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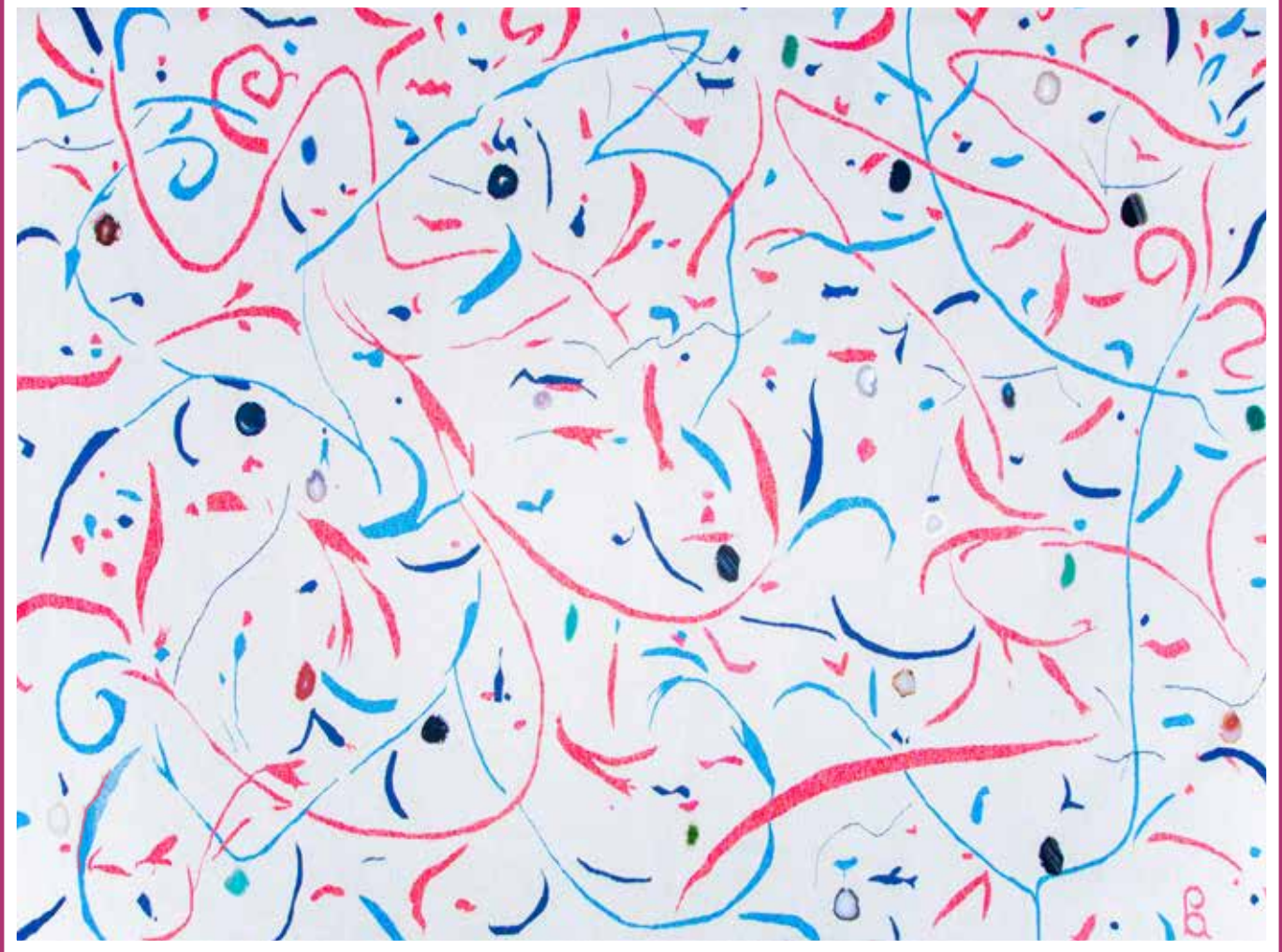
IV Investors' Voice

The American Chamber of Commerce in Kazakhstan

Kazakhstan's Leading International Business Association

July 2018
SUMMER ISSUE #79

Challenges to Kazakhstan's Economic Diversification



- Innovation - A Prerequisite to Economic Development
- Innovation and a Global Development Strategy
- Telecommunications: Innovation Never Stands Still
- Obstacles to Agricultural Development
- Sourcing Regional Agriculture Abundance
- The New Mining Code and its Impact
- The Future of Alternative Fuel Vehicles

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EDITOR'S NOTE



Dear Readers,

Economic diversification, the theme of this Issue of *Investor's Voice*, poses a constant challenge to Kazakhstan, notwithstanding the Government's emphasis on the need to balance the strength of the oil and gas industry with the country's rich potential in other areas of the economy. Following the dissolution of the Soviet Union and the country's ensuing economic collapse, the development of Kazakhstan's oil industry quickly turned the country's economy around. However, economic diversification has proven elusive, as it has in many oil-rich countries worldwide. The effort to diversify continues, but with challenges that have not yet been resolved.

In the spring of this year, AmCham organized a conference entitled *Challenges to Kazakhstan's Economic Diversification* under its *AmCham Economic Policy Forum* series. The conference benefited from the participation of corporate leaders, prominent Government speakers, the U.S. and Canadian Ambassadors as Keynote Speakers, and was widely reported on by the business press and on Government websites. *Economic Diversification* focuses on four industry sectors prioritized by the Government as most promising for development, given the country's rich resources and entrepreneurial talent:

- ***Agriculture,* given the country's abundant agricultural land and the presence of over half of Kazakhstan's population in rural areas;**
- ***Mining*, which has been waiting for the new Mining Code that has reawakened interest in Kazakhstan's rich mining resources;**
- ***Technology and Innovation* – innovation is not unique to the technology sector, but runs through all of the other priority sectors; and**
- ***Renewable Energy*, the newest sector holding great potential for a country with energy as its major source of wealth.**

For those readers who were unable to attend the Economic Diversification Conference, we hope this Issue of *Investors' Voice* will stimulate your thoughts about the economic future of Kazakhstan as it strives to ensure its place among the world's most highly-developed economies.

Doris Bradbury
Executive Director

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EDITOR IN CHIEF:

Doris Bradbury

PHOTOGRAPHER:

Nurshat Polatov

COVER TAPESTRY:

Saule and Alibay Bapanov

CONTRIBUTORS:

Minister Umirzak Shukeyev

Ambassador George Krol

Ambassador Nicholas Brousseau

Maksim Ageev

Francis Ato Brown

Volodymyr Buchynskyy

Bela Ferenczi

Sergey Glokke

Firuz Ibrohimov

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PUBLISHER:

American Chamber
of Commerce in Kazakhstan
Tel.: +7 (727) 330 92 50
Fax: +7 (727) 330 92 51

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For information about the AmCham, please email *info@amcham.kz*
For information about Investors' Voice and the Chamber's website,
please contact Zhanyl Aidaralieva at *Zhanyl.Aidaralieva@amcham.kz*
To register for an AmCham event,
please email Togzhan Smagulova at *info@amcham.kz*
To enquire about financial issues,
please contact Rimma Kazhemyakina at *Rimma.Kazhemyakina@amcham.kz*

CONTRIBUTORS



Umirzak Shukeyev, Minister of Agriculture and Deputy Prime Minister of Kazakhstan

Umirzak Shukeyev has had a long and distinguished career in public policy and politics. In 1993, Mr. Shukeyev was appointed Deputy Head of the Department of Finance and the Presidential Labor Office. In 1997, he served as Minister of Economy and Trade, then as Deputy Prime Minister. In 2004, Mr. Shukeyev served as the Mayor of Astana and, in 2009, he was appointed First Deputy Prime Minister of Kazakhstan.

Umirzak Shukeyev holds an economics and mathematics degree from the Moscow Institute of Economics and Statistics and pursued graduate studies at Moscow Economics and Statistics Institute.



George Krol, U.S. Ambassador to Kazakhstan

George Krol became the U.S. Ambassador to Kazakhstan in January 2015 after serving as Ambassador to Uzbekistan for three and a half years. He is a career member of the Senior Foreign Service, holding the rank of Minister-Counselor, and has served as the Deputy Assistant Secretary for the Bureau of South and Central Asian Affairs.

Ambassador Krol joined the Foreign Service in 1982, serving in Minsk, Warsaw, New Delhi, St. Petersburg, Moscow, and Kiev. He has held several domestic U.S. assignments, including as Director of the State Department's Office of Russian Affairs.

Ambassador Krol is a graduate of Harvard and Oxford Universities.



Nicholas Brousseau, Ambassador of Canada to Kazakhstan

Nicholas Brousseau joined Foreign Affairs Canada in 2004. He has worked in the European Union Division and the Eastern Europe and Balkans Division, as well as serving as Deputy Director of the Nuclear Disarmament, Arms Controls and Disarmament Policy Division. He also served as Senior Departmental Adviser to the Minister of Foreign Affairs. In 2017, Nicholas Brousseau was appointed Ambassador to Kazakhstan, the Kyrgyz Republic and Tajikistan.

Ambassador Brousseau holds a BA in History from Laval University (1997), an MA in History from the University of Paris 1 Panthéon-Sorbonne (1999); a Diploma as Archivist-Paleographer from the National School of Chartres (2003), and a PhD in History from the University of Paris 1 Panthéon-Sorbonne (2005).

ALD Automotive



Marcis Maurins, Country Manager, ALD Automotive

Marcis Maurins was appointed Country Manager at ALD Automotive Kazakhstan in May 2015. The company first began operating in Kazakhstan in 2014. Before taking over as Country Manager, Marcis Maurins already had extensive professional experience in fleet financing and automotive business in Europe. His current task in Kazakhstan is to establish and develop operational car leasing for corporate fleets in the country.

Marcis Maurins obtained his Master's Degree in Economics at Latvia University of Life Sciences and Technologies in 2004. He later earned his MBA at the Riga Business School of Riga Technical University in 2016.

Beeline



Alexander Komarov, General Director, Beeline Kazakhstan

Alexander Komarov's career began in 1994 in the Research Center of the Military Institute of Management and Communications in Kyiv. In 2002, he became Business Development Director at Adell Saatchi & Saatchi and was later appointed General Director of the company in 2004. Mr. Komarov began working at Beeline in 2013 as Chief Commercial Officer. In January 2016, he was appointed CEO of Beeline Kazakhstan.

Alexander Komarov graduated from Kiev Polytechnic Institute in 1995 and later from the British Chartered Institute of Marketing (CIM) in 2001. In addition, Mr. Komarov holds an MBA from the Stockholm School of Economics.

Eurasia Group



Sergey Glokke, General Director, Eurasia Group

Sergey Glokke has had a long and diverse career in business agriculture. He has worked for more than 15 years in Kazakhstan's agricultural sector, joining Eurasia Group Kazakhstan in 2001. Since becoming General Manager of the company, Mr. Glokke's primary focus has been to integrate the most advanced agriculture technologies into Kazakhstani agriculture. Eurasia Group Kazakhstan is the official national distributor of John Deere, the worldwide leader in agricultural machinery.

Sergey Glokke holds degrees in both Political Science and International Relations.

GE



Béla Ferenczi, Chief Executive Officer, GE Central Asia & Azerbaijan

Béla Ferenczi is CEO, GE Central Asia & Azerbaijan, leading all of the company's business operations and the execution of its growth strategy in the region. He has 25 years of finance and general management experience. He joined GE in 2006, holding a series of leadership roles in the company's Power and Water businesses and the Global Growth Organization. In 2016, he was appointed GE's senior leader in Central Asia.

Bela Ferenczi holds a B.A. in Economics from the Plekhanov Russian University of Economics and an MBA in Finance Strategy from The Open University in the U.K.

Global Affairs Canada



Peter van der Gracht, Senior Industry Advisor, Global Affairs Canada

Peter van der Gracht is a successful start-up veteran, with over thirty years of experience leading companies through multiple financings, operational build-outs, acquisitions, mergers and buy-outs. He has been, or is currently, chairman, director, consultant or investor of over twenty for-profit organizations.

Mr. van der Gracht supports the following not-for-profit organizations: Wavefront, Canada's wireless business accelerator, Entrepreneurship@UBC, a University of British Columbia seed-stage investment fund and program, and Alacrity Foundation, a not-for-profit start-up foundation.

Peter van der Gracht holds a Master's Degree in Electrical Engineering from the University of British Columbia and is a recipient of multiple awards for entrepreneurship.

Freeport McMoRan



Milan Parivodić, Strategic Advisor, Freeport McMoRan Exploration, Former Minister of Foreign Economic Relations, Government of Serbia

Milan Parivodić is an Attorney at Law for his legal firm, Parivodic Advokati, where he specializes in large investments. Since 2013, he has worked as a strategic advisor for Freeport McMoRan Exploration, advising on mining, investment and property laws, and government relations. Prior to this, Mr. Parivodić served as the Serbian Minister of Foreign Economic Relations from 2004-2007 and later as the Serbian Minister of Finance.

Milan Parivodić received his Bachelor of Laws (1990) and an MSc in Laws (1995) from the University of Belgrade. Following this, Mr. Parivodić received an LLM from University College London in 1997 and a Doctorate in Laws from Belgrade University in 2002.

KB Enterprises



Taylan Karamanli, CEO & Founder, KB Enterprises

A Turkish native, Mr. Karamanli began working in the shipping industry in Istanbul in 1990. In 1994, he was assigned to the Turkish American Trade Lane and worked for both Arkas Shipping and the Warehouse Management Division of Proctor & Gamble. In 1995, Mr. Karamanli moved to the United States, where he worked for multi-national companies covering Indian, Chinese, and European Trade Lanes. In 2013, Mr. Karamanli established KB Enterprises with Dutch partners. His company specializes in the construction of solar and wind power plants, as well as greenhouses.

Taylan Karamanli holds a degree in Business Management with a minor in Marketing from Bosphorus University.

Metro Cash and Carry



Anton Van Gorp, General Director, Metro Cash and Carry

Anton Van Gorp was appointed General Director (CEO) of METRO Cash & Carry in Kazakhstan in 2013. Before joining METRO Cash and Carry, Mr. Gorp owned his own companies in China and worked in both the domestic and export markets. Prior to 2008, he worked for 18 years for MAKRO, a cash & carry wholesaler from the Netherlands.

Anton Van Gorp is educated in logistics from the Royal Netherlands Military Academy and served for five years in the Dutch army. In addition, Mr. Van Gorp completed a Program for Management Development (PMD) at Harvard Business School in 1992.

Schneider Electric



Maksim Ageev, General Director, Schneider Electric Kazakhstan

Maksim Ageev has worked in the CIS region since 2006 in the Oil & Gas, Metallurgy, Mining and Metals, Infrastructure, and other industries.

Mr. Ageev joined the Energy and Sustainability Services Division of Schneider Electric in December 2012 with a focus on the definition, development and execution of digital energy management projects within the CIS region. In August 2017, he was appointed Schneider Electric Country General Manager in Kazakhstan. His main task is to drive Schneider Electric strategy and develop profitable growth in the region.

Maksim Ageev graduated with honors from Moscow Power Engineering University where he later earned his PhD in Economics. Mr. Ageev also completed a comprehensive corporate management program at the University of North Carolina Kenan-Fragler Business School.

U.N. Development Program (UNDP)



Firuz Ibrohimov, Chief Technical Advisor, Agriculture, UNDP

Firuz Ibrohimov has worked on climate change adaptation, biodiversity and natural resource management for over 15 years. He has managed several projects within international NGOs and UN agencies on protected area management with experience on planning, sustainable use and participatory planning systems at protected areas.

Firuz Ibragimov holds a BSc. in Agricultural Sciences, two MScs. in Land Management and Conservation and a PhD in Agriculture. He speaks Tajik (native), English, Russian, Persian, Dari, Uzbek, Kyrgyz, Kazakh and Turkish.

World Bank



Francis Ato Brown, Kazakhstan Country Director, World Bank

Ato Brown began his tenure as the new Country Manager of the World Bank for Kazakhstan on February 15, 2016. Before this assignment, he was the Country Manager for Sierra Leone (2012-2015), where he engaged in strategic country dialogue with the Government, Development Partners and the Civil Society. Prior to this assignment, he was Sector Manager for the Water Sector in the Middle East and North Africa Region of the World Bank (2009-2012).

Ato Brown is a Ghanaian national with a bachelor's degree in Civil Engineering from the Kwame Nkrumah University of Science and Technology, Ghana and a master's degree in Infrastructure Planning from the University of Stuttgart, Germany.



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CHALLENGES TO KAZAKHSTAN'S ECONOMIC DIVERSIFICATION: CONFERENCE OVERVIEW

The *April 2018 AmCham Economic Policy Forum*, entitled *Challenges to Economic Diversification for Kazakhstan: Technology, Renewable Energy, Mining, Agriculture*, was devoted to the four Government-established priorities for Kazakhstan's economic diversification and the challenges each sector faces. An impressive group of Keynote Speakers opened the Forum. Presentations focused on an examination of each sector by leading corporate CEOs and recommendations for developing the industry to its full potential. Although Kazakhstan has a high degree of economic development and affluence, its reliance on oil and gas revenue creates an imbalance with inherent risks for the future.

The *AmCham Economic Policy Forum* has been held annually for the past ten years in Almaty and Astana, stimulating examination of topical issues in Kazakhstan's economic development. Past conference topics have included regional economic integration, banking regulatory reform, healthcare reform, intellectual property, judicial reform, and rule of law. This year's Forum was held at the Marriott Astana Hotel, attracting a diverse attendance of corporate leaders, diplomats, experts from the international financial institutions, local think-tanks, and NGOs.

As always, the media was also in attendance to cover and report on the Forum discussions. The Forum was exclusively sponsored by *Central Asia Metals,* which operates the *Kounrad Copper Mine* in *Balkash* near *Karaganda.*

The conference's first Keynote Speaker was *Umirzak Shukeyev, Kazakhstan's Deputy Prime Minister* and *Minister of Agriculture,* who spoke about Kazakhstan's initiative in implementing innovative policies and promoting business opportunities. Minister Shukeyev spoke of the improvements in Kazakh agricultural policy, but admitted there are barriers to be overcome. As the population of Central Asia continues to grow, demand for food will rapidly intensify – an opportunity that Kazakhstan should seize to both create food security for its own population and to create export growth.



Deputy Prime Minister of Kazakhstan Umirzak Shukeyev

The Deputy Prime Minister noted that meat exports present Kazakhstan's greatest opportunity for growth, and an American style cattle breeding system will be implemented in a new government program that will run until 2027. In addition to meat, the speaker also discussed the dairy industry and highlighted the government's commitment to improve the nation's agricultural industry.

Arystan Kabikenov, Deputy Minister of Investment and Development, delivered the second Keynote Speech, stressing the importance of diversification in the key areas of technology, renewable energy, mining, and agriculture. He highlighted the importance of Kazakhstan's new mining code as a mechanism to better regulate the industry and make it more attractive to investors. He then discussed how Kazakhstan is ready to work with investors to modernize its agriculture to create food security and to develop its export capacity.

The Deputy Minister also highlighted the government program, *Digital Kazakhstan*, which aims to improve the standard of living in Kazakhstan by implementing new technologies and developing human capital. Overall, Mr. Kabikenov stressed the importance for the Government to work in partnership with these industries to stimulate growth in key areas.



U.S. Ambassador George Krol

U.S. Ambassador George Krol referred to Pittsburgh as his point of departure to make his point that economic diversification is necessary for a healthy and well-balanced economy. At one time, Pittsburgh was the steel capital of the United States until imports and other factors brought the industry crashing down, leaving the city devastated. However, Pittsburgh has recently experienced a renaissance through revitalization, education, and technological innovation. It is now no longer considered a *rust belt city* but instead a *brain-belt* city, attracting the world's brightest in the service and technology sectors.

Ambassador Krol believes that Kazakhstan can follow Pittsburgh's example before any downturn takes place. Through innovation, renewable energy, mining, and agriculture, the Ambassador said Kazakhstan could transform and diversify its economy to bring prosperity and safeguard its development. With skills-based training and the smart deployment of technology, Kazakhstan could develop these sectors successfully and guarantee growth for the foreseeable future. For Kazakhstan, Ambassador Krol also stressed the importance of institutional improvements such as respect for rule of law, a stable financial sector, and protection of intellectual property.



Canadian Ambassador Nicholas Brousseau

Like his American counterpart, **Nicholas Brousseau, Canadian Ambassador to Kazakhstan,** discussed the similarities between his country and Kazakhstan. The geographic and geological parallels between Kazakhstan and Canada are numerous, and both countries are well-endowed with natural resources such as oil and gas, and mineral wealth. Thus, Kazakhstan could follow Canada's example in its diversification and innovation goals. Canada has found great success in the mining, renewable energy, technology, and agricultural sectors, and Ambassador Broussaeu posited that Kazakhstan could have similar success.

