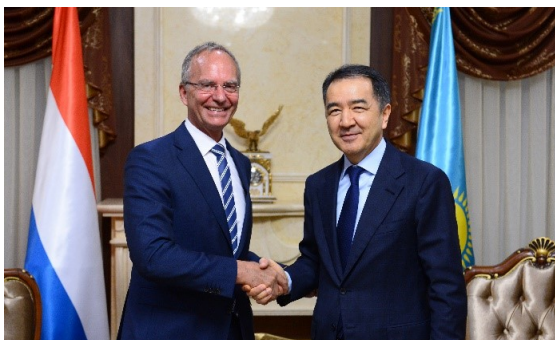
Meeting with local authorities (Akim or deputy Akim of Almaty region) to discuss current developments in horticulture;

Meetings with local growers and agribusinesses in Taldykorgan in combination with presentations by the Dutch participating companies followed by an informal matchmaking.

If your company is active in the greenhouse sector such areas as seeds, young plants, flower bulbs, greenhouse construction, substrate, floor and screen systems, climate control and ventilation, lighting, biological control agents, cooling and cold storage, sorting, grading and packing, processing and sales and distribution, horticultural consultancy and is interested in joining the Seminar and Trade Mission in Kazakhstan, please express your interest by sending an email at ALM-EA@minbuza.nl before **31 July 2017**.

MACRO-ECONOMICS & FINANCE

Prime Minister of Kazakhstan Bakhytzhn Sagintayev met with Minister of Economic Affairs of the Netherlands Henk Kamp during his visit to Kazakhstan



On June 21 in Astana, Prime Minister of the Republic of Kazakhstan Bakytzhan Sagintayev met with Minister of Economic Affairs of the Netherlands Henk Kamp.

During the meeting, issues of implementation of joint investment projects in Kazakhstan in the energy, petrochemical, space and cultural-humanitarian spheres were discussed.

The parties also expressed interest in cooperation in the field of agriculture. Particular attention was paid to cooperation at the level of research centres of the two countries.

The visit of Minister Kamp to Kazakhstan also included participation in the Kazakhstan-Netherlands Joint Business Council meeting that took place on 21 June and participation



in the 30th plenary meeting of the Foreign Investors' Council, National Day of the Netherlands at EXPO-2017 and Holland Innovation Challenge Seminar that were held on 22 June.

The Kingdom of the Netherlands is by far the largest investor in the economy of Kazakhstan and a major trading partner of our

country among the EU countries.

Turnover on the basis of the results of 2016 amounted to \$3.538 billion. The gross inflow of direct investments from the Netherlands to Kazakhstan in the period 2005-2016 amounted to \$71.6 billion. In January-March 2017 investments from the Netherlands to Kazakhstan were equal to \$1.085 billion, according to primeminister.kz.

Finance Minister: 2016 economic growth boosts national budget revenue

The economic growth in 2016 caused an increase in the republican budget revenue. Kazakh Finance Minister Bakhyt Sultanov stated this in a Majilis plenary session that considered the Government and the Accounts Committee's reports on the republican budget execution for 2016.

"In 2016, the economy increased by 1% despite the fall in prices for export commodities due to external negative factors. This is one of the main contributors to the income target overachievement and growth", Mr. Sultanov said.

According to the report, with 7,648.4 billion tenge as the revenue target, the republican budget received 7,662.2 billion tenge in 2016 or 102% over the target. As compared to 2015, the income has increased by 1,525.3 billion tenge or 25%.

According to Sultanov, this made it possible to preserve the guaranteed transfer from the National Fund equaled to 370 billion tenge.

The budget expenditure has reached 7,898.8 billion tenge exceeding the 2015 level by 1 trillion tenge and 338 billion tenge. The expenditure execution is 98.3%.

The minister stressed that social spending accounted for half of the republican budget expenditure. The budget deficit has amounted to 1.7% of GDP. The overachievement of revenue and expenditure savings resulted in 158.4 billion tenge as cash balances accumulated on the treasury account, Kazinform reported.

EBRD forecasts economic growth in Kazakhstan

The European Bank for Reconstruction and Development (EBRD) forecasts economy growth rate in Kazakhstan to increase to 2.4% in 2017 after 1% in 2016, Regional Economic Prospects report of the bank said, Kazinform cites Trend.

The growth will be supported by stronger exports from the improved oil price outlook, targeted public investments and higher foreign direct investment inflows.

EBRD noted that monetary conditions have been eased in Kazakhstan, the exchange rate has stabilized and inflation is on a downward trend (inflation decreased from 17.7% year-on-year in July 2016 to 7.7% in March 2017).

Meanwhile the legacy of high non-performing loans (around \$9.6 billion, or 16.4% of the loan portfolio as of end-March 2017) continues to weigh on the banking sector, given the presence of off-balance sheet structures that have absorbed the legacy NPLs.

