

Kazakhstan national day

Difficult, successful reforms made under strong leadership

Akylbek Kamaldinov
AMBASSADOR OF THE REPUBLIC OF KAZAKHSTAN IN JAPAN:



Today the Republic of Kazakhstan celebrates the 23rd anniversary of its independence. Under the leadership of the President of the Republic of Kazakhstan Nursultan Nazarbayev we have succeeded in passing through difficult but ultimately successful reforms.

During the most difficult period of the global crisis our economy has seen positive dynamics of development. Today, Kazakhstan has the most powerful economic potential in Central Asia and international experts have pointed to our country as an example of success for many developing nations.

Kazakhstan remains committed to its main foreign policy principles such as pragmatism, consistency and balance.

The international community appreciates our initiatives to strengthen regional and global security, as well as our promotion of intercultural and interfaith dialogue.

Kazakhstan has repeatedly come out with initiatives to modernize the regime of disarmament and non-proliferation of nuclear weapons. As is widely known, the people of Kazakhstan have experienced the severe consequences of nuclear testing and it is not surprising that, after gaining independence, our country gave up the world's fourth-largest nuclear arsenal, which was inherited from the Soviet Union. Under the leadership of our president, Semipalatinsk test site, one of the world's largest nuclear test sites, was closed forever. These actions laid the foundation for Kazakhstan's leadership on global security issues and enabled us to work successfully for the prosperity of the country and the people.

We hope our international partners will support Kazakhstan's bid for nonpermanent membership on the U.N. Security Council for 2017-2018.

Today Kazakhstan is entering a new stage of development, with rapid changes taking place in the political, social and economic spheres. One of the current challenges is transforming Kazakhstan into one of the leading educational hubs of Eurasia.

Kazakhstan is also working to revive the Great Silk Road. In 2015, construction of Kazakhstan's section of the "Western Europe-Western China" transport corridor will be completed. Together with neighboring countries we have, over the past few years, built railway lines connecting to China, Southeast Asia, Iran and the Gulf states.

In 2017, Astana is pleased and honored to host EXPO 2017, a global event under the theme of "Future Energy." I invite all interested parties to participate in constructing and equipping national pavilions and other exhibition sites.

On Nov. 11, Kazakhstan President Nursultan Nazarbayev in his address "Nurly Zhol — Path to the Future" announced a new economic policy focusing on the development of large-scale infrastructure projects. I am confident his address will go down in history as a key moment in ensuring the sustainable development of Kazakhstan during the global crisis. Included in this supplement are some key excerpts from the president's address.

After taking in the message of his address, it is clear the development strategy of Kazakhstan is based on offensive anti-crisis measures aimed at creating a platform for economic breakthrough in spite of the difficult situation in the global economy.

Kazakhstan is open for a broad, mutually beneficial dialogue, particularly in investment cooperation, technology transfer, innovation and experience exchanges, aimed at expanding Kazakhstan's exports. For my part, I would like to call on Japanese businesses to invest more actively in Kazakhstan, open production facilities, conclude profitable contracts in the fields of extraction and deep processing of mineral resources, infrastructure, agricultural and many others. Kazakhstan will continue efforts to create a favorable environment for doing business.

Sustainable economic development, the unity and solidarity of our multiethnic, multireligious society are important components of the ultimate success of Kazakhstan's reforms. I am confident the implementation of targets outlined in the president's address will allow Kazakhstan to make the next step toward becoming one of the world's top 30 developed countries.

President unveils bold economic plan



Kazakhstan President Nursultan Nazarbayev

Excerpts from President Nursultan Nazarbayev's Nov. 11 speech

The world is facing new challenges and threats today. The world economy has still not recovered from the consequences of the global financial and economic crisis. The recovery continues at a very slow and uncertain pace, and some countries remain in decline. The geopolitical crisis and the sanctions policy of the leading powers create an additional obstacle for the recovery of the world economy.

