



Kazakhstan News Bulletin

Released weekly by the Embassy of the Republic of Kazakhstan to the USA and Canada

www.kazakhembus.com

August 1, 2005

Vol. 5, No. 30

In this issue:

Bush Calls Kazakhstan's Stability and Prosperity a 'Model'

Almaty Files Bid for 2014 Winter Olympic Games

First Half of 2005 Show 9.1% Grows in Economy, Plus 2% Drop in Unemployment

Kazakhstan's Cyclist Wins Tour de France's Last Stage

*Say it in Kazakh:
Checking in into a hotel:
I have a reservation. ---
Magan bulme dayındalyp
koilgan.
Do you need my
passport? --- Sizge menin
pasportym kerekpe?
Can someone take my
bags to the room? ---
Menin zattarymda
bulmege aparuga
kometese sizbe?
I don't like my room, can
I have another? ---
Magan bul bulme
unamaidy, magan baska
bulme beresizbe?
I need more pillows and
blankets. --- Magan
zhastyk pen korpe kerek.
Is there an Internet
connection in the room?
--- Bulmeden internetke
bailanysa alamynba?
When is check out time?
--- Kai uakytta konak-
uiden shigu kerek?
Do you take credit
cards? --- Kredit
kartamen yeseptese
alamynba?*

Bush Calls Kazakhstan's Stability and Prosperity a 'Model'

President George W. Bush called Kazakhstan's stability and prosperity "a model for other countries in the region" and urged "bold democratic reform" to buttress the country's economic achievements while pledging continued support from the United States.

In a wide ranging letter to President Nursultan Nazarbayev, President Bush said "the United States views Kazakhstan as a strategic partner in Central Asia and values your strong support for our efforts to bring democracy to Iraq and Afghanistan."

Kazakhstan has supported both Operation Enduring Freedom and Operation Iraqi Freedom. Kazakh army engineers, in Iraq since August 2003 have already destroyed more than 3.5 million pieces of deadly ordnance, saving countless lives of Iraqis and coalition troops.

"We appreciate the closer cooperation of recent months in combating terrorism and want to expand this cooperation," President Bush wrote in his letter, also referring to partnerships in energy. Currently, more than 300 companies with U.S. participation work in Kazakhstan. The U.S. is the largest foreign investor in Kazakhstan and accounts for US\$11 billion, more than a third of Kazakhstan's foreign direct investment since independence in 1991.

President Bush went on to note recent developments in Central Asia: "Recent events in the region underscore the importance of balanced economic growth, accountable governance, and the expansion of democracy.

Kazakhstan's economic performance has been impressive, and we remain committed to working with you through USAID to support your efforts to promote small and medium enterprises and to pursue Kazakhstan's accession to the World Trade Organization. The stability and prosperity that your country enjoys stand as a model for other countries in the region."



Olympic venue? Almaty has made a bid to host the 2014 Winter Olympics. Facilities already available include the world famous Medeo ice rink. See story, page 2.

He continued: “It is in this same spirit that I urge you to take steps to ensure that economic reforms are buttressed by equally bold democratic reform in Kazakhstan. Moving in this direction, by holding free and fair presidential elections that meet international standards for example, will give you a strong political and moral mandate to pursue the goals outlined in your February speech to the nation, should you decide to pursue another term.”

Quotes from the letter, which also touched on the development of civil society in Kazakhstan, were made available by the Press Office of the President of Kazakhstan on August 1. The letter came as a follow up to a meeting of the two presidents held in Moscow during the May 2005 celebration of the 60th anniversary of Victory in World War II. President Bush said that commemoration was “an important reminder that we all must remain vigilant in confronting and defeating the forces of tyranny and barbarism.”

Almaty Files Bid for 2014 Winter Olympic Games

Almaty, Kazakhstan’s largest city located in the foothills of the Tien Shan mountains, has made a bid for the 2014 Winter Olympic Games.

Timur Dosymbetov, President of Kazakhstan’s National Olympic Committee, submitted the bid to the International Olympic Committee in Switzerland a day before the July 28 deadline.

Almaty, Kazakhstan’s former capital, was a top winter sports center in the past and mounted an unsuccessful bid for the 2002 Olympics. The city’s Medeo ice rink was the training center for Soviet speed skaters. The city’s location at the edge of the Tian Shan mountain range provides ample opportunities for both mountain and cross country skiing and all other types of winter sports.

Almaty hosted the world junior ice hockey championships in 2003.

