

KAZAKHSTAN:
AN ALLIANCE OF CIVILIZATIONS FOR
A GLOBAL CHALLENGE

Ministry of National Economy of the
Republic of Kazakhstan - Institute of Economic Research
Royal Academy of Economic and Financial Sciences of Spain

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FOREWORD

One of the biggest challenges of the Spanish economy after the recent global crisis that began in 2008, and that has been going on for many years, aims to improve the processes of internationalization of companies. For this, the different sectors of the economy focus both on investment and on the strategic position of new markets. In this case, the young country of Kazakhstan emerged from the dissolution of the former Soviet Union and whose independence was declared in 1991 presents great investment opportunities in the Eurasian region.

Kazakhstan is the ninth largest country in the world in extension with 2,724,900 km², being five times larger than Spain and a population of 18,157,078 inhabitants. Its geostrategic position is of great relevance for the stability of Central Asia, as it is a transit country between East and West, with a great logistical and commercial influence due to its presence in the ambitious infrastructure project of the Silk Road, the which will undoubtedly change the global economic outlook in the next decade. The project aims to build new rail lines, ports, pipelines, gas pipelines, power plants, roads and all kinds of infrastructure that positions China at the center of an extensive network of global connections.

Beyond the importance of Kazakhstan in the world panorama for its geostrategic position, it is also important to know different relevant facts that have happened in its short history since the independence of 1991. In

this short period there have been great advances towards modernization of its economy and currently show a stable country according to its macroeconomic indicators. All this, the result of a priority economic policy system established since the beginning of 1992 focused on the strengthening of the banking system, the freedom of prices, the expansion of foreign trade, the fostering of a favorable climate for foreign investments, the saturation of the market of the consumer and, finally, the transfer of public property to private property.

At the political level, since 1990 Nursultan Abishevich Nazarbayev was elected president of the former Soviet Socialist Republic of Kazakhstan. However, with independence and after the referendum of December 1991, being the only candidate, he remained president of the new republic of Kazakhstan for almost three decades, since he was re-elected successively in 1999, 2005, 2011 and recently in 2015 for a period that had been established until 2020. However, although this continuity of the executive branch is a clear sign of political stability, there is currently a certain degree of uncertainty due to the succession debate of the president after his recent resignation. The president's policies during his long term have been very focused on favoring economic development from foreign investment and maintaining the balance of good relations with Russia and the West.

The beginning of this century, mainly between 2000 and 2007, has been a great economic strengthening for the country, as a result of large-scale privatization, business development and also the favorable situation in the world market. Achieving that his economy obtained a fast growth and consolidation that are reflected in an important increase in the exports, high rates of investment and the expansion of the industry. Kazakhstan is a country with large mineral resources, being one of the richest in the world in reserves of oil, gas, titanium, magnesium, tin, uranium, gold and other non-ferrous metals. It is important to note that the excellent results of the economy come from the oil sector, which developed a strategy of stable growth and that has driven all the socioeconomic changes in the country.

The capital of Kazakhstan is Nursultan, whose name was recently changed in honor of the former president who has governed the country since independence until recently. Previously the city received the name of Astana, being the capital from 1997 when it was decided to replace Almaty. The new capital was built almost entirely and is a modern and futuristic city. It is a symbol of the changes and development of the country in recent years.

On the other hand, there are many issues in which Kazakhstan has increased its visibility in the world, highlighting the importance of its foreign policy. Some of these outstanding achievements are: obtain non-permanent seat of Asia in the Security Council for the period 2018 - 2019, celebrate

the Expo Astana 2017 international exhibition, under the theme "Future Energy" and actively participate in the program of Association for Peace of the North Atlantic Treaty Organization (NATO).

The foreign policy of this young country is also reflected in its membership in the most relevant international organizations: The United Nations and its specialized organizations, the Organization for Security and Cooperation in Europe (OSCE) and since 2015 in the World Trade Organization. (WTO). At the regional level, its role as a member in the following organizations is also highlighted: the Commonwealth of Independent States (CIS), the Eurasian Economic Community (EurAsEC), the Conference for Interaction and Confidence-Building Measures in Central Asia (CICA) whose permanent secretariat was established in Almaty since June 2006, the Shanghai Cooperation Organization (SCO), the Collective Security Treaty Organization (CSTO), the Organization of Islamic Cooperation (OIC), the Islamic Development Bank (IDB) and the Eurasian Development Bank (EDB).

The Institute of Economic Research of the Ministry of National Economy of the Republic of Kazakhstan and the Observatory of Economic and Financial Research of the Royal Academy of Economic and Financial Sciences of Spain present this report that offers a clear vision on the economic context and the panorama of investment in different sectors and regions of the Eurasian country. This analysis allows to know different

investment opportunities in a country that, despite having a limited population for the consumer market, has large reserves of oil, gas and various minerals that have allowed an accelerated economic development and that has been marked. It is an economic priority to attract foreign investments and a significant increase in their exports. In this

scenario, Spain, due to its technological potential, mainly in transport infrastructure, renewable energy, urban waste management, pharmaceutical or agro-industry sectors, is one of the countries that Kazakhstan has established as a priority in its commercial relationships.

Prof. Dr. Anna Maria Gil-Lafuente
*Director of Observatory of Economic and Financial Research
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LIST OF ACRONYMS

RK – the Republic of Kazakhstan

CIS - Commonwealth of Independent States

USA – United States of America

EU – European Union

NGO – non-governmental organizations

USSR – Union of Soviet Socialist Republics

WTO – World Trade Organizations

SME – small and medium enterprise

AIC – agro-industrial complex

OECD – Organization for Economic Co-operation and Development

UN – United Nations

UNESCO EDI – Education development index of specialized institution United Nations
Educational, Scientific and Cultural Organization

UNT – unified national testing

EEEE – External evaluation of educational achievements

GDP – gross domestic product

GRP – gross regional product

SECTION 1. GENERAL DESCRIPTION OF KAZAKHSTAN

The Republic of Kazakhstan is a unitary state with presidential government, which became independent since December 16, 1991. Head of the state is Nursultan Abishevich Nazarbayev.

Constitutionally, Kazakhstan is the state with three independent branches of government: executive, legislative and judicial. Current Constitution was adopted on nationwide referendum on August 30, 1995. Kazakhstan claims itself as democratic, secular, legal and social state, which supreme values are: human, his life, rights and freedoms. Single source of official authority is nation.

Legislative powers are implemented by the Parliament, which consists of two

Chambers – Senate and Mazhilis; executive power – by the Government, which consists of central (Ministries and Agencies) and local authorities (Akimats); judicial power is implemented by national courts (Supreme courts and local courts). Underlying principles of activity of the Republic are public consent and political stability, economic development for the benefit of the nation, patriotism, solution of the most important issues of national life by means of democratic methods, including voting on the Republican referendum or in the Parliament.

Private and public property is recognized and equally protected in the Republic of Kazakhstan.

Public holidays in the Republic of Kazakhstan

Holiday title	Date
New Year	January 1-2
International Women's Day	March 8
Nauryz meiramy	March 21-23
Holiday of Unity of Nations of Kazakhstan	May 1
Defender's Day	May 7
Victory Day	May 9
Capital City's Day	July 6
Constitution Day of the Republic of Kazakhstan	August 30
First President's Day	December 1
Independence Day of the Republic of Kazakhstan (national holiday)	December 16

Source: Booklet "Kazakhstan today". Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan. – 2016

Area, position, administrative division, population

Kazakhstan is state, situated in Central Asia, at the back of Eurasian continent. Territory is 2 724 900 km². The country takes the second place by territory's area among countries of Commonwealth of Independent States (hereinafter – CIS), and the ninth place in the world. Kazakhstan is washed by intracontinental seas – Caspian and the Aral. The Republic has common borders with Russia on the north and on the west – 7 591 km (the longest continuous land border in the world), with China on the east – 1 783 km, with Kyrgyz Republic on the south – 1 242 km, with Uzbekistan – 2 351 km and with Turkmenistan – 426 km. Total length of land borders is 13 200 km.

There are 8500 rivers and 48000 lakes in the Republic, deserts and semi-deserts take 54% of its territory, steppes 35%, and forests 5,9%. Moreover Kazakhstan is the largest country without entrance to the World Ocean.

Capital of the Republic of Kazakhstan is Astana, translated from Kazakh language means “capital”. Population in the capital estimated more than 1 mln. as of January 1, 2018, and it trends upwards. Kazakhstan is divided into two time zones: eastern (principal) and western.

General information

TERRITORY

2 724 900 km²

POPULATION

18 157 078 people
as of January 1, 2018

TIME

GMT+6 (Astana, Almaty)

ADMINISTRATIVE- TERRITORIAL DIVISION

14 oblasts
2 cities of republican status
(Astana and Almaty)

NATIONAL LANGUAGE

Kazakh

NATIONAL CURRENCY

KZT

CAPITAL

Astana

RELIGION

>3 000 religious communities of
40 confessions
*Dominant religions – Islam and
Christianity*

Ethnic makeup of the Republic of Kazakhstan is multinational. Kazakhs account

for about 67,0% of population, Russians – 20,2%, Uzbeks – 3,1%, Ukrainians – 1,5%,

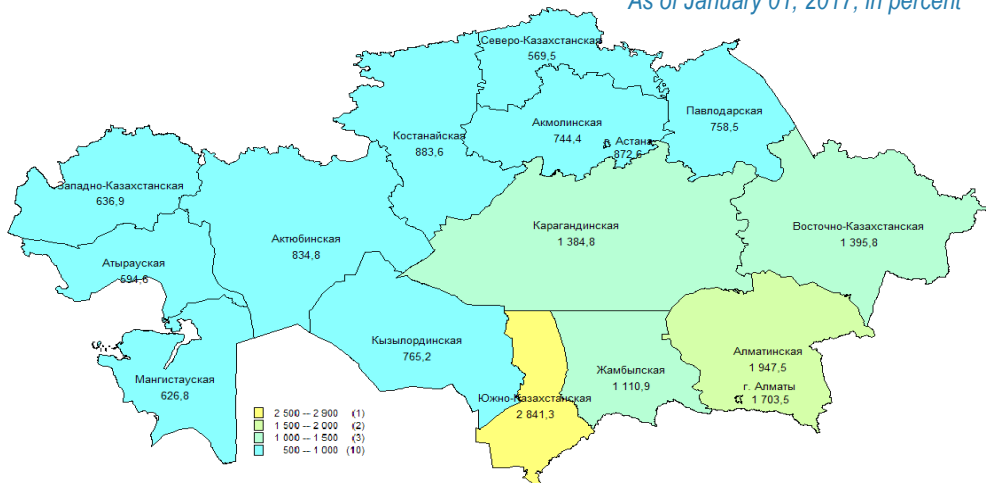
Uigurs – 1,4%, Germans – 1%, other – 6,0%.
Total population is about 18 157 078 people
as of January 1, 2018.

- Average population density – 6,6 people
on km2.

- Share of urban population – 57%.
- Share of rural population – 43%.
- Annual average growth rate of popula-
tion in 2011–2016 – 1,5%.
- Average age of the population – 31,7 years.

Population size

As of January 01, 2017, in percent



Source: Booklet "Kazakhstan today". Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan. – 2016

Natural resources

One of the most important resources of Kazakhstan is its mineral resources. Kazakhstan takes sixth place in the world on stocks of mineral resources. According to some scientific assessments, explored resources of Kazakhstan are evaluated in about 10 trln. USD.

Among 110 elements of the periodic table, 99 elements are detected, 70 are

explored, but only 60 elements are extracted and used. Kazakhstan is one of the richest countries of the world on stocks of oil, gas, titanium, magnesium, tin, uranium, aurum, and other non-ferrous metals.

Kazakhstan is the largest manufacturer of wolfram around the world, and takes first place in the world on its stocks, second place on stocks of uranium and chrome,

fourth place on manganese and argentum, fifth place on stocks of plumbum and zinc, eighth place on total stocks of iron ore (16,6 bln. ton).

The country is the largest manufacturer of uranium in the world, and one of the leaders on manufacturing of chrome, manganese and zinc.

Kazakhstan in world rating on proved stocks and extraction

Title	Place on stocks	Place on extraction	Share in world extraction, %
Wolfram	1	-	-
Uranium	2	1	39,6
Chrome ore	2	3	16,2
Manganese ore	4	8	2,7
Argentum	4	10	3,6
Plumbum	5	11	0,7
Zinc	5	8	2,5
Coal	8	8	1,6
Bauxites (aluminum)	10	8	1,7
Titanium	10	19	0,4
Tin	10	-	-
Iron ore	11	13	1,0
Copper	12	11	2,6
Aurum	15	21	1,7

Source: Committee of geology and subsurface use of the Ministry of Investments and Development of the Republic of Kazakhstan, World Mining Data, 2016

About 300 significant deposits of gold are forecasted in the country, and 173 were explored in details among them. There are gem-quality diamonds among them. In the future, Kazakhstan is able to extract 100 ton of gold per year due to serious investment support. Nevertheless, extracting 1% of all underground stocks of gold, it takes 6th place in the world.

More 100 coal deposits are explored in Kazakhstan, the largest is Ekibastuz

deposit, distinguished by high capacity of brown coal beds, and Karagandinskiy coal basin with stocks of coal more 50 bln. ton of coke coal.

Nowadays 14 perspective basins, which are situated throughout territory of the state, are known, where 160 deposits of oil and gas were explored, recoverable oil reserves account 2,7 bln. ton.

The most important active oil deposits are situated at the coast of the Caspian Sea

– where total stocks are estimated as very magnifical – 3-3,5 bln. ton of oil and 2-2,5 trln. m³ of gas.

Taking into account explored and expected reserves ashore, expert oil stocks in the country are more than 6,1 bln. ton, stocks of gas are 6 trln. m³, where the largest annual extraction was 26,6 mln. ton of oil and 8,2 bln. m³ of gas (in 1991). In-house needs of the Republic are 18-20 mln. ton of oil and 500 thousand ton of lubricating oil per year, 16-18 bln. m³ of gas. Nowadays there are three large oil refineries in Kazakhstan: in Atyrau, Pavlodar and Shymkent, where high-octane gasoline, electrode coke, petroleum bitumen and sulfur are manufactured, and more 30 of mini-oil refineries.

Kazakhstan is rich on stocks of chemical raw materials: there are the richest deposits of potassium and other salts, orates, compounds of bromine, sulfates, phosphates, various raw materials for paint and varnish industry. Large stocks of sulfur pyrite, consisting of complex ores, allow production of sulfuric acid and other chemical products, which are very important for the economy. There are infinite possibilities on production of different kinds of petrochemical synthesis products (especially ethylene, polypropylene, and rubber), synthetic detergents and soap, feed microbiological protein, chemical fibers, synthetic resin and plastic materials, cement.

Raw material base of chemical industry

OIL AND GAS CONDENSATE

3,9 bln. ton

12th place in the world

PHOSPHATES

1 bln. ton

14th place in the world

POTASSIUM

6 bln. ton

COAL

162 bln. ton

7th place in the world

NATURAL GAS

0,9 trln. m³

24th place in the world

PHOSPHORUS

1 bln. ton

Access to low-cost raw materials and stable demand on the part of metallurgical sector of Kazakhstan allow development of manufacturing of different kinds of commercial chemicals. Output of hydrogen chloride,

caustic soda, sulfuric acid, chloride and calcium hypochlorite, and also of phosphoric acid, are the most popular and prospective.

There are perspectives for creation of agrochemical production in Kazakhstan,

particularly phosphate and nitrogen fertilizers. Manufacturing of fertilizers and nitrogen-containing mixtures achieved 28,9 bln. KZT, manufacturing of pesticides and other agrochemical products is at level of 14,4 bln. KZT.

Kazakhstan has the richest primary resources for glass, porcelain and

earthenware industry. Its mineral resources and mountains contain the rarest precious stones, various construction and finishing materials. Mineral, medicinal, industrial and thermal waters can be called as other resources of Kazakhstan, but they are not extensively usedⁱ.

SECTION 2. STRATEGIC WAY OF KAZAKHSTAN

Since gaining independence, the country is a subject to a lot of changes in all areas of living environment.

Kazakhstan selected a way, focused on a construction of sovereign, democratic, constitutional state. Year by year, our country has moved to its purpose, by realizing necessary changes.

Kazakhstan rushed in its political and socio-economic development during the years of independence. This success is related to the nation of Kazakhstan, which preserved and strengthened tolerance in the society and respect for individual, regardless of its social status, national identity and religion.

Beginning of 1990 is time of the **First modernization**. The country successfully performed “triple transit” in economic, social and socio-political areas within this period.

Principle of separation of powers on legislative, executive and judicial was reflected in state structure. Process of multi-party system establishment was on the rise, civil rights and freedoms were essentially expanded, first nongovernmental organizations (hereinafter – NGO) and independent media appeared.

Law “On election of President of Kazakhstan SSR” was adopted on October 16, 1991, which established new order of election of the head of state by national vote.

First nation-wide presidential election in Kazakhstan was performed on December 1, 1991. New election filled

concept of sovereignty with alive and convincing content, improved international prestige of Kazakhstan.

The largest pilot nuclear test site was closed in Semipalatinsk in the second half of 1991 by Decree of the President.

Creation of foundation of market economy model, formation of private ownership was begun in the same year.

Kazakhstan declared its state sovereignty on December 16, 1991.

Work with Strategy for establishment and development of Kazakhstan as sovereign state was begun at the beginning of 1992. This Strategy organized priority system of economic policy: strengthening of banking system, free pricing, external trade expansion, creation of favorable climate for foreign investments, saturation of consumer's market and, finally, transfer of national property to private ownership.

Parliamentary presidential form of government was founded in the country.

Reforming of educational system was begun in 1992. A number of policy documents were adopted within the framework of this reform. New types of schools were added: lyceums and gymnasiums. New subjects, test systems, Master's and Bachelor's degrees and other updates were introduced in higher education.

The same year, one of the most important trends of country's social policy was working towards returning Kazakhs, who left Kazakhstan involuntary, to the country, and

a decision regarding invitation of repatriates to their historical homeland was made.

All changes in political system during the period (1993-1995) were fixed in adopted **first Constitution** of 1993. Principle of separation of powers was fixed. Representative, executive and judicial authorities of the country were determined as independent governmental departments.

Alternative election to the Parliament of the country was performed for the first time, new representative government bodies were formed on site – Maslikhat.

Private ownership right was defined in the Constitution of the Republic of Kazakhstan for the first time and the first measures on privatization and denationalization were taken. Privatization in the country was performed step-by-step. National programmes were primary management tools of these processes on each of stages.

Kazakhstan introduced its **own national currency - tenge** in November 1993.

One of the most outstanding examples of far-sightedness and strategic vision during that period was establishment of **International award called “Bolashak”** for training specialists with foreign education.

Banking reform was performed at the beginning of 1994.

Further (1995 – 1998) a process of creation of the country's political system architecture was observed. Development of political system of Kazakhstan was defined by provision of the Constitutions of 1995, which was adopted on referendum, and confirmed transition to presidential government.

Professional **two-chamber Parliament** was founded in the country. Territory vastness, multicultural population composition, unformed civil society, establishment and development of political culture and parties were strong arguments in favor of presidential government in Kazakhstan.

Reorganization of public health system was begun in 1995-1996. Main thrusts of the reform were introduction of medicine with many structures (state medicine, compulsory medical insurance, private sector).

Formation of regulatory framework of market economy was begun. So, law, regulating state support of small business, was adopted in 1997.

Development strategy of the country – **“Kazakhstan-2030”** was declared the same year in a Message of the President. Kazakhstan was the first among newly independent states of ex-USSR, which proceeded to such major strategic planning. This large-scale programme is a document of historical and political importance. Way of new independent national development of Kazakhstan as independent state was built-in in the strategy. Peculiarities and external development factors of the country are taken into account in the document.

Strategy-2030 contained seven long-term priorities – national security; internal stability and society consolidation; economic growth based on market principles, with high level of foreign investments and domestic savings; health, education and prosperity of Kazakhs; power resources; infrastructure, particularly transport and communication;

professional state. These priorities impacted on formation of state budget, each item supposed particular actions on implementation of annual, three- and five-year plans. So, next tasks of the country and the society were timely pension payment, payment of benefits and salary to public sector employees; crediting of small and medium-sized businesses and farms with 100 mln. USD with simultaneous reduction of loan rates for farms; schools computerization, firstly rural.

Next period (1998-2000) is characterized by strengthening and growth of democratic element of political system of the country. General trends of political reforms, focused on development of democratization, were presented in annual messages of the head of state to nation of Kazakhstan in 1998 and 2000.

Step-by-step construction of parliamentarism, based on multiparty system, was observed for creation of democratic state. There are 7 parties in Kazakhstan nowadays.

Pension reform was begun in 1998. Kazakhstan is the first country among CIS countries, which performed reform of pension coverage. Its main principle was transition from state "united" to stocking system of pension coverage.

National fund of the Republic of Kazakhstan was founded in 1999, and its primary purposes are guarantee of stable social and economic development of the country, accumulation of financial assets for future generations, decrease of economic dependence on impact of negative external

factors, decrease of dependence of the republican and local budgets on world prices' market conditions.