From my experience, I feel that the years to come will become the time of global trials. The entire architecture of the world will be changing. Not all countries will be able to get through these complications in a decent manner. Only strong states, with their people united, will manage to do that. Kazakhstan, as a part of the world economy and a country located very close to the epicentre of geopolitical tensions, is experiencing negative pressure from all these challenges. We see the results: prices in global markets are dropping, and general economic growth is slowing down.

As is known, the forecasts of the development of the global

economy for 2014 and the next two years were revised downward by the International Monetary Fund and the World Bank. That means we need to revise our own plans, and make adjustments for the coming period. There is no time for hesitation. The measures I will talk about today will be implemented from Jan. 1, 2015. We must promptly take all the possible measures to prevent negative trends.

Today, the government is already working quickly at my order. We have revised the parameters of the republic's budget for 2015. And this is right, as the drop in prices of our export raw materials has led to the reduction of the flow of money to our income. At the same time, the government has a tough yet specific task: it must fulfil all social liabilities in full.

In a crisis, as we're seeing the world over, economic policies must be re-evaluated. The sectors that need support are those which create the highest multiplier effect on economic growth and employment. We have already had such experience. Suffice it to recall our successful anti-crisis measures in 2007-2009. As you see, life makes adjustments to the best laid plans. And we should



On Nov. 11, President Nursultan Nazarbayev delivered his state-of-the-nation address in Astana, introducing a new economic policy. The policy embraces all aspects of economic growth, including finances, industry and social welfare, but especially emphasizes massive state investment into the development of infrastructure and public works over the next several years. The logo of the address features lines representing transport corridors, including railways and airways, that are already connected, or will connect soon, Kazakhstan to Europe, East and South East Asia, as well as the Gulf states. EMBASSY OF KAZAKHSTAN

add new content to the platform of our party based on today's reality.

On my orders, the government has completed the development of a new large-scale development programme Today, as we respond to the challenges we face, I proclaim Kazakhstan's new economic policy "Nurly Zhol" (The Bright Road). This is what I devote my state-of-the-nation address for 2015. The policy will have a counter-cyclical character and will be aimed at continuing structural reforms in our economy. What does this mean?

Over the years, when the situation in external markets was favourable, and the price of oil and our export products were at sufficiently high levels, we diverted revenues from those exports to the National Fund. One of the main tasks of the National Fund is to increase resistance of our economy to external shocks, including when prices of natural resources drop.

We were putting income from extraction and sales of raw materials into this fund during all these years. We used \$10 billion out of the National Fund to fight the crisis of 2007 to 2009. As for the rest of the money, we have not spent it. Now we are in the period when we must use these reserves. They will help overcome uneasy times and stimulate the growth of our economy. These resources are not intended for short-term measures. We will spend them on the transformation of our economy, namely the development of transport, energy, industrial and social infrastructure, and small and medium-sized businesses.

In February, a decision was made to allocate one trillion Kazakh tenge from the National Fund to support economic growth and employment in 2014-2015 in two tranches of 500 billion tenge. To finalise the initiated projects and resolve pressing issues, I have instructed the government to divert a second tranche of 500 billion tenge from the National Fund to the following goals:

First, 100 billion tenge should be additionally allocated to issue easy-term loans to small and medium-sized businesses, as well as large enterprises. This will secure the implementation of projects in the food and chemical industries, engineering, as well as the service sector.

Second, to revive the banking sector and buy out "bad" loans, I have ordered additional capitalisation of the Fund for Problem Loans in the amount of 250 billion tenge in 2015.

Third, to raise new investments, we need to improve respective conditions. For these purposes, I have ordered the government to allocate 81 billion tenge in 2015 to complete the construction of the "dry port" complex, the infrastructure of the special economic zones at Khorgos-East Gate

and National Industrial Petrochemical Technological Parks in Atyrau and Taraz.

Fourth, to continue the construction of the EXPO 2017, I have ordered the allocation of 40 billion tenge in 2015 adding to the already allocated 25 billion tenge.

