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Say it in Kazakh:

Weather:

Will it rain? --- Zhanbyr zhalady ma?

Will it snow? --- Qar zhalady ma?

Do I need an umbrella? --- Magan qol shatyr kerek bolady ma?

Should I dress warmly? --- Zhyly kiinein ba?

Constitutional Council Rules NGO Bills Unconstitutional

Kazakhstan's Constitutional Council has ruled two bills on nongovernmental organizations (NGOs) unconstitutional. The August 23 ruling means they cannot be signed into law.

The bills, initiated and passed by members of Parliament earlier this summer, both drew criticism from many in the NGO community within Kazakhstan and abroad. The bills were called "On activity of branches and representative offices of international and foreign non-commercial organizations on the territory of the Republic of Kazakhstan," and "On amendments and additions to certain legislative acts of the Republic of Kazakhstan relating to non-commercial organizations."

Igor Rogov, Chairman of the Constitutional Council, said the Council found the bills "do not correspond to the Constitution" and "cannot be signed and entered into force." The ruling of the Council is valid from the day of announcement and cannot be appealed. "The analysis has shown certain norms of the bills do not correspond to Constitutional provisions," Rogov said in his public announcement of the decision, and he went on to recite a number of examples.

There are currently 5,000 NGOs in Kazakhstan working in areas ranging from human rights to environmental protection. One of them, EcoCenter, earlier this year received the prestigious Goldman Prize, a high award from the environmental community, for work to prevent the importation and storage of nuclear waste in Kazakhstan. This was the first such international recognition for an NGO from Kazakhstan.

Constitutional Council Backs Presidential Election Dec. 4

Kazakhstan's Constitutional Council ruled on August 19 that the next presidential election should take place on December 4, 2005, ending months of debates among lawyers and politicians on the exact date of the election.

The date of the presidential election has been a subject of public debates in Kazakhstan in recent months caused by some differences in two articles of the Constitution.

The current seven year term of President Nursultan Nazarbayev began in January 1999.



Kazakhstan's Foreign Minister Kassymzhomart Tokaev meets U.S. Secretary of State Condoleezza Rice during his visit to Washington. See story page 2

Some officials were referring to the Constitution and saying the election should take place in December 2006, basically eleven months after the presidential term expires.

The Council's ruling means the next presidential inauguration should take place January 11, 2006.

The Council's ruling came after a group of Majilis Deputies asked Igor Rogov, Chairman of the Constitutional Council to clarify the issue. The Council's role is to interpret the Constitution and vet legislation upon requests from the President, the Prime Minister, speakers of both houses of Parliament or at least one fifth of Parliamentary Deputies.

President Nazarbayev said he will seek another term. Several other contenders are contemplating a run for the top office, including Zharmakhan Tuyakbai, a former speaker of the Majilis and leader of the opposition *For Fair Kazakhstan* movement.

Polls indicate the current President commands the support of a majority of voters.

The date of the election will be formally set by Parliament.

Tokaev Tells Washington We Are With You

Kazakhstan's Foreign Minister Kassymzhomart Tokaev visited Washington earlier this week and met with Secretary of State Condoleezza Rice, Secretary of Defense Donald Rumsfeld and U.S. Trade Representative Robert Portman, for talks focusing on the war on terrorism, Iraq, building democracy in Kazakhstan, and its drive to join the World Trade Organization.

At the meeting, Secretary Rice said Kazakhstan has an opportunity to play an important regional role in Central Asia and to help the region evolve to a more open political system. She added "we look forward to broadening cooperation with you."

During the meeting at the Pentagon, Secretary Rumsfeld noted, as the most dynamic and economically developed country in Central Asia, Kazakhstan plays a major role in ensuring regional stability and security.

Minister Tokaev said he and Sec. Rice and Sec. Rumsfeld "spoke the same language" as far as cooperation in the fight against terrorism and building democracy in Kazakhstan are concerned.

