



A bi-weekly online publication of
the Ministry of Foreign Affairs of
the Republic of Kazakhstan

www.mfa.kz

Issue # 82

Friday, 30 July 2010



After 35 Years, Helsinki Final Act Has Not Lost Relevance, Says OSCE Chair
(Saudabayev says OSCE summit will result in new 'Spirit of Astana')

Kids from South Kyrgyzstan Enjoy Vacation as Part of Kazakh Assistance
(Initiative from Kazakh presidency of SCO, part of greater humanitarian effort)

Kazakh Economy Grows 8% in First Half of 2010, Challenges Remain
(Massimov targets sustainable growth, IMF urges attention to banking sector)

Authorities Report Completing Repair in Village Destroyed by Spring Flood
(Kyzylagash village in Almaty oblast rebuilt from scratch with nationwide help)

Lake Alakol Attracts Tourists with Its Silky Water, Unique Bird Watching
(The area becomes major destination, chance remains to enjoy it ahead of others)

After 35 Years, Helsinki Final Act Has Not Lost Relevance, Says OSCE Chair



President Nazarbayev signs a document on
Kazakhstan joining the Helsinki Final Act in July 1992.
Photo by the Foreign Ministry

After 35 years Helsinki Final Act has not lost relevance, says OSCE Chairperson-in-Office: The Helsinki Final Act remains as relevant today as it was when it was signed 35 years ago, the OSCE Chairperson-in-Office, Kazakhstan's Foreign Minister and Secretary of State Kanat Saudabayev, said today ahead of the August 1 anniversary.

"For the 35 years of its existence, the Helsinki Final Act has not lost its relevance and topicality. The innovative and comprehensive concept of security that was established by the leaders of 35 states in Helsinki remains today an important factor of security and co-operation in the OSCE area of responsibility," he said.

"At the same time, truly tectonic changes in the world that have taken place, particularly in recent years, require the OSCE participating States, and first and foremost their leaders, to search for adequate responses to these new challenges and threats. This is why the timeliness of an OSCE summit in Astana this year is difficult to overestimate. Our aim is to move from the concept of a 'space of security from Vancouver to Vladivostok' to the creation of a single Euro-Atlantic and Eurasian community of security."

Saudabayev added: "We believe that a result of the summit will be a new 'Spirit of Astana' that will naturally and logically stem from the new geopolitical realities and the Helsinki Final Act. This will

represent a commendable way to mark the anniversary of the Organization and will encourage new achievements in the 21st century.”

The Helsinki Final Act, signed by presidents and prime ministers from 35 countries on 1 August 1975, was seen as a major step in reducing Cold War tensions and led to the formation of a permanent forum for dialogue on security, the Conference on Security and Co-operation in Europe, now the OSCE.

The Act established a uniquely comprehensive definition of security - encompassing the politico-military, the economic-environmental and the human dimensions - and along with the commitments subsequently agreed by the participating States continues to guide the OSCE’s work.

A Summit bringing together the leaders of the 56 States which make up the OSCE today is planned to take place in Astana before the end of the year.

Kids from South Kyrgyzstan Enjoy Vacation as Part of Kazakh Assistance

Following the tragic events in southern Kyrgyzstan in June, inhabitants of the Osh and Jalal-Abad regions there have been experiencing a real social disaster. Realizing the difficulties the brotherly nation is facing, Kazakhstan is rendering multi-faceted support.

This includes a humanitarian aid campaign which offers dozens of children from the areas of Kyrgyzstan, hit by the recent riots, an opportunity to spend vacation and improve their health at a children’s health complex called “Tau Samaly” in the Zhambyl Oblast, Kazakhstan.

The action is taking place within the initiative of the Kazakh presidency in the Shanghai Cooperation Organisation for 2010-2011, according to which member states are inviting the Kyrgyz children who suffered psychological trauma witnessing the riots to recover by having a memorable vacation among their fellow kids from the friendly nations.

Upon arrival at “Tau Samaly” on July 25, the children aged 10 to 15 years of Kyrgyz, Uzbek and other ethnicities were accorded a warm welcome from the complex managers and vacationing Kazakh children. After a ceremony of raising both nations’ flags, a special concert was organized for newcomers.

