



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.

MACRO-ECONOMICS & FINANCE

Income from Kazakhstan's privatization campaign to make \$4-7 billion

Income from the privatization campaign will make \$4-7 billion, Minister of National Economy of Kazakhstan Timur Suleimanov told a government meeting on privatization on July 4.

Suleimenov reported on the plan of privatization of state and municipal enterprises and large companies, including Samruk-Kazyna state welfare fund's companies.

"589 organizations are yet to be sold, 488 of them will be sold in 2017 and 101 in 2018," he said. Since June 2014 until June 23, 2017, 451 companies totaling 125.5 billion tenge were privatized.

Minister of Finance Bakhyt Sultanov reported on the intermediate results of measures taken to accelerate the sale of state property and quasi-public sector and forthcoming tasks within the framework of the approved schedules. Since 2016, the Comprehensive Privatization Plan has implemented 221 facilities, 189 facilities are in the process of reorganization or liquidation.

"The measures taken have made it possible to intensify the privatization process, and most of the objects of the Comprehensive Plan (more than 80%) will be implemented already this year. In general, all prerequisites for timely and successful implementation of measures to execute the Comprehensive Privatization Plan have been created," Minister Sultanov said.

EXPO 2017 reaches halfway point, welcomes one and half millionth visitor

Halfway through EXPO 2017, the international exhibition has welcomed one and a half million visitors, according to an expo national company press release.

On July 11, the exhibition welcomed and identified its one millionth visitor. That visitor was a math teacher from Astana who received gifts and recognition. This time the visitor remains unknown.

According to statistics, in the period from July 13 to July 23, the expo was attended by 285,300 people, which is 40,757 visitors a day on average. During the first days of the exhibition, the number was approximately 23,000 people per day.

The total amount of visits since June 10 until July 23 was 1,295,991. That includes the summary attendance of all the exhibition facilities, according to the Astana EXPO 2017 national company's press release.

The most visited pavilions are Plaza Africa, Egypt, India, Russia, Turkey, Japan, the Kingdom of Saudi Arabia, Uzbekistan, Thailand and Turkmenistan, reads the statement.

The most visited facilities of the exhibition complex are Nur Alem, commercial pavilions, Shell's Children's Lab, Children's Park, Cirque du Soleil, Amphitheatre, Creative Energy Area and Energy Best Practices Area (EBPA).

Nur Alem, which is a main sphere and the Kazakh pavilion, attracts approximately 10,000 people per day, according to the Khabar TV channel. The large spherical building has eight floors and visitors require approximately two to three hours to see everything inside.

"More than just a museum, Nur Alem must become an innovation hub of research and culture centre after the exhibition. Digital, multimedia and interactive technologies allow to expand the possibilities of perception of the exposition space, located on the floors of the museum of the future, where the main types of energy – space, sun, biomass, wind, water and kinetics are demonstrated," reads the expo website.

Almost every day, expo celebrates national days of different countries, as well as cultural events and festivals. The most recent national days were those of Greece, Japan, Argentina, Papua New Guinea, Uganda, Singapore and Costa Rica.

The expo runs from June 10 to September 10, 2017. A total of 115 countries and 22 international organizations are presenting their achievements and ideas relating to the subject of the exposition, Future Energy.

EXPO-2017

BANKING

National bank keeps 10.5% base rate

The National Bank of Kazakhstan is maintaining the base rate at 10.5%.

“The National Bank of the Republic of Kazakhstan has decided to keep up the base rate at the level of 10.5pct within +/- 1pct corridor. The annual inflation level is consistent with the forecasts made by the National Bank and remains within the target corridor, while the inflation expectations are shaping up at a stable level,” the report says.

As explained in the release, the inflation risks may be caused by the supply factors arising in the markets of certain goods and departure of external parameters from the basic scenario of the economic development.

“Nevertheless, the trajectory of the forecast inflationary pace slowdown in the medium term enhances the likelihood of the base rate reduction, both in the short term and on the horizon of the upcoming 12-18 months, so that to ensure that the real base interest rate corresponds to the long-term potential pace of the economic growth,” in the message.

The next decision on the base rate will be announced on August 21, 2017, Kazinform reported.

Kazakh state to provide over 500 billion tenge to support banks

Kazakhstan’s central bank estimates that the state will provide more than 500 billion tenge (\$1.52 billion) to support the nation’s banking system, Kazakh Deputy National Bank Governor Oleg Smolyakov said.

“August-September is a realistic period (for the start of the programme) with the National Bank’s funds,” Smolyakov told a news conference, Reuters reported.

