

Eurasia's cutting edge

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SIR JOHN STUTTARD is a chartered accountant who spent his career with PricewaterhouseCoopers. Much of this time was devoted to advising global businesses. For his services to Finnish industry he was awarded the honour of Commander of the Order of the Lion of Finland. In the early 80s he advised the UK Government on privatisation. For five years in the 1990s he was Executive Chairman of his firm's operations in China. He was Sheriff of the City of London in 2005/6 and Lord Mayor in 2006/7. He is a Fellow of Churchill College, Cambridge.

A vast country in the Middle of Asia, Kazakhstan is geographically the size of Europe. Stretching almost 2,000 miles from east to west, it has stunning scenery, high mountains, historical sites and breathtaking modern architecture in the new city of Astana. It is a country for tourists as much as for businessmen seeking to continue the centuries old traditions of trading and now participating in the development of this resource rich country.

You could spend weeks in Kazakhstan. And one of the places not to be missed is the southern city of Turkestan, formerly capital of the Kazakh khanate, where, in ancient times, ceremonies of enthronement took place. A particular site of great interest is the Hodja Ahmed Yasavi Mausoleum, the tomb of the revered 12th Century Sufi teacher and poet.

In the main chamber of this mausoleum is a vast bronze kasan – an iron pot for holy water and also a symbol of unity and hospitality. Cast in 1399, it was exhibited at the Hermitage in St Petersburg from 1935 to 1989 but is now back where it belongs, in Turkestan, and has an enormous capacity of some 3,000 litres.

The unity represented by this giant kasan, and embodied in Kazakh culture, has been a key feature in the success of Kazakhstan as a country, as an expanding

economy and as the major player in Central Asia after the break-up of the Soviet Union in 1991.

Standing out, head and shoulders above others, Kazakhstan has been politically stable at a time when there has been turmoil in neighbouring countries. Its Head of State, President Nazarbayev, is much respected for the team he has built and the changes he has initiated in this remarkable country. International recognition was evidenced in the country's appointment to the chairmanship of the OSCE in 2010.

As those of us that have visited Kazakhstan will testify, the hospitality is memorable. Friendly people welcome foreigners as they have done for centuries being geographically placed on the Silk Road between Europe and China.

The capacity of this giant kasan is also replicated in the vast natural resources and the educated talent of Kazakhstan. It is a wealthy country, with great potential.

As we celebrate the 20 years of Kazakh independence from the Soviet Union, its leaders and its people can reflect on the enormous gains that have been made. But it was not always easy.

The People's Republic of China discovered in the first 10 years since the Opening-Up began in that country in 1978, changing from a totalitarian, centrally controlled regime, where all the businesses and assets are owned by the State, is not straightforward. Market disciplines need to be created, together with new laws and a very different regulatory infrastructure. Deregulation and the introduction of a new market economy sometimes have chaotic consequences. Extracting oneself from a huge regional economy, such as the USSR, brings unique challenges.

So it was in Kazakhstan during the country's first 10 years of independence. The 1990s were tough. Physical separation from an integrated Soviet economy took some time to achieve, while the foundations of a new Kazakh society and a national economy could be created.

To begin with, things appeared to be going backwards. GDP per capita fell from US\$1,512 in 1991 to US\$1,229 in 2000. Wheat production fell by 40 per cent from 1991 to 1999. The energy and mining sectors reflected this similarly sad story.

Yet, underneath, some fundamental changes were taking place. Democratic institutions were being developed. The President's focus on education resulted in some stunning success stories. In particular, the



The Mausoleum of Khoja Ahmed Yasawi in Turkestan, southern Kazakhstan

Bolashak (meaning “future”) programme resulted in over 7,000 of the brightest Kazakh students completing tertiary education outside the country, with a further 3,000 currently studying abroad. And, 99 per cent of the population is literate.

From the year 2000, foreign direct investment began to take off, as the world’s energy giants began to realise the opportunities in a country with vast oil and gas reserves. Plans laid in the first 10 years were well founded.

So, the second 10 years of independence have witnessed many successes, notwithstanding the global financial and economic recession in 2008 and 2009, from which the country has recovered exceptionally well.

GDP per capita has increased to well over US\$ 10,000 in 2011, with the aim of increasing this to US\$ 15,000 in 2015. Cumulative FDI has reached US\$ 150 billion. The financial sector is being cleaned up, as it is in many countries in Europe. Debt levels have reduced and sovereign reserves are in excess of US\$ 40 billion.

Thus, an independent Kazakhstan is emerging as one of the world’s major producers of oil and gas. The country possesses large reserves of uranium, chromium, lead and zinc, as well as manganese, copper, coal, iron and even gold. It is also a large wheat producer, with a bumper harvest in 2011. Its population is just 16 million and, landlocked and sandwiched between two large neighbours, Russia to the north and China to the east, Kazakhstan has sought, and has maintained, good relations with its neighbouring countries and those outside the region – in particular, France, Germany, Korea and Spain as well as the UK.

Major global companies such as BG and Shell are active investors in the energy sector, joining Chevron and ENI. Well known UK based financial institutions have an established presence, including HSBC, Barclays Capital, Deutsche Bank, RBS, Willis and Lloyds Register. All the major accounting firms have large operations and the international law firms are very much in evidence. In the last two years they have been helping rebuild the country’s banking industry which, as in many other countries around the world, suffered from the financial crisis.

The UK is held in high regard for financial services, education and training – and corporate governance. Eight Kazakh companies are listed on the London Stock Exchange and a further 10 on the junior market,


AIM. Insurance risks are re-insured in London. The first year programme at the new Nazarbayev University is managed by University College London. The British Council is very active with its English Language Training. A new British-Kazakh Law Association was formed in 2011.

In recent years under the leadership of President Nazarbayev this new nation has prospered, with GDP growing at in excess of 7 per cent per year. Its economic policies have been liberal, embracing the private sector and welcoming foreign investment and participation.

The President’s master plan for 2030, “Half Past Eight,” envisages a country where there is prosperity, security, education and social welfare.

Nazarbayev is a visionary and gets things done, as one discovers during a visit to Kazakhstan and sees, in particular, the stunning new capital of Astana. With its wide avenues, the new capital city is imaginatively designed. Its well constructed buildings give an air of authority. The centrepiece is the President’s Palace, the White House, flanked by the Government Ministries and the Parliament. Situated nearby is Lord Foster’s Pyramid (The Palace of Peace and Reconciliation) which houses an opera house as well as a conference centre.

Kazakhstan is well placed for future success. With its enormous reserves of oil, gas and minerals; with its proximity to the enormous markets of China, India, Russia and the Gulf; with the vision of its leadership; with its willingness to be a global player, eschewing protectionism, terrorism and financial crime; with its spirit of enterprise; there is much to inspire confidence.

We congratulate the country on what has been achieved in the first 20 years of independence. Kazakhstan is truly Eurasia’s Cutting Edge. 

Kazakhstan is well placed for future success



Fireworks illuminate the sky over the Palace of Peace and Harmony, designed by British architect Norman Foster, during its official opening in Astana