Deputy Director of “Tau Samaly” Askar Telebayev said: “It was the President of Kazakhstan Nursultan Nazarbayev, who gave a helping hand to our brotherly nation and initiated this program. And it’s truly a good cause to help children from the violence-stricken areas. Our children received them very warmly. The children are going through a period of adaptation now, and spending their time in our complex is a truly fun and unforgettable experience for them”.

Local authorities and general public unanimously supported the idea to invite children from Kyrgyzstan to “Tau Samaly”. The main purpose of this campaign is to restore the children’s health and ensure their psychological rehabilitation after moral shock and physical strain. Experienced educators, psychologists and doctors are already helping in their recovery.

The camp management is convinced that communication with peers and intense program of summer vacation give the Kyrgyz kids an opportunity to cope with stress. They learn local history and environmental protection at the “Tau Samaly” complex. Their most favourite activity is mountain hiking classes. Experienced instructors teach them to develop an eye for the ground, make fire and do other tricks. Fun competitions are also held in the evenings.

It is worth noting that there are both ethnic Kyrgyz and Uzbek children in the group and they do not have any disagreement between them. On the contrary, according to one person on the camp staff, they make the friendliest and most united group.



Dozens of children from South Kyrgyzstan are spending their time in a summer camp in the Zhambyl Oblast of Kazakhstan, recovering from a psychological strain of witnessing ethnic riots at home in June.
Photo by the website of Kazakh Presidency of SCO (www.sco2011.kz)

“One should express a special gratitude for a very friendly neighbour nation of Kazakhstan. We did not expect that we would be offered such a warm hospitality. Other Kyrgyz children can only dream of such a holiday at the “Tau Samaly” camp,” one of the vacationers said.

This year the Kazakh Government provided more than 117 million KZT for the Kyrgyz children’s summer holidays. They will stay here until August 6, 2010.

Arranging the children’s vacation is only a small part of a large campaign in which Kazakhstan is rendering a humanitarian aid to the Kyrgyz people. Under the Kazakh Government’s regulations on assistance to the neighbouring country amounting to US\$ 11.6 million, construction materials such as wood, metal, roofing materials, as well as coal for power plants, and a large amount of food products are being delivered to the trouble-hit areas of Kyrgyzstan.

Currently, the Almaty branch of state enterprise “Reserve”, which manages the government’s emergency stockpiles, has completed the loading of large amounts of rice.

According to the director of the Almaty branch of “Reserve”, Beibut Manatov, the first batch of 30 wagons containing 1,800 tonnes of rice is already on its way to the city of Osh, where the recipient is the Kyrgyz Emergencies Ministry. The second part of the cargo is planned to be delivered to Jalal-Abad a little later. In total, 47 wagons, weighing 2,800 tonnes, will be sent to Kyrgyzstan.

“Apart from rice, the humanitarian cargo comprises 188 tonnes of buckwheat, 60 tonnes of soap, 234 tons of slate, more than 3000 cubic meters of edged board. As far as I know, most of them have already been shipped”, Manatov told the Focus newspaper.

Kazakh Economy Grows 8% in First Half of 2010, Challenges Remain



Tallying up the results of ministers' reports at the government meeting on July 27, Prime Minister Karim Massimov said good records of Kazakh economy in the first half of the year instill optimism. Nevertheless he warned of hard work needed to keep the economy safe: "We should not stop at the achieved results, however... The government team should not fall for populism, but rather prepare for a tough year of 2011." Photo by the Kazakh Government's website (www.ukimet.kz)

On Tuesday, July 27, Kazakhstan’s Cabinet has met to sum up the results of the first half of the year and discuss the challenges in implementing the strategic goals. During the extended semi-annual session, ministers and heads of state agencies reported to Prime Minister Karim Massimov, drawing a bold line under the tasks set earlier.

Minister of Economic Development and Trade Zhanar Aitzhanova said in the first half of this year Kazakhstan has seen a significant 8% GDP growth with the inflation rate not exceeding 4.5%. This, according to the minister, means the country has been able to overcome the crisis and reflects the nation’s upward economic trend. Measures taken by the government within the anti-crisis programme focused on stimulating the domestic demand and maintaining business activity have made an important contribution to the economic recovery, she added.