Halyk Bank acquired 96.81% of Kazkom’s ordinary shares

Halyk Bank of Kazakhstan JSC has completed the acquisition of 96.81% of ordinary shares of Kazkommertsbank JSC, Kazpravda.kz reports with reference to Halyk Bank’s press service.

“JSC Halyk Bank hereby announces the completion of transactions for acquisition of 96.81% of ordinary shares in JSC Kazkommertsbank, including 86.09% from Mr K.Kh. Rakishev and 10.72% from joint stock company Sovereign Wealth Fund “Samruk-Kazyna”, in accordance with the sale and purchase agreements entered into force on 15 June 2017,” says the press release published on the official website of the Halyk Bank.

According to the press service, the transactions were completed following satisfaction by the parties of certain conditions precedent, including:

- completion of due diligence by Halyk Bank and the National Bank of the Republic of Kazakhstan;
- acquisition by Mr. Rakishev of shares in Kazkommertsbank from Mr. N.S. Subkhanberdin and JSC Central Asian Investment Company;
- full repayment of the loan by BTA Bank to Kazkommertsbank;
- receipt of customary approvals from the relevant regulatory bodies in Kazakhstan and other applicable jurisdictions;
- repayment by Kazkommertsbank of 41 billion tenge owed to Samruk-Kazyna for the shares in JSC BTA Bank under the 2014 transaction.

As announced earlier, Halyk Bank is planning to recapitalize Kazkommertsbank for a total of 185 billion tenge, which will bring Kazkommertsbank’s capital adequacy ratio in line with those maintained by domestic peers.

“Successful completion of the deal to acquire one of Kazakhstan’s largest financial institutions, with its extensive branch network, large volume of client transactions, and presence in a number of foreign jurisdictions, has been a result of a concerted effort of Halyk Bank’s team and its advisors. Involvement of multiple parties, including the state, as represented by the National Bank of Kazakhstan, the Ministry of Finance, and Samruk-Kazyna, provides further testament to the scale of the transaction. In particular, I would like to highlight Halyk Bank’s unprecedented focus on organizing comprehensive due

diligence of Kazkommertsbank, to ensure successful completion of the deal,” Umut Shayakhmetova, Chairperson of the Management Board of Halyk Bank commented, adding that they would do their best to sustain and enhance the quality of client service, continue to advance the bank’s information technologies, restore customer lending and retain Kazkommertsbank’s professional staff, according to Kazakhstanskaya Pravda.

Kazkommertsbank announces 2.4 trillion tenge loan repayment by BTA Bank

Kazkommertsbank JSC has notified of the redemption of the loan provided to BTA Bank JSC, Kazinform reports.

"Kazkommertsbank JSC informs that on July 3, 2017, BTA Bank JSC repaid the loan for the amount of 2.4 trillion tenge that Kazkommertsbank had provided to BTA Bank JSC. As to the outstanding debt of 64.8 billion tenge, the bank wrote it off by the provisions formed. Thus, as of July 3, 2017, BTA Bank’s debt to the bank [Kazkom] has been fully repaid," reads the statement published on Kazkom’s official website.

It is noted that the loan granted to BTA Bank JSC is considered as a large-scale deal for Kazkommertsbank effected by special relationship between the banks, Kazinform reported.

ENERGY & NATURAL RESOURCES

Kazakhstan confirms commitment to OPEC agreement to cut oil production

Kazakhstan confirmed July 12 its commitment to agreements between the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC countries to reduce oil production until April 2018.

"I want to say that Kazakhstan will try to fulfil its obligations on all signed agreements. Our commitments were taken last year and extended at the OPEC and non-OPEC meeting in May. Thanks to these agreements, we sold our oil for export at an average price of \$52 per barrel in the first quarter. For comparison, prior to these agreements, Brent crude oil price was \$32 in the first quarter last year," said Kazakh Minister of Energy Kanat Bozumbayev at a July 12 press conference.

Kazakhstan, however, reportedly has not yet made a final decision on whether to extend the original agreement past April 2018, TASS reported July 9, citing Bozumbayev. The ministry denied this information.

"In connection with the latest incorrect publications in some well-known news agencies, the Ministry of Energy of the Republic of Kazakhstan informs that Kazakhstan once again confirms earlier commitments on an agreement to reduce the level of oil production between the OPEC and not-OPEC members. We will continue to adhere to signed commitments taken until April 2018. There were no proposals to extend or change the volume of obligations from partners. Therefore, now, this issue is not considered. Therefore, we kindly ask you to take the information of the ministry unambiguously and without any free interpretation," the ministry’s press service stated.

In November 2016, OPEC and non-OPEC countries agreed to cut production by 1.8 million barrels per day from January 1 in an attempt to end a supply glut.

