

# A vision for the future

## INTERVIEW WITH HIS EXCELLENCY DR UMIRZAK SHUKEYEV

CHAIRMAN, NATIONAL WELFARE FUND "SAMRUK-KAZYNA", KAZAKHSTAN



**DR UMIRZAK SHUKEYEV**

graduated from the Moscow Institute of Economy and Statistics in 1986 with a degree in Mathematical Economics and worked in various scientific bodies thereafter. In 1992 he became a consultant of the Supreme Economic Council under the President of Kazakhstan. He was then appointed Minister of Economy and later of Economy and Trade (1995-1997). In 1998 he became Deputy Head of the President's Administration and then Governor of Kostanai Region (1998-2004) and Mayor of the new capital of Kazakhstan – City of Astana (2004-2006). He was Governor of South Kazakhstan Region (2006-2007) and became First Deputy Prime Minister of Kazakhstan in 2007. He was appointed Chairman of Samruk-Kazyna in December 2011.

### **Kazakhstan has made considerable achievements over the past twenty years. What, in your view, are the key successes?**

The key success of Kazakhstan is that as a nation we have managed to create a strong independent state in the environment where no one could have predicted it. We ensured smooth transition from the Soviet era economy to a modern one with social accord and harmony and opportunity for all. For instance in the last decade we managed to have our GDP grow at 8.5 per cent, in comparison with the year 2000 we have doubled our industrial output while our agricultural production grew fourfold. What is more important – we have created a firm foundation for the diversification of our economy, we've established development institutions and introduced all the necessary legislation for the country to succeed in the years to come. All of these achievements are firmly associated with the leader of our nation – President of Kazakhstan His Excellency Mr Nursultan Nazarbayev.

The transformation of the society that has occurred over the past 20 years is another factor of our success story. Average life expectancy grew from 65 to 68 years. We have new education and health care infrastructure in place. Today Kazakhstan is recognized by the world as a state capable of strong leadership domestically and worldwide in all spheres ranging from nuclear non-proliferation to democratic development and human rights.

All of these achievements allowed us to bid successfully for and to hold the Chairmanship of the OSCE in 2010. By the way, Kazakhstan is the first country from Asia and the first predominantly Muslim post-Soviet country to chair this important international security and cooperation organization. In 2011 we have hosted the Asian Winter Games and also chaired the Organization of Islamic Cooperation (OIC) – just a few facts that show that the Asian dimension is just as important for Kazakhstan as its relations with the EU, Russia, China and the US.

### **There is a major programme of Social and Economic development for Kazakhstan. What are the main priorities and objectives of this programme?**

The main objective of Kazakhstan-2020 Programme is for our country to be firmly within the top 50 most

competitive countries of the world with a favourable business and investment climate, and FDI flowing freely into the non-extractive sectors of the economy just as they do nowadays into mining and oil and gas.

Our economy will be prepared to withstand any economic crisis should there be one in the future. Kazakhstan will strengthen its political and economic ties with its immediate neighbours and other countries of the world. According to this Programme, by 2020 our country will have the human resources needed for the development of the diversified economy and will have all the infrastructure needed to serve local businesses and exporters.

These benchmarks will be achieved through intensive development of transport and telecommunications' infrastructure. The basis for sustainable development and security of Kazakhstan has five key aspects:

- readiness for the post-crisis development;
- sustainable economic growth through accelerating diversification, industrialization and development of infrastructure;
- investment in the future – growth of competitiveness of human capital to reach sustainable economic growth and social well-being of the people of Kazakhstan;
- ensuring that the population has access to quality social and housing-communal services;
- strengthening of inter-ethnic accord, security as well as stability of international relations.

### **What do you see as the key growth sectors of the Kazakhstan economy and into which sectors will inward investment be attracted?**

Naturally, Kazakhstan being the 9th largest country of the world in terms of territory has a lot to offer to any potential investor and the investment projects range from infrastructure ones to agriculture and new energy efficiency technologies.

Taking into consideration the fact that in the years to come the world will face food supply shortages and the proximity of such vast markets as those of China and Russia to Kazakhstan, it makes perfect sense for any business specializing on the new agro technologies to start looking in our direction. Half of our population lives in the rural agricultural areas so the work force is already in place.

National Holding Company KazAgro and its subsidiaries can offer a full package in terms of business

support services to any new venture wishing to do business in the agricultural sector of Kazakhstan. We forecast that by the year 2015 about 8 per cent of our country's exports will be coming from the agricultural sector. By all means, mining and oil and gas sector will continue to attract investors from all over the world but the state makes a point and provides various incentives for investors in the agricultural, construction, heavy machinery and tourism sectors.

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**What are the key challenges and obstacles in developing the agricultural sector and ensuring produce reaches consumer markets?**

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The developed countries of the world have agricultural output at US\$50-70,000 per annum per employee. This is where Kazakhstan has a lot of catching up to do and this is where the prospects of our growth exist. Our goal is to double the output of the agricultural sector by the year 2014. And to solve this complex issue we need to have agro-industrial diversification, the sharp growth of processing of the foodstuffs, new equipment and new technologies in the agro sector.

For our production to reach the consumer markets in the West and in the East we need to build up our export potential and this is especially true for the markets of countries of the newly established Customs Union with Russia and Belarus, countries of Central Asia, the Caucasus and Middle East.

To tackle this issue we are already building railway connections with China and Turkmenistan as well as a superhighway "West China – West Europe", which will give a whole new perspective to the concept of the Old Silk Road.

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**How important is the promotion of foreign trade and investment to the Kazakhstan economy?**

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Kazakhstan's economy is fully integrated in the world economy and therefore the promotion of foreign trade and investment is key to our country's continuous success. We have established a Customs Union with Russia and Belarus in 2010, which in turn allowed us to create a Common Economic Space for almost 200 million people in 2012.


These integration processes are taking place in conjunction with our efforts to join the World Trade Organization, which we hope will happen in 2012. All of these measures should give a greater access for our goods and services to the external markets. This is very important for our business since the internal market of Kazakhstan is rather small. Thus we need to look worldwide and to expand our outreach: being a landlocked country has its disadvantages. However, this can and will become a great advantage once the new superhighway connecting China with Europe is built since the largest chunk – some 3000 km – of this

new Silk Road, or should I say Silk Highway, will be going through Kazakhstan.

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**What benefits can Kazakhstan bring as a bidding host of the EXPO 2017? The proposed theme of EXPO 2017 is "Energy of the Future." To what extent is Kazakhstan committed to environmental issues and sustainability?**

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Kazakhstan is one of the richest states in terms of oil and gas, coal and uranium reserves. That being said, Kazakhstan is also a country where some 450 Soviet era nuclear tests took place. We have voluntarily abandoned nuclear weapons at the dawn of our independence some 20 years ago and our environmental protection track record is one of the best in the world. I think that the theme of our bid speaks for itself – the Republic of Kazakhstan proposed that the international community concentrate on the theme of environmentally friendly energy sources. EXPO-2017, should it take place in Astana, will highlight the wide spectrum of energy related issues and will promote alternative energy sources such as solar and wind energy, tidal and geothermal waters. We hope that the theme of "Energy of the Future" is appealing to all mankind and to help solve global problems of environmental threats and lack of energy. This bid of Astana for EXPO-2017 is a showcase of our responsible approach to the issues of environment and energy. 

**Kazakhstan's economy is fully integrated in the world economy**

Wheat being harvested near the town of Akkol, 70 miles north of the Kazakh capital, Astana. Kazakhstan's goal is to double agricultural production by 2014.