The development of non-financial sector came to the top as well, for the industrial production of Kazakhstan has grown by 11% against 1.8% upturn over the same period last year. The dynamics of growth is common for the country’s manufacturing industry (18.3%), mechanic engineering (67.8%), chemical sector (67.5%), food industry (14.6%) and agriculture (3.1%).

In addition, the reduction of investments flow into the manufacturing industry, wholesale and retail business, transport and warehousing stimulated the advancement of internal resources, which accounted for 40.2% in agriculture, 27.7% in production sector, 39.8% and 54.8% in construction field and electricity supply.

As stated by the Minister, due to the introduction of new residential space and implementation of investment projects, the government ceased the deceleration of growth in construction sector. Thus, investment in the residential development has increased by 14.5% this year.

Courtesy of a number of consistent steps to promote entrepreneurship and improve business climate in Kazakhstan, the rebound of its real economic sector was made possible. Within these measures, the state's partner banks supported more than 2,500 entrepreneurs, having allocated nearly 144.7 billion tenge for the development of small and medium-sized enterprises (SMEs). "Business road map-2020" has been launched this year to revitalize entrepreneurship and support new business initiatives, as well as to blunt the administrative barriers for SMEs representatives, which enabled to increase their production turnout almost by 6.1%.

On the whole, the production output of Kazakhstan's industrial companies has accounted for 5.5 trillion tenge. Last year's indicators were outbid almost in all spheres, whereas the greatest production growth is observed in Pavlodar, Kostanai, South Kazakhstan and Almaty regions. The main reason for the latter, Aitzhanova said, was the start of 72 projects implemented within the state programme of accelerated industrial and innovational development (PAIID).

Albert Rau, First Vice Minister of Industry and New Technologies, contended: "Our main objective today is to get the project into top gear in order to feel its positive impact on major macroeconomic indices by the end of this year. Now it is the priority goal for the local administrations of the country's regions."

The government's rescue efforts in the labour market enabled to reduce the country's unemployment rate down to 5.8% in the second quarter of 2010. More than 140,000 job positions have been created with about half of them in the rural areas.

According to the Kazakh Minister of Finance Bolat Zhamishev, a current state budget policy has its own specific advantages. Kazakhstan's tax revenues have increased by almost 20% in the first six months through the introduction of new customs duties, and reduction of unemployment rate, as well as through increases in advance payments, debt repayment and VAT.

Minister of Agriculture Akylbek Kurishbayev reported on the step taken to eliminate the consequences of unusual heat and the resulting drought in western regions. In his words, nearly 400,000 tonnes of grain of the "Food corporation" national company will be transferred from the north of Kazakhstan to the regions under stress. Moreover, the debts of agrarians who were victimized by the drought will be reconsidered. The government, he noted, is to allocate extra budget resources for the support of livestock sector and cheapening the cattle fodder. The Ministry of Agriculture is planning to establish a reserve seed bank and back up private household farms in fodder conservation.

"Implementation of all these measures will furnish the country's western regions with the necessary amount of food grain, supporting the agrarians and preventing the reduction of livestock. Thus, the stability of the industry will be preserved," Kurishbayev stressed.

Tallying up the results of the meeting, Massimov positively appraised the country's social and economic development in the first half of the year. "The reports made by the ministers today instill optimism. The tasks posed by the President are being consistently implemented. We should not stop at the achieved results, however," he said. "The government team should not fall for populism, but rather prepare for a tough year of 2011."

Massimov explained his warming by the planned withdrawal of recovery measures in the EU and the U.S., which would lead to slower economic growth globally and lower demand for Kazakh products.

As early as mid-August, the government will gather again to discuss the revised state budget for 2010 and a range of other topical issues. The agenda will also include the upcoming 2011 Asian Winter Games, PAIID, as well as education, health, and employment development aspects.

On the same day, the International Monetary Fund (IMF) issued a statement urging Kazakhstan to take additional measures to restore confidence in the banking sector, including strengthening banking supervision and regulation, as well as independent assessment of major banks.

In an annual review of the Kazakh economy, the IMF called for a "comprehensive and transparent bank resolution strategy" to reduce the non-performing loans. It said such a plan should be accompanied by a full review of bank recapitalization needs and regulations.