Fifth, on the eve of EXPO-2017, we need to take care of the development of Astana's transport infrastructure. This year the capital airport will reach its maximum capacity of 3.5 million people. Therefore, to increase its potential, I have ordered the allocation in 2015 of 29 billion tenge for the construction of a new terminal and reconstruction of the landing strip. This will allow us to increase airport capacity to 7.1 million of passengers per year by 2017.

In view of new external risks for the development of our economy, we need new initiatives to stimulate business activity and employment. The Infrastructure Development Plan, which I want to make public today, will become the core of the new economic policy. It is intended to last for five years and is to run in parallel with the second five-year term of the Programme of Accelerated Industrial and Innovative Development. More than 100 foreign companies intend to participate in its implementation. The total investment portfolio will make 6 trillion tenge, with the state contributing 15 percent of the total.

Kazakhstan owns a territory so vast it would tire the wings of a bird to fly over it. Thus, this plan requires huge funds and hard work. There is a saying: "If you want to know a nation's prosperity look at its paths." Road connections are of high importance, not only for travel, but also for the transportation of goods. In ancient times our big cities were located along the Great Silk Road.

Nowadays, all essential life depends on access to the main highways. Roads are the essence of life, the source of a modern existence. All the regions of Kazakhstan need to be closely connected by railroads, highways, and air services. The nine roads, connecting with each other in Astana are like the roots of life, spread our capital's creative spirit. Improving interconnectivity between the regions will eventually lead to a greater domestic well-being. It will strengthen trade and economic ties between the regions. There will be new markets emerging from inside the country. Therefore bringing together distant parts is the main focus of today's address.

First, the development of transport and logistics infrastructure will be formed around regional hubs, connected through Astana as the central hub and backbone by highways, railways and airlines. But first, we need to implement the main road projects. They are Western China to Western Europe; Astana to Almaty; Astana to Ust-

Kamenogorsk; Astana to Aktobe to Atyrau; Almaty to Ust-Kamenogorsk; Karaganda to Zhezkazgan to Kyzylorda; and Atyrau to Astrakhan.

It is also necessary to continue the creation of a logistics hub in the east and marine infrastructure in the west of the country. The large-scale ferry site from Kuryk and the railway line from Borzhakty to Yersai will contribute to the growth of exports to the west through ports in the Caspian Sea. I have ordered the government to work on the construction or rental of terminals at dry and sea ports in China, Iran, Russia and the EU.

Second, development of industrial infrastructure: The implementation of infrastructure projects will produce big demand for construction materials, products and services for transport, communication, energy, housing and utility areas.

So, firstly, we need to complete our work on the formation of infrastructure in existing special economic zones. The government and the "akims" (governors) need to work in a timely manner to fill those zones with concrete projects. Secondly, they need to explore the possibility of constructing new industrial zones in regions aimed at the development of production facilities of small and medium enterprises and raising extra investments. Tourism infrastructure is a separate line. Its main advantage is the opportunity to create jobs. The creation of one job here costs 10 times less than in industry.

Third, the development of energy infrastructure: Extensive work has been carried out within the framework of the industrialisation programme in energy in the past five years. Nevertheless, limited transmission systems create a deficit of electric energy in the southern regions of the country and of natural gas in the central and eastern regions. We need to focus on two projects. To construct high voltage lines: Ekibastuz to Semey to Ust-Kamenogorsk and Semey to Aktogai to Taldykorgan to Almaty. This will create a balanced energy supply from Kazakh power plants to all regions of the country.

Fourth: The modernisation of housing and utilities infrastructure and water and heat supply networks. The total demand for investments makes no less than 2 trillion tenge with annual allocation till 2020 from all sources of founding of no less than 200 billion tenge.

