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Shanghai Cooperation Organization Has Important Role in Regional Issues (SCO foreign ministers gather in Tashkent to prepare ground for June summit)

IMD Ranks Kazakhstan 33rd among World's Most Competitive Countries (Swiss business school issued its 2010 World Competitiveness Yearbook)

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Scorcese Promotes Forgotten Masterpiece of Kazakh Cinema in Cannes (*Revenge*, a movie directed by Shynarbayev in 1989, considered a classic)

Shanghai Cooperation Organization Has Important Role in Regional Issues



SCO Foreign Ministers as well as SCO Secretary-General and National Coordinator of Kyrgyzstan pose for a picture in Tashkent on May 22, 2010.

Photo by Ilyas Omarov

Secretary of State and Minister of Foreign Affairs of Kazakhstan Kanat Saudabayev participated in a meeting of the Shanghai Cooperation Organization (SCO) Council of Foreign Ministers in Tashkent on May 22. The main topics of the agenda were the preparation of the upcoming SCO summit in June 2010 while the situation in Kyrgyzstan and Afghanistan also featured prominently.

Speaking at the meeting, Saudabayev commended the efforts of the Uzbek presidency and noted that during its chairmanship “such important documents as the Rules of procedure of the Shanghai Cooperation Organization and the Regulation on the admission of new members were prepared, and Joint Declaration on cooperation between the SCO Secretariat and the UN was signed as well.”

Saudabayev and his counterparts expressed solidarity with the people of Kyrgyzstan in the current difficult situation and noted security and stability in the SCO space is inextricably linked to security and stability in each member state, including in the Kyrgyz Republic.

In this regard, Saudabayev suggested initiating the provision of joint humanitarian assistance to Bishkek by SCO member states.

“Kazakhstan proposes to hold a meeting of experts of ministries for emergency situations for advice in providing such assistance,” Saudabayev added.

Considering the importance the SCO member states attach to countering threats of terrorism, drug trafficking and organized crime, the participants expressed serious concern over the complicated situation in Afghanistan and examined the whole set of issues related to the situation in this country.

The member states reaffirmed the central role of the UN in coordinating international efforts to resolve the situation in Afghanistan and advocate the promotion of the negotiating process under its auspices with the participation of the Afghans with the view of making Afghanistan a peaceful and stable country.

In this regard, Kazakhstan calls upon the SCO to get actively involved in the process of normalization of the situation in Afghanistan, including the promotion of work of the SCO-Afghanistan Contact Group and implementation of documents adopted at the SCO-sponsored Moscow International Conference on Afghanistan (March 27, 2009).

Saudabayev reminded that after the Tashkent summit coming in two weeks and before the end of 2010 Kazakhstan will carry out the leadership of the OSCE and the SCO in parallel.

“Kazakhstan will seek to use this opportunity to build confidence between these structures, and in particular, to establish contacts between the SCO Executive Committee of the Regional Anti-Terrorist Centre and the OSCE Counter-Terrorism subdivision,” he noted.

At this SCO meeting, the foreign minister approved draft regulations on the admission of new members. In this context, Saudabayev made clear that Kazakhstan adheres to the position of imposing a moratorium on accepting new members and claimed “it is essential that potential candidates for the SCO membership do not fall under UN Security Council sanctions and that bilateral issues between such candidates should not in any way affect the interaction within the SCO”.

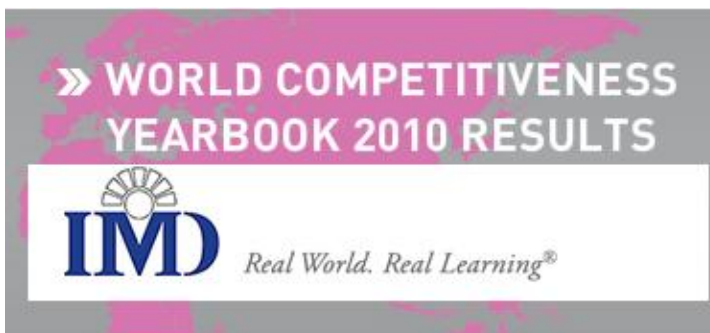
While appreciating the results of the SCO meeting, Russian Foreign Minister Sergei Lavrov said the recommendations, which are to be submitted for approval by the heads of state during the Tashkent summit on June 10-11, are fully agreed. “I do not foresee any complications,” he said.

