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In this issue:

Kazakhstan Extradites Terrorism Suspect to Russia

Boucher Sees Great Kazakh Potential, Promises Aid to Reach Goals

IMF Mission Says Kazakh Economy “Very Strong”, Managing Booming Banking Sector and Inflation Are Key Challenges

First Kazakh World Swimming Champion Comes From... Alabama

Say it in Kazakh:

*Who wrote the play?
--- Bul piesany kim zhazgan?*

*Who is the director?
--- Rezhisseri kim?*

*Will I be able to follow the story?
--- Men piesany mazmonin tsune alamyn ba?*

*That was exciting (sad).
--- Bul piesa ote keremet eken (kaiygyly eken).*

Kazakhstan Extradites Terrorism Suspect to Russia

Kazakhstan’s National Security Committee (KNB) transferred Vakha Izmailov, a suspected member of a group led by Abu Dzeyt who allegedly planned the September 2004 Beslan school attack, to Russia’s Federal Security Service (FSB) earlier this week.

Izmailov allegedly took part in several attacks on villages in Ingushetia, an autonomous Russian republic in the North Caucasus. The FSB said Izmailov was captured in a joint FSB-KNB operation in Kazakhstan.

This was not the first time Kazakhstan’s security services have moved against suspected foreign terrorists on its soil. In 2004, Kazakhstan broke up a network of Islamic militants linked to al Qaeda who trained suicide bombers and planned terrorist attacks in a neighboring country.

Kazakhstan’s history as an independent multiethnic country with a booming economy and an open society has made it a magnet for thousands of legal and illegal immigrants from other countries of Central Asia and beyond. Kazakhstan finds itself in a similar immigration situation to that faced by the United States.

While many immigrants come with good intentions, seeking higher paying jobs and a better life, some of them have no hesitations about abusing the fledgling freedoms in Kazakhstan for their evil purposes. This trend presents a growing challenge to Kazakhstan’s security services and society.

Boucher Sees Great Kazakh Potential, Promises Aid to Reach Goals

Richard A. Boucher, U.S. Assistant Secretary of State for South and Central Asian Affairs said Kazakhstan has great potential to develop and play a larger role in world energy, regional affairs, and in promoting reform and democracy.

He pledged the United States will continue to help Kazakhstan along its way.



Reuters photo

**Kazakh swimmer victorious...
Vladislav Polyakov of Kazakhstan celebrates after winning the men’s 200 meter breaststroke at the 8th FINA World Short Course Swimming Championships in Shanghai April 7, 2006.**

See story page 4

Boucher visited Kazakhstan April 8 to 10, meeting with Foreign Minister Kassymzhomart Tokaev, other officials and leaders of political parties and nongovernmental organizations.

His discussions with Tokaev focused on ways of promoting regional security and integration. Earlier this month, they had discussed similar subjects at the conference in Kabul, Afghanistan. (*See Kazakhstan News Bulletin, April 7.*)

In an April 8 interview with Channel 31 TV in Almaty, Boucher said Kazakhstan has “great potential in energy, great potential in agriculture, great potential as a stabilizer in this region.”

Boucher noted, “Our goal is to figure out how to help Kazakhstan realize that. Some of it’s economic, some of it’s security, some of it’s by helping Kazakhstan achieve democracy. All those things go together, and they all support each other.”

The recently named Assistant Secretary of State in charge of relations with the region said: “Our goal is to make sure these countries get the opportunities and the attention they deserve from the United States. One of our goals is to make sure we don’t lose all the connections between Central Asia and Europe - connections between the Council of Europe, the OSCE, the European Bank, NATO, the European Union. But we’ll see what we can do to promote the other connections to the south.” Before the recent State Department reorganization, U.S. managed relations with Kazakhstan and four other countries of Central Asia through the 54 nation Bureau of European and Eurasian Affairs.

Boucher, who had been the State Department’s spokesman for years, said in an interview, “there’s a perception in the United States that Kazakhstan is, first of all, a big country, an important country in a key location... Kazakhstan can and will benefit from regional ties. Kazakhstan will benefit from having more options, a variety of ways to sell oil and gas, and electricity.”

The U.S. diplomat said the U.S. has recognized positive movement in Kazakhstan, and noted, “We’re also looking for movement towards rule of law, fighting corruption, building democratic institutions, so that this kind of change can go into the future.”

The U.S. Assistant Secretary of State said he believes if Kazakhstan keeps moving forward with reforms and development, “It can be an important player in this region, an important source of energy for Europe, and for Pakistan and India. An example, perhaps, to other states, about how reform and democracy could work in a Muslim society, in a mixed society. So, I guess the question is, how far can Kazakhstan go? I don’t know yet, but we’ll try to help.”

IMF Mission Says Kazakh Economy “Very Strong”, Managing Booming Banking Sector and Inflation Are Key Challenges

An International Monetary Fund mission said Kazakhstan’s economy was “very strong”, but the Government needs to tighten monetary policy significantly to stave off inflation and risks caused by a surge in Kazakh banks’ external borrowing.

The IMF mission visited Kazakhstan from March 30 to April 11 conducting discussions for the annual Article IV consultation, a review of the economic situation and an opportunity to suggest policies.

