



## **Kazakhstan Takes Over SCO Chairmanship, Will Host 10<sup>th</sup> Jubilee Summit**

(Tashkent Summit confirms leaders' unity in tackling regional problems, helping Kyrgyzstan)

## **Commitments to Copenhagen Document Confirmed 20 Years Afterward**

(OSCE Chairperson-in-Office Kanat Saudabayev visits Denmark, addresses conference)

## **New Macroeconomic Data Backs IMF's Positive Outlook on Kazakh Growth**

(In Jan-May 2010 GDP grows by 8.3%, industrial output by 11.9%; IMF improves its projection)

## **Business Leaders Gather for Kazakhstan Growth Forum in London**

(The 5<sup>th</sup> annual Kazakhstan Growth Forum convenes in the British capital on June 15-17, 2010)

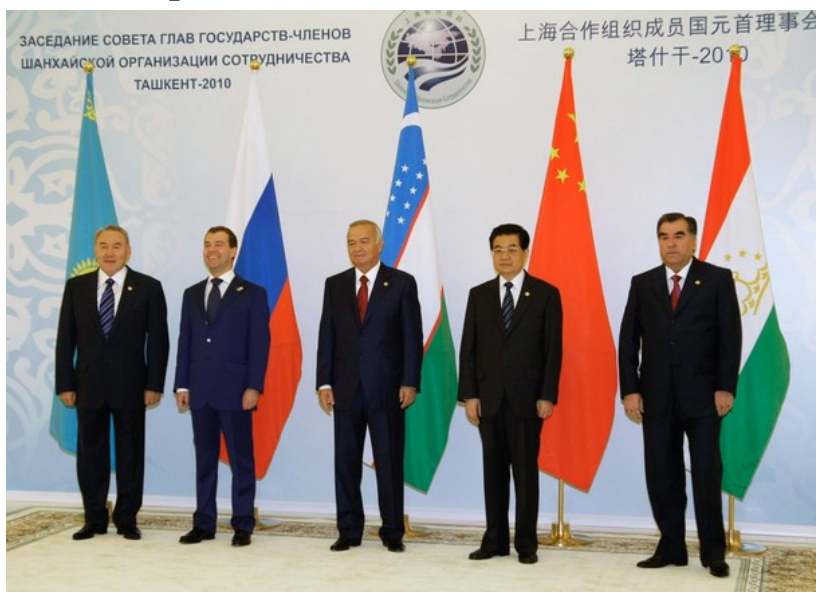
## **Kazakhstan Takes Over SCO Chairmanship, Will Host 10<sup>th</sup> Jubilee Summit**

Leaders of Shanghai Cooperation Organization (SCO) member-states, including President Nursultan Nazarbayev of Kazakhstan, reiterated their commitment to strengthening cooperation in providing security and encouraging stronger economic ties in the area of the group's responsibility, and enhancing the organization's capacities in various spheres including tackling emergency situations and drug trafficking. The statements came as five presidents gathered in Tashkent on June 10-11 for the tenth Meeting of the Council of SCO Heads of States on June 10-11.

Following the summit, Kazakhstan took over the chairmanship in SCO from Uzbekistan, and will now host the Organization's 10<sup>th</sup> jubilee summit in Astana. The Kazakh chairmanship would work toward strengthening further the SCO's unity and potential in solving the most relevant problems of the region.

In the course of the meeting in Tashkent the leaders reviewed the main results of the Uzbek Chairmanship during the period after the Yekaterinburg Summit in 2009 and drew up the guidelines for joint action on developing cooperation on a wide range of topics, including the regional antiterrorist structure activities, the fight against organized crime and drug trafficking, and issues of energy, transport, telecommunication cooperation within the Organization.

Speaking at the summit in Tashkent, President Nazarbayev commended Uzbekistan's SCO chairmanship and its efforts in improving the organization's image in the global community.



L to R: Presidents Nursultan Nazarbayev of Kazakhstan, Dmitry Medvedev of Russia, Islam Karimov of Uzbekistan, Hu Jintao of China, and Emomali Rakhmon of Tajikistan pose for a group picture in Tashkent on June 11, 2010 during the SCO summit.