The IMF said it supported plans to gradually withdraw stimulus measures from the financial sector and the economy. Still, it cautioned the authorities to carefully consider the costs and benefits of borrowing oil savings to finance the deficit. It forecasts economic growth in Kazakhstan will reach 4.1 percent in 2010 and rise to about 4.8 percent next year, from 1.2 percent in 2009. The IMF said the near-term outlook for the Kazakh economy had improved as exports have picked up, and inflation is set to remain under control.

Authorities Report Completing Repair in Village Destroyed by Spring Flood

Kazakhstan's government has pulled all stops to rebuild the Kyzylagash village, ravaged by a flood last March. In just four months the state fully restored the flood-affected village in the Almaty oblast, including all socially important facilities and residential houses.

On July 28, Kyzylagash residents witnessed an opening ceremony of the last part of new cottages and 12 apartments, rural schools, hospitals, and kindergartens with Akim (Governor) of the oblast Serik Umbetov handing the keys for those moving in.

Speaking at the opening ceremony of social facilities, Umbetov said: "A prompt and efficient construction of the whole village with all communications, housing and social facilities indicates the economic power of Kazakhstan, the government's work for citizens, and the unity of all its inhabitants in the face of emerging threats."

Apart from the state's support, many public organizations, private companies and ordinary citizens offered their help, so that the residents during the reconstruction works be provided with everything that is necessary both at the place of evacuation and a tent camp: hot meals, clothing, hygiene products, medicine and medical help. When the tragedy happened in March, in a nationwide campaign those who sympathised donated their income of one day to relief and reconstruction efforts in the flood-hit village.

In general, with repair and rehabilitation operations in Kyzylagash, 465 new cottages were built and 30 houses were fully repaired. In erecting these new cottages, modern construction materials were used. All of them were supplied by furniture and household appliances. Each house has a water supply system, a telephone line and internet access.

Apart from village restoration, the government provided a post-disaster recovery. Every cottage is granted a garden plot of 15 hundred square meters; each resident receives about two hundred kilograms of grain grown on specially designated areas at the expense of the local budget. Despite the losses during the floods, each family will soon become a small-scale farm as the state pays to buy one cow, a horse, and ten sheep for them.

Earlier, a part of socially significant facilities was already reconstructed and refurbished, including the buildings of the village administration, community centre, post office, and a police post.

The community centre has an auditorium for 300 seats, a dance hall, and rooms for hobby groups. There is also equipment for screening films in 3D, which arouses interest of all residents.

The Kyzylagash school, severely damaged by the flood, was also reconstructed. The government allocated more than 226 million KZT on repairing it.

The new kindergarten for 120 places is now located on the 1-2 floors of the former boarding school. A total of 12 apartments, which include 8 one-room, 2 two-room and 2 three-room apartments occupied the third floor of this boarding school. All apartments have a convenient layout, living rooms, kitchens, and bathrooms.

Local authorities spent 180 million KZT for reconstruction of the kindergarten and 12 apartments, and 45 million KZT for the rebuilding of the rural ambulant clinic.

The Kyzylagash Dam failure occurred in the early morning hours of March 12, 2010 when a dam burst open after a heavy rainfall and melting snow.

According to official data, as a result of this emergency at least 43 people were killed, an additional 300 people were injured, and more than 1,000 had to be evacuated from the village.



The office of Akim (Governor) of the Almaty Oblast invited the mass media this week to Kyzylagash hit by the sever flood this year in March to report completion of reconstruction of the village and witness it for themselves. Photo by the office of Akim of the Almaty Oblast.

Lake Alakol Attracts Tourists with Its Silky Water, Unique Bird Watching



The Alakol Lake in south-eastern Kazakhstan attracts tourists with a combination of warm saline water and unique conditions for bird-watching.

Photo by the Foreign Ministry

As the tourist season gathers pace, one of the most unique destinations of Kazakhstan, the Alakol Lake, attracts vacationers and holidaymakers from around the country and abroad.

The Alakol is located 180 kilometres east of the Balqash Lake, near the border with the Xinjiang Uighur Autonomous Region of China. It is a part of the Balqash-Alakol lowland and the northwest extension of the region known as the Dzhungarian Gate (Alatau Pass), a narrow valley connecting the southeastern uplands of Kazakhstan with arid northwest China.

The Alakol itself has both large and small islands plus areas of marsh and scrub. It towers 347 meters above sea level, and is 104 kilometers long and 52 kilometres wide. The lake reaches a depth of 55 metres and receives more than 15 feeders including the Urdzhar, Katynsu,

Yemelkuisa, Zhamanty and Tasty rivers.

