



Kazakhstan Confirms Commitment to Nuclear Disarmament, Non-Proliferation (Kanat Saudabayev addressed the Conference on Disarmament in Geneva)

OSCE, Council of Europe to Improve Coordination of Efforts (Saudabayev participates in the Council of Europe-OSCE meeting in Geneva)

Kazakhstan Joins European Cultural Convention, Advances on its Path to Europe (FM Saudabayev presents accession document to Council of Europe's Jagland)

Kazakh Government Outlines US\$40 Billion Industrial Programme (Program of Intensified and Innovation Development for 2010-2014 approved)

Kazakhstan Looks to Become a Post-Soviet Leader in Islamic Finance (Arab newspaper reports on positive assessment from Malaysian businessmen)

Kazakhstan Confirms Commitment to Nuclear Disarmament, Non-Proliferation

Kazakhstan, a country that voluntarily renounced the world's fourth largest nuclear arsenal and shut down the largest nuclear test site at Semipalatinsk has been and will continue to be a strong advocate of and active participant in the global non-proliferation process and the efforts to reduce the nuclear threat, the country's Secretary of State and Foreign Minister Kanat Saudabayev told the

Conference on Disarmament in Geneva on March 5, 2010.

The conference is a multilateral disarmament negotiating forum. It was established in 1979 by the international community for the negotiation of

multilateral arms control and disarmament agreements. While the conference is not formally a United Nations (UN) organization, it is linked to the UN through a personal representative of the United Nations Secretary-General who also serves as the secretary general of the conference. Resolutions adopted by the UN General Assembly often request the conference to consider specific disarmament matters. In turn, the conference annually reports its activities to the Assembly.

Saudabayev said the year of 2009 was "a momentous year for the disarmament community". He referred to changes in the non-proliferation and disarmament policies of the USA, including President Obama's initiative to convene a global summit on nuclear security, his decision to give a new impulse to an early ratification of the Comprehensive Nuclear Test-Ban Treaty. These have been positively received by the international community and have inspired a new hope. The progress in the negotiations



Kazakhstan urges all UN member states to commemorate fully August 29 as the International Day against Nuclear Testing, as per a UN General Assembly resolution from last December," Kanat Saudabayev told the Conference on Disarmament in Geneva on March 5.

Photo by Maxim Shimanskiy

between Russia and the United States to conclude a new agreement to replace the START Treaty is of crucial importance, the Kazakh foreign minister stated.

Speaking about the existing mechanisms for the global disarmament process, he referred to the need to upgrade the fundamental instrument in this area that is the Treaty on the Non-Proliferation of Nuclear Weapons. Big hopes are pinned on the upcoming NPT Review Conference, scheduled to be held in May, and the Kazakh diplomacy is working to prepare meaningful proposals for the upcoming debates.

Another event, which is of great importance for the international community is the Washington summit on nuclear security, due in a little more than a month. "President Nazarbayev plans to share, at the summit, his vision of further steps to enhance nuclear security. It would not be an exaggeration to note that Kazakhstan offers a model of leadership that is needed to reduce the nuclear threat at the global level," Saudabayev said.

It is clear that problems in implementing the Treaty on the Non-Proliferation of Nuclear Weapons require developing "clear mechanisms of putting pressure on those nuclear-weapons states that are operating outside the framework of the NPT and to prevent the withdrawal from the Treaty".

This in turn requires ensuring "an unconditional compliance of its parties with their commitments, embodied in the unity of the three fundamental elements - non-proliferation, peaceful uses of nuclear energy and disarmament".

As the nation that suffered most from decades of nuclear tests at its territory, Kazakhstan is strongly supportive of an early implementation of the Comprehensive Nuclear Test Ban Treaty (CTBT).

"We welcome the decision of the President of the United States to seek the ratification of the Treaty and we hope that this will send an important signal to those countries that have not yet done so," Saudabayev stated at the conference.

He reminded the international community about the United Nations General Assembly' resolution, approved at the initiative of Kazakhstan, declaring 29 August, the date when the Semipalatinsk nuclear test site was officially shut down, as the International Day against Nuclear Tests.

"In this regard, I would urge the Conference to support the implementation of that resolution by practical actions," the Kazakh diplomat said.

