



A bi-weekly online publication of the
Ministry of Foreign Affairs of the
Republic of Kazakhstan
www.mfa.kz
Issue # 54
Friday, 23 April 2010



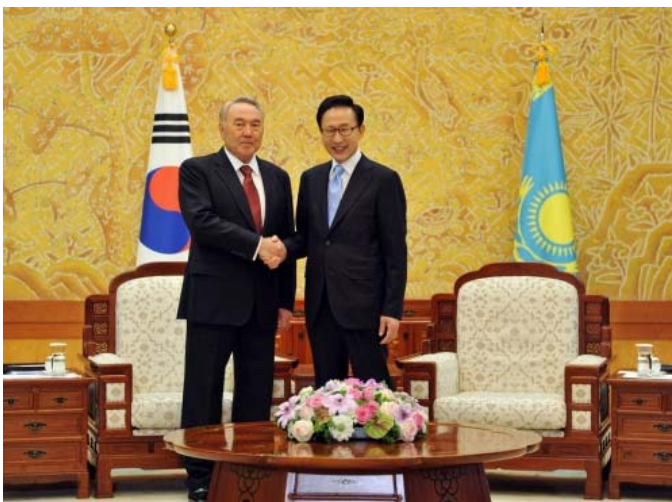
Kazakhstan's Partnership with Korea Has Rich History, Bright Prospects (President Nursultan Nazarbayev pays a state visit to the Republic of Korea)

Kazakhstan Creates Favorable Conditions for Small and Medium Enterprises (The nation's government works permanently to facilitate growth of SMEs)

Kazakh Contribution to Victory in Second World War Noted in Europe (Nation to celebrate the 65th anniversary of V-Day, missions in Europe active)

Discover Kazakhstan: Smithsonian Highlights Chokan Valikhanov's Legacy (Online exhibition dedicated to the great scientist unveils Kazakh cultural values)

Kazakhstan's Partnership with Korea Has Rich History, Bright Prospects



South Korean President Lee Myung-bak (R) shakes hands with his Kazakh counterpart Nursultan Nazarbayev during their summit meeting at the presidential house in Seoul April 22, 2010. Nazarbayev was in Seoul for a three-day state visit.

Photo by the Press Office of the President

Kazakhstan and the Republic of Korea are linked by a remarkable history of friendly partnership, which has been maintained through regular contacts between their presidents, government agencies, business circles, and cultural activists. The strong factor is an extensive trade and economic collaboration between the countries, as more than 300 joint Kazakh-Korean enterprises are active in the Central Asian country and the Korean investments amount to US\$ 3.4 billion.

The latest state visit by President Nursultan Nazarbayev to South Korea, which took place on April 21-23, has given a new powerful impetus to further expansion of bilateral ties between the two growing nations of Asia.

The visit's agenda was marked by warm and meaningful talks between Nursultan Nazarbayev and his host, President Lee Myung-

Bak. The South Korean leader has been on an official visit to Astana last spring, and the two have met briefly earlier in April in Washington at the Global Nuclear Security Summit. The progress secured by the two president's agreements reached last year was further strengthened by Nazarbayev's return visit to Seoul.

"An important aim of my visit is to widen and deepen trade and economic cooperation between our countries. Unfortunately, the global financial crisis had a negative impact on bilateral trade. Its volume last year actually fell by a third. Nevertheless, I am convinced the Kazakh-Korean cooperation has a great potential for development and is capable in the very near future to reach one billion dollar

mark. The leadership of the Republic of Korea in the area of technology and availability of natural resources in Kazakhstan offer us great opportunities for cooperation,” Nursultan Nazarbayev stated.

President Lee Myung-bak noted that owing to a carefully crafted policy of Nursultan Nazarbayev, the young nation of Kazakhstan very quickly gained force and demonstrates a steady economic growth even in the face of world financial crisis.

“We know Kazakhstan has big plans for accelerated industrial and innovative development of the country. We declare that the country, which we consider as a strategic partner, will surely get our support,” the South Korean president stated.

The two leaders also addressed key issues of international affairs on the continent, namely the situation on the Korean peninsula, in Afghanistan and Central Asia, nuclear disarmament and nonproliferation. The presidents of Kazakhstan and Korea also talked over the consequences of the global financial crisis and laying down a foundation for post-crisis development. As President Nazarbayev noted, Kazakhstan and Korea have the same point of view on this topic. Kazakhstan supports South Korea’s activities in G20.

