



# Kazakhstan News Bulletin

Released weekly by the Embassy of the Republic of Kazakhstan to the USA and Canada  
[www.kazakhembus.com](http://www.kazakhembus.com)

July 6, 2006

Vol. 6, No. 26

## *In this issue:*

**Kazakhstan  
Condemns North  
Korea's Missile  
Tests, Calls to  
Follow Its  
Nuclear Weapons  
Free Example**

**Tokaev Meets  
Rice, Presidential  
Visit Discussed**

**Kazakhstan Will  
Invest \$2.5 Billion  
in Kyrgyz Future**

**Astana  
Celebrates City  
Day with  
Exuberant  
Festivities As  
Mayors of  
Washington and  
Ottawa Send  
Congratulations**

**KazMunayGaz  
Strengthens Its  
Positions with  
Major  
Acquisition**

**Kazakhstan's  
Economy Should  
Churn Budget  
Surplus in '07**

## **Kazakhstan Condemns North Korea's Missile Tests, Calls to Follow Its Nuclear Weapons Free Example**

Kazakhstan's Ministry of Foreign Affairs strongly condemned the missile tests conducted by North Korea on July 5 and called on that country to follow Kazakhstan's example of nuclear disarmament.

In a July 6 statement from Astana, the Foreign Ministry said: "Kazakhstan strongly condemns the missile tests conducted by the Democratic People's Republic of Korea. Such actions can lead to serious consequences for peace and security in the Asia-Pacific region. We call upon the leadership of the DPRK to stick to the agreements reached within the six party negotiating process. We believe it is possible for it to follow the example of Kazakhstan, which voluntarily renounced nuclear weapons and delivery means which became an important guarantee of ensuring security of our country and its successful economic development."

## **Tokaev Meets Rice, Presidential Visit Discussed**

Kazakhstan's Foreign Minister Kassymzhomart Tokaev met with U.S. Secretary of State Condoleezza Rice in Washington on July 6 for a wide ranging discussion on ways to strengthen the strategic partnership between the two countries.

Tokaev and Rice discussed preparations for the upcoming visit by President Nursultan Nazarbayev to the



Secretary of State Condoleezza Rice, right, meets Kazakhstan's Foreign Minister Kassymzhomart Tokaev at the State Department in Washington Thursday, July 6, 2006. (AP Photo/Dennis Cook)

United States this fall. It will follow recent visits to Kazakhstan by U.S. Vice President Richard Cheney and other key U.S. administration officials, a sign of intensifying relationships.

Rice said Washington is looking forward to the presidential visit and considers Kazakhstan a “strong partner of the United States” playing a major leadership role in regional integration and development in Central Asia. The United States is keenly interested in such development as a way to ensure stability and security of a critical region and in cooperation with Kazakhstan in this area, Rice noted.

Tokaev said Kazakhstan is eager to promote greater regional development as evidenced by the country’s integration initiatives, investments made throughout the region and consistent efforts to bring normalcy and economic revival back to Afghanistan, a regional neighbor plagued by continued violence and drug production.

Kazakhstan has supported U.S.-led Operation Enduring Freedom in Afghanistan. The country has provided free overflight rights for more than 1,300 U.S. and coalition aircraft on their way to Afghanistan, and offered its largest airport for emergency landing. In recent months, Kazakhstan has been active in international efforts to assist the Afghan leadership in steering the country toward more meaningful economic development and stability.

Also on Thursday, Tokaev met United States Trade Representative Susan Schwab to discuss negotiations over Kazakhstan’s bid to join the World Trade Organization.

Later today, Tokaev is expected to address invited guests at the Central Asia and Caucasus Institute at the School of Advanced International Studies of the Johns Hopkins University on “Kazakhstan: Strengthening Security in Central Asia through Democratic Reforms and Economic Development”.

## **Kazakhstan Will Invest \$2.5 Billion in Kyrgyz Future**

Kazakhstan’s Government and private businesses will spend up to \$2.5 billion on new projects in neighboring Kyrgyzstan based on agreements signed in Astana this week.

The agreements were signed as part of a two day official visit to Kazakhstan by Kyrgyzstan’s President Kurmanbek Bakiyev. Kazakhstan already is the largest investor in Kyrgyzstan with \$200 million invested there within the past few years. Bilateral trade has grown to \$350 million last year. Under the protocol of intentions signed in Astana, Kazakhstan’s Government will top off investments from Kazakh businesses with a credit line for the Government of Kyrgyzstan for new projects there.

The agreements signed on July 4 also clarify Kazakhstan’s legal rights for some of the sanatoria on Kyrgyzstan’s Issyk Kul Lake, open way for more extensive cooperation in education, joint border management and dealing with labor migration. Kazakhstan attracts hundreds of thousands labor migrants, both legal and illegal, from neighboring countries each year, a situation in many respects similar to that of the United States and its neighbors.

“We support Kyrgyzstan and are celebrating your successes. I continuously direct Kazakh businesses to invest in your economy,” President Nursultan Nazarbayev told his Kyrgyz counterpart at the start of the meeting.

“We are neighboring countries, and we have a lot in common,” President Nazarbayev said at a news conference. “The agreements signed today resolved many issues whose solution had been long overdue. We have many points of confluence such as tourism, transport and trade, and Kazakh investments in Kyrgyz projects,” he stressed.