Another mechanism, through which Astana has contributed actively to the international and regional security, is the functioning of a Nuclear-Weapon-Free Zone in Central Asia. The treaty establishing it was signed by five countries of the region and entered into force one year ago.

"I would like to emphasize the strong commitment of the regional states to the completion of the process of institutionalization of the Treaty and their willingness to engage in a constructive dialogue with the five nuclear Powers, in order to sign a protocol on negative security assurances," Saudabayev said.

While strongly opposing some nation's attempts of acquiring nuclear weapons, Astana supports fulfillment of nations' legal right for the peaceful use of nuclear energy.

"Kazakhstan supports the right of all members of the international community to develop nuclear energy, in strict compliance with the NPT and under the IAEA supervision," Saudabayev reminded. In this respect, he reminded of Astana's officially stated readiness to host an international nuclear fuel bank on its territory under IAEA auspices and ensure the proper storage of nuclear fuel. He expressed his appreciation to those countries that, in principle, have supported Kazakhstan's initiative.

Kazakhstan is known internationally as one of the three countries with the largest resources of uranium, which is the main source of nuclear energy, and the world's largest uranium producer since 2009. Referring to the global "nuclear renaissance" of nuclear power production energy in the early 21st century, after almost two decades of downturn in the industry, Saudabayev said Kazakhstan was looking forward to actively develop cooperation in the uses of nuclear energy for exclusively peaceful purposes.

The head of Kazakh foreign office also stated the country's support for an early start of negotiations on a groundbreaking Treaty Banning the Production of Fissile Materials, which is capable of making "a critical contribution" to preventing the spread of nuclear weapons.

"Thanks to the fissile materials cut-off, the possibility of illegitimate military nuclear programs will be kept to the minimum and the control over the existing materials will be improved while the risk of

nuclear terrorism will be greatly reduced,” he noted as he lent Kazakhstan’s support in favor of elaborating the treaty.

In closing, the Kazakh Foreign Minister reminded of President Nazarbayev’s belief that all efforts to discourage non-nuclear states from attempts to acquire the mankind’s most powerful weapons were of little effect unless nuclear states show an example and leadership by both cutting their own arsenals and providing legal guarantees of security for non-nuclear-weapon states.

“In our view, it is time to proceed with the elaboration of an international legally binding instrument on security assurances to non-nuclear-weapon states provided by the nuclear powers. Only such assurances can effectively address the aspirations of certain non-nuclear-weapon states to acquire nuclear weapons, which they view as a guarantee of their security,” he said.

Saudabayev said Astana was ready to continue its efforts in the international movement for disarmament and non-proliferation within the upcoming Global Nuclear Security Summit in Washington, DC, the Conference on Disarmament in Geneva, the Organization for Security and Cooperation in Europe, the Conference for Interaction and Confidence-Building Measures in Asia, and all other formats.

OSCE, Council of Europe to Improve Coordination of Efforts



Establishing close cooperation between the OSCE and the Council of Europe is of importance for the entire international community, Kanat Saudabayev said as he met Federal Councillor Micheline Calmy-Rey of Switzerland, Chairperson of the Committee of Ministers of the Council of Europe during the 19th high-level “2+2” meeting in Geneva on March 5. Photo by Council of Europe

The OSCE and the Council of Europe work together well, but an even closer co-operation would be beneficial, said OSCE Chairperson-in-Office, Secretary of State and Minister of Foreign Affairs of Kazakhstan Kanat Saudabayev, following a high-level meeting with the Council of Europe Chairmanship and Secretariat in Geneva on March 5, 2010.

OSCE Secretary General Marc Perrin de Brichambaut also took part in the meeting, while the Council of Europe was represented by Swiss Chair of the Committee of Ministers, Federal Councillor Micheline Calmy-Rey, and Secretary General Thorbjorn Jagland. They discussed the priorities of the two Chairmanships for the year, as well as co-operation between the OSCE and the Council of Europe, in particular with respect to field activities in Eastern Europe, South-Eastern Europe and the South Caucasus.