Addressing the foreign ministers in a separate meeting, Uzbekistan’s president Islam Karimov said, “Today’s meeting within the Council of Foreign Ministers is the final one before the Council of heads of state and the signing of these documents will contribute to the development and increasing of prestige of the SCO”.

Following the SCO meeting Saudabayev had bilateral meeting with Chinese Foreign Minister Yan Jechi and Russia’s Foreign Minister Sergei Lavrov. The parties discussed the development of the organization strategy, as well as a wide range of issues of contemporary world politics.

The Shanghai Cooperation Organization is a regional international organization founded in June 2001 by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. Prior to this, all countries, except Uzbekistan, were members of the Shanghai Five.

IMD Ranks Kazakhstan 33rd among World’s Most Competitive Countries



Kazakhstan ranks the 33rd out of the 58 most competitive nations in the world according to a 2010 edition of the World Competitiveness Yearbook (WCY), released on May 19 by the Lausanne-based Institute for Management Development (IMD).

This year Kazakhstan has made a notable progress as last year the country was three spots lower,. Kazakhstan’s performance turned it into a leader in Central Asia and in

the entire post-Soviet area, leaving behind such nations as Estonia (34), Lithuania (43), and Ukraine (56). The ratings of such fastly developing nations as Brazil and Russia are also lower than Kazakhstan’s, ranked the 38th and 51st respectively.

Based on the information gathered over the course of last year, the IMD has shown that while Kazakhstan was hit as badly as other countries by the crippling financial crisis, it has managed to pull

itself out of recession faster than many others owing to prompt and effective anti-crisis measures by the Kazakh government.

Kazakhstan was among the few nations which registered a GDP growth in 2009 (of 1.2%). It continues this trend with 7.6% in Q1 of 2010. Boosted by the country's natural resource wealth, it benefits from a number of macroeconomic strengths, including a balanced budget and a low debt-to-GDP ratio.

In preparing the WCY Swiss experts have analyzed 327 criteria, which reflect the pace of economic development, government efficiency, the conditions for business development, and infrastructure.

Kazakhstan demonstrates relatively high marks in government efficiency (20) and business efficiency (29). The country's good performance in government efficiency is driven by sound fiscal policy (12) and public finance (16). Kazakhstan also gets excellent marks for its labour market efficiency, which is ranked the eighth worldwide, with high levels of flexibility in the hiring and firing process and in determining wages which allows Kazakhstan to move up from the 34th place to the 29th in terms of business efficiency.

Efforts to enhance Kazakhstan's competitiveness are based on a government-approved concept of achieving a qualitatively new level of competitiveness and export potential of Kazakhstan's economy in 2008-2015. The essence of analyzing the results of these ratings is not in just getting high ranks but in achieving world-class standards on a wide range of areas of life of the Kazakh society.

The Lausanne-based Institute for Management Development is one of the most prestigious business schools globally. Its MBA programme was several times in recent years ranked the best in the world by various ratings issued by *Financial Times*, *The Economist*, *Forbes*, and *Wall Street Journal*.

IMD has been researching the competitiveness of various countries since 1989. Its World Competitiveness Yearbook is one of the most comprehensive studies on the competitiveness of nations and regions. The research methodology is based on the analysis and ranking of the ability of states to establish and maintain an environment in which their companies can compete effectively. In calculating a country's rating, experts use data from international organizations, including the UN, WTO, ILO, OECD, the World Bank and others, as well as 57 partner institutions around the world.

Kazakhstan Determined to Enter Top Five Oil Producers of the World

Kazakhstan's oil industry has seen a rapid growth in the past decade, accompanied by the quadrupling of a number of subsoil use contracts and the launch of new major projects on the Caspian shelf. The next target is to double annual oil production by 2020 and thus, with 160 million tons of oil produced annually, enter top five oil producers globally.