Within that period of time, principal direction of socio-economic policy was construction of post-crisis economic development model, based on high rates of development of commodity sector: oil and gas fields' development with the purpose of rehabilitation of other economic branches and rise of income in national budget.

Major decision of economic policy of the state of that period was vector for creation of competitive production.

Period 2000-2002 is characterized by further transformations. It was beginning of the **Second modernization** of the country. Each Message was a new step during implementation of the Strategy "Kazakhstan-2030", and set clear missions for the next year. The Government prepared five-year indicative and ten-year strategic plans in 2000, where priority of economic growth was stipulated. The Strategy became more and more concrete and practical.

It was necessary to work out the strategy for further political changes in 2000-2001 due to delays of political reforms' rates from economic transition.

These offers were presented in the President's Message to people of Kazakhstan "To free, efficient and secure society" in 2001. Tasks on society democratization by primary trends, among which the most important are expansion of authorities of representative bodies, expansion of elective and improvement of elective legislation

and also consolidation of civil society organizations, were assigned within the framework of the Message.

Ten-year strategic plan of the country development was generated in 2001 in order to implement the Development strategy up to 2030.

Efficiency improvement of the state's activity with a focus on division of powers between public management levels, quality administration of public services were important strategic priorities within ten-year period.

As a result of implementation of the aforementioned strategic plan, areas of public health, education and social protection of the population have experienced noticeable transformations.

Kazakhstan **was designated as market-economy country** within the same period, in 2002. Appropriate conclusion was given by the United States Department of Commerce, based on such parameters as national currency convertibility, attraction of foreign investments in development of the country, level of corruption etc. The same year, Kazakhstan became the first country among CIS countries which received **sovereign investment rating**. It officially confirmed that favorable conditions for investments were created in the state.

Period, characterizing with successful operation of market economy institutes, was begun in 2003. Private sector of the economy, tax, and trade and investment legislation was formed and is growing in strength. All these guarantee free promotion of sales and capital.

“Strategy of industrial and innovative development of the Republic of Kazakhstan for 2003-2015” was adopted in 2003, it aimed at achievement of stable development by means of diversification of economic sectors and departure from raw materials' trend of development. Some programmes were adopted in addition to the strategy: formation and development of national innovative system; extension of social reforms; microcredit development; development of small and medium business, education in 2005–2010, space industry, dwelling building, securities market, and road industry for 2006–2008 and others.

Presidential election of 2005 upended the whole era of sovereign development of the country and became preface of its new stage, specific character of which is complete political modernization of Kazakh society together with economic restructuring.

In 2005, Kazakhstan entered group of countries **with medium income** according to the classification of the World Bank.

Message to people “Strategy of Kazakhstan inclusion into fifty of the most competitive world countries” added fresh impetus to reforms in 2006. It was suggested in the strategy to focus on such important trends as implementation of breakthrough international projects, development of competitive production, integration into international economy by means of participation in regional and international economic alliances, development of transport infrastructure.

New constitutional amendments were introduced in 2007: expansion of authorities

and privileges of legislative power, new structure of party field, development of real civil society and nongovernmental sector.

Social and economic peculiarity of the Message of 2008 was driven by the need in optimization of economic institutes, improvement of legislation and strengthening of the state's social policy.

Global financial and economic crisis of 2008–2009, which led to depression and uncertainty, updated role and actualized the Messages to Kazakh people.

Trends, which do not allow GDP reduction and maintain economic growth, were clearly denoted in a 2008's Message.

The same year the government of the Republic of Kazakhstan adopted action plan on stabilization of the economy and financial system for 2009-2010. Five key trends were determined in it: financial sector stabilization; problems' solution on real estate market; SME development; agro-industrial complex development, and also implementation of innovative, industrial and infrastructure projects. Implementation of crisis response measures was begun. Strategy of regional employment and personnel development ("Road map") was implemented in parallel.

Important milestone in evolution of the country was 2010 year. **Strategic development plan of the Republic of Kazakhstan up to 2020** was approved in Kazakhstan within that period. Such planning was proper response to challenge, which appeared due to world crisis. The main purpose of the strategy is to guarantee qualitative economic growth by means of modernization, human

resources development and strengthening the institutional base.

National programme on forced industrial and innovative development (hereinafter –NPIID for 2012-2014 was begun. The national programme included ten industrial programmes, "Industrialization map for 2010–2020" and "Scheme of rational distribution of production capacity". Mechanism of NPIID implementation on regional level was programme "Business road map up to 2020", aimed at improvement of business activity and creation of infrastructure of business support.

In view of long-term execution of some trends of the Strategy "Kazakhstan-2030" and inclusion of the country to 50 developed states, the President announced new policy, having adopted **Strategy "Kazakhstan-2050"**. Kazakhstan took the 50th place in the world on GDP volume in 2012, and the 50th place in rating of global competitiveness in 2013. These achievements allowed declaring that modern Kazakhstan succeeded as state. Therefore, **inclusion of Kazakhstan to 30 of the strongest world economies** was declared as the main goal by the Head of the state in December 2012.

Establishment of new development strategy was stipulated by geopolitical changes in the world, slowdown in global economy growth, which brought new challenges and opportunities before in the country.

Seven priority trends of the country development were determined in the strategy "Kazakhstan-2050":

1. Economic policy: universal pragmatism according to principles of profitability, return on investments and competitiveness.

2. Comprehensive business support – leading force of national economy.

3. New principles of social policy: social guarantees and personal responsibility.

4. Knowledge and competencies – education and personnel development points.

5. Strengthening of statehood and democracy development.

6. Coherent foreign policy: promotion of national interests and assistance in strengthening of regional and global security.

7. New Kazakh patriotism is a formula for success of multicultural and multi-faith society.

Nowadays, long-term priorities, laid in the Strategy “Kazakhstan-2050: new political trend of successful state”, are reflected and detailed in following documents of state planning system according to hierarchy.

President declared new economic policy of Kazakhstan “Nurly Zhol”, which is aimed at continuation of structural reforms in the economy, in his Message in 2014. Infrastructure development plan became a core of the new policy.

President proposed Plan of nation – 100 specific steps on implementation of five institutional reforms for strengthening Kazakh statehood and inclusion into top 30 developed world countries in 2015. These are five steps, which shall be consistently passed by the country: formation of professional state apparatus, guarantee of supremacy of statute law, industrialization and economic

growth, identity and unity, formation of accountable state.

Kazakhstan passed initial stage of complicated global transformation by following economic policy “Nurly Zhol” and Plan of nation – 100 specific steps.

Third modernization, which guarantees global competitiveness of the country, was declared by the President of the country in its Message in 2017 as the next step of the state's development after successful implementation of two modernizations.

Important event in political life of the country in the same year was constitutional reform. This reform stipulates partial transfer of powers from the president to the government, and formation of new balance between branches of government.

In his Message to the people of Kazakhstan in 2018, the president determined a number of solutions, which allow adaptation and orientation in a new world – world of fourth industrial revolution.

“Strategic development plan of the Republic of Kazakhstan up to 2025” (hereinafter – Strategic plan up to 2025) was approved for initiation of third modernization of the country in 2018. Strategic plan up to 2025 replaced Strategic plan up to 2020, which purpose was overcoming consequences of the global financial crisis and development of diversified economy. Main tasks and target indicators of Strategic plan up to 2020 were achieved in advance; remained ones are implemented through national programmes and plans.

New model of economic growth, based on promotion of export-oriented production due to productivity improvement and complexity of the economy, development of human capital and attraction of private sector in the context of increased competition, leading role of private sector, and implementation of potential of country's regions development, were laid as a basis of Strategic plan up to 2025.

Besides that, in March of 2018 President of Kazakhstan announced five initiatives aimed at social modernization:

New opportunities for each family to purchase accommodation

Reducing the tax burden to increase the wages of low-paid workers

Increasing accessibility and quality of higher education and improving students' living conditions

Microloans increase

Further gasification of the country

Thus, through to political stability and public consensus, Kazakhstan began the process of economy, policy and consciousness modernization. Independence of the country successfully passed historical examination: overcoming a lot of challenges and testing, Kazakhstan accomplished as prosperous state with vibrant economy

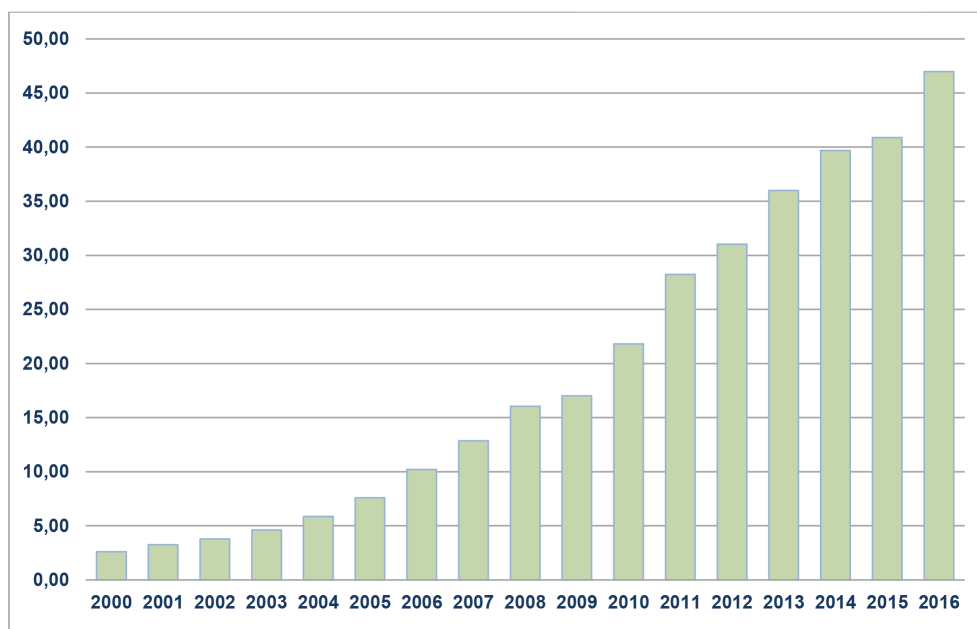
SECTION 3. ECONOMIC GROWTH

The beginning of XXI century was period of rapid growth of Kazakh economy. The growth was promoted by weighted course of Kazakhstan towards urgent performance of consistent economic reforms, large-scale privatization, entrepreneurial development, and also favorable conjuncture on the world market.

Economy of Kazakhstan strengthened its potential and achieved high ranges stable development in period between 2000 and

2007. Changes for the better were stipulated by notable increase of export, high rates of investments and industry increase. By the middle of the first decade of new century, Kazakhstan became one of the most dynamically developing countries in the world. Annual increase of Kazakh GDP was 9-10% within that period. The country advanced new independent states by many indicators, and joined the ranks of world leaders by GDP growth rate.

**Dynamics of GDP of the Republic of Kazakhstan
in current prices for 2000-2016**



(Gross Domestic Product in current prices, trln. KZT)

Source: Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan

According to classification of the World Bank, Kazakhstan entered the group of countries with medium income and in terms of GDP per capita of the world rating among 211 countries in 2007 by reaching the 88th position. Moreover, simultaneously, Kazakhstan was included into the group of 25 the most investment-attractive world countries. Economic development in 2000's escalated faster, than had been expected. GDP rate has doubled in 2008 in comparison with 2000.

Moreover, Kazakhstan doubled its GDP per capita within three years period between 2005 and 2007: this important index exceeded USD 7,000 in 2007. But in comparison with the middle of 1990s this index has increased ten times.

Economic policy of Kazakhstan provided excellent results. Oil sector provided economic growth. Strategy of stable growth of oil industry was developed, which promoted the whole economy and social area of the country. Milliard ton of oil was extracted in Kazakhstan in September 2005. Positions of Kazakhstan as appropriate investor in oil and gas projects, implemented in the country, were strengthened, conditions of product sharing with foreign oil companies, performing oil extraction in Kazakhstan, were established.

Large domestic enterprises, specializing in extraction of raw materials, ore, metal production, made a large contribution to economic growth of Kazakhstan. Status of special importance was allocated to the production of natural uranium, which is a

critical raw material for nuclear industry. In 1997, Kazakhstan was on the 13th place in uranium extraction, the state took third place after Canada and Australia in 2003, and became the largest supplier of uranium in the world in 2010.

In 2012, uranium extraction in Kazakhstan accounted 37% of the whole world production output.

Economic growth model, which was formed within the period of high prices on main export goods, allowed successful social and economic development. Content-wise, it was based on transformation of high primary revenue into domestic demand.

World economic crisis was a great challenge for durability of Kazakh economy. The next, more powerful wave of crisis led to sharp decline of world prices on Kazakh export products. Oil prices decreased almost four times within 2008 and metal prices declined twice in comparison with previous prices. This led to growth rate reduction of Kazakh economy: GDP growth was only 3,3%.

Foreign trade turnover of Kazakhstan decreased on one third in 2009. World economic crisis detected necessity in diversification of national economy.

At the beginning of 2010 economy of Kazakhstan demonstrated considerable growth, having overcome consequences of world crisis of 2007–2009.

GDP increase was 7,5% in 2011. Kazakhstan took third place in the world after India and China on ratio of GDP and investments.

GDP increased almost 6% in 2012. Kazakhstan entered fifty largest economies on GDP volume in December 2012, and took 50th place among 148 countries (between Italy and Portugal) in Global competitiveness rating of the World Economic Forum in 2013. The highest result in this rating was achieved in 2015, when Kazakhstan reached 42nd place (between Poland and Italy). General mission - to enter fifty of the most developed countries in the world was almost accomplished.

Rates of economic growth decreased to 4,3% during completion of primary products' supercycle in 2014. However, Kazakhstan achieved preservation of GDP growth – 1,2% in 2015, and 1,1% in 2016 against instability and recession in partner countries.

Kazakhstan took 43th position in the World Bank's rating of GDP per capita in 2016. Preservation of general stability in 2015-2016 meant that certain anti-crisis, stabilization steps were made in correct direction.

Other economic sectors were developed together with raw material sector.

GDP breakdown by branches for 2013 – 9 months of 2017, %

Branches	2013	2014	2015	2016	9 months of 2017
Production of goods	38,2	37,5	35,6	36,0	37,7
Agriculture, forestry and fishing industry	4,5	4,3	4,7	4,5	4,5
Industry	27,7	27,3	24,9	25,5	27,6
Mining industry	15,2	15,1	12,6	12,9	14,0
Processing industry	10,6	10,3	10,3	10,6	11,5
Electrical supply	1,6	1,6	1,7	1,7	1,8
Water supply	0,3	0,3	0,2	0,2	0,3
Building	6,0	5,9	6,0	6,0	5,6
Tertiary industries	53,2	54,8	59,3	57,9	55,9
Trade	15,0	16,0	17,1	16,9	15,5
Transportation and warehousing	7,6	7,9	8,6	7,9	7,7
Services on accommodation and food	0,9	0,9	1,0	1,1	1,0
Information and communication	2,6	2,5	2,6	1,7	1,8
Financial and insurance activity	2,7	3,0	3,5	3,6	4,0
Real estate operations	8,4	8,3	9,0	8,9	7,6
Professional, scientific and technical activity	4,3	4,2	4,6	4,6	4,1
Activity in the area of administrative and additional servicing	1,8	1,9	2,1	2,2	2,1

Branches	2013	2014	2015	2016	9 months of 2017
Public management and defense; compulsory social benefits	2,0	1,9	2,0	1,9	2,3
Education	2,9	2,8	2,9	3,0	3,5
Public health and social services	1,6	1,7	1,8	1,9	2,2
Art, entertainment and recreation	0,7	0,7	0,8	0,8	0,7
Rendering of other kinds of services	2,8	2,9	3,3	3,4	3,3
GVA	91,4	92,4	94,9	93,9	93,9
Net taxes on products and import	8,6	7,6	5,1	6,1	6,4
GDP	100,0	100,0	100,0	100,0	100,0

Source: calculations on the basis of data of Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan

So, share of goods production in structure of the country's economy in 2013-2016 has decreased from 38.2% in 2013 to 36% in 2016, and share of services has increased from 53.2% to 57.9%. With economic development, increase in share of services in the structure of the economy is common for many developing economics.

Primary share in sector of services is occupied by **trade, transportation, real estate transactions and financial activity**.

New event in 2000s was development of new industries, including production of trucks and cars, diesel locomotives, electric locomotives, wagons.

Average increase rate of GVA of agriculture was 4.5% in 2013-2016, and 6.0% of construction.

Small and medium business is actively developed. Share of SMEs in GDP increased significantly from 10.5% in 2005 to 26.8% in 2016. Nowadays SMEs employ

about 3.2 million people; number of active SMEs in 2016 was about 1.2 million units.

Positive development dynamics, which main catalyst is National program of industrial and innovative development implemented in Kazakhstan, is observed in industrial sector of the economy. It is focused on accentuated stimulation of competitiveness of the manufacturing industry, increase of labour productivity and increase of export volume of processed goods. This will create a new base for industrial growth.

The program is solely focused on the problems of processing sector development. This predetermined necessity of parallel launching of other programs on diversification and promotion of related economic sectors - primarily, productive services sector, agriculture, economy digitalization, etc.

It is planned to achieve following economic indicators by 2019 as a result of the Program implementation:

1. Growth of export volume of manufacturing production by 19% by 2015;

2. Increase of labour efficiency in processing industry on 22% in real terms in comparison with 2015 level;

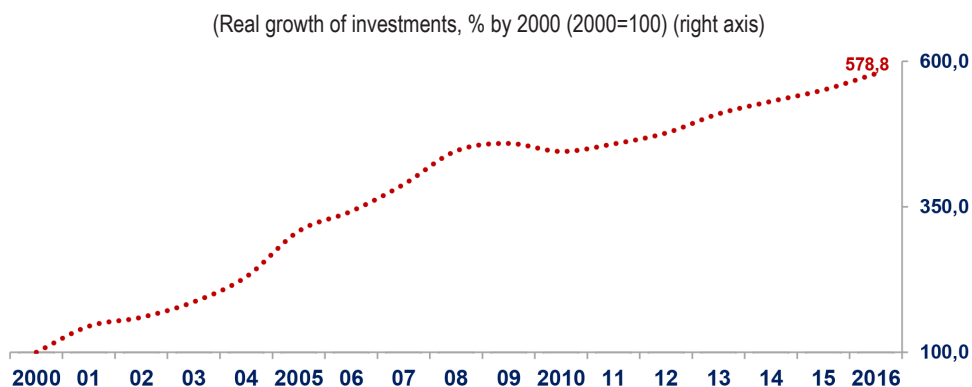
4. Investment amount to capital stock of processing industry in the amount of 4,5 trln. KZT;

Hereinafter, at later stages of industrialization, support will be given to mass output and strengthening of efficient Kazakh producers on regional markets.

Also it is worth noting that investments play a key role in the development of the economy of any country. Solution of socio-economic problems, related to guarantee of economic growth, increase of living standard of the population, country's competitiveness, and macroeconomic stability, depends on the volume, and state of investment process.

Fixed investments in Kazakhstan in real terms increased 5.8 times within 2000-2016.

Dynamics of fixed assets for 2000-2016



Source: Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan

Average ratio of fixed investments to GDP was 23.7% within 2000-2016. Average growth of economy of the Republic of Kazakhstan exceeded 10% during a period of accelerated growth of fixed investments (2000-2007 - 28% to GDP).

Investments in mining sector are growing because of large industrial projects being implemented in oil-extracting sector, such as

Kashagan, Karachaganak and Tengiz,.

Share of processing sector is growing in structure of fixed investment, during the implementation of the industrial program.

Formation of new drivers of economic growth and further industrialization became the main purpose of Kazakhstan. Economic development was promoted by improvement of conditions for business.

Eurasian Economic Union began its work in 2015; Kazakhstan entered World Trade Organization, which opened new opportunities for domestic exporters and foreign investors. Second industrial five-year plan, infrastructure program “Nurly Zhol” and Plan of Nation - 100 concrete steps allowed Kazakhstan to pass the most complicated stage of adaptation to a new global reality.

Precisely willingness of the state to any turn of events provided stability of the economy, despite of unfavourable conjuncture.

Economy of Kazakhstan sustained shock from low oil prices, delays in economics of key trading partners and is gradually adapting to new realities. GDP growth achieved 1,1% in 2016, having increased official forecast by 0,5%. The country returned to the way of confident growth in 2017, by overcoming negative consequences of the world crisis.

Level of gross domestic product at purchasing power parity per capita was 26 072 USD in Kazakhstan in 2017.

By the end of 2017, **GDP growth was 4.0%**. What was its key feature?

Firstly, 2/3 of GDP increase was provided by non-resource based economy. Processing and service segments of economy increased their role.

Share of raw material sector contribution was 33% in 2017 (agriculture - 3%, mining - 30%), non-oil and gas sector - 60% (processing - 14%, electricity and water supply - 2%, construction - 3%, services - 41 %) and net taxes – 7%.