In what proved to be a theme of the conference, Ambassador Brousseau expressed his admiration for the *Digital Kazakhstan* initiative. The Ambassador confirmed that Canada and Kazakhstan share President Nazarbayev's opinion that innovation is no longer a luxury, but rather an absolute necessity to achieve sustainable growth in a competitive world.

The Ambassador stressed that Canadian know-how could be made available in Kazakhstan whenever requested.

Morning Session

Innovation: Technology and Renewable Energy

The Conference Morning Session focused on bringing dynamism to Kazakhstan's economy through innovation and the impact of innovation on diversification. The Session Moderator and first presenter was **Peter van der Gracht,** who serves in a variety of capacities to the Government of Canada - as **Senior Industry Advisor, Global Affairs Canada** and as **Innovation Advisor** to the **Canadian Science, Technology, and Innovation Council**.

Peter van der Gracht outlined Canada's drive to innovate and how Kazakhstan can do the same, commending the *Digital Kazakhstan* initiative as a step in the right direction. Terming the program one of the most impressive of its kind in the world, he nonetheless said that it must be executed properly to achieve maximum potential. He then spoke about Canada's creation of an environment conducive to innovation, overcoming economic competition to cooperate in achieving an objective beneficial to economic development.

Francis Ato Brown, Kazakhstan Country Director for the World Bank, delivered a presentation centered around *Innovation and a Global Development Strategy.* Agriculture and renewable energy topped the list in terms of areas to develop; the World Bank sees these sectors as crucial to Kazakhstan's success. While traditional energy sources still account for an important part of the Kazakh economy, it has been seen in Kazakhstan that industry cannot be relied upon exclusively for economic stability. Other areas must be developed to ensure the country's future prosperity.

Bela Ferenczi, Chief Executive Officer of **GE Central Asia and Azerbaijan**, delivered a presentation outlining *GE Digital Innovation Know-How to Drive Economic Diversification in Kazakhstan.* Pointing out that GE has been a partner with Central Asia pre-dating the region's independence, Mr. Ferenczi stressed that in order to take the next big step, Kazakhstan should focus on technological innovation. Rather than solely using technological advancement as a buttress to traditional industry, technological advancement should be an industry *in and of itself* in Kazakhstan.

To close out the session, **Alexander Komarov, General Director** at **Beeline Kazakhstan** spoke about *The Telecommunications Industry: Innovation Never Stands Still*. His talk centered around the fast-moving technological advancements taking place in Kazakhstan such as e-commerce, the 5G network rollout, and the *Internet of Things*. In addition, Komarov articulated challenges facing the industry, including slow technology rollout due to government over-regulation and industry monopolies despite anti-monopoly legislation.

Noon Session

Renewable Energy Today and the Future

Shaimerden Chikanayev, a **Partner** at **Grata Law Firm,** served as Moderator for the Second Session at noon. His presentation, *Renewable Energy: Today and the Future*, provided context for a consideration of Renewable Energy, the topic for Kazakhstan's **Expo 2017 – Future Energy**. Renewable Energy has attracted serious interest on behalf of the business community in Kazakhstan for many years, but it is only since Expo that the Government has begun to focus seriously on the legislative context required for renewables to thrive. Renewables are also increasingly being seen as a new economic sector that can be profitable, operating alongside the oil and gas industry as a major force for diversification.

Maksim Ageev, General Director of **Schneider Electric Kazakhstan**, spoke about *Energy Mega-Trends and Economic Diversification.* Ageev made the important observation that the country's energy infrastructure is in dire need of updating. Global energy is becoming more digitized, decentralized, decarbonized, and more electric. He urged Kazakhstan to adapt to this ever-changing environment, taking advantage of the country's geographic and technological position to make this an economic opportunity for growth. *Digital Kazakhstan* provides a good starting point for the country to adopt radical new advances in energy and disruptive technologies.

Marcis Maurins, Kazakhstan Country Manager for **ALD Automotive**, spoke about *The Transportation Industry: Electric and Hybrid Vehicles*. He pointed out that Kazakhstan is far behind Europe in introducing electric and hybrid cars, and that only a handful of such vehicles exist in Kazakhstan. ALD Automotive, a leasing company, utilizes such vehicles in other countries, but not yet in Kazakhstan. Mr. Maurins stressed the importance of moving towards clean transportation and a green economy.

The last speaker, **Chief Executive Officer** of **KB Enterprises, Taylan Karamanli,** gave an informative talk on the leading sources of alternative energy. His presentation, *Solar and Wind Energy – The Future of Renewable Energy in Kazakhstan*, provided an overview of the possibilities for energy diversification in Kazakhstan. While extractive industries have been and will be in the future important to the country's success, new sources of energy have their place in the country's economic portfolio. KB Enterprises has already developed a diverse range of solar and wind projects that are either under development or awaiting financial backing.

Afternoon Session

Mining and Agriculture – Kazakhstan's Under-Utilized Natural Wealth

The afternoon session began with Moderator **Milan Parivodic**, **Former Minister of Foreign Economic Relations and Minister of Finance for Serbia**, now serving as **Strategic Advisor for Freeport McMoRan.** With his unique expertise from both the public and private sector, Mr. Parivodic spoke about *Kazakhstan's New Mining Code and its Impact on Development*, focusing in particular on Freeport McMoRan, which had been awaiting the new Code to return to Kazakhstan and undertake new exploratory work.

As a result of the new Code, Freeport McMoRan is now re-opening its office in Kazakhstan and launching a new period of exploration. However, Mr. Parivodic pointed out that the regulatory framework of the Code needs additional work, which the mining industry hopes will continue. Kazakhstan should seize its current momentum and build on it in order to attract investment and business.

To support his argument, Milan Parivodic discussed mining success stories as well as one failed attempt. The two success stories took place in Chile and the Democratic Republic of Congo. With their new Mining Codes, these countries were able to attract ample investment and sustained income. On the other hand, Mongolia brought a new Mining Code into law only to reverse aspects of it years later, leaving international mining companies in the lurch. It is important to adhere to this new Code to signal that Kazakhstan is a country in which laws are respected, giving companies the certainty that they can work here without unexpected future problems.

Darryl Clark, President of **Cameco Kazakhstan,** spoke about *Cameco's Investment in Kazakhstan: The Inkai J.V.,* which is co-operated with *KazAtomProm*, the national nuclear energy agency. Cameco is the major Canadian industrial presence in Kazakhstan, building on a long history in the country. As the world's former primary uranium miner, Cameco worked with the mining sector to elevate Kazakhstan to global dominance in uranium mining.

Oleg Telnoi, Director of **Kounrad Copper Company (Central Asia Metals)**, delivered a presentation on *A Mid-Size Mining Company, Its Successes and Challenges.* Kazakhstan has a very rich mining industry composed of both major companies and smaller miners. Challenges are many for companies at both levels, and the Government has not always made it easy for the smaller miners.

KAZ Minerals General Director Eldar Mamedov then delivered his presentation entitled *A Diversified Mining Company, Its Successes and Challenges,* which closed out the session. KAZ Minerals has gone through many transformations in ownership and operations dating back to 1930. Today it operates a number of mines in Kazakhstan producing copper, zinc, silver, and gold, and is listed on the London and Hong Kong stock exchanges. However, even a larger, diversified miner such as KAZ Minerals faces numerous challenges in its operations and welcomes the guarantees built into the new Mining Code.

Late Afternoon Session

Agriculture, Agribusiness, and Food Security

To provide context for the last Conference session, **Firuz Ibragimov**, **UNDP Chief Technical Advisor for Agriculture**, served as Moderator and spoke about *Kazakhstan's Under-Utilized Wealth – Agriculture.* He first spoke about adhering to the UNDP's *Sustainable Development Goals* to bring prosperity and development to Kazakhstan, in which agricultural development and food security occupies a prominent role. Unfortunately, this agricultural potential remains relatively untapped.

While Kazakhstan is host to a considerable rural population – half the country's population lives in rural areas - and contains rich agricultural land, agriculture makes up a relatively small part of the Kazakh economy. Prior to the dissolution of the Soviet Union, Kazakhstan had abundant livestock, but when Soviet-style collective farming ended, production declined rapidly.

Today it is a sad truth that very little of the fresh produce on sale in the food shops, supermarkets, and farmer's markets is grown in Kazakhstan, but is imported either from the region or from distant points around the globe at great cost. Only grain production resulting from the Soviet Virgin Lands project is still strong today.

Among the challenges needing resolution are lack of government investment and stimuli, lack of diversification, and climate change. However, the Moderator was confident that with the right approach, these issues could be mitigated.

Prospects for increasing intraregional trade and agricultural exports are promising, and the UNDP and other international financial agencies are all working with the Government to provide support and guidance for the country's food security and agricultural development.

Anton van Gorp, **General Director** of **Metro Cash and Carry in Kazakhstan,** gave a presentation on *Sourcing Regional Agriculture Abundance in Central Asia.* As a large international food retailer, Metro always seeks to source fresh local supplies wherever it operates. However, Kazakhstan presents major challenges despite its rich agricultural potential.

The first challenge is simply that Kazakhstan is a vast country with inadequate infrastructure and logistics. Transporting food from both international origins and domestic producers is a major undertaking. Local farmers also do not understand the need for well-planned supply of both seasonal produce and year-round agricultural products. Agricultural education needs to be improved and expanded to include business education.

The speaker noted that the country's growing wealth is creating new demands not being met by the country's producers. He stressed the importance of synergy between companies to reduce the challenge of under-developed logistics in Kazakhstan – a goal the Government is trying to fulfill, but resolve quickly. Major obstacles also exist in the form of counter-productive legislation and regulations.

Sergey Glokke, General Director for Eurasia Group, spoke about *Obstacles to Agricultural Development*. As the Kazakhstan representative and distributor for John Deere equipment served by 14 regional offices, Eurasia Group has long promoted and supported Central Asia's agricultural potential through direct work with the country's farmers. In a world whose population is expected to increase by three billion by 2050, agricultural production must rise to the challenge, both in Kazakhstan which lacks food security due to its overwhelming agricultural imports, and throughout the region.

Mr. Glokke noted that Kazakhstan should aim to drastically increase labor productivity and export growth for processed agricultural products to meet President Nazarbayev's goals and global world demand.

Lastly, **Roman Kussainov,** a **UNDP** expert on agricultural economic issues, closed out the conference with a presentation entitled *Agriculture as an Economic Leader – When Will its Promise Become Reality?* A question that summed up the gist of the last panel, and could be extended to each of the industrial sectors examined over the course of the Conference, it left participants reflecting on Kazakhstan's economic diversification potential waiting to become a reality.



KEYNOTE SPEECH BY UMIRZAK SHUKEYEV, DEPUTY PRIME MINISTER OF KAZAKHSTAN AND MINISTER OF AGRICULTURE

Kazakhstan has been seeking to balance all sectors of the country's economy since independence. Under President Nazarbayev, Kazakhstan has successfully implemented many reforms that have produced positive economic effects. Most recently Kazakhstan has striven to implement its *Industrial Innovation Program.* Thousands of businesses have already been successfully integrated into the economy, proof that Kazakhstan is working hard to create an innovative climate to attract foreign direct investment.

Agriculture is one of Kazakhstan's most important industries with roughly 40% of the country's population living in rural areas. However, agriculture constitutes only a small share of the country's Gross Domestic Product - roughly 5%. This imbalance identifies a key challenge, but also highlights a unique opportunity for growth. As the result of a growing global population, the global demand for agricultural products is increasing. In fifteen years, the demand for agricultural produce is expected to increase by 30% in markets close to Kazakhstan. If Kazakhstan takes advantage of this opportunity, the country has the potential to become a regional breadbasket.



Kazakhstan is now engaged in a new strategy for the agricultural sector. This strategy will be technology-oriented for specific types of products and will have the potential to greatly expand the country's current capacity. After conducting an analysis for various agricultural products, it became clear that Kazakhstan's greatest potential lies in meat exports. Kazakhstan therefore should greatly develop both its small and large livestock capacity.

Kazakh government officials met recently to discuss a ten-year development program that will run until 2027. It was decided that the government would implement a system for American-style cattle breeding. This program will involve several dozen large industrial companies engaged in meat production, fattening, export, and sales. Many small firms and family farms will be concentrated around these large corporations to supply them with meat. There are 750,000 small meat-producing firms and family farms in America today working alongside large corporations, and the new Kazakh system will operate in a similar manner.

With Government approval for this model, Kazakhstan will work closely with the World Bank and the Asian Development Bank to ensure it is properly implemented. The Government is currently creating a team to develop the program in various regions and to ensure the program is properly financed. Overall, the program is pragmatic and has been thoroughly discussed with entrepreneurs, business leaders, and farmers in the region.

The second direction for Kazakhstan is the so-called intensive livestock farming for dairy production. There are many examples of successful dairy industries in other countries that can be scaled and replicated in Kazakhstan. Many of these businesses will of course utilize technology from countries with developed dairy industries like the United States, Holland, and France. The success of other countries demonstrates that it is worthwhile to develop dairy production here in Kazakhstan.

In addition to dairy, the country already has a relatively well-developed poultry sector. Kazakhstan has greatly expanded egg production in recent years, and poultry production is also growing rapidly. This expansion is starting to close the gap in agriculture and meat production. However, Kazakhstan will still need to close the gap further by increasing the number of companies and businesses in operation and by attracting foreign technology.

Overall, Kazakhstan is actively engaged in in developing and diversifying the agriculture sector. Today's conference can act as a catalyst to attract technology, financial resources, and investments for the agricultural sector. The Government treats these issues with great attention and respect as part of the nation's economic diversification strategy.



KEYNOTE SPEECH BY GEORGE KROL, U.S. AMBASSADOR TO KAZAKHSTAN

Kazakhstan and the United States have had relations since Kazakhstan's independence over 25 years ago. Since then, Kazakhstan has made enormous strides in its economic development, and that should be applauded. However, there are still some areas which would benefit from investment. Economic diversification is a must in order to achieve sustained economic growth.

Experience has shown that those countries, regions, and cities that have successfully diversified their economies have usually placed knowledge, technology, and skills development at the forefront of their diversification strategies, in short, making their economies more knowledge-based.

A successful example I like to raise is my own birthplace - Pittsburgh, Pennsylvania. Thirty-five years ago, Pittsburgh's economy had collapsed, caused by the downfall of the steel industry that dominated the city and the region's economy. This led to a 17 percent unemployment rate and an outpouring of talent; the city and the region were losing more than 4,000 people a month.



To revive and transform Pittsburgh's depressed economy, the city's leaders, supported by the state and federal governments and labor unions, invested heavily in education, workforce development, and talent attraction. Once known as one of the *rust belt* cities in America, today Pittsburgh has become a *brain belt* city. Tech and education sectors now account for nearly 80 percent of Pittsburgh's high-wage jobs. Pittsburgh is also attracting talent from around the world and now is rated among the most livable, attractive, and prosperous metropolitan areas.

Pittsburgh is not the only city and region in America that has experienced such as successful transformation and diversification. Cleveland, St. Louis, Detroit, and much of the American south have all succeeded in diversifying their economies and attracting investment. The secret to all these successes is a strong partnership between government and industry and a willingness on the part of all parties to change and adapt.

I am confident Kazakhstan can also succeed in transforming and diversifying its economy using a similar formula. Here in Kazakhstan, I would say the agriculture, mining, and renewable energy sectors may provide perhaps the greatest potential for Kazakhstan to transform and diversify its economy. Skills - based training and the smart deployment of technology in developing these sectors could go a long way towards developing more efficient industries and higher - value products in Kazakhstan.

On agriculture, I would like to point out some American examples that Kazakhstan could find helpful. One example is the U.S. Department of Agriculture's *Cooperative Extension Service*, which connects American innovation and university research to American farmers. This service has helped transform America's agricultural sector, leading to dramatic increases in farm productivity.

In addition, USDA supports youth based educational 4-H programs that reach over 6 million American children across the country every year. These programs promote youth interest in science and technology through experiential learning. I am glad to say that I have seen growing interest in Kazakhstan to develop similar programs for Kazakhstan's farmers and youth.

Education is key not only in producing safe and healthy foods but in also getting food products to market. Knowledgeable scientists and veterinarians inform effective food safety regulations, and the enforcement of these regulations in production, transportation, and storage help ensure food products remain safe and healthy when they get to the consumer.

Moreover, food producers and food processers must understand the importance of establishing and maintaining cold chain and safe logistics in getting their produce to their markets. For a high-quality food system to function effectively here in Kazakhstan, Kazakhstan's workforce should have access to education, relying on the most modern research and the best accepted science. Frankly, an educated work force across the production and supply chain is what has made America's agricultural sector the most productive and efficient in the world.

I'd now like to turn to the mining sector. For the past several decades, there has been very limited exploration in Kazakhstan's mining sector, despite the country's

significant potential for undiscovered deposits. Relatively few new mines have been opened since the country's independence. I understand one of the main reasons for this has been Kazakhstan's challenging regulatory environment, which has the effect of discouraging investment in both exploration and production.

On the one hand, I congratulate Kazakhstan for adopting the new Subsoil Code in December of last year. It was a major step in improving the investment climate. Indeed, following the adoption of the Subsoil Code, some U.S. companies are now considering investments in Kazakhstan's mining sector. But these companies will be watching carefully to see how the Code is implemented and whether licenses will be awarded openly and transparently once the new Code takes effect at the end of June.

Despite this positive step, I would suggest several additional changes are still necessary to enable Kazakhstan to truly unlock the potential of its mining sector and stimulate exploration activity. For example, according to a recent OECD study, despite improvements, Kazakhstan's taxation of mining activity still diverges from best international practiced. The OECD also notes that the Subsoil Code still retains what many see as burdensome oversight requirements for mining companies' operations. Unless addressed, these issues may discourage companies from entering the market.

As for the renewable energy sector, technology has reduced costs so rapidly in recent years that these sources are now becoming increasingly competitive with conventional energy technologies. In many states in the United States, renewable energy has now become the lowest cost choice for new energy generating capacity. States such as California and New York are working towards renewable energy targets similar to Kazakhstan's own targets, and these states are now outpacing others in economic growth.

Similar opportunities for growth and economic benefits are available to Kazakhstan; however, significant work is still needed to create and enhance the conditions to support the same level of development. Kazakhstan clearly has enough generating capacity today to meet demand, but unfortunately the technology now being employed is dated, inefficient, and polluting. As the Kazakhstan government has noted, Kazakhstan's energy - generating system needs major upgrading, and that is where renewable energy can play an important role as the lowest-cost solution for new generation capacity.

In this connection, the United States Government, led by the *U.S. Agency for International Development (USAID)*, views energy auctions as a key building block for scaling up the use of renewable energy. I was glad to see that last November USAID hosted a visit by Kazakhstan officials to Mexico where they could observe firsthand the impressive results Mexico has achieved through use of energy auctions.

Potential investors would perceive Kazakhstan's energy auctions as a strong signal that the country is serious about creating attractive conditions for procuring new generating capacity. These investors are following Kazakhstan's work closely to understand if conditions will be right to participate in your power market. The U.S. government is pleased to provide additional technical assistance to Kazakhstan through USAID's *Power the Future* program, which should help improve and enhance the investment climate and assist Kazakhstan in implementing planned energy auctions.

In all the sectors I have focused on - agriculture, mining and renewable energy - I would stress that establishing a fair and consistent regulatory environment can act as a powerful stimulus in attracting world - class international companies, which in turn can bring advanced digital tools and knowledge to Kazakhstan. These companies can help Kazakhstan develop an educated and skilled workforce that will be necessary to utilize these tech tools effectively. This will undoubtedly result in increased productivity and the production of higher value products.

I recently read a report by the consulting company *Accenture,* which estimates companies that effectively introduce digital technology could see their earnings grow by 70% compared to companies that adhere to old technologies. Introducing digital technology in key sectors can help Kazakhstani companies better understand their resource base, optimize the use of equipment, and reduce maintenance costs, thereby increasing overall productivity.

In conclusion, I would like to note that increasing the level of education in Kazakhstan's work force and smartly integrating digital technologies in the mining, agriculture and renewable energy sectors form only part of the equation for successfully diversifying Kazakhstan's economy; these tools alone will not solve all of Kazakhstan's investment climate issues.

Above all, I would emphasize that Kazakhstan must continue to focus on rigorously implementing the main pillars of transformative reform such as establishing consistent rule of law, a stable financial sector, and respect for intellectual property.

Finally, my mission and the American business community stand ready, as always, to share our experiences in workforce development and the adoption of digital technology that have transformed the U.S. economy. We are ready to partner with Kazakhstan as the country seeks to achieve its own ambitious economic diversification goals.

KEYNOTE SPEECH BY NICHOLAS BROUSSEAU, CANADIAN AMBASSADOR TO KAZAKHSTAN

Canada and Kazakhstan have shared strong ties for over twenty-five years. Our two countries and economies are very similar – both covering vast territories blessed with significant natural and agricultural resources. Our partnership is flourishing across the board, and Canada looks forward to strengthening that partnership in the coming years.

Kazakhstan's focus on diversifying the economy is prudent, and Canada concurs that the Technology, Mining, Renewable Energy and Agriculture sectors offer strong potential for further development.