In May, Vienna hosted the OPEC meeting, where member countries agreed to prolong the agreement on the oil reduction for another nine months through March 2018. Other eleven countries that are non-OPEC members, including Kazakhstan, also agreed to extend the output cuts for this period. Bozumbayev attended the meeting representing the interests of Kazakhstan, Astana Times reported.

KazMunaiGas ends hunt for partner at Abay block

Kazakhstan’s national oil company (NOC), KazMunaiGas (KMG), has ended its one month-long search for a partner at the Abay block in the Caspian Sea, Newsbase reports.

At the end of May, the state-owned producer invited international oil companies (IOCs) to bid for a minority stake in the shallow-water block, which lies around 65 km from the Kazakh coast. In a statement on June 28, the state-owned producer announced that the deadline for applications had passed. It did not say whether it had attracted any offers for the block, nor how long it would take to evaluate potential candidates.

According to Kazakh authorities, the Abay contract area could contain as much as 4.4 billion barrels of oil in reservoirs between 1,300 and 1,800 metres below the seabed. Water depths at the site are between 8 and 10 metres.

Norway's Statoil signed a memorandum of understanding on its participation at the block in 2005, and went on to strike a heads of agreement with KMG for development work in 2011. Two years later, however, the Oslo-based producer withdrew from the project, allegedly after deeming it too risky a venture.

In a statement in May announcing a fresh search for a partner, KMG said it would accept offers from oil and gas companies in the Forbes' 200 list of the world's largest public entities, as well as their wholly owned subsidiaries, without pre-qualification. Other potential investors will need to have at least five years of prior experience working at Caspian exploration projects backed up by significant financial resources, the company said.

The Abay block is nearby to the Kalamkas deposit, which has been earmarked as the next development target of the consortium operating the Kashagan oilfield. The consortium includes Royal Dutch Shell (UK-Netherlands), ExxonMobil (US), Total (France), CNPC (China) and Inpex (Japan), alongside KMG.

Abay is also adjacent to the Satpayev block, which KMG is developing with India's ONGC Videsh Ltd (OVL). Astana invited OVL to work at the Abay block in 2014, although a partnership was never finalized. The Indian company did not respond to a request by NewsBase Intelligence (NBI) to confirm whether it had made an offer for the Abay block last month.

OVL bought a 25% stake in Satpayev in 2011, paying \$80 million to KMG plus a \$13 million signing bonus to the Kazakh government. It originally had planned to drill two exploration wells at the site in 2014 and 2015, although delays in securing a platform meant this schedule was not kept. Work on the first well finally got under way in mid-2015, although results were not published. In its report for the 2016-2017 financial year, OVL said it intended to spud a second well at the site this month. It also noted that Astana had granted it a two-year extension on its license for exploration work, KazWorld reported.

Kuryk ferry port to take one million tons of cargo by year's end

Kuryk international ferry port on the Caspian Sea, which started operation in the beginning of the year, has received 93 ships and more than 400,000 tons of cargo. Plans are underway to increase the number up to one million tons, according to a Kazakhstan Temir Zholy (KTZ) press release.

First Deputy Prime Minister Askar Mamin inspected the Nurlı Zhol projects during his working trip to the Mangystau region. He also visited the construction site of the port's second phase.

Phase one was launched in December. Last year, 44 areas were put into operation, including the railway road, which allowed handling ferries with freight cars in round-the-clock mode.

Kazakh President Nursultan Nazarbayev's state-of-the-nation address specified the nation's third modernization must enhance vehicle access, which will provide transshipment of cargo vehicles. That access is part of the second phase of construction, as equipment at the ferry port is currently being built and offshore dredging has been completed. Construction of the eastern and western protection embankments is underway.

The new ferry crossing will provide multimodal transportation of all types of cargo, including liquids, significantly increasing transit cargo traffic and export potential across

the Caspian Sea to the ports in Azerbaijan, Iran and Russia. Commissioning the crossing will expand Kazakhstan's sea gates, appreciably increasing the potential of the Trans-Caspian International Transport Route. The route arrangement includes countries such as Kazakhstan, Azerbaijan, Georgia and Turkey.

Mamin was also familiarized with the execution of projects to reconstruct the region's nationally important highways. A number of projects, such as Aktau-Shetpe (167 kilometres) and Shetpe-Sai Otes (60 kilometres), are proceeding and regional authorities have also started rebuilding the 85-kilometre Beineu-Akzhigit-Uzbekistan border highway. After the loan agreement is ratified this fall, reconstruction will begin on a 73-kilometre section of Zhetybai-Zhanaozen Road.