“The OSCE and the Council of Europe promote co-operation in priority areas such as fighting terrorism, combating human trafficking, promoting tolerance and non-discrimination and respect for the rights of national minorities - based on the shared values of human rights, democracy and the rule of law,” Saudabayev said. “It is important that we co-ordinate our work, particularly in our field operations, to avoid

unnecessary overlap and ensure that our activities are complementary, effective and beneficial to our states.”

Saudabayev reiterated the strong support of the Kazakh Chairmanship for the Corfu process, the OSCE-anchored dialogue that aims to restore confidence and take forward discussions on wider European security. He added that the Corfu process would be instrumental in preparing the groundwork for an OSCE summit this year, and he invited the Council of Europe to contribute to the agenda of such a summit.

Other fields of co-operation between the two organizations include election observation, legislation reform, Roma and Sinti issues, human rights, democratization and local government. The Council of Europe’s 47 member states are all OSCE participating States.

Following the meeting, the OSCE and Council of Europe issued a joint declaration, in which they reaffirmed their readiness to reinforce collaboration “on the basis of complementarity, while respecting the autonomy, nature, different membership and distinctive tasks of the two organisations”. The declaration stated their willingness to continue with meaningful interaction on observing proper implementation of common values of democracy, tolerance, and protection of human rights, as well coordinating their activities in seeking peaceful settlement for the protracted conflicts in Europe.

Kazakhstan Joins European Cultural Convention, Advances on its Path to Europe

Kazakhstan has ratified the European Cultural Convention, and now formally joined the convention as Secretary of State – Minister of Foreign Affairs Kanat Saudabayev presented the accession documents to Council of Europe’s Secretary General Thorbjorn Jagland during their March 5 meeting in Geneva.

The main purpose of this document is to encourage multiple forms of interaction between cultures in order to promote mutual understanding between the countries of Europe, the dissemination of knowledge about them and preserve their cultural heritage. As a multicultural country, Kazakhstan is able to make a major contribution to the field of intercultural dialogue, especially given the integration of cultures in a globalizing world.

Culture of the peoples living in the country will be promoted in almost 50 countries in Europe. Kazakh specialists will also be allowed to explore the culture of European countries.

The Convention has been ratified more than fifty years ago in Paris by the Council of Europe. It is the basis for European cooperation in the field of culture, education, youth and sports.

Each signatory country aims to preserve the European cultural heritage in its territory, as well as to encourage the study of other cultures on their territories. Kazakhstan became the 49th country to ratify the Convention and the third country, along with the Vatican and Belarus, that is not a member of the Council of Europe.

In addition, the ratification of the European Cultural Convention gives Kazakhstan the right, without special invitation of the Committee of Ministers of the Council of Europe, to become a party to many of the European treaties.

Among the most important is the European Convention on the General Equivalence of Periods of University Study. According to this document, students in all disciplines could spend periods of study abroad. Tests passed and courses taken by such students during these periods of study could be recognised by their institution of origin. Another convention that the country can join without special invitation is the European Agreement on Continued Payment of Scholarships to Students Studying Abroad.

Now, Kazakhstan can also ratify European Convention on Transfrontier Television. It would allow the country to broadcast in all countries, members of the convention.

Other instruments include the European Convention for the Protection of the Archaeological Heritage, Anti-Doping Convention and many more.

Kazakh Government Outlines US\$40 Billion Industrial Programme

The Government of Kazakhstan has adopted a new Programme of Intensified Industrial and Innovation Development for 2010-2014 on February 23.

Three days later, February 26, addressing the Business Council plenary session President Nursultan Nazarbayev said US\$8 billion would be allocated annually from the National Fund toward this program,

bringing its total to US\$40 billion.

By 2014, the program is expected to provide an opportunity to raise the country’s GDP by 50% from its 2008 level, increase productivity in the manufacturing sector by 50%, and reach a 100% growth of several other economic sectors, Minister of Industry and Trade Asset Issekeshov stated at the February 26 meeting.



There are twelve priority areas set under the intensified industrialization programme as the directions for further industrial and innovative development of country’s economy.

Photo by the Foreign Ministry

The participants, including state officials, businesspeople, and economic experts discussed the key questions of interaction between the central government and local authorities in implementing the new program.

According to the program, the share of non-oil and gas export from Kazakhstan is forecast to rise up to 40%, while the GDP's energy output would be lowered by 10% from its 2008 indices.