Stressing the great importance of Kazakhstan for the world community as a country which gave up its nuclear weapons, Lee Myung-bak said that at the next global summit on nuclear safety, which will be held in South Korea in 2012, Kazakhstan once again will be the focus of the world’s attention. He also noted other peace initiatives of the Kazakh leader, in particular the promotion of the Conference for Interaction and Confidence-Building Measures in Asia (CICA), of which the Republic of Korea is an active member.

Further cooperation is of great importance the effective implementation of the Kazakh-Korean Action Plan for the deepening of cooperation, which was also discussed at the talks with Lee Myung-bak, as well as during meetings with Prime Minister Chung Un Chan, and representatives of Korean private companies.

President Nazarbayev discussed various aspects of expanding Kazakh-Korean business cooperation with executives of a major electronics producer Samsung Group, steel company POSCO, a multiprofile Al-Ti-X Group, metals industry company Pungsan Corporation, and the company producing light-emitting diodes, Seoul Semiconductor.

Samsung is actively working in the energy sector. And it is no accident this company, as well as the Korea Electric Power Corporation with the assistance of "Kazakhmys" will participate in constructing the Balkhash thermal power plant. Its capacity is expected to exceed 2,500 megawatts.

The South Korean side is also interested in projects related to the peaceful use of atomic energy. In particular, their companies with extensive experience in constructing nuclear power plants (in the Republic of Korea the number of nuclear power plants has reached twenty), if necessary would take part in similar work in Kazakhstan.

In parallel with the talks, a business forum took place which culminated in the creation of a Business Council designed to strengthen mutually beneficial economic and trade cooperation between the two countries.

“I highly evaluate the results of the negotiations. Agreements we have reached are a real breakthrough in bilateral relations. A total of 23 business agreements were signed and their total capital-output ratio exceeds US\$ 8 billion,” Nursultan Nazarbayev said at the final press conference. “As the world is recovering from the crisis, and many countries are only planning to implement some new projects, we and our South Korean partners have already embarked on an extensive work,” he added.

Indeed, the new projects agreed upon are impressive: construction of a gas processing complex in Kazakhstan, establishment of an enterprise to receive Titanium-Magnesium bars, a factory for production of polysilicon, and light-emitting diodes. Also planned is the assembly of Korean cars.

In turn, Kazakhstan will export two million tons of grain. After the talks a Memorandum of Understanding and Cooperation between the Ministry of Industry and New Technologies of Kazakhstan and the Korean Ministry of Economy and Knowledge was signed, which will contribute to expanding cooperation in agriculture, and other areas.

Kazakhstan also looks forward to the successful implementation of joint projects in space exploration, transportation and telecommunications and health care, Nursultan Nazarbayev said. As for the latter, during the recent 5th session of the intergovernmental commission the Koreans expressed their interest in the construction of hospitals with modern digital equipment in Kazakhstan. Moreover, their

companies are already working on a project aimed at creating a nuclear medicine center in Almaty within two years.

Last but not least, on the first day of the Kazakh leader's visit, the two presidents attended the opening ceremony of the Year of Kazakhstan in South Korea in the "Hoam Art Center" in Seoul.

In his welcome remarks at the event, Nazarbayev hailed the Kazakh Year in Korea as a symbol of a new stage in promoting cooperation and partnership between two nations, one with deep historical ties.

He also referred to the positive contribution by Kazakhstan's significant Korean diaspora. The Central Asian state has long backed them in studying their native language, publishing a newspaper in Korean, and the activities of an only Korean theatre in the post-Soviet area.

"Our citizens of Korean heritage live in Kazakhstan in harmony alongside 140 other ethnic groups comprising our nation. They are well represented in business, education, medicine and arts, are active in the Assembly of People of Kazakhstan, and have delegates in the Parliament," President Nazarbayev said

Next year marks the South Korean Year in Kazakhstan, while in 2012, the two nations are scheduled to celebrate the 20th anniversary of their diplomatic relations.