Mamin instructed local authorities to take measures to complete the work in the shortest possible time to significantly increase the region's transportation potential, Astana Times reported.

Large-scale solar energy plant built in beach resort north of Almaty

The largest Central Asian solar power plant will be built in the Almaty region. The plant will produce 50 megawatts of electricity. This is enough to provide power to five rural areas. Thus, the Kapchagai lake town is planned to be turned into the first large settlement that will receive energy exclusively from alternative sources. The first experiment was conducted in 2013. A solar power station with a capacity of two megawatts was constructed there. 60 panels were installed to generate energy, they rotate following the sun movements during daylight. The plant is successfully operating and provides electricity to a thousand houses.

"We have 500 hectares of land at a distance of 10 kilometers from this site. We are going to build an electric power station with a capacity of 50 megawatts on this plot. We have already received approval from the state expertise on design estimates," says the station's director Zhomart Momynbayev.

The warranty service life of the solar power plant is 25 years. People benefit from wind energy too. According to experts, 158 mini hydropower plants with a total capacity of 1800 megawatts can be built in the Almaty region.

"We installed four wind power stations last year. In the future, we are planning to install up to 20 additional wind farms. They will produce about 20 Megawatts of electricity in the future," in the words of Kapchagay's mayor Talgat Kainarbekov.

There is the first eco-office in Almaty. It uses alternative energy sources. The office is illuminated with electricity obtained from solar panels that are installed on the roof. The building has water recirculation for drainage and plants watering. The office uses diode lighting. A laptop consumes less power than that with a hundred-watt bulb. The project was prepared in five years. The arrangement of the green space costed 25% more expensive than that of a traditional office.

Businessman Maxim Baryshev commented: "On average, I can say that a similar but not eco-friendly office building's utility consumption costs about 350,000 tenge per month. Our office building's utility bill is maximum 70,000 tenge a month, according to Kazakh TV.

Belgian company ready to invest in alternative energy projects in Kazakhstan

The management of the Belgian company QWAY energy has arrived in Shymkent in the South Kazakhstan region to meet with local businesspeople at the region's Chamber of Entrepreneurs and discuss a renewable energy project, the Atameken National Chamber of Entrepreneurs of Kazakhstan reported.

300 days of sunshine out of 365 days a year — this natural characteristic of the South Kazakhstan region has become a tipping point in the decision of Belgian investors to implement joint alternative energy projects in the region.

Luc Graré, CEO and Managing Director of QWAY energy, said that in May 2017, the company founded a subsidiary in Astana and currently participates in the development of

300 MW solar energy projects, 15 MW of biogas, 50 MW hydro-power and several wind power projects in Kazakhstan.

Luc Graré expressed interest in the participation of local companies in the projects for the construction, development, modernization, expansion and reconstruction of Kazakhstan's hydroelectric stations, solar stations and wind farms. "There are a lot of projects in Kazakhstan in this direction which require investments," he said. "Our company is ready to invest its own funds, as well as borrowed funds from other investors, and thus become a bridge between Europe and Kazakhstan, attracting not only financing, but also modern technologies, construction companies, equipment and suppliers. At the international level, we have an extensive network of partners, in order to provide the necessary financial resources for the implementation of projects."

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**

ArcelorMittal to increase steel production in Kazakhstan

ArcelorMittal wants to increase crude steel production at its plant in Kazakhstan to five million tons by 2021, compared with four million tons in 2016, the plant official said.

The group wants to invest \$250 million this year, told the press Paramjit Kahlon, who also manages the ArcelorMittal plant in Ukraine.

The Kazakh steel plant wants to increase its production to 4.2 million tons this year and to 4.5 million tons in 2018.

In Ukraine, ArcelorMittal plans to invest \$267 million in 2017 and a billion dollars in total by 2020, he said.

TRANSPORT & COMMUNICATIONS

Baku-Tbilisi-Kars railway to attract transit cargo traffic to Kazakhstan

With the commissioning of the Baku-Tbilisi-Kars railway line this year, cargo from China will be transported through Kazakhstan along a shorter route to Turkey and on to Europe.

This was said during a working trip to Azerbaijan and Georgia by Kanat Alpysbayev, the head of Kazakhstan's national railways company Kazakhstan Temir Zholy (KTZ), the company's press service reported on July 25. Alpysbayev visited the objects of the Baku-Tbilisi-Kars railway line, whose commissioning is planned for October this year.

This railway line, more than 800 kilometers long, will connect Azerbaijan, Georgia and Turkey with a single rail link and is one of the important sections of the Trans-Caspian International Transport Corridor.