However, it is important to highlight that diversification is only a policy goal – the hope and wish that a greater share of national prosperity, in terms of jobs and revenue, come from a part of the economy supplemental to the hydrocarbon sector. In practice, however, diversification is really about creating the conditions necessary for a sector to be legitimately and independently successful without the need for significant government intervention over the long term. When we say "diversification" we should be thinking "competitive".

It is attractive as policy makers to suggest that being "open for business" and "welcoming to foreign investors" is adequate to foster the kind of interest and activity needed to create a lively and competitive sector. However, in practice, the key is to adopt an attitude that actively fosters commercial success.



That means helping and encouraging those farmers, miners, and telecom companies, domestic and foreign, that are already operating in Kazakhstan to enter into commercial partnerships with those foreign companies which have innovative solutions which can revolutionize an industry, making it more productive, efficient, and competitive. Successful companies create diversification, and not the other way around.

On January 10 of this year, President Nazarbayev spoke about the new opportunities that the fourth industrial revolution holds for Kazakhstan. Canada very much agrees with him that adopting innovation is no longer a luxury - it is a necessity to be successful in a world of competition. As you know, finding success in the agricultural, mining, technology, and clean power sectors will require Kazakhstan to transform them.

Each of those sectors is undergoing dramatic and rapid change, influenced by innovative technologies. Canada knows this first-hand, because our geography is so similar to Kazakhstan. Our agricultural, mining and clean technology sectors are changing right before our eyes, often with made-in-Canada technologies born from innovators trying to solve on-the-ground problems. For these industries in Kazakhstan to attract investment, becoming globally competitive needs to be the goal. This requires creating the conditions for innovators – foreign, but also domestic – to be able to succeed in Kazakhstan over the long term.



I was very flattered to see Canada highlighted in the "*Digital Kazakhstan*" State Program. Canada has had success in creating a thriving innovation ecosystem, especially in hubs such as Toronto and Vancouver. However, creating and sustaining an innovative ecosystem, where technologies are not only deftly applied but also created in response to local challenges, is a difficult challenge for any country – including Canada. It requires resources – for example, Canada's last budget included over $1Billion to support and sustain Canada's innovation ecosystem. It also requires sustained commitment, listening to innovators, and responding to their needs. One of the ways that Canada's government listens to innovators is to tap into the expertise of innovators themselves, making sure that the programs and support that my government offers match the needs of innovators as closely as possible.

In addition to making us more productive, innovation can make our population healthier and our economies more sustainable. Canada is deeply engaged in supporting the development of renewable energies and clean technology. Our experience in this sector has taught us that renewables and clean technology in can be a significant growth opportunity and economic driver.

The global market for clean technology doubled between 2005 and 2014, and when all comprehensive clean growth solutions are considered across various sectors, Mark Carney, the Canadian Governor of the Bank of England, estimates the international clean

growth market to reach $30 trillion by 2022. Canada has leapt at this opportunity. According to the 2017 *Global Cleantech Innovation Index (GCII)*, Canada's clean technology sector ranks fourth in the world and first in the G20. Canada passed the U.S., Israel, and the U.K., up from a seventh place global ranking in 2014.

To illustrate the contribution that clean technology, clean energy, and environmental goods and services can make to a country's economy, I would point out that it contributed over 3% to the Canadian Gross Domestic Product (GDP) in 2016. In that same year, we exported $11.53 billion in clean technology goods and services. The sector provides 275,000 well-paid jobs, with 54% higher average compensation than the national average. Over 65% of Canada's electricity comes from renewable energy, and a further 15% comes from clean nuclear energy, making Canada a G7 leader.

The longer-term future of the renewables sector continues to brighten as the cost of renewables continues to rapidly drop. In countries with high-cost of electricity, renewables already compete with traditional sources of electricity without subsidy (e.g., solar photovoltaic, wind). Kazakhstan is a country extremely well positioned to take advantage of renewable energy technologies, and to turn this sector into an economic engine for the future.

Finally, I would also like to touch on one additional theme: we often talk about the why and the how of diversification, but sometimes we forget the important who question. One of Kazakhstan's great strengths, as observed by President Nazarbayev in his speech at the *Kazakhstani Women's Conference* in March 2011, is the vibrant entrepreneurial spirit of Kazakhstani women.

Indeed, I was very fortunate to hear from a number of leading Kazakhstani business women at an event on March 5, hosted by the Canadian Embassy, on *Advancing Women in Business*. One thing that was made clear to me at that event is that this community of entrepreneurs and business women can play a key role in Kazakhstan's diversification efforts, especially in their role as entrepreneurs and leaders of Small and Medium sized Enterprises and in the services sector. To that end, I note the very positive step in this direction announced by the president in March which increased microlending to SMEs, many of which are led by women.



INNOVATION - A PREREQUISITE TO ECONOMIC DEVELOPMENT

Peter Van Der Gracht
Senior Industry Advisor
Global Affairs Canada

Kazakhstan's drive for innovation, entrepreneurship, and diversification is enshrined in the *Digital Kazakhstan* initiative. This project is one of the most impressive of its kind not just in Central Asia but globally as well. If executed properly, its broad and ambitious goals will bring Kazakhstan to the forefront of technological innovation around the world.

Innovation is a prerequisite to economic development, and Kazakhstan should bear this in mind. The word *innovation* is used so much, it is important to define. Innovation, in essence, means making something work more efficiently. Innovation begins with the customer. If and when the customer buys into innovation solutions, a chain of events is initiated.

Even though the initial cost may be difficult to stomach, the return on investment in innovation eventually drives growth and profitability. In addition, the education system reacts by training workers who are built for innovation and creativity, and the supplier ecosystem reacts by investing in research and development and exports. This creates a profitable cycle; success breeds more innovation and so on and so forth. Educated citizens continue the cycle, and growth is exponential.



Innovation should be easy to execute, but it proves difficult in most cases. This is due to an important, yet quite simple factor: human nature. Humans prefer to maintain the status quo, and change is innate factor of innovation. Change is treacherous. Additionally, the risk of failure is prevalent; today's business environment actively discourages failure, and therefore all actions which invite risk are avoided, including innovation.

Kazakhstan can look to its partners abroad for help in overcoming these obstacles. There are several ways in which Canada has fostered innovation in its own economy while actively working to lessen the deterrnt factors of innovation.

The *Build in Canada Innovation Program* (BCIP) is a wonderful example of how the government of Canada has proactively guided and fostered innovation. Innovation suppliers submit unsolicited proposals to the government, inspiring supply-side innovation. The government then buys and tests the product and issues product performance reports accordingly. The government acts as a first buyer to give others comfort and confidence in the viability of the product.

Another example of innovation prospering in Canada is the *Innovation Canada Program* (ICP). On the demand-side of innovation, Canada carves 2%-3% of government department spending for new, innovative suppliers. Unlike the BCIP, the ICP focuses on actual deployment, rather than just testing.

There are cases in which serious government involvement is not a necessity. Canadian companies are also working in tandem to reduce costs and produce mutually beneficial solutions to industry-wide issues. A great example of this is the *Canadian Oil Sands Innovation Alliance* (COSIA). COSIA has been so successful that they are now moving into production upstream and downstream.

Like Kazakhstan, Canada is very involved in extractive industries; it faces similar safety and environmental challenges. The success story in Canada is a simple one: shared concerns among companies can be dealt with collectively. Kazakhstan can start the process of improvement by starting with companies who share non-competitive problems and work to resolve them together. By successfully ridding problems collectively, companies can focus on problem sources in the competitive market.

Companies work together in order to address challenges faced throughout the industry. Even in competitive industries like oil and gas, working collectively is more beneficial to all, and better for the bottom line. This approach is outcome - oriented and – much like a conditional order – testing directly triggers deployment. Similar challenges exist in the mining, agriculture, and renewable sectors. Companies in those industries would benefit from cooperation to sort out problems in the industry facing all those involved. In addition, suppliers in the industry find investment more attractive because, rather than working with individual companies, there is potential to work with a collective of companies.

Clustering companies together is also a driver for innovation. Clusters are a physical concentration of companies in a similar industry. The best example of

clustering can be seen in the miracle of Silicon Valley. Companies are in competition, yet they occupy office space just down the street from one another.



Canada has tried to actively promote movement into clusters. Much like COSIA, the Government works to find common issues across the spectrum and work to mitigate them collectively. In addition, clustering creates an environment of heightened competition and the will to do better. Ultimately, in order to get the upper hand, companies will innovate to make processes more streamlined and their product more superior than the next.

The four examples provided shed light on how Kazakhstan can create an environment which fosters and encourages innovation. Government stimulus and involvement is important in tandem with an industry - driven desire to think outside of the box. With both the public and private sectors working together, the obstacles to innovation and diversification are made less daunting – as can be seen in the Canadian case.

If progress is to take place, the Government of Kazakhstan needs to not only champion innovation through rhetoric but actively produce policies that create an environment susceptible to innovation and diversification. This is the most important step in creating a new business environment in Kazakhstan. The Government cannot just talk the talk - it has to walk the walk. If Kazakhstan takes the steps above, its wish for an innovative economy is plausible and within reach. All that is needed is will.



INNOVATION AND A GLOBAL DEVELOPMENT STRATEGY

Francis Ato Brown
Kazakhstan Country Director
World Bank

It is crucial that Kazakhstan develop an agenda for innovation and global development. If one looks at the recent trends in the oil industry, it has become apparent that Kazakhstan can no longer rely on the fossil fuel industry as the single driver of its economy. Although oil and other subsoil minerals will remain crucial to Kazakh development, the country needs to diversify as a matter of economic and national survival.

Kazakhstan has a lot of good strategies for economic development in many different economic sectors. In addition to renewable energy, agricultural reforms hold great promise as a method to improve the economy and relieve poverty. For example, the poverty profile for Kazakhstan shows that the majority of impoverished citizens live in rural, agricultural areas. By developing agriculture, it is possible to also directly fight poverty and increase rural productivity.

The main question now for Kazakhstan is implementation. To truly diversify and develop the economy, it is important to sequence the nation's strategies and organize them in a way that the country develops a skilled and educated labor force. The nation has a great opportunity over the next five to ten years to implement its plans, but it is crucial that the government be successful as the world is becoming increasingly competitive.

Concerning renewable energy, recent trends demonstrate that now is the time to implement new technologies. Globally, the installed renewable energy capacity has exceeded 2,000 GW as of 2016, constituting more than 28% of the world's total power generating capacity. The bulk of this was from hydropower (56%), followed by wind (23%), and solar (15%). Between 2005 and 2016, the global installed capacity of solar photovoltaic (PV) increased more than seven-fold, and onshore wind almost three-fold. The expansion has been driven by dedicated policies, technological advancement, and falling costs.

For solar panels, the price of photovoltaic (PV) modules has dropped by more than 80% and the cost of electricity from solar PV panels has fallen by almost 75% between 2010 and 2017. The price of wind turbines also dropped by about 50% over the same period, and the cost of onshore wind electricity fell by almost 25%. There is a consistent trend that shows that renewable energy auctions can drive down the costs as well.

Overall, these trends are very encouraging for Kazakhstan. Renewables now account for two thirds of global net capacity additions. For the first time, solar PV is becoming the global leader in net capacity growth; in 2017, PV installations were even higher – above 90GW – up from 75GW in 2016. Technology has advanced to the point where individual systems can work together to minimize disruptions to the power grid. Smart grids are now more effective at coordinating decentralized energy systems and making electricity transitions and supply more reliable. Battery technology has also greatly improved, allowing energy systems to store electricity that can be transmitted when wind and solar power plants are not generating enough to meet demand.

The World Bank is working on many projects in Kazakhstan and around the world to see that these novel technologies become a reality in the region. The World Bank supports various innovation and entrepreneurship activities by supporting public and private research and development (R&D), developing entrepreneurial capabilities, and fostering linkages among stakeholders.

Support for public and private R&D includes actions like supporting Intellectual Property Rights in developing countries, whereas developing entrepreneurial capabilities can include incentivizing the adoption of new technology and providing access to finance. In addition, fostering linkages among stakeholders can include establishing research links between universities and industries and enabling Public-Private Partnerships (PPPs) between the state and private actors.

One of the World Bank's main functions is to reduce investment risk by analyzing all the available data and making projects more attractive to private sector actors. For example, the Bank works with governments all over the world to establish an enabling policy and regulatory framework for these types of projects. Overall, these efforts create a more positive investment climate. In addition, the World Bank can try to address market failures for technologies that are new for developing countries. Market failures include incentive issues, informational asymmetries, and lack of public support for research and development.

However, the World Bank alone does not have all the funds necessary to implement these projects. Private financing for these new technologies is essential. Once the environment has been assessed, an enabling environment established, and projects selected, the Bank can invite private investors from all over the world.

In Kazakhstan, there is no better time to talk about renewables than right now. Kazakhstan is one of the most energy-intensive countries in the world, and we are starting to see the country embrace these new systems of energy. This trend is very exciting, and the World Bank feels that Kazakhstan has the potential to reduce its energy cost in the near future while working to become a regional leader in renewable energy and green technology. Most importantly, Kazakhstan has the opportunity to develop the country and to secure an economically stable future for the nation.

THE FUTURE OF ALTERNATIVE FUEL VEHICLES

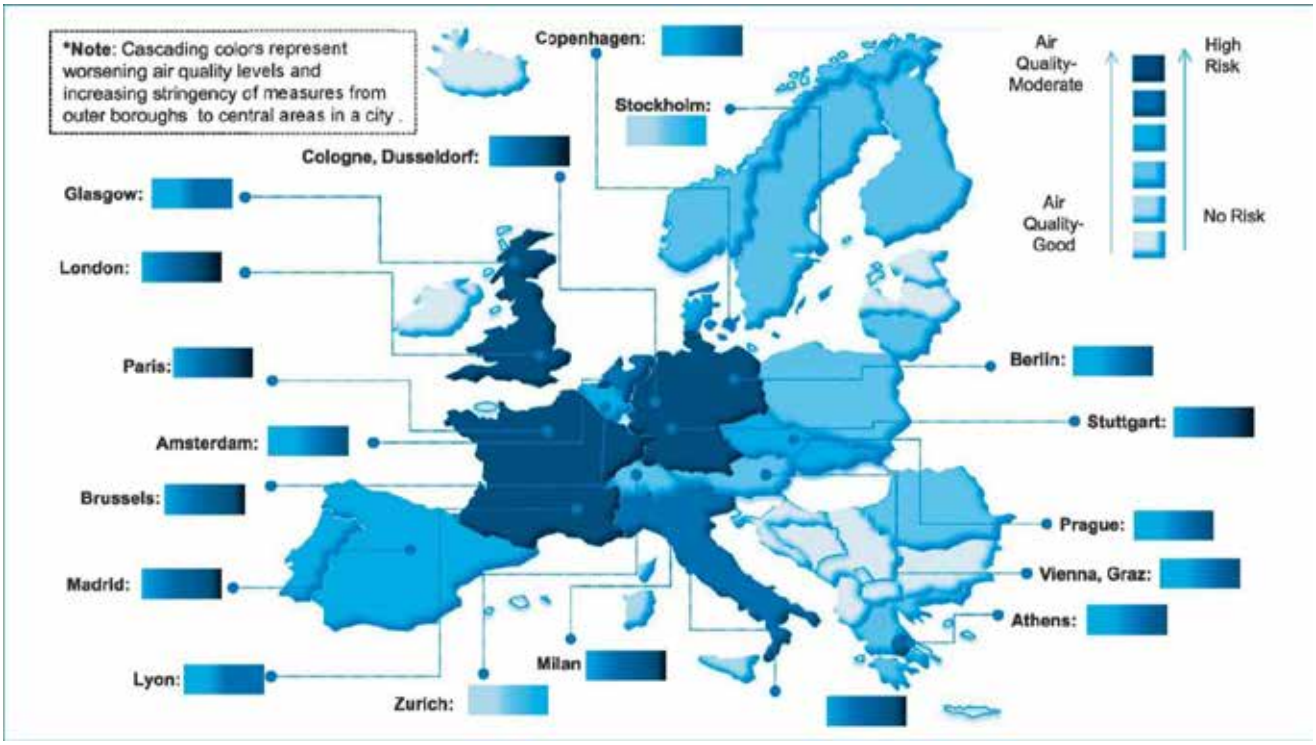
Marcis Maurins
Country Director
ALD Automotive

Air pollution is increasingly becoming a major issue of concern across the world. According to the *World Health Organization*, more than 7 million premature deaths (roughly one-in-eight of all premature deaths) can be attributed to poor air quality every year. Furthermore, 20% to 30% of air pollutants are caused by road transport, placing a huge responsibility on automotive and related industries to reduce their pollution levels.

A November 2015 report by the *European Environment Agency* (EEA) estimated that 8% to 12% of Europe's population is exposed to levels of NO2 that exceed the World Health Organization's air quality guideline of 40 ug/m. Diesel vehicles have been estimated to contribute to about 80% of traffic-related NOx emissions. Urban NO2 exposures have dire consequences; they contributed to an estimated 75,000 premature deaths throughout the European continent in 2012.

These developments are increasingly relevant to the fleet industry as they have raised awareness of the high level of pollution from diesel vehicles across the automotive industry. With Fleet accounting for 51% of total vehicle sales in Europe, the segment is one of the most important in the European market. Fleet managers tend to prioritize minimizing operating costs; as a result, the overall fleet portfolio is heavily skewed toward diesel. Today, there are number of commercially viable, sustainable alternatives to petrol and diesel. The corporate sector is beginning to increase adoption of sustainable alternatives to lower costs and to align with corporate social responsibility goals. Shifting to greener vehicles could have a significant impact on the air quality around the globe.

In addition to implementing stringent emission standards, Europe is attempting to improve its air quality through the introduction of *Low Emission Zones* (LEZ) and *Ultra Low Emission Zones* (ULEZ). In Germany, entry into the more than 70 established LEZs would depend on the color of the sticker mounted on the windshield. Red stickers denote an old vehicle with more restricted access,



Urban Emission Scenario, Europe - Beyond 2020 Outlook

The shift towards greener technology has been accelerated by the recent Volkswagen emission scandal. The current *New European Driving Cycle* (NEDC) test does not accurately reflect real-world conditions; as a result, the actual emission from most diesel vehicles is bound to be higher than what's been accounted for.

The industry is moving towards adopting more stringent tests, such as the *Real Driving Emission*, to be introduced in 2017, and the *World-Wide Harmonized Light Vehicles Test Procedures* (WLTP), to be implemented by the end of the decade.

while yellow and green stickers denote newer diesel and gasoline powered cars that can enter said zones more often. In September 2015, Paris introduced a *car-free day* in 30% of the city between the hours of 11:00 a.m. and 6:00 p.m.

London is working towards introducing a ULEZ zone by 2020 as well. This would ensure EURO 6 standards for diesel and EURO 4 for gasoline cars. In addition, all new taxis presented for registration have to be zero-emission capable after 1 January 2018 and cannot be powered by diesel. Furthermore, Germany and the Netherlands have discussions on the table to make road transport petroleum free in the long run, the consequences of which are expected to be seen in the coming decade.

In a number of other markets, direct and indirect regulatory measures are driving the uptake of electric vehicles. For instance, EV sales in China spiked over the last few years; the market grew by 162% in the first half of 2016. This growth was driven by incentives, the expansion of charging infrastructure, as well as a restrictive policy intended to curb pollution and congestion. For example, the limiting of conventional vehicle license plates in key cities such as Peking led to an increase in the sales of EVs.

These initiatives are leading to a shift toward greener, more fuel-efficient technologies with a focus on electrification. The following are the key electric vehicle technologies.

Battery Electric Vehicles (BEVs)

BEVs do not have an *Internal Combustion Engine* (ICE). Instead, the propulsion is purely electric. Battery supplies the energy required to move the car to the electric motor. This energy is transferred to the wheel by a step reduction gear.

Plug-in Hybrid Electric Vehicles (PHEVs)

PHEVs have an ICE and a motor with a battery connected in parallel to the ICE. A PHEV runs on battery energy during the first few miles and switch to hybrid mode once the battery is depleted.

Mild Hybrid Vehicles

The conventional starter motor and alternator are replaced by a powerful electric motor which is mounted on the crankshaft between the engine and the transmission to perform not only power assist but also cold start and start/stop functions.



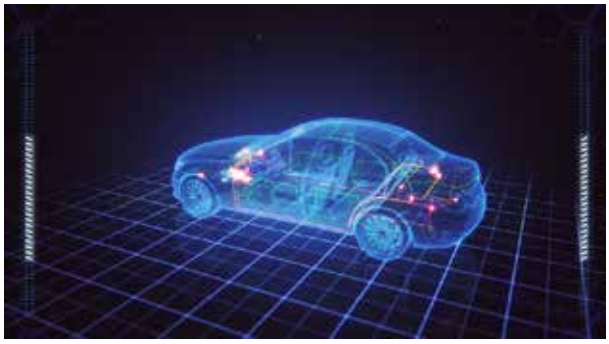
Full Hybrid Vehicles

Full hybrid systems employ two electric motors and a power split device (PSD), splitting power into mechanical and electric paths to achieve full hybrid capability.

