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Kazakhstan in a Changing World

Kazakhstan's Minister of Foreign Affairs, Dr. Marat Tazhin, addressed a gathering of U.S. policy makers, business leaders, academia, foreign ambassadors and journalists at a dinner hosted by the U.S.–Kazakhstan Business Association at the Capital Hilton Hotel Washington, D.C. on 8 May 2007.

The Minister spoke on the role Kazakhstan is playing in the modern world.

Below is the text of his prepared remarks.

It is a great honor for me to address such a distinguished audience during my first official visit to the United States as the Minister of Foreign Affairs of Kazakhstan. I would like to thank our hosts today, the United States-Kazakhstan Business Association, for the opportunity to share my vision of the key directions in my country's development and its place in the world community, as well as to try to answer the questions of renowned politicians, experts, businessmen and journalists who are present here today.

1. The contemporary world

The contemporary world is complex and offers a multitude of faces in the vigorous rhythms of all-absorbing globalization which has become a megatrend of world development. The flows of information, technology, capital, goods, services and people have all become entangled.



Foreign Minister Marat Tazhin speaks on May 8, 2007.

Strengthening of global competition dictates any state should take a mandatory competitiveness vaccination shot, major components of which are the determination for the knowledge economy, development of communication ties, transparency of the society and the state.

In comparison with 1990s the world has become much more structured. Today, political and financial institutions are busy with the search for their own niches in the globalization framework.

Technological progress, which ensured the economic dominance of a particular group of countries, has also been the reason for their increasing self-sufficiency, and has marked a tendency for isolation in the post-industrial world and establishment of 'zones of non-involvement'.

The contemporary world is vacillating between the ideals of openness and the temptation to transform particular regions into closed and trouble-free fortresses, between diversity and striving for unification, between declared slogans and reality.

The formula where the universal character of contemporary technological progress summoned to life unified social forms turned out to be one that was not fully functional.

We can observe here and there examples of post-industrial society's principles being successfully brought to life in the countries which are not striving to copy every detail of Western society's model.

Thus, the civilizational universe has proved to be much wider and cannot be interpreted as a conceptual obstacle to the liberal project.

If one can say so, the modern agenda has an issue of achieving globalization 'with a human face' encompassing diversity of civilizations and liberal competition, natural aspiration towards leadership and global responsibility.

A shifting world system is changing the traditional power centers and creating an environment for the appearance of new ones. For example, the growth of Europe's importance is becoming a reality. It presents itself not only as a well defined geographical region but a constantly enlarging and self-developing geopolitical project.

Transatlantic unity, while retaining kinship values and ideals, is becoming more diversified.

Year after year the constant strengthening of the political and economic role of the Asian continent is becoming more and more obvious.

Deep changes have touched Eurasia. Being a part of this vast geostrategic space Kazakhstan has lived through such transformation for the last 16 years, which in the past would have taken centuries to happen.

Not every newly independent state managed to find the right formula to optimally coordinate its economic and political priorities. Meanwhile, political freedoms and values are having difficulty in adapting to economically weak societies, where the average human being's principle concern is focused on one problem only – that of physical survival. It is often that poverty, being a bad partner of democracy, becomes the first prerequisite for the fragmentation of society and the triumph of mob's rule.

However, the emergence in record time of the newly independent states in Eurasia can be considered an accomplished geopolitical fact. Although the search for optimal ways of economic and political development was not easy and for each of them it was hard in their own way, every new state has chosen its own model of development by now.

How does Kazakhstan, the 9th largest country in the world with a compact 15 million population, possessing rich natural resources and the globe's key space harbor and, until recently, the fourth largest nuclear arsenal, want to position itself in the world?

Our answer is crystal clear and simple. We see no alternative to becoming a worthy member of the international community, a stable and respectable state involved in the global communication network, with an open economy, stable and self-developing democratic system. And we are perceived by many as a country with predictable and non-confrontational policy, precise execution of our partnership commitments, one where people live in peace and harmony.