Secondly, almost all economic sub-industries demonstrated positive growth (from 21 industries in 2016 to 31 in 2017).

Thirdly, processing industry demonstrated five-year maximum of 5,1% against previous indicators, which ranged from 0,2 to 2,9%.

Fourthly, “desirable” sectors have grown. Pharmaceuticals increased by 41.8%, automobile construction by 39.0%, light industry by 7.3%, chemistry by 7.2% and metallurgy by 5.9%.

Fifthly, export of non-commodity goods increased by more than 22%. Product line expanded inside it: supplies of household appliances, buses, textiles and other products increased to foreign markets (exports of these goods was 1.5 billion US dollars or more in 1.5 times).

What had an impact on quality of economic growth? Inflation stabilized, decreased to 7.1%, fixed investments increased, macro-economic background was stable.

National programs have also demonstrated outcomes.

120 projects have been introduced in 2017 according to Industrialization Map. 10 thousand permanent work places were created.

National Export Strategy was approved, support in the amount of 50 bln. KZT was provided to 400 manufacturers-exporters (or to every fourth exporter).

More 4,000 km of roads were reconstructed under the programme “Nurly Zhol”, and transit container carriages increased by 30% (348 thousand containers).

Programme “Nurly Zher” was launched, in total, 11.2 million m² of housing was commissioned (6.2% by 2016), and more than 100,000 families received new housing.

According to National Program for development of Agro-Industrial Complex, 851 cooperatives have been formed; 132,000 tons of milk and 33,000 tons of fruits and vegetables were produced over the past year.

Credits in the amount of 286 bln. KZT were cheapened and guaranteed according to programme “Business Road Map 2020”, 23 thousand of business owners were educated. 192 thousand of business subjects received a support in 2017, which is 10,3% more in comparison with 2016.

500,000 citizens were supported according to Program for Development of Productive Employment and Mass Entrepreneurship, 315,000 of them were employed on permanent jobs.

Amendments for quicker transmittance of public resources to the economy were made in the Budget Code at the end of 2017.

New Tax Code was introduced on January 1 of current year.

Fines (for understatement of advance payments from 40% to 20%) were reduced. Grounds for tax inspections were reduced. There are incentives in electronic commerce, automobile construction, geological exploration, processing of raw materials and attraction of investments. Tax procedures were simplified for SME and AIC.

Ideology has been changed - it is aimed at protection of honest business and administration is simplified.

Public-private partnership has revived. 160 agreements for 146 billion KZT have been signed within 2017.

542 projects for an amount of 1.8 trln. KZT are at a stage of preparation.

Investors will be able to plan long-term investments, as guarantee for consumption for three years and more was formalized in legislation.

External environment also positively influenced on intra-economic activity. Factors of positive external conditions were higher price environment for oil and metals, as well as improvement of economic situation of main trade partners of Kazakhstan - EU, Russia and China.

Positive shifts in foreign trade were registered. Key role in activation of reconstructive processes was played by price factor. Inflation background decreased by 1.4 percentage points, and was 7.1% in comparison with 2016.

Stable growth of economic sectors, international recognition, and political stability became the basis of prosperity of Kazakh society.

Main **trends of economic policy for 2018** will be:

- maintenance of macroeconomic stability;
- provision of favourable business climate;
- development of economic sectors, including digital component;
- development of transport and logistic infrastructure.

Development of economic sectors, including digital component, will continue by means of industrialization policy implementation

through guarantee of access to project capacity of Industrialization Map's projects and increase of high-tech industries' share. Work on stimulation of introduction of elements "Industry 4.0.", such as Big data, cloud technologies and 3D-printing, will be performed.

Development of third five-year industrialization will begin, aimed at formation of

industry of "digital era" with the emphasis on innovation, technology transfer and promotion of digitization of processing industry.

So, economic policy of Kazakhstan will allow provision of further stable economic growth and maintenance of inflation rate in a new target corridor of 5-7% in 2018.

SECTION 4. QUALITY OF LIFE

Level and quality of life

Nowadays, social policy is an important lever for development and achievement of high living standards in general in each country, and therefore development and improvement of quality of life of the population is one of Kazakhstan's top priorities, as reflected in many country policy documents. Applied efforts and taken measures for improvement of level and quality of life of the population have achieved some success. It should be noted that for the further socio-economic development of the country, achievement of level of OECD countries is an important aspect.

According to estimates of United Nations Development Program (UNDP), Kazakhstan is in the category of countries with a high level of human development and **took the 56th place in Human Development Index rating in 2016.**

Kazakhstan took the 7th place with the result of 74 percentage points in annual **happiness index**, made by International Association of Independent Research Agencies Gallup International. Ten of the happiest countries also included Fiji, Colombia, the Philippines, Mexico, Vietnam, Papua New Guinea, Indonesia, Argentina and the Netherlands.

Kazakhstan took 74th place in **The Social Progress Index** of international research project The Social Progress Imperative, which measures achievements

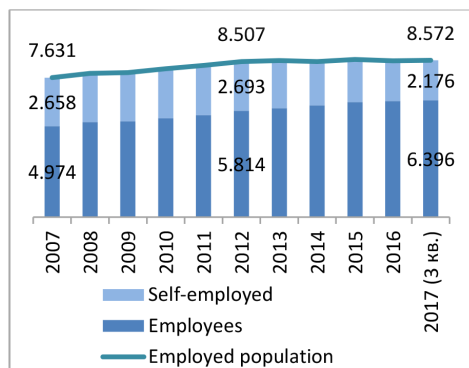
of world countries in terms of their social development in 2017 among 128 countries with index value of 66,01.

Considering components of quality of life of the population, such as income and welfare of the population, the following shall be noted:

National labour market has undergone significant changes over 25 years of independence: level of economic activity of the population has increased, number of employed in the economy has increased, unemployment rate has decreased (especially among youth), share of self-employed in the employment structure has decreased, growth of real salary in the country was observed, there were changes in employment structure by economic sectors (public and private sector, formal and informal sector). Role of small and medium-sized enterprises and role of the service sector in employment has been strengthening gradually.

Nowadays, the unemployment rate in Kazakhstan is low - 5% and this indicator weakly responds to cyclic fluctuations of economic growth rates. This is related to the fact that there is a "shock absorber" in the form of self-employed population, part of which is engaged in informal sector of the economy.

Number and structure of employed in the Republic of Kazakhstan, thousand people



There is a gradual decrease in share of self-employed population: from 35% of total employed population in 2007 to 25% in 2017. But, there are regions, where share of self-employed population is still very high: South Kazakhstan - 44%, Zhambylskaya - 40%, Kyzylordinskaya and Akmolinskaya oblasts - 35%.

Unemployment rate has reduced from 7.3% to 5% within the last 10 years, level of youth unemployment (18 years - 24 years) has decreased from 9.4 to 3.9%.

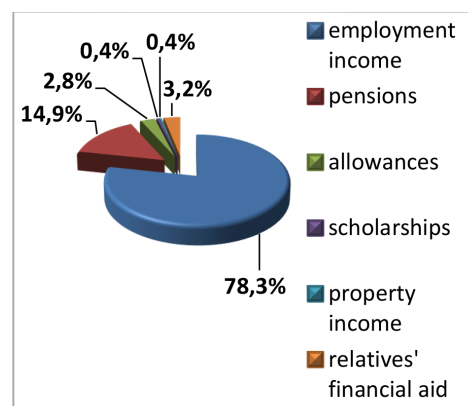
Share of qualified personnel in the labour force is increasing and share of low-skilled and unskilled employees is reducing throughout recent years. Share of people with higher education increased from 26.2% to 35.6% during 2010-2016 in structure of labour power, their number increased by 42%; share of people with secondary vocational education increased from 28% to 35%, their number increased by 30%.

As to employment, more than 74% of population in Kazakhstan, from 15 to 64

years old, are gainfully employed, which is significantly higher than the average level of employment in OECD countries (66%). Among men, about 79% are gainfully employed and 69% among women. Kazakh people work 1,805 hours per year in average, that is more than employees in most developed OECD countries (1,763 hours).

Being main source of income for the population, average salary in Kazakhstan has doubled within the last six years. In 2016, 78.3% of population income consisted of employment income, 68% among them was income from direct employment, 10.3% - income from self-employment and entrepreneurial activity. Then, there is an income in form of pensions that made 15% of household income structure in 2016. Lesser share in household income was occupied by benefits - 2.8% and welfare assistance from relatives - 3.2%.

Income structure



Housing provision. One of the most important tasks of the state's economic policy is a provision of affordable housing to citizens.

National programs of housing construction development in the Republic of Kazakhstan were successfully implemented for 2005-2007 and for 2008-2010, housing construction in the Republic of Kazakhstan for 2011-2014, and "Affordable Housing – 2020". Provision of population with housing became a priority trend of current Program for Regions Development until 2020.

The Government of the Republic of Kazakhstan developed a single program of housing construction "Nurly zher", which is currently active, in 2016. Main purpose of the program is comprehensive solution of housing construction problems, which ensures further increase in affordability of housing for the population.

It is planned to build about 1.5 million of affordable housing within 15 years by the program "Nurly Zher". Programme "Nurly Zher" offers new approaches to housing construction, taking into account international experience, and by integration of housing issues from existing programs.

National programmes of housing construction were initially aimed at provision of housing to socially vulnerable categories of citizens. Current program offers several mechanisms for development of housing market in Kazakhstan. These are subsidies for mortgage lending rate, creation of conditions for construction of private houses (allocation of land, concessional lending,

and public utilities by means of public funds). Moreover, measures for development of rental housing market in the country are being envisaged.

According to the results of implementation of Programme "Nurly Zher", 979.8 bln. KZT was invested in housing construction in the past year, which is 18% more than the last year's level. Share of private investments was 825.8 bln. KZT, or 84.3% of the total investments, public investments were 154 bln. KZT, or 15.7% of the total investments. 11.2 million m² of housing were put into operation, which is 6.2% higher than the last year's level. 100.8 thousand dwellings were built in total, where 75% of them were at the expense of the private sector.

The most important aspect is that implementation of programme "Nurly zher" will increase housing stock, and the population's housing provision level will be closer to world standards.

Provision of population with housing in Kazakhstan has grown by 20% since 2005 and was 21 m² per person by 2016. According to the statistics, 10.5 million m² of new housing was commissioned in Kazakhstan in 2016, which is 17.5% more than in 2015. Residential real estate market replenished on more than 89 thousand of new apartments in 2016, and investments in housing construction were 829.6 bln. KZT, which is 110.4 bln. KZT higher than a year ago.

It is expected that continuing population growth, high intensity of internal migration of population, urbanization and

increase of income in Kazakhstan will promote growth of demand for housing and will be one of the promising sectors for financial resources investments for Kazakhs and for foreign citizens.

According to various estimates, housing deficit in Kazakhstan is about 23 - 25 million m² of residential space.

Experience of foreign countries shows, that construction activity shall be at a rate of about 1 m²/person per year for critical improvement of housing provision in acceptable terms (during life cycle of one generation). For example, within the period of intensive solution of housing problems, 0.9-1.5 m² of housing per person were built annually in Japan, 0.7-0.8 m² in USA, about 0.7 m² in France and Germany, China supports construction activity at level of 1 m² per person for a long time.

To achieve construction activity in Kazakhstan at level of about 1 m² per person, it is necessary to increase annual volume of housing construction to 17 million m².

Education is one of key factors of human capital development.

Kazakhstan is among top 8 countries according to the UNESCO IOI, due to high rate of coverage with primary education, adult literacy, share of students which studied to the 5th grade, and gender equality.

Achievement of Kazakhstan on assurance of quality of education is creation of national system for assessment of quality of education. Internal (UNT, EEEA, licensing, attestation) and international education quality assessment tools (PISA, TIMSS,

PIRLS) are used. The country participates in international comparative studies of TIMSS, PISA, PIRLS since 2007. Participation in these studies provides independent, objective assessment of the education quality.

With the appearance of economic opportunities, *preschool education and training* became a priority of state policy.

In 2010, the President of the country N. A. Nazarbayev initiated program “Balapan” for 2010-2014. It was starting point for large-scale development of pre-school education in the country. Successful implementation of the program allowed increase of network of pre-school organizations by 2,189 units (in 2012 - 7,221, in 2016 - 9,410). Coverage of children aged from 3 to 6 years with preschool education and training increased from 39.4% (2012) to 81.7% (2016).

So, UNESCO marked Kazakhstan as the country with significant progress in gross coverage ratio of children with preschool education in International Report “Education for everybody 2000-2015: achievements and challenges” in 2015.

Development of network of pre-school organizations promoted growth of number of teaching staff. Compared to 2011, number of pre-school education specialists increased by 32 thousand people and was 84,796 people in 2016.

Special attention was paid to development of content of pre-school education. New “State compulsory standard of preschool education and training” was developed in 2008. Introduction of the Standard is stipulated by new requirements on preparation to

12-year school education and competence approach to education. Together with the basic system of preschool education and training, alternative programs “Step by step”, M. Montessori, early development of English language Gymboree Play & Music, Academy FasTrackKids and others, have been successfully introduced in Kazakhstan.

Further development of preschool education and training in accordance with world trends is stipulated in policy documents. This is 100% achievement of coverage of children of 3-6 years old by 2020, the development of public-private partnership (hereinafter referred to as PPP) in order to increase number of kindergartens, increase share of teachers, assess the results of children's development.

Network of *secondary education* in Kazakhstan is very developed. It includes public and private schools, lyceums, gymnasiums, specialized schools for gifted children, and Nazarbayev Intellectual Schools (hereinafter NIS).

First NIS was launched in 2008 in Astana on the initiative of the President of the Republic of Kazakhstan N. A. Nazarbayev. Intellectual schools were opened almost in all regions of the country within 5 years. Intellectual schools implement two educational models: First – integrated educational programme of natural and mathematical area, Second - Programme of International Baccalaureate.

As of 2016, there are 20 NIS of natural and mathematical area in all regional centres and in Astana, Almaty, Semey, where

13,824 students are educated. International School of Astana implements its activities by the Program of International Baccalaureate since 2013.

New model of labour payment for civil servants, including educators, was launched in 2016. Additional payments and incentives are stipulated for high achievements at work for teachers. This will improve professionalism of teachers, increase attractiveness of profession and reduce high pedagogical load.

Basic content of renewed education is implemented within the framework of the trilingual education policy. Essence of the policy is fluency of new generation in three languages: Kazakh, Russian, and English.

Nowadays, multilingual education is successfully implemented in specialized schools' network “Daryn”, NIS, in educational innovative lyceums and others.

Four subjects of natural and mathematical cycle were defined for transition to education in three languages, according to which, education in high school will be in English, they are Physics, Chemistry, Biology, and Computer Science. Implementation of teaching in English is planned for the beginning of 2019.

Modernization of **technical and vocational education** system (hereinafter - TVES) in accordance with the requirements of the society and industrial-innovative development of the economy, integration into the world educational space is the main link of the state policy in the area of education.

Dual education has been introduced in Kazakhstan since 2012. Its principles are

implemented within the framework of normative legal framework. Promotion of dual education is declared as one of the main purposes of TVES development until 2020.

Concept of National Qualification System and methodological recommendations for the development of branch qualification frameworks and professional standards were developed since 2011 to 2015 within the framework of the World Bank project “TVES modernization”. Adopted in 2012, National Qualification System corresponds to the European one, provides inter-sectoral comparability of qualifications and is the basis for independent certification system.

Initiative of the President of the country “Free vocational education for everybody” is aimed at state support of vulnerable social groups of population. Implementation of this project since 2017 will allow TVES to achieve new development level.

New approaches are being developed for renewal of content of educational programs of TVES, which include possibility to receive up to three related qualifications by credit educational system.

Kazakhstan is a participant of Turinese process since 2010. Participation of Kazakhstan in this international initiative provides international assessment of TVES development. Report “Turinese Process Kazakhstan 2016” was created for the first time in 2016, based on self-assessment by national experts.

Kazakhstan’s full participation in World Skills since 2015 is one of mechanisms for introduction of international standards in system

of the country. For the first time, 7 Kazakh contestants took part in 43rd Championship World Skills International-2015.

Kazakhstan became 28th member of the International Association Euro Skills in 2016. 500 contestants from 28 countries took part in 35 competencies of six areas of EuroSkills-2016 (Gothenburg, Sweden).

Modernization of **higher and post-higher education** in Kazakhstan was conducted in following areas:

- integration to the European educational space of higher education (signing of Lisbon Convention in 1997, attachment of Kazakhstan to Bologna Declaration in 2010, development of academic mobility of learners and faculty);
- expansion of access and support of talented Kazakh youth (launch of the Presidential Award Bolashak in 1993, annual increase in number of grants);
- Creation of a world-class university (Nazarbayev University) and joint international universities (International Kazakh-Turkish University named after Khoja Akhmed Yasawi, Kazakh-British Technical University, branch of Lomonosov Moscow State University).

Priority of higher and postgraduate education in Kazakhstan is a trinity of education, science and production. The first research higher education university - Kazakh National Research Technical University named after K. I. Satpayev was created. Pool of leading scientists of the country, performing fundamental and applied scientific and educational researches was formed there.

All these factors contributed to entry of Kazakhstan into the European Higher Education Area.

Public health and health service.

Health of residents of Kazakhstan is one of the key indicators, reflecting level of the country's socio-economic development.

National Health Care System of Kazakhstan is socially-oriented system, based on principles of universal population coverage, social justice, provision of quality medical care and joint and several responsibilities for health in accordance with key principles of strategy of the policy of the World Health Organization "Health-2020".

According to **the report of the Global Competitiveness Index (hereinafter - GCI) for 2017-2018, Kazakhstan classified 57th in the ranking among 137 countries.** A significant improvement in the ranking is noted by the factor "Healthcare and primary education", having risen by 35 positions to 59th place, occupying an average level.

Due to the measures taken to improve the health of the population, the average life expectancy in Kazakhstan in 2016 was 72.4 years, 76.6 years for women, and 68.0 years for men.

Kazakhstan is moving to a phased implementation of OECD standards aimed at improving the quality and accessibility of health services, improving the efficiency of health system management and financing systems, and rational use of available resources.

Today, the State Health Development Program "Densaulyk" for 2016-2019 has

been developed and is being implemented. In the course of implementation of previous state programs, the potential of Kazakhstan's healthcare system was strengthened, elements of market mechanisms were introduced and a transfer of modern medical technologies was implemented. The new health development program is aimed at consolidating and developing the achieved results and solving health problems in accordance with new challenges, and will also become the basis for the planned development of the industry until 2050.

The health sector is currently in the stage of active institutional reforms, the development of human resources at all levels of the industry and the provision of high-tech medical care. The goal of the reforms is to increase the efficiency, accessibility and effectiveness of the health care delivery system, the priority development of primary health care for the population, which ensures the improvement of the health status of the population. Within the framework of this state program, modernization and priority development of primary health care (hereinafter referred to as PHC), with the integration of all health services around the needs of the population are carried out. The structure of the PHC model is revised, taking into account the maintenance of the family service principle, which will reduce the burden on one general practitioner to the level of OECD countries by 2019 (up to 1500 people); a reorientation of PHC activities from treatment to prevention, risk assessment and disease management in the early

stages; measures are being taken to restore pediatric sites for the most vulnerable group of children (from 0 to 6 years).

Medical care for the main causes of mortality (circulatory system diseases, oncology, respiratory diseases, injuries and accidents) with the introduction of an integrated model of disease management is being improved. In 11 regions of the country, the Program for Management of Chronic Diseases has been introduced, based on the active management of patients with chronic diseases (diabetes, arterial hypertension, chronic heart failure).

With the purpose of digital modernization of healthcare, the Platform for Interoperability (Integration) is being implemented, on the basis of which the Electronic Health Passport, the patient's Personal Account and the Personal Account of the Doctor will be developed.

A model of the public health service that is the basis for protecting public health has been created and is being developed. New structural units of the Ministry of Health of the Republic of Kazakhstan were formed: the Public Health Protection Committee and the Public Health Policy Department. The Scientific Center for Public Health is also opening.

In order to strengthen the preventive focus at the primary level, the following activities were carried out: in 2011, the National Screening Program for 11 types of diseases were implemented; leveling between the regions of PHC financing with an increase in tariff per 1 resident (from 169

to 486 tenge) was carried out, since 2014 a comprehensive per capita standard (hereinafter - CPCS) with a stimulating component (partial fundholding) was introduced; established the Institute of Social Workers (by the end of 2014, there are 1.2 per 10,000 population); the number of general practitioners (hereinafter referred to as GP) was increased by 30%.

With the introduction of the Unified National Health System at a steady-state level, the state's volume of free medical care was consolidated at the level of the national budget, reducing the difference in funding between regions, the principle of "money follows the patient", financing for cost-effective groups, was implemented.

Kazakhstan is a country that is actively developing medical tourism. For this purpose, a network of clinics of various profiles was created.

In 2015 3,623 foreign patients visited our country. Among them, there are citizens of England, the United States, Russia, Kyrgyzstan, Bulgaria, Turkey and other countries. The most popular services provided to foreign patients in 2015 were microsurgical removal of the spinal hernia of the intervertebral disc, coronary artery bypass grafting and treatment of various gynecological problems.