The bank noted that Kazakh government has allocated \$6.5 billion to support banks facing insolvency risks, and a possible merger of several banks is being discussed.

"Continued implementation of the government's reform agenda is likely to lead to further improvements in the country's institutional capacity and its business climate," the report

said.

According to the EBRD, in 2018 growth in Kazakhstan is expected to increase to 3.5%, driven by accelerated production at the Kashagan oil field, boosting oil exports, and higher foreign direct investment from China and other countries.

The bank also noted that large state support programs, backed by significant fiscal buffers, will continue to drive growth. Inflation is expected to remain within the 6-8% range set by Kazakh National Bank in 2017, and decline further in subsequent years, KazWorld reported.

Kazakhstan hopes to rival financial centres London and Dubai

Kazakhstan has ambitious plans for an international financial centre meant to make its capital a global hub of business and finance.

The planned Astana International Financial Centre (MFTsA) is expected to begin operating and to start registering members July 1.

The projected centre is meant to “attract foreign investment, open up the Kazakh banking sector and make it easier for insurance companies and Islamic finance institutions to do business”, according to an October 2015 Astana Times article. In April 2015, President Nursultan Nazarbayev signed a decree calling for the centre’s creation.

The MFTsA will play an immense role in the country’s economy, Kazakhstani Investments and Development Minister Zhenis Kasymbek stated during a May 22 Kazakhstani-UAE forum in Astana, according to Kapital.kz.

“Kazakhstan is undertaking a sweeping privatisation campaign,” he said at the forum. “About 700 major state corporations will be privatised in the next several years.”

“We’re planning to sell off some of these corporations with the help of the MFTsA,” he said.

Kazakhstan’s freedom from being enmeshed in terror financing will make the planned financial centre popular with firms, foreign and domestic, that obey the law, officials and informed observers hope.

“Firm measures to counter money laundering and terrorism financing are causing banks around the world to raise their standards for verifying the origins of cash assets,” Timur Turlov, CEO of the Almaty firm Freedom Finance, told Caravanserai.

“Kazakhstan has a good financial reputation because nobody has tried to use the country to launder money and because extremist organisations haven’t established themselves here,” he added.

In the past two years, foreign investors showed growing interest in Kazakhstan as a destination.

Foreign direct investment in 2016 reached \$20.6 billion (6.4 trillion tenge), compared to \$14.7 billion (4.5 trillion tenge) in 2015, according to the National Bank of Kazakhstan.

The largest foreign investor during those years was the Netherlands.

Kazakhstan is basing the MFTsA on the Dubai International Financial Centre, meaning a reliance on transparency and on rule of law.

The MFTsA’s court will operate independently from the Supreme Court of Kazakhstan.

The MFTsA also will include a stock exchange and an independent regulator to determine the centre’s rules, MFTsA Governor Kairat Kelimbetov said in March 2016, according to Kapital.kz.

Goals of the centre include “developing capital markets for the [coming] massive privatization”, said Kelimbetov at the time.

The government also plans to have the centre’s stock exchange become a profitable investment for the National Bank and for the country’s pension fund.

“We’re planning to become the largest hub for Islamic financing in the former Soviet space,” Kelimbetov said.

In May 2016, Nazarbayev predicted that the centre could generate \$40 billion (12.5 trillion tenge) in revenue in a decade, according to Kapital.kz.

Informed observers hail the creation and framework of the MFTsA but hope to see more done to support it.

“More than likely, Kazakhstani lawyers who are fluent in English and know English law will be brought in for MFTsA court cases,” Shymkent attorney Ruslan Mirzakhojayev told Caravanserai.

To reassure foreign investors, some Supreme Court of Kazakhstan judges have undergone training in Dubai, should they be needed to review corporate disputes someday, he added.

The centre’s own court will allow foreign nationals, not just Kazakhstanis, to serve as judges, said Mirzakhojayev.

However, it is not enough to build foreign investors’ confidence by using foreign law and empanelling foreign judges, said Almaty economist Petr Svoik. “We need more than creating a stable legal environment,” he told Caravanserai. “We need to develop Kazakhstan’s market economy first to arouse their interest.”

EXPO-2017

Kazakhstan spends 565 billion tenge on Expo 2017 past 5 years

Kazakhstan has spent 565 billion tenge on the Expo 2017 past 5 years, according to analytical portal Ranking.kz.

Analysts noted that this sum is 30 billion tenge more than the amount spent on the development of the fuel and energy complex of the country.

According to the state budget law of Kazakhstan, 565.1 billion tenge or \$2.1 billion are earmarked for the preparation and holding of the Expo. 1.58 billion tenge were allocated from the budget of Astana city, the host of the Expo.