"The program is a unique document designed to boost the Kazakh economy in the upcoming five years. As soon as the program starts operating, all other strategies and projects (and there are 52 of them at the moment) will become unessential and less important," Issekeshv stressed.

"The program is based on a serious analytical research. We have studied all previous strategies, taking into account which measures had been efficient and which of them not and why. We looked at the real situation of our businesses, the way they were affected by the global economic downturn, and examined their future abilities and prospects," Issekeshv noted.

The program is to be implemented mainly in provinces. The main criteria for assessing the work of local executive bodies of all levels will include labour productivity, total amount of direct investments, an increase in non-oil and gas exports, the share of dynamic innovative businesses, and the number of new high-performance jobs.

Intensified industrialization will cover seven priority areas, embracing agro-industrial sector, metallurgy, oil refining and power industry, chemistry and pharmaceuticals, construction industry, transport and communications. Following the discussions five more directions of further industrial and innovative development were set forth, including mechanical engineering, uranium processing, textile industry, tourism, and space.

The program will be realized both through attracting direct investments and creating favourable facilities for the development of domestic businesses.

In particular, with the view of the government's service support for Kazakh entrepreneurship, the Ministry of Industry and Trade proposed, using valuable experiences of *KAZNEX JSC*, to establish *KAZNEX INVEST* National Agency on Investment and Export Promotion.

The idea to create such an entity in Kazakhstan appeared after studying the model of Korean *KOTRA*, Australian *AUSTRADE*, and Brazilian *APEX*.

"The Agency will be responsible for business forums, road shows, and other presentation events on promoting Kazakhstan as the best country to invest into. We are planning to create a special internet portal, where both foreign investors and Kazakh businessmen will be able to find a partner," the Minister explained.

Asset Issekeshv also announced the intention to increase the amount of governmental support and the number of grants allocated to innovative companies.

Today, as specified in the Law of the Republic of Kazakhstan *On state support of innovation activities*, four major types of grants exist. These are devoted to feasibility studies, patenting abroad, development activities and purchase of technologies.

The minister proposed expanding the range of privileged areas, allocating extra money for personnel training, compensation of expenses in mastering new types of production and start-up businesses.

Grant support is also promised to exporters.

"The vast majority of countries supporting their exports and even states with advanced and diversified export structures widely and rather aggressively use the mechanisms of state compensation of costs incurred by exporters while introducing their products to a market. In order to create equal conditions and provide state support both for foreign and domestic exporters we suggest introducing mechanisms for reimbursement of their expenses," the Minister said.

It is suggested to compensate up to 50% of the costs of exporters, however, not exceeding the established maximum level per applicant.

Kazakhstan Looks to Become a Post-Soviet Leader in Islamic Finance



Kazakhstan has made great efforts in building a good infrastructure base for the development of Islamic finance in Kazakhstan and it has made it in a very short period, Chief Operating Officer of the first Islamic bank in Kazakhstan Al Hilal Bank Prasad Abraham said.

Photo by And.kz

Of the CIS countries, Kazakhstan is emerging as one of the most proactive and advanced Islamic finance markets. According to foreign Islamic bankers who recently visited Astana, there is a very strong interest in Kazakhstan in developing Islamic finance, the Arab News reports.

According to a leading English language newspaper of the Middle East, a delegation from Malaysia's International Islamic Financial Centre (MIFC), visiting Kazakhstan at the end of January, was very encouraged by the developments in the Islamic finance in Kazakhstan. The visit is important because Kazakhstan has aspiratt is a proactive supporter of Islamic finance in a market in which 60 percent of the population is Muslim. President

Nazarbayev is keen to develop diversified economic relations with both traditional partners such as Russia and with the West and the Middle East Muslim nations.

The government of President Nursultan Nazarbayev established a working group in 2009 to draw up a roadmap for an Islamic financial system. In February 2009, it introduced

principles of Islamic finance into the Kazakh legislation to facilitate various Islamic financial transactions such as Murabaha and Ijarah. The first Islamic bank in Kazakhstan is to be established in the first quarter of 2010 by Al-Hilal Bank of Abu Dhabi.