With the creation of modern clinics of the National Medical Holding in Astana and the development of cardio surgical and neurosurgical assistance in the country, the need of Kazakhs for foreign treatment has significantly decreased, and for foreigners

it has become possible to receive medical services in Kazakhstan according to the international standards.

In the centers of the National Medical Holding, high-tech services are being performed now at the highest international level.

JSC “National Scientific Cardiac Surgery Center” actively introduces and applies innovative medical technologies for the diagnosis and treatment of diseases of the cardiovascular system. The center’s achievement is that Kazakhstan has become one of the 22 countries in the world, conducting unique high-tech surgeries on the open heart, for example implantation of the artificial ventricle of the heart.

The Center of Maternity and Childhood of the National Medical Holding is the first in the CIS region accredited by the JCI organization that provides highly specialized medical care for children and adults.

The clinics of the National Medical Holding regularly provide medical services to employees of the diplomatic corps, foreign companies and foreign teachers of Nazarbayev University.

Summarizing the development of the health care system in Kazakhstan, the following strengths should be noted:

- political support of the state at the highest level and guarantee of fulfillment of social commitments;
- stable epidemiological situation for most infectious diseases with high immunization coverage of children;
- effective system of sanitary protection of borders from the import and distribution of

especially dangerous infectious diseases and dangerous goods;

- developed infrastructure of organizations providing medical assistance;
- successful experience of transfer of modern medical technologies and highly specialized medical care;
- implementation of a quality management system based on standardization and accreditation;
- modern tariff system of health financing;
- flexible system of cooperation between the state and private enterprises, international organizations within the framework of development of public-private entrepreneurship;
- wide opportunities for the development of medical tourism;
- creation of conditions for the development of domestic manufacturers of medicines and medical products.

Ecology.

Kazakhstan is a country for which environmental issues are no less important than socio-economic development.

At least five dozen green technologies and world-class innovations have been discovered in Kazakhstan, and noted at the national contest Online-Expo-2017 and other national and international competitions.

Only 20 years ago it seemed almost impossible to plant a green belt around the young capital of Kazakhstan. The time has passed and here the city built in the steppe is already surrounded by a real forest, which creates a more comfortable microclimate in the main city of the country.

The area of the green belt of Astana reached 78 thousand hectares.

The Astana initiative “Green Bridge”

- is a bridge between the Asia-Pacific and European regions, aimed at the transition to a green economy in a vast space and in different regions of Europe, Asia and the Pacific. It calls for the integration of environmental and economic policies for sustainable and effective development.

The “Green Bridge” includes the environmentally efficient use of natural resources and investments in ecosystem services, low-carbon development and adaptation to climate change, the promotion of sustainable urban development, the promotion of “green” business and technology.

The “Green Bridge” initiative is a practical mechanism for an international transition to a “green” economy through the promotion of technological progress, enhancing the experience of environmental management and improving legal, economic and institutional conditions. All this will stimulate the development of a new environmentally friendly industry.

Natural resources are not infinite. They must be protected, saved and restored. In this respect, a lot of work is being done in Kazakhstan.

For several years, the people of Kazakhstan have been supporting the worldwide environmental action “Hour of the Earth”, which takes place every year on March 19. Billions of people from around the world turn off lights and household appliances for one hour as a sign of care for the

future of the planet. In addition, electricity is cut off at major sites and tourist attractions.

The promotion of the Eurasian integration within the “Green Growth”, on the one hand, and the desire to strengthen the domestic capacity and the implementation of the national program “Zhasyl Damu” (“Green Development”), on the other, meets the needs of Kazakhstan. Our country has the opportunity to be a kind of “green bridge”, an interregional dialogue and advisory platform for key regional partners.

In Astana, in 2017, the International Specialized Exhibition “EXPO-2017” was held, the theme of which is devoted to renewable energy sources (hereinafter - RES).

As of the beginning of 2017, there are 50 enterprises operating in the country using renewable energy sources with a total capacity of 295.7 MW (hydroelectric power station - 139.8, wind power station - 98.2, solar power plant - 57.3, biogas plant - 0.35).

Kazakhstan's cooperation in the field of renewable energy with the International Financial Institutions, the European Bank for Reconstruction and Development is carried out within the Framework Agreements on partnership between financial organizations.

Kazakhstan is a full member of the International Renewable Energy Agency IRENA.

Today, airborne suspended particles of less than 10 µm in size (PM10), that is finely dispersed particles, which are small enough to penetrate the lungs and cause health damage, are 10 micrograms per cubic meter in Kazakhstan, which is below the OECD

average (14 micrograms per cubic meter). 85% of the population is satisfied with the quality of water used in Kazakhstan, which is slightly higher than the average for the OECD indicator (84%).

In order to preserve natural landscapes, rare animals and vegetation in Kazakhstan, there are currently 10 state Nature Reserves and 12 national parks in Kazakhstan. Nature Reserves of Kazakhstan are owned by the state.

Satisfaction with life, safety.

In general, Kazakhs are no less satisfied with their lives than the average resident of OECD countries: in Kazakhstan, 73% of respondents believe that during the day they

experience more positive emotions (feeling calm and confident, proud of success, joy, etc.), than negative (pain, anxiety, sadness, boredom, etc.). This index is above the average among OECD countries (65%).

Kazakhstan has a moderately high sense of involvement in society and a moderately high level of people's participation in public life: 91% of Kazakhstan's population is confident that they have someone to rely on in a difficult minute, which is significantly higher than the OECD average (88%).

According to the latest data, more than 84% of the population of Kazakhstan noted that they feel safe walking the streets at night, which is much higher than in the OECD countries (68.3%).

SECTION 5. ECONOMIC REVIEW OF REGIONS

The basis of the regional policy of Kazakhstan is a balanced development strategy based on a rational balance of the priority development of the centers of economic growth, territorial concentration and managed urbanization, as well as macro-regional development based on the hub and beam principles. As poles of growth, the most dynamically developing cities and regions, integrated with global and regional markets, act as “locomotives” of development for other regions of the country.

Spatial and territorial development of the country is characterized by the presence of vast territories, low population density, as well as differentiation of levels of development of regions. Leading positions in the average republican production of the gross regional product (hereinafter-GRP) per capita are occupied by Astana city, Almaty city, Atyrau region (in these regions, the excess of the average republican production of GRP per capita in 2016 was from 99% to 227.8 %).

The level of urbanization in Kazakhstan is 57.3%, in the country there are **87 cities**, including 2 cities of national importance (Astana, Almaty), 38 cities of regional significance and 47 cities of regional importance. At the same time, there are traces of the transition of urbanization to a new stage, following the growth of the largest cities into the agglomeration (Astana, Almaty, Shymkent and Aktyubinsk agglomerations). The cities of Astana and Almaty have the potential to grow into a modern type of metropolis or a

conglomeration of urban agglomerations. Cities become the centers of economic growth and make a predominant contribution to the economic development of all regions of the country. In the gross regional product for 2016, the share of the city of Almaty was 22.6%, the city of Astana - 10.4%. The economy of cities is shifting from industry oriented to service oriented. Thus, in the structure of the service sector in Almaty the most developed are services related to real estate (26.5%), services in the field of advertising and market research (10.2%), services in the field of architecture, engineering surveys, technical testing and analysis (10.0%), professional, scientific and technical services (3.9%). In Astana, the biggest share in the field of service is taken by the real estate (19,3%). In Astana, the services of parent companies are developed; advisory services on management issues (17.1%), rental services (11.3%), as well as services in the field of architecture, engineering surveys, technical testing and analysis (6.1%), professional, scientific and technical services (5.2%).

In general, the economic specialization of the regions was formed under the influence of objective factors:

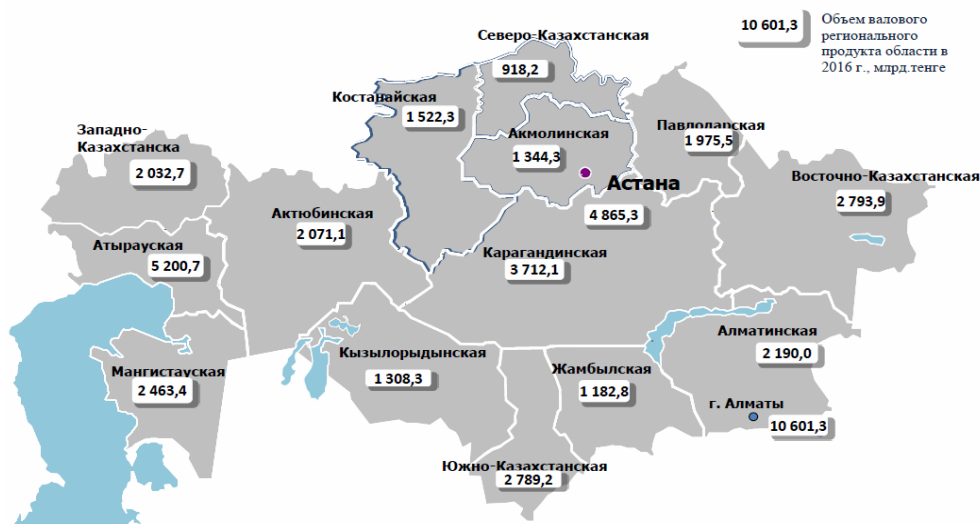
existing natural and climatic conditions, availability of mineral deposits and labor resources.

Regions of Kazakhstan are grouped into macroregions - regions that are similar in their economic, natural and socio-demographic characteristics.

Brief characteristics of regions

Macro-region	Economic specialization
Southern: Zhambyl, South-Kazakhstan, Kyzylorda, Almaty regions	Agriculture (labor-intensive sub-sectors), food industry; in Kyzylorda region - oil production
Northern: Kostanay, Akmola and North-Kazakhstan regions	Metallurgy (ore mining), agriculture (grain) economy
Western: Atyrau, Mangistau, West-Kazakhstan, Aktope regions	Oil and gas extraction; in Aktope region - also extraction of non-ferrous metal ores, agriculture
Central-Eastern: East Kazakhstan, Karaganda and Pavlodar regions	Metallurgy, Coal Industry, Electric Power Industry
Astana: Astana city	Administrative, business, financial and educational services
Almaty: Almaty city	Business, financial and educational services; machine building; pharmaceuticals; agriculture and food industry

GRP of the regions of Kazakhstan



Source: Data of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

Astana City

Astana is located in the northern part of Central Kazakhstan on the banks of the Yesil River. In the GRP structure, the largest shares account for trade (17.7%), real estate transactions (12.4%), construction (11%), professional, scientific and technical activities (10.8%).

The city of Astana - the capital of the Republic of Kazakhstan, is a **political, business and cultural center** of the Republic of Kazakhstan.

General information

Territory	0,8 thousand km ²
Population	972.7 thousand people
Density	1389.6 people
GRP	4865.3 billion tg
Volume of industrial products	454.4 billion tg
Investments in fixed assets	581.6 billion tg

In Astana, there is the office of an international concern that unites the energy and petrochemical companies of **“Shell”**.

During the years of the formation of the capital, there was a rapid growth of the city's economy. The socio-economic indicators characterizing the development of the city testify to the current trend of dynamic growth of the real sector of the economy, an increase in the inflow of investments into the capital's economy and the improvement of social development indicators. In 2017 the international exhibition **“EXPO-2017: Future Energy”** was held in Astana.

The share of the capital in the regional context accounts for **10.4%** of the country's

GDP, 11.1% of attracted investments, 14.2% of revenues to the state budget, 19.7% of housing, and 22% of the output of small and medium-sized businesses.

The city of Astana is the core of the **Astana metropolitan** area, which in the future will become a center of high technologies and innovations on the basis of the autonomous organization of education **“Nazarbayev University”**, medical cluster and special economic zone **“Astana - a new city”**.

In Astana, the **International Financial Center “Astana”** (hereinafter – **IFCA**) was created - the core of the financial infrastructure of Kazakhstan, the financial hub for the entire Central Asian region. On the territory

of the IFCA, there is a special legal regime based on English common law that regulates the relationship between the participants of the IFCA and stakeholders aimed at developing the financial market (capital market development, asset management, management of well-being of wealthy individuals, Islamic finance, new financial technologies).

The city is developing a **multimodal industrial and logistics center**, the city-forming basis of which will be the airport of international class, land freight terminal and passenger terminal.

The capital of Kazakhstan Astana is the leader of urban tourism. Every year in the city grow new objects. Tourists from many countries of the world certainly want to visit **Baiterek, President's Palace,**

Oceanarium, Kazakhstan's History Museum, "Atameken" Center.

In Astana, in addition to Nazarbayev University, there is a number of universities. Among them, **the Eurasian National University named after L.N. Gumilev, Kazakh Agrotechnical University named after S. Seifullin, KAZGYU University, Astana Medical University,** etc.

International cooperation with foreign universities, scientific centers and other scientific organizations of the countries of the European Union, America and Oceania, Asia and Africa, the CIS countries, international scientific and educational funds, embassies and missions in Kazakhstan is carried out.

Almaty City

The city is located in the south-east of the country, at the foot of the Zailiysky Alatau Mountains. The city was founded in 1854, and it was the capital of the Republic of Kazakhstan from 1929 till 1997. In the GRP

structure, the largest share is accounted for by the following sectors: trade (35.6%), real estate transactions (11.8%), financial and insurance activities (8.6%), professional, scientific and technical activities (6.5% %).

General information

Territory	0.7 thousand km ²
Population	1751.3 thousand people
Density	2501.9 people
GRP	10601.3 billion tg
Volume of industrial products	772.1 billion tg
Investments in fixed assets	858.7 billion tg

Nowadays, the city of Almaty is the **economic center of Kazakhstan with a high level of development** of small and medium businesses, a high level of GRP per capita (in 2016 - 6 138.5 thousand tenge or 18 thousand US dollars). Almaty is a financial, innovative, cultural and business center of the country.

Almaty is **a major logistics hub on the route Western Europe - Western China**. The city provides about 20% of the country's foreign trade turnover. Here the **SEZ "Park of Innovative Technologies"** operates. There is also an industrial zone set up to provide state support to private entrepreneurship and the development of priority industries: engineering, food, light, pharmaceutical, chemical industries and the production of building materials.

In order to provide telecommunications services throughout Kazakhstan and the regions of Central Asia the head office of **Kcell** and the headquarters of **TeliaSonera Eurasia** are located in Almaty. The city of Almaty and the territory of the Almaty

agglomeration have a unique recreational potential and tourist resources of world significance.

Kok-tobe - a hill on the outskirts of Almaty, is a favorite place for walks among the city's residents.

In Almaty there is the world-famous **high-mountain skating rink Medeo**, located at a distance of 15 km from the city. A little above the high-mountainous Medeu skating rink, on the ridge of the Zailiysky Alatau there is a popular ski resort in Kazakhstan - Shymbulak.

In Almaty, there is the leading national institution of the Republic of Kazakhstan - KazNU named after al-Farabi. In the prestigious global rating "UI Green Metric Ranking of World Universities - 2017" KazNU participated for the first time and took a worthy place in the group of the best.

The city has a trade center of the largest international trading company in the world **METRO**.

Southern Macroregion

Zhambyl Region

The region is located in the south of the republic. The center of the region is located in the city of Taraz, which was founded in 1864.

In the GRP structure, the largest share is accounted for by industry - 18%, transport and warehousing - 16%, trade - 12%.

The chemical industry is the dominant one among the branches of the processing sector in the region, where its share is almost 40%. The share of the region in the chemical industry of the Republic of Kazakhstan is 32%.

General information

Territory	144.3 thousand km ²
Population	1115.3 thousand people
Density	7.7 people
GRP	1182.8 billion tg
Volume of industrial products	341 billion tg
Investments in fixed assets	216 billion tg

The main producer of chemical products in the region is **Kazphosphate LLP**, which creates the entire value chain from mining and processing of ore, to the production of technical phosphates and mineral fertilizers, as well as their delivery to the consumer and is one of the main **exporters of chemical products to world markets**.

Metallurgy is also one of the key industries in the region.

In the metallurgical industry, it is planned to create competitive production facilities, expand the range of products, modernize existing enterprises in the industry. Production of **ferroalloys, gold and silver** remains the most significant sectors of metallurgy.

South-Kazakhstan Region

The region is located in the southern part of the republic. The center of the region is located in the city of Shymkent, founded in the XII century.

In the GRP structure, the largest share is accounted for by industry (25.0%), real estate transactions (12.6%), trade (11.1%), transport and warehousing (10.5%).

In Taraz, there are many ancient mosques and other sacred places - **the Mausoleums “Aisha-Bibi” and “Babaji-Khatun” (X-XII cc.)**, **“Karakhan”** and **“Daudbek”**, which allows travelers to feel the atmosphere of past centuries.

5 cultural monuments located on the Great Silk Road are listed in **the UNESCO World Cultural Heritage** List, namely the Aktobe, Ornek, Kulan, Kostobe, and the Akyrtas complex in the Zhambyl district.

The main priority of tourism development is the project **“Ancient Taraz”**, located in the central part of the city on an area of about 20 hectares.

The South-Kazakhstan region has **unique minerals and raw materials, labor and recreational resources** that make up the potential of its unique competitive advantages.

The mining industry of the region is represented by mining of metallic ores, non-metallic minerals, salt and sodium chloride.

General information

Territory	117.3 thousand km ²
Population	2878.6 thousand people
Density	24.5 people
GRP	2789.2 billion tg
Volume of industrial products	789 billion tg
Investments in fixed assets	380.6 billion tg

The basis of the manufacturing industry in the region is the production of food products, the production of refined products, the metallurgical industry, the production of other non-metallic mineral products and machinery. One of the three oil refineries of the country - Shymkent “**Petro-Kazakhstan**” Refinery - operates in the region.

On the territory of the region there are natural resources that can be used for treatment and recreation. These include the mineral waters of the operating sanatorium **Saryagash and mineral thermal waters**, the wells of which are located 20 km to the south of Kentau town, in the foothills of Karatau, in

the picturesque valley of the Shaga River, thermal springs near the regional center of Ordabasinsky district, Temirlanovka village and near Mankent village, and also a curative climate for people with cardiovascular disease in the area of White Waters, Tyulkubas and aul Turar Ryskulov.

The mausoleum of Khoja Ahmed Yassawi in Turkestan (until the 16th century the city of Yassi) in Southern Kazakhstan is a unique monument of the past of Kazakh people. The mausoleum of Khoja Ahmed Yassawi is **a unique masterpiece of architecture dating back to the late 14th and early 15th centuries.**

Kyzylorda Region

The region is located in the southern part of the republic. The center of the region is located in the city of Kyzylorda, which is located on the river Syrdarya and was founded in 1820.

In the GRP structure, the largest shares fall to industry (36.9%), transport and warehousing (16.2%), trade (7.6%).

On the territory of the region there is **the city of Baikonur, where the world's first**

and largest cosmodrome is located.

The Kyzylorda region possesses large reserves of **oil, gas, uranium, vanadium** (65% of Kazakhstan's vanadium, 15.1% of zinc, 13.7% of uranium, 9.6% of lead are in the region), there are a number of other ore minerals (promising deposits of titanium, gold, copper ore). There are unique deposits of common salt, explored large deposits of high-quality glass sands.

General information

Territory	226 thousand km ²
Population	773.1 thousand people
Density	3.4 people
GRP	1308.3 billion tg
Volume of industrial products	669.2 billion tg
Investments in fixed assets	216 billion tg

The main prospects for the development of metallurgy are associated with the deep processing of metallurgical raw materials available in the region: ferrous metallurgy - vanadium production and non-ferrous metallurgy based on zinc and lead deposits. In the region, the enterprises of LLP "HuaYu International" in Kyzylorda (production of chemical reagents for the oil industry) and LLP "SKZ-U" NAC "Kazatomprom" (production of the main reagent for the extraction of uranium-sulfuric acid) work stably.

In 2009, Kazakhstan took the first place in uranium mining in the world and continues to maintain a leading position in

the world market of natural uranium. The development of uranium deposits is carried out by Kyzylkum LLP, participants of which are **JSC NAC Kazatomprom**, a consortium of Japanese energy companies (**Toshiba Corporation**, **TEPCO**, **Chubu Electric**, **Tohoku Electric**, **Kyushu Electric** and **Marubeni Corporation**), and the **Canadian Uranium One**.

The area of interest is the **Barsakelmes** State Reserve, the **Korkyt-Ata** Memorial Complex, and the famous **Aitbai** Mosque.

The number of tourists wishing to visit Kyzylorda region in recent years has significantly increased.

Almaty Region

The Almaty region is characterized by **the agrarian-industrial orientation of the economy**.

The region's agriculture produces 16.1% of the gross agricultural output in the republic. The region occupies a leading position in

the country in the production of sugar beets, soybeans, potatoes, meat, eggs and wool, second place - in grapes and vegetables. The region has a dominant position in the republican commodity production of tobacco products, beverages, and grape wine.