During the visit Alpysbayev held negotiations with the Minister of Transport, Shipping and Communications of Turkey Ahmet Arslan and the Minister of Economy and Sustainable Development of Georgia Georgy Gakharia on cooperation in the field of railway transport.

"Kazakhstan railway workers and our Chinese colleagues are waiting for the opening of the new railway which will expand the geography of cargo transportation along the corridor with access to Turkey," Alpysbayev said.

Taking into account the implementation of projects for the development of transport infrastructure, the potential of corridors passing through the territory of the countries of the region increases many times. This allows achieving transportation of up to 2 million containers per year through Kazakhstan by 2020, the Times of Central Asia reported.

Kazakhstan Temir Zholy and Sinotrans to launch container train route through Kazakhstan

The head of Kazakhstan's national railways company Kazakhstan Temir Zholy (KTZ) Kanat

Alpysbaev during the 14th China International Logistics week held a series of meetings on pairing Kazakhstan's program Nurly Zhol and China's One Belt, One Road initiative, to boost cargo transportation between Asia and Europe through Kazakhstan, the KTZ press service said on July 1.

At the meeting with the Deputy Mayor of Chengdu, Xie Zhu Yu, the parties noted the success of cooperation in organization of container transportation along the China-Europe route through Kazakhstan.

In 2016, about 160 container trains were sent from Chengdu to Poland (Lodz), which is 2.6 times more than in 2015. In the opposite direction, 85 trains passed. For 5 months of this year 110 container trains have already passed along this direction.

Currently, transportation is carried out from Chengdu through Kazakhstan to Germany, the Netherlands, and Belarus and in the opposite direction.

The sides exchanged views on the issues of increasing the volume of cargo transportation to Europe, CIS, Central Asia, Iran, Turkey, as well as reorientation of cargo flows to the Khorgos-Altynkol border crossing.

During the trip to China the head of KTZ also met with the first deputy governor of Gansu province Huang Qian.

The parties discussed joint development of international logistics and container transportations using the infrastructure potential of the SEZ Khorgos-Eastern Gates on the Kazakh-Chinese border.

SEZ Khorgos-Eastern Gates with a Dry Port is a key project for the development of the transit potential of Eurasian region and as a logistics hub opens the market of the Eurasian Economic Union with a population of more than 180 million.

"We can do transshipment, processing and handling of cargoes in the Dry Port of the SEZ, which significantly reduces the time of border operations and increases the speed of container trains up to 1200 km/day in Kazakhstan alone," Alpysbayev said.

As a result of the trip to China, an agreement was signed between KTZ and Sinotrans & CSC Holdings on strategic cooperation in launching container trains, the Times of Central Asia reported.

Minister reports construction of new roads in Kazakhstan

During a Government meeting, the Minister for Investment and Development, Zhenis Kasymbek, reported on the progress of infrastructure projects on Nurly Zhol state program, Kazpravda.kz reports.

According to the minister, by the end of this year, it is planned to begin construction and reconstruction of the north-eastern bypass of Karaganda at the republican budget expense.

"The project will be financed by the World Bank and the European Bank for Development. In 2018 we plan to start the Balkhash-Burylbaytal section at the expense of the World Bank and Kurta-Kapshagai, Karaganda-Balkhash in 2019," he said.

Under the Center-South project of the Nurly Jol state program, Kasymbek went on to say, reconstruction of the 14-km Temirtau - Karaganda section continues that is to be finalized next year.

Also this year, 106 billion tenge was allocated for the Center-East project.

"At the end of the year, we plan to provide four-lane traffic on 230 kilometers of the Astana-Pavlodar section, and complete the last 36-km stretch in the Semey-Kalbatau segment. In 2018, we plan to fully complete the project," the minister said.

Reconstruction of the Astana-Kostanay highway on the Center-West direction and of Aktobe-Karabutak-Denisovka section has already been finished. By 2020 it is planned to complete the Denisovka-Kostanay section. This year reconstruction of the Aktobe-Atyrau-Astrakhan roads will be started and the Beineu-Aktau highway will be completed.

Kazakhstan will have 3 toll roads already this December, the minister announced. "This year we started installing the tolling systems on the roads Astana-Temirtau, Almaty-Kapshagai, and in the second half of the year it is planned to start installation of the

system on the Almaty-Khorgos road. The launch of the system is scheduled for December this year," Kasymbek told the meeting discussing performance of the state program for infrastructure development Nurly Zhol for 2015-2019 and measures to develop agricultural products processing.

The minister also noted that by the end of the year it is planned to complete together with the international investors the designing of the project on introduction of payment for 5,500 km. In total, 6,500 km of roads will be paid in Kazakhstan.