Minister Tokaev assured U.S. officials of Kazakhstan's continued support for the U.S.-led coalitions in both Afghanistan and Iraq. Kazakhstan provides free overflight rights to coalition aircraft and Almaty airport serves the U.S. Air Force for emergency landing and refueling.

Kazakhstan is the only country in Central Asia and one of the very few Muslim majority countries to deploy troops in Iraq. Kazakh army engineers have already destroyed more than three and a half million pieces of deadly ordnance in two years of operations there.

Speaking of Iraq, Minister Tokaev said: "Our commitment is very strong and solid. We believe this is not the proper time to discuss whether the operation is legitimate or not. It is time to demonstrate the solidarity of the international community in rebuilding this country." He also stressed "the United Nations must show greater involvement in conflicts like Iraq."

Nonproliferation of weapons of mass destruction (WMD) also figured on the agenda of the Washington talks. Minister Tokaev and Secretary Rumsfeld agreed uncontrolled proliferation of WMD and accompanying technologies, as well as activities of terrorist organizations remain the most fundamental challenges to global security. On that note, the Foreign Minister transferred an amendment to an agreement between Kazakhstan's Ministry of Energy and Mineral Resources and the U.S. Department of Defense on the elimination of WMD infrastructure in Kazakhstan. The amendment provides for expansion of joint activities in the nonproliferation area under the Nunn-Lugar Program which has served as a solid foundation for bilateral Kazakhstan-U.S. relations since early 1990s.

Minister Tokaev reconfirmed Kazakhstan's commitment to pursue further democratic reforms and to hold the upcoming presidential election in free and fair manner. In an interview with DiplomaticTraffic.com later, he said he sees no reason for a revolution in Kazakhstan and believes the country is following an evolutionary path. He stressed: "I see no reason why that type of revolution should

occur in Kazakhstan, because we have a great extent of democracy, the leadership is determined to go ahead with economic and political reforms, all the major socio-economic problems are being addressed by the government, the President enjoys popularity among the population of the country, and there are no doubts, even among critics of the President, about the outcome of presidential election, meaning he will win.”

The Foreign Minister also believes “Kazakhstan is a very moderate state, despite the fact that we have a predominantly Muslim population... We serve as a showcase of tolerance in the Islamic world.” At the same time, Kazakhstan has to be “vigilant and very cautious about the attempts of Islamic radicals to undermine the stability in our country,” he said.

During his visit to Washington, Minister Tokaev also met senior officials at the National Security Council, leaders of the International Republican Institute and National Democratic Institute, as well as business executives. He also gave a number of interviews to both print media and TV.

2006 Draft Budget Approved, 8.3 Percent GDP Growth Expected

President Nursultan Nazarbayev approved a draft budget for 2006 at a meeting with the Cabinet on August 22. The President approved key parameters of the draft budget and made comments. The Government is charged with finalizing the draft budget and submitting it to Parliament.

Speaking at the meeting, Prime Minister Daniyal Akhmetov said Kazakhstan’s real GDP growth next year is expected to reach 8.3 % increasing GDP per capita to US\$4,146. Average annual inflation rate should be contained to between 5 and 7 percent.

Kairat Kelimbetov, Minister of Economy and Budget Planning, spoke on this issue at a Government meeting on August 23. He said budget revenues next year are expected to reach 17.9 percent of GDP (18.7 percent in 2005). Revenues are forecast to total 1,469 billion tenge (US\$1=135 tenge), 224 billion tenge higher than this year. Taxes will be the main source of budget revenues, accounting for 1,280 billion tenge, an increase of 189.8 billion tenge compared to 2005.

Budget expenditures of 1,583 billion tenge are planned, an increase of 224 billion tenge (16.5%) compared to this year. Budget deficit is projected at 113 billion tenge, or 1.4 percent of GDP. Minister Kelimbetov also said the National Fund assets, currently at US\$5.5 billion, are expected to reach US\$8.4 billion by the end of 2006.

The Government is due to submit the draft budget to Parliament next month.