General information

Territory	223.5 thousand km ²
Population	1983.5 thousand people
Density	8.9 people
GRP	2190.0 billion tg
Volume of industrial products	681.9 billion tg
Investments in fixed assets	528.9 billion tg

Six industrial zones are formed in the region: “Taldykorgan”, “Arna” in Kapshagai, “Boraldai” and “Bereke” in the Ili region, “Kazbek bey” in the Zhambyl district, “Kairat” in the Talgar district. It is planned to locate enterprises for the production of innovative, high-tech and environmentally friendly products.

On the basis of a gypsum board plant in the village of Zarechny, Almaty region, with the participation of one of the world leaders in the production of construction and finishing materials of the German company “**Knauf**”, the “**Knauf Gypsum Kapchagai**” was created. Today “Knauf Gypsum Kapchagai” is the largest producer of gypsum boards in the Central Asia region.

The modern tobacco factory, was opened by “**Philipp Morris International**” in 2000 in the village of Otigen Batyr of the Ili district of the Almaty region, it is one of the largest enterprises in Kazakhstan.

The region has half of the **hydro resources** of Kazakhstan in the form of mountain rivers, where it is possible to build hydroelectric power stations. There is a significant potential for **wind energy**, especially in the area of the Dzungar Gate and Shelek corridor.

In the Almaty region, 7 companies were certified in **the agricultural organic production** sector for the cultivation of various crops. Also, there is an enterprise “Asia Gold” LLP, certified for processing, storage, transportation and other operations with organic products.

The tourist potential of the region is characterized by the presence of natural and recreational resources (**landscapes of Zailiysky and Dzhungar Alatau, lakes Alakol, Balkhash, Kapshagai reservoir, mountain lakes, the river Ile**, as well as unique flora and fauna and cultural-historical (kurgan) complexes and rock paintings).

Northern Macroregion

Kostanay Region

The region is located in the northern part of the republic. The center of the region is located in the city of Kostanay, founded in 1879.

In the GRP structure, the largest share is accounted for by industry - 23%, trade - 17%, transport and warehousing - 13%.

General information

Territory	196 thousand km ²
Population	879.1 thousand people
Density	4.5 people
GRP	1522.3 billion tg
Volume of industrial products	599.4 billion tg
Investments in fixed assets	178.5 billion tg

In Kostanay region, over 90% of the republic's iron ore production, 100% of iron ore pellets and asbestos are produced, **lignite, coal, building sands, clay, crushed stone, gold ore, etc are mined.**

Agriculture - the second leading industry in the production structure of the region. In a total republican grain harvest Kostanay region ranks the 3rd place. Kostanay region is also a region with developed livestock production, which gives 6.0% of the gross agricultural output of the Republic of Kazakhstan.

22 companies are certified in the field of **agricultural organic production** for cultivation of various crops. There are also 14 enterprises certified for processing, storage,

transportation and other operations with organic products.

One of the most interesting sights of the Kostanay region is **the Naurzum State Nature Reserve, which is the object of UNESCO.**

The diversity and richness of untouched wilderness allows developing the ecological tourism of the region.

In the region, there is a group of automobile companies **"Allur Auto"** working. Today, a group of automotive companies is the manufacturer and official distributor of **SsangYong Motor, Chance, Iveco, Suzuki Motor Corporation, Mitsubishi Motor Corporation**. The branches of AllurAuto are also located in Almaty, Astana, Kyzylorda.

Akmola Region

The region is located in the northern part of the republic, the center of the region is located in the city of Kokshetau, founded in 1824.

In the structure of GRP, the largest share is accounted for by industry - 25%, agriculture, forestry and fisheries - 15%, trade - 14%.

Akmola region is an **agrarian-industrial region**.

Prospective deposits for development are the development of gold-bearing ore mining.

Sufficient are the balance reserves of the Vasilkovskoye gold deposit, promising places - Aksu, Bestobe, Zholymbet, Quartzite slides.

General information

Territory	146.2 thousand km ²
Population	734.4 thousand people
Density	5.0 people
GRP	1344.3 billion tg
Volume of industrial products	455.6 billion tg
Investments in fixed assets	223 billion tg

Vasilkovskoye gold deposit is the largest gold deposit in Kazakhstan, with reserves of about 360 tons. The mine belongs to the Kazakh-Swiss company KAZZINC (**Glencore** is a Swiss trading company that owns 70% of the shares in the Kazakh-Swiss holding company KAZZINC).

The development of uranium mining and processing, which is an export-oriented product, is associated with the promising Zvezdnoe and Deep deposits.

A large recreational area, including a sanatorium health resort complex was

created on the basis of mountain pine forests. There are many nature reserves in the region, such as the **Kurgalzhinsky National Park, Erementau, Atbasar, Borovskoye and Zerendinskoye hunting grounds**.

The natural gem in the region is the Borovoe resort - an amazing and attractive edge of pristine nature with magnificent forests and therapeutic lakes, with fir-needle saturated air, and rare in beauty and uniqueness landscapes.

North-Kazakhstan Region

The region is located in the northern part of the republic. The center of the region is located in the city of Petropavlovsk, founded in 1752.

In the structure of GRP, the largest share belongs to the agriculture, forestry and fisheries sector (23.9%), trade (15.9%), industry (13.5%).

The North-Kazakhstan region is an **agrarian-industrial region**, occupying only 3.6% of the territory. The region produces

11% of the country's agricultural output, a quarter of Kazakhstan's wheat, highly valued in the world market.

The region has a strong position on the prospective development of livestock, including meat with a high export potential.

In the region, the company "Ak Nan Sever" LLP has been certified for processing, storage, transportation and other operations with organic products in the village of Novoishimskoye.

General information

Territory	98 thousand km ²
Population	563.3 thousand people
Density	5.7 people
GRP	918.2 billion tg
Volume of industrial products	198 billion tg
Investments in fixed assets	167.1 billion tg

Machinery is one of the main industries in the region. The machine-building industry is represented by 30 enterprises that are manufacturing and 26 enterprises that provide services for repair and installation of machinery and equipment operating in the districts of the region. The territory of the region is part of the North Kazakhstan uranium-ore, diamondiferous and tin-rare metal province.

The uniqueness of the North-Kazakhstan region is in the opportunity to offer a variety of recreation: historical cognitive, ecological, agritourism, hunting, fishing.

In 2015, a **panthelic clinic** was opened in **the region of Aiyrtausky district**, with its maral farm. There, for medical purposes only natural, high-quality and environmentally friendly raw materials are used.

Western Macroregion

Atyrau Region

The region is situated in the west of the republic. The center of the region is located in the city of Atyrau, founded in 1640.

In the structure of GRP, industry accounts for the largest share - 49%, professional, scientific and technical activities - 12%, construction - 9%.

The basis of the economy of the Atyrau region is **the oil and gas production industry, the chemical industry, the production of machine-building products, construction materials, the agro-industrial and fishery industries.**

Large companies are working on the territory of the region for the extraction of crude oil and gas at the Tengiz field. They are JSC NC "KazMunayGas", one of the largest corporations in the world

"**Exxon Mobil**", integrated energy company "**Chevron Overseas**", LLP "Yer Sai Caspian Contractor" is a joint Kazakh-Italian enterprise founded by LLP "ERC Holding" and Saipem International BV (ENI Group Company).

The French company **Total E&P** Kazakhstan owns 16.81% of direct share participation in the Production Sharing Agreement for the northern part of the Caspian Sea, which covers Kashagan and other fields.

In Atyrau, there is the office of the international concern, uniting the energy and petrochemical companies "Shell". The company takes part in the development of the field of production in the North Caspian including Kashagan.

General information

Territory	118.6 thousand km ²
Population	607.5 thousand people
Density	5 people
GRP	5200.7 billion tg
Volume of industrial products	4495 billion tg
Investments in fixed assets	2036.8 billion tg

The region has sufficient potential for the development of mechanical engineering, there are opportunities to produce equipment and provide services for the oil and gas industry.

The region has unique deposits of various minerals and building materials. In the region there is a powerful raw material base for **the production of boron**

products, potassium sulfate, magnesium sulfate, edible salt and other chemical compounds.

The oil region has a high potential for tourism development. This is the plateau of **Aktolagai and Akkergeshen** in Zhylyoi region, where the fossilized remains of the oldest forms of mollusks, invertebrates, reptiles and shark teeth lie literally under their feet.

Mangistau Region

The region is located in the south-western part of the republic. The center of the region is located in the city of Aktau, which is a port on

Many finds from the Cretaceous Mountains of Zhylyoi occupy a worthy place in the exposition of the only paleontological museum of the Mesozoic period in Kazakhstan. This museum is located in the regional center. There are places in the region for lovers of hunting and fishing. For lovers of eco-tourism, there is the “Akzhayik” reserve, which can be reached by quadrocycles.

the Caspian Sea and was founded in 1963.

In the GRP structure, the largest share is accounted for by industry (48.6%).

General information

Territory	165.6 thousand km ²
Population	642.8 thousand people
Density	3.7 people
GRP	2463.4 billion tg
Volume of industrial products	1887.6 billion tg
Investments in fixed assets	405.6 billion tg

Mangistau region is **an industrial region**, where 25% of Kazakhstan’s oil is mined. Most of the deposits are concentrated in the area of Zhanaozen and on the Buzachi peninsula.

More than 60 oil and gas deposits have been discovered on the territory of the Mangistau region. The manufacturing industry is represented by metallurgy and the production of finished metal products, mechanical engineering and chemical industry.

The region has a powerful transit, transport-logistics and infrastructure-service potential of international importance as a border region of the Republic of Kazakhstan, emerging into the multinational system of the Caspian region. Two international transport corridors of **TRACECA** and **“North-South”** linking Eastern Europe with Central Asia and Northern Europe with the countries of the Persian Gulf pass through the territory of the region.

An important role in creating a favorable business environment and investment climate is provided by the activities of the **Free Economic Zone “Aktau Sea Port”**.

Port Kuryk is a key link of the Trans-Caspian Transport Corridor.

The construction of **the ferry complex in the port of Kuryk** allows ensuring the transshipment of cargoes, without unloading them from the wagons, to the countries of

the Caspian region and further to Europe. The car ferry terminal of the port of Kuryk was also launched.

The cargoes that are using transpassing Caspian route from China via Kuryk to Azerbaijan, Georgia and Turkey - exits to the Black Sea ports, will pass through Kuryk.

Mangistau region can attract tourists with dozens of **underground mosques** cut down in rock massifs.

West-Kazakhstan Region

The region is located in the western part of the republic. The center of the region is located in the city of Uralsk, which is located on the river Zhayik and was founded

in 1613. In the structure of GRP, industry accounts for the largest share - 50%, trade - 9%, transport and warehousing - 7%.

General information

Territory	151.3 thousand km ²
Population	641.5 thousand people
Density	4.2 thousand km ²
GRP	KZT 5200.7 billion
Volume of industrial products	KZT 4495 billion
Investments in fixed assets	KZT 401.6 billion

The West Kazakhstan region specializes in **the oil and gas industry, machine building, food industry, construction industry, grain economy and livestock**. The region is rich in deposits of gas and gas condensate, oil, borate ores, oil shale, potassium-magnesium salts, calcareous rocks, cement raw materials, chalk, keramzite clays, construction and alluvial sand.

One of the world's largest oil and gas bearing land areas - **Karachaganak**, is located near the city of Aksai. Reserves of the deposit are 1.35 trillion cubic meters of gas and 1.2 billion tons of oil and gas condensate.

Karachaganak oil and gas condensate field on the terms of the production sharing agreement develops international

consortium with **British Gas and Eni** (32.5% each), **Chevron Texaco** (20%) and **Lukoil** (15%)

The region is one of the four regions of Kazakhstan, which specializes in **the production of oil refining products**. Enterprises of the machine-building complex produce products in such priority areas as oil and gas, agricultural, power engineering, shipbuilding, instrument making.

Aktobe Region

The region is located in the north-western part of the republic. The center of the region is located in the city of Aktobe, founded in 1869.

In the structure of GRP, industry accounts for the largest share - 36%, trade - 18%, transport and warehousing - 9%.

The economic potential of the Aktobe region:

- high potential for creation of **a petrochemical cluster**, prospects for cooperation

Uralsk has a dozen of the most interesting monuments of history and culture, which are an invaluable asset for future generations, and are of undoubted interest to anyone, who has any interest in history at all. **The house-museum of E.Pugachev, Michael-Archangel Cathedral, built in 1751, the Cathedral of Christ the Savior**, the building of a real military school are situated in the region.

in transportation of petroleum products, chemical industry, machine building equipment for the oil and gas industry;

- in machine building, Aktobe Oil Equipment Plant JSC supplies oilfield equipment to oil refining regions: South Kazakhstan region, Pavlodar region, Mangistau region, West Kazakhstan region.

General information

Territory	151.3 thousand km ²
Population	641.5 thousand people
Density	4.2 people
GRP	KZT 5200.7 billion
Volume of industrial products	KZT 4495 billion
Investments in fixed assets	KZT 374 billion

Aktyubrentgen JSC supplies medical equipment to all regions of the country.

In the production of other non-metallic mineral products, the following activities are

carried out: **Aktobe Non-Metallic Piping Plant JSC** - pipe products, **Stroydetal LLP** - concrete constructions, brickworks for the production of silicate and ceramic bricks,

blocks of cellular concrete, whose products are supplied both to neighboring regions and to other regions of the country.

In the field, the enterprise GEOM LLP has been certified for processing, storage, transportation and other operations with organic products.

The Aktobe region is a unique tourist site.

On the border with the Atyrau region Cretaceous plateau “**Aktolagai South**” is located - geomorphological object of the state reserve fund, which is of national and international significance. In some places, nature has created whole chalk labyrinths of sheer walls, columns, niches, ledges, terraces, landslide amphitheatres.

Central-Eastern Macroregion

East Kazakhstan Region

The region is located in the northern part of the republic. The center of the region is located in the city of Ust-Kamenogorsk, founded in 1720.

In the structure of GRP, industry accounts for the largest share (34%), trade (12.2%), agriculture (8.6%), transport and warehousing (8.2%).

East Kazakhstan region is one of **the industrialized regions of Kazakhstan**.

In the region, large manufacturing enterprises are concentrated: **non-ferrous metallurgy, machine building, construction industry, woodworking industry**.

The meteorite crater “Zhamanshin” is a shock crater in the Irgiz district of the Aktobe region. According to the most widely accepted hypothesis, it was formed as a result of the meteorite falling to Earth. The size of the inner ring of the crater is about 7×7 km.

Based on the results of radioisotope analysis, the crater is about 1 million years old (according to other estimates, up to 53 million years).

The conservation park “Orkash” is the kingdom of eagles, the habitat of 9 species of birds of prey: a black kite, an ordinary long-legged buzzard, a buzzard, a steppe eagle, an imperial eagle, a swamp harrier, a steppe harrier, a meadow harrier and an ordinary kestrel.

The largest metallurgical company **Arcelor Mittal** owns Lisakovsk ore mining and processing enterprise, iron-manganese mines and auxiliary enterprises.

Since 2014, **Polymetal** (RF) has launched a new project in Kazakhstan - “Kyzyl”, located in the East Kazakhstan region and uniting the resources of the fields Bakyrchik and Bolshevik. The development of the gold ore project “Kyzyl” will be invested about 500 million US dollars.

General information

Territory	283.2 thousand km ²
Population	1389.6 thousand people
Density	4.9 people
GRP	KZT 2793.9 billion
Volume of industrial products	KZT 1506.6 billion
Investments in fixed assets	KZT 436.8 billion

Enterprises of the industry produce basic noble and non-ferrous metals: lead, zinc, copper, refined gold and silver, as well as titanium, magnesium, tantalum, fuel for nuclear power plants.

The region has a factory for the production of buses of **Daewoo Bus Kazakhstan LLP**.

AZIA AVTO JSC is the current manufacturer of passenger cars in Kazakhstan. Among the partners of the plant are the world's leading concerns: **Volkswagen Group, General Motors, Renault-Nissan-AvtoVAZ and KIA Motors**.

The region has a great tourist potential. The territory of the region includes **Markakol and West-Altai conservation parks, Katon-Karagai nature park**, the natural forest reserve "Semey-Ormany".

Karaganda Region

The region is located in the central part of the republic. The center of the region is located in the city of Karaganda, founded in 1934.

In the structure of GRP, industry accounts for the largest share - 45%, trade

East Kazakhstan region is characterized by a developed production infrastructure, which is represented by all major modes of transport: rail, air, water and road.

The territory of Kazakhstan Altai due to its unique landscape and biological diversity is included in two hundred priority global ecological regions, defined by the International Organization WWF Living Planet.

The main tourist destinations are Belukha Mountain, Austrian Road, **Alakol Lake and Markakol, Katon-Karagai nature park; Bukhtarma reservoir, Kiin-Kerish canyon, the Akbaur nature-historical monument, the memorial complex of the Abai Kunanbayev house-museum in Zhidebay-Boril, the mausoleums of Kozy Korpesh-Bayan Sulu, Enlik-Kebek, the monument of Yyrgyzbay-ata**.

- 14%, transport and warehousing - 9%.

Karaganda region is **the largest industrial center of the country**.

The largest enterprise of the metallurgical industry of Kazakhstan, **Arcelor Mittal**

Temirtau JSC produces 100% of cast iron and finished rolled products of ferrous metals and about 90% of the republic's steel. At Zhezkazgan and Balkhash copper smelters,

Corporation **Kazakhmys LLP** produces refined copper grade MOOK - 99.99%. On the basis of the metallurgical industry, the chemical industry is developed in the region.

General information

Territory	428 thousand km ²
Population	1382.7 thousand people
Density	3.2 people
GRP	KZT 3712 billion
Volume of industrial products	KZT 1947.7 billion
Investments in fixed assets	KZT 317.6 billion

The basic industries account for 89.2% of industrial production.

The industry is represented by **the mining and metallurgical complex, the food, pharmaceutical and chemical industries have been developed, the consumer goods industry and the construction materials industry have been formed.**

The mineral and raw materials base of the region is rich in copper and tungsten reserves, as well as large deposits of coal, lead, zinc, iron, manganese, and rare metals.

The Karaganda region has potential for tourism development:

the richness of nature, flora and fauna - **Karkaraly lakes, forests and mountains, Lake Balkhash, Ulytau district, sanitary institutions, hunting; unique architectural and historical monuments** - the

mausoleums of Zhoshi Khan, Alash Khan, the monuments of the Paleolithic and Neolithic epoch, the branch of the Great Silk Way- the so-called "Sarysu", Karlag and many others.

Karaganda has one of the leading universities in Kazakhstan - Karaganda State Technical University. KSTU has the only "Kazakhstan Institute of Welding" in Kazakhstan, whose goal is to train international specialists and transfer modern welding technologies in the oil and gas industry.

The particular proud is the fact that the basis of higher engineering education at the University was received by **the Head of State N.A. Nazarbayev.**

The shopping center of the largest international trading company in the world METRO operates in the regional center.

Pavlodar Region

The region is located in the north-eastern part of the republic. The center of the region is located in the city of Pavlodar, founded in 1861.

In the structure of GRP, industry accounts for the largest share - 37.9%, transport and warehousing - 14.7%, trade - 10.3%.

General information

Territory	124.8 thousand km ²
Population	757 thousand people
Density	6.1 people
GRP	KZT 1975.5 billion
Volume of industrial products	KZT 1370.4 billion
Investments in fixed assets	KZT 439.8 billion

The economy of the region is rather diversified. The Pavlodar region occupies the main share in the republican volume of coal production (59.5%), ferroalloys (73.1%), raw aluminum (99.8%), aluminum oxide (99.8%), electric energy (38.0%).

The region is characterized by favorable location and development of communication with other states and regions of Kazakhstan along the South-Siberian and Central Siberian railroads, automobile, aviation, electronic, pipeline and river transport.

On the territory of the Pavlodar region **a diversified industrial complex has been developed.** The industrial potential of the region is determined by large export-oriented industrial companies. They produce coal, electricity, heat, alumina, ferroalloys. The region accounts about

70% of the republican coal production, 3/4 of the republic's ferroalloys production, and about 40% of the republican production of electricity and oil products.

The territory of the region includes the largest coal deposit in Kazakhstan - **the Ekibastuz coal basin.** Under the shareholders' agreement, the management of the coal basin is located at the joint venture of Kazakhstan's Samruk-Energo JSC and Russian RUSAL (the world's largest aluminum producer).

Bayan-Aul is a favorite place for tourists, located near the town of the same name of the Bayanaul district of the Pavlodar region, 210 km from the city of Pavlodar and 135 km from Ekibastuz. The territory of **Bayanaul nature park** locate a picturesque freshwater lake **Sabyndykol, with a total area of 7.4**

square km. and Lake Zhassybai, the area of which is 4 square km.

In addition, the shopping center of the international trading company METRO operates in the center of the Pavlodar region.

In general, all regions of Kazakhstan have their own economic and natural features that ensure balanced economic growth of the regions.