At the same time, in order to develop the transit potential in the railway sector, the second track construction project at the Almaty-Chu section is being implemented. Zhenis Kasymbek assured that this year the project will be completed. The capacity of the section will increase from 70 to 130 million tons of cargo per year, *Kazakhstanskaya Pravda* reported.

Car plant to be built in Ust-Kamenogorsk

A car plant with the capacity of 120 000 cars per annum is being constructed in Ust-Kamenogorsk, said the information center of East Kazakhstan region.

"The plant construction of a full cycle is being conducted within the frameworks of the state program "Road Business Map" supported by the Akimat of East Kazakhstan region. A techno-park for production of complete parts is being created on the same site. The project will create 12 000 new work places," said the information center.

Infrastructure, roads, electricity lines, water supply and rail lines are being constructed within the frameworks of the project in Ust-Kamenogorsk. It will be the biggest project in the mechanical engineering field.

The investments volume will make 80 billion tenge, according to KazTAG.kz.

Car market of Kazakhstan fell by 12% in the first half of the year

According to KazWorld, sales of new cars and light commercial vehicles in Kazakhstan for 6 months of 2017 were 18,858 units, which is less by 11.8% than the result of a year ago. This was reported to the analytical agency "AUTOSTAT" by the press service of the Union of Enterprises of the Automotive Industry of Kazakhstan "KazAvtoProm". At the same time, the republican market began its recovery, as in June it showed an increase of 12.6% to 4,176 cars.

The leader in the Kazakhstan car market in the first half of the year was Japanese Toyota, which sold 3,949 cars. The second place is occupied by the Russian LADA, the result of which was 3398 cars. The third position was taken by Ravon – Uzbek brand cars selected 1293 buyers. French Renault is behind with a quite little lost (1291 units). The top-five of leaders is closed by the Korean KIA (1,171 units).

In the rating of passenger cars the leader is the Toyota Camry business sedan (1475 units). It is followed by an off-road car LADA 4x4 (1253 units) and a crossover Toyota RAV4 (789 units). TOP-5 models is closed by LADA Granta (778 units) and Ravon Nexia (763 units).

According to Oleg Alferov, Chairman of the Board of the Union of Enterprises of the Automotive Industry of Kazakhstan "KazAvtoProm", the transition to the recovery of the industry became possible due to a significant expansion of the line of Kazakhstan car plants, stabilization of the macroeconomic background and painful adaptation to the new currency reality. "In the second half of the year, an additional factor in the market recovery will be the launch of the second phase of the disposal program, held in June. Thanks to it, owners of obsolete equipment will be able to buy local production vehicles with an impressive discount," he stressed.

Investors of maritime projects discuss potential of Kazakhstan's ports

An international transport and logistics forum which discussed the issues of increasing the cargo turnover of seaports, a single tariff for the Caspian transit corridor and mutually beneficial cooperation, was held in Aktau on July 20.

In addition, the investment attractiveness of the Mangistau region was demonstrated, Kazinform reported.

Being part of 'Nurly Jol' program announced by Kazakh President Nursultan Nazarbayev, the development of a new Eurasian logistics infrastructure is one of Kazakhstan's top priorities.

The Mangistau region plays an important role in this chain. With the implementation of logistics projects planned in Mangistau, the capacity of the Kazakhstan logistics node in the Caspian Sea by the end of 2018 will exceed 25 million tons.

Akim of Mangistau region Eraly Tugzhanov while delivering a speech at the meeting said that this region is the only one which is situated on the shore of the Caspian Sea and plays a key role in the program of the revival of the Great Silk Road.

"All conditions for further active cooperation with the Caspian countries are being created in Mangistau," he said.

The second phase of construction of the Kuryk port - the automobile crossing has already been launched. The project will create competitive environment in the development of road transport along alternative routes.

"A modern dry cargo and ferry fleet is being actively formed to develop multimodal logistics chains. By 2020, the fleet will be brought to 20 ships," Tugzhanov added.

A tripartite memorandum was signed between the akimat of Mangistau region, A + A Group of Companies and EnerMech. A bilateral memorandum between the ports of Aktau and Anaklia was also signed in the course of the forum.

Memorandums have been signed with a view of mutually advantageous cooperation in attracting investments in the fields of power, transport and logistics.

The forum was attended by the heads of state bodies, local oil companies, as well as the ports' representatives of countries which actively develop the field of maritime logistics including Russia, Azerbaijan, Turkey, China, Georgia, America, Britain and Italy, according to AzerNews.