Statements to this effect came from the country's leading managers of the sector as the CIS Oil & Gas Summit, marking its 10th anniversary, gathered decision makers from the post-Soviet area in Paris on May 19-21, 2010.

The delegation from Kazakhstan included Chairman of *Kazenergy* Association of oil and gas sector companies Timur Kulibayev, Vice Minister of Oil and Gas Lyazzat Kiinov, *Kazmunaigaz* President Kairgeldy Kabyldin, Managing Partner of the Almaty based *Salans* Aigoul Kenzhebayeva, and Vice President of *PetroKazakhstan* Bakhytzhon Issengaliyev.

A well-established conference for the energy sector in the post-Soviet area focused on the most crucial and timely issues of the industry including updates on government regulations and policy strategies presented by governments, major offshore projects, the development of oil and gas fields in



Oil derricks dot the night landscape in Aktau.
Photo by KazMunayGaz

the Caspian region and diversifying of transportation routes. The agenda for this year's CIS Oil & Gas Summit, concerned mainly identifying opportunities and implications for strategies in the region. The summit also examined legislative changes and strategic decisions by the governments and major oil and gas operators.

Timur Kulibayev stressed Kazakhstan intends to double its oil production with the help of new projects up to 160 million tons by the year 2020, which will ultimately bring the country into the top five oil and gas producers of the world.

In his words, the country has seen an increase in the number of contracts with subsoil users from 100 to more than 400. Nearly fifteen new oil and gas projects have been launched on the Caspian shelf. The total volume of investments into the sector so far amounted to more than US\$ 87 billion, more than 80% of which were made by foreign companies and joint ventures.

“At the moment, Kazakhstan possesses 1.7% of the world's gas reserves. In the future, however, the country's position on the Eurasian gas market will become even more serious than today,” he noted. “As the hydrocarbon-free assets keep declining, the sale of shares will constitute an important part of oil and gas business in the former Soviet republics. Kazakhstan is so far the first and the only country among Caspian littoral states which has already taken its place in this promising niche of the oil investment market”.

In addition, over the last few years such companies as KazTransOil, and KazMunaiGaz E&P have placed their Eurobonds, which enabled the latter to attract almost US\$ 2.2 billion after selling roughly a third of its shares. Moreover, the company has managed to engage foreign pension funds, banks, individuals and legal entities as the interest holders of the company.

Project director of the CIS Oil & Gas Summit Evnika Polovinkina said the May summit presented a rare opportunity for oil and gas executives in the West.

“It is not often that we manage to coax so many Kazakhstan executives to come here, but the CIS Summit has become an important annual meeting point for all the major players in the oil and gas sectors in Russia and the CIS countries”

“Kazakhstan has more than come into its own, it has an oil industry to be reckoned with and the huge interest from foreign investors and suppliers. Not only does the country have enormous oil and gas reserves in the Caspian Sea basin, the government's reputation as an excellent business partner has only increased. The CIS area is known as a challenging one for investors and partners but Kazakhstan is starting to show its mettle,” Polovinkina concluded.

Wireless Internet Access Improves as Kazakhtelecom Expands 3G Services



Starting May 2010 Kazakhtelecom, Kazakhstan's largest telecommunications company, has expanded countrywide its broadband wireless services requiring a USB modem under the *Megaline Mobile 3G* brand.

From now on, residents of Almaty, Astana, Karaganda, Ust-Kamenogorsk, Aktau, Atyrau and Aktobe will enjoy the services of Megaline Mobile 3G, along with the new tariff plans. Just as in other services offered by the

company, this time Kazakhtelecom keeps paying particular attention to the high-speed package access.

New Megaline Mobile 3G uses an Evolution Data Optimized (EVDO) technology, which is a telecommunications standard for wireless transmission of data through radio signals typically for broadband Internet access. It is a sort of personal broadband wireless service for a wide range of customers, from business people to students. EVDO works similarly to the way a cell phone operates as it relies on signal from a wireless tower rather than a physical connection like a phone line or cable.