SECTION 6. INVESTMENT ATTRACTIVENESS OF KAZAKHSTAN

Since 1991, targeted state policy has allowed Kazakhstan to attract more than \$ 280 billion gross foreign direct investment (hereinafter - FDI). And only since 2005, 259.2 billion US dollars of gross foreign direct investments were attracted to Kazakhstan. The main reason for such a rapid growth in FDI since the mid-2000s was that in 2002 Kazakhstan became the first CIS country to receive an investment credit rating from S&P (BBB-).

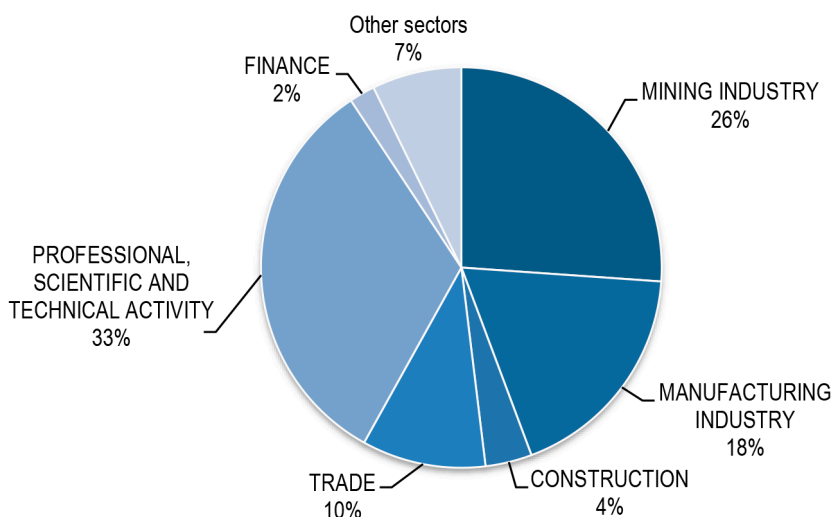
As a result, the country has received multiple benefits in the form of transfer of modern technologies, increasing the level of employment in industry and diversification of economic ties. Although the raw materials sector accounts for almost a quarter of

all direct foreign investment, other sectors, namely, manufacturing and trade, account for a significant share of them - 18% and 10%, respectively, which indicates an increase in the diversification of investment flows.

Historically, the bulk of foreign investment has been attracted to the mining industry. This is an average of 60%. It should be noted that since 2010, during the implementation of the Industrialization Program, the share of foreign investment in processing has grown 1.5 times (from 9% to 15%).

A large part of the sector of professional and scientific and technical activities is occupied by geological exploration, interest in this sector is also high among foreign investors.

The structure of FDI in terms of activities in 2016



Source: The National Bank of the Republic of Kazakhstan

Currently, the creation of favorable conditions for investors is one of the main objectives of the country's investment policy. Thus, the Government of the Republic of Kazakhstan is carrying out purposeful work to improve the country's investment climate and create favorable conditions for investors.

The country continues to be attractive for investments focused on access to rich natural resources, as well as for companies interested in a growing domestic market. At the same time, an urgent challenge for Kazakhstan is to attract more export-oriented investments aimed at increasing efficiency. In 2017, the republic presented the **National Investment Strategy**, designed to respond to this challenge and open new opportunities for investors.

In addition, in 2017, the Government of the Republic of Kazakhstan established a National Company to attract investments to the Republic of Kazakhstan - NC Kazakh Invest JSC. Kazakh Invest plays the role of a single negotiator representing the interests of the Government of the Republic of Kazakhstan in discussing the prospects and conditions for implementation of investment projects. The company has a network of its representatives abroad, in particular in Washington, Chicago, Istanbul, Ankara, Beijing, London, Frankfurt am Main and Paris for targeted work with investors.

Nowadays, Kazakhstan has created a favorable investment climate: a simplified tax regime operates, national legislation is constantly being improved, and a package of

investment preferences is being expanded. Investors implementing investment projects in priority sectors of the economy are guaranteed stability of tax legislation. Modern tax code of the Republic of Kazakhstan is one of the most complete and corresponding to the western standards.

The state policy on improving the investment climate is positively assessed at the international level.

State programs implemented by the state also play an important role in expanding the flow of investments.

Firstly, the Entrepreneurship Code of the Republic of Kazakhstan establishes regulations that guarantee the safety and security of investments of both domestic and foreign investors.

In particular, the security and safety of investments is expressed by the state's obligations to ensure the protection of investors' rights when investing in the Republic of Kazakhstan, using revenues, resolving investment disputes and providing state support for investors' investment activities by providing investment preferences.

In addition to these measures, in accordance with the Entrepreneurial Code, stability is guaranteed when the tax legislation of the Republic of Kazakhstan and the legislation on employment of the population in the sphere of attracting foreign labor are changed.

Since January 1, 2017, one of the preferences presented to investors implementing investment projects is the exemption of imports from value added tax for imports.

Secondly, within the framework of improving the international legal framework for investment, Kazakhstan signed 47 bilateral and 1 multilateral (EurAsEC) Agreements on the promotion and protection of investments.

These Agreements create favorable legal conditions for the promotion and protection of Kazakh investments abroad and foreign investment at the territory of our country.

The provisions of these Agreements are aimed at ensuring the full protection and security of the invested mutual investments, as well as the safety of investors' investments by providing appropriate guarantees.

Thirdly, the Council of Foreign Investors under the President of the Republic of Kazakhstan, and the Council for Improving the Investment Climate under the Prime Minister of the Republic of Kazakhstan have been established and are working efficiently. These dialog platforms are designed to solve promptly the problematic issues of investors arising in the course of investment activity in Kazakhstan.

In order to protect the rights and legitimate interests of investors engaged in investment activities in the Republic of Kazakhstan, **the Institute of the Investment Ombudsman has been established**. This institution serves as a platform for interaction between investors and the state to solve current problems of investors in extrajudicial and prejudicial order.

Additionally, in order to provide services and permits, investors actively operate a "one-stop shop" for investors, in all regions

of Kazakhstan, the Investor Service Sector in the Public Service Centers are open, where investors can obtain all necessary information and permits (public services). This mechanism is aimed at minimizing the participation of investors in collection and preparation of documents and limiting their direct contact with state bodies.

Fourthly, within the Strategy "Kazakhstan - 2050" the Head of the State has set a long-term goal for Kazakhstan to enter the 30 most developed countries in the world. A great pride and achievement of Kazakhstan in 2016 was joining the OECD Investment Committee.

In recent years, the Government has undertaken a number of qualitatively new initiatives to attract investments in non-primary sectors of the economy. For example, several special free enterprise zones with preferential taxation have been established in various regions of the country. More and more foreign investors take advantage of these zones.

In addition, as part of the implementation of investment attraction tasks, it should be mentioned that in 2015, **the Government Council on Investment Promotion** (Investment Headquarters) was established. The work of this council is divided into three main areas - attracting investments in public-private partnership projects and privatization objects, improving the investment climate and attracting foreign direct investment from transnational companies.

The work on the third direction is already bearing fruit. Today, more than 29 TNCs from

the Global 2000 list are involved. Among them are General Electric, Toyota Motor, Chevron, Total, Airbus Group, Hyundai Motor, Sanofi, Rio Tinto, Danone, Kia Motors, HeidelbergCement, Alstom, Metro Group, Solvay, LG Electronics, Peugeot, Cameco and others.

The Investment Headquarters site is focused exclusively on the business result, thereby allowing to increase investment volumes, increasing the attractiveness of the country as a recipient of foreign direct investment.

Similar Councils have been established in all regions under the akims' leadership, to address investors' issues at the local level.

Kazakhstan has been a full member of the WTO since 2015, which will give an additional impetus to the country's investment attractiveness.

The main investors in the economy of Kazakhstan are the EU countries and the United States.

Over the years of Kazakhstan's independence, the European Union has become the leading trade and investment partner of Kazakhstan, ahead of Russia and China. Europe accounts for half of the foreign trade turnover and more than 50% of all FDI in the economy of our country.

In the structure of FDI among Asian countries, the bulk is accounted for by China, which launched the initiative "One Belt - One Way" to create joint projects of the "Economic belt of the Silk Road" and the "Silk Road of the XXI century".

There is a number of projects in the manufacturing sector, implemented in partnership with the Chinese side. To date, this list includes 51 projects for a total of \$ 26.2 billion implemented in the regions of Kazakhstan in such sectors as chemical industry, mining and metallurgical plant, agro-industrial complex, engineering, construction materials, information and communication technologies, transport and logistics, renewable energy and electricity. Successful implementation of these projects will open a number of high-tech enterprises with creation of more than 15,000 jobs and production of final export-oriented products with high added value.

All these facts confirm that even in the era of global financial instability, the investment climate in Kazakhstan and the macroeconomic situation in the country remain stable and inspire confidence among investors.

In general, the positive dynamics of economic growth, the improvement of the balance of payments and the build-up of production capacities ensured in 2017 confirmation of the level of investment reliability of Kazakhstan by international rating agencies and allowed to improve the forecast from "negative" to "stable".

These results, according to foreign experts, are achieved due to a verified and strategically sound internal and foreign policy of the country's leadership.

Thus, work to improve the investment climate and legislation does not stop at the measures achieved and is constantly being

improved. Kazakhstan will continue to support the policy of improving the investment business climate to ensure the most competitive conditions in order to increase the investment attractiveness of the country.

All large-scale measures taken within the framework of improving the investment climate are being introduced to create comfortable conditions for investors and for the formation of Kazakhstan as a regional investment hub.

In 2018, in order to ensure a favorable business environment and create a strong middle class of entrepreneurs, a new package of systemic measures to improve radically the business climate will be prepared, especially at the regional level, to bring the business out of the shadow through simplification of tax and other administration. At the legislative level, there is an improvement in the conditions for the legal regulation of

business and the reduction of barriers to the development of entrepreneurship. Thus, this year it is planned to reduce 25 spheres of control out of 114 and 3 areas of supervision out of 18, reduce the total number of inspections by 30% and reduce the amount of reporting provided by business to state bodies by 30%.

The investment policy will be aimed at maximizing the attraction of private investment and restoring the role of the banking sector in financing the economy. To this end, the work will be continued to improve the investment climate to the level of the OECD countries.

The government seeks to align its investment and economic policies with international best practices and improve continuously the investment climate in Kazakhstan, so, the country could offer competitive and attractive conditions for foreign investors.

SECTION 7. ENTREPRENEURIAL DEVELOPMENT

The Government of Kazakhstan is carrying out systemic reforms to create comfortable conditions for doing business. So, in recent years, unprecedented measures

have been taken to improve the business environment and reduce administrative pressure on business.

Legislative regulation

For 2006-2016, a solid legal foundation for regulating entrepreneurial activities has been created, which was aimed at a gradual reduction of administrative barriers, improving legislation, and improving the business climate in the country. Regulatory policy in the current conditions is based on observing the balance of interests of the state, business and the population.

Based on the practice of OECD countries, Kazakhstan has created a separate structure in the name of the National Chamber of Entrepreneurs of the Republic of Kazakhstan “Atameken”, whose activities are aimed at comprehensive protection of business rights and interests.

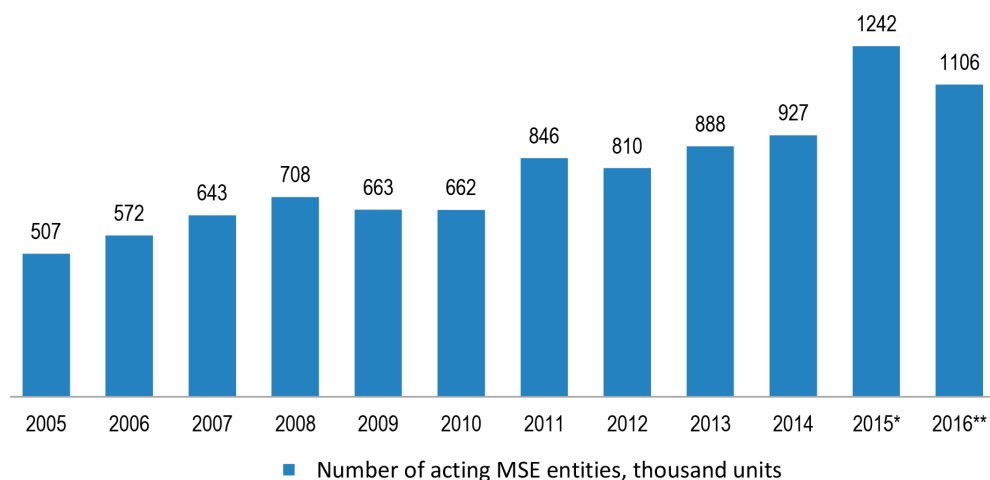
The state of small and medium-sized enterprises

Thanks to the implemented measures, small and medium-sized enterprises (hereinafter SMEs) in our country have become mass and relatively dynamic, as evidenced by official statistics. Currently, the share of small and medium-sized enterprises in Kazakhstan's GDP is 26.8%, the number of employees in this sector is **3 183 thousand**

people, SMEs produced products worth **KZT 10.5 trillion**.

As of January 1, 2017, the number of operating SMEs is 1,106 thousand units, which is **2.2 times** more than in 2005.

The dynamics of the number of operating SME entities for 2005-2016



* In accordance with international practice, in order to apply uniform approaches to the formation of indicators on the number of SMEs and to eliminate discrepancies with the data of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, starting from February 1, 2015, an indicator is published of the number of "acting", instead of "active" entities.

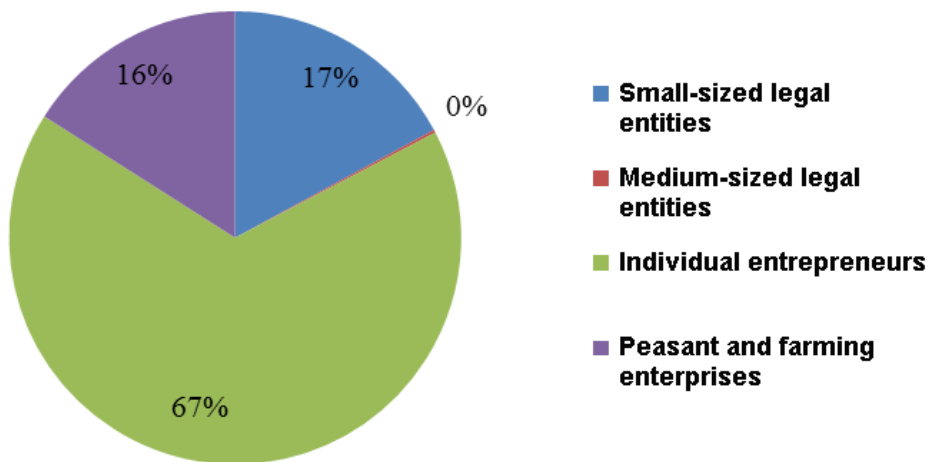
** Actualized data for 2016 according to the "Methodology for updating the Statistical Business Register", approved on June 24, 2015, No.96.CS MNE RK.

Source: Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

In the structure of SMEs, there is a significant quantitative superiority of individual entrepreneurs (hereinafter referred to as IE) over legal entities, as well as the superiority of small-sized enterprises over medium-sized enterprises. This is related to many factors, including taxation, the number of procedures for registration, etc. The biggest part of the entrepreneurs of the

country chooses the form of IE organization due to favorable conditions for doing business. The opening of a limited liability partnership (hereinafter referred to as LLP) as compared to an IE is a more complicated procedure, in addition, the costs of opening a legal entity exceed the cost of registering IE more than 6 times.

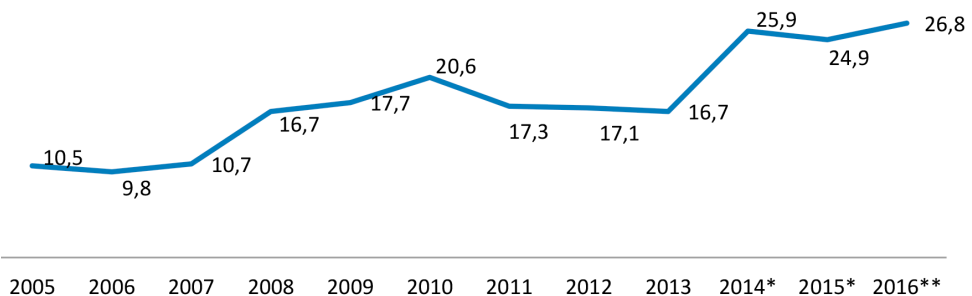
The structure of the small and medium-sized enterprises as of May 1, 2017



Source: Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

According to preliminary statistics, in 2016 the share of SMEs' contribution to GDP was 26.8%, showing an increase of 16.3% compared to 2005.

The dynamics of the share of the GVA of small and medium-sized enterprises in GRP, in %



* According to the Entrepreneurial Code of the Republic of Kazakhstan dated October 29, 2015 No.375-V for the purposes of state statistics, the use of the criterion of referring to small and medium-sized enterprises is carried out only by the average annual number of employees.

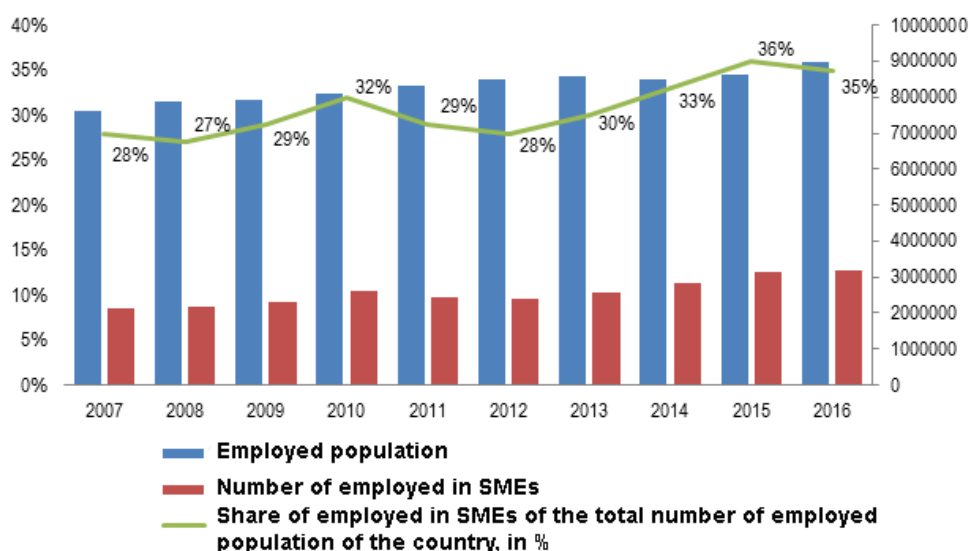
** Preliminary data for 2016.

Source: Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

At the same time, employment in SMEs increases every year. Thus, the share of the population employed in the

SMEs increased by 7 percentage points compared to 2005, and currently accounts 3,166,792 people.

Employment in small and medium-sized enterprises



According to the Entrepreneurial Code of the Republic of Kazakhstan dated October 29, 2015 No.375-V for the purposes of state statistics, the use of the criterion of referring to small and medium-sized enterprises is carried out only by the average annual number of employees.

** Preliminary data for 2016.

Source: Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan

Positions in international rankings

The result of the ongoing reforms and economic transformations are not only official statistics, but also strong enough positions of Kazakhstan in the world ratings on assessing the business environment. According to the estimates of such leading international organizations as the World Bank, the European Institute of Management Development (IMD,

Switzerland) and others, the promotion of the Republic of Kazakhstan on the path of reforms that improve the business climate in the country and contribute to attracting both domestic and foreign investment, is steady and obvious.

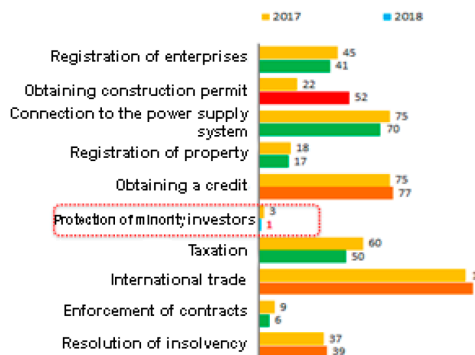
The report "Doing Business 2017: measurement of quality of regulation and efficiency" presents the results of an assessment

of the quality of the business environment. According to the World Bank's **"Doing Business 2018"** rating published in 2017, Kazakhstan ranked **36th**, rising its rating by 28 points compared to 2008. Kazakhstan took a position in the neighborhood with such countries as Switzerland (33), Japan (34), Russia (35), and Belarus (38).

Out of the 10 basic indicators of the Doing Business rating, Kazakhstan improved its positions by 5 indicators. Thus, the country showed a significant growth in the indicators "Opening of enterprises" (+9 points), "Joining the electric grids" (+5 points), "Protection of minority investors" (+2 points), "Registration of property" (+1 point), "Taxation" (+10 points).