Kazakhstan Creates Favorable Conditions for Small and Medium Enterprises



The government of Kazakhstan creates favourable conditions for both business development and the prosperity of the country.

Photo by the Foreign Ministry

Promoting entrepreneurship has been a key element of the Kazakh government's economic policies for many years now, as it seeks to improve the legislative framework and administrative system, pursue a balanced tax policy and encourage bank loans to small and medium enterprises.

Today, running one's own business became a commonplace in Kazakhstan. From 2001 to 2009, the share of legal entities among registered SMEs decreased almost twofold, while the share of entrepreneurs has increased by 1.4 times. Small enterprises' volume of production grew almost four times. Today, the share of SMEs in the country's GDP in 2009 amounted to 31.1%.

In terms of the small business's share in the total number of business entities, Kazakhstan is on par with developed countries. There are more than one million small companies in Kazakhstan, with more than two million employees and 18 billion dollars in output as of 2009.

According to chairman of the board of the "Damu" Entrepreneurship Development Fund Bulat Mukushev, small businesses are mostly present in commerce (37%) and agriculture (23%).

According to official plans, the number of active SMEs in 2010 is expected to increase to 638,000, with another 4,000 joining in 2011. These are benchmarks that the government sees as a sign of the success of its efforts to promote small entrepreneurship.

The dynamic growth of entrepreneurship in Kazakhstan has become a reality through the implementation of state programs for small business. During the global financial crisis, the nation's government allocated US\$ 2.5 billion to SMEs, an unprecedented sum for Kazakhstan, through the "Damu" Entrepreneurship Development Fund, which is wholly owned by the Samruk-Kazyna National Welfare Fund of Kazakhstan.

Damu allocates money through several programs including crediting by partner banks, backing interest rates (subsidized loans with a nominal rate of no more than 12%, of which 7% are paid by entrepreneur and the remaining 5% by the state for a period of 3-10 years); issuing of guarantees (for up to 50% of a loan amount for up to 10 years), financing of prioritized regional projects, leasing, and encouraging women's entrepreneurship.

As a result, the State Fund's share in lending to small businesses grew by 23%. Soon, the lending rates for small businesses will be reduced further while the state support is expected to increase.

However, the global financial crisis also took its toll on small businesses. That is why in his latest state-of-the-nation address to people of Kazakhstan, President Nursultan Nazarbayev tasked the government to back SMEs in current crisis, mentioning specifically the need to design and launch as early as this year a related pilot program labeled "2020 Business Road Map".

According to Minister of Economy and Trade Zhanar Aitzhanova, the program will support new business initiatives, improve business environment and support export-oriented industries.

The support for new business initiatives will be provided through subsidizing and guaranteeing fee rates, developing industrial infrastructure, and providing special services for managing a business.

The second goal will be achieved by subsidizing a debtor-enterprise's interest rates on existing loans from banks and a new debt in a single line of credit, once the project is approved. Officials also plan allowing the debtor to delay paying taxes and other obligatory payments to the state budget (except for individual income tax) for up to three years without any penalty fees. Other measures will also be taken to support the enterprises within the plan of financial and economic recovery, including the debt owed to domestic creditors on the bonds, placed on the Kazakhstan Stock Exchange.

"In general, the program will help strengthen the role of SMEs in the industrialization, increase productivity in the manufacturing industry, and augment the non-oil exports' share," Minister Aitzhanova concluded.

Kazakh Contribution to Victory in Second World War Noted in Europe



We must remember the heroes who were brave to the end and whose courage gave us victory for world peace. who perished outside their homeland in 1941-45.

This weekend, on Sunday, April 25, in the Italian city of Trieste, in cooperation with the town council and participation of veterans from Kazakhstan, the Kazakh Embassy in Italy opens an obelisk in memory of 104 Soviet soldiers who perished in Trieste and Gorizia region of the northern Apennines in 1943-1945.

The monument immortalizes the names of the soldiers of the Yugoslav Guerilla Army's "Russian Battalion", which included escaped prisoners of Nazi concentration camps. The Red Army sergeant Beisen Raisov was its commander. This battalion showed exceptional examples of courage and heroism during the liberation of the region. In April 1945, when the Red Army was approaching Berlin, and the Allies crossed the front at the Italian city of Ferrara, a battle against Nazi troops has started in northern Italy. During the combat at the river Vipacco near the city of Trieste, 104 Soviet soldiers heroically died, including 36 Kazakhs.