AGRICULTURE

Agriculture of Kazakhstan

Agriculture has a significant, but a decreasing importance in the economy of Kazakhstan. Since 2010, the share of agriculture in the economic output is under 5%, which is less than 6.4% in 2005 and 8.2% in 2000. Out of the 8.5 million employed in the economy, about 1.4 million, or 16%, are employed in the sector of agriculture.

Agriculture has a significant, but a decreasing importance in the economy of Kazakhstan. Since 2010, the share of agriculture in the economic output is under 5%, which is less than 6.4% in 2005 and 8.2% in 2000. Out of the 8.5 million employed in the economy, about 1.4 million, or 16%, are employed in the sector of agriculture.

The agrarian sector contributed a third in the 1% GDP growth in 2016. It is noteworthy, that in the crisis year 2009, when the economy seriously slowed to 1.2% year-on-year, without the contribution of agriculture, economic growth would have been close to zero.

A large area with different climatic and soil characteristics determines the specialization of the regions. So, the northern regions traditionally develop grain production, where agriculture forms from 15% to 25% of the gross regional product. Regions of the South are engaged in the cultivation of rice, fruits, and vegetables, and the share of agriculture there reaches 15%. The rest of the regions are mainly engaged in livestock farming with an agricultural share of less than 10%.

Due to the fact that Kazakhstan is located in the zone of risky plant farming and at the same time uses mostly outdated methods of farming, there is an extremely high volatility

in total production from year to year. For example, the growth in gross agricultural output by 15% in 2009 was sequenced by a 12% decline in 2010, in 2011 the growth reached 27%, in order to subsequently fall by 18% in 2012. In 2016, due to relatively favorable climatic conditions and land productivity, output in agriculture grew by 5.5%, compared with 3.4% in 2015.

Production output in plant farming is by 39% formed by peasant and farmer units, 31% are provided by agricultural enterprises and 30% by household farms.

The output in livestock production is by 71% dependent on the households, 15% are by peasant and farmer units and 13% provide agricultural enterprises.

Thus, taking into account crop production, almost half of the agricultural production in Kazakhstan is produced by household farms, about 30% by peasant and farmer units and slightly more than 20% by agricultural enterprises.

The activity of the household farms, should rather be viewed as a form of self-employment, and as a source of additional income. For example, the slaughter weight of cattle for the households is lower by 20% than that of agricultural enterprises, the egg-laying rate of hens is lower by 80%, the milk yield is twice less. This, in turn, explains the low performance of agriculture as a whole. At the same time, the farms of the population have neither incentives (they produce primarily for their own consumption) nor opportunity (lack of agricultural technology, ag-knowledge, finance) to increase productivity. Obviously, the prevalence of small-scale production of agricultural food products that are not market-oriented gives grounds for assuming a low and questionable quality of agricultural products in terms of safety.

Exports of agricultural food products of Kazakhstan passed its peak in 2012 (\$3.4 billion), due to a very high crop of 2011, after which it gradually decreased to \$2.1 billion in 2016.

The share of agricultural exports in the country's total exports was 6%. The main export item for agrarian products is grain, whose exports bring more than \$1 billion per year on average over the past 10 years, and together with the export of flour, the share of these products exceed 60% of total exports. At the same time, there is a gradual decrease in grain exports and from 2015 Kazakhstan dropped out of the top ten world grain exporters. Other export products also decline, following the prices in the world market, where there was a decline in prices for plant products, while prices for beef remained almost unchanged, but increased for poultry meat, according to Halyk Finance.

To get the full version of the report please click [here](#).

Kazakh agriculture: investments pick up

Agriculture is the focus of investment interest. During the first half of this year, 19% more was invested in the development of the sector than a year ago.

The main flow of financing for the renewal of their funds is generated by agricultural producers themselves.

The attention of investors to agriculture is growing - during the first half of this year the volume of investments in the fixed capital of the enterprises of the industry amounted to 114.2 billion tenge. This is an increase by 18.6% over the same period of the last year.

In this context, the rate of renewal of funds in agriculture is also increasing. In January-June, fixed assets worth 91.6 billion tenge were put into operation, or by 35.4% more than a year ago.

Recall that the increased investment attention to the industry was recorded last year - for the first six months of the year the volume of investments in agriculture grew by 55.9% and amounted to 96.3 billion tenge.

The most actively financed two main segments in agriculture are the cultivation of seasonal crops and livestock.

This year, in the development of crop production (growing seasonal crops), investors have invested approximately KZT69.8 billion, or 19.1% more than the amount for January-June of the last year. This segment absorbs 61.2% of the total investment in agriculture.

In livestock, investors invest significantly less - the sector for the first half of this year received a total of 31.3 billion tenge. This is 27.4% of the total investment in the agricultural sector this year.