Comparison of Kazakhstan's positions on indicators

Comparison of Kazakhstan's positions on indicators of Doing Business rating



In general, following the results of 2017, World Bank experts took into account the following reforms of the Government of the Republic of Kazakhstan:

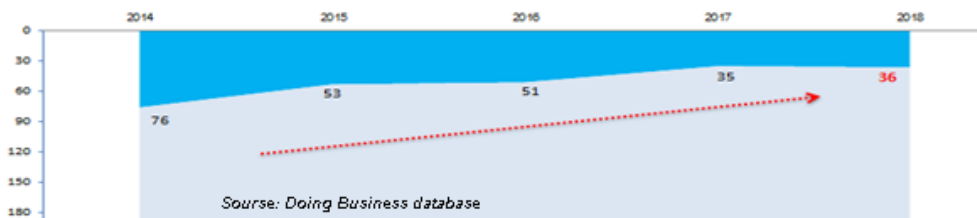
Regarding the indicator "Registration of ownership", Kazakhstan facilitated the transfer of property through improved transparency and dispute resolution mechanisms in the land resources management system.

Regarding the indicator "Protection of minority investors", Kazakhstan strengthened the protection of minority investors by increasing shareholder rights and role in making major corporate decisions, specifying ownership and control structure, requiring greater corporate transparency and expanding access to corporate information during the court proceedings.

Regarding the indicator "Enforcement of contracts", Kazakhstan simplified the execution of contracts by introducing additional temporary standards for key litigation that are observed in most cases.

Despite the achieved positive results, taking into account the instability in the world economy and the need to minimize the difficulties for business in the country, further work to improve the business climate is needed.

The dynamics of Kazakhstan's positions in the Doing Business rating



Support of small and medium-sized enterprises

To support and build the potential of Kazakhstan's business in the country, a set of measures is being implemented through the adoption of various state and sectoral programs. Indirect support measures are also implemented through development institutions and social-entrepreneurial corporations.

The Entrepreneurial Code of the Republic of Kazakhstan provides for the following types of state support for private entrepreneurship:

1. financial and property support;
2. infrastructure support;
3. institutional support, consisting in the creation and development of financial institutions for the support and development of private entrepreneurship, research institutes with state bodies to study problems and develop proposals for the development of private entrepreneurship;
4. information support, consisting in information-analytical, educational-methodological, scientific-methodological support of private entrepreneurship.

Today, the most recognizable and sought-after by entrepreneurs is the

Single Program of Business Support and Development "**Business Roadmap 2020**". This program is a logical continuation of the implementation of the road maps of 2009 and 2010, with emphasis shifting to post-crisis development, maintaining existing and creating new permanent jobs, as well as developing entrepreneurship in the regions. This program provides for four areas of support:

1. Support for new business initiatives of single-industry cities, small towns and rural settlements.
2. Sectoral support of entrepreneurs operating in priority sectors of the economy and manufacturing industries.
3. Reduction of the currency risks of entrepreneurs.
4. Providing non-financial measures to support entrepreneurship.

In order to increase the incomes of the self-employed and unemployed by creating conditions for their productive employment, **the Program for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021** was adopted.

Within the framework of this program, one of the directions is to create conditions for mass entrepreneurship. In this direction all microcredit instruments are combined and a set of measures for the development of microcrediting in the countryside and in the city is presented. In addition, it is supposed to develop the system of obtaining entrepreneurial skills on the basis of “Bastau Business” with the participation of regional chambers of entrepreneurs.

In order to support entrepreneurs working in the agricultural sector, the State Program for the Development of the Agro-Industrial Complex for 2017-2021 was launched. This program provides for four areas of implementation:

Financial rehabilitation of the agro-industrial complex entities, restructuring, refinancing and financing of financial obligations of agricultural commodity producers.

Increase in economic accessibility of goods, works and services for agro-industrial complex entities.

The development of state systems for providing agro-industrial complex entities will help agricultural producers develop phytosanitary and veterinary safety.

Increasing the effectiveness of the state regulation of the agro-industrial complex, this will improve the methods of state participation in the development of the agricultural sector and provide comprehensive support to agricultural commodity producers.

Services for Business

Today in Kazakhstan, entrepreneurs can receive a set of services in the “**one-stop-shop**” mode. At the regional level, there are service centers for entrepreneurs (SCEs), at single-industry cities level - stationary centers for the support of entrepreneurship (CSPs), and at the district level - mobile CSPs.

In these centers, both current and potential entrepreneurs can receive the following services free of charge:

- training in the basics of business for start-uppers and entrepreneurs of all industries;
- development of business projects, expert examination and evaluation of their effectiveness;

- clarification of existing measures of state support for business;

- assistance in selection of credit products of financial institutions and many other services.

In addition, every entrepreneur can get interesting information about support tools, as well as obtain public services using information and communication technologies.

So, since 2013 the **Unified Internet Portal “Business Territory”** operates <https://business.gov.kz>, which contains information about all programs of state support, regulatory legal acts regulating business activity, measures of protection of business entities, public procurement of state bodies, subsoil users and national companies.

Today, businesses can receive **automated service** on www.egov.kz portal. These are services on state registration of a legal entity, registration of representative offices, liquidation of business, etc.

To automate the licensing processes

and ensure a transparent mechanism, the “E-licensing” portal <http://elicense.kz> operates between the state-licensors and the business community. This portal allows you to submit electronic applications for the receipt and reissue of permits.

SECTION 8. INFRASTRUCTURE DEVELOPMENT - GROWTH OF ECONOMIC OPPORTUNITIES

Kazakhstan has a vast territory of 2.7 million square km and is one of the largest countries in the world in terms of area. At the same time, the country has a low population density. Distances between cities and rural settlements are very large. In this regard, the formation of a developed transport and logistics infrastructure is one of the strategic tasks of the state.

Currently, **the State Program for Infrastructure Development “Nurly Zhol” for 2015-2019** is being implemented in Kazakhstan², which provides for creation of a unified transport and energy system, as well as integration of Kazakhstan's economy into a single national market.

A new network of roads, railways and airlines is aimed at uniting the ray principle of all regions of the country with each other, as well as with the capital, as a result of which a reliable infrastructure framework of the country will be created. The international corridor Western Europe - Western China, the routes Astana - Karaganda - Almaty, Astana - Ust-Kamenogorsk, Astana - Aktobe - Atyrau, Almaty - Ust-Kamenogorsk, Atyrau - Astrakhan are of significant importance.

In 2016, based on the results of the Nurly Zhol program, more than 100,000 jobs were created, and over 2,000 km of engineering networks were built, which provides employment for the population and opens new opportunities for the regions.

Kazakhstan has an advantageous geographical position. Being at the junction of two continents - Europe and Asia, Kazakhstan has a significant transit potential and is a kind of crossroads for the main transit corridors from east to west and from north to south.

In Kazakhstan, a number of strategic documents were adopted, the main priority being the integration of the national transport system into the Eurasian transport corridors.

The unavailability of customs' borders allowed the business to reduce transport costs, accelerate transportation of goods, as well as increase the competitiveness of its products.

Currently, a number of large international infrastructure projects are being implemented in Kazakhstan, such as the dry port of Khorgos on the border with China, the Aktau port on the Caspian Sea, the Kazakhstan-Turkmenistan-Iran railway corridor that connects the Central Asian countries with the Persian Gulf and the Bandar Abbas port on south of Iran, as well as the transit corridor Western Europe - Western China.

The One Belt - One Way initiative provides a unique opportunity for Kazakhstan to become the doorway to China for the Eurasian Economic Union, a single market comprising 182 million people. In a long term, a significant proportion

of trade between China and Europe can pass through this route 2 times faster than by sea. This will open up opportunities for business in Central Asia to capitalize new trade routes.

Railway transport

Railways in Kazakhstan are the backbone of the country's transport system.

In 2001, the construction of the Aksu (Pavlodar region) - Degelen (East Kazakhstan region) railway, connecting the north-western and western regions, was completed. As a result, the route from Pavlodar to Semey was reduced by 1.6 thousand km.

In 2001-2003, the Khromtau (Aktobe region) - Altynsarino (Kostanay region) railway was built, which connected the northern and western parts of the country.

In 2005-2008, the construction of the Ust-Kamenogorsk-Shar railway line, which connected the unified rail infrastructure of the eastern region, was underway.

In 2009-2012, a new railway line Korgas-Zhetygen (Almaty region) was built, which became the second exit to the border with China.

Between Kazakhstan and China, an agreement was signed on the establishment of the international center of cross-border cooperation "Khorgos", which was the gateway to East Asia. The Dostyk-Alashankou and Khorgos border crossings on the Kazakh-Chinese border, as well as the Sarakhs-Mashhad between

The initiative of China to form the "Economic belt of the Silk Way" and the program "Nurly Zhol" contribute to the revival of the Great Transcontinental Highway of Eurasia - the Silk Way.

Turkmenistan and Iran, have significantly activated the new transit corridors.

In 2014, the railway lines Zhezkazgan-Beineu and Arkalyk-Shubarkol were put into operation, which connected the central region with the west and north of the country in direct directions. Regarding the railways, freight trains were launched.

In 2016-2017, the second Almaty-Shu railway line was built, which doubled its transit potential.

The construction of new railways has significantly reduced the distance, time and costs for transportation and delivery of passengers and goods both inside the country and for transit. In addition, the new railways improved transport logistics within the country, as well as optimized the international routes of freight traffic in the directions North-South and East-West.

Another factor contributing to the improvement of the railway transport infrastructure was the construction and commissioning in 2017 of the new station "Astana-Nurly Zhol". The capacity of the new station covers completely the need for servicing the capital's passenger traffic in the long term.

Railway stations of the cities of Almaty, Aktobe, Ust-Kamenogorsk and Shymkent

fully meet the demand of the existing passenger traffic.

At the end of 2016, the share of railway transport in the country's total freight turnover was about 42%, in general, the country's passenger turnover was 7%.

In the future, it is planned to build an international high-speed railway that will connect the PRC, Kazakhstan, Russia and Belarus (Beijing-Urumqi-Almaty-Astana-Kazan-Moscow-Minsk). The length of this road will be 7.7 thousand km.

Today, rail transport is an important part of the country's industrial infrastructure.

As part of the creation of domestic transport engineering, the construction of plants for the production of main diesel locomotives, freight cars, Talgo passenger cars and the plant for the production of modern electric locomotives using Alstom technology have been completed. Thus, the

introduction of the Talgo trains into operation makes it possible to shorten significantly the journey time. If earlier the time from Astana to Almaty was 26 hours, now it is 11 hours.

In 2016, the Aktobe Rail and Beam Plant was put into operation, which applies the technology "Primetals Technologies ItalyS.r.l (Siemens-VAI)". A special feature of the implemented technology is the innovative process of differential thermal strengthening of the rail, which makes it possible to use these rails on high-speed lines and lines with increased freight intensity. The manufacture of 120-meter length rail in the CIS countries was set up for the first time.

In addition, in Kazakhstan, special attention is paid to training specialists for the transport and communications industry. The Tynyshpayev Kazakhstan Academy of Transport and Communications (KazATC) in Almaty trains such personnel.

Road sector

The road sector of Kazakhstan plays an important role in the development of the country's economy.

The length of the motor roads of the Republic of Kazakhstan is 128.3 thousand km, with the specific gravity of public roads with a hard surface of more than 90%³.

During the period from 2012 to 2017, 4.2 thousand km were reconstructed, which led to an improvement in the condition of roads by 31%⁴. This allowed doubling the passengers' turnover and freight turnover by road for the same period.

Further development of the industry is facilitated by the implementation of the state program for infrastructure development "Nurly Zhol".

Within the framework of the Nurly Zhol program, 7,000 km of motorways were built and reconstructed, including such important highways as Center - South (Astana - Karaganda - Almaty), Center - East (Astana - Pavlodar - Ust-Kamenogorsk) and Center - West (Astana - Aktau). The reconstruction of the highways Astana - Temirtau, Astana - Kostanay - Chelyabinsk, Astana

- Petropavlovsk, Pavlodar - Omsk, Beineu - Shetpe was also completed.

It should be noted that the projects are being implemented jointly with international financial organizations (hereinafter referred to as MFOs) in order to master the best world experience in improving the quality of services and attracting modern technologies to the road construction sector. Thus, in cooperation with the International Bank for Reconstruction and Development, Kazakhstan introduces an automated road management system.

Taking into account the world experience, Kazakhstan, in addition to state funds and funds of MFOs, actively uses public-private partnership tools in large road projects. These are the following projects: "Construction and operation of the highway "Big Almaty ring road", "Creation of the infrastructure of the automobile checkpoint on the section of the highway "Almaty-Khorgos" (Western Europe - Western China)", "Construction and operation of high-speed highways in the South Kazakhstan region" and etc.

For Kazakhstan, in addition to the development of domestic road infrastructure, the completion of the construction of the Kazakhstan section of **the international automobile corridor "Western Europe - Western China"** is important, allowing to reduce the time of transportation of freight from Lianyungang (PRC) to St. Petersburg (Russia) to 10 days.

The main purpose of the construction of this site is to increase the transportability

and road safety throughout the road corridor from south to west.

The transit corridor "Western Europe - Western China" has a serious economic effect for both Kazakhstan and other participating countries, which have not only strengthened the transit potential, but also the internal effect of regional development. Thus, for example, in Kazakhstan this corridor covers 200 settlements with a total number of 5.5 million people. In this regard, the growth of small and medium-sized enterprises, the service industry, tourism and other sectors of the economy is expected.

In addition, on the border with China, the infrastructure of the Dry Port in the SEZ "Khorgos-Eastern Gate" is fully formed.

Along with this, the opening within the framework of the Shanghai Cooperation Organization four corridors passing through the territory of Kazakhstan until 2020, will attract additional volumes of freight from neighboring countries. In addition, China's accession to the Convention "International Road Transportation", unification of weight-dimension parameters, will create favorable conditions for the further development of road transport.

All this should ensure the integration of the national transport system into the Eurasian transport corridors.

For the period of 2011-2016, the volume of transit via road transport increased by 4.5%, with freights from China (55.3%) and Uzbekistan (26.2%) to Europe and the Eurasian Economic Union.

In general, state measures will allow to reconstruct and build more than 7 thousand km of high-speed roads, to reduce the average travel time 2 times between hub cities in one direction, create more than 200 thousand jobs, and build 260 objects of high-grade and high-quality road service.

The effect of the implementation of large-scale road projects will be achieved

through the economic benefits of reducing transport costs in production costs, increasing the speed of interregional and intercountry transport and, accordingly, reducing the time losses and the operating costs of road users, strengthening the links between regions, which in general, will positively affect the growth of the economy.

Water transport

Kazakhstan is the largest country in the world, which has no access to the sea. However, the advantageous geographical location of Kazakhstan predetermines its geopolitical role as a transit bridge between Europe and Asia.

One of the bridges connecting Europe with Asian countries is the Caspian Sea, which is the transport artery for the delivery of transit freight.

The Caspian Sea is of great importance within the economic space of the European Union - CIS - China - South-East Asia.

In the middle of the 2000s, Kazakhstan proposed the construction of a navigable channel "Eurasia" between the Caspian and Black Seas. Effective infrastructure of the Caspian region provides economic growth on a Eurasian scale.

Coastal transport infrastructure of Kazakhstan on the Caspian Sea includes three operating seaports - Aktau, Kuryk and Bautino.

The port of Aktau is involved in transshipment of goods in export-import and

transit traffic, its share in providing freight transportation in the Caspian basin is about 25%.

Reconstruction of this port enabled the country to join international transport routes through the Caspian Sea. The result was a direct access to the ports of the Caspian and indirectly - the Black Sea-Mediterranean Sea and Baltic basins, the Persian Gulf and South-East Asia, and conditions were created for large-scale transit freight traffic.

In the port of Kuryk in December 2016, a railway ferry terminal with a capacity of 4 million tons of freight per year was launched. In 2017, the second phase of construction of the Kuryk port - an automobile ferry terminal - was launched. Completion of the project will bring the total throughput capacity of Kazakhstan's seaports to 26 million tons.

The port of Bautino specializes as a base for supporting offshore oil operations.

Following the results of 2016, the volume of domestic maritime transport amounted to

3,082 thousand tons of freight, which is 7% more than in 2015 due to transportation on the Turkmenistan-Makhachkala line and a new service from Makhachkala-Baku.

The domestic merchant fleet comprises 8 tankers, which transport about 70% of the total volume of oil passing through the port of Aktau.

Currently, about 300 vessels operate in the Kazakhstan sector of the Caspian Sea. Maintenance services to these vessels are provided by ship-repair bases of the Mangistau region.

Aviation

During the years of independence, a complex civil aviation system was created in Kazakhstan.

So, during the last 5 years there has been some positive dynamics (+33.5%) in terms of the number of passengers carried by airlines, as well as of passengers served by the RoK airports (+ 32.6%).

This fact has allowed to increase incomes on transportations (+67%) and from activity of air freight transport (+15%)⁵.

The growth in the volume of air transportation was accompanied by an increase in the total number of civil aircraft. So, if in 2011 there were only 691 vessels, then by the end of 2017 there were 913 of them.

In addition, during the visit of the Head of State to the United States in early 2018, contracts were signed for the supply of 9 aircraft for a total of \$ 1.5 billion.

Air carrier, leading in the region, Air Astana, which for the last 6 years has been

River navigation is carried out in the basins of the Irtysh rivers (including Lake Zaisan, Bukhtarminsk, Ust-Kamenogorsk and Shulba Reservoirs), the Urals, Kigach, Ishim, Ili, Kapchagai Reservoir and Lake Balkhash.

River transport occupies a small share in the total volume of the republic's transport operations. Transportation of passengers and freight on inland waterways of Kazakhstan is carried out by about 140 vessels.

recognized as the Best airline of Central Asia and India with one of the youngest fleets in the world (6-8 years) has been established.

The republic has 20 airports of republican and regional significance. To date, 14 out of 16 airports, which were admitted to servicing international flights, have been categorized according to the standards of the International Civil Aviation Organization (hereinafter ICAO).

In the field of ground infrastructure, annual reconstruction and modernization of the runways, taxiways, passenger terminals, including engineering infrastructure, power supply, heat supply, water supply systems, fuel supply, is carried out annually.

So, for 26 years of independence reconstruction of 15 runways and 11 terminals of the airports of Kazakhstan was carried out.

In 2017 the construction of a new terminal of the international airport "Nursultan

Nazarbayev” was completed, capable of serving more than 8 million passengers a year.

The new passenger terminal of the capital airport with an area of 47 thousand square m. has a technological scheme for servicing passengers both on international and domestic routes, meeting the requirements of ICAO international standards and recommended practices.

Currently, in the field of domestic flights there are regular flights on 53 routes, most of which are in Almaty (16 flights) and Astana (14 flights). There are 21 transverse routes that do not include Astana and Almaty.

Almaty has a service with 20 countries on 29 international routes, and Astana - with 16 states on 25 routes. From Astana, flights to 5 international financial centers - Frankfurt, London, Dubai, Hong Kong, Seoul, are carried out. At the same time, 126 international and 289 domestic flights are performed weekly from Astana.

The total number of air routes of the Republic of Kazakhstan is 90, while their length is 83,876 km. The total number of air corridors on the border with neighboring countries is 73. Airports of Almaty and Astana allow the adoption of modern wide-bodied aircraft. In general, all medium-range passenger aircrafts can take off in almost all airports in Kazakhstan.

That is, the state of the ground infrastructure allows developing domestic air transport and creating international routes, especially with border regions.

Given that the territory of the Republic of Kazakhstan has an advantageous geo-strategic location at the crossroads of the European-Asian air transport market, transit transportation is one of the main directions of aviation development. In the period of 2010-2017, the number of transit passengers of Kazakh airlines has increased more than 30 times from 20 thousand to 620 thousand passengers per year⁶. The main directions are “China-Europe, Turkey, Russia”, “Central Asia - India”, etc.

One of the factors in the development of the transit potential is the comparatively low tariffs of domestic airports for international flights than at the airports of our neighbors in the region.

Additionally, one of the strategically important elements in the development of the industry is the provision of aviation security.

To date, each airport has organized aviation security services, staffed with the necessary technical means and personnel.

In November 2017, ICAO's aviation security audit was successfully completed. According to official audit estimates, there has been significant progress and a high level of compliance with ICAO requirements (83%).

Gradually, the process of transition to the British model of civil aviation regulation is being implemented, which is the most advanced form of management. A Memorandum of Understanding was signed with the British Civil Aviation Agency, different approaches were developed to implement this model.

The growth of the industry calls for staffing. Thus, in addition to the existing Academy of Civil Aviation, the College at the Academy, as well as 20 aviation

training centers, in 2018, the construction of the Aviation Training Center in Astana will begin.

SECTION 9. INTERNATIONAL INTEGRATION PROCESSES

Kazakhstan plays a rather important role as a participant in world economic processes. The country possesses significant reserves of the main types of resources, is located at the intersection of the main transcontinental trade and transport routes, and preserves internal stability. In order to increase the effectiveness of using the existing advantages, Kazakhstan initiates the development of most regional and interregional projects.

According to the experience of the development of integration processes in the world, it is the collective exercise of sovereignty that is the most optimal way of ensuring national interests and real independence in today's interconnected world.

Kazakhstan has established itself as a successful, stable state in the system of international relations.