The Ministry of Finance in Kazakhstan is also hoping to launch the country's debut sovereign Sukuk, expected to be in the region of \$300 million and most likely a Sukuk Al-Ijarah, for benchmark purposes. The challenges for the sukuk market in Kazakhstan are the specific regulatory provisions on Islamic securities. For instance, originators are limited to Islamic banks and national holdings or managing holding companies. Market players would like to see state and privately-owned companies also issue sukuk directly.

Kazakhstan has a longer history in Islamic finance activities than other CIS countries, the newspaper stresses.

The Jeddah-based Islamic Development Bank (IDB) established its first regional office in Almaty, the erstwhile capital of Kazakhstan. The Dallah Albaraka Group also established an Islamic bank in Almaty, which was later taken over by Lariba, but which did not really take off.

As one of Central Asia's most stable countries with huge oil and gas reserves, Kazakhstan has attracted the largest FDI inflows in the post-Soviet realm, especially from the US and the EU.

In 2008, a Bahrain-based Islamic investment bank, Gulf Finance House (GFH) signed a memorandum of understanding with the Kazakh government on launching the Caspian Energy Hub which is located in Aktau on the shores of the Caspian Sea. The project will be built in a number of clusters which will have a total value of US\$10 billion.

Kazakhstan is a member of the OIC (Organization of the Islamic Conference) and the IDB. The Kazakh economy has also been a fast-growing one with double-digit GDP economic growth for the first decade of this century. The GDP growth for 2008 was 3.2 percent, and for 2009 it stood at 1.2 percent.

One of Islamic finance professionals bullish about opportunities and developments in Kazakhstan is Adalet Djabiev, CEO of Al-Shams Capital, the only Islamic asset management company authorized by the Capital Markets Authority in Russia.

"President Nursultan Nazarbayev is very supportive of Islamic finance. The legal changes that his government has introduced to facilitate Islamic financial products will change the landscape of the industry not only in Kazakhstan but also in the CIS countries," he said.

The MIFC visit in January also coincided with the Islamic Finance Forum which was addressed by key MIFC initiative stakeholders.

There are cooperation opportunities in human capital development, especially in Islamic finance education.

Kazakhstan has set up the Regional Financial Centre of Almaty (RFCA) which includes the first academy in the CIS to offer education and training in Islamic finance. Malaysian institutions such as INCEIF and ISRA (International Shariah Research Academy for Islamic Finance) are also exploring collaboration in training, education and research with RFCA counterparts. The RFCA academy is cooperating with Rating Agency Malaysia Berhad (RAM) to develop a local rating agency in Kazakhstan.

The prospects for developing Islamic banking in this post-Soviet country look promising. It is now up to business practitioners to turn them into reality.

Also in the News:

- OSCE states must do more to advance women's political participation and gender equality, as sustainable peace and stability can only be achieved with the participation of women as equal partners with men, said the OSCE Chairperson-in-Office, Secretary of State and Minister of Foreign Affairs of Kazakhstan Kanat Saudabayev on International Women's Day on March 8. "The OSCE states are engaged in a high-level dialogue on the future of European security, and it is critical that we take this opportunity to reinvigorate efforts to achieve gender equality and involve women in addressing our common security challenges," said Saudabayev. "Sustainable progress towards peace and stability, economic prosperity and democracy requires the full participation and empowerment of women, and although we can be proud of the progress that has been made we still have a long way to go."
"2010 marks the tenth anniversary of UN Security Council Resolution 1325 on women, peace and security, and the empowerment of women and the integration of a gender perspective in all OSCE policies and activities are priorities of Kazakhstan's OSCE Chairmanship," said Saudabayev.
- A Kazakh delegation led by Deputy Minister of Foreign Affairs Kairat Umarov and including Deputy Minister of Energy and Mineral Resources Asset Magauov, Deputy Minister of Economy and Budget Planning Timur Suleimenov, Secretary of the Human Rights Commission under the President of Kazakhstan Tastemir Abishev, Kazakhstan's Special Representative for Afghanistan Omirtai Bitimov and others are taking part in bilateral consultations with the United States officials in Washington, DC, from March 8 through 10. The consultations were agreed upon by Minister of Foreign Affairs Kanat Saudabayev and U.S. Secretary of State Hillary Clinton during their meeting in February.
- Dom Joly, a columnist with The Independent newspaper in the UK, has traveled to Kazakhstan and published an article on the country's national sports. He was astonished to learn that except such popular sports like football and basketball they play rugby in Kazakhstan. "I was very surprised to find out that rugby was played here. It turns out that foreign students at Russian universities brought the game over in the 1930s. The game became very popular in the Soviet army and so the word spread. Kazakhstan first started to compete on the international scene in 1991 when they played and beat Korea. In 2007 they became Asian champions at a tournament held in Sri Lanka. They now take part in the Asian Five Nations which also involves Hong Kong, Japan, Korea and a floating fifth nation (currently the Arabian Gulf)," he writes. Dom Joly also finds fascinating the more traditional nomadic sports, including "kokpar", which he describes as "a local form of rugby but played on horseback and using the decapitated body of a dead goat as the ball" but which is actually a precursor of modern day polo, and "kyz-kuu", a kiss chase on horseback. The columnist says that role of the horse on the steppes of Kazakhstan has always been tremendous, and there are more than 50 words in the Kazakh language for horse. For more details, click [here](#).
- Statue of Zhambyl Zhabayev, a prominent Kazakh poet, is going to be erected in the Nivki park opposite the Embassy of the Republic of Kazakhstan in Kiev, the Ukrainian capital's administration announced. The poet, who was one of the greatest figures of Kazakh culture in the second half of 19th century and first half of the 20th century, visited Ukraine several times during his 99 years long life. In December last year, a street in Kiev was named in honor of the poet.

- The New University of Astana and the University of Wisconsin-Madison signed a contract for partnership. From now on the UW-Madison, through its Division of International Studies and in cooperation with the College of Letters and Science, will undertake a feasibility study to develop educational models for a School of Humanities and Social Sciences at the new establishment in the Kazakh capital, also known as the Nazarbayev University. UW-Madison was chosen for cooperation as one of the few US universities teaching the Kazakh language. Its Central Asian Studies Program features faculty, staff, and other resources dedicated to the study of Kazakh history, literature and culture.
- Korean Cultural Center opened in Astana. Visitors will be able to learn more about the East Asian nation's traditional culture, cuisine, sports, TV dramas and films. The center also features a multimedia hall where visitors can experience Korea's advanced information and technology products.

Things to Watch:

- On March 9-10 Tallinn hosts the meeting of Kazakh-Estonian intergovernmental commission on cooperation in trade, economy, science and technologies. The Kazakh delegation is headed by Executive Secretary of the Ministry of Foreign Affairs Rapol Zhoshybayev.
- On March 11-12 Kazakhstan's Deputy Foreign Minister Nurlan Yermekbayev attends the meeting of high-ranking diplomats of the five nations littoral to the Caspian sea and the Committee of Senior Officials of the Conference for Interaction and Confidence-Building Measures in Asia (CICA).
- From March 15 to 16, Astana will host the *Kazakhstan Islamic Finance Conference – 2010* (KIFC-2010) with the main objective of ensuring interaction among investors from the Persian Gulf region interested in developing Kazakhstan's corporate sector and Kazakh officials and business representatives to discuss for the first time types and opportunities for mutual cooperation. Along with other factors, the Conference is of importance due to upcoming Kazakhstan's chairmanship in the Organization of Islamic Conference in 2011.
- A famous Kazakh-born film producer and director Timur Bekmambetov said he is planning to build a park of Kazakh culture near Los Angeles. As Bekmambetov sees it, Americans could come there to experience living in a yurt, drink kumis (a traditional drink of the people of Central Asia made from fermented mare's milk, also spelled as 'kymys'), listen to Kazakh music and buy Kazakh souvenirs. He said it had been easy for him to find a common language with Russians, Americans, Chinese working in Hollywood, and other nations as he was born in a multinational country, and this became his motivation to make other nations get to know the culture of his country of birth. Bekmambetov became famous in recent years due to filming international blockbusters such as *Wanted* (with Angelina Jolie), *Night Watch* and *Day Watch*, among other movies. He was born and raised Atyrau in the west of Kazakhstan, before moving on to Moscow and now to Hollywood.

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