Earlier, Chairman of the Board of the Astana EXPO - 2017 national company Akhmetzhan Yessimov voiced a preliminary sum of expenditures, he said that so far around 400 billion tenge have been spent on the Expo facilities construction and holding of the event.

Almost half of the expenditures were made in 2016: 267.2 billion tenge.

“In 2017, some 77.3 billion tenge more will be channeled to the Expo,” the statement said, according to AKIpress.

BANKING

National bank cuts base rate to 10.5% from 11%

Kazakhstan’s central bank said it cut its key rate to 10.5% from 11%, citing a recovery in the national currency, the tenge, and lower inflation.

The National Bank chief Daniyar Akishev said the Ban aims to keep its key policy rate 4 percentage points above inflation.

The Bank also said that the undervalued real tenge rate was supporting Kazakhstan’s producers, according to AKIpress.com.

Bank RBK signs memorandum of merger with Qazaq Banki

Bank RBK and Qazaq Banki have completed the negotiation process related to the preparation for the merger of the two financial institutions, and on May 31 the Chairmen of the banks’ management boards Igor Mazhinov and Gani Toksanbayev signed a Memorandum of Understanding – a document that is the starting point of the merger process.

The Memorandum outlines the financial model of the merger, suggesting that the bigger bank will be among the five largest financial institutions in the country. In addition, the document defines the main stages that the parties to the transaction have to go through on the way to its completion, as well as the role of all participants in this process, implemented in cooperation with the National Bank of the Republic of Kazakhstan.

The document stipulates that during the merger process, the banks will undergo an independent audit by one of the world’s leading big four companies.

The joint financial institution will operate under the brand of Bank RBK. The scenario of the phased integration assumes that Vladimir S. Kim will be the major controlling participant of the new structure, who has already submitted documents to the National

Bank of the Republic of Kazakhstan to obtain consent to acquire the status of a major participant in the bank.

The leaders of the two banks expressed their confidence that the forthcoming deal would bring a significant positive effect both on the performance of the future unified structure and on the banking sector and the economy of the Republic of Kazakhstan as a whole. The synergy effect achieved through the merger will allow the bank to significantly strengthen its positions in the country's banking market, reduce costs and strengthen its real economy funding opportunities, which is one of the priority directions of the state economic policy.

"The decision of the shareholders of Bank RBK and Qazaq Banki is completely in tune with the instruction of the President of the Republic of Kazakhstan Nursultan Nazarbayev, who on April 11, 2017 announced the inevitability of the process of the banking market players' consolidation, since only large financial institutions can effectively promote the development of the country's economy. The concentration of capitals of the merging banks, support of shareholders and the National Bank will create a new structure to join the top 5 largest banks in the country, which will open the qualitatively new business prospects in front of us," Chairman and Board of Directors member Bank RBK Igor Mazhinov commented the deal.

"The new economic situation makes adjustments to the banking market functioning conditions. During the current stage, according to the shareholders' decision, this is the format of the merger of our banks that will bring the maximum effect for the banks themselves, country's economy and importantly our clients. We are confident that the process, which began with the signing of the memorandum today, will become a classic example of a deal that will benefit all parties involved," Chairman of Management Board of Qazaq Banki Gani Toksanbayev said, according to KASE.

China buys Kazakhstan lender to push 'Belt and Road' trade

China Citic Bank Corp. and another Chinese state-owned company agreed to buy a controlling stake in Kazakhstan's Altyn Bank as President Xi Jinping ramps up an overseas trade-and-infrastructure push called "One Belt, One Road."

Citic Bank and the investment arm of state-run China Tobacco Co. will buy a 60% stake in Altyn Bank, pending regulatory approvals, the Chinese lender said. The transaction is due to be completed by year end, vendor Halyk Bank said in a separate statement, adding that it will retain 40%.

The transaction comes as Xi visits Kazakhstan for a summit of the Shanghai Cooperation Organization, a political, economic and military organization founded in 2001 by China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. China's "Belt and Road" initiative is aimed at expanding infrastructure and trade links between Asia and Europe while at the same time exporting China's excess industrial capacity and deepening diplomatic ties, Bloomberg reported.

Shanghai exchange to acquire 25.1% stake in Kazakhstan exchange

The Shanghai Stock Exchange (SSE) said it has signed an agreement with the financial centre of the Republic of Kazakhstan to acquire a 25.1% stake in the country's exchange.

The Shanghai exchange will cooperate with the Astana International Finance Centre on strategy and technology consulting, business planning, product design and market expansion among other things, the SSE said in a statement on its website.

Kazakhstan is a One Belt One Road country and an important partner, the statement said, referring to China's ambitious investment initiative to deepen links with Asia and beyond. At the end of last year a Chinese-led consortium purchased a 40% stake in the Pakistan Stock Exchange, Reuters reported.

