



Kazakhstan News Bulletin

Released weekly by the Embassy of the Republic of Kazakhstan to the USA and Canada
www.kazakhembus.com

August 18, 2006

Vol. 6, No. 31

In this issue:

Kazakh Economy Shows No Slowdown, Grows 9.3 Percent

Kazakhstan, Russia, and Belarus Press On with Customs Union

New Kazakhstan Business Climate Index Launched... And You Can Take Part in Its Start

United States Helps Kazakhstan Get Safe Drinking Water

“The Big O” Clubbers “The Rock” in 12th Round KO

Kazakhstan Holds Belgium to Historic Draw in Soccer

*Say it in Kazakh:
On vacation ---
Demalys.*

Kazakh Economy Shows No Slowdown, Grows 9.3 Percent

Kazakhstan’s economy continues its robust expansion of the past six years with the gross domestic product showing growth of just under 10 percent in the first half of 2006.

Prime Minister Daniyal Akhmetov announced the news in Astana on August 15 explaining: “The GDP growth rate in the first half of the year totaled 9.3 percent, which gives us cause for optimism.”

The economy has grown at 9 to 10 percent annually on average since 2000, but economic growth was widely expected to slowdown to 7 to 8 percent annually during years 2006 through 2008. This growth is the product of both early wide ranging economic reforms which helped tap the entrepreneurial spirit of the people, and the continuously growing commodity prices.

The Prime Minister said industrial growth hit 5.9 percent in the first seven months of 2006. Growth in the mining industry, which includes oil extraction, grew in the second quarter of 2006 by 26.8 percent compared to the first quarter.

Kazakhstan’s strategic development plans foresee its GDP to double in 2008 compared by 2000. The overall economic growth since 2000 has already amounted to a 75 percent increase, and recent data suggests the doubling goal will be met.

Kazakhstan, Russia, Belarus Press On with Customs Union

An informal summit of the Eurasian Economic Community (EurAsEC), in Sochi, Russia, this week, resulted in an agreement between Kazakhstan, Russia and Belarus to press ahead with the creation of a Customs Union early next year.

EurAsEC has been the most advanced integration initiative in the former Soviet Union. In addition to the three countries, EurAsEC members include Kyrgyzstan, Tajikistan and the newest member, Uzbekistan.

Leaders in Sochi decided Kazakhstan, Russia and Belarus, as the countries which are furthest along the path to a Customs Union, will aim to prepare necessary documents by the end of 2006 and sign them in early 2007. The rest of the EurAsEC members will accede to the agreements prepared by the three as soon as they are ready, officials announced August 16.



Oleg Maskaev celebrates his victory over Rahman in Las Vegas on Aug 12. See page 2

Speaking at a news conference in Sochi, Kazakhstan's President Nursultan Nazarbayev said the countries will also continue to pursue membership in the World Trade Organization: "Kazakhstan and Russia have advanced the most in this respect, and we will help others achieve membership in WTO."

The President of Armenia Robert Kocharian and the newly installed Prime Minister of Ukraine Viktor Yanukovich also attended the meetings in Sochi as guests.

New Kazakhstan Business Climate Index Launched... And You Can Take Part in Its Start

As Kazakhstan's profile grows among emerging markets, a new consulting firm KazConsult has launched a Kazakhstan Business Climate Index (KBCI) to more accurately track business assessment of foreign and domestic companies active in Kazakhstan.

The online version of the KBCI survey can be accessed at <http://www.surveymonkey.com/s.asp?u=627952390195>. Completing the questionnaire takes less than five minutes, and taking part in the survey allows participants to receive a free copy of the results.

Svetlana Voronina, the top executive of KazConsult, said: "The KBCI is but one component in KazConsult's plans to better inform the global business community of Kazakhstan's commercial opportunities. In September, KazConsult will launch a multimedia website (www.kazconsult.com) with market updates, interviews of key business players, podcasts on the latest market trends, and other exclusive information about Kazakhstan's market."

KazConsult is an integrated market consultancy providing customized market research, business and investment facilitation services, and government relations support. Questions regarding the KBCI or KazConsult's services can be directed to info@kazconsult.com.

United States Helps Kazakhstan Get Safe Drinking Water

(The following article by Judith E. Ayres, assistant administrator of international affairs at the U.S. Environmental Protection Agency, was first published in the *Washington File* on August 14, 2006.)

More than one billion people worldwide still lack access to safe-drinking water, and over three billion people each year suffer from water-related diseases. In response, the United States is trying a radically different approach in its work with individual countries and groups to provide clean drinking water for all people. In 2006, an EPA-led Clean Water Financing Program reached the 10,000 person milestone in bringing safe drinking water to people in the Almaty region of Kazakhstan, using a novel method that promotes village ownership and participation in clean water resources. The United States hopes the Kazakhstan project will serve as a model for sustainable water development projects in other countries.

In order to make the effort sustainable over the long term, the project ensured that local villages took control, both by investing in a revolving water fund and being trained to maintain and manage the water purification systems for the future. The chairman of the Kazakhstan national water committee recently announced on national television that Kazakhstan will adopt this method and apply it throughout the country.

Clean water is fundamental to the health and well being of the people of Kazakhstan. By working to promote local control, user financing and decision making, EPA and its partners are helping to ensure that communities will have a sustainable source of clean drinking water far into the future.

To date the project has provided approximately 10,000 people in eight villages with access to safe drinking water. By the end of 2007, 12 villages in the Almaty region, with a total of 15,000-20,000 people, should have clean water. Health benefits of the project are estimated to be a 50-60 percent decrease in water-borne diseases.