While the number of ultra-low emission vehicles on our roads is still relatively small today, they are growing significantly year-by-year. The electric vehicle market grew almost 20 times between 2011 and 2015. Global uptake will be determined by a number of factors, most critically, the speed with which manufacturers bring ULEVs to market and the price they charge for them.

Electric Vehicle Market Outlook

Frost and Sullivan's expectations for the growth of electrified vehicles predict a growth from about 2.8 million in 2016 to approximately 14 to 16 million vehicles by 2025. Their findings also indicate that hybrids are anticipated to account for more than 50% of the total electrified vehicles by the end of the decade.



Other Alternative Powertrains:

Apart from electric technology, there has been a focus on other sustainable fuels, such as *Fuel Cells* and *Compressed Natural Gas.*

Fuel Cell:

Fuel Cell Vehicles (FCVs) have fuel cell stacks instead of Internal Combustion engines. The fuel cell stack is connected to the electric motor which is, in turn, connected to the wheels. The fuel cell acts as a battery electric power source for the electric motor and does not provide power to the wheels directly. The excess electric energy from the fuel cells is supplied to the battery, which uses the stored energy during uphill climbing or hard acceleration. During regeneration braking, the electric motor acts as a generator and converts the mechanical energy to electric energy. This electric energy is used to recharge batteries for later usage.

About 12 manufacturers in Europe, North America, and Japan are set to launch fuel cell passenger cards in this decade. However, the outlook for the market is fairly conservative, as deployment of fuel cell and hydrogen technology can only be enabled by investment in infrastructure. To date, expansion in infrastructure has been fairly limited.

Compressed Natural Gas

CNG, also known as natural gas, is clean-burning, domestically produced, and relatively low priced. A CNG powered vehicle gets about the same fuel economy as a conventional vehicle on a gasoline-per-gallon equivalent. Europe has a growing CNG market, and OEMs have introduced a range of CNG vehicles. Growth, however, is dependent on government incentives and expansion of station infrastructure across Europe. However only a few incentives benefiting purchase of CNG vehicles exist.

Potential Benefits and Implications to the Fleet and Leasing Market

Increasingly, corporate clients are exploring the feasibility of incorporating electric vehicles in the fleet, as they have found that EVs can work for drivers. The advantages of shifting to EVs are manifold: increased fuel savings, lower maintenance costs, better driving experience as well as and alignment with CSR initiatives.

To increase adoption of EVs, governments across Europe are offering incentives and subsidies, which help defray initial outlay. For instance, subsidies for an EV in Norway displaces the cost of the car by up to 40%, while in Netherlands, nearly €2,800 can be saved in annual taxes. Germany, France and the UK have purchase incentives to make the car affordable.

While the initial capital investment for an electric vehicle might be higher, the total lifecycle cost is lower when compared to a conventional fuel vehicle. The total cost of ownership over a period of 5 years for electric technology, when compared to conventional powertrain, could be quite significant as indicated in the table below. The benefits derived from lower maintenance costs as well as a higher residual value make for a strong business case for shifting to an electric fleet.

Type of EV

Use cases and driving style would determine the suitability of different types of EVs. There are a number of options available in the market for electric leases. For example, ALD Automotive's *'ALD Electric*' program, works with corporate clients to identify electrification options from PHEVs to pure EVs and range extenders. They also offer a range of models under their programs, and as an value add, customers have the option of trying them out for a whole day and receiving on-site consultation and support.

Alternative powertrain vehicle market in Kazakhstan



Due to pollution problems in several cities in Kazakhstan as well as long commuting distances between towns and cities, we may assume Kazakhstan is an ideal market place for electrical vehicle sales and daily usage. However, the real situation is slightly different as hybrid cars and electrical vehicles (EV) are not yet in demand in the market. The only carmaker officially offering hybrid technology is *Toyota* for its *Lexus* brand. Furthermore, the sales statistics of officially imported cars show a descending development trend.

- 2015: 54 vehicles. Lexus (Lexus– 48 units, Toyota – 6 units, BMW I8 – 1 unit)
- 2016: 28 vehicles Lexus only
- 2017 YTD (Jan-Apr): 17 units Lexus only

In addition to Lexus Toyota Prius models, you may notice several luxury segment Tesla electrical cars. However, Tesla is not officially represented in Kazakhstan and there is no quality maintenance and repair network available, demonstrating another limiting element to the market in Kazakhstan. Entry level EV's produced by Peugeot, Renault, Nissan, Hyundai, KIA etc. are not available for potential buyers.

Legislation and government support in Kazakhstan

Currently, there is no specific legislation supporting, regulating, or standardizing the market for alternatively powered vehicles in Kazakhstan. Hopefully, these regulations will be better defined in the near future. Clearly defined legislation will be an important step towards the future development and availability of alternative powertrain vehicles in the local market. The most important task for Kazakhstan in the near future will be to overcome these barriers and unlock the nation's potential as a market for alternately fueled vehicles



CONCLUSION

As the world is becoming increasingly sustainability-conscious, customers are beginning to show a preference for greener products, services, and brands with strong environmental credentials, giving these products a distinct advantage in the market.

At ALD, we are proud to support these trends by introducing new, cleaner, car models in our automotive fleet. Already, ALD boasts a wide array of electric and hybrid models across the globe. Furthermore, we are proud to be working in Kazakhstan, a nation which has dedicated itself to becoming a world leader in future energy and renewables.





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GE DIGITAL EXPERTISE TO HELP DRIVE KAZAKHSTAN'S ECONOMIC DIVERSIFICATION

Bela Ferenczi
Chief Executive Officer
GE Central Asia & Azerbaijan

GE is the world's premier digital industrial company with operations that span the entire globe. We strive to focus on things that matter: powering, moving, and healing people around the world. GE has been a partner in Central Asia for more than 70 years, providing cutting-edge technologies to Kazakhstan and actively investing in the economy. GE's business activities are fully aligned with Kazakhstan's long-term strategy to grow, diversify, and drive innovation throughout the economy.

For over a century, GE has remained one of world's most innovative companies by learning to embrace change. Throughout our 125-year history, GE has reinvented itself multiple times. Currently, GE is undergoing one of its most profound transformations to become a fully digital industrial company.

This journey to transform the way the company works began several years ago, starting with digitizing our industrial operations, research and development, and new product development. Since then, the company has adopted the best practices it learned along the way and is now helping hundreds of businesses around the world improve their productivity with digital solutions.

Today, GE digital technologies are monitoring industrial assets worth more than $1 trillion, and more than 20,000 programmers and 400 partners actively use Predix, our cloud-based platform for the Industrial Internet. Just last year, GE netted nearly $1 billion in efficiency savings and asset optimization in our operations thanks to deploying Internet of Things solutions.

Digital transformation spans the entire GE portfolio to harness the power of big data across industries. According to a recent BCG report on innovation, big data analytics is now one of the top innovation target areas for managers around the world. Moving from data to insights and insights to outcomes will be a key ingredient for business success in the future.

In Kazakhstan, there is a profound opportunity to seize the winds of digitalization and transform the economy while diversifying away from the traditional sectors of commodity-based exports and logistics operations between China and Europe. This opportunity could entail the implementation of cloud-based industrial IoT platforms (like GE's Predix) that allow for the capture, storage, management, and analysis of terabytes of data from individual machines. These platforms can be used by Samruk-Kazyna portfolio companies, as well as by private actors in mining and heavy industry.

This ability to analyze every bit of data generated by a machine unlocks a fundamental new opportunity to run industrial assets more efficiently, operate them longer without repair, and predict potential failures well in advance. When properly orchestrated, this incredible foresight has the potential to bring industrial users in Kazakhstan up to several hundred million dollars in savings per year. A preventive maintenance center powered by an IoT cloud platform and big data analytics could form the heart of a new digital ecosystem in Kazakhstan.

Combined with innovative digital solutions and asset performance management, these new elements of modern digital infrastructure allow for a myriad of capabilities in the spheres of smart natural resources management and streamlined energy usage. It allows for the creation of an export-driven ecosystem of developers and system integrators.

Based on GE's experience, there are several common themes among good innovation leaders. Leaders recognize the importance of digital, and they are shifting their investment allocations accordingly. They invest in speed and data. Leaders are willing to make calculated bets that have a high-risk, high-reward profile, in part because they understand there is greater risk in doing nothing. In Kazakhstan, coordinating investment and marshalling resources can only be possible with strong government oversight and stewardship. This cannot be accomplished by private enterprises on their own.

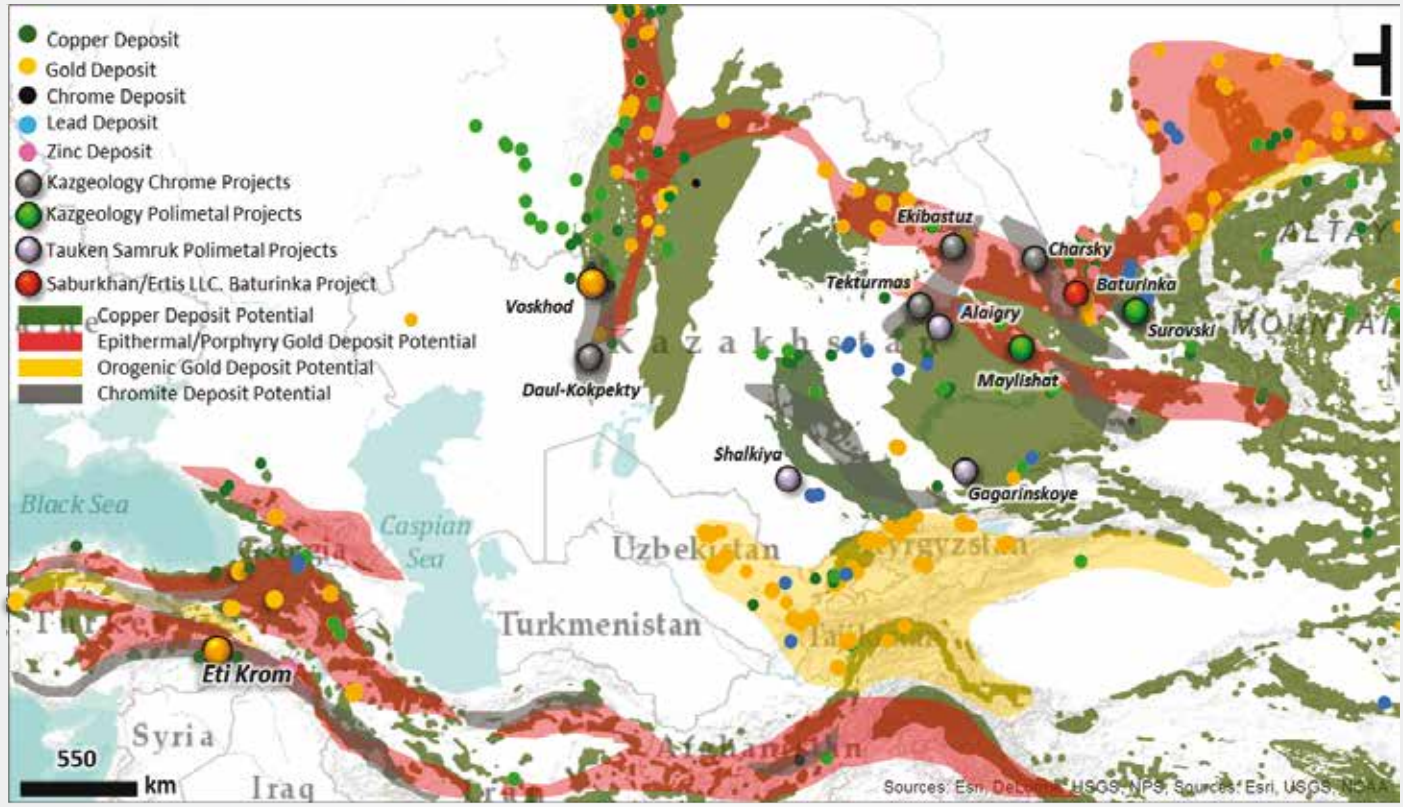


This realization leads to the conclusion that, in order to bridge the digital innovation gap and move the economy towards a sustainable digital industrial ecosystem, the Government of Kazakhstan could encourage state-owned enterprises to adopt high-growth digital strategies. These companies should be willing to blaze trails with appropriate investments, while also moving with a sense of urgency.

If Kazakhstan becomes a leader in crossing the digital innovation divide, this will pave the way for further growth in the Central Asian economy. Kazakhstan can then provide digital industrial services based on accumulated competence and knowledge transfer.

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We continue to invest in the social development of Kazakhstan.
We joined hands with the Kazakh people, and inaugurated our regional office in Astana.
We sincerely thank Yilmaden family, the architects of our achievements, and our Kazakh friends.





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THE TELECOMMUNICATIONS INDUSTRY: INNOVATION NEVER STANDS STILL

Alexander Komarov
Chief Executive Officer
Beeline Kazakhstan

The future for technological innovation is bright in Kazakhstan. Relative to the rest of the region, Kazakhstan stands at the forefront of technology and advancements in telecommunications. The use of those advancements is widespread throughout Kazakhstan. Beeline has worked tirelessly to keep Kazakhstan on the cutting edge of innovation. However, in a world like this, there is always progress to be made.

In this globalizing world, the internet is a necessity to keep Kazakhstan competitive and modern. The importance of *high speed* internet is absolutely crucial to Kazakhstan's plans for development. Beeline is central to the creation and implementation of high speed internet access throughout the country. Kazakhstan is already remarkably up-to-date with technology: more than a million high speed SIM cards are used on Beeline alone, its computing facilities are rising, and there is a coming convergence between fixed and mobile technologies. In addition, the emergence of a 5G network is on the horizon.

In the next five to ten years, 5G will be available throughout Kazakhstan. 5G provides remarkably high speeds. The current speed is 300 megabytes per second. With 5G, it is possible that the speed will exceed *1 gigabyte per second*, which is more than three times the current speed. This increase in speed bodes well for businesses in Kazakhstan. Time is money, and the increase in internet speed means higher production from employees and increased profits. 5G allows connections between millions of customers throughout the world at a high - speed – nearly real-time.

However, 5G is not the only innovation in the industry. Beeline Kazakhstan, a leading operator of mobile and fixed telecommunications, is attempting to transform itself into a digital service provider. To achieve this goal, Beeline committed to a five-year plan in 2017 to garner 10% of its revenue from new sources of business. The main sources of business which Beeline is exploring, developing, and investing in are the internet of things, big data and mobile financing. With these three areas of focus, Beeline is looking to achieve its five-year plan; thus $50 billion will be garnered from these areas.

This venture is a very solid step in the direction of diversification on a local, company-wide level. With this, the hope is that Beeline will act as a catalyst for the whole country to be able to diversify. Beeline is not able to build the internet of things alone; Beeline is building an ecosystem within which companies can thrive off of each other in order to bring mutual benefit to the whole. This is a space where companies can use Beeline's infrastructure in order to bring services to Beeline's customer base. Working independently of one another, this vision is impossible. Companies working in unison to better provide for their customers and themselves is key to success in this field.

Companies are working already in Beeline's mobile financing industry. Mobile financing is a burgeoning industry and Beeline is investing heavily into it. Bills can now be paid at the press of a button in Kazakhstan. Whether it be rent, cell-phone bills, withdrawing money, depositing money, or connecting your Beeline Card to your mobile phone, money has been made easy. This was impossible a few years ago and it is now a part of everyday life. In just one year of service, this function already has a remarkable 200,000 active *monthly* users. With such a young population in Kazakhstan, these numbers are bound to rise as the technology improves.

Big data is also an area for Beeline's focus. It is still in its infancy in Kazakhstan and at Beeline. A big data platform was deployed on the Beeline network just last year. Even in this short time, there have been many discoveries regarding big data. Beeline has been working with companies. By selling big data to them, these companies can streamline their internal processes. This can improve not only their efficiency but Beeline's as well. This harkens back to the symbiotic ecosystem Beeline strives to create. Additionally, Beeline is not only working to understand the past, but predict the future by parsing and studying the results of this big data.

Despite the advances in technology and innovation mentioned above, there are challenges to growth and threats to stability in the telecommunications and digital technology industries. One of these and by far the biggest potential threat is monopoly-prone commercial merging. This poses a direct risk to competitiveness in the marketplace. Competitiveness is undoubtedly a central tenet of consumer protection and innovation. The government must make it a priority to oversee company mergers and protect citizens from predatory pricing as a result of monopolization.

Another issue – an industry - wide problem – is regulation. The Government is in charge of setting frequencies. Often this acts as a sort of bottleneck on our industry. The Government sets a frequency which is different than the one that Beeline needs for 5G. Without the proper frequency, 5G is impossible. Therefore, government regulation and bureaucracy delay the rollout of such innovative technologies.

That being said, it is important to note that there must be a balance struck in our industry and, for that matter, throughout the economy. This is the balance between regulation and development. The Government has to decide where the line is drawn. How much room do they want to give to the industry to achieve innovation without risking unhealthy consolidation?

Telecommunications is surely a strategic industry; therefore, it must be regulated. The main focus of Government regulation should be to minimize regulation at the end. When companies are attempting to roll out new technologies and features such as 5G, the Government should be actively helping in that process. The Government should understand that with these new technologies, speed in communication is increased and therefore production is increased, and they will benefit Kazakhstan as a whole.

Kazakhstan is a special case in its region in terms of technological advancements. Beeline is excited to be a part of Kazakhstan's future. With technological innovation so central to our globalizing world, it is important that the government helps it can to ensure that Kazakhstan stays competitive in both technology and innovation. Striking a balance between regulation and development is not only necessary but beneficial for the country as a whole.



CENTRAL ASIA METALS PLC

Central Asia Metals Plc is a London listed company that produces LME Grade A copper from its 100% owned Kounrad site in Central Kazakhstan and zinc and lead concentrates from its SASA mine in Macedonia.

In almost six years of operations at Kounrad, Central Asia Metals Plc (CAML) has produced over 68,000 tonnes of copper and is proud to have been the first company to produce cathode through SX-EW technology in Kazakhstan, with others having since followed suit.

The Kounrad site has approximately 350 employees, all but one of which are Kazakh nationals. Many are extremely well educated in their technical fields and some have also been supported by CAML in further education.

CAML has now paid over $100 million in taxes in Kazakhstan. The company also takes its social, environmental and health and safety obligations seriously. Over $1.4 million has been donated to many worthy causes in the local area, with particular focus on improving the lives of children in the local village of Kounrad and nearby town of Balkhash. In 2017, the Kounrad team financed and helped to develop local recreational areas as part of an overall regeneration of central Balkhash.

CAML's strong operational platform in Kazakhstan has enabled it to grow and, in November 2017, the Company acquired Lynx Resources, 100% owner of the SASA zinc and lead mine in Macedonia. CAML now moves into the future as a diversified business in terms of operation, geography and commodity.

The Company looks forward to many more years of continued operations in Kazakhstan, and also in Macedonia.

Central Asia Metals Plc

11 Albemarle Street
London W1S 4HH
United Kingdom

Office: +44 20 7898 9001
info@centralasiametals.com
www.centralasiametals.com

Kounrad Copper Project

Sary Kazna LLP
Kounrad Copper Company LLP

4 Mira Street
100300, Balkhash, Karaganda reg.
Kazakhstan

Office: +7 71036 45065
sarykazna@sarykazna.kz
kounrad@kounrad.kz

SASA Lead and Zinc Mine

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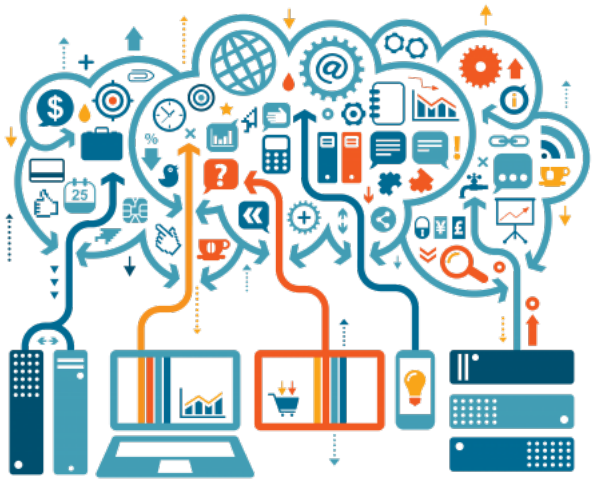
28 Rudarska Street
Makedonska Kamenica
Macedonia

Office: +389 33 279 200
contact@sasa.com.mk

ENERGY MEGA-TRENDS AND ECONOMIC DIVERSIFICATION

Maksim Ageev
General Director
Schneider Electric Kazakhstan

The electricity system as it stands today is outdated. After nearly one hundred years of serving Kazakhstan, the country's electrical infrastructure is in major disrepair and will require a major overhaul to meet the demands of tomorrow. Schneider Electric is proud to provide Kazakhstan with its energy needs. With the world changing at such a rapid pace, it is important to understand the changes occurring and respond accordingly. These global trends can be described by Schneider Electric's *3 D's Plus E Model*. That is, global energy is becoming more *Digitized, Decentralized, Decarbonized,* and more *Electric.* To meet these changes, the energy industry must adjust correspondingly.