Photo by Reuters

"The efforts of Uzbekistan during its SCO chairmanship set an example for the improvement of its structures and mechanisms of decision-making in key areas of regional policy. By the mere list of issues and signed documents in Tashkent, it becomes apparent that the SCO's role is increasing".

In the light of the latest dramatic events in Kyrgyzstan President Nazarbayev claimed that one of the priorities of Kazakhstan's chairmanship in the SCO will be rendering of help to Kyrgyz people. In this respect, he urged the SCO member countries to "help Kyrgyzstan to overcome the current difficulties, preserve peace and stability, and move towards to improving the socio-economic sphere".

The Russian President Dmitry Medvedev, in his turn, proposed sending the SCO observer mission referendum on the new Constitution scheduled on June 27, and carrying out new monitoring of the processes that are underway in Kyrgyzstan, as he considers very important to ensure the development of Kyrgyzstan's statehood in legal way.

Heads of States adopted a Declaration on the settlement of the situation in Kyrgyzstan, Uzbek President Islam Karimov stated.

"The Declaration states our common position on this issue. We express our full solidarity with the Kyrgyz people and our shared concern about the difficult situation in the republic".

Given the growing number of emergencies and technological disasters, President Nazarbayev initiated to place the SCO regional center for disaster prevention and mitigation in Kazakhstan, adding that the "establishment of such centre would enhance the SCO countries' security in the face of natural disasters".

Nazarbayev also took a stand for a proposal of deepening the cooperation between the SCO member countries in energy sphere. "The SCO today has all conditions to establish the Energy Community, where interests of both producer and transit countries and energy consumers can be accommodated", he said in this regard.

The summit resulted in adopting the summit's political Declaration and a series of resolutions of the Council of Heads of SCO member states on approving the organization's various documents, including the Provision on the admission of new members and the SCO Rules of procedure.

Under the Provision, a state wishing to join the SCO should belong to the Euro-Asian region, have diplomatic ties with all SCO member states, have status of an observer at the SCO and of a dialogue partner, support intense trade-economic and humanitarian ties with the SCO member states, and should not be under UN Security Council's sanctions and in a state of armed conflict with another State or States.

The expansion issue's being among the summit's topics testifies to the fact that the SCO, in its nine-year existence, has firmly established a reputation as being a force for stability in Central Asia. The four SCO observers are Mongolia, Iran, Pakistan, and India, and all have showed interest in gaining full membership.

On the sides of the summit President Nazarbayev held meetings with the event's host, Uzbek President Islam Karimov and Russian President Dmitry Medvedev. During these meetings the Kazakh President discussed with his counterparts a wide range of issues of bilateral relations and multilateral interaction, including the situation in Kyrgyzstan.

The Council of Heads of the SCO Member States is the supreme organ of the Organization. It identifies priorities and develops the main directions of the SCO activity, solves the fundamental issues of its internal structure and functioning, and interaction with non-member states of the OSCE and other international organizations, as well as determines its position on critical issues on the international agenda.

Currently, the SCO members are China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. Observers at the SCO are Iran, India, Mongolia and Pakistan, and the dialogue partners are Belarus and Sri Lanka.

## **Commitments to Copenhagen Document Confirmed 20 Years Afterward**

Twenty years after the adoption of the landmark Copenhagen Document on the human dimension of security, high-ranked officials and human rights activists gathered in the Danish capital on June 10-11 to look at their countries' compliance with the commitments included in the Document and to discuss future perspectives. More than 260 representatives from the OSCE's 56 participating States, civil society groups and experts took part in the two-day conference, organized by Kazakhstan's OSCE

Chairmanship, the Danish Foreign Ministry, and the Office for Democratic Institutions and Human Rights (ODIHR).

Also, on June 10 Kazakhstan's Secretary of State and Foreign Minister Kanat Saudabayev held talks with his Danish colleague, Deputy Prime Minister and Minister of Foreign Affairs Lene Espersen in what was the first official visit to Copenhagen by a chief of the Kazakh foreign office.

