



Kazakhstan News Bulletin

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Say it in Kazakh:

What time is it? --- Sagat nesche boldy?

What time shall we meet? --- Kshan kezdesemiz?

It is 9.30. --- Sagat togyz zharym.

5.15 pm --- Sagat bes on bes minut.

Quarter to eight -- - Segizde on bes minut qaldy.

Kazakhstan Invited to Attend G8 Summit in Russia

Kazakhstan's President Nursultan Nazarbayev will attend the July summit of the Group of Eight (G8) industrialized nations in St. Petersburg, Russia. The President was invited to attend by the summit's host, President Vladimir Putin of Russia.

In an interview with Kazakh news media, President Nazarbayev said: "As the current CIS chair and as a country with extensive energy resources, Kazakhstan was invited to attend the G8 summit in St. Petersburg."

Kazakhstan assumed the rotating chairmanship of the Commonwealth of Independent States (CIS), a group of former Soviet republics, earlier in May. Kazakhstan has been a leader in economic reforms and resulting growth among the CIS countries, seeing its economy grow by 75 percent during the past seven years and its companies starting to invest heavily across the CIS, focusing on Kyrgyzstan, Georgia and Russia.

Energy security has been the theme during Russia's annual chairmanship of the G8 starting in early 2006. Kazakhstan, with estimated reserves of 100 billion barrels of oil and 200 trillion cubic feet of natural gas and oil exports of one million barrels a day, is increasingly becoming one of the key players in the global energy market now jittery with continuing high oil prices.

Kazakhstan's large uranium reserves, ranked among the top three in the world, are also important for a world returning to the idea of expanding peaceful atomic energy production.

Leaders of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States will gather in St. Petersburg for their annual Summit on July 15 through 17. The President of China has also been invited to attend.

Nazarbayev-Putin Talks Yield Key Energy and Tariff Agreements

The Presidents of Kazakhstan and Russia, Nursultan Nazarbayev and Vladimir Putin, held wide ranging talks at the Russian President's retreat in Sochi on the Black Sea on May 20, yielding numerous agreements mostly in the energy sector and on transport tariffs for Kazakh goods transiting Russia.



President Nursultan Nazarbayev (R) and President Vladimir Putin walk together in the spring sun at a May 20 meeting in Sochi.

In an interview with the Kazakh news media following the meeting, President Nazarbayev said the two leaders had agreed to slash transport tariffs for Kazakh cargo such as coal, grain, ores and metals. The new tariffs in Russia will be at current levels to Kazakhstan, often resulting in a two thirds reduction. "This is great news for our companies: new tariffs will increase their competitiveness and profits," the President said.

He also announced Kazakhstan and Russia had agreed on container transportation from China via Kazakhstan and Russia and on to Europe. "Container transportation of cargo will be assured from the Pacific to Europe via Kazakhstan which is of enormous significance for us as a transit country," President Nazarbayev noted.

The two presidents also agreed to jointly build a second processing line at the Orenburg gas processing plant based on an equal sharing of equity, which will assure sufficient processing capacity for the Kazakh natural gas produced at the huge Karachaganak gas field just across the border from Russia.

President Nazarbayev concluded by announcing Russia had agreed to pay market price for Kazakh gas it buys. "Most importantly, we agreed on a fair price for the gas we will sell from this field. It is very important news both for Kazakhstan and our investors. As a result, our country will be receiving several additional hundreds of millions of dollars which it wasn't getting before."

Other news sources reported the two leaders had also agreed to jointly develop three oil fields on the Caspian shelf located in the border area of the two countries.

Kazakhstan Steps Up Bid to Chair OSCE

Rakhat Aliyev, Kazakhstan's First Deputy Minister of Foreign Affairs said the country continues to pursue its bid for the chairmanship of the Organization for Security and Cooperation in Europe (OSCE) believing it will help strengthen stability and security in a volatile Central Asian region and be beneficial for the OSCE in developing relations with countries "east of Vienna".

Speaking at the OSCE's Special Permanent Council in Vienna on May 16, Aliyev said, "Kazakhstan consistently and steadily carries out promotion of its bid for the OSCE Chairmanship-in-Office in 2009, being the first candidate from this part (Central Asia) of the OSCE region."