Today we see significant interest in investing in the modernisation of housing and utilities from the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB), the Islamic Development Bank (IDB) and private investors. We need to ensure their maximum involvement through the provision of long-term investment rates. Such projects should be co-funded by the state to prevent signifi-

cant increases in rates. We should allocate up to 100 billion tenge each year to accelerate the level of modernisation in our heat and water supply systems, in addition to the funds already envisaged in the budget.

Fifth, the strengthening of housing infrastructure: The formation of urban centres is accompanied by a significant cross-flow of the population. This creates pressure on the labour market and city infrastructure, including on the housing fund. Therefore, our approach to construction of rental housing should be revised. The state will construct social housing to rent out and provide to the population for long-term rent with the right to buy it. The provision of housing directly, without mediators, with low-interest loans will allow us to reduce the cost of acquisition. No first instalment and low mortgage interest will make housing more affordable for various strata of the people of Kazakhstan. Therefore, we will additionally increase funding of construction of rental housing for the amount of 180 billion tenge during 2015-2016.

Sixth, development of social infrastructure: We must resolve the issues of unfit schools and three-shift education, as we set out in our election platform. The funds envisaged in the 3-year budget will not see us resolve this problem by 2017. Therefore, I have ordered the government to allocate another 70 billion tenge. Another matter is the lack of kindergartens. I will allocate an additional 20 billion tenge to reduce the deficit of places in preschools within 3 years. Akims must deal with this as much as possible and attract the private sector.

Ten higher education institutions were defined within the framework of the industrialisation programme based on which the link between science, economic sectors and personnel training will be ensured. I have ordered the government to create the material and technical framework of these education institutions, allocating up to 10 billion tenge by 2017.

Seventh, we need to continue the work to support small and medium-sized businesses and business activities. As of today, the 100 billion tenge from the National Fund aimed at supporting and crediting small and medium-sized enterprises has been fully used. This allowed us to create more than 4,500 jobs. The demand for these funds exceeded the supply by 23 billion tenge. The unprecedented conditions providing credit for businesses at 6 percent for 10 years were created. There were no such conditions in our country before. We should continue our work to develop small and medium-sized businesses as a driver of economic growth and increase their share to 50 percent of GDP by 2050. Therefore, we need to use

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One of the largest international expos of the decade will come to Kazakhstan's capital Astana in 2017. EXPO 2017 will last three months, will include representatives from approximately 100 countries and is expected to draw five million visitors, which would make it the largest international gathering of its kind Central Asia has ever seen. EXPO 2017's Future Energy theme will promote efforts to find sustainable energy solutions to meet growing global demand. It will showcase developments from around the world in the field of green, renewable and sustainable energy. For more information, see <http://expo2017astana.com/> EMBASSY OF KAZAKHSTAN



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Investing in education, health care, future

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credit facilities for small and medium businesses more effectively at the account of the ADB, EBRD, and the World Bank for the total amount of 155 billion tenge in 2015-2017.

The situation in the world economy makes it sufficiently hard to achieve our goals without extra financial resources.

There was a reason why we established the National Fund. It was mainly aimed at providing stable social and economic development and protecting our country's economy from unpredictable circumstances. Right now, it is high time to use this fund for our needs. Kazakhstan should avoid repeating the mistakes of other countries. We have to use our internal resources for economic growth efficiently.

I have made the decision regarding additional allocation of \$3 billion from the National Fund for the period from 2015 to 2017. I have ordered the government to prepare respective decisions for the allocation of funds from the National Fund and to take into account the required funds in the draft national budget for 2015 within a week. The government should also undertake measures and ensure effective and rational use of these funds.

The commission created by me will strictly monitor the effective use of the funds and

report to me personally. I will request a report about every tenge spent. Special responsibility is imposed on all the akims. The Nur Otan party must actively get involved in this work and establish strict party control at all levels.

The investments from the National Fund must be accompanied by structural reforms in the economic sectors. We need to ensure joint implementation of projects with international financial organizations. For instance, the World Bank, the ADB, the EBRD and the IDB are ready to allocate about \$9 billion for 90 priority projects. The allocated funds should support investment activities, prevent a drop in the population's income and stimulate the creation of new jobs. This will result in sustainable economic growth in the short and medium term.