In 2014, there were 1.7 billion devices connected to the internet. Estimates show that in 2025, there will be 75 billion devices connected to the internet – 5 times the global population. In only eleven years, the number of devices connected throughout the globe will have increased 44 - fold, meaning there will be five connected devices for every human being on Earth. Digitization is a fact of everyday life which will only increase in its prevalence.

Decentralization is more extensive in the developed world, but it is beginning to affect the CIS region and Kazakhstan in particular. Heavy industries prefer to power their own facilities rather than depend on a centralized source of energy. Across the globe, over 55% of companies now have on - site energy generation. Corporate investment in self - sufficiency is increasing, and many companies are becoming prosumers – satisfying their own energy needs on site. This is directly tied to the drive to become not only self-sufficient but green as well.

Decarbonization is the path of the future. Of course, everyone is looking to develop and invest in renewable sources of energy; according to the *UNEP FS/BNEF Global Trends in Renewable Energy Investment* study in 2016, global investments in fossil fuels totaled around $128 billion while investments in renewable energy sources closed in on $280 billion. Just as important is the transition from fossil fuels in the quest to become sustainable. Many corporations – including Schneider Electric–have taken the pledge to become green and emit zero emissions in the coming years.



The technologies arriving on the market today are disruptive – they pose to shake up an industry which has functioned in a similar way for the past century. While the energy environment used to be a simple and linear industry, in which centralized generation went to transmission and distribution to end-use consumption, the world is moving away from this model day-by-day. New energy sources such as wind and solar power lead to a decentralized system. In addition, unforeseen questions of the future of digitalization and its effects on energy consumption and production will certainly arise.

We are entering a period of unprecedented innovation. The cost of technology continues to decline rapidly while its capabilities in terms of computing, storage, and bandwidth are improving exponentially. Tiny, low-cost, high-powered communications enabled microchips are becoming embedded in everything around us, which will lead to ever-increasing asset interconnectivity as the internet of things takes root.

Theoretically, what this means for the power industry is that any asset physically connected to the electric grid with onboard communications and computing capability is an autonomous node that could respond to a command signal. Such assets can be thought of as grid-enabled, responsive resources (GERRs). GERRs differ from the current definition of DERs in that, while all DERs are decentralized, GERRs are also intelligent, communicative and controllable. Therefore, GERRs can be coordinated in a way that benefits the overall grid ecosystem as well as resource owners.

Similarly, rapid improvements in artificial intelligence (AI) technology and the ability to apply AI to synthesize big data are creating opportunities to optimize autonomous assets in a fast and accurate manner.

Furthermore, new and rapidly improving distributed ledger technologies such as *Blockchains, Tangles, Hashgraph Algorithms,* and others are enabling value exchange (i.e., kilowatt-hours for money) in an efficient manner without central oversight. This means one day soon, a node in a network will be able to exchange value with another node in the network quickly and securely. This will be done at an exceptionally low cost with no third-party intermediary.

Herein lies the key to the future of a modern, adaptive grid. The future of electricity will not be a cost center, but rather an asset (and potentially even as a service) that can be optimized and monetized as prosumers and innovators seek to recapture an ever-greater portion of the total value chain.

Leaders in the industry should not push back against these new technologies and non-traditional sources of energy and data. Rather, innovation should be applauded, and change should be embraced. The regulation environment in Kazakhstan reflects this for the most part. The environment for investing here is among the better ones, especially regarding the CIS. Of course, there is always room for improvement in regulation. The future is unclear regarding exactly how these disruptive technologies will *disrupt* and change the outlook of the industry, but Kazakhstan should focus on being one of the first states to take the jump.

While Kazakhstan should continue its investments in traditional sources of energy to keep up with the demands of rapid development, it is of utmost importance that Kazakhstan balances these investments with investments in clean, renewable energy, which is sure to make up the future of the industry and the world.

Digital Kazakhstan provides a wonderful opportunity for the country to become a global leader in these new, disruptive, renewable, and undoubtedly *valuable* technologies. The program aims to make Kazakhstan a digital country pushing government, commerce, and culture online and on the go for all to access. As mentioned previously, the amount of connectedness is exponentially rising. If Kazakhstan can make the dream of *Digital* Kazakhstan a reality, Kazakhstan will take advantage of and surely benefit from these massive changes in social behavior. With this will to modernize and innovate, Kazakhstan will see its position elevate on the global stage; leading the charge will reap benefits for the entire country and the world over.



THE NEW MINING CODE AND ITS IMPACT ON MINING DEVELOPMENT

Dr Milan Parivodić
Strategic Legal Advisor, Freeport-McMoRan

Volodymyr Buchynskyy
Regional Manager - Eurasian Exploration, Freeport-McMoRan

Freeport McMoRan is the world's largest publicly traded copper mining company, as well as the world's largest molybdenum producer. In addition, the company was a founding member of the *International Council on Mining and Metals* (ICMM). The company strives to adhere to the best industry practices in its operation of eleven mines across three continents.

The Freeport McMoRan goal is to bring new exploration, investment, and innovation to Kazakhstan to discover and develop major new greenfield mineral deposits. Considering Freeport McMoRan's vast experience in copper, gold and molybdenum exploration and mining, it is one of the foremost companies able to discover and develop world class deposits and strengthen Kazakhstan's base metals mining industry, thereby critically contributing to the diversification of Kazakh economy. Kazakhstan's new Mining Code attracted Freeport McMoRan's close attention, and it wishes to obtain exploration licenses and commence exploration as soon as possible. The company has a strong track record, including discovery of three world class *Cu-Au* and *Cu-Co* deposits within the last decade.

Kazakhstan's new Mining Code is an extremely important catalyst in attracting geological exploration investment. Considering the tremendous costs associated first with geological exploration and then developing mines, it is important that the Government runs the license-issuance and permitting processes in an atmosphere of predictable legality, efficiently and in the spirit of cooperation with mining companies, for the benefit of Kazakstan. Streamlining these processes is critical, because roughly three hundred to five hundred separate exploration projects must be explored, to develop one major new mine. This takes time, as well as long-term, large-scale funding, for a goal which is uncertain. Accordingly, companies need to be guaranteed by law and government policy that they will secure exploitation rights to their deposit discoveries.

Assuming discovery of a world-class deposit, the costs of opening a world-class mine are immense; major mining companies typically invest $1-$10 billion in construction. However, these costs do come with tangible benefits for society. For one job in mining, there are 6-12 domestic jobs created indirectly. Kazakhstan can start this huge new *exploration–discovery–investment cycle* with proper implementation of the new Subsoil Use Law, leading directly to increased prosperity for the country.

The adoption of Kazakhstan's new Mining Code in December 2017 was an essential first step in attracting major mineral producers to fund exploration in the country, including Freeport McMoRan Exploration.

There are several welcome improvements in the new Subsoil Use Law. These include a first-come-first-serve principle; clearly-defined procedures for acquiring rights to exploration and mining resources that are well-balanced between investors and the state; adequate duration of exploration licenses; long-term, extendable exploitation rights; and an equitable, stable tax and royalty regime. The key now is for Kazakhstan to implement this new Code fairly and effectively.



Several steps are critical in properly applying the new Code. The *first-come-first-served* principle is an essential ingredient which rewards the early, uncertain, 'pioneering' efforts of mineral explorers, and this principle must be applied to keep explorers incentivized by the Law. Kazakhstan should allow access to apply for exploration licenses, over as much of the territory as possible, as soon as possible. This will help to maintain its momentum in the international mining business. Kazakhstan must streamline the entire regulatory process on mineral rights, making the process efficient, transparent, predicatable, and simple for businesses to navigate. The goal of exploration is to find new deposits: the last thing an exploration company wants is to use its resources exploring a country's bureaucratic sinkholes, rather than its mineral potential.

While the future looks bright for mining in Kazakhstan, potential impediments in implementation still remain and could compromise the forward progress of the Code. It has been reported that *122* new regulations will follow, forcing those companies considering bringing investment to Kazakhstan to ask: do the regulations support the modern spirit of the Code, or will they actually reduce its potential to diversify the economy? Will these regulations be drafted in the same enabling spirit - or will they reduce/abolish rights guaranteed by the Code? What oversight mechanisms exist to ensure effective implementation and efficiency of new regulations? Perhaps a most worrisome development

is the lengthy, phased nature of the process - of up to five years duration - to open new areas for exploration licenses. For both the companies and the state, this all-too-lengthy phased process serves as a major deterrent for investment. Kazakhstan is perceived to be a big opportunity for investment *right now*; it is essential to demonstrate effectiveness while momentum exists.

Where good mining codes have been introduced and effectively implemented, the mutual benefits have been enormous for both states, and companies. Proper implementation of Kazakhstan's Code and subsequent discoveries can attract and sustain investemetns of billions of dollars. This track record is exemplified by several success stories.

In Chile, a new Mining Code was adopted in 1983 with a subsequent Mining Code regulation in 1987. These concrete steps towards streamlining access resulted in several major discoveries up to the present, and allowed development of the world's largest copper mine, *Escondida*. In the Democratic Republic of Congo, a new Mining Code was adopted in 2002. By 2005, Freeport's local company discovered *Kisanfu***,** the world's largest, highest-grade undeveloped cobalt deposit. Thus, if the law is implemented correctly and rapidly applied over the whole permissible territory, Kazakhstan will see a wave of new mineral discoveries and a wave of new major mine developments as a result.



By contrast, ineffective implementation could result in significant negative consequences. Mongolia serves as an unfortunate but useful example that demonstrates the importance of mining legislation. In 1999, Mongolia decided to adopt a liberal mining code to attract more foreign investment in the subsoil sector. This change encouraged companies to conduct exploration that quickly led to a major mineral discovery at Oyu Tolgoi.

As a result of the liberalized laws, the site developed into a major project that brought vast wealth to both Mongolia and its partnering companies. However, a subsequent de-liberalization of the Code in 2006 resulted in greatly reduced the exploration investments, and significantly harmed profits. In the end, this new code hurt not only foreign miners but also the small and medium scale *local* exploration and service companies that had developed in the country as well. Kazakhstan can learn from this example in implementation of its own code.

Overall, the potential for economic growth from investment in Kazakhstan's mineral exploration sector is huge. While the country has a vast surface area and rich mineral potential, it has until now had very low rates of modern early-stage *generative* exploration to discover new major deposits. Proper implementation of the new Code will multiple exploration spending, and drive major investments in subsequent mine developments.



Finally, the difference between Kazakhstan and countries with high investment in mining, such as Canada and Australia, has far less to do with geology and more to do with legislation: good legislation is the foundation on which all investments, particularly large, long-term, and uncertain investments such as mineral exploration, all depend.

According to the World Bank, Kazakhstan was ranked thirty-fifth in terms of ease of doing business in 2016. Proper implementation of the new Mining Code is the key driver to keep this positive trend moving upwards in the future. Freeport is pleased to see the progress Kazakhstan has made and is excited about the possibilities which this progress promises. This new Code is a clear signal to the mining industry and the world that Kazakhstan means *business*.

KAZAKHSTAN'S UNDER-UTILIZED WEALTH - AGRICULTURE

Firuz Ibragimov
Chief Technical Advisor, Agriculture
United Nations Development Program

The United National Development Program (UNDP) is the UN's global development agency, advocating for change and connecting countries to knowledge, experience, and resources to help people build a better life. UNDP Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity.

These targets build on the successes of the Millennium Development Goals, while included new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. The goals are interconnected – often the key to success on one will involve tackling issues more commonly associated with another. The SDGs work in the spirit of partnership to make the right choices to improve life, in a sustainable way for future generations.

Steppe conservation and management, climate risk management, land management, and irrigation reform are all important tasks in providing food security to Kazakhstan. After the Soviet Union's formal dissolution in 1991, Kazakhstan disbanded the Soviet state and collective farms that were central to holding together Kazakhstan's agricultural bandwidth and keeping stable production. 1991 marked the beginning of drastic reductions in agricultural production.

By 1999, sown crop area had decreased by 55%, with fodder crop area contributing the greatest relative decline at 75%. This was an absolute decline of 8.2 million hectares, while the absolute decline of grains and legumes at 12 million hectares. The reduction in sown fodder area is associated with the drastic decline in livestock numbers. Without fodder to store for winter consumption, the population of livestock could not be maintained. By 1998, grazing livestock numbers had decreased by 70%, reaching a nadir of 19.4 million head.

Surely, pasture is the dominating feature of the Kazakh landscape. As of 2011, 88.5% of Kazakhstan's agricultural land is classified as *permanent pastures and meadows* according to the UNDP's food security gap analyses, which corresponds to 68.5% of Kazakhstan's total land area, or 186.7 million hectares. In the years following the collapse of the Soviet Union, sown crop area declined both absolutely and relatively, resulting in the relative area of permanent pastures and meadows increasing from around 84% of agricultural land in 1992 to a high of 89.5% in 2000 before slowly decreasing to 88.5% in 2011. During this time, the total agricultural land decreased from 223.5 million hectares in 1992 to 206.8 million hectares in 1999 before slowly increasing to 211 million ha in 2011. These opposing trends led to the absolute area of permanent pastures and meadows fluctuating between 188.5 (1994) and 184 (1995) million hectares during that time.

Kazakhstan's natural endowments are bountiful. Kazakhstan ranks 5th in the world in terms of pasture area, with more than 180 million hectares of pastures available for livestock. There exist opportunities to irrigate more than 2 million hectares of land, which would bring an even larger capacity for agricultural production. In addition to the value of the land, more than half of the population lives in rural areas and already possess the skills in livestock husbandry and agricultural production to take advantage of the Kazakh landscape. Moreover, Kazakhstan's proximity to the strategic markets in Central Asia, China, Russia and Iran guarantees a valuable export-oriented industry.

Although these wonderful opportunities are ample, there are some serious roadblocks to Kazakhstan unlocking its full potential. Government support in the agricultural sector is lacking at the same time that stimuli for integration and cooperation is hard to come by. The Government needs to take a more active role in pursuing agricultural reform and encouraging agricultural proliferation. In addition to the lack of government responsiveness, there is a lack of diversification of agricultural production taking climate and socio-economic factors into account. The gross volume of crop production is affected by natural climatic factors such as drought. This was experienced last year here in Kazakhstan. There must also be increased diversification of the structure of agricultural industry.

Regardless of the challenges, the UNDP is committed to improving Kazakhstan's regional integration and cooperation to promote agricultural output and reduce poverty as a result. The UNDP has established six logistic centers and trading hubs to promote trade amongst the Central Asian republics. The aim of this project is to enhance regional cooperation to achieve competitiveness, improved transport links and trade facilitation, and to create *borders with a human face*.

The UNDP mediated a signing of an MOU between the Kazakh and Chinese governments over sustainable use of transboundary integrated water resource management in the Ili-Balkhash River Basin. The same goal was achieved over the Chu and Talas Rivers between Kyrgyzstan and Kazakhstan previously. The integration of Kazakh and Afghan traders is also an important issue. The UNDP abolished restricting issues related to re-export of Kazakhstan wheat to Afghanistan. In addition, the UNDP linked cooperation between the USDA, EU and Chinese organic certification/accreditation programs in Kazakhstan. In line with *Digital* Kazakhstan's drive to go online, an e-market to promote import/export of regional agricultural projects was established.

UNDP Kazakhstan's role in enhancing the Kazakhstan agricultural sector's competitiveness and promotion of green technologies is growing by the day. Work towards market development and agricultural diversification in Kazakhstan is important, extensive, and productive. Homing in on consumer behavior, the marketing and branding of Kazakhstan's organic food industry was increased to not only meet demand but create an appetite for it.

Subsequently, an organic farm with a production capacity of 250 megatons per year was established. Looking towards a green future, the UNDP established two green technological centers in Arnasay and Akshi, has plans to rehabilitate 305 vertical drainage systems to improve ameliorative condition of more than 250,000 hectares of land, and it oversaw cooperation agreement between Kazhydromet and the NOAA and Climate Data Archive in Asheville, USA.

In addition, projects are being done with the simple goal of improving agriculture. There are now pasture seed multiplication farms throughout Kazakhstan with a combined area of 247,000 hectares; 148,000 hectares of abandoned land have been rehabilitated through different development projects; more than 111 demo plots in different regions of Kazakhstan dedicated to crop diversification; and national agricultural extension centers are being revitalized.

These are just a few of the projects the UNDP is working on in Kazakhstan to aid in development. The belief is that prosperity and peace will increase as a result, and Kazakhstan will continue on its upward trajectory. The prospects for growth are enormous. What needs to be understood is that it is not just the less fortunate who benefit from these projects, but the public and private sectors will also see major returns on investment. UNDP Kazakhstan is proud of its work and looks forward to helping mold Kazakhstan's future into a prosperous one.

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OBSTACLES TO AGRICULTURAL DEVELOPMENT

Sergey Glokke
General Director, Eurasia Group

Eurasia Group has been the official distributer of John Deere in Kazakhstan since 2002. For sixteen years, the company has been working to implement modern technologies and innovations, precision farming, and satellite monitoring systems in Kazakhstan, taking advantage of its proven experience in this field. With 14 regional offices and branches throughout the country, Eurasia Group has has over 300 employees, two-thirds of which are service specialists, and has delivered more than 15,000 pieces of framing equipment.

In addition, the company is responsible for raising over 34 million dollars in direct investment as well as bringing in over one billion USD through John Deere Financial. Eurasia Group also cooperates with higher educational and scientific institutions and research centers across Kazakhstan.

There are many global challenges to agriculture in the 21st century, and the sector is going through many trends. Right now, the world is witnessing the urbanization of populations (and the subsequent decline of rural populations), the demand for improved nutrition from population bases whose incomes are increasing, and limitations to land resources. Ultimately, this means the primary challenge for modern agriculture is to produce larger quantities of food, feed, and fuel while utilizing existing or even reduced resources.

By 2050, the global population is expected to increase by over 3.5 billion, with much of this population growth occurring in Africa. This population increase will place a huge strain on the agriculture industry as it seeks to supply global demand in a sustainable manner. To meet these increasing needs, the global production of food must increase by roughly 70% by 2050. To further complicate matters, the total area of cultivated land will not be able to increase significantly. Moreover, it is expected that agricultural investment will need to increase by 50% by 2050 to ensure global quality of food meets demand.

The world has already seen similar population increases in the past. From 1970-2010, the global population almost doubled from 3.7 billion to 6.2 billion. By 2050, it is expected to reach almost 10 billion and the global appetite is expected to double. The world has changed significantly in other ways as well. For example, many of today's most highly demanded professions did not even exist a decade or two ago. To stay ahead of the curve, students must be trained for professions that currently do not exist, utilizing technology that does not yet exist to solve problems of which we are not yet aware.

Agriculture has evolved to meet increasing demands. For example, from 1987-2007, farmers were able to increase the yields of corn by 40%, soybeans by 30%, and wheat by 19% - all without increasing the necessary land area. Back in 1949, one farmer could only produce enough food to feed 19 people. By 1970, that one farmer could produce sufficient food for 73 people, and by 2010, he could provide enough food to feed 155 people. In addition, the first satellites launched into space now carry fewer electronics than modern tractors.

In Kazakhstan, agriculture policies should be aimed at drastically increasing labor productivity and export growth for processed agricultural products. President Nazarbayev stressed that productivity in agriculture, forestry, and fisheries should increase by 45% by 2022 in Kazakhstan to meet government goals. According to the President, smart technologies give Kazakhstan a chance for a breakthrough in the agriculture sector.

When referring to the state-run program *Digital Kazakhstan,* President Nazarbayev stated "*There is a great potential for agricultural transformation with the help of digital technologies and, in the context of a full-scale digitalization program, agriculture can reach a qualitatively new level of development, becoming a driver of the country's economy. The main aims are to increase productivity and labor productivity, as well as maintain the country's food security.*"

While agriculture holds great potential for Kazakhstan, there are some basic problems that will have to be overcome. Currently, Kazakhstan faces issues with land reform, weather dependency, lack of available specialists and educational systems, state protectionism, financing and subsidies, and pricing policies. For Kazakhstani farmers, the main question is ensuring production costs per year do not exceed profits.

To ensure that Kazakhstan can continue to develop a productive agriculture sector, there are many solutions. One possible solution is to guarantee long-term affordable financing (7-15 years) with low annual interest rates of 4-5%. In addition, Eurasia Group advocates that all leasing companies should be given access to cheap financing to stimulate growth.

Another solution is implementing investment subsidies of 25-50%, depending on the type of equipment. At the same time, Kazakhstan should work to continue the training and education of specialists and completely refit scientific institutes across the country. To accompany this, there should be an active re-training of staff and personnel in these institutes. Lastly, there should be a focus on servicing infrastructure to ensure the development and implementation of programs that support equipment dealers in Kazakhstan.