2. Kazakhstan's economic development

Thomas Jefferson used to say: "History, in general, only informs us what bad government is." Kazakhstan, however, is a real success story – our country has drastically changed in as a result of large scale economic and political reforms conducted by the government, which is recognized by many as the most progressive among those of the newly independent states.

At the dawn of independence we faced a key problem of self-discretionary management of significant energy resources and other subsoil assets, including strategic ones.

Let me share some statistics with you as the basis for that statement. Kazakhstan has the 8th largest proven oil reserves with more than 50 years of proven reserves and more than 75 years of reserves for the gas industry. Moreover, expected reserves of the Kazakh sector of the Caspian sea are encouraging and could exceed 8 billion tons.

Our country is an undisputed leader in uranium and chromium ore reserves (the world's second and third largest deposits respectively) with 100 years of projected supply. We are number four in terms of copper, manganese and zinc reserves, sixth in lead and iron, seventh in cobalt, eighth in coal and gold, tenth in aluminum, and twelfth in nickel deposits.

Mere possession of this raw resources 'bonanza' did not guarantee progress and prosperity for our young independent state at all.

We needed a conscious choice of goals, our own model of development. To give credit to our political elite, the right strategy of political and economic transformation was implemented. The decision was the correct one as shown by the stable 9 to 10 percent annual growth rate of the economy during the last six years.

By assessment of the World Bank, Kazakhstan stands in the top 20 most attractive countries of the world for capital investment. International rating agencies constantly raise our investment rating. Total foreign investments in Kazakhstan today exceed 60 billion dollars.

In 2000, a National Fund accumulating all revenue from commodity exports was established. It has become a key macroeconomic regulator, allowing control of inflation and stimulating the non-commodity sector. Its current reserves exceed 16 billion dollars.

We have put forth a strategic task for ourselves, to make Kazakhstan one of the world's 50 most competitive countries within the next decade. At the heart of this strategy we see the use of regional and global economies' advantages for Kazakhstan's access to international markets through rising competitiveness of national goods and services.

This is where 'breakthrough macro-projects', which are designed to change the structure of the industry will play their major role. These projects have a high added value, multiplying effect, as well as export and resource conservation potential.

Specially created development institutions and holding companies in the leading sectors of economy including Samruk, Kazyna, KazAgro and Samgau provide necessary assistance in carrying out priority projects in energy, transport, communications, agriculture and IT.

We continue creating special economic and industrial zones, technological parks, social and entrepreneurial corporations to help promote competitive manufacturing.

In recent years, Kazakhstan has acquired a significant investment potential. Domestic investments have already reached 80 billion dollars. Our businessmen are ready to invest over 40 billion dollars in attractive projects. We now focus on 'Kazakhstan's 30 Corporate Leaders', a program designed to assist Kazakh companies in implementing large breakthrough projects. It was recently presented during the meeting of President Nursultan Nazarbayev and the Kazakh business community.

Building on solid macro-economic policies and a stable credit rating Kazakhstan is ready to participate in innovative international projects at the initial, business establishment level. We are ready to acquire shares of promising companies around the world to gain a foothold in different niches.

The State supports Kazakh business in foreign markets, considering that our entrepreneurs have

already invested more than 18 billion dollars in the economies of our close and distant neighbors.

In this regard we welcome the IPO's of Kazakh leading companies at the London Stock Exchange. We hope to see shares of many Kazakh companies traded at the New York Stock Exchange as well.

The Almaty Regional Financial Center, established to mobilize the financial resources of Kazakhstan and Central Asia, has helped to significantly increase the opportunities for domestic and foreign investment.

The move to modern innovative technologies, nanotechnologies in particular, which in the immediate future will change the habitual order of things, is on the agenda. Kazakhstan is creating a scientific center for the development of nanotechnologies and we count on American partners' support in this area.

Bearing in mind that qualified human resources are the decisive factor for the success of Kazakhstan's modernization, the education system has been undergoing reforms to reach international standards.

Every year three thousand of brightest youngsters have the opportunity to study at the world's most prestigious universities under the Bolashak ('Future') program. Emphasis is placed on IT, space and biotechnologies, engineering and technical professions. The best foreign professors are being invited to Kazakh universities.