The obelisk, erected with sponsorship from the Kazakh government, in the heart of the military cemetery in Trieste, is not a place of burial, as all soldiers were killed in different places on the outskirts of Trieste, and the burial place of many of them still remains unknown.

In Netherlands, the Kazakh Embassy has been with with a research group which seeks to identify the burial sites of Soviet citizens who died in that country and other places in Europe. A few weeks ago

the Embassy has started a search for relatives of four Kazakhs whose graves were found in Holland, and at least two living relatives have already contacted the Foreign Ministry on the matter.

In Germany, the Embassy of Kazakhstan, jointly with the Center for Documentary of the Association of Saxony Memorials in Germany initiated the publication of a special Book of Memory. It lists the names of 6,228 Kazakhs identified as having died in German concentration camps during the Second World War. A similar book was published by the Kazakh embassy in Austria.

In addition to the books, the government of Kazakhstan has invited 170 veterans from all over the country to participate in a military parade in Astana, and 32 participants of the veterans from Kazakhstan will march on the Red Square in the Victory Day Parade in Moscow. All expenses for accommodation and flights will be covered by Kazakhstan.

All airlines and the national railway company have announced they would issue free tickets for the veterans for the entire month of May to travel to any destination within the Commonwealth of Independent States. Above all, each veteran will receive assistance of 65,000 tenge amounting to US\$ 450.

Overall, the Kazakh government has allocated nearly US\$ 70 million to celebrate the 65th anniversary of the victory in the Second World War. Commemorative events will be held throughout the year.

The nation will also celebrate the anniversaries of the two Kazakh heroes of the Soviet Union and the Great Patriotic War: 85 years since the birth of famous sniper Alia Moldagulova, and 100 years since the birth of battalion commander in the Battle of Moscow and a prolific writer, Bauyrzhan Momysuly.

About 1.7 million people from Kazakhstan have participated in World War II. Only half of them returned home. Today, there are 14,400 war veterans living in the country and 258,000 people who worked hard behind the front lines making the victory possible.

Discover Kazakhstan: Smithsonian Highlights Chokan Valikhanov's Legacy



Chokan Valikhanov was a gifted man, who left an invaluable legacy in many facets of human endeavours, history, ethnography, folklore, art, geography, and education.
Portrait of Chokan Valikhanov by Abylkhan Kasteev, oil on canvas, 1951.

Americans, and many others, will now have a chance to read in English of the great scientific and cultural legacy left behind by one of the most famous Kazakh researchers and thinkers, Chokan Valikhanov.

Last week, the US-based Smithsonian Institution, the world's largest museum complex and research organization, has launched a multiyear project that presents the scientific expeditions and contributions of this great Kazakh geographer and ethnographer.

Starting from 2010, the 175th anniversary year of Valikhanov's birth, this online space offers archival and published documents and materials dedicated to the scientist's life and extensive experience.

The study and publication of Valikhanov's scientific explorations is a result of collaborative effort between the

Smithsonian and several museums in Kazakhstan. This collaboration derived from a series of exchanges and seminars that began in 2005 with an International Partnership among Museums grant from the American Association of Museums, awarded to the National Museum of Natural History and the Abilkhan Kasteev State Museum of Arts in Almaty.

At these seminars, participants developed an idea of undertaking the arrangement, translation and publication of selected source materials about Chokan Valikhanov, along with interpretive essays to be developed over time, and of putting it all online.

In addition to raising awareness of Kazakhstan, the new exhibition presents to an international audience the expeditionary accounts and scientific accomplishments of this noted 19th century Kazakh geographer and ethnographer.

This joint effort places within proper historic context the rich collections from Valikhanov's expeditions, which focused on his interpretations of the cultural history of the peoples of Kazakhstan and Central Asia, and provides a magnificent overview of the nation's rich history.

Valikhanov is often regarded as the "father of Kazakh historiography and ethnography" and is sometimes even called "the first Kazakh scholar." The Institute of Ethnography within Kazakhstan's National Academy of Sciences is named after him.

Valikhanov was among the scholars who first put Kazakh folk legends on paper, and translated foreign literature into Kazakh, as well as provided momentum to the development of Kazakh literature.