Kazakhstan, China agree to establish China-Kazakhstan Nurly Investment Fund

Kazyna Capital Management JSC (KCM is a subsidiary of Baiterek National Management Holding JSC), CITIC Group Corporation (China) and Asia Investment Finance Group Ltd. (Hong Kong) in the course of the visit of the official delegation to Kazakhstan agreed to establish a mutual private equity fund - China-Kazakhstan Nurly Investment Fund.

The fund's maximum target size will amount to \$300 million. With investment geography focus on Kazakhstan (50%) and other countries (50%) covering the "One Belt and One Road" project composed of two plans: New Silk Road and Maritime Silk Road of the XXI century.

"Development and promotion of a new model of investment cooperation is the core of this initiative – establishment of the mutual Fund. And in this regard the applied tools like private equity become the most effective in the implementation of investment projects. As expected the investments of China-Kazakhstan Nurly Investment Fund on a first-priority basis will be channeled to the priority sectors of the economy including the development of high-tech, innovative and science-driven projects. I'd like to reinforce that the establishment of the Private Equity Fund in cooperation with such investment corporations as CITIC Group Corporation and Asia Investment Finance Group Ltd. is a strategically important event for KCM - we are at the epicenter of implementation of "One Belt and One Road" mega-project, which corresponds to the spirit of "Nurly Zhol" program, serves the interests of economic growth and infrastructure transformation of the region", commented the event Askar Dostiyarov, Chairman of KCM's Management Board.

Kazyna Capital Management JSC (KCM) is a fund of private equity funds established in 2007 to promote the sustainable development of the national economy. The Funds of KCM's family provide capital to companies in various sectors of the economy for their further growth and competitiveness enhancement. KCM is among the Companies owned by Baiterek National Management Holding JSC. according to Press Service of Kazyna Capital Management JSC.

ENERGY & NATURAL RESOURCES

Kashagan operator on oil output cut within OPEC deal

Oil production at huge Kashagan oil field in Kazakhstan will not be cut or frozen at the current level despite Kazakhstan's commitment to reduce oil output within the deal with OPEC, External Affairs department in the North Caspian Operating Company (NCOC) consortium, developing the field told Trend May 31.

The source said that over three million tons of oil has been produced at Kashagan since the launch of the field in the fall of 2016. Currently the confirmed production capacity of the field is 180,000 barrels of oil per day.

"The production level of 370,000 barrels per day is expected to be reached within the Phase 1 of Kashagan development by the end of 2017, after the start of reverse injection of associated (sulphurous) gas and optimization," a source in the NCOC said.

Kashagan located in the north part of the Kazakh sector of the Caspian Sea is one of the biggest oil fields opened in the last 40 years. Its recoverable oil reserves are assessed at 9-13 billion barrels.

Oil production at Kashagan was launched in autumn 2016 after many delays.

The project participants are KMG Kashagan BV (16.88%), AGIP Caspian Sea BV (nearly 16.81%), CNPC Kazakhstan BV (8.33%), Exxon Mobil Kazakhstan Inc. (nearly 16.81%), INPEX North Caspian Sea Ltd. (nearly 16.81%), Shell Kazakhstan Development BV (nearly 16.81%), and Total E&P Kazakhstan (nearly 16.81%). The field is operated by North Caspian Operating Company BV (NCOC).

In late 2016, OPEC and non-OPEC producers reached a deal to curtail oil output jointly and ease a global glut after more than two years of low prices. OPEC agreed to slash the

output by 1.2 million barrels per day from January 1, with top exporter Saudi Arabia cutting as much as 486,000 barrels per day.

Non-OPEC producers such as Azerbaijan, Bahrain, Brunei, Equatorial Guinea, Kazakhstan, Malaysia, Mexico, Oman, Russia, Sudan, and South Sudan agreed to reduce output by 558,000 barrels per day. The agreement was for a six-month period, extendable for another six months.

Within the deal, Kazakhstan has committed to cut oil output by 20,000 barrels per day from the November 2016, Trend reported.

Kazakhstan to export up to 5 billion cubic meters per year of natural gas to China as of 2017

Kazakhstan is to debut gas exports to China under a memorandum of understanding signed Wednesday between KazMunaiGas and CNPC, with up to 5 billion cubic meters /year set to be moved to China from Kazakhstan in 2017-2018, national gas transportation operator KazTransGas said in a statement.

The MoU follows up on a previous plan to start supplies this year, with a 45% expansion of the Kazakhstan-China pipeline to 55 billion cubic meters /year earmarked for completion in 2017.

"The sides discussed the possibility of natural gas supplies from Kazakhstan to China in 2017-2018, and agreed to sign the sales and purchase agreement on Kazakh gas exports in the volume of up to 5 billion cubic meters [per year]," KazTransGas said.

Kazakhstan currently exports no gas of its own to China, the country's energy ministry said.