The Copenhagen conference covered a wide range of issues related to the OSCE activities within the human dimension. In five working sessions - on election and human rights, rule of law, national minorities, freedom of movement, and implementation - the participants took stock of compliance with the commitments made two decades ago, identified remaining challenges and looked at measures that could be taken to close implementation gaps.

Opening the conference, Lene Espersen stated: "Much has changed since 1990 when the Copenhagen Document was adopted. At that time, Kazakhstan did not take part in the CSCE process as an independent state. Today, Kazakhstan is chairing the OSCE. This provides us with an excellent illustration of how far we have come. In part, I believe, it is thanks to the commitments agreed upon in Copenhagen that we have managed to come this far and have made this incredible journey over a 20-year period".



OSCE Chairperson-in-Office, Kazakhstan's Secretary of State – Foreign Minister Kanat Saudabayev addresses a conference in the Danish capital to mark the 20th anniversary of the Copenhagen Document, 10 June 2010.

Photo by the OSCE/Frane Maroevic

Addressing the opening session of the conference OSCE Chairperson-in-Office Kanat Saudabayev said: "Twenty years ago, ministers from the countries participating in the Conference on Security and Cooperation in Europe adopted a code of standards on human rights, democracy and rule of law. This code was unprecedented in its depth and scale and it has not lost its significance".

"The tectonic changes in the OSCE area's geopolitical landscape and the differences in advancing to the ideals of democracy in various countries should not overshadow the lasting historic values of the Copenhagen Document", he said.

This is especially true for countries of the former Soviet Union and to the east of Vienna generally, including Kazakhstan, who

embarked on building democracy after the many decades of the totalitarian rule, Saudabayev said citing many challenges along this path.

"We have always remained true to the goal of building democracy, at the same time taking into account our realities, and regional environment, and proceeding from the notion that democracy is a process that has a beginning and has no ending. No single country today can claim it has built a perfect democracy and rest on the laurels. And never during these years have we debated the principle vector of Kazakhstan's development with our opponents, only the speed with which we implement our reforms," Saudabayev stressed.

OSCE Chairperson-in-Office also noted: "Respect for and protection of fundamental rights and freedoms of people, the development of democracy, combating intolerance and discrimination are indispensable elements of indivisible security. This is why OSCE's human dimension is a priority for the Kazakhstan's OSCE Chairmanship".

Saudabayev noted the Kazakh chairmanship has a particular significance for future implementation of the Copenhagen Document for this is the first time in the Organization's history when an Asian and post-Soviet nation is chairing the OSCE.

To further discuss development and implementation of the human dimension commitments, Kazakhstan's chairmanship is going to organize a series of events, the key one being an OSCE High-Level Conference on Tolerance and Non-Discrimination on June 29-30 in Astana, the Kazakh Foreign Minister said.

The chairmanship's initiative to convene an OSCE Summit this year would also allow an opportunity to "reiterate the democratic and human rights basis of the Organization", Saudabayev added.

The 1990 Copenhagen Document was agreed by the participating States of the then-Conference on Security and Co-operation in Europe (CSCE) only months after the fall of the Berlin Wall and became a milestone in ending the Cold War. It is one of the most far-reaching international human rights agreements ever adopted, setting new standards in areas such as democratic elections, minority rights protection and the rule of law.

The Document says that the protection and promotion of human rights is one of the basic purposes of government, and that their recognition constitutes the foundation of freedom, justice and peace. It also outlines a number of human rights and fundamental freedoms never before formally accepted in the CSCE context, including the right of peaceful assembly and demonstration, the right to enjoy one's property peacefully, the rights of the child.

As part of his official visit to Denmark, Kanat Saudabayev held talks with the country's Deputy Prime Minister and Foreign Minister Lene Espersen. She praised the Kazakh OSCE chairmanship, including Astana's contribution to the settlement of the crisis in the neighbouring Kyrgyzstan. Espersen supported the idea of holding an OSCE Summit this year, noting the Afghan problem should become one of the key aspects in the Summit's agenda.