The main outcome of these economic and social reforms is the irreversibility of Kazakhstan's engagement in global economic processes and integration projects.

3. Energy sector

As analysis shows energy sector still remains Kazakhstan's leading economic brand. Our country's orientation to the economic diversification and creation of industrially innovative development, enhancement of competitiveness in all sectors and finally our desire to alter our consumer psychology "to live at the cost of the revenues from natural resources" became a reason for the national budget reform and we pride ourselves that it is entirely formed from non-commodity income.

Kazakhstan's oil and gas sector is developed with consideration of three factors: energy security, energy efficiency and environmental safety.

Forecasting, exploration and development of promising oil and gas fields are conducted through the prism of these requirements.

You can estimate the size of this work by the fact that Kazakhstan is the world's number two non-OPEC country in hydrocarbon reserves.

Extraction of raw materials demonstrates stable growth. Today we produce about 65 million tons of oil per year, and by 2010 this figure will reach 84 million tons, and by 2015 – 130 million tons (or 3 million barrels per day). In fact, it would double in comparison to 2006.

Kazakhstan's biggest reservoir 'Kashagan' will become the main oil source on the Caspian as of 2015. In natural gas, Turkmenistan and Kazakhstan will remain key suppliers through 2017.

We naturally face the question of expanding our oil exports while diversifying market outlets for our commodities. Since global oil and gas supply may be diminished, competition between main consumers may intensify. This could give rise to growing geopolitical risks and escalation of regional conflicts.

Kazakhstan's policy on routes of transportation of hydrocarbons is absolutely pragmatic, with no hint of politics.

The main thing is the principle of multiple export routes and maximum efficiency of pipeline exploitation. This implies creation of new and the expansion of existing export systems based on accessibility to transit facilities and tariff competitiveness.

Today we have three main transport corridors. First, meridian corridor. This is the long established direction through Russia and the Baltic countries to Europe. Promising corridors through the Black Sea –

Caspian conjuncture to Europe have recently been developed. Finally, another promising direction is the Asian one with prospects of reaching the giant markets of China and Asian Pacific, suffering from severe energy deficit.

The second transportation corridor I mentioned implies using the existing Caspian Pipeline Consortium with possible proposals of further branches bypassing the Mediterranean straits, and using the Baku-Tbilisi-Ceyhan export route.

Currently Kazakh oil is transported via Trans-Caspian system which has terminals on Kazakhstan's and Azerbaijan's territories, tankers and connecting facilities reaching Baku-Tbilisi-Ceyhan with the capacity of five million tons per year.

The construction of an oil pipeline on the Kazakh shore of the Caspian is scheduled to be completed by 2010. It will increase the flow capacity of the Caspian transportation system to 38 to 60 million tons a year.

Kazakhstan is also studying the alternative routes for oil and gas transportation to global markets.

4. Interethnic and inter-religious accord

The foundations for modernization of any state are stability and public accord. In our case, preservation of inter-ethnic tolerance has become one of the most important factors.

Totalitarianism has left us with a legacy of the most complex ethnic configuration of our society, ready to plunge into chaos at any time. In the absence of any mechanisms of regulation this threatened to lead to unpredictable scenarios. In these circumstances, keeping the situation in the constructive stream and forming necessary public institutions of inter-ethnic interaction was only possible under the effective and energetic state control. The following years have proved the lack of an alternative to this choice. Preservation of inter-ethnic accord is the absolute value for us, if not to say – the condition for survival.

Another, no less important factor of Kazakhstan's stability is its religious diversity.

While establishing an inter-religious dialogue we have tried to follow a classic principle of democracy: following the will of majority while respecting the interests of the minority.

Implementing this formula in the most delicate area of inter-religious relations could not have been done without the dominant component of state regulations. Kazakhstan's practice of inter-religious relations has received explicit acclaim of the highest leaders of global religions during the two Congresses of leaders of world and traditional religions which have taken place in our country. As the late Pope John Paul The Second, who visited Kazakhstan in 2001, stressed: "The new initiative of Kazakhstan's leadership will facilitate the development of respect towards human dignity, protection of freedom of worship and growth of mutual understanding amongst nations in the same way as we convinced that religion in its right understanding is a robust instrument for maintenance of peace".