“The discussion and the signed documents lay a solid foundation for effective cooperation, primarily in the economic sphere. Since our independence we have continuously felt the support and assistance from the Kazakhstan leaders,” President Bakiyev summed up.

## **Astana Celebrates City Day with Exuberant Festivities As Mayors of Washington and Ottawa Send Congratulations**

Astana, Kazakhstan's bustling new capital, celebrated its eighth City Day with large festivities on July 6, as congratulations from across the world poured in.

Festivities included a World National Costume Festival, street concerts, entertainments in the parks and lavish fireworks.

In a letter to Astana's Mayor Umirzak Shukeev, Mayor Anthony A. Williams of Washington, District of Columbia, wrote: "On behalf of the City Council and the 600,000 residents of Washington, DC, I have a distinct pleasure of congratulating you and the people of Astana on your City Day."

Mayor Williams stated: "As the new capital of Kazakhstan, being built under the vision of your farsighted President, Nursultan Nazarbayev, Astana has already proven its great potential to become one of the most dynamic world capitals of the 21<sup>st</sup> Century. The doubling of Astana's population, from under 300,000 when the capital was moved in 1997 to more than 600,000 now, is a clear testament of the attractiveness of the booming Astana and of its future as one of Asia's metropolises. We are especially pleased to see Astana developing into an economic and cultural center in the heart of Eurasia and one of the most handsome cities. Perhaps, more importantly, Astana is quickly becoming a powerful symbol of the speed of the development of the entire nation of Kazakhstan."

He continued: "On this glorious day for Astana, I wish you further successes in developing Astana into a modern and prosperous capital of Kazakhstan, a growing country which moves towards greater democracy and wellbeing. We value friendship between the United States of America and Kazakhstan, and we look forward for many happy returns in our relations in the future."

Bob Chiarelli, Mayor of Canada's capital Ottawa, also congratulated the people of Astana with their day, writing in a letter to Mayor Shukeev: "As a hub of national and international transport links, the new capital Astana is well positioned to bring more prosperity to this region of Central Asia with great economic potential. Already, Astana is growing rapidly as the administrative and business center of Kazakhstan, thanks in part to its highly skilled urban workforce."

Mayor Chiarelli believes "the people of Astana can also take pride in their City as the largest center for the arts. The establishment of the Presidential Cultural Center of the Republic of Kazakhstan and the Kazakh National Music Academy attest to the capital's reputation as an important cultural desination."

He continued: "In light of the expanding economic and commercial activities between Kazakhstan and Canada, and the City of Astana's visiting delegation to Ottawa in April of last year, I am hopeful that our capital cities can build on those relations, which emphasize people and partnerships of mutual benefit."

## **KazMunayGaz Strengthens Its Positions with Major Acquisition**

KazMunayGaz, Kazakhstan's national oil and gas company bought on July 5 a 33 percent share in a major oil producer operating in the oil-rich Central Asian nation from China's largest oil company.

In a statement, KazMunayGaz said it had paid US\$55 a share for the stake in the company, Canada-based PetroKazakhstan, but gave no total value for the deal.

China National Petroleum Corp. bought PetroKazakhstan last year for \$4.2 billion. The takeover was China's biggest foreign acquisition and the latest in a string of efforts by Beijing to secure foreign energy supplies for its booming economy.

The Kazakh government approved the takeover signaling its intention to buy part of the Calgary, Alberta-based company that has all of its energy assets in Kazakhstan.

The company also said that under another deal signed with CNPC it acquired a 50 percent share in Valsera Holding BV, an intermediate holding company for PetroKazakhstan.

PetroKazakhstan is the third largest oil producer in Kazakhstan which is expected to become one of the world's largest oil exporters within a decade.

KazMunayGaz President Uzakbai Karabalin said the deal would give the government control over the Shymkent oil refinery, the most modern of the country's three refineries.

"This will ensure our energy security in the southern regions of Kazakhstan and increase the state share in the oil and gas sector," he said in the statement. He also said the control over the "strategic" Shymkent refinery would allow the government to have greater influence on internal prices for petroleum products.

## **Kazakhstan's Economy Should Churn Budget Surplus in '07**

The International Monetary Fund said Kazakhstan's current account balance should turn to a surplus of 1.1 percent of gross domestic product from a deficit equal to 0.9 percent of GDP in 2005. The announcement was made on July 5 following the annual Article IV review of Kazakhstan's economy.

The oil-exporting Central Asian country should see a current account surplus of about \$768 million this year, compared with a \$486 million deficit in 2005, the IMF said.

"The external position should remain strong, with broad balance in the current account and continued substantial inflows of FDI (foreign direct investment), including in connection with the projected increase in oil production, as well as other capital," the IMF said in a more detailed update to its annual Article IV review of the country's economy.

The Kazakhstan economy should grow 8.3 percent this year, down from 9.4 percent in 2005, as crude oil and gas output increases 0.9 percent in 2006, compared with 4.3 percent last year, the IMF added.

Net foreign direct investment flows should equal 3.2 percent of GDP in 2006, compared to 3.1 percent in 2005, the IMF noted.

### **Things to Watch:**

- President Nursultan Nazarbayev will attend the G8 summit in St. Petersburg on July 15-17 at the special invitation of the summit's host, Russia's President Vladimir Putin.
- Alexander Vinokourov, Kazakhstan's top cyclist and a former favorite to win this year's Tour de France is missing it because some of his teammates were implicated in a doping investigation. He said, however, he would come back in 2007 with a purely Kazakh team.

---

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