Given the occasion, Saudabayev and Espersen also noted examples of positive cooperation between Kazakhstan and Denmark, including active participation of the Danish Institute for Human Rights (DIHR) in establishing and developing respective offices in Kazakhstan. The parties also discussed future prospects of developing bilateral ties between the two states and agreed that the volume of trade-economic cooperation did not do justice to its real potential.

Following the talks, the two Foreign Ministries exchanged Diplomatic Notes introducing a visa free regime for holders of diplomatic passports between Denmark and Kazakhstan. The cancellation of visa requirements for diplomats will promote more intense cooperation between the two countries in political, economic, scientific and cultural spheres, they said.



During the meeting Kanat Saudabayev of Kazakhstan and Lene Espersen of Denmark noted their common positions on a number of international issues.

Photo by Ilyas Omarov

## New Macroeconomic Data Backs IMF's Positive Outlook on Kazakh Growth



International Monetary Fund improved its forecast of Kazakh GDP from 2.4% to 4%, based on the report of its latest mission to Astana and Almaty, citing stronger trade and continued policy stimuli as factors favoring faster than expected recovery from the effects of the global financial crunch.

Kazakhstan's economy is to expand by about 4% in 2010, faster than previously forecast. The International Monetary Fund (IMF) announced the projection on June 10, following its mission to Astana and Almaty during May 26 - June 8, 2010 to conduct discussions as part of Article IV consultation. The mission analysed recent economic and financial sector developments, and discussed ongoing policy responses and economic prospects during its meetings with government, parliament and central bank officials, and representatives of the international, banking and business communities.

This projection was illustrated by the new macroeconomic data issued on June 11 by the Kazakh government. According to Deputy Prime Minister Yerbol Orynbayev the country's GDP increased by 8.3% in the initial five months of 2010, compared to the same period of the previous year, while the industrial output increased

by impressive 11.9%.

According to the IMF mission's statement, by the end of 2010 the Central Asia's largest economy will grow by 4 percent, reflecting developments through the first quarter of the year and despite its earlier forecast which defined the Kazakh GDP grow by 2.4%. Kazakhstan's economic advance is expected owing to stronger trade and continued policy stimuli. Public sector support and externally driven activity in the mining and manufacturing sectors contributed to a fast economic recovery in the last few months of 2009.

"The government's plans to improve productivity and advance economic diversification can support an increase in growth towards its projected potential of about 6 percent over the next 5 years, but this will require a healthy, adequately capitalized, and well regulated financial system," the IMF mission says in a statement.

As for the banking system, the IMF staff believes, that it has been stabilized with large scale capital and liquidity support. The successful external debt restructurings of Alliance Bank and BTA have been crucial in stabilizing the financial positions of these banks, which are now ready to employ new business models.

According to Kazakh government's conservative forecasts, the country's GDP growth this year is expected to amount to 2 percent. Kazakhstan's GDP in the Q1 of this year grew by 7.2% while in 2009 Kazakhstan's GDP growth was 1.2%.

The IMF consults annually with each member government. Through these contacts, known as "Article IV Consultations," the IMF attempts to assess each country's economic health and to forestall future financial problems. Participation in these consultations is one of the key obligations of IMF membership. Upon its return, the mission submits a report to the IMF's Executive Board for discussion. The Board's views are subsequently summarized and transmitted to the country's authorities.

Kazakhstan joined the International Monetary Fund in 1992.

## **Business Leaders Gather for Kazakhstan Growth Forum in London**

For three days next week London is turning into a market of opportunities in investing in Kazakhstan, as Adam Smith Conferences' 5<sup>th</sup> Annual International [Kazakhstan Growth Forum](#), endorsed and supported by the Embassy of Kazakhstan in the UK, is held on June 15-17 at Renaissance Chancery Court Hotel.

As arguably the most influential European investment gathering on Kazakhstan, this forum is a great opportunity for international investors, senior Kazakh

government officials and corporate leaders, top flight analysts, and businessmen to discuss a broad range of issues relating to Kazakhstan's economic development and work out comprehensive solutions to current challenges.