EVDO was designed as an evolution of the CDMA 2000 standard that would support high data rates and could be deployed alongside a wireless carrier's voice services. An EVDO modem, often referred to as an “aircard”, receives the signal and allows you to connect to the Internet. The customers

can access their virtual private network anywhere they can get a cellular signal via a secure, encrypted signal.

According to a press release from Kazakhtelecom, the newly-introduced technology offers numerous benefits and advantages for its users, making it hard to underestimate the comfort of use and new technological capabilities. These include providing 10 times faster wireless data connections than through a regular modem, as well as rich web browsing and application usage including the ability to download and run video clips in real time.

The project is realized in Kazakhstan through the joint efforts of JSC Kazakhtelecom and JSC Altel, a local branch of the world's largest wireless telecommunications services provider. Almaty became a launching platform for the project as it was the first city where the service was introduced last year. Today nearly 53 EVDO base stations operate throughout Kazakhstan. In addition, in 2011 the service will be launched in other cities and regional centers of the country.

As for now, Kazakhtelecom offers both individuals and sole proprietors a wide range of tariff plans, which include "Megaline Mobile Start", "Megaline Mobile Plus", "Megaline Mobile Economy", and a package mode "Megaline Connect". The wire-connected package mode "Megaline Hit" and wireless "Megaline Mobile" feature more favorable terms and allow saving nearly 2,000 tenge. Depending on specific technical parameters of the data transmission network, the internet connection speed through the inbound and outbound channels increases dynamically up to 256 kilobits per second with an unwarranted minimum speed. The latter is contingent on the base's location, quality of data signal, traffic busy hours, and the number of subscribers at the time of transmission.

Viktor Nazarov, an Almaty businessman, shared his thoughts on the new service: "My job makes me travel a lot, since the offices of my company are located in different parts of the country. Nevertheless, I receive a great number of corporate e-mails and I need to keep in touch with my colleagues, partners and clients. Although each of my offices has an access to the Internet, I have no time to setup and prescribe the name of the proxy server all over again. That is why a USB modem was an optimal decision for me, as today I have an immediate access to my corporate mail, no matter whether I am in the office or having a working lunch."

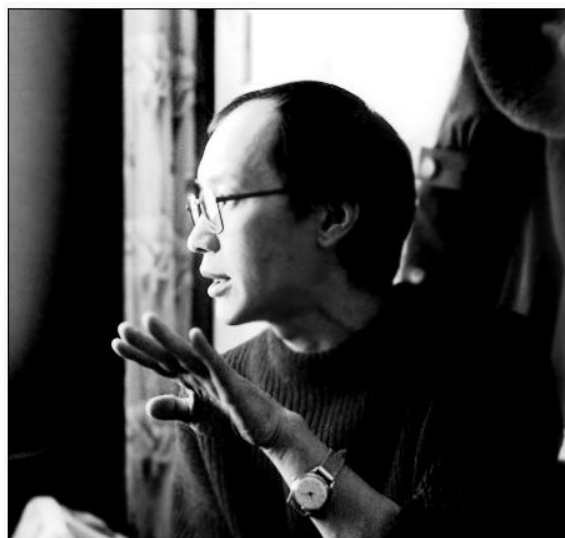
"In view of the customers' growing needs and the broadband access integration we want to expand the set of our services," JSC Kazakhtelecom's Managing Director for Sales Timur Bulambayev said. "The subscribers who use the wire connected "Megaline" may now supplement it with a wireless USB modem. Therefore, we have managed to integrate two access technologies under one "Megaline" brand."

Scorsese Promotes Forgotten Masterpiece of Kazakh Cinema in Cannes

The 63rd Cannes Film Festival from May 12 to May 23, 2010, not only gathered a diverse selection of outstanding recently-produced films, but gave a second breath to the forgotten rare pearls and cinema masterpieces from across the world. The Kazakh movie *Revenge* by Yermek Shinarbayev was among them.

This year Martin Scorsese, an iconic New York filmmaker, was at Cannes, where he won the Palm D'Or in 1976 for *Taxi Driver*, on a new mission of nostalgia. These days his World Cinema Foundation (WCF) tries to rescue, restore and re-popularize tiny, damaged or forgotten movies that are in danger of being lost forever to preserve them for posterity.