Educated in the Russian language, he was employed by the imperial government and became a member of the Imperial Russian Geographical Society and an officer in the Russian army, all the while continuing his research and scientific expeditions to study the cultural history of the Kazakhs and other peoples of Central Asia.

Valikhanov's descriptive ethnographic studies, and the subjects he found interesting are surprisingly modern and include shamanism, nomadism, the ways that Islam became interwoven with indigenous Inner Asian religious values, and the nature of social changes in the face of globalization. Valikhanov compiled early accounts of the oral epics recited by the nomads of Central Asia, such as the "Manas" and other sung poetry of Kazakhstan and Kyrgyzstan, the subject of continuing intense study by ethnomusicologists and historians today.

Chokan Valikhanov could have accomplished much more, had he not died when he was 30 years old only, falling victim to TB.

Unfortunately, many of Valikhanov's expedition records and scientific papers on the history and culture of Kazakhstan remain untranslated into English and unavailable to a wider international audience. The organizers hope their efforts through this project will contribute to a new understanding of the cultural history of Kazakhstan.

Today's Kazakhstan retains the dramatic and varied landscape, and many of the cultural traditions, that fascinated Valikhanov. However, the social and economic scene of an independent Kazakhstan is dramatically different 145 years after Valikhanov's death.

Today, Kazakhstan's culture represents a "melting pot" of traditions, customs and beliefs of not only ethnic Kazakhs, but also of more than 100 other diasporas living in the country who are united in their shared history. This kaleidoscopic range of nations is unique to Kazakhstan, its history and its land.

The Kazakh nation has evolved through centuries of nomadic tradition in the vast steppes of Eurasia. While Kazakhstan is no longer nomadic, related traditions are still evident in modern culture, and visitors of the website, and of the country itself, can engage with village families and experience Kazakh hospitality, cuisine and culture first hand.

The project's website is <http://www.valikhanov.si.edu>.

Also in the News:

- Iranian Foreign Minister Manouchehr Mottaki has expressed his country's desire to expand ties with Kazakhstan during a meeting with Kazakh Minister of Transport and Communications Abulgazy Kusainov in Tehran, FARS news agency reported. Kazakhstan now imports technical and engineering services in the field of road and home building. Minister Mottaki said negotiations are underway to export services in oil and gas industries. "Annual trade between the two states is currently around 2 billion dollars, but Iranian and Kazakh presidents have stressed the need to increase the two-way trade to 10 billion dollars. The promotion of relations necessitates the expansion of ties in banking, joint ventures, and transportation sectors and easing the issuance of visas for traders of the sides," he concluded.
- A meeting of the Assembly of People of Kazakhstan on April 19, approved the new draft version of the Doctrine of National Unity. Opening the meeting, Secretary of State and Foreign Minister Kanat Saudabayev congratulated all the participants with the 15th anniversary of the Assembly, stressing that Kazakhstan has become an international model of maintaining harmony and unity in a multiethnic and multi-religious country. The meeting reviewed proposals of the specially created public commission, including representatives of the country's various ethnic communities and political groups, and finalized the new draft Doctrine.