According to one of the Forum's speakers, Deputy Chairman of Kazakhstan's government agency for promoting the Regional Financial Centre of Almaty (RFCA) Chingiz Kanapyanov, participants will discuss the lessons learned from the economic crisis and the strategies for development of Kazakh economy in a post-crisis environment.

"This conference will offer a detailed overview of the country's political situation, investment climate, legal and tax base, and present a unique opportunity to explore the latest trends in the development of all major sectors of Kazakhstan's economy," he stressed in an interview with a Kazakh news agency.

Despite the economic crisis Kazakhstan's economy has performed well recently, reaching GDP growth of 7.2% in Q1 2010. In his annual Address to the people of Kazakhstan, entitled "New decade – new economic growth – new opportunities for Kazakhstan", President Nazarbayev emphasised the need to prepare the nation's economy for a post-crisis development and achieving sustainable economic growth through industrialization. In this respect, the government formulated a State Programme of



The Forum will provide a discussion on the lessons learned from the economic crisis and, on the other hand, strategies for further development.

Accelerated Industrial Innovative Development and a detailed “Map of Industrialisation” which comprises more than 100 projects with a total investment of US\$ 44.3 billion.

Kazakhstan appears to have coped well with the crisis and is again becoming a very attractive market for foreign investors. International business community’s desire to participate in this prestigious conference is a confirmation of its growing interest to Kazakhstan.

“The attractiveness of our country to investors is largely determined by the fact that the internal stability remains here and Kazakhstan makes a significant contribution to strengthening stability in the world. This Forum has become a great interactive platform, where representatives of many companies with established reputation discuss their business interests. This event actually defines a new path of development in the changed economic realities,” Kanapyanov concludes.

This year’s forum agenda includes all above-mentioned points with special focus on developing and investing in natural resources sector and post-crisis management of the country’s recovering financial sector.

Key features and issues for discussion in 2010:

- Extended focus on natural resources: gas transit routes, nuclear energy, infrastructure, oil and gas services and value-added products. Evaluation of the legal and tax climate in this sector.
- Post-crisis management of the financial sector – the Government view and a debate on the programme’s expected impact on Kazakh banks and corporations
- Access to funding - a special focus-day on joint ventures, private equity and portfolio investments, domestic funding programmes, and other sources of finance
- Industrialization in Kazakhstan and a focus on major infrastructure projects; analysis of financing mechanisms and investment vehicles
- Business leaders’ debate - Kazakhstan’s top corporations on their new strategic directions
- A series of interactive debates focusing on the impact of the increasing number of Chinese investments in Kazakhstan, the newly created Customs Union and an Analysts’ Panel on key macroeconomic developments
- Panel discussion on Kazakhstan’s Chairmanship of OSCE in 2010

The speaker faculty will include key Kazakh government ministers, bankers, investors, oil & gas sector players and senior executives from other industry sectors, who will debate the crucial issues of how to both survive and thrive during difficult times.

For more information on the forthcoming event please visit [www.adamsmithconferences.com/en/ykc005](http://www.adamsmithconferences.com/en/ykc005).

#### **Also in the News:**

- President Nazarbayev made a working trip to Mangystau oblast on June 9 and attended the presentation of a number of the region’s investment projects. Several projects were presented to President by means of live conference. On the whole, 43 large-scale investment projects for over US\$ 25 billions have been launched in Mangystau, including the construction of a large elevator complex, a ship reconstructing plant, a base of support for sea operations, a modern pharmaceutical enterprise, a metallic constructions plant and an industrial park. Other larger initiatives currently under implementation are the expansion of the seaport, the creation of a Caspian Energy Hub, building of a new super modern Aktau City, as well as the “Kendirli” resort.
- Standard & Poor’s (S&P), a division of McGraw-Hill that publishes financial research and analysis on stocks and bonds, raised the ratings of Kazakhstan’s Alliance Bank up to “B-/C” after the bank has finished its restructuring and reduced its total financial debt from US\$ 4.5 to US\$ 1.08 billion. The assessment indicates the international credit rating agency considers the bank’s restructuring to be completed. S&P also lifted its outlook on Alliance to “stable”, implying the Kazakh government will continue supporting the liquidity of the bank within the next two years. S&P notes the positive impact on the Alliance’s rating made by its close ties with the National Welfare Fund “Samruk-Kazyna”, which is hundred-per-cent state owned and operates on behalf of the government.