However, the rate of increase in investment in the development of livestock significantly outpaces the indicators in crop production. Compared to the volume a year earlier, the amount of investment in livestock grew by 45.6%.

The structure of investment flow in the industry shows that the main volume of financing for its development is sought by agricultural producers themselves.

The volume of own investments in agriculture for the year increased by 39.2% and amounted to 97 billion tenge. Including in the segment of growing seasonal crops, the amount of own funds in investments increased by 29.3%, to 58.3 billion tenge, and in livestock by 81.6% to 27.8 billion tenge.

At the same time, the volume of financial support for agriculture from banks, credit institutions and foreign investors is declining. Thus, the total volume of borrowed funds (including bank loans) for the year decreased by 27.3% and amounted to 17.1 billion tenge. The bulk of the reduction fell on the livestock industry - for the year the volume of loans to the segment decreased by 43.6%, or by 2.7 billion tenge.

At the same time, banks and other creditors more positively assess the prospects of crop production, the amount of investments for the year increased by 9.7%, or by 1 billion tenge, FinProm reported.

Kazakhstan increased exports of sunflower oil by 2.5 times

In May of this year from Kazakhstan to foreign markets was delivered 3.1 million tons of sunflower oil, which is 9.5% less compared to the previous month, but 2.5 times higher than may of last year.

The current season continues to show record levels of deliveries of the Kazakhstan oil on foreign markets. So, for the first nine months 2016/17 MG exports exceeded 30 thousand tons, which is 66% higher compared to the same period last season (18.3 thousand tons). Given taken by Kazakhstan on course for area expansion under oilseeds, and increasing refining capacity, is expected to further strengthen its position in foreign trade of sunflower oil.

2016/17 for the current season is characterized by an increase in the supply of sunflower oil from Kazakhstan to China (18.2 thousand tons compared to 9 thousand tons a year earlier), Tajikistan (6.5 thousand tons against 2.9 million tons), and Afghanistan (3.1 million tons versus 0.7 thousand tons). Collectively these countries account for more than 90% of total exports, KazWorld reported.

Kazakhstan, China ink \$160 million in agricultural agreements

Kazakhstan and China signed \$160 million in agreements July 11 during the Kazakh-Chinese Agriculture Investment Forum held as part of a two-day visit to the capital by Chinese Minister of Agriculture Han Changfu at the invitation of the Kazakh Agriculture Ministry. The forum brought together more than 100 business, education and science representatives from both nations.

“During the forum, seven agreements were signed worth \$160 million in total. Three of them are agreements dealing with trade. This is the agreement with our Food Contract Corporation that stipulates the supply of 200,000 tons of grain and 100,000 tons of oil crops [to China], as well as the construction of a grain terminal at the Kazakh-Chinese border,” said Kazakh Deputy Agriculture Minister Gulmira Issayeva, as quoted by Kazinform.

The two countries also agreed to strengthen cooperation in transferring advanced technologies and innovations.

“Kazakhstan’s Ministry of Agriculture and China’s Ministry of Agriculture signed a memorandum on understanding aimed at the creation of a model zone of agricultural cooperation based on the National Agricultural Research and Education Centre. It will

contribute to the creation of joint processing plants and introduction of innovations in agriculture,” said Kazakh Agriculture Minister Askar Myrzakhmetov.

Kazakh AgroTechnical University also inked agreements with China’s Northwest University of Agriculture and Forestry that outline establishing a joint agricultural technology park.

Construction of a biosafety laboratory will begin in several stages.

“The first stage will run based on the grant provided by the Chinese side aimed at the establishment of a modern veterinary laboratory, where specialists will be able to conduct joint research of farm animals’ diseases. Afterwards, a laboratory of a similar kind will be established to study quarantine objects and thus we will cover the entire range of agricultural products,” added Issayeva.

State-owned Zhannur-Astana and the Chinese Tianyang Yin Hai Seed Co. also inked an agreement detailing investments to create a seed cluster with a full grain processing cycle, including transferring advanced practices in seed production.

Myrzakhmetov met with Han the same day to discuss developing Kazakh-Chinese agricultural cooperation. They also touched on joint investment projects, including processing rapeseed oil, milk, meat, tomatoes and other products, Astana Times reported.

EXHIBITIONS IN KAZAKHSTAN (July-September 2017)



EXPO 2017 "Future Energy"

International Specialized Exhibition
10 June – 10 September 2017, Astana
Organizer: Astana EXPO-2017
www.expo2017astana.com



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



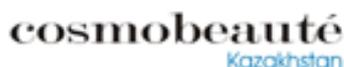
Interiors

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

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/>

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