Two other cities from the former Soviet Union – Russia’s Sochi and Georgia’s Borjomi – have also made bids for the 2014 games. Other bidders include Pyeongchang, South Korea; Salzburg, Austria; Jaca, Spain, and Sofia, Bulgaria.

The IOC will choose the host city in 2007.

First Half of 2005 Show 9.1% Growth in Economy, Plus 2% Drop in Unemployment

Kazakhstan’s gross domestic product grew 9.1 percent in the first half of 2005, and is now projected to grow 8.8 percent in 2005 overall, eight tenths of a percent higher than earlier projections. Also in the first half of 2005, exports grew 54.9 percent, imports leapt by 45 percent, and unemployment dropped by 2 percent.

While these figures represent enviable improvements, the Government believes they are no reason for complacency as economic growth continues to be largely due to higher oil prices, and the economy still needs much greater diversification and development of non-oil sectors.

Prime Minister Daniyal Akhmetov, speaking at a Cabinet meeting in Astana on July 27 to discuss the country’s economy, said “GDP growth of 9.1 percent is a good indicator,” but, it is “not a reason for complacency.” The Government still needs to take on such tasks as “developing systemic measures to prevent overheating of the economy, introducing public-private partnerships in various industries, pursuing cluster initiatives and taking measures to use and expand our country’s innovative potential.” The Prime Minister also stressed the need to strengthen Kazakhstan’s agricultural competitiveness.

The Prime Minister urged further reforms liberalization the foreign trade regime and speeding up the process of accession to the World Trade Organization.

Speaking at the same meeting, Minister of Economy and Budget Planning Kairat Kelimbetov called for a number of measures to prevent overheating Kazakhstan’s economy. His proposals included research into influence of higher oil production over the economy, continued diversification and finalization of a

draft Concept for the use of the National Fund. The National Fund, in existence since 2000, has accumulated US\$5 billion in excess tax revenues from oil companies, and discussions are currently taking place about how best to use the money.

Minister Kelimbetov said inflation reached 3.5 percent in the first half of 2005, which is one and one tenth percent higher than in the same period a year ago. This means the annual inflation rate by the end of 2005 is estimated at 7.3 percent. He also said the money supply has grown 10 times since 1999 and second tier bank loans have expanded 6 times in the same period, while nominal GDP has grown only by 2.7 times.

With these indicators in mind, the Minister stressed the need to establish controls over the growth of the money supply, pursue an effective monetary policy, implement balanced policies for growth of demand and supply for basic food and consumer goods, and pursue fiscal policies reflecting the economic growth in non-extractive industries.

Among the other notable economic indicators announced at the meeting were the projected growth of real average monthly salaries by 9.7 percent by the year's end, and the growth of average monthly nominal salary to 31,751 tenge (US\$244).

The total number of unemployed in Kazakhstan decreased in the first half of 2005 by 2 percent to reach 7.7 percent, or 640,600 people.

Kazakhstan's Cyclist Wins Tour de France's Last Stage

Alexander Vinokourov of Kazakhstan rode proudly down the Champs Elysees winning the last stage of the Tour de France as his team, T-Mobile of Germany, followed to become the Best Team.

Lance Armstrong of Texas cycled into history, one last time, as he won the cycling most prestigious race for the seventh time.

Earlier in the competition, Vinokourov also won the 11th stage. Vinokourov placed 5th overall, trailing Armonstrong by 11 minutes and 1 second. The Tour de France's official website called his double win in two stages, including the final one, a "message for the future." ⇒



Things to Watch:

- The Constitutional Council has until August 13 to review the President's request to check the constitutionality of two draft laws regulating nongovernmental organizations (NGOs). The request will be reviewed in an open session.
- Senior officials from 17 nations of the Conference on Interaction and Confidence Building Measures in Asia (CICA) will meet in Kazakhstan August 2-5 to discuss ways to further develop this fledgling security organization following CICA's first summit in 2002 and the approval of the Catalogue of Measures of Confidence in 2004. The second summit of CICA, which includes Afghanistan, Azerbaijan, China, India, Iran, Israel, Pakistan, and Russia among others, will take place in Kazakhstan in 2006.

For back issues, other news and information visit us at www.kazakhembus.com
News Bulletin of the Embassy of the Republic of Kazakhstan to the USA and Canada
Contact person: Roman Vassilenko
1401 16th Street NW, Washington DC 20036
Tel.: 202 232 5488 ext. 104, Fax: 202 232 5845