China will receive gas at Khorgos on the border between the two countries, according to the MoU, which also defines the volumes, price and quality of the product, the company said, without providing further details.

"The diversification of transit and export routes of Kazakh gas, as well as increasing export volumes of blue fuel are important strategic tasks that were set by the head of state," Kairat Shripbayev, chairman of KazTransGas's board of directors, said in the statement.

Gas exports are expected to further firm cooperation between the neighbors, which already cooperate in the upstream oil and gas sector, along with services and oil and gas transportation in Kazakhstan, according to the statement.

"Supplies of Kazakh gas to China will help bilateral mutually beneficial relations, as well as joint promotion of cooperation relations as part of the 'One belt, one road' initiative, aimed at creating infrastructure and firming trade and transport ties between Eurasian countries," the company said.

The construction of compressor stations on the third line of the pipeline intended for gas transportation to China foresees 20 billion cubic meters /year transit volumes of Turkmen and Uzbek gas, in addition to Kazakh volumes, according to KazMunaiGas, which controls KazTransGas and 95% of the country's gas transportation.

Volumes from Turkmenistan and Uzbekistan are transported through the Central Asia-China gas pipeline network that links with CNPC's Second West-East Pipeline in western Xinjiang province at the border with Kazakhstan.

Kazakhstan's gas production is expected to rise by 3.2% on the year to 48.1 billion cubic meters this year, mainly from the Kashagan, Karachaganak and Tengiz fields, the country's energy minister Kanat Bozumbayev estimated earlier this year.

Kazakhstan's joint project with China to expand the capacity of the Beney-Bozoy-Shymkent pipeline, running from the west to southeast Kazakhstan, to 10 billion cubic meters this year "will allow to start exports of [Kazakh] gas to China," he said, adding, however, that Kazakh gas will face strong competition from Turkmen, Uzbek and Russian future gas supplies under long-term contracts with China.

Besides, Kazakhstan prioritizes domestic supplies as it expects further natural depletion at its key fields by 2025, according to the energy ministry.

Kazakhstan also needs gas for reinjection to maintain rock pressure for crude oil production, according to Platts.

Eni, KazMunaiGas strengthen ties offshore Kazakhstan

KazMunaiGas (KMG) has signed an agreement that confirms the transfer to Eni of 50% of subsoil use rights for the Isatay block in the Kazakh sector of the Caspian Sea.

A joint operating committee (JOC) between the two companies will operate the block, which is thought to hold potential for large hydrocarbon resources.

The JOC will make use of Eni's proprietary technologies for exploration and working in challenging technical and environmental areas such as the Caspian basin, pending approval for the license transfer by the Republic of Kazakhstan.

In addition, Eni and KMG subsidiary KazMunaiGas EP have agreed to expand their upstream technology cooperation and evaluate potential joint developments in new projects.

Along with the Ministry of Energy, KMG, and the Kazakh Committee of geology and subsoil use, Eni signed a memorandum of understanding to assess future cooperation terms in the Kazakh-Russian Pre-Caspian basin where numerous large oil fields have been discovered.

The MoU is part of the Eurasia project promoted by the Ministry of Energy to study the depth exploration potential of the basin.

Offshore Indonesia, Eni has completed the first shipment of LNG from the newly onstream deepwater Jangkrik field to Indonesia's domestic market.

The 22,500-cu m (794,580-cf) cargo left the Bontang Liquefaction Plant, in East Kalimantan, and headed to Bali, to be unloaded as part of a long-term LNG contract signed with PT Pertamina in June 2015.

Produced gas produced is processed onboard the FPU Jangkrik, then flows to the onshore receiving facility for onward delivery to Bontang via the East Kalimantan Transportation System, the Offshore Magazine reported.

For more news on Kazakhstan's energy sector, please see our **Special Energy Issue**, which is available on a monthly basis at the Embassy's website:

<https://www.netherlandsandyou.nl/your-country-and-the-netherlands/kazakhstan>.

MINERAL RESOURCES

Agreement signed to finance the construction of the MPE in Kyzylorda Region

In Kyzylorda region the Prime Minister of the Republic of Kazakhstan Bakytzhan Sagintayev got acquainted with the work on the restoration of the lead-zinc deposit of Shalkiya and took part in the signing ceremony of an agreement on financing the construction of a mining and processing enterprise (MPE).

Prime Minister Bakytzhan Sagintayev visited the lead-zinc deposit Shalkiya, where he descended into the mine to get acquainted with the condition of the mine structures.

Chairman of the Board of JSC Tau-Ken Samruk Mazhit Turmaganbetov reported that on the enterprise that was idle for a long time, mining and preparatory work was carried out, infrastructure and social facilities were built.

With the aim of further development of the enterprise, Chairman of the Board of JSC Tau-Ken Samruk Mazhit Turmaganbetov and EBRD Director in Kazakhstan Agris Preimanis signed an agreement on financing the construction of the MPE Shalkiya deposit. The implementation of the project will create 1,500 permanent jobs, and for the construction period - about 3 thousand jobs.