A critical component of this program is advancing self-governance while promoting a sense of ownership of public assets within target communities. An elected Village Water Committee is responsible for all system operation and maintenance. The villagers also agree to pay user fees to cover all of the system's operating and 10 percent of the construction cost. The individual villages' water systems then join to create a Regional Finance Cooperative to provide funding for major repairs, parts, capital improvements and expansion, and to manage a Circuit Rider Program.

Co-sponsored by the Global Environment and Technology Foundation's ([GETF](#)) International Center for Environmental Finance ([ICEF](#)), the Norwegian Ministry of Foreign Affairs, Phillip Morris Corporation, and others, the initiative seeks to reverse declining access to safe drinking water in rural Kazakhstan. Most drinking water systems in Kazakhstan built during the Soviet period have not been maintained and are unusable.

Kazakhstan has made significant progress toward developing a market economy, for which it was recognized by the United States in 2002. The country has enjoyed significant economic growth since 2000, partly due to its large oil, gas, and mineral reserves. A recent visit by Vice President Cheney highlighted the strategic partnership between the United States and Kazakhstan.

For the next two to three years, EPA and its partners will work with the Kazakh government to develop 500 new village water systems scheduled to be built with Asian Development Bank (ADB) loan funds in the North Kazakhstan, West Kazakhstan, and Akmola oblasts.

“The Big O” Clubbers “The Rock” in 12th Round KO

“The Big O”, aka Kazakhstan born Oleg Maskaev, now of Staten Island, beat Hasim “The Rock” Rahman of Baltimore to claim the WBC heavyweight championship as they met in Las Vegas on August 12.

Maskaev, who suffered a back injury early in the match, knocked out Rahman in the 12th and final round drawing cheers from an excited crowd at the Thomas and Mack Center.

“I believed up to the last minute I could win this fight,” Maskaev said. “I got used to him as the fight wore on. ... I knew with three rounds left, I had to win them all to win the fight.”

With Maskaev's win, all four heavyweight titles for the first time belong to fighters from the former Soviet Union. Three other champions, Ukrainian Wladimir Klitschko (IBF), Russia's Nikolai Valuev (WBA) and Sergei Lyakhovich of Belarus (WBO), hold the three other golden belts.

Maskaev, 37 years old, is a father of four and a former Russian Army officer.

Kazakhstan Holds Belgium to Historic Draw in Soccer

Kazakhstan's national soccer team grabbed a historic point in its European Championship debut when it held Belgium to a scoreless draw in their first Euro 2008 Group A qualifier on August 16.

Belgium dominated the game with nearly 80 percent of possession but was unable to find the net.

Well drilled by their new Dutch coach Arno Pijpers, Kazakhstan kept Belgium under control at Brussels' Constant Vanden Stock and carved out opportunities to score on the break. Kazakhstan could have had an even bigger night if team captain Nurbol Zhumaskaliyev and Dmitriy Byakov had taken gilt edged chances either side of halftime.

But the true hero of the night for Kazakhstan was surely the goalkeeper, David Loriya. “I think the true hero is our goalkeeper David Loriya,” supporter Dmitri Fisenko told uefa.com. “He saved a few shots from point blank range. His reflexes are out of this world. It's a pity Nurbol Zhumaskaliev and Dmitri Byakov did not score, but it's a great start.”

The draw gave Kazakhstan only the second competitive point since joining the European soccer federation, UEFA, in 2002, but it brought wide celebrations to the streets across Kazakhstan on Wednesday night and lifted the team's spirits to never before seen heights.

Former FC Kairat Almaty defender Eugeni Yarovenko, who won Olympic soccer gold with the Soviet Union in 1988, was happy to join in the celebrations, saying, “This point is truly like a gold medal for us. Kazakhstan showed that we can be resilient and that we are not afraid of strong opponents. Maybe it’s too early, but you can draw a comparison with Latvia and Ukraine, who played in the European and world finals. Why can’t Kazakhstan follow them? I think a big factor in this success is the work of our Dutch training staff. I think this is not the last time we will be celebrating.”

Rakhat Aliyev, President of the Football Union of Kazakhstan, was quick to pay tribute to his side, saying “An away draw against opponents who were heavy favorites to win is a sure sign that our efforts to take football in Kazakhstan to a new level are bearing fruit. We proved that Kazakhstan is not going to be an outsider forever.”

Group A also includes Azerbaijan, Armenia, Finland, Poland, Portugal and Serbia.

Things to Watch:

- U.S. Senator Richard G. Lugar (R-IN), Chairman of the Senate Foreign Relations Committee and co-author of the Nunn-Lugar Cooperative Threat Reduction (CTR) program is visiting Kazakhstan, August 18-19, for talks with officials on promoting the CTR program in the country. More than 6,700 nuclear warheads were dismantled in the former Soviet Union under the Program, including 1,400 nuclear warheads from Kazakhstan. Sen. Lugar’s last visit to Kazakhstan was in August 2003.
- Japanese Prime Minister Junichiro Koizumi will visit Kazakhstan on August 28 on the first step of his visit to Central Asia. His talks with President Nursultan Nazarbayev will focus on regional development and security, as well as energy issues. Japan is seeking greater engagement in the region and has already initiated a “Central Asia plus Japan” cooperative dialog some years back.
- Kazakhstan will commemorate its grim nuclear weapons testing legacy on August 29, the 15th anniversary of the closing of the Semipalatinsk nuclear test site in eastern Kazakhstan. The Soviet Union detonated 456 nuclear and thermonuclear devices there damaging the lives of 1.3 million people.
- The second Congress of Leaders of World and Traditional Religions will be held in Astana on September 12-14, 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