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THE CHALLENGES OF SOURCING REGIONAL AGRICULTURAL ABUNDANCE IN CENTRAL ASIA

Anton van Gorp
General Director, Metro Cash and Carry

Kazakhstan is a huge country, especially when one ponders logistics. Eight times the size of Germany, yet with only one-sixth of its road network size, it presents significant challenges to sourcing agricultural supplies. Metro Cash and Carry is up to this logistical challenge, given its extensive expertise with food supply, insight into the priorities of global markets, and lengthy logistical experience. With operations from Astana to Almaty, Uralsk to Oskemen, and Pavlodar to Shymkent, Metro understands Kazakhstan's impressive breadth and the logistics necessary to running a successful operation.

Metro has established a strong network in Kazakhstan, owning and operating 6 Stores and 6 delivery warehouses in 10 regions. Over half of Metro customers in Kazakhstan are from the hospitality sector. The rest of the company's services are provided to end users (35%) and traders (10%). Around one - third of Metro supplies are imported directly to Kazakhstan. The remaining of the company's goods are sourced from local suppliers, but less than half of this is produced locally.

From a logistics perspective, Kazakhstan presents a huge challenge. With large distances to cover and significantly different weather in different regions, logistics planning is complex. Average logistic markup to bring goods into the country range from 10-65% while internal transfers hover around 3-5% depending on whether trucks are at full capacity, which often is not the case. This means that space is not being utilized effectively and costs rise as a result.

In the agriculture industry right now, there are considerably high risks for producers. The lack of good order forecasts for producers leads to highly variable risks and unpredictable price fluctuation down the line. The forecasting of supply and demand must be improved to protect producer, provider, *and* consumer. Another issue is that there is no balance in production; while some fruits and vegetables are easily available at a given time, others are not. Therefore, supply is not balanced across the year. There is overproduction during the summer and a lack of goods in the winter. While Metro understands that certain items are seasonal, it is important to fulfill the desires of our customers. This means the agriculture industry must adapt to meet the demands and expectations of Kazakhstan's globalized, sophisticated population.

Logistics and regulatory controls present another set of deterrents to growth. Phyto and veterinary regulations often create headaches for logistics providers. Although legislation and regulation are necessary to keep the industry and consumers safe, some laws are questionable. For example, Metro works with KazBeef – a high-profile producer. In Kazakhstan, it is *forbidden* to transport beef from the *south* of the country to the *west*. This poses a serious challenge to a logistics provider with a beef order to fill, assuming it sources its beef in the south and needs to supply its load in the west. What is the rationale for this regulation and why should this simple task be so complex? The demand for beef is not being met by the supply; it is very difficult to get enough product to the market while also adhering to regulations. Local palates are not satiated, and businesses across the board are being forced to slow down to adhere to unnecessary regulation.

A large portion of the agricultural produce suffers a loss in quality within the first few hours after being harvested because it is stored and transported without adequate temperature control, if any at all. It takes 48 hours *minimum* on the road for goods to reach their destination. Most of the produce is damaged while being moved from the harvest site to the third-party supplier. More communication and synergy from end to end is needed to keep all partners satisfied and products at their best. Logistics is about working together–from producer, to supplier, to consumer.

Metro is committed to helping local businesses make good on the promise of synergy. It allows for free access to shelves and it shares sales statistics with its partners. It is important that business is developed in tandem with the producers; it should not just be a solitary venture.

Metro Cash and Carry guarantees demand, provides forecasts, and administers payments in a timely manner. It also has a transparent document flow system following German regulations, quality assurance improvement programs, consolidation of goods in last mile delivery, and it prides itself on *connecting* the final customer and the producer.

Metro's target for Kazakhstan is to be self-sufficient in all product categories, with safe, high-quality standards. This should also guarantee affordable prices for every customer, while making *all products* available in *all regions* of Kazakhstan at *all times*. This is a lofty goal considering the enormous sprawl and relative isolation of the country, but nonetheless it is a goal which should be achieved. There is a lot of waste–close to 30%–in the supply chain. This is unacceptable. If companies start working together, costs come down, and waste is lessened considerably.

Despite the difficulties of operating in such a region, Metro Cash & Carry passionately serves independent business people and aims to facilitate Kazakhstan's logistics for the agricultural market. Customer expectations are high in a country with Kazakhstan's developed market economy, and agricultural potential still has a long way to go to satisfy the demands of this sophisticated market. Nonetheless, this potential has every possibility of being realized and making a major contribution to the country's economic diversification.



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2018 AMCHAM GALA AWARDS RECOGNITION OF MEMBER ACHIEVEMENTS

The 2018 AmCham Awards Gala was held at the new Ritz-Carlton Hotel in Astana. Always a highpoint of the year, the Gala was attended by a diverse group of Kazakhstan's major investors, international organizations, and diplomats. The Caspian region was particularly well-represented with corporate tables occupied by the oil industry – ***Chevron, ExxonMobil, Shell, Tengizchevroil (TCO), North Caspian Operating Company (NCOC), Karachaganak Operating (KPO)*** – occupying the front of the Hotel Ballroom. Nearly 300 guests were seated at corporate tables headed by CEOs with their executives and clients.



Always a glamorous black-tie event, cocktail dresses and evening gowns set the tone for the evening. The annual AmCham celebration of corporate and individual achievements began with a pre-Dinner Champagne Cocktail before proceeding to an elegant Ritz Dinner, and finally to the evening's centerpiece, the Awards Ceremony. Live music by a young and very talented local jazz group punctuated dinner, the Award presentations, and after-dinner dancing.

Ronald Binkofsky, General Manager of Microsoft CIS, served as Master of Ceremonies for the Awards Ceremony that began after Dinner, noting the tremendous diversity of the fifty nominations for the evening's thirteen AmCham Awards. The investment by AmCham members both in technical innovation that will carry over into Kazakhstan's industrial growth and in social development projects that will position Kazakhstan for the future was the theme for the evening.



The first presenter was **George Krol, U.S. Ambassador to Kazakhstan,** who opened the event by presenting the **Award for Best Contribution to U.S.-Kazakhstan Relations** to **Akhmetzhan Yessimov, Chairman** of the **Samruk-Kazyna Sovereign Wealth Fund**.

Akhmetzhan Yessimov has served Kazakhstan in many roles both domestically and internationally. Most recently, he served as **Director of Expo 2017,** facilitating the success of the US EXPO Pavilion, thus demonstrating the strength of the dynamic, strategic partnership that the United States and Kazakhstan have enjoyed for the past 25 years. Mr. Yessimov has also worked tirelessly to advance key framework agreements between the U.S. private sector and the Samruk-Kazyna group of companies following the historic meeting between President Nazarbayev and President Trump in January this year.

Bela Ferenczi, **AmCham Vice-President and CEO of GE Central Asia and Azerbaijan,** presented the second award of the evening, the prestigious **AmCham Public Service Award,** to the **European Bank for Reconstruction and Development (EBRD)** for its investment in support of the economic and democratic development of Kazakhstan and Central Asia over the past 25 years.

Founded in 1991, the **EBRD** has been present in Central Asia throughout its early stage of independence and in the ensuing decades. Over this period, EBRD has tripled its investment in Kazakhstan and is second only to the oil industry in terms of overall investment in Kazakhstan. The EBRD concentrates its investments outside Kazakhstan's major urban centers in regional and rural areas that are often neglected in large-scale development projects. The Bank has a lengthy list of past awards from AmCham, particularly for its support to small businesses and women in business, and for renewable energy projects.



AmCham Executive Director Doris Bradbury Welcomes Guests

AmCham Executive Director Doris Bradbury presented the **AmCham Service Award** jointly to two worthy recipients who lead AmCham Healthcare Reform efforts: **Baker McKenzie Partner Andrei Yorsh** and **EY Partner Ksenia Babushkina. Andrei Yorsh** currently chairs the ***Inter-Ministerial AmCham Intellectual Property Working Group***, which strengthens awareness of the need to utilize

and distribute legitimately patented medicines throughout Kazakhstan's healthcare facilities and pharmacies. The group meets monthly with Kazakhstan's Deputy Minister of Health Aleksey Tsoy.

Ksenia Babushkina is a healthcare specialist who chairs the ***AmCham Healthcare Reform Working Group***. Her focus is on comparative healthcare models and support for general healthcare reform measures that will improve Kazakhstan's transitional healthcare system for the entire population, regardless of income or region.

Both Andrei Yorsh and Ksenia Babushkina are leading voices in the **AmCham Healthcare Reform White Paper** presented to the Prime Minister and Ministry of Health this summer, and have been selected by the Health Ministry to contribute to drafting the new Health Code.



Executive of the Year Award - NCOC Managing Director Bruno Jardin

The highly anticipated **Executive of the Year Award** was presented by **AmCham President Kenneth Mack**. This award was also a joint recognition of outstanding achievement, and was presented to two recipients: **Tengizchevroil General Director Ted Etchison** and **NCOC Managing Director Bruno Jardin**.

As General Director for **Tengizchevroil (TCO),** Kazakhstan's primary oilfield in operation since 1993 and a consortium led by Chevron, **Ted Etchison** has led TCO to its highest production in history, invested in the local economy, and made TCO the safest oil and gas company in Kazakhstan. President Nursultan Nazarbayev highlighted TCO's contribution to the Kazakh economy at their 25th Anniversary reception in Astana earlier this year.

NCOC Managing Director Bruno Jardin has also demonstrated a capacity for outstanding leadership at the Kashagan oilfield, one of the most complex and challenging oilfields in history. In only two and a half years under Bruno Jardin's leadership, Kashagan has successfully launched operations with an excellent safety record. His leadership led NCOC to contribute to Kazakhstan's higher-than-expected GDP growth, and for these accomplishments, Mr. Jardin was awarded the Dostyk Order of II degree by President Nazarbayev.

The **Women's Leadership Award** was presented by **Sieglinde Spanlang, Chargée d'affaires of Austria to Kazakhstan.** The winner of this year's award was **Olga Chekayeva,** who serves as **Corporate Social Responsibility Lead** for **AECOM** and has been involved in a number of social development projects. In particular, she has worked to help girls learn skills necessary to emerge as tech entrepreneurs and leaders, worked to preserve Kazakh culture, and helped educate and invigorate children with motor and mental disabilities.



Entrepreneurship Award - Intellpack Founder Evgeniy Emelyanov

The **Entrepreneurship Award** was presented by **UNHCR Regional Representative Yasuko Oda** to **Evgeniy Emelyanov, Founder of Intellpack,** Mr. Emelyanov founded Intellpack ten years ago and has grown it into a well-regarded brand with employees throughout Kazakhstan. The company has expanded from a one-man show to a large company with a strong business structure. Evgeniy Emelyanov's success in entrepreneurship is evidenced by the fact that he is the first individual entrepreneur in Central Asia to receive an EBRD loan.

Next, **Bertling's Managing Director Lance Rutter** presented the **Excellence in Innovation Award** to **Shell Kazakhstan's CIS Geochemical Center of Excellence**. Shell undertook the challenging role of developing Kazakhstan's *Upstream Oil and Gas Technology Roadmap* to bring new technologies to Kazakhstan in order to both increase existing oil production and contribute to the discovery of more resources. Shell's vision is to maximize the value of its oil and gas resources through world-class research and development in partnership with strong local companies and institutes capable of delivering high-quality services and innovative solutions.

The **Most Innovative Education/Training Program Award** was presented to **Eurasia Group Kazakhstan,** distributor of John Deere equipment**,** by **France's Ambassador to Kazakhstan Philippe Martinet**. The Group's *Specialist Agriculture Program* has brought much-needed agricultural education and training to Kazakhstan. Over the past fifteen years, the Eurasia Group has been committed to modernizing Kazakh agriculture and education at Kazakhstan's many central and local educational institutions.



KPO CEO Edwin Blom accepts Environmental and Safety Award

The **Environmental and Safety Award** was presented by **ExxonMobil Managing Director Cheryl Gomez-Smith** to **Karachaganak Petroleum Operating (KPO)** for its project entitled *Environmental Protection - A Priority*. Utilizing world class technologies and advanced techniques, KPO holds itself to the highest of standards in regard to environmental sustainability, and has been recognized repeatedly by Kazakhstan and its own industry for its environmental achievements.



NCOC Health Manager Syed Ahmed accepts Health Protection Award

The **Health Protection Award** was presented by **Proctor & Gamble General Director Olga Voronova** to **t**he **North Caspian Operating Company (NCOC)** for its project to upgrade medical services at the Atyrau Oblast Hospital. Rather than use local clinics and medical services, NCOC has unconventionally placed its own specialists in the regional Atyrau Hospital, where they worked alongside local doctors. In order to create a seamless relationship, the new doctors worked to upgrade the skills and adjust the practices of the Hospital's existing medical staff. Although faced with challenges, the improvement to the local hospital has been enormous. This new approach has had tangible benefits for both NCOC and the local community.

Ashley Clarke, KPMG Chief Operating Officer, presented the **Community Service Award for Large Corporations** to **Phillip Morris Kazakhstan (PMI).** PMI's *Vocational Training Program for People with Disabilities* was introduced in the Ily district in 2010 with the goal of integrating people with disabilities into society and providing them with employable skills. More than 240 people participated in the program, learning an array of skills. As a result, 15 people now have small businesses of their own and are self-employed. Other graduates work in local businesses, at home, and elsewhere throughout Kazakhstan.

KCell's Head of Government Relations, Daniyar Koshenov presented the **Community Service Award (SME/NGO)** to **Red Crescent Kazakhstan** for their consistent level of service to the well-being of Kazakhstan's people. The Red Crescent's efforts in combatting malnutrition brought much needed help to 32,956 people in 2017. The humanitarian organization also aided families affected by natural disasters such as flooding and earthquakes. In addition, the Red Crescent significantly increased the number of blood donors in Kazakhstan, which has dangerously low levels of donors. All of these efforts demonstrate the Red Crescent's serious commitment to bettering the lives of Kazakhs and aiding those in need.



KPMG COO Ashley Clarke accepts Support for Kazakh Culture Award

The final award of the evening, **Support for Kazakh Culture Award,** was presented to **KPMG in Kazakhstan and Central Asia (KPMG)** by **Borusan Makina General Director Bülent Atar.** KPMG has reinvigorated the Kazakhstan's central visual arts museum, the *Kasteyev Museum of Arts* in Almaty . The company provides financial support for the museum's research, cultural, and educational initiatives. With KPMG's help, the museum published a vast catalogue of the museum's archives entitled *Kazakhstan's Painting*. The catalogue contains 1,102 works by 180 artists spanning the period from 1936 to 2016. With this project, KPMG highlighted its commitment to the proliferation and protection of Kazakh culture.

Last, but not least, the evening ended with a travel lottery. **Air Astana** gifted two tickets for a round trip to London to a lucky couple from CitiBank. Following the lottery, guests made their way to the dance floor to celebrate their awards and to mark the beginning of the year ahead when yet more outstanding accomplishments will be achieved. AmCham members never rest on their laurels, but constantly strike out in new directors – innovating, founding new companies, serving their communities, and participating in the life of Kazakhstan in every way.

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AMCHAM CELEBRATES U.S. INDEPENDENCE DAY 2018 AT THE INTERCONTINENTAL HOTEL ALMATY

On Saturday evening, July 7, AmCham celebrated U.S. Independence Day, organized each year on the green expanses behind the tennis courts at the InterContinental Hotel Almaty. This all-American holiday is a favorite family event, and AmCham continued this tradition with live music, clowns, bouncing castles, and face painting. InterContinental chefs provided a delicious buffet for guests, who filled their plates with typical American hamburgers and hot dogs as well as an array of salads and Central Asian shashlik. To cool off, guests enjoyed a broad range of drinks – cold beer, wine, soda, and juices – which were generously provided by sponsors. Children had their own menu and entertainment program as well.

The weather was warm and sunny on this enjoyable summer evening. Live jazz was performed throughout the day and winning lottery tickets were picked by children who crowded around the podium. Prizes for the day were generously donated by *Beiersdorf, Rixos Hotels, Herbalife,* and *Lufthansa*. Members and guests enjoyed this authentic American Independence Day, just like families in small towns and big cities across the U.S.A.

After dusk, the evening culminated in a spectacular fireworks display. Families and their children gazed on as thousands of lights and colors lit up the sky, accompanies by the bangs and crackles of the exploding fireworks. As the grand finale of the night wound down, guests departed for home with their families and children.















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AMCHAM MARCH BUSINESS ROUNDTABLE WITH CHRISTOPHER EDWARDS, USAID CENTRAL ASIA MISSION DIRECTOR



Christopher Edwards, USAID Regional Mission Director

The March Business Roundtable Luncheon was held on March 30, in the Rixos Almaty Hotel's Lotus Restaurant. It featured a presentation by Christopher Edwards, who serves as the Regional Mission Director for Central Asia at the United States Agency for International Development (USAID).

Christopher Edwards has served in the USAID since the early 1990's. His various positions have brought him from Brazil to Afghanistan, and from Indonesia to Kazakhstan, all while climbing the ranks of the USAID. He holds two master's degrees – one from *Georgetown University* in International Affairs and one from *Johns Hopkins University* in Management. Edwards is a member of the Senior Foreign Service.

USAID works around the world in an effort to promote development and protect US security and economic interests. For 2019, the Budget State Department and USAID is set to be $39.3 billion, which includes $16.8 billion in assistance that USAID fully or partially manages through its *Economic Support and Development Fund*, *Global Health Programs, Transition Initiatives,* and *International Disaster Assistance*. The programs help developing countries make progress on their path to self-reliance and prosperity.

These goals also apply to USAID's work in Central Asia. USAID's regional programs began shortly after the region's independence from the Soviet Union, a partnership now in its third decade. Initially, the programs are focused on three main transitions:

- *economic transition* toward more market-based economies;
- *political transition* toward more effective, transparent, and democratic governance;
- *sustainable approaches toward the social sectors*, especially in health and education.

As such, USAID aims to help create a more stable, prosperous, and connected region that advances American security and economic interests; to foster prosperity, good governance and resolution of cross border conflict, which mitigates vulnerabilities to radicalization and violent extremism; and, to control health threats that do not respect national boundaries and pose a threat to all countries, including to the U.S.

Out of the $85.5 million 2017 Central Asian budget, $4.2 million went to Kazakhstan. 54% of the budget was directed towards Tajikistan and Uzbekistan, while 38% was spent on regional projects.

A majority of the budget is put towards eliminating barriers to trade and finding solutions to energy production and water security, while also working to improve the media environment, health, and education. USAID is working to ensure that the Central Asian republics are viable, integrated trading partners for US businesses. As such, Uzbekistan made major investments in agricultural products and machinery from the US with the help of USAID.

USAID aims to help the region improve connectivity, rebuild regional power markets, and increase access to reliable, low-cost energy. It also supports the *Central Asia South Asia 1000* (CASA1000) plan, in which excess Tajik and Kyrgyz hydroelectric power is brought to the Pakistani market via Afghanistan.

USAID is working towards improving cooperation over shared water resources, applying integrated water resources management principles and tools and helping cross-border communities work together. In 2017, USAID funded a study tour for 24 professors that led to a collaboration between Uzbek and Tajik scientists on water research; Afghan universities are also interested.

All in all, USAID is committed to bringing political and economic stability to Central Asia. To achieve this, USAID is focused on enhancing energy infrastructure, water efficiency, and agricultural output to improve everyday life in Central Asia.



AMCHAM APRIL BUSINESS ROUNDTABLE WITH U.S. AMBASSADOR GEORGE KROL



U.S. Ambassador George Krol

The April Business Roundtable Luncheon was held on April 12th in the Rixos Almaty Hotel's Lotus Restaurant. It featured a presentation by U.S. Ambassador George Krol, who spoke about the January visit by Kazakhstan's President Nursultan Nazarbayev to the United States and his discussions with President Trump.

The Kazakhstani Presidential delegation arrived in Washington on January 16 and attended a series of high-level government meetings there before heading up to New York where President Nazarbayev presided over a session of the UN Security Council.

Ambassador Krol travelled to Washington to participate in the lunch meeting of the two Presidents at the White House, as well as at the breakfast that Vice President Pence hosted for President Nazarbayev at his residence.

Ambassador Krol is a career member of the U.S. Foreign Service, holding the rank of Minister-Counselor. Before his appointment to Kazakhstan, he served as Ambassador to Uzbekistan for four years and most recently served as Deputy Assistant Secretary for the Bureau of South and Central Asian Affairs at the State Department. Ambassador Krol has also taught at the National War College and was a member of the State Department's Senior Seminar. He is the recipient of several State Department Meritorious and Superior Honor awards and is a graduate of Harvard College and Oxford University.

Ambassador Krol focused his presentation on the meeting between the two Presidents at the White House, which he attended. Overall, the meeting was a notable success, dealing with both political and trade issues, even exceeding expectations.