Aliyev said Kazakhstan's bid reflects "historical social transformations and the expansion of the country's activity in the international arena and... sends a clear message that we made our choice to develop a democratic and secular state."

Since independence in 1991, Kazakhstan has followed the principle of "democratization through economic growth", Aliyev said. This has paid off in sustainable high rates of economic growth and the expansion of the middle class as the most solid foundation for democratic change. Kazakhstan aspires to high democratic standards in line with OSCE commitments, Aliyev said, adding his country is taking steps in this direction, including the ratification of all UN covenants on human rights.

The recently created State Commission on Democratization with participation open to all registered political parties, as well as NGOs, members of the Parliament, public figures and well known academicians, is a strong voice for continued reforms and provides "a unique opportunity to incorporate a wider range of opinion from different social strata and political forces," he said.

The Commission will develop a draft program of political reforms whose goals are expected to include the expansion of Parliament's role, the liberalization of the news media, and the reforms of the judicial system, will "have crucial influence on the perspectives of constitutional reforms, shaping the future model of a political system in Kazakhstan," Aliyev said.

As a country enjoying interethnic and inter-religious tolerance and dialog, Kazakhstan can bring useful contributions to the OSCE's efforts to promote a similar climate elsewhere, Aliyev noted. "We consider the decision to hold a high level OSCE Meeting in June on Intercultural, Inter-religious and Interethnic Understanding in Kazakhstan as recognition of our achievements in tolerance and nondiscrimination," he noted.

Kazakhstan's chairmanship will also be beneficial for the OSCE, Aliyev said, in its role as a regional leader, as a guarantor of stability and economic engine of Central Asia as well as because of its efforts to develop the Conference on Interaction and Confidence Building Measures in Asia (CICA), an "OSCE" for Asia.

"Kazakhstan should and can become one of the key partners for the OSCE in maintaining security in Central Asia, as well as ensuring regional economic growth and sustainable development," Aliyev said. He added this is the reason Kazakhstan "welcomes and supports the Organization's effort to establish dialog with our new partner for cooperation, Afghanistan. The much needed positive development of that country is key to enhancing the overall situation in Central Asia and to boost regional cooperation."

A separate OSCE Department was established in Kazakhstan's Foreign Ministry in 2005 to supplement the country's bid, while the Government has recently approved the establishment of Kazakhstan's Permanent Mission to the OSCE as a separate from the Embassy located in Vienna.

Construction Boom Calls for New Legislation

A vigorous construction boom in Kazakhstan, jump started by the introduction of mortgages a few years ago and the housing frenzy in the new capital of Astana, has changed the dynamics of the economy necessitating new legislation amendments to cope with the rapidly changing climate.

Vladimir Shkolnik, Kazakhstan's Minister of Industry and Trade told Parliament on May 24 the Government will introduce, within days, a draft measure on share holding in construction. The reason for the measure: no legal definition of rights and obligations of a construction shareholder and a building company when there are tens of thousands of apartments built each year, opening the way for delays, dishonoring of contracts and conflicts of interests.

The new measure will remedy this problem and provide clear definitions of rights and obligations. It will set time frames for the completion of construction and provide administrative punishment for building companies who violate the law. If the measure passes, companies allowing multiple delays in the completion of construction will lose their licenses. It will also introduce tougher qualifying requirements for building companies and their financial wellbeing. The measure would introduce amendments to law on state regulation of rights concerning real estate and on mortgages, as well as to the country's Administrative and Criminal Codes.

A recent Associated Press report out of Astana noted: "Signs of economic development were seemingly everywhere - more than two dozen towering construction cranes were easily visible in the distance from the steps outside the [presidential] palace."

Things to Watch:

- Kazakhstan will convene the 2nd summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA) on June 17. A total of 17 Asian countries, including Russia, China, India, Pakistan, Iran, and Israel, participate in the fledgling organization which is seeking to become an "OSCE" for Asia.
- The first Kazakh satellite, *KazSat*, is scheduled to blast off into space from the Baikonur Cosmodrome in southern Kazakhstan on a Russian built launch vehicle on June 18. The presidents of both countries are expected to witness the launch.

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