According to the project, since 2019 the MPE will be able to process up to 2 million tons of zinc ore annually, and by the end of 2020 it will reach its full design capacity - up to 4 million tons of ore per year. The enterprise will supply local and foreign metallurgical plants with lead concentrate.

The use of advanced digital technologies and automation of ore enrichment production processes will ensure high quality and competitiveness of the products. The enterprise will implement the project “digital mine” and apply energy-efficient equipment, according to primeminister.kz.

IAEA uranium storage facility in Kazakhstan to open August 29

A new low enriched uranium storage (LEU) facility in Kazakhstan will open on August 29, International Atomic Energy Agency (IAEA) Director General Yukiya Amano said at a governors’ board meeting.

“Construction of the LEU Storage Facility by Kazakhstan is proceeding on schedule,” Amano stated.

The facility will give countries interested in nuclear power confidence that they can obtain LEU for nuclear power plants in case of an interruption to their own supplies, the IAEA said.

Kazakhstan has an estimated 12% of the world’s uranium sources and became the world’s leading uranium producer in 2012, reaching 39% of worldwide production in 2016, according to the World Nuclear Association.

In May, the US Department of Energy opened a nuclear training center in Kazakhstan to train people from local and regional nuclear facilities on security and other best practices, Sputniknews reported.

TRANSPORT & COMMUNICATIONS

Container trains from China to Iran through Kazakhstan to run in June

Another container train along the route China-Kazakhstan-Turkmenistan-Iran will be launched in June, Kazakhstan’s national railways company Kazakhstan Temir Zholy (KTZ) said.

The decision was made following the meeting of representatives of the railway administrations of Kazakhstan, Iran, the Ministry of Railway Transport of Turkmenistan, and the Coordination Center for International Container Trains of the China Transport and Communications Association.

The meeting discussed the launching of the container train and agreed on favorable mutually beneficial tariffs.

“The agreements will facilitate the increase of transit traffic on the territory of our country,” said Sanzhar Elyubayev, vice president for logistics of KTZ.

In June this year the container train will start to run from China to Iran and third countries through the territories of Kazakhstan and Turkmenistan. The length of the route will be more than 10,300 km; the train will cover this distance in less than 14 days.

“This route will be attractive; the advantage of it is that transportation of cargo will be carried out in a shorter period than by sea transport, which takes 40 days. It will also be profitable for shippers at tariff rates,” said Ebrahim Mohammadi, Vice President for Operation and Movement of Iranian Railways.

It is planned that container trains from China to Iran will run on a regular basis by the end of the year.

The participants of the meeting also visited the infrastructure facilities of the FEZ Khorgos - Eastern Gateway and the border station Altynkol, where they got acquainted with the possibilities of the Kazakhstan transport and logistics hub on the border with China, according to the Times of Central Asia.

Transit cargo volume through Kazakhstan on the rise

Kazakhstan’s Government meeting on June 27 considered the issues of development of transit, logistics and roadside services in the country, the official website of the Prime Minister of Kazakhstan reported.

According to the Ministry of Investment and Development, in 2016 the share of the transport sector in the country's GDP was about 7.8%. The transit of goods was mainly conducted by road and rail transport.

The Government is taking measures to increase the volume of container transportations, including on the promising direction of China-EU-China. In 2016, 245 thousand containers were transported by transit across the territory of Kazakhstan, which is 35.3 thousand more than in 2015, or 14%. For the first five months of this year, the volume of rail container traffic amounted to 119 thousand TEU, which is 34% more than in the same period in 2016.

In the field of motor road transport, growth was due to the launch of the transit corridor Western Europe - Western China. In 2016, 1.4 million tons of cargo was transported, which is by 11.6% more than in 2015. Over the first five months of this year, more than one million tons of cargo was transported, which is twice as much as in the same period in 2016. Most cargoes were transited from China (55.3%) and Uzbekistan (26.2%) to the countries of the Eurasian Economic Union.

With the aim of developing the capacity of air transportations by the end of this year, it is planned to transport 600 thousand transit passengers, and by 2020 to raise this figure to 1.6 million people per year.

First Deputy Prime Minister Askar Mamin commented on the issue of expanding transit container transportations from China through Kazakhstan: "By 2020, up to 80% of the transit flow will account for transit container transportation by land transport through the territory of Kazakhstan. This is a good dynamics."

Roads in Kazakhstan to be repaired at the expense of international loans

Repair of Kazakh roads will be carried out at the expense of loans from international financial institutions - IBRD, ADB, EBRD, IDB and Eximbank of China. This was announced at a briefing in the Ministry of Investment and Development by the Chairman of the RK MID Committee of roads Mereke Pshembaev, the correspondent of Kazpravda.kz reports.