Both President Trump and President Nazarbayev had much to discuss. The United States recognizes Kazakhstan's importance and leadership in Central Asia. U.S.- Kazakhstan relations have developed from a strategic partnership to an enhanced strategic partnership. The two leaders discussed foreign direct investment, security cooperation in Afghanistan, energy issues, economic diversification, cultural relations, and educational ties. President Trump expressed his admiration for President Nazarbayev's success in shaping Kazakhstan into an economically and socially stable state after the dissolution of the Soviet Union.

Business and investment was a primary focus during the meetings, and President Trump and President Nazarbayev pledged to promote a fair and reciprocal economic partnership aimed at increasing bilateral trade and investment that will lead to job creation and business opportunities in both countries. President Nazarbayev later attended a large reception at the U.S. Chamber of Commerce to further discuss business cooperation between the two countries and enhancing Kazakhstan's investment environment.

Since the state visit to Washington, Ambassador Krol reported that cooperation between the two governments continues to grow. Both his fellow Foreign Service employees and their Kazakhstani counterparts are busy following through on their leaders' agreement for a closer friendship between the United States and Kazakhstan. These developments are encouraging for both the public and private sectors.



AMCHAM JUNE BUSINESS ROUNDTABLE WITH GIOVANNI CAPANNELLI, KAZAKHSTAN COUNTRY DIRECTOR, ASIAN DEVELOPMENT BANK



Giovanni Capannelli, ADB Country Director

The June Business Roundtable Luncheon was held on June 1 in the Rixos Almaty Hotel's Lotus Restaurant and featured a presentation by Giovanni Capannelli, who serves as the Kazakhstan Country Director for the Asian Development Bank (ADB). Mr. Capannelli spoke about his work with the *Central Asian Regional Economic Cooperation (CAREC)* program.

Together with 11 multilateral donors, ADB has been guiding CAREC's operations across the greater Central Asian region since 2001. In total, CAREC has invested over 31.5 billion USD in transport, trade facilitation, and energy projects; it is one of the largest and most ambitious programs spurring economic development in Central Asia.

Mr. Capannelli spoke in detail about the ADB's support for CAREC, which aims to accellerate the region's economic growth and shared prosperity. Overall, CAREC is a partnership between 11 countries and development partners. Of all the development partners, ADB has provided 35% of its funding, constituting the majority donor as of December 2016. Most of the program's investment has gone towards transportation initiatives, and the CAREC Program has already managed over 185 projects in Central Asia.

Looking forward, Capannelli spoke on *CAREC's 2030 Strategy* for the region. The driving principles are to align with national strategies, integrate the role of the private sector and civil society; expand operational priorities selectively; build an open, more inclusive platform; and deepen policy dialogue based on CAREC's standing and ability to deliver quality knowledge services.

Mr. Capannelli also outlined the five *Operational Clusters* for CAREC's 2030 Strategy: *Economic and Financial Stability; Trade, Tourism, and Economic Corridors; Infrastructure and Economic Connectivity; Agriculture and Water; and Human Development*. These various clusters detail CAREC's priorities for Central Asia while helping implement projects on clean and renewable energy, sustainable transportation systems, and effective water management.

To help achieve these strategic goals, CAREC's decision-making body conducts policy and strategic dialogue with local governments. CAREC runs several sector committees, sub-working groups, and expert groups to execute tasks thoroughly and quickly. Development partners offer technical and financial support, whereas the private sector offers public-private dialogue in addition to financing. Furthermore, the *CAREC Secretariat* extend technical and organizational support, while the *CAREC Institute* offers knowledge support. All these moving parts work together to ensure that CAREC remains an open and inclusive multinational organization.

Overall, CAREC is intent on increasing business opportunities in the region. However, barriers to business remain due to poor market access, limited economic diversification, and weak institutions for trade. To improve market access, CAREC seeks to lower trade barriers and reduce trade costs, which include improving border procedures, transit systems, and logistics services.

To address limited economic diversification, CAREC aims to improve access to finance and FDI policies, and provide greater access to value chains. Coordinating policies across the region and building policymakers' capacity in the form of think - tanks remain key priorities for CAREC.





CREATIVE ENERGY OF KARACHAGANAK

Karachaganak

Karachaganak is one of the largest international projects in Kazakhstan with a total investment volume of over $ 22 billion. Its implementation is carried out by an international consortium Karachaganak Petroleum Operating B.V., which includes Royal Dutch Shell, Eni, Chevron, LUKOIL and JSC NC KazMunaiGas.

The key to KPO's success is the established partnership and open dialogue with all project's stakeholders. This serves as a guarantee of responsible development of Karachaganak for the benefit of the Republic of Kazakhstan and the Partners.

Over the past two decades, KPO has been steadily achieving excellent results giving priority to industrial safety, labour and environmental protection as well as the development of local capacity.

Karachaganak today means not only record production levels and advanced technologies. It is a world-class project where the principles of corporate social responsibility and sustainable development are embedded in all its business activities.

KARACHAGANAK PETROLEUM OPERATING B.V.
KAZAKHSTAN BRANCH
AKSAY, BURLIN DISTRICT, WEST KAZAKHSTAN REGION
REPUBLIC OF KAZAKHSTAN 090300

TEL: +44 208 8288 262; FROM THE CIS: +7 71133 6 2262
FAX: +44 208 8288 620; FROM THE CIS: +7 71133 6 2620
WWW.KPO.KZ

kpobv kpobv kpobv kpobv karachaganak

ATYRAU APRIL SEMINAR AND SUNDOWNER AT THE RENAISSANCE ATYRAU HOTEL

EY conducted a seminar for oil and gas representatives and specialists on April 9 in Atyrau timed to coincide with the 17th annual North Caspian Regional Oil and Gas Exhibition. The seminar focused on changes in the new Tax Code, Subsoil, and Subsoil Use Code. EY speakers included Tax & Law specialists Romam Yurtayev, Anvar Suleimanov, and Rafael Khaidarov, followed by Aizhan Sumembayev, EY Senior Manager, who discussed recent trends in transfer pricing. Dana Aristanbayeva, EY Global Compliance and Reporting Manger, discussed financial accounting and tax compliance challenges. Lastly, Victor Kovalenko, EY Sustainability Services Regional Director, outlined the social and economic impact of the oil industry and the difficulties of securing a social license to operate.

Following the seminar, participants were invited to an evening AmCham Sundowner sponsored by EY to welcome participants to the Oil and Gas Exhibiion in the Ballroom of the Atyrau Renaissance Hotel. EY Partner Boris Lobovik delivered the welcome and spoke about EY operations in Atyrau.

Never disappointing, the impeccable and relaxing environment at the Renaissance proved to be the perfect setting for guests to relax and celebrate. Food was prepared by the Renaissance Hotel's professional catering staff, who provided guests with a sumptuous buffet. A broad selection of wine, beer, and soft drinks was also available to guests.













ALMATY APRIL SUNDOWNER AT ARBA WINE BAR

On April 27, AmCham's Spring Sundowner was held at an Almaty favorite: *Arba Wine Bar*. Food, wine, and soft drinks were served to those in attendance, and, as a special treat, the evening featured a *degustatsiya*, where a full range of organic Arba wines was presented along with a while discussing the history of the Arba vineyards.

Arba Wine offers a variety of wines thanks to the array of grapes they harvest, including *Auxerrior, Cabarnet Franc, Chardonnay, Gewurztraminer, Malbec, Merlot, Riesling, Shiraz* and more - all grown in the foothills of the Tien Shan Mountains.

The environment is perfect for making wine, as has been done in Kazakhstan for 1,300 years. Arba's Karakemer vineyards were abandoned for the last 25 years, yet they display amazing productivity today. Soviet scientists chose exact varieties for the area. Arba has, until recently, underestimated the potential of their mature vineyards and mainly concentrated on French clones, but when foreign experts conducted a genetic analysis of the vines, they acknowledged the huge potential of these old vineyards. Arba has started to invest into the revival of this land, hoping to regenerate a part of the past.













MEMBER NEWS

Air Astana Celebrates its 16th Anniversary with the Opening of a New Aviation Technical Centre in Astana

Air Astana, the award-winning Kazakh carrier, recently marked its sixteenth anniversary with the opening of a new Aviation Technical Centre at Astana's Nursultan Nazarbayev International Airport. The new Aviation Technical Centre enables Air Astana to undertake all aircraft engineering and servicing requirements up to the highest level. The project was financed by the European Bank for Reconstruction and Development (EBRD) at a cost of $19 million.

The Aviation Technical Centre's energy-efficient, single span hangar offers 5,556 square meters of floor space and can accommodate both a widebody type airplane like the Boeing 787 and a single aisle aircraft like the latest Airbus A320neo family at the same time. The Canadian-designed structure is built to very high specifications and designed to remain fully operational even under the extremely low temperatures in Astana during the winter months.



In addition to the hangar, the Technical Centre incorporates a spare parts warehouse and a complete range of workshops for the repair and overhaul of aircraft components. An auxiliary building provides space for the existing Air Astana Engineering Centre to significantly expand training of engineering and maintenance staff to international standards. Central Asia's largest aircraft repair center offers services to national and international carriers across the region.

Peter Foster, President and CEO of Air Astana, announced:

"*With Astana, the futuristic capital of Kazakhstan, and Air Astana, the national carrier, respectively celebrating their 20th and 16th anniversaries in 2018, the opening of the new Aviation Technical Centre represents a shared cause for celebration. For Astana, the added aerospace infrastructure contributes to the city's standing as the leading air hub in Central Asia, whilst for Air Astana, it represents another significant step in expanding the carrier's capabilities and boosting its international reputation for excellence.*"

Lufthansa Environmental and Social Projects in Kazakhstan

For more than 25 years, Lufthansa Airlines has been proud to offer its services in the Kazakh market. Focusing on customer support and satisfaction, Lufthansa has strived to adapt its services and schedules to fit the needs of the country.

As a testament to this success, Lufthansa offers daily direct flights from Almaty to Frankfurt as well as weekly flights from Astana to Frankfurt on a modern Airbus A330. From Frankfurt, customers can then fly to more than 200 destinations worldwide. Thanks to the Lufthansa Group network and its Star Alliance partners, Lufthansa provides connections to some 1300 destinations in 190 countries.

Just recently, Lufthansa signed a code-sharing agreement with Air Astana for routes to and from Astana, Atyrau, Uralsk. This partnership greatly benefits the Western Kazakhstan Region and helps these cities become more globally connected.

For many years, Lufthansa has been investing billions of dollars in modern, fuel-efficient aircraft, as well as promoting innovative methods and technologies, allowing the airline to both save fuel and reduce emissions that pollute the environment. Flights to Almaty and Astana are serviced by aircraft that are specially equipped with Rolls-Royce Trent 700 engines, developed specially for the A330. These quiet and extremely fuel-efficient engines are just one example of Lufthansa's initiatives in the region.

In addition, Lufthansa Worldwide engages in humanitarian emergency aid and numerous aid projects. The company also actively supports cultural, educational, environment, and sports projects via its own organization, *Help Alliance*.

Help Alliance is primarily an aid organization that assists orphanage houses and disadvantaged children around the world. Just recently, *Help Alliance* held a social project for local orphans dedicated to Lufthansa's 25th anniversary in the country. The project was a children's competition of singing, games and fun.

Held in partnership with the Baganaskyl Almaty Regional Orphanage, the event invited children and their teachers to compete in art, choreography, and poetry-reading competitions, with prizes given out to the best performers. One of the winning artworks depicts a Kazakh yurt on the plains with a Lufthansa aircraft flying in the background. This drawing is a depiction of how different cultures can come together to make a difference in people's lives.

Edwin Blom is Appointed General Director of Karachaganak Petroleum Operating (KPO)



On 3 April, 2018, *Karachaganak Petroleum Operating* (KPO) announced the senior management appointment of Edwin Blom as KPO new General Director.

Edwin Blom joined at *Royal Dutch Shell* in 1990, and has almost 30 years of considerable experience in the oil and gas Industry with domestic and international assignments in Venezuela, Gabon, Malaysia, Germany, UK and the Netherlands. In addition to his extensive production and multidisciplinary expertise, Edwin brings to KPO years of exposure to highly diverse business environments and cultures.

In his most recent assignment, Edwin Blom held the position of Shell Vice President HSSE & Social Performance Assurance and Reporting based in the Hague, Netherlands.

Commenting on his KPO appointment, Edwin Blom said:

"I am honoured to be in Kazakhstan and grateful for the cordial welcome I have received. I am very encouraged by the commitment of KPO employees I have already met and their willingness to improve the already excellent results KPO has achieved in recent years, making our team incredibly proud of what they do at Karachaganak. I look forward to the amazing opportunity of serving as General Director of one of Kazakhstan's leading oil and gas enterprises. Together with KPO employees, and thanks to their dedication and personal contribution to the continued success of the Karachaganak project and aspiration to move KPO forward, we will achieve impressive results for the benefit of Kazakhstan, the Karachaganak Partners and local communities".

Thomas Jose is Appointed General Director of Beiersdorf Kazakhstan



Beiersdorf Kazakhstan is pleased to announce the appointment of Thomas Jose as new General Director of the Eurasia Country Unit. He began his assignment on July 1, 2018. Although he has worked in several locations throughout Asia, this will be his first experience in Central Asia.

Thomas Jose has worked at Beiersdorf for over 8 years, acquiring vast experience in fast-moving consumer goods, trade marketing, and business planning. He joined Beiersdorf in 2010 as Country Commercial Manager responsible for Qatar, Oman and the Maldives. Due to his can-do mentality and positive mindset, he was appointed to the position of Eucerin Business Head for the Middle East and North Africa region in 2013, where he developed the *Strategic Road Map 2018* – a forward thinking plan for success.

In 2016, Thomas Jose took over the position of Country Manager Indochina with responsibility for Myanmar and Laos. He recently served as e-Commerce Director for the South-East Asia region at Beiersdorf in Bangkok, Thailand. Prior to Beiersdorf, Thomas worked at Unilever as Head of Modern Trade. After graduating from University of Lincoln (U.K.) with a Master of Business Administration, he worked at the International Agencies Company Limited (INTERCOL).

Thomas Jose is a diligent and committed business professional adept at analyzing his environment and utilizing critical insights within a highly competitive environment. His work is always a result of dedication, cooperation, and innovation.

Asad Shirinov is Appointed Country Manager of Coca - Cola Kazakhstan



Coca-Cola announces the appointment of Asad Shirinov as the company's new Country Manager in Kazakhstan. Mr. Shirinov is replacing Kamran Iskanderov, who moved to Kiev to lead Coca-Cola's operations in Ukraine.

With over 20 years of experience, Mr. Shirinov has held various leadership roles in commercial, marketing, and franchise management for Coca-Cola in Turkey, the Caucasus, and the Central Asia region. He holds a degree in International Relations from Boğaziçi University in Istanbul.

Asad Shirinov's experience and education will prove useful as he prepares to lead Coca-Cola's operations in Kazakhstan. He is already very familiar with the Kazakh people and culture, having worked in Almaty for three years as Coca-Cola's Marketing Manager for Kazakhstan, Kyrgyzstan and Tajikistan. He and his family relocated to Almaty from Baku, where he last worked as Coca-Cola Region Manager for the Caucasus.

We are pleased to note that Asad Shirinov also served on the AmCham Board of Directors in Azerbaijan, where he played a vital leadership role in the organization. This experience will help Asad as he takes over as Chairperson for AmCham's Corporate Social Responsibility Working Group in Kazakhstan.

Coca - Cola Supports Youth Football in Kazakhstan



Once again, Coca-Cola brought thousands of youngsters together this summer to enjoy a true football experience: *the 2017-2018 Coca-Cola Bylgary Dop* (Leather Ball) tournament. Over 160,000 teens took part this national youth football event, held in Astana and Almaty. After months of competition, the final games hosted the best school football teams from around the country. Implemented in partnership with the *Kazakh Football Federation* and the *Kazakh Ministry of Education National Practical Center*, the Coca-Cola Bylgary Dop, the country's largest grassroots program, involving over 6000 schools from around the country.

The tournament's championship matches were held in the Astana Arena, which gave teens the chance to play and feel like real professional football athletes. In the end, hundreds of fans came out to support their favorite teams. The following schools won the first, second and third places respectively:

- 1st Place – School # 89 from Kainarbulak village
- 2nd Place – School # 37 from Astana
- 3rd Place – School # 8 the greater Almaty region



The *Coca Cola Bylgary Dop* is not only popular among schools, but also attracts wide media coverage, especially for the finals. Both the start of the tournament and the finals were covered by major media outlets, and some journalists even ventured out into the arena to play friendly pick-up matches with teens between games.

8th Annual Central Asia Trade Forum
Tashkent, Uzbekistan - October 17-18

The USAID-supported **Central Asia Trade Forum (CATF)** is one of the largest annual events promoting regional trade and connectivity in Central Asia and has evolved into a widely-recognized brand. Last year, the Forum brought together 1,100 visitors from 18 countries. They included entrepreneurs, private firms, technical experts, and policy makers who exchanged ideas, discussed new technologies and trade developments, and made major trade deals.

The first Central Asia Trade Forum was held in Bishkek, Kyrgyzstan in 2011. Since then, Kazakhstan has hosted the last six consecutive Forums in Almaty. For the first time, this year's event will be hosted in Tashkent, Uzbekistan. This reflects Uzbekistan's transformation to a country committed to economic revitalization and growth under President Shavkat Mirziyoyev. In a recent statement, the White House commended President Mirziyoyev for his reform program and fresh approach. Uzbekistan is now one of the world's fastest-growing economies.

This year's Forum theme is **New Horizons in Trade and Investment**. The main sessions will be led by lead organizations in the region. Topics such as regional business climate reform, regional tourism, innovation, online marketing and ecommerce, transportation and logistics, trade and investment, and women in business will be discussed. These will provide local business owners and international investors alike the unique opportunity to learn from each other.

To participate in funding the Forum, *corporate contribution and partnering packages* exist. With three levels of contribution, companies have the opportunity to receive logo placements, post event signage, host an event booth, and receive social media coverage. Featured speaking opportunities and an invite to the VIP lunch are also available.

Extensive media coverage will also promote awareness of the Forum, its discussions, and commercial opportunities. Last year, the Forum received over 90 media mentions, including 10 TV broadcasts.

In addition to its business ventures and educational opportunities, the Forum is also committed to opening the eyes of its participants to the history of the Silk Road. An optional trip to Samarkand has been organized after the conference. Uzbekistan's newly liberalized visa regime will also encourage business and tourism.

The **United States Agency for International Development** (**USAID**) contributes funding to the Forum through its *Competitiveness, Trade and Jobs Activity in Central Asia (CTJ)* initiative. This initiative facilitates trade and employment in horticulture, tourism, transport and logistics across the five Central Asian economies. By incentivizing firms to become more regionally competitive and by addressing cross-border impediments to trade, USAID helps to develop a more diverse and competitive private sector and generate export-driven growth.



AMCHAM ADVOCACY UPDATE MAY - JULY 2018

AmCham May - July advocacy in has been centered on two monthly meetings of the *Council to Improve the Investment Environment* and on producing the *2018 HealthCare White Paper* for presentation to Prime Minister Sagintayev and Health Ministry Yelzhan Birtanov. The *White Paper* was prompted by the Health Ministry's development of a new Health Code scheduled to be finalized by the end of 2018.

Given AmCham's consistent attention to healthcare issues across the past five years – two *Healthcare Conferences* in Astana, repeated Council presentations on healthcare reform, an *Inter-Ministerial Intellectual Property Working Group* with primary focus on pharmaceutical patent protection, and an internal *AmCham Healthcare Reform Working Group* – AmCham has been invited to participate in discussions concerning the new Health Code. AmCham's longstanding relationship with the *World Health Organization (WHO)* and the *World Bank*, both of which are also actively involved in producing recommendations for the Health Code, will be a vital part of the AmCham contribution.

The two Council sessions in May and July were devoted to social development issues by request of the Prime Minister. Although the topics proposed for the Council are always selected by AmCham – a demonstration of the Prime Minister's trust - occasionally a suggestion will be forthcoming for a particular topic. Following the *Healthcare Reform* topic of the May Council session, Prime Minister Sagintayev expressed his interest in 'another social development topic' – a break from the Council's usual slate of economic and legal topics.

AmCham was therefore pleased to develop a distinctly different topic for July based on the recent AmCham Awards Gala held in Astana in June, when many of the awards to AmCham members were for social projects benefitting Kazakhstan.

The Council to Improve the Investment Climate
May 2018 – Healthcare Reform and the New Health Code: Protecting the Population's Health

Healthcare reform, both a business topic – the healthcare industry is a massive industry and the major global pharmaceutical companies, private foreign hospitals, and healthcare providers and consultants are present in abundance in Kazakhstan - and a critical need in Kazakhstan's social development, has been an AmCham focus for five years. AmCham has two active Healthcare Working Groups, both listed above.