The democratic societies in the middle of Europe were shaken by outburst of public protests. Believed to have mature mechanisms of self-regulation of such processes, they have vividly demonstrated the danger of underestimating the inter-ethnic, inter-religious and inter-cultural factors.

Members of more than 130 ethnic groups and 40 religions live in accord on Kazakh soil. They directly affect the policy of our country through a uniquely respectful mechanism of a non-governmental body – the Assembly of Peoples of Kazakhstan, which has the rights of an advisory and coordinating body under our President.

The international community has noted Kazakhstan's achievements in ensuring equal rights and opportunities to all, freedom of expression and religion. In the words of former UN Secretary General Kofi Annan, "Kazakhstan may serve as an example of a state where different nationalities peacefully coexist and where the ethnic diversity is perceived as a blessing and not a curse."

Today the Republic of Kazakhstan is a model of inter-religious accord and in this capacity we seek to promote the dialogue between the West and the Muslim countries.

5. Foreign policy targets and domestic policy reforms

Kazakhstan adheres to principles of tolerance and cooperation in domestic and foreign policy. Components of these policies are the ideas of a multitude of choices and integration in the name of justice and progress.

Within the memory of one generation Kazakhstan has turned into a regional power with dynamically developing economy and growing international reputation. Kazakhstan was the first to voluntarily renounce its powerful nuclear arsenal and have closed the world's largest nuclear test site at Semipalatinsk.

In order to confront new threats and challenges of globalization and to ensure the broadening of economic and humanitarian integration, Kazakhstan cooperates with many international and regional structures.

Only a handful believed that Kazakhstan's initiative on summoning the Conference on Interaction and Confidence Building Measures in Asia (CICA), an Asian analogue of the OSCE would succeed.

Remember, "Politics is the art of the possible", and now the potential of 18 CICA member states comprises more than 40 mln. sq. km., more than 3 billion people or half of the world's population, and a combined GDP of 20 trillion dollars. CICA has good prospects of becoming an effective mechanism for collective security in Asia.

These efforts by Kazakhstan have created favorable foreign policy and economic conditions for the systemic political transformations.

Kazakhstan is building not only a competitive market economy but also an open democratic society. We understand deeper interconnection of these processes. We recognize that building effective democratic institutions is a natural step-by-step process and continuity must be ensured. Democratic traditions and values, institutions of civil society are gradually and consistently nurtured taking into consideration the cultural traditions and historical context. Only in this way, not in any other, a stable and self-developing democratic system can be formed.

The United States knows from its own experience that the evolutionary way of development can take several centuries. After the adoption of the Declaration of Independence in 1776, about 90 years passed before the U.S. managed to abolish slavery. The country has suffered a major civil war. Another century of democratic state development passed before the racial segregation legacy was finally overcome.

In Kazakhstan the task of strengthening inter-ethnic and inter-religious tolerance has been solved in a much shorter period of time.

In his recent annual address to the people of Kazakhstan President Nursultan Nazarbayev has summed up the results of several years of a nationwide dialogue on the development of the most effective ways of democratic reforms.

The State Commission on Democratization chaired by the President was established at the dialogue's final stage. It developed a number of proposals, including constitutional changes. In general terms the potential constitutional reform is aimed at considerable increase in the role of Parliament, expansion of its authority in formation of the Government, the Constitutional Council, the Accounting Committee, and the strengthening of the parliamentary control over the national budget.

A group of prominent legal experts has started drafting these recommendations, many of which will be realized this year.

Considerable strengthening of the role of political parties in the public life, broadening their influence and power in Parliament constitute an important direction for political reforms. The issue of public financing of the parties elected into the Parliament, is being resolved. We emphasize further decentralization of central management and maximum transfer of powers to elected local authorities.