"We are launching another 10 projects the length of 2,184 km: Taldykorgan - Ust-Kamenogorsk, Kurty-Burylbaytal, Merke - Burylbaital, Uzynagash-Otar, Kalbatau-Maykapshagai, Southwest bypass of Astana, Aktobe-Kandyagash, Kandyagash-Makat, Atyrau - Astrakhan and Zhetybai - Zhanaozen. A loan agreement has been signed with the ADB on the Kandyagash-Makat road section. Construction work is scheduled to begin in July 2017. For the projects Kurty-Burylbaital, Uzynagash-Otar and Zhetybai-Zhanaozen, it is planned to sign loan agreements, after the ratification of which the contracts will be signed," Mereke Pshembaev said.

He also noted that for Aktobe-Kandyagash and Atyrau-Astrakhan highway sections, financed by the Islamic Development Bank loan, it is planned to sign the agreements in the second half of this year, and to start construction works after signing the agreements. As for the budget funds, allocated for repair and reconstruction of roads, according to Pshembaev, roads will be repaired under four new projects: Beyneu-Akzhigit, Shchuchinsk-Zerenda, Taskesken-Bakhty, Usharal-Dostyk.

"In general, it is planned to construct and reconstruct 4.4 thousand km of roads and involve about 100 thousand people, more than 95% of the material used is manufactured in Kazakhstan," he stressed, according to Kazakhstanskaya Pravda.

Three new airports will be built in Atyrau region

New mini-airports will appear in three remote areas of the region, said Kairat Nurtayev, the head of the regional department of passenger transport and highways of the Atyrau region at a briefing in the regional central communications service, Kazpravda.kz reports with reference to the portal "My CITY".

As it became known, three new airports will be built within the framework of the program "Development and Integration of Transport System Infrastructure - 2020". The objects

will be constructed in Suyindik village of Kurmangazy area, in Miyaly village of Kyzylkogy area and in Kulsary of Zhylyoi area.

“We have already prepared a feasibility study of the facilities, and now, depending on the allocation of funds, we intend to begin construction of the airport in Miyaly village. This year, 72 million tenge will be allocated for development of the area’s design and estimate documentation,” Kairat Nurtayev said.

According to the speaker, the design and estimate documentations for airports in Suyindyk and Kulsary will be developed as the funds are allocated.

AGRICULTURE

Kazyna Capital Management JSC, EBRD to invest jointly in agro-industrial complex

Kazyna Capital Management JSC (KCM is a subsidiary of Baiterek National Managing Holding JSC) informs of the placement of the second tranche of investments jointly with the European Bank for Reconstruction and Development for the implementation of the project for the construction of the Makinsk Poultry Farm with a capacity of up to 25,000 tons of poultry meat. The entire amount of investments will be assimilated during 2017 - 2018.

The project with a total value of more than \$100 million is implemented through Baiterek Venture Fund JSC which is the investment company of Kazyna Capital Management JSC. The initiator of the project is the Ust-Kamenogorsk Poultry Farm JSC (hereinafter the UKPF) which is the largest enterprise in Kazakhstan for the production of poultry meat and national champion. The poultry farm, established in 1976, provides consumers with a wide range of high-quality products for 40 years.

“Investments in this project are a classic example of private equity, as they are provided at a mature stage of development to an already existing production - UKPF. The implementation of this project will allow UKPF not only to increase its production capacity twice and deepen the entry of domestic products in Kazakhstan, but will also contribute to improving the standards for healthy eating by broader distribution of chilled rather than frozen product of the company,” said the Chairman of the Executive Board of Kazyna Capital Management Askar Dostiyarov.

Gilles Mettetal, EBRD Director of Agribusiness said: “Supporting the growth of competitive local agricultural enterprise, and development of diversified agricultural industry in Kazakhstan is an important priority of EBRD. We are particularly pleased to be an important equity investor to the Project which focuses on expanding distribution of quality chilled broiler meat through strong forward linkage to regional distribution network.”

In 2017/2018 Kazakhstan to reduce grain exports to almost 8 million tons

In the 2017/18 market year, Kazakhstan will reduce its grain exports to 7.9 million tons, against 8.2 million tons in the current season, informed the International Grains Council (IGC) in its May report.

According to the announcement, in 2017/18 MY the production of grains in Kazakhstan will total 17.5 million tons.

The beginning stocks of grains will reach 3.9 million tons. In previous reports, the IGC experts followed the same figures. Also, in the current season the reserves reduced by 0.7 million tons compared with last year, APK Inform reported.