This time a restoration project led by Martin Scorsese provided a second world premiere to a Kazakh movie *Revenge* (*Mest* in Russian) by Yermek Shinarbayev, shot as early as in 1989.



Film director from Kazakhstan Yermek B. Shinarbayev

The film was restored by the World Cinema Foundation at Cineteca di Bologna in the L'Immagine Ritrovata laboratory. The WCF plans to hold premieres of the films it restores every year at Cannes before taking them around the world and making them available to film clubs, universities and museums.

Despite the fact Shinarbayaev's film was shelved and turned down for foreign distribution by Soviet film officials, it received several awards at international festivals, including special prizes at Henri Langlois Festival in 1989 and the 44th Thessaloniki International Film Festival (retrospective program) in Greece in November 2003.

There have been plenty of films based on the theme of revenge in world cinema, but there has never been one like the Shinarbayev's *Revenge*. The renowned Kazakh master in close collaboration with the Korean-Russian writer Anatoly Kim yielded this remarkably beautiful, profoundly unsettling film. More than twenty years ago Shinarbayev and Kim made quite a formidable team in a group of young directors known as the Kazakh New Wave of the 1980s, which enabled them to create an outstanding work of art, presented at the Cannes Film Festival last week.

In *Revenge*, the action begins after a brief but potent prologue set in the court of a young king during the eighteenth century, followed by a flash forward to Korea at the turn of the last century. In a fit of anger, a resentful teacher murders a child, and then flees his village. The parents seek revenge, and the father spends ten years tracking down his prey, only to lose his chance at the last moment. The mother has him take on a second wife, in order to give birth to a son who will grow up to carry out the task.

Shinarbayev and Kim trace the current of revenge as it mutates across a broad span of time, and this carefully crafted, artfully precise film keeps deepening in mystery and suspense until it reaches its transcendent end point.

In the beginning of the 1940s, hundreds of thousands of Koreans that had lived in the Russian Far East were forcibly displaced overnight according to Stalin's orders. They were regarded as traitors and public enemies. Women, children, and old people were sent away with no explanation. The Korean diaspora, with a population of over a million, has been a forbidden topic for many years. The majority of them were sent to Kazakhstan and other republics in Central Asia.

Revenge is the first film telling the story of their tragedy. It is a true odyssey, geographically and psychologically, one of the greatest films to emerge from the Kazakh New Wave.

Martin Scorsese, who presented the forgotten Kazakh movie to the world, said cinema was a vital part of the mankind's cultural heritage and should be preserved.

"We can make a difference if we make these films available", Scorsese noted. If more people watched "art" films, he said, their appetite for big budget blockbusters might change.

Daniel Kothenschulte, a staff critic on several German dailies, said of the Shynarbayaev film: "The Kazakh movie, restored by Martin Scorsese, was not admitted to the Cannes Film Festival in 1989. Fortunately, we had a chance to watch it this year. This metaphorically told story of Korean diaspora in Kazakhstan is depicted in a form of parable about the ghosts and phantoms. I was deeply impressed by *Revenge*. This is a true masterpiece and a main breakthrough in Cannes for me this time".

Also in the News:

- Following the release of the report on the sinking of the South Korean corvette in March which resulted in the death of 46 sailors, the OSCE Chairperson-in-Office, Kazakhstan's Secretary of State and Foreign Minister Kanat Saudabayev emphasized the need for intensified dialogue to maintain peace and stability in Northeast Asia. "I am concerned about this tragic incident and offer my deepest condolences to the families of those who lost their lives and to the South Korean government and its people. South Korea is an important partner of the OSCE. The OSCE Chairmanship supports all efforts to develop dialogue and safeguard peace in Northeast Asia," he said. An international conference on multilateral co-operation on security in Northeast Asia and the applicability of the OSCE experience was held in Almaty on 26 and 27 April. Earlier last week at the OSCE Conference with the Organization's Asian Partners held in Seoul, participants

discussed how the OSCE concept of promoting comprehensive security through co-operation and dialogue might also be used in Asia.