In an April 11 statement, the mission said Kazakhstan “continues to record rising living standards and improvements in key social indicators. The key near term policy challenge is to sustain the strong economic performance amid mounting risks in the banking sector and a marked pickup in inflation in recent months.”

The IMF noted “very strong” economic activity in Kazakhstan, with 2005 marking the sixth consecutive year of real GDP growth in excess of 9 percent. “Activity is expected to remain buoyant in 2006, although non-oil growth will likely slow from the heady pace of 2005,” it said.

The mission noted, “Credit growth has picked up to an annual pace of about 75 percent, financed in part by a surge in banks’ external borrowing—\$4.5 billion in the fourth quarter of 2005 alone. As a result,

banks' vulnerability to a tightening of international financing conditions and a sharp slowdown in credit expansion, which could lead to deterioration in the quality of loan portfolios, has increased. In addition, inflation is projected to stay above 8 percent in the near term, including on account of the further large increase in civil service wages planned for 2007 and the ongoing surge in bank lending."

Hence, "a marked tightening of the monetary policy stance is needed to mitigate risks and reduce inflation."

The IMF noted that "the medium term outlook for the Kazakhstan economy remains favorable", warning however of the need to undertake the required tightening of the macroeconomic policy stance through monetary policy and exchange rate appreciation in the near term."

The Fund also noted "important steps to enhance the investment climate and economic governance," such as Kazakhstan's joining the Extractive Industries Transparency Initiative (EITI). Required under the EITI, "expeditious publication of audited reports will mark an important gain in transparency. Transparency will also be enhanced by the phased implementation of the new mechanism governing the NFRK in July 2006 and January 2007. The mechanism will clearly identify the scale of oil revenue and its use, and will help in the design and implementation of the medium term budget strategy."

Finally, the Fund recommended accelerated structural reforms in other areas is needed to sustain the non-oil sector's growth prospects and achieve Kazakhstan's objective to diversify its economy.

Kazakhstan does not borrow money from the IMF, having repaid its debts to the Fund earlier in this decade, seven years in advance.

Global Tax Leadership Award Presented to Kazakhstan

The Washington-based International Tax and Investment Center (ITIC) presented its first *Global Tax Leadership Award* to Kazakhstan on April 10.

Professor Charles E. McLure, Jr., ITIC Economic Advisor and head of the *Award* selection committee, said, "Kazakhstan's bold step in being the first CIS country to establish a unified tax code demonstrated unparalleled global tax leadership in 1995 and was followed by states throughout the CIS and eastern and central Europe."

This award will be periodically presented to an individual or a country that have made significant achievements in advancing pro-investment tax reform.

The first two ITIC *Global Tax Leadership Awards* were presented on April 10 April at the Second CIS Intergovernmental Fiscal Conference in Dubai. The first *Awards* were presented to the Government of Kazakhstan and the Honorable Sergey Shatalov, Russian Deputy Minister of Finance. The award for Kazakhstan was accepted by Deputy Chairman of the Tax Committee of the Ministry of Finance Ussenova.

In presenting the award in Dubai, ITIC President Daniel A. Witt, said "Kazakhstan Tax Code in 1995 was one of the first bold economic reform steps implemented by President Nursultan Nazarbayev that contributed to Kazakhstan's competitive investment climate. And this has been proven by over 40 billion dollars in foreign direct investment since independence."

ITIC was formed in 1993 at the invitation of the Ministries of Finance and the State Tax Services in both Russia and Kazakhstan. As a non-profit research and education foundation, its objectives are to facilitate in-country dialogue and information sharing between private sector specialists and government policymakers to establish investment-friendly market-oriented tax and regulatory regimes. Some have described ITIC "like a private sector version of the OECD or IMF—it is a respected, trusted, and effective voice on tax issues." ITIC, with offices in Moscow, Almaty, Astana, Kiev, Baku, London, and Washington, DC, serves as a clearinghouse for tax and investment policy information and as a training institute for key policymakers and parliamentarians from transition countries.

First Kazakh World Swimming Champion Comes From... Alabama

Vladislav Polyakov, a 22 year old economics student at the University of Alabama, made history on April 9 when he swam to victory becoming the first Kazakh to ever hold a world swimming championship.

He won 200 meters breaststroke at the World Swimming Championship in Shanghai with 2:06.95, improving on his earlier bronze medal in the same distance in Montreal in 2004.

Another Kazakh, Evgeniy Ryzhkov took bronze in the same event in Shanghai, doubling the pleasure of Kazakh sport fans.

In a phone interview from Alabama with Vremya newspaper in Kazakhstan, Polyakov said: “Evgeniy did help me in China. Before, I had never felt such a desire to win, thinking that just getting into the finals is a huge achievement for the country. But in Shanghai there were two guys from Kazakhstan in the finals, and that was already a sensation for us. So I wanted to achieve something unbelievable. I had the bronze from Montreal, wanted to get silver, and I was surprised by the gold.”

The swimming hero said his mom and sister were his biggest fans in Shanghai giving him a “great moral boost.”

Things to Watch:

- The fifth annual Eurasian Media Forum will take place in Almaty April 20-22 bringing together more than 300 journalists, media experts and opinion leaders from across the world.
- The fifth annual festival, *Jazz from A to Z*, will take place in Almaty from April 27 through 30 gathering together performers from countries Kazakhstan, the United States, France, Germany, Japan, Turkey, and Kyrgyzstan.

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