Last year saw the elections of leaders of local executive authorities taking place in rural areas and cities of regional status within the framework of the State Program of Support of Local Governance.

Concrete systemic measures in various spheres of humanitarian dimension have been both

undertaken already and worked out for the future. Civil control over law-enforcement and military structures is growing. Our Ministry of Defense is now being headed by the first civilian minister following the trend set earlier by the Ministry of Interior.

I would like to turn your particular attention to the concrete improvements introduced since the beginning of this year. We know that good things come in small packages. This time there are many packages of them which is a real push towards further democratization of Kazakhstan.

1. The amendments of the mass-media legislation, worked out by the journalistic community itself, were submitted to the Parliament.

2. The jury trials began in Kazakhstan starting from the 1st of January.

3. In order to increase the competitiveness of litigation and its transparency, independence from other branches of power, the draft of amendments to the Constitutional law "On judicial system and the status of judges" has been submitted to the Parliament.

4. The draft law introducing the mechanism of judicial authorization of arrest has been worked out already.

5. In few days Kazakhstan will formally join the statement on abolition of the death penalty initiated by the European Union and presented at the United Nations General Assembly at the end of last year.

6. A construction of special facility for life-term prisoners according to the international standards has started in Kazakhstan in the context of preparation for full abolition of the death penalty.

7. In connection with discussions concerning American NGOs' activity in Kazakhstan, we have elaborated and forwarded to the US part the draft Memorandum of Understanding on assistance in democracy promoting programs.

8. The Parliament is currently debating the law eliminating a number of discriminatory norms in the criminal procedure code.

9. The Central Election Commission has initiated a package of amendments made on the basis of ODIHR/OSCE recommendations.

I would like to stress the importance of the President's annual Address to the people of Kazakhstan – "New Kazakhstan in a New World" to achieve greater competitiveness of the country. The Head of State has underlined that this notion includes both the economic segment and the modernization of the political sphere and the system of social affairs.

For this purpose Kazakhstan has launched the mechanism of permanent monitoring of internal legislation's conformity with our international obligations. We are closely monitoring the trends which can worsen the situation with human rights and freedoms, and we undertake preemptive measures to ensure this from happening.

1. The draft law on penalty strengthening for unauthorized meetings and expanding the field of application of special means for the suppression of such assemblies was withdrawn from the Parliament on April 13.

2. On the same day the draft law strengthening the penalty for defamation and violence was also withdrawn from the Parliament.

3. We decided to stop the drafting of the bill regulating printing activity which could have created a much more rigid field in this sphere.

4. The Ministry of Justice had initiated the draft law on the issues of freedom of worship and religious associations. However, we have decided that the proposed amendments require additional review to exclude excessive penalties and demand public examination.

In 2003 Kazakhstan has joined, and in 2005 ratified the International Covenants on Civil and Political Rights, and on Economic, Social and Cultural Rights. Currently we are working on the legal aspects of accession to two facultative protocols, which we recognize as important additional instruments to the Covenants.

Kazakhstan has joined the UN Convention for the Suppression of the Traffic in Persons and of the

Exploitation of the Prostitution of Others. Besides, this May the internal mechanism of accession to a number of international conventions in the field of slavery abolition will start. Interdepartmental group on fight against trafficking in people was created; the special Governmental Program was adopted to implement the entire complex of measures in the given sphere.

We pay particular attention to our organizational capabilities. Hosting such important international events as Summits of the Conference on Interaction and Confidence-Building Measures in Asia (CICA), the Commonwealth of Independent States (CIS), the Shanghai Cooperation Organization (SCO) and other international organizations, Congresses of leaders of world and traditional religions, the OSCE Tolerance Implementation Meeting, present sufficient proof of our skills. This May Almaty will be the venue of the 63rd UN ESCAP, which brings together about thousand guests.

I spoke to the members of the Permanent Council of the OSCE on April 30th and highlighted the practical results of this work in detail. I would like to draw your attention to the fact that our own plans and actions correspond with the expectations of our partners.

As we look back at the path Kazakhstan has traveled we can make some conclusions.