The Alakol Lake is unique in its beauty and wildlife. Its colour changes from violet to dark blue or even light pink, depending on the time of day and the weather. It is traditionally one of the destinations where Soviet cosmonauts were advised to travel to have a rest and relax after a mission. The average summer temperature of the water is 26 degrees Celsius.

In the center of the Alakol there are Ulken, Kishkene, Araltobe, Belkuduk and a number of other smaller islands. The two big beach areas are in Koktuma and Akshy settlements on the southern shore. The black pebble beaches around the lake offer opportunities for swimming or simply soaking up the sun. The water, with the salinity range of 16%, is also renowned for its healing qualities. In addition, the lakeside area offers tourists a chance to try a mud bath.

A Bird Island, situated in the middle of the lake, is a conservation site and a home to nesting birds in the summer. The main attraction of this area is bird life, with a huge variety of water birds congregating here, such as Dalmatian and White Pelican, Ferruginous Duck, and White-Tailed Eagle. Other species found include the superb-looking Great Black-headed Gull, Caspian Gull and Tern, Grey Heron and Terek Sandpiper plus European Bee-eaters and European and Oriental Turtle-doves. It is also on the migratory route of many other species.

The Bird Island is a few hours by boat and can be difficult to reach due to strong winds, which make traversing Alakol Lake hazardous. The best period to view the birds is from May to September. It is often possible to hire a boat to visit the islands for a closer view.

There are also hiking and horse back riding opportunities in the mountains nearby. For more bird watching and canoe trips there is a wetlands area which is part of the reservation. To really get a feel for the life in the region, one may take an opportunity to stay with a local family or even stay in a traditional yurt. At the moment, the only permit needed for the Alakol Area is the one from the local police in Usharal which enables entering the mountain area near the Chinese border.

As for the origin of the lake's name, a renowned Kazakh scientist Konkashbayev suggests it came from the combination of such Turkic and Mongolian words as "ala" and "kol", which means the "Great Lake" or the "Mountain Lake".

Another guess of the name's origin is the lake's diverse contours. The variety and irregularity of its shape, water volume and color made the original residents call it "Alakol", where "Ala" means "motley, variable".

There are many options for transportation from Almaty to the Alakol Lake area. Apart from private vehicles, there is an international train "Almaty-Urumqi" running twice a week through Beskol, which

takes about 19 hours and leaves from Almaty around 9 a.m., arriving at 6 a.m. the next day. It takes about 15 minutes to get from Beskol to Usharal by taxi.

Another option is the Almaty-Usharal bus taking about 11 hours to get to the destination. The buses leave in the evening and arrive early in the morning. From there, you will also get to Akshy or to Koktuma by taxi.

It is also possible to fly from Astana to Taldyqorghan, a capital of the Almaty oblast, and the drive to the Alakol area from there is three or four hours, or to Semey or Oskemen, and from both places it takes five or six hours by car to reach the lake's less visited but no less friendly or beautiful northern shore.

It is true that in the Alakol lake area, you will not yet find a rich tourist infrastructure or high-grade hotels. The place still has a good deal to work on, and authorities are seeking to accelerate improving its social and economic facilities. After ratifying the Convention on Biological Diversity, the Government of Kazakhstan has undertaken commitments to save the unique natural site. The establishment of the Alakol State Reservation in 1998 became an efficient step towards the implementation of the document.

There are a number of middle class guesthouses and cottages, including "Alakol", "Aigerim", "Aksai", "Mako" and other private ones, providing a good range of services and, most importantly, enabling a tourist to enjoy the amazing natural beauty and tranquility of the scenery.