- The draft of the national program for health care system development “Salauatty Kazakhstan” (Healthy Kazakhstan) for 2011-2015 was published Tuesday in the Kazakh press. The proposed national program is published for a wide public discussion and everyone can send their comments directly to the press office of the Health Ministry. Minister Zhaksylyk Doskaliyev presented the draft program earlier to the General Assembly of the National Medical Association in Almaty. According to him, the implementation of the program will require improving the organizational structure, management and financing of the health care system, introducing innovative medical technologies, and providing access to better medications.
- The opening of the New University of Astana is scheduled for June 28, 2010. Three thousand students claim 500 seats in the University as the entrance examinations are held throughout Kazakhstan. Prime Minister Karim Massimov met the Board of Directors of the university yesterday, having adopted the rules for admission and the staff of its International Advisory and Industrial Councils. During the meeting the participants also addressed the logistic of the university’s work.
- The discovery of a suspicious hand-bag in the waiting room of Aktobe airport that led to the evacuation of fifty airport employees has turned out to be a false alarm. The bag was producing some dubious sounds which made the airport’s security inspectors suspect there could be an explosive device in it. Three planes made an emergency take-off, one of which was following the international route. After the sappers opened the hand-bag they found a mobile phone and a copy of an ID card.
- “Green Salvation” ecological community welcomed the decision made by the government of Kazakhstan to found a “Zhongar-Alatau” national wildlife park in the republic. The start up of a new nature park in Kazakhstan is of particular significance sine the United Nations proclaimed the year 2010 to be the International Year of Biodiversity. “Zhongar-Alatau” will cover almost 356,022 hectares embracing three regions of the Almaty oblast, including the Aksu, Sarkand and Alakol. The park is opening through the efforts of the Kazakh government, the Global Ecological Fund and UNDP.
- The winner of the nation-wide competition on creating a symbol for forest fire prevention held in Semey city is Dinara Shukeyeva, assistant at the arts and draftsmanship sub-department of the Semey State Pedagogical Institute. According to the expert commission, involving professional designers and artists, representatives of forestry and non-governmental organizations, the image of a merry badger in a national costume proposed by Shukeyeva was the best idea among the 125 works participating in the contest. “Despite the fact that there is a unique relict pine wood in Kazakhstan; we have never had a symbol protecting the rich natural wealth. Now a merry badger is the guardsman of Kazakh pine woods,” the jury said.



The image of a merry badger in a national costume proposed by Dinara Shukeyeva.

### Things to Watch:

- Chancellor of Germany Angela Merkel will pay an official visit to Kazakhstan on 18 July 2010. Deputy Foreign Minister of Kazakhstan Konstantin Zhigalov announced the news during the session of the Committee for International Affairs, Defence and Security in the Senate of Parliament on Tuesday.
- “Astana Minerals & Metallurgy” International Congress will take place in the capital of Kazakhstan from June 30 to July 1. President Nursultan Nazarbayev, Prime Minister Karim Massimov, the leadership of international organizations, state bodies, industrial holdings and large business companies will attend the meeting. World Bank Group President Robert B. Zoellick, OECD Secretary-General Angel Gurría, Russian Minister of Industry and Trade Victor Khristenko are expected to address the conference.

- Starting from June 27 to July 1, 2010 Astana city will welcome the inaugural “Astana International Action Film Festival”, organized by the famous film director and producer Timur Bekmambetov under support of the Mayor of the capital and Astana City Hall. The festival will gather the world cinema celebrities, famous filmmakers, media and cultural representatives and potential investors in Astana. The official program of the Festival consists of more than 20 full-length out-of-competition films from USA, Europe, Asia and CIS countries.



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Please send your requests and questions to [pressa@mid.kz](mailto:pressa@mid.kz)