Our education, health care and agriculture development programmes will continue. We will have a substantial discussion about this at the first extended meeting of the government next year. The New Economic Policy Nurly Zhol is our global step on the path to become one of 30 most-developed countries of the world.

All the necessary conditions for successful work have been created. Administrative reforms were carried out, and the new structure of the government and executive power

is working. Every minister knows what to do. We removed redundancy and unnecessary links in management. Akims have the necessary scope of authority. The regions have everything: programmes, resources, finances. Everybody is responsible for their area of work. They now need to knuckle down and get to work.

The New Economic Policy Nurly Zhol will become a driver of growth in our economy during the coming years. Some 200,000 new jobs will be created by the construction of roads alone. And this means greater employment and growth of income for the population. Nurly Zhol will create a multiplier effect in other economic sectors; production of cement, metal, machinery, bitumen, equipment and related services. Roads are lifelines for Kazakhstan. Life has always emerged and developed in our vast expanses around roads. We must create such a transport network that car, railway and air lines stretch to all directions from Astana. Like arteries from the heart. Like the rays from the sun.

The new lines built by the people of Kazakhstan will renew our economy and community. They will firmly link all the corners of our country with its centre. Cargo traffic will accelerate and increase. The volume of transit through

the country will grow. Our citizens will drive on modern and quality highways, and will be able to get to any region quickly and safely. Social infrastructure will improve, new and modern schools and hospitals will provide high-quality services. Finally, this will affect the welfare and the quality of life of each citizen of Kazakhstan. And the main thing is all of this will remain in our land as the wealth of our future generations.

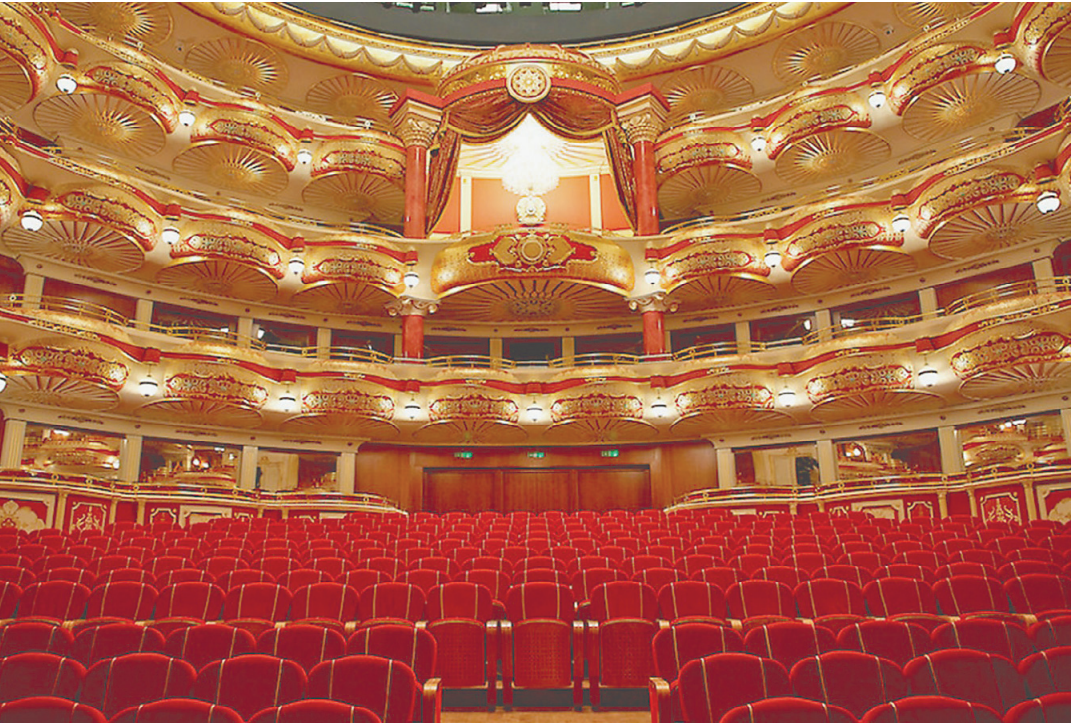
Next year we will solemnly celebrate 20 years since the adoption of the Constitution and the creation of the Assembly of the People of Kazakhstan. When we celebrate these dates, we should make the people of Kazakhstan spiritually stronger, united, and even more tolerant. I am convinced that our core principle — Kazakhstan, Only Ahead! — will sound in a new way and will acquire a deeper meaning at this new important turn of our history!