The longest-standing WG is the *Inter-Ministerial Intellectual Property WG*, which meets monthly with the Ministers of Justice and Health. This Group intensified its focus several years ago on pharmaceutical patent protection. the importance of pharmaceutical patents is not properly understood in Kazakhstan, where counterfeit medicines marketed under brand names are widely sold in pharmacies, as well as procured by the Government for hospitals and clinics. It has proven difficult, if not impossible to remove the counterfeit drugs from circulation or to prosecute the distributors or manufacturers.

The May Agenda featured a broad range of opinion and perspectives. The U.S. and Canadian Ambassadors were followed by five AmCham members – the Leaders of the 2 WGs discussed above, the CEO of a leading AmCham pharmaceutical members, a PwC partner who works with the pharmaceutical industry, and the General Director of the Red Cross/ Red Crescent in Kazakhstan. This assured a good cross-section of the healthcare industry.

The Chair of the AmCham Healthcare Reform WG outlined the three metrics fundamental to provision of healthcare – universality, affordability, and quality. She also discussed the underlying question of whether healthcare is a fundamental human right or a luxury, available only to those with the financial resources to obtain it. She then outlined several models of healthcare coverage in other countries.

The Leader of the Inter-Ministerial IP WG focused on patent protection and Government procurement policy, pointing up the difficulties of Kazakhstan's courts in handling patent infringement cases. He also expressed concern over the new policy of localizing the manufacture of generics without adequate protection for medicines still under patent. He noted the Ministry's tendency to select the least expensive drugs under Government tenders – in most cases, generic - without understanding these drugs are low-quality, and high-risk.

The Red Crescent made 2 recommendations: to establish well-controlled blood banks in Kazakhstan, and to establish a program to teach basic first-aid and emergency life-saving procedures to the general population. Stressing that immediate first-aid techniques can save lives, she spoke about the need to inform and train the population in emergency techniques.

PM Sagintayev spoke at some length about the need for healthcare improvement in Kazakhstan. He also mentioned the well-known practice by Kazakhstanis who travel abroad to buy their medicines due to limited confidence in the authenticity of drugs in Kazakhstan. He also asked AmCham to devote the next Council session to social development

July 2018 Council – Investing in Social Needs: AmCham Member Social Development Projects

In response to the Prime Minister's request at the May Council, AmCham developed a Social Needs agenda for July based on the many social projects that received awards at the June 9 AmCham Awards Gala. The projects selected included 2 medical/ local hospital projects in Atyrau (*NCOC* and *ExxonMobil*), projects providing support to people

with disabilities (*Philip Morris International* and the *Nurlan Kapparov Foundation*), support for refugees (*UNHCR*), support for agricultural education (*Eurasia Group*), and support for Kazakh culture and museums (*KPMG*).

The Council objective was two-fold: to showcase AmCham members' support to the communities in which they live, commitment to Kazakhstan's development in the future, and to focus the Government's attention on areas in which Government support for social needs should be strengthened.

The three Council Ambassadors delivered strong presentations on their countries' approach to social development, or 'social enterprise', as the UK Ambassador termed it. The U.S. Ambassador spoke at some length about integrating people with disabilities into productive public lives that recognized and encouraged their skills. The social enterprise presentation outlined the British development of UK small businesses and service industries based on inclusion of citizens with diverse disabilities.

The two medical projects in Atyrau were 1) *the NCOC project* to include foreign doctors in the Atyrau Regional Hospital to train local doctors on the hospital staff and to provide needed medical equipment to the hospital, resulting in improved medical services to the local population, and 2) the *ExxonMobil project* for improved neo-natal care and training to local medical students in Kazakhstan and abroad.

The Philip Morris project to provide vocational training for the disabled included 240 students over an 8-year period in the Ily region of Kazakhstan. Entrepreneurial training to enable creation of businesses was also provided, and students were placed in jobs upon successful completion of their training.

The Nurlan Kapparov Foundation program is a long-term program delivered in Semey (Semipalatinsk), the location of Soviet-era nuclear testing which caused a broad range of birth defects that continue to plague the region to this day. The Kapparov program supports medical treatment, rehabilitation training and other services for disabled children enabling them to participate in full lives, including in sports. Children in this program take pride in the awards they have won at special sports competitions in Kazakhstan and other CIS countries.

The UN High Commissioner for Refugees, a UN agency operating worldwide, also has operations in Kazakhstan and across Central Asia. Established in 1993 in Kazakhstan, UNHCR has provided services to over 20,000 refugees over the past 25 years beginning with refugees from the Tajikistan civil war.

Afghanistan and Syria are now the main sources of refugees in Central Asia. Hundreds of Afghan refugees cannot return home to their war-torn country, and many children of refugees born in Kazakhstan consider themselves Kazakhstan citizens. Statelessness is also a problem with which UNHCR struggles. There are over 100,000 stateless people in Central Asia today, including 7000 in Kazakhstan for whom education and other social services are not available.

The Eurasia Group, exclusive distributors of John Deere agricultural equipment in Kazakhstan, has for almost a decade been funding and helping to design courses to train agronomists and other agricultural specialists in higher education institutions the country. It has also created an Association to develop Agricultural Methods and Technologies, and signed a 3-year program of agricultural courses with the German Ministry of Economic Development.

KPMG has a long-term relationship with the Kasteyev Museum of Arts in Almaty as a member of the Museum Board and as a funder of the Museum's research and publications. In 2017 KPMG provided funding for the Museum Catalogue of its visual arts collection, a 2-volume publication entitled *Kazakhstan's Painting* that will be completed this year. The Catalogue will be a valuable resource for researchers and collectors, and will be distributed to Kazakhstan's libraries, to international cultural associations, and foreign partners.



AmCham Healthcare White Paper 2018

The *AmCham Healthcare White Paper* was developed over a 3-month period and presented to the Prime Minister and Health Minister at the July *Social Needs Council* session. This is the second White Paper presented to the Government this year in follow-up to the *2018 Investment White Paper*.

The Paper was developed on the basis of the May Healthcare Reform Council session and in consultation with the Almaty WHO and World Bank offices, both of which are engaged in delivering healthcare reform programs to the Health Ministry. The White Paper will serve as the basis for AmCham's recommendations for development of the new Health Code.

WORKING GROUP UPDATE
APRIL - JULY 2018

Almaty

Almaty Trade and Customs Working Group

April On April 11, the Almaty Trade and Customs Working Group met in the AmCham Boardroom under WG Chairperson, Globalink President and CEO Siddique Khan. This has been a very busy year for the Almaty Trade and Customs WG due to the introduction of the new Customs Code in Kazakhstan. Group members were eager to hear from Mr. Khan, who is studying the new Code extensively. Participants discussed changes concerns with the new Code. The Group agreed to meet again in the summer to discuss updates and changes as they develop.

Almaty Technology and Innovation Working Group

May On May 22, the Almaty Technology and Innovation Working Group met in the AmCham Boardroom under Ronald Binkofski, WG Chairperson and General Manager for Microsoft CIS. Legislative changes affecting the IT sector were discussed. Microsoft is working directly with the government as part of the state program, *Digital Kazakhstan*, which aims to develop the country's technological market and digitalize the economy.

Group members were very interested in new legislative changes currently being implemented by the government. However, participants were also concerned about new regulations that empower the government to survey telecom and digital service providers, including Microsoft. The group continues to meet to discuss these changes and address the concerns of the private sector.

Almaty Tax Working Group

June On June 28, the Almaty Tax Working Group met in the AmCham Boardroom to discuss the current status of tax legislation in Kazakhstan. *Olessya Kirilovskaya, Deloitte Senior Legal Manager*, opened the meeting with a presentation on *Criminal liability for tax offences: how it works and what's new.* Her presentation centered around updates to the criminal code for tax offenses and how that affects companies.

The floor was then turned over to *Liliya Kalbayeva, Deloitte Assistant Tax Manager* for her presentation, *Multilateral Instruments (MLI) and its impact on the existing double tax treaties*. MLI is an instrument designed by OECD to address the major challenge of putting anti-BEPS provisions into action by virtue of amending the existing network of bilateral double tax treaties. Since the meeting, the MLI was officially signed into law on June 25, 2018.

Astana

Astana Human Resources Working Group

May On May 22, the Astana Human Resources Working Group was held in the INPEX Astana Office. The session was devoted to the introduction of *Compulsory Social Health Insurance (CSHI)* in Kazakhstan. WG chairperson and *EY People Advisory Services Manager Damir Deminov* presented the results of an EY survey and led a discussion on CSHI implementation in Kazakhstan. The group members learned about CSHI implementation in different companies and pointed out the advantages and disadvantages of Social Health Insurance.

Astana Tax Working Group

May On May 22, the Astana Tax Working Group met in the INPEX Astana Office. The meeting covered updates on criminal liabilities for tax offences. *Olessya Kirilovskaya, Deloitte Senior Legal Manager*, explained changes in criminal liabilities and economic investigation agency policy to the group. Group members had a productive discussion and made several suggestions regarding the development of fiscal criminal responsibility in Kazakhstan. In the second part of the meeting, *Liliya Kalbayeva, Deloitte Assistant Tax Manager*, outlined multilateral instruments (MLI) and their impact on double tax treaties.

Astana Trade and Customs Working Group

May On May 24, the Astana Trade and Customs Working Group met in the GE Astana office under WG Chairman and *EY Senior Associate Samat Karmys*. The meeting was devoted to E-declaration and customs declarations. *Sholpan Dossymkhanova, Deloitte Caspian Region Customs/Tax Manager*, presented on electronic declarations in Kazakhstan and the new *Astana-1 Informational System*. The meeting featured two special guests, *Umitgul Gubasheva, UNCTAD representative*, and *Mainura Shetenova, Head of the Astana Customs Clearance Department*, who answered questions on the Astana-1 System.

Astana Foreign Investment Working Group

May On May 25, the Astana Foreign Investment Working Group met in the General Electric Astana office to discuss investors' rights in Kazakhstan. *Asel Sugurbayeva, Managing Director* for *Kazakh Invest*, outlined main institutions that could be used for arbitration and protecting investor rights, highlighting national courts and mediation processes. The group also discussed the official launch of the *Astana International Financial Center (AIFC),* which will apply English Common Law to investor cases.

Atyrau

Atyrau Corporate Social Responsibility Working Group

April On April 9, the Atyrau Corporate Social Responsibility Working Group met in the Atyrau TCO office under WG Chairperson and TCO Deputy General Manager Haymish Paulse. The session was devoted to corporate social projects in Atyrau. Group members discussed recent TCO projects in the Tengiz region, as well as the *Chevron Atyrau Youth Development Initiative*. In the second part of the meeting, participants focused on the importance of sustainable development in the private sector and suggested several improvements in communication between local communities and businesses.

Atyrau Trade and Customs Working Group

April On April 9, the Atyrau Trade and Customs Working was held in the Atyrau TCO office under WG Chairperson and EY Senior Associate Samat Karmys. The Group discussed changes in the new Customs Code, which came into force on 1 January 2018. *Shintas Brimzhanov, a representative of the Atyrau State Revenue Department*, attended the meeting and commented on controversial Trade and Customs issues. The group also outlined the importance of the recently introduced *Astana-1 Information System and Risk Management System (RMS)*, which aims to digitalize customs declarations.

Atyrau Human Resources Working Group

June On June 21, the Atyrau Human Resources Working Group held its summer meeting at Apec Petrotechnic to discuss Kazakhstani labor legislation. *Zaira Kaysar, Grata International Law Firm Partner/Branch Director*, outlined controversial issues in labor law. The group also discussed employer-initiated labor contract terminations.

Atyrau Tax Working Group

June On June 21, the Atyrau Tax Working Group met to continue its discussion of tax issues in the Atyrau Region. Group members discussed Multilateral Instrument (MLI) adoption as a BEPS prevention instrument in double taxation. *Liliya Kalbayeva, Deloitte Assistant Tax Manager*, explained main provisions in the upcoming treaty, noting the countries in which MLI has been ratified. In the second part of the meeting, *Olessya Kirilovskaya, Deloitte Senior Legal Manage*r, discussed fiscal offences in Kazakhstan.

Aktau

Aktau Trade and Customs Working Group

June On June 22, the Aktau Trade and Customs Working Group met in the Aktau OMV Petrom office under WG Chairman and *EY Senior Associate Samat Karmys*. *Sholpan Dossymkhanova, Deloitte Caspian Region Customs/Tax Manager,* discussed electronic customs declarations in Kazakhstan. *Umitgul Gubasheva, UNCTAD representative, and Samir Alekberov*, *Head* of the *Customs Declaration Department* for the *Mangystau' State Revenue Committee,* answered questions regarding Kazakhstan's new risk management system and the *Astana-1 Information System*.

Aktau Tax Working Group

June On June 22, the Aktau Tax Working Group met in the Aktau OMV Petrom office to discuss international taxation in Kazakhstan and legal issues. *Olessya Kirilovskaya, Deloitte Senior Legal Manager,* presented on criminal liability for tax offences, outlining new processes and practices. Later, the floor was turned over to *Liliya Kalbayeva, Deloitte Assistant Tax Manager*, who discussed Multilateral *Instruments (MLI)* in Kazakhstan. The MLI addresses treaty abuse, the artificial avoidance of PE, and hybrid mismatch. It also sets higher standards for the tax authorities in terms of dispute resolution and arbitration.

Shymkent

Shymkent Foreign Investment Working Group

April On April 11, the Shymkent Foreign Investment Working Group met in the HeidelbergCement office under *WG Chairperson* and *HeidelbergCement General Manager Roman Kempe*. The meeting covered tax legislation. *Aliya Tokpayeva, Deloitte Cross Border/ TMC Senior Manager*, delivered a presentation on the new Tax Code: tax administration, corporate income taxation, and international taxation. In the second part of the meeting, *Olessya Kirilovskaya, Deloitte Tax and Legal Department Senior Manager*, outlined several court cases as examples of deductibility disputes.








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ITECA

AMERICAN CHAMBER OF COMMERCE IN KAZAKHSTAN

MEMBERSHIP APPLICATION

ABOUT AMCHAM

Registered in Kazakhstan as a non-profit organization in March of 1999 with 36 charter members, the **American Chamber of Commerce** in Kazakhstan currently represents over 200 member companies including US, multinational, and local businesses in 30 industry sectors. Their collective investment in Kazakhstan's economy is several billion USD. The AmCham in Kazakhstan is a member of the US AmCham of Commerce in Washington D.C. and has working relationships with many regional business associations.

BENEFITS OF MEMBERSHIP

- ✓ AmCham members participate in an organization existing solely to serve members
- ✓ AmCham actively advocates for reform of the business environment with Kazakhstan Government at senior levels
- ✓ AmCham Members may attend 19 Working Groups in 5 cities plus Inter-Ministerial Working Groups
- ✓ Monthly speaker luncheons with senior government and business leaders are reserved for AmCham members
- ✓ Seminars, conferences, and monthly social networking events are organized for AmCham members
- ✓ AmCham membership contact lists are available exclusively to AmCham members
- ✓ Economic, political, legal, social, and business development information is distributed to members
- ✓ Member companies provide exclusive discounts on products and services to other AmCham members
- ✓ Access to the Members' Only section on the AmCham Website
- ✓ Publishing opportunities are available in *Investors' Voice*, the *Annual Membership Directory, and* Special Publications

MEMBERSHIP APPLICATION

Company Name:

Industry Area:

CEO Name, Signature, Email:

Contact Individual:

Title(s):

Address:

Tel.: **Fax:** **E-mail:**

Please include us in the following Working Groups:

Almaty (7)

- ☐ Foreign Investment
- ☐ Human Resources
- ☐ Tax
- ☐ Technology and Innovation
- ☐ Corporate Social Responsiblity
- ☐ Healthcare Reform
- ☐ Trade and Customs

Atyrau (4)

- ☐ Tax
- ☐ Human Resources
- ☐ Trade and Customs
- ☐ Corporate Social Responsiblity

Aktau (3)

- ☐ Human Resources
- ☐ Tax
- ☐ Trade and Customs

Astana (4)

- ☐ Foreign Investment
- ☐ Tax
- ☐ Trade and Customs
- ☐ Human Resources

Shymkent (1)

- ☐ Foreign Investment

WORKING GROUPS

Working Groups made up of representatives from our member companies provide comment, discussion and submission of positions and represent the united interests of the business community in Kazakhstan by identifying challenges faced by investors and proactively addressing them. Each group meets regularly, providing a forum for networking and the exchange of information. Groups are formed on an as-needed basis at the request of our membership.

GOVERNANCE

The AmCham is governed by a Board of Directors elected annually from and by the membership. Directors currently and in the past have included individuals from the following company members:

AES
AIG Insurance
Baker & McKenzie
BASF Central Asia
Bracewell & Giuliani
BG Group
Capital Bank
Chevron
Citibank
Conoco Phillips
Coca–Cola
Dechert
Deloitte
DUCAT
EBRD
Ernst & Young
GE International
Halliburton
Honeywell
HSBC
Hyatt Hotel
Intercontinental Almaty Hotel
KIMEP
KPMG
LeBoeuf, Lamb, Greene & MacRae
Nestle
PetroKazakhstan
Philip Morris Kazakhstan
Philips Kazakhstan
PricewaterhouseCoopers
Procter & Gamble
Raytheon
Scot Holland CBRE
Tengizchevroil
USAID
Visor Capital
White & Case
Procter and Gamble

OFFICE

Rixos Almaty Hotel Office Tower, 8th floor
506/99 Seifullin Street/Kabanbay Batyr
050012 Almaty Kazakhstan
Tel.: +7 (727) 330 92 50
Fax: +7 (727) 330 92 51
www.amcham.kz

Doris Bradbury
Executive Director
Doris.Bradbury@amcham.kz

Rimma Kazhemyakina
Finance Director
Rimma.Kazhemyakina@amcham.kz

Eric Gerson
Publications / Working Groups Coordinator
Eric.Gerson@amcham.kz

Zhanyl Aidaralieva
Publications / Communications Coordinator
Zhanyl.Aidaralieva@amcham.kz

Islam Ishmukhametov
Regional Working Groups Coordinator
Islam.Ishmukhametov@amcham.kz

Bunyod Abdukarimov
Government Relations Coordinator
Bunyod.Abdukarimov@amcham.kz

Balaussa Kabas
Events / New Memberships Coordinator
Balaussa.Kabas@amcham.kz

Olga Sotnikova
Accountant
Olga.Sotnikova@amcham.kz

Togzhan Smagulova
Administrative Assistant
info@amcham.kz

REGIONAL REPRESENTATIVES

Bela Ferenczi
General Electric
Resident Representative, Astana
Bela.Ferenczi@ge.com

Dorin Baru
OMV Petrom
Resident Representative, Aktau
Dorin.Baru@omv.com

Haymish Paulse
Tengizchevroil
Resident Representative, Atyrau
HPaulse@tengizchevroil.com

Roman Kempe
HeidelbergCement
Resident Representative, Shymkent
Roman.Kempe@heidelbergcement.kz

MEMBERSHIP CATEGORIES AND ANNUAL FEES

Corporate A	(Worldwide revenues in excess of 100 million USD)	$5,000 USD
Corporate B	(Worldwide revenues between 2-100 million USD)	$3,800 USD
Corporate C	(Worldwide revenues not exceeding 2 million USD)	$2,700 USD
Non-Profit		$1,500 USD
Individual**		$500 USD

Corporate membership entitles a company to delegate 3 individuals as AmCham voting members. The number of persons from each company participating in working groups, forums, and business roundtables is usually not limited.

**Individual memberships are available only under special circumstances, for persons not associated with a company.

All applications for membership must be approved by the Board of Directors of the American Chamber of Commerce in Kazakhstan. For further information about membership benefits, the application process, or Investors' Voice magazine, please contact: info@amcham.kz



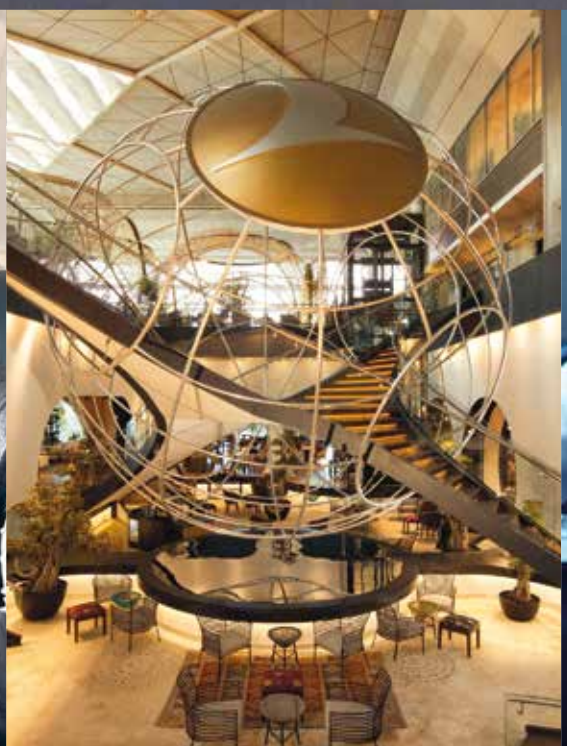
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