A stable developing economy with civil society institutions has been created. A professional Parliament is working, ten political parties function in conditions of a competitive multi-party system. More than 5,000 NGOs, enjoying the support of the state, are dynamically developing.

Freedom of speech is guaranteed, censorship is prohibited, independent mass media exist, more than 85 percent of which is privately owned. A middle class has been established. The State continues its policy of further democratization.

These achievements logically correspond with Kazakhstan's bid for the OSCE Chairmanship in 2009. The Chairmanship is not a goal in its own end, but can offer a powerful catalyst of reforms and additional confirmation of our right choice for further liberalization and openness. In this context, the year of the Chairmanship, 2009, is also important as a confirmation of the rapid pace of transformations, readiness to adhere to the highest standards of quality and organization of life in Kazakhstan. We think that a positive decision on our bid will have a multiplying effect on the complex modernization of our country and the region as a whole.

6. Kazakh-American relations

In conclusion I would like to say a few words about our bilateral cooperation.

This is my first visit to the U.S. as the Minister of Foreign Affairs and it has particular importance in terms of following up on the agreements reached by our heads of state during the official visit of President Nursultan Nazarbayev to Washington last September. The talks held here were the continuation of the practice of regular exchanges of views on the most acute issues of international politics, discussion of the status and prospects of bilateral interaction, and proposals for the broadening of cooperation.

The address of our Head of State "New Kazakhstan in the New World" expressed the necessity of development of the strategic partnership with the USA, coupled with good neighbor relations with Russia and China.

During my talks here in Washington I once again reiterated that Kazakhstan regards the United States as strategic political, trade and economic partner and remain committed to further developing all round cooperation.

Starting from early 2007 a number of high level US delegations have visited Kazakhstan in order to discuss the issues of broadening our cooperation. We fully support this approach.

Our continued partnership in the fight against international terrorism and religious extremism, strengthening of the non-proliferation regime, reconstruction of Afghanistan and Iraq, and energy dialog are important contributions in maintaining regional and global security. Cooperation in the military sphere is developing successfully as well.

Kazakhstan has a stabilizing role in Central Asia and stands for strengthening of the region's

importance in the world.

At the core of our regional policy is the economic development through integration and strengthening of security. Multilateral and balanced dialogue will allow the developing of mutually acceptable approaches to problems of our region, various aspects of regional and international interaction and energy stability.

The Trade and Investment Framework Agreement can become one of the effective mechanisms for regional integration supported by Kazakhstan. Therefore it is necessary to start the implementation of economic development projects important to the countries of the region within the framework of this Agreement.

Multilateral institutions such as the Shanghai Cooperation Organization, Conference on Interaction and Confidence-Building Measures in Asia and the Collective Security Treaty Organization effectively address the issues of regional cooperation and security. Taking into account that the nations of Central Asia are united in their pursuit of increased stability, it would be quite useful to combine the efforts of these institutions, primarily the SCO, and that of the OSCE to solve the acute problems of Eurasia including one of Afghanistan.

Such unity would create a “platform” establishing universal mechanisms for the fight against new threats and would facilitate the productive dialogue.

Availing of this unique opportunity I call upon the American business community to actively participate in projects in priority sectors of Kazakhstan’s economy. In the context of Kazakhstan’s Strategy of joining the 50 most competitive nations of the world and diversification of our economy, such investments will be given particular attention of the Kazakhstan Government.

The record shows that Kazakhstan and the U.S. have been successfully settling all issues of bilateral agenda with due respect to each other’s interests. Astana is optimistically looking forward to the future of Kazakh-U.S. relations based on mutual values and principles.

Another new and important dimension of our bilateral cooperation in the years to come is the promotion of Kazakhstan’s image. Many of those present here today have the adequate understanding of what modern Kazakhstan is about, what it stands for and what our priorities are. We would be extremely happy to further cooperate with our American friends on the new image programs, training for our key Government specialists and establishment of a new non-government fund that would be providing PR-support to the efforts of our state bodies. The Chairman of the respective Committee is here today to discuss any ideas to this end.

Thank you for your attention.

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