- Kazakhstan, after widening the exchange rate of its currency in February, will not allow the rapid strengthening of tenge, the head of the National Bank Grigory Marchenko said. On February 5, the National Bank introduced a new currency corridor: KZT 127.5 - 165 for US\$ 1. On the first day of a new corridor an average rate of tenge rose to KZT 147.78 - 147.86 per US\$ 1. In late April 2010, the exchange rate is KZT 146.46 for US\$1. "It's not very good, and if this pace continues, it will badly affect the competitiveness of our economy," Marchenko told reporters referring to the strengthening of tenge. Over the past six months, the National Bank has purchased more than US\$ 9 billion on the domestic currency market to prevent the tenge appreciating too fast. Last year, the National Bank reported that in 2010, it expects further strengthening of tenge's appreciation due to growing prices for basic export commodities of Kazakhstan, oil and metals.
- "By the end of last year external liabilities of Kazakhstan's banking sector decreased by US\$ 8.6 billion. On January 1, the external debt of banks amounted to US\$ 30 billion, and at the end of March it decreased further to US\$ 25.2 billion," Deputy Chairman of the National Bank Daniyar Akishev said. Thus, the external liabilities Kazakh banks in January-March 2010 decreased by 16 percent. There are 38 commercial banks in the country.
- Extraction of oil by the country's national petroleum company, KazMunaiGas, in the first quarter of 2010 increased by 16 percent in comparison with the same period of the previous year and reached, according to the preliminary data, 3.183 million tons of crude oil, the company informed. Up to now, KazMunaiGaz sold 2.077 million tons, of which 1.717 million were exported.
- The volume of uranium production in Kazakhstan in the first quarter of 2010 amounted to 4,060 tons, which is 63 percent more than in the same period of the last year, the press release from Kazatomprom, national operator in atomic industry, said. The total revenues for the period amounted to KZT 46.9 billion, which exceeds the same period of last year by 25 percent.
- Kazakhstan has exported 5.7 million tons of grain from the last year's harvest, Minister of Agriculture Akylbek Kurishbayev said. This is a 32 percent increase over the same period last year, although sales are somehow affected by lower prices on international markets.
- European experts commended Kazakhstan's new system of electronic public procurement, the press service of the Center for Electronic Commerce reported. The European institutions allocated € 1.2 million to help the improvement of public procurement system in Kazakhstan. The EU experts will also develop and propose a national education strategy in the field of public procurement. The project aims to support the efforts of the Kazakh government to enhance transparency, efficiency and competitiveness of the national public procurement system.
- The presentation of a new business portal www.btimes.kz, unique in the Central Asian region, took place this week in Almaty. The project's aim is to create favorable conditions for the dynamic development of Kazakh companies through effective tools and providing timely and quality information on economic and business situation in the region, opinions and analysis of high-profile experts.
- The International Clean Technology Fund intends to grant Kazakhstan US\$ 1.3 billion for implementing a number of projects in the field of environmental protection. The Kazakh government would use these funds to develop renewable energy projects reducing gas flaring and modernize central heating systems in an eco-friendly way, as well as other clean energy projects.
- Design for a torch of the 7th Asian Winter Games, which will take place in Kazakhstan in January-February 2011 has been presented in Astana. Its prototype was an ancient lamp found by archaeologists in a burial mound of the Saka people ("Asian Scythians") and dating back to the 3rd century BC. For the first time in the history of arranging the games, two major parallel projects will be implemented, the Cultural Asian Games and the Olympic torch relay.

Things to Watch:

- From April 22 through 30, under the aegis of the Kazakh OSCE chairmanship Vienna, Rome, Paris and Moscow will host the Eurasian Student Symphony Orchestra performance led by renowned conductor Fuat Mansurov. The concerts will take place in Vienna's Musikverein, Roma's Santa Cecilia, Gaveau in Paris and the Great Hall of the Moscow Conservatory.
- From April 25 through 30, Astana will host an international youth football tournament "The Cup of the President of the Republic of Kazakhstan". The first junior cup took place in 2008. That year pupils of Turkish Beşiktaş have won. Next year, the trophy was taken by Ole Brazil football academy, which trains 26 gifted players from different parts of Kazakhstan.
- The first session of the CIS teachers will be held in Astana on April 26-27. More than 500 teachers and educational workers from Azerbaijan, Armenia, Belarus, Kyrgyzstan, Moldova, Russia and Tajikistan are expected to attend. The forum of innovators, representatives of the educational and scientific spheres of the CIS states aims to play important role in thinking over prospects of development and integration processes. The session's program envisions the analysis of peculiarities of national education systems in CIS member states, the modern state of education in the CIS countries, the press release of the Kazakh Ministry of Education and Science reported.
- On May 1, two international regattas will start in Kazakhstan on the Ili River and Lake Balkhash, the 10th Ili-Balkhash regatta and the 5th Sailing regatta. This year they will be devoted to the 65th anniversary of the end of the Second World War. Arranged by the Tabigat Ecological Union since 2000, the event is designed to raise awareness among the citizens and the government on environmental issues of the Ili-Balkhash basin in south-east Kazakhstan.

ASTANA CALLING is a bi-weekly online publication of
the Ministry of Foreign Affairs of the Republic of Kazakhstan
Please send your requests and questions to pressa@mid.kz