Today, thanks to our respect for stability, we have managed great strides forward. Humiliating nobody, denying nobody's language or cultural heritage, while giving all citizens equal opportunities, helps us strengthen the stability of our country. National unity must be our main treasure to pass on to future generations. We must nurture the concept of national values in the mind of every young person.



The Astana Opera House is one of the largest of its kind in Eurasia. Situated on a plot of land that is nearly 9 acres, the theater opened in 2013. The building itself is 64,000 sq. meters, with about 3,000 sq. meters occupied by the stage. The Astana Opera House is impressive not only for its scale, but also for its architectural refinement. It is constructed on the basis of combining the best classical traditions of global architecture with Kazakh national motifs emphasized in the design. The main concept was to strike a balance between a classic Greco-Roman style with Kazakh design traditions and influences. This is the first unique architectural miracle to have come out of Eurasia in recent years.

EMBASSY OF KAZAKHSTAN



Kazakhstan bids for seat on U.N. Security Council

In 2013 Kazakhstan announced its bid to secure a seat as a nonpermanent member of the United Nations Security Council in 2017-2018. As a global partner in matters of energy security and a valuable contributor to international peacekeeping missions, Kazakhstan wishes to bring its unique experience and expertise to bear on some of the pressing challenges currently facing the U.N. Security Council.

Its bid is based on four central pillars: food security, water security, energy security and nuclear security.

•Kazakhstan takes food security very seriously, with its significant and growing agricultural sector making it one of the world's top exporters of grain and flour.

•Currently, Kazakhstan is successfully addressing one of the toughest environmental challenges in the world: the drying up of the Aral Sea.

Thanks to our efforts, the waters of the shrinking Aral Sea are gradually returning.

•Kazakhstan possesses world-class conventional energy resources. But it deeply committed to developing a green economy through diversifying and developing alternative energy sources. Kazakhstan is the first CIS country to launch a cap and trade system that will decrease GHG emissions by 15 percent by 2050, equaling 1992 levels.

•It closed one of the world's largest nuclear test site in Semipalatinsk. In 2009 Kazakhstan created a Nuclear-Weapon-Free Zone in Central Asia in association with four other countries in the region, and it initiated an action plan to strengthen nuclear safety, promote non-proliferation and prevent nuclear terrorism. In 2012, Kazakhstan launched the ATOM Project, an international campaign for peace,



during the International Forum for a Nuclear-Free World in Astana. Kazakhstan initiated a resolution to proclaim August 29 as the International Day Against Nuclear

Tests, adopted in 2009 by the 64th U.N. General Assembly.

For more information, see www.kazakhstanunsc.com

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to the People of the Republic of Kazakhstan
on the Occasion of the 23rd Anniversary
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FEC The International
Friendship Exchange Council (FEC)
Landic Toranomon Bldg. No. 2, 3F 3-7-8, Toranomon, Minato-ku, Tokyo 105-0001
TEL: (03)3433-1122 <http://www.fec-ais.com>

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Phone: (03) 3582-3111 Fax: (03) 3572-1463 URL: <http://www.jt.com>

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TOYOTA TSUSHO CORPORATION
9-8 Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan
Tel: (052) 584-5000
www.toyota-tsusho.com