Kazakhstan's foreign policy efforts are focused on ensuring and strengthening security, sovereignty and territorial integrity, political stability and sustainable economic development of the country.

Since gaining independence, Kazakhstan has pursued a balanced and pragmatic foreign policy.

Today, the country's foreign trade turnover exceeds the aggregate turnover of other Central Asian countries.

The Republic of Kazakhstan is one of the first leaders and an active consistent organizer of integration processes.

Kazakhstan's participation in international economic integration is a prerequisite for creating an economic basis for the sovereignty of the Republic of Kazakhstan, ensuring high economic growth, joining it to the world community as a full member.

The goals and principles of economic integration in Kazakhstan are to increase the sustainability of development through economic strengthening; opening up new development opportunities for national economies; economic pragmatism; voluntariness, respect for sovereignty and the strengthening of national statehood; equality in making all decisions; evolutionary development and openness of the Eurasian space.

Kazakhstan in the Eurasian Economic Union

Kazakhstan is a member state of the Eurasian Economic Union (hereinafter - EEU) - an international integration economic association along with Armenia, Belarus, Kyrgyzstan and Russia. The Treaty on the

creation of the union came into force on January 1, 2015.

It is known that Kazakhstan's desire to become an advanced state, to get into the top



30 developed countries of the world in 2050, is itself a positive intention. Participation of Kazakhstan in the EEU creates an additional foundation for diversifying the economy, increasing labor productivity, entering the 30 most competitive countries in the world.

The creation of the EEU is one of the key directions of the global movement towards regionalization and stability of development.

The economic potential of Eurasian integration is very high. The volume of national economies is more than 2.2 trillion US dollars, the population is more than 182 million people.

No custom borders allowed businessmen to reduce transport costs and accelerate

the transport of goods. Competitiveness of products has been increased. Participation in the EEU brings benefits to all citizens who enjoy equal educational, professional, social, medical preferences.

Kazakhstan in the EEU has every reason to continue to be a space for growth, economic freedom, attraction of investment and business support.

In May 2015, an agreement on free trade with Vietnam was signed in Astana, and in December, the heads of state considered the possibility of pairing the EEU and the Economic belt of the Silk Way. The work was begun on the creation of a roadmap for cooperation with China.

Economic indicators of the EEU in 2016

OIL PRODUCTION

628.3 million tons

1st place in the world

14.6% of the global indicator

GAS PRODUCTION

KZT 686.2 billion m3

2nd place in the world

18.4% of the global indicator

COAL MINING

489.6 million tons

6th place in the world

5.8% of the global indicator

ELECTRIC ENERGY PRODUCTION

1235.1 billion kW*h

4th place in the world

5.1% of the global indicator

CAST IRON PRODUCTION

54.6 million tons

3rd place in the world

4.5% of the global indicator

STEEL PRODUCTION

76.2 million tons

5th place in the world

4.5% of the global indicator

GROSS GRAIN HARVESTING

76 million tons

2nd place in the world

9% of the global indicator

MILK PRODUCTION

45.4 million tons

3rd place in the world

7% of the global indicator

MEAT PRODUCTION

7.9 million tons

4th place in the world

3.5% of the global indicator

EXTENSION OF RAILWAYS

107.0 thousand km²

2nd place in the world

7.8% of the global indicator

The volume of foreign trade in goods of the EEU with countries outside the EEU in January-December 2017 amounted to 633.8 billion US dollars, including exports - 386.6 billion US dollars, imports - 247.2 billion US dollars.

In comparison with the period of 2016, the volume of foreign trade increased by 24.4%, or by 124.4 billion US dollars. The volume of exports of goods increased by 24.5%, or by 78.3 billion US dollars, imports - by 22.9%, or - by 46.1 billion US dollars. The positive balance of foreign trade in goods increased from 107.2 billion US dollars in January-December 2016 to 139.4 billion US dollars in January-December 2017.

The volume of mutual trade of the EEU for January-December of 2017 amounted to 54.2 billion US dollars, or 126.1% to the level of the corresponding period of 2016. The volume of trade with the countries of the EEU amounted to 17.4 billion US dollars, which corresponds to 22.4% of total mutual trade.

The main buyer of goods exported by the EEU member states is the European Union (49.3% of total exports). Among the EU countries, the most significant supplies of goods are carried out to the Netherlands (10.7%), Germany (7.1%), Italy (5.9%), Poland (3.4%).

Mineral products (62.6% of total exports to countries outside the EEU), metals

and products thereof (10.7%), products of the chemical industry (6.1%) prevail in the commodity structure of exports of the countries of the EEU to countries outside the EEU. The largest share in imports is occupied by machinery, equipment and vehicles (44.7% of total imports from countries outside the EEU), chemical products (18.1%), food products and agricultural raw materials (12.2%).

Mineral products (27.7%), machinery, equipment and vehicles (18.5%), food products and agricultural raw materials (15.1%) prevail in the commodity structure of mutual trade.

The EEU has become a full-fledged subject of international law developing relations with traditional partners and forming its new system of trade and economic relations with leading and promising economic centers - China, India, Vietnam, Iran, Egypt, Israel, Latin American countries, international structures and regional integration associations.

The cooperation of states within the framework of the EEU is based on the principles of economic pragmatism and mutual benefit, integration is seen as an additional growth stimulus, contributing to the successful solution of national tasks and providing additional growth through the implementation of the integration potential.

Kazakhstan's accession to the World Trade Organization

In 2015, Kazakhstan officially joined the World Trade Organization following more than 19 years of negotiations.

Kazakhstan's accession to the WTO is an additional incentive for the ongoing work to improve the country's competitiveness and improve the welfare of the country. Participation in the WTO contributes to the solution of such important intra-economic tasks of Kazakhstan as growth of labor productivity, and reduction of costs.

Economic benefits of Kazakhstan joining the WTO

1. Recognition of Kazakhstan as a country with an open market economy integrated into the world economy and world structures.

2. Conducting trade between the WTO members on a non-discriminatory basis, due to a large contribution to the global export of oil, oil products, natural gas, electricity and coal.

Expanding the range and quality of goods and services will lead to a reduction in prices of not only finished imported goods and services, but also the domestic ones, in the production of which imported components are used.



3. Getting easier access to world markets for goods, services, capital, internationally recognized rights to protect national economic interests in these markets.

4. Reducing commercial risks by establishing a more stable trading regime, as well as reducing transportation costs due to guaranteeing the freedom of transit of goods through the territory of the WTO member states.

5. Creation of civilized conditions for competition and access to a unified international legal space.

6. Positive prospects for the investment climate will lead to the development of domestic production, will serve as a powerful source of renewal of production and economic growth of the country.

7. Accelerated development of industries that produce final products with a high level of research intensity and value added, high and medium manufacturability.

Kazakhstan and OECD: towards mutually beneficial cooperation



One of the priorities of Kazakhstan's foreign economic policy is close cooperation with the Organization for Economic Cooperation and Development (OECD). Kazakhstan actively implements the OECD standards in economic practice. Approaching to these standards contributes to the entry of Kazakhstan into 30 developed countries of the world.

Kazakhstan's cooperation with the OECD began in 2008 within the framework of the **Eurasian Competitiveness Program** (hereinafter referred to as the ECP) and continued as a co-chair in the Central Asian Initiative between 2013 and 2016.

ECP is being implemented with the aim of attracting investments, increasing competitiveness and developing private entrepreneurship.

2015 was a new stage of cooperation between Kazakhstan and OECD. **The country program** was signed, which represented a qualitatively new platform for the exchange of experience. Similar program is being

implemented in three countries of the world - Peru, Morocco and Kazakhstan. Within the framework of the Country Program, the Republic of Kazakhstan can join a number of the OECD instruments and take part in the work of its structures. The program implements projects aimed in particular at the development of human capital, SMEs' access to financing, as well as improving the policy in attracting and supporting investments.

The country program envisages Kazakhstan's accession to 29 OECD declarations and recommendations, as well as 17 reviews of the socio-economic status of the Republic of Kazakhstan.

At present, the Government of Kazakhstan initiated the accession to 21 of 29 legal instruments of the OECD Country program. Kazakhstan received 17 out of 21 confirmations of accession to legal instruments. Joining a legal instrument means bringing national legislation in line with the best practices of the OECD states.

SECTION 10. DEVELOPMENT OF PEACE INITIATIVES: PEACEKEEPING CAPACITY

Kazakhstan has accumulated a unique experience of implementing peace initiatives, which can be indicative of world practice and originates from the first years

of independence of the republic. The most revealing examples of the peace initiatives of Kazakhstan are the following.

The refusal of nuclear weapons

After the collapse of the USSR, Kazakhstan possessed the fourth largest nuclear missile arsenal in the world, including one of the world's largest landfills - the Semipalatinsk nuclear test site. The attitude towards the newly-formed republic, which possesses nuclear weapons, from the side of the world community was ambiguous and, in many respects, distrustful. Kazakhstan, proceeding from the ideal of a world free of nuclear weapons and the peaceful use of nuclear energy for the benefit of all mankind, decided to renounce voluntarily nuclear weapons, declaring the world community its peaceful position. This allowed Kazakhstan to destroy distrust as a new source of a potential nuclear threat and to start relations with the international community from clean page. Kazakhstan adheres to the position that peace and security guarantees creation of a deliverance from nuclear weapons, instead of possession. In 2006, 4 more Central Asian states joined the initiative of Kazakhstan to create a nuclear-weapon-free zone, forming a new, sixth nuclear-free zone - the **"Area of Peace"**.



Since then, Kazakhstan has been faithful to the ideal of a world without nuclear weapons, setting itself the task of serving as an example in promoting a nuclear-free initiative in the world. In 2012, Kazakhstan initiated the project of public diplomacy "ATOM" (Abolish Testing. Our Mission) in order to contribute to "real and sustainable changes by attracting citizens of the whole world to unite for the sake of stopping the testing of nuclear weapons, thereby declaring to the world community that humanity deserves and demands a world without nuclear weapons". The initiative was supported by citizens of more than 100 countries.

It is noteworthy that the project was launched on August 29, 2012 in memory of the closure of the Semipalatinsk nuclear test site in 1991. This day the UN declared the International Day of Action against Nuclear Tests precisely at the initiative of Kazakhstan, which is evidence of the support of the world's non-nuclear policy of Kazakhstan.

Another evidence of widespread international support for Kazakhstan's anti-nuclear policy is the creation in Kazakhstan of the world's first **Low Enriched Uranium Bank** under the aegis and full control of the International Atomic Energy Agency. The Bank was established to provide nuclear fuel to member states of this organization in case of need to maintain the uninterrupted

functioning of nuclear power plants, as well as to strengthen the nuclear non-proliferation and disarmament regime.

Thanks to many years of efforts to promote nuclear disarmament at the international level, Kazakhstan has consolidated its leading position in the world anti-nuclear movement.

Establishment of the Conference on Interaction and Confidence Building in Asia

Kazakhstan became the first country in the Central Asian region to propose the creation of a security structure with a great integration potential, initiating the creation of **the Conference on Interaction and Confidence Building in Asia (CICA)**, an international forum to strengthen cooperation aimed at ensuring peace, security and stability on the Asian continent.

Since the establishment of this organization in 1992, it has been joined by 16 countries in Asia. Today CICA unites 26 member-states; 8 countries and 4 international organizations, including the UN, having observer status.

The Forum is based on the understanding that peace and security in Asia can be achieved through dialog and cooperation leading to a common inseparable security in Asia, where nations will peacefully coexist, and their people will live in an atmosphere of peace, freedom and prosperity.



It should be noted that at the time of establishment, Asia did not have a similar structure for ensuring peace and security, unlike other regions. As it grows and develops, this initiative has been receiving even greater support from a number of states that support the concept of mutual trust and sustainable security. The first tangible success of CICA activities can be called the restoration of the dialog between India and Pakistan at the time of exacerbation of relations in 2002. Having strengthened institutionally and organizationally, the CICA gained observer status in the UN and developed cooperation with the OSCE and the Shanghai Cooperation Organization (hereinafter referred to as the SCO). To date, CICA is a popular and viable organization, which has proved to be an effective mechanism for ensuring peace and sustainable security in Asia through dialogue and trust.

Kazakhstan's chairmanship in the Organization for Security and Cooperation in Europe



One of the important milestones in the history of modern Kazakhstan was the **chairmanship in 2010 of the Organization for Security and Cooperation in Europe** (hereinafter - the OSCE) - the largest regional structure uniting 56 countries in Europe, Central Asia and North America. Kazakhstan was the first among the countries of the post-Soviet space to chair the OSCE.

This historic decision, demonstrating the OSCE's commitment to the principle of equality of the participating states and the doctrine of a "common home from Vancouver to Vladivostok" was a recognition of Kazakhstan's growing role in international politics.

Kazakhstan led the OSCE guided by new challenges that the organization faced, where signs of a contradiction between Western countries on the one hand and the countries of Eurasia on the other began to show themselves. Kazakhstan has set the task of removing the OSCE from a segmented state, where fundamentally different approaches of understanding security dimensions have emerged between countries. This was impossible without a full-fledged dialog between the leaders of the countries. At the same time, starting in 1975, only 6 top-level meetings took place within the OSCE, which clearly reflected the lack of consensus and non-compliance with the regulations providing for holding

such meetings with a 2-3-year regularity. After 11 years of pause, Kazakhstan organized the next OSCE summit in Astana, strengthening the role and credibility of the organization as an important dialog platform between the Euro-Atlantic and Euro-Asian countries. The Astana summit was an important event in the history of the OSCE. If the Helsinki Summit of 1975 laid the foundations of the European security community, the Astana Summit of 2010 took a step further, laying the foundations of "**Eurasian security**". Thus, the Astana Declaration of the OSCE Summit for the first time enshrined the notion of a common and indivisible space of the Euro-Atlantic and Eurasian security community.

Having led the OSCE, Kazakhstan managed to implement the plan for its resuscitation. The international dialog within the OSCE was extended by holding consultations with such authoritative structures as NATO, EU, Council of Europe, SCO, CIS, etc., which brought it to a qualitatively new level.

The chairmanship in the OSCE is a significant contribution to the process of strengthening the foreign policy image of the Republic of Kazakhstan, recognizing the success of an independent Kazakhstan by the international community, its worthy contribution to regional and international security.

Interaction within the framework of the Shanghai Cooperation Organization

Kazakhstan is one of **the founding leaders** of the SCO. The SCO is a regional international organization founded in 2001 by the leaders of China, Russia, Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan.

Today, the SCO is a weighty global organization: 8 countries are the SCO member states, 4 countries have observer status, and 6 are partners in the dialog. The total territory of the SCO member states is 30 million km², which is 60% of the territory of Eurasia. Its cumulative demographic potential is one-fourth of the world's population, and its economic potential includes China's most powerful economy after the United States.

The main tasks of the SCO are strengthening the stability and security in a broad space that unites the participating states, combating terrorism, separatism, extremism, drug trafficking, development of economic cooperation, energy partnership, scientific and cultural interaction. Today, the SCO factor is an important element of stability in the vast Eurasian space. Only in the period from



2004 to 2011, thanks to the work of the SCO Regional Anti-Terrorist Structure, more than 500 terrorist acts were prevented. Nevertheless, the SCO does not position itself as a military bloc as opposed to other regions, but adheres to "the principles of mutual trust, mutual benefit, equality, mutual consultations, respect for the diversity of cultures and the desire for joint development".

Interacting within the framework of the SCO, Kazakhstan attaches priority importance to the key issues of political, economic, cultural and humanitarian cooperation, as well as to ensuring the fullest possible security and stability in the space.

The activity of the SCO was recognized and widely supported by other states, which allowed it to become one of the most effective regional cooperation mechanisms, where Kazakhstan is one of the most active participants, thereby contributing to the overall development in the Eurasian region.

Interethnic unity and religious tolerance

Kazakhstan is a vivid example of the desire for interethnic harmony, being home to representatives of more than 130 nationalities.



Since 1995 the **Assembly of the people of Kazakhstan** has been established and successfully functioning in Kazakhstan, which became the constitutional body of the country, representing the interests of all ethnic groups in order to ensure strict observance of the rights and freedoms of citizens regardless of their nationality. The activity of the Assembly of the people of Kazakhstan is aimed at the implementation of state national policy, ensuring social and political stability in the country and enhancing the effectiveness of interaction between state and civil society institutions in the sphere of interethnic relations.

In the sphere of religion, Kazakhstan demonstrates a successful example of harmonious coexistence of representatives of more than 18 confessions.

Since 2003, when I Congress of Leaders of World and Traditional Religions took place in Kazakhstan, Kazakhstan

provides regularly an international platform for peaceful dialog for representatives of Islam, Christianity, Judaism, Shintoism, Hinduism and Buddhism and other religions.

The Congress of Leaders of World and Traditional Religions is held on the basis of trust and mutual understanding, which opens wide prospects for international cooperation and helps to overcome such negative phenomena as conflicts, violence, religious extremism and terrorism. As the President of Kazakhstan noted at the last V Congress, the world community highly appreciates the culture of religious tolerance that exists in Kazakhstan, which has unique world significance.

Over the years of independence, contrary to many expert forecasts, Kazakhstan managed to prevent interethnic and interreligious conflicts and to pave a peaceful path to the future for the multinational people of Kazakhstan.

Multi-vector foreign policy and open dialog

In foreign policy, Kazakhstan adheres to the principles of constructive multi-vector nature and balance, maintaining good relations with all major world powers, and developing friendly cooperation with neighboring states, the Islamic world, Turkic-speaking countries, and states of other regions. The experience of building the foreign policy of Kazakhstan is unique in that Kazakhstan managed to build equally friendly relations with virtually all countries of the world.



Kazakhstan also actively develops cooperation with the EU, which is the largest foreign investor in Kazakhstan. An important step in the development of the European vector of cooperation was the implementation of the State Program “The Way to Europe” for 2009-2011, thanks to

which agreements on strategic partnership were concluded with France, Spain, Italy and other EU countries, an intergovernmental program with Germany was signed. Kazakhstan became the first country in the Central Asian region to sign the Agreement on Enhanced Partnership with the EU, thereby gaining the opportunity to enter a higher level of dialog with the leading countries of Europe.

Geographical position of Kazakhstan: the proximity to the world powers - the Russian Federation and China, as well as the transit position of Kazakhstan at the crossroads of Europe and Asia, allows Kazakhstan to conduct dialogs between the conflicting countries on its territory, playing an active role in eliminating conflict situations between countries at the regional and international levels.

The peacekeeping authority of Kazakhstan is reflected in its active participation in diplomatic mediation around a number of different conflict situations. Thus, in Almaty, the first two rounds of negotiations were held around the Iranian nuclear problem, the results of which formed the basis

for the Joint Comprehensive Plan of Action to resolve this situation. Kazakhstan actively participated in the resolution of the Afghan issue and mediated during the aggravation of Ukrainian-Russian relations. In 2017, seven rounds of peaceful settlement of the Syrian conflict were held in Astana, where Kazakhstan's actions were highly appreciated by the participating countries.

Based on the accumulated experience, Kazakhstan also declared its readiness to mediate in other conflict situations of a global scale, for example, in the talks on the denuclearization of the DPRK.

Evidence of the world community's trust in Kazakhstan and its peacekeeping policy is the election of Kazakhstan as a non-permanent member of the UN Security Council (hereinafter referred to as the Security Council), as well as Kazakhstan's chairmanship in this organization in January 2018. Heading the Security Council Committees on Afghanistan / the Taliban, ISIS/DAISH and Al-Qaida, Somalia/Eritrea, Kazakhstan contributes to their fruitful activities. It should be noted that Kazakhstan is the first state of Central Asia in this post.

Manifesto of the President of the Republic of Kazakhstan “Peace. XXI Century”

An important step in the promotion of Kazakhstan's peace initiatives at the international level can be called the Manifesto of the President “Peace. XXI Century”, which became an official document of the



United Nations. In this document, the President proposed a global program “A World Without War”, outlining the following

algorithms for the actions of the world community aimed at destroying the virus of wars and conflicts forever.

Firstly, this is a consistent movement towards a world without nuclear and other weapons of mass self-destruction. Kazakhstan, which refused voluntarily from one of the most powerful nuclear arsenals, hopes that its example will serve as a showcase for other states, supporting the adoption of international documents on the renunciation of nuclear weapons and the ban on the use of scientific achievements for the creation of new types of weapons of mass destruction.

Secondly, this is a successive expansion of nuclear-free zones - the "Areas of Peace". Kazakhstan, being the founder of the youngest nuclear-free zone in the world, proposes the expansion of such zones, paying special

attention to real zones of conflict, such as the Middle East. It is assumed that security issues will be guaranteed by the UN structures.

Thirdly, overcoming the phenomenon of military blocs, which have a huge conflict potential and thereby impede international cooperation.

Fourthly, this is the actualization of the international disarmament process in the light of new threats, such as cybercrime and information attacks.

Fifthly, equitable access of all nations to infrastructures, resources and markets, which is the basis for eliminating the root causes of wars and conflicts.

This manifesto has received wide world support from the world community and is used in the work of the UN and other international organizations.

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