President Answers People’s Questions in Live TV Phone-In

President Nursultan Nazarbayev fielded questions from people across the nation and abroad during a live phone-in show on national TV channels on August 24. The show, lasting more than three-and-a-half hours, saw the President answered almost 60 questions, out of the total number of 25,700 received.

Topics included Kazakhstan’s accession to the WTO, the transfer of the capital to Astana, Kazakhstan’s participation on the world stage and its relations with Russia, China and the United States, effective management of oil revenues and of the National Fund, policies to support the people economically through housing programs and other services, as well as the President’s view on his political opposition and his plans to run again in the next election. The previous live phone-in show with the President was in 2004, when 12,098 questions were received.

The Embassy is preparing a special News Bulletin to include the President’s responses.

Senate Election in Kazakhstan Strengthen Otan’s Position

Senate election in Kazakhstan, which took place on August 19, yielded a stronger majority for the pro-presidential Otan party, and seats for Asar, Auyl (Village) and Civil parties as well as independents.

There were 16 seats open for contest, and there were 36 contenders. Of the 16 winners, eight are

incumbents. Ten represent Otan; Asar, AuyI and Civil parties took one seat each, and three went to independents. The winners include 14 ethnic Kazakhs, one Tatar and one German.

The Senators are elected for six year terms. There are 39 Senators, of which 32 are elected from each of the 14 regions and the cities of Astana and Almaty by members of local assemblies, while the President appoints seven other Senators. The elections for the 16 seats are held on a rotating basis every three years. Of 3,287 electors in local assemblies, 3,155 exercised their right, or 95.98 percent. Fifty-two observers, including four from the U.S. International Foundation for Election Systems, monitored the poll.

BTA Gets US\$25 Million SME Loan from Wachovia

Bank Turan Alem (BTA), one of Kazakhstan's largest, signed a US\$25 million loan agreement with Wachovia Bank of Charlotte, North Carolina, to help it finance the expansion of small and medium sized enterprises (SMEs) in Kazakhstan.

The BTA press service said "the loan is received under the guarantee of the state Overseas Private Investment Corporation of the United States under the following conditions: the end users are to be financed for up to 5 years at 14 percent of interest with one year tax holidays on principal repayment."

The loan will be directed to supporting small and medium sized businesses in the most promising industries, including agriculture, food processing, construction, and provision of household services. BTA executives believe the loan will allow them to provide financing for SMEs over longer periods compared to present terms. As of July 1, 2005, BTA's loan portfolio for SMEs accounted to more than US\$527 million, more than 11 percent of the bank's total loan portfolio. In the first half of 2005 the bank provided 2,900 loans to SMEs worth US\$93 million.

New Ministers of Transport and Communications; Agriculture

Askar Mamin and Askar Myrzakhmetov were appointed Ministers of Transport and Communications, and of Agriculture on August 25.

Minister Mamin, 40, graduated from the Tselinograd Institute of Engineers and Builders and the Russian Economic Academy. Before becoming a deputy mayor of Kazakhstan's new capital, Astana, in the mid-1990s, he had an extensive career in the private sector. In Government, he worked as Deputy Minister of Transport and Communications and as First Deputy Minister of Industry and Trade.

Minister Myrzakhmetov, 43, graduated from the Almaty Zoo-Veterinarian Institute and the All-Union Scientific Research Institute, and is a Ph.D. in agricultural sciences. In his early career, he worked in private businesses as the Vice President of the *Kazakhstan* Republican Stock Exchange and Director General of *Agro-Leasing*, a stock company. In 1999, he was appointed Deputy Minister of Agriculture, and in 2002, the First Deputy Minister of Agriculture.

Things to Watch:

- Kazakhstan is getting ready to celebrate the 10th anniversary of its Constitution which was adopted in a nationwide referendum in 1995, on August 30.
- Both houses of Parliament will reconvene for the fall session on September 1. Issues to be considered in this session include the date of the next presidential election, which the Constitutional Council says should take place December 4, 2005, and the 2006 budget.
- President Jacques Chirac of France is scheduled to visit Kazakhstan in October 2005.

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