Also in the News:

- On Tuesday, July 27, Kazakh Prime Minister Karim Massimov held a meeting with Special Envoy of the United States Secretary of State for Eurasian Energy Richard Morningstar. During the negotiations, the parties discussed a wide range of issues on the development of bilateral energy cooperation, as well as the activity of US companies in fuel and energy sector of Kazakhstan.
- The amount of export oil customs duties will depend on hydrocarbon prices, Prime Minister Karim Massimov said on Tuesday during the press conference in Astana. "Increases or decreases in export customs duties (ECD) will be contingent on prices for energy resources," he noted. Earlier this month, Massimov tasked the Ministry of Finance to prepare proposals on restitution of export customs duties for a number of raw materials. Minister of Finance Bolat Zhamishev later said starting from August this year the ECD will be introduced for oil and other ore mining production, and will amount to US\$ 20 per tonne for crude oil, US\$ 99.71 and US\$ 66.47 for light-oil and dark-oil products.
- EurAsEC Anti-Crisis Fund has provided a US\$ 70 million loan to Tajikistan to finance its social activity, press service of the Eurasian Development Bank (EDB) announced on July 27. An agreement on providing the Central Asian state with a 20-year loan at the fix rate of 1% per annum was signed in Dushanbe last Saturday. The Tajik government is planning to use the financial credit resources for maintaining its state budget in 2010 and ensuring social sphere with budget allocations. The EDB is an interstate financial institution established by Kazakhstan and Russia, with Belarus, Tajikistan, and Armenia also contributing smaller sums to its activities.
- The Khalifa Bin Zayed Foundation for humanitarian works (KBZF) has sponsored the ongoing construction of a maternity hospital and a "Sheikh Khalifa bin Zayed Al Nahyan Mosque" in Shymkent, the third largest city in Kazakhstan in terms of population. KBZF is equipping the hospital with the latest medical equipments in order to provide health care services to women for "maternity and childbirth". The project aims to raise the level of medical treatment for mothers, infants and children and reduce the cost of treatment to poor families. The mosque is designed on the model of traditional Islamic architecture and will be become one of the largest mosques in Kazakhstan after its launch. The total area of the site of the mosque is about 6,500 square meters.
- In Ekibastuz, LLP "Kazakhstan's car building company", established in May this year on the basis of "Taman" car-maintenance depot, has assembled its first 18 freight wagons. The company handed the wagons over to JSC "Kaztemirtrans", an affiliate of the "Kazakhstan Temir Zholy" national railway company during the ceremony on July 28. The first start-up facility on production of freight wagons is coming into operation soon. The project worth US\$ 51 million is financed by Kazakhstan's Development Bank (part of state-run Samruk-Kazyna group of companies) and is aimed at satisfying

the needs of the national carrier. The total output capacity of the plant will amount to 2,000 open-top wagons and 500 covered wagons per year.

- In Almaty, a charge-free excursion route for people with disabilities has been introduced in July. “The tourist route runs through major places of interest in Almaty, including parks, theatres, new shopping and entertainment centres,” a volunteer of the “Zhol Ashar” (Open Road) project Zhamilya Zhukenova said at a press-conference in Almaty on Tuesday. In her words, a bus or a taxi adapted for physically challenged persons may carry almost 15 people in a single run. Since July 11, more than 40 people have taken part in excursions. The project will function till August 7, following which it will require some sponsor support. The initiative is implemented through the efforts of “Sabi” foundation in cooperation with Kazakh tourist organization, Alliance of Invalids of Kazakhstan, the Yerzhan Tatischev Foundation, MediaNet press centre, and a news agency.
- On July 28, Kazakhstan “Aktobe” football club has beat Israel’s “Hapoel” 1-0 in the first match of the third round of the UEFA Champion League’s qualification. A single goal by Samat Smakov of “Aktobe” was scored on the 67th minute after a penalty was awarded for a handball by Hapoel’s right back Douglas. The return match will take place in Tel-Aviv on August 3.

Things to Watch:

- The Ministry of Tourism and Sports of Kazakhstan will present an official tourist site www.visitkazakhstan.kz on July 30 in Astana. The main goal of the project is to introduce Kazakhstan as the new tourist destination and provide help for foreigners heading off to the country. The site will contain information on sightseeing, tours, as well as on-line hotel reservation service, and hourly updated news. The portal is aimed at further strengthening the international image of Kazakhstan and covering its tourist potential.
- On July 30-31, the First International Livestock Forum “KazMeat & Milk 2010” is taking place in Astana. The leading producers of meat and dairy products from Kazakhstan, Russia, Belarus and Europe will gather to discuss issues of attracting investments into the industry. Representatives of the World Bank and World Food Programme are expected to partake in the event. A conference of meat producers will also be held as part of the forum.

Note: During the month of August, Astana Calling will be issued once, not twice a week as is the standard practice.