Kazakhstan to focus on the construction of oilseed crushing plants for product exports to China

Last year’s commodity turnover between the two countries amounted to almost \$8 billion. China is one of the top five investors in the Kazakh economy: Chinese investments in Kazakhstan have exceeded \$14 billion over the last 12 years. Three projects out of 51

announced ones have already been put into operation in the sectors such as agriculture, machine building and chemical industry. The construction of six new projects was begun last year and another six ones will start to be implemented this year, reports UkrAgroConsult.

The projects put into operation include an oilseed crushing plant in North Kazakhstan region. Kazakhstan produces cold-pressed oil for the domestic market, whereas oil made by hot pressing is popular in China. The plant in North Kazakhstan uses this technology, therefore potential for vegoil exports from Kazakhstan to China grows considerably.

The new facility can process 300 KMT of feedstock a year. It comprises three lines for advanced processing of oilseeds such as sunseed, rapeseed and some others, UkrAgroConsult reported.

EXHIBITIONS IN KAZAKHSTAN (June-September 2017)



Furniture and Interior, Architecture and Design, Timber and Woodworking

14 – 17 June 2017, Almaty

Organizer: Atakent-Expo

www.atakentexpo.kz



EXPO 2017 “Future Energy”

International Specialized Exhibition

10 June – 10 October 2017, Astana

Organizer: Astana EXPO-2017

www.expo2017astana.com



Mining Week Kazakhstan

International Exhibition for Mining and Exploration, Mineral and Coal Processing and Metallurgical Technologies

27 – 29 June 2017, Karaganda

Organizer: TNT Productions

www.tntexpo.kz



AGRIANIMALS.KZ

International Cattle Breeding and Poultry Exhibition

28 – 30 June 2017, Astana

Organizer: MBK ExpoArna

www.abexpo.kz



Astana Zdorovie

Kazakhstan International Exhibition on Healthcare

23 – 25 August 2017, Astana

Organizer: Iteca

www.astanazdorovie.kz



KazBuild

International Exhibition Construction and Interiors, Windows, Doors and Facades, Ceramics and Stone

5 – 8 September 2017, Almaty

Organizer: Iteca

www.kazbuild.kz



Interiors

Kazakhstan International Interiors and Finishing Materials Exhibition

5 – 8 September 2017, Almaty

Organizer: Iteca

www.kazbuild.kz



Aqua-Therm Almaty

Kazakhstan International Exhibition for Heating, Ventilation, Water Supply and Swimming Pool Equipment

5 – 8 September 2017, Almaty

Organizer: Iteca
www.aquatherm-almaty.com

cosmobeauté
Kazakhstan

Cosmobeauté Kazakhstan

Kazakhstan International Beauty and Aesthetic Medicine Exhibition

7 – 9 September 2017, Almaty

Organizer: Iteca

www.beauty.kz



Kazenergy Eurasian Forum

8 – 9 September 2017, Astana

Organizer: Kazenergy Association

www.kazenergyforum.com



MiningWorld Central Asia

Central Asian International Mining and Processing of Metals and Minerals Exhibition

20 – 22 September 2017, Almaty

Organizer: Iteca

www.miningworld.kz



Metaltech Central Asia

Central Asian International Metallurgy, Metal-Working and Machinery Construction Exhibition

20 – 22 September 2017, Almaty

Organizer: Iteca

www.kazmet.iteca.kz



Kazcomak

Kazakhstan International Exhibition on Heavy Construction

20 – 22 September 2017, Almaty

Organizer: Iteca

www.kazcomak.kz



AgroProm Shymkent

South Kazakhstan International Equipment and Technology in the Food Industry Exhibition

21 – 22 September 2017, Shymkent

www.agropromexpo.kz



Astana Leisure

International Tourism Exhibition

27 – 29 September 2017, Astana

Organizer: Iteca

www.leisure.kz

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

www.iteca.kz

www.astana-expo.kz

www.expocentralasia.com

www.tntexpo.kz

www.atakentexpo.kz

<http://10times.com/>

CONTACTS

Embassy of the Kingdom of the Netherlands

62, Kosmonavtov Str.
Chubary mcrd, 3rd floor
010000 Astana
T: +7 7172 555450
ast@minbuza.nl

Embassy Office in Almaty

103, Nauryzbai Batyr Str.
050022 Almaty
T: +7 727 2503773
alm-ea@minbuza.nl

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If you would like to be added to our mailing list or if you wish to unsubscribe, or if you have any comments or suggestions regarding the Newsletter, please contact:

Ms. Zulfira Sadykjanova
tel.: +7 (727) 2503773
e-mail: zulfira.sadykjanova@minbuza.nl / alm-ea@minbuza.nl

Ms. Roza Zainutdinova
tel. : +7 (727) 2503773
e-mail : roza.zainutdinova@minbuza.nl / alm-ea@minbuza.nl

Mr. Medgat Olzhayev
tel.: +7 (7172) 555450
e-mail: medgat.olzhayev@minbuza.nl / alm-ea@minbuza.nl

Please mention your company and contact details.