- Kazakh Prime Minister Karim Massimov took part in regular meetings of heads of governments of Eurasian Economic Community (EurAsEC) and Commonwealth of Independent States (CIS). The latter meeting led to the signing of 19 documents on collaboration in economic, security and humanitarian spheres, and adopted an intergovernmental program on innovative biotechnologies, which is expected to ensure robust growth in economic efficiency and living standards of post-Soviet countries.
- During the EurAsEC meeting in Saint Petersburg, Tajikistan's Prime Minister Akil Akilov expressed his appreciation for Astana and Minsk for their assistance in mitigating the consequences of the May 6 flood and mudflow in the southern regions of his country.
- Legislative committees of the Mazhilis have turned down the draft law on lobbying, submitted to Parliament by the Ministry of Justice in February 2010 (See Astana Calling, issue #44). Addressing the round table in Almaty on Friday, Mazhilis deputy Zhakip Assanov said he and his colleague rejected the bill because the lobbyist activities in Kazakhstan should be exerted not only by the parliamentarians, but at the earliest stage of the document's preparation by the government agencies of the country. These are the very stages, addressing the true needs of social regulation and conceptual aspects of each bill, Assanov stressed.
- JSC KazAgroFinance signed a credit agreement on US\$ 30 million with Islamic Development Bank (IDB) last Monday. The Bank gives a 10-year loan with a three-year preference period, adhering to the *murabaha* scheme of the *Sharia Law*, which implies that after IDB purchases the commodities from a supplier, it sells them to KazAgroFinance through the installment sale. According to the experts, this is the first time such an authoritative international financial organization opens a credit line for the company specializing in leasing transactions.
- "Farewell bells" rang in all schools of Kazakhstan on 25 May, 2010. More than 142,000 students who leave the secondary schools across the nation this year took part in their final end-of-the-school-year ceremonies. The pupils that are about to leave the school wore the classic school uniform, as for the girls it has become customary since the 1990s to attire in the Soviet-style school uniform with white aprons and white bows in the hair. Traditionally, the symbolic "last bell" is rung by a 7-year old first-grader carried by an 18-year old school graduate.
- The 2010 Asian Five Nations, the third series of the flagship competition devised by the International Rugby Board to develop the rugby union in Asia, was held on five consecutive weekends between 24 April and 22 May 2010. Japan won the tournament for the third time in a row, achieving the equivalent of a Grand Slam in the Six Nations Championship. The Kazakh national rugby union team, nicknamed "The Nomads" and ranked 30th globally, finished second, repeating its last year result and saving chances to grab the final place at the 2011 Rugby World Cup in New Zealand. To achieve this, they need first to beat Uruguay (ranked 20th internationally) in Montevideo and then face either Tunisia or a winner of Romania-Ukraine tie.
- A traditional *Fountain Holiday* takes place in Almaty on May 25, 2010. This day early morning all fountains of the city switch on after a long-lasting winter break period. Various celebrations, festive concerts and performances with the participation of Kazakh pop stars, vocal ensembles and dancing groups are held throughout the country, with the main entertainment taking place in front of the Abay Opera and Ballet Theatre.

Things to Watch:

- On May 23-31, Astana hosts Asian Championships in Women's Boxing.
- On May 25-26, a Kazakh delegation led by Vice-Minister of Information and Communication Nuray Orazov takes part in the 12th Annual Central Asian Media Conference sponsored by the OSCE. This year's event focuses on issues related to access to information and new technologies. It features topics including international standards on access to information, Internet development and regulation and access to information in Central Asia. More than 100

journalists, representatives of non-governmental organizations and academic circles attend the event.

- A French delegation led by President Sarkozy's special representative Senator Aimeri de Montesquiou visits Kazakhstan on 25-28 May. Delegates from a number of French government agencies, OECD, and business leaders are going to discuss issues of collaboration in education, technology transfer, energy, water supply, and agriculture with top Kazakh government officials and heads of national companies in both Astana and Almaty.



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