

Kazakhstan is open for business

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UMIRZAK SHUKEYEV graduated from the Moscow Institute of Economy and Statistics in 1986 with a degree in Mathematical Economics. 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 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.

In a global economy changing rapidly, the flexibility to respond to new conditions and the ability to build partnerships are essential for business success. And these qualities are critical not only for the private sector but also enterprises under public management.

They are lessons which are at the heart of the way Samruk-Kazyna - the largest holder of state assets in Kazakhstan - operates today. Across the group and its companies, a massive transformation is underway. The most modern approaches to management are being adopted at all levels coupled with a thorough review of every aspect of the way businesses are run to deliver the best possible results.

It is a change programme having a huge impact across the whole economy. The Samruk-Kazyna group includes such national giants as KazMunayGas, the national rail network Kazakhstan Temir Zholy, KazAtomProm and Air Astana. Last year alone, the group's companies together had 13 investment projects worth \$2.9 billion across sectors as diverse as energy, transport, chemicals, mechanical engineering and telecommunications. So the adoption of best international practices by Samruk-Kazyna is also helping deliver improvements in the way all businesses are run.

Samruk-Kazyna is also an example of Kazakhstan's success in encouraging partnerships with foreign

investors and businesses - one of the reasons for the country's economic success since independence in 1991. Over the last 10 years, foreign investment has grown seven-fold, giving Kazakhstan a leading position among the CIS countries.

So while Samruk-Kazyna JSC remains one of Kazakhstan's main investors, most large-scale projects also involve foreign capital. Out of every US\$100 of investment in projects, 22 per cent comes from the Fund and subsidiary companies and only three per cent from the national budget. Three out of every four dollars invested comes from partners or internal and external borrowing.

This approach allows Samruk-Kazyna to invest in growth areas of the economy where the private sector is not able to take all the risks or needs a reliable state partner. But at the same time, the fund is a commercial organisation which will search for outside investment or foreign partners to share the risks as well as working with other public authorities to deliver a specific project.

At the moment, the fund's investment portfolio includes businesses and projects valued at US\$146 billion in which many international corporations are closely involved. South Korean partners, for example, are involved in the construction of the integrated chemical complex in the special economic zone "National Industrial Petrochemical Technopark" in



Samruk-Kazyna includes KazAtomProm, the world's largest uranium mining company

Atyrau region. This project is also expected to receive investment from UK Export Finance.

In recent years, international cooperation has expanded from the commodity area to new sectors and green industries. The production of electric locomotives was launched with Alstom Transport in Astana. Another striking example is the new “Green Quarter” being built in the capital. This US\$240 million project, carried out in preparation for EXPO-2017, meets international standards of environmentally friendly and energy efficient construction.

The project partner of the Samruk-Kazyna Real Estate Fund for the Green Quarter is the British architectural firm AHR-Global – one of several hundred British companies working in Kazakhstan. The UK is already the third largest investor in Kazakhstan’s economy. This investment and the successful implementation of joint projects with British companies in construction, industry and training has laid a solid foundation for relations to be strengthened further.

But as well as offering partnerships and opportunities within Kazakhstan for British and international companies and investors, this co-operation is increasingly taking place beyond our borders. Kazakhstan and Samruk-Kazyna are becoming active investors in foreign markets. The Fund aims to invest in companies with high potential and strong positions in global markets with the goal of sharing expertise and technology and the establishment of joint ventures in Kazakhstan. It is another example of our determination to adapt quickly and successfully to the new economic realities – something which has been at the heart of the UK’s continued economic success.


Kazakhstan recognises that this ambition requires continued efforts to provide the right conditions for

investment and collaboration. We may be among the top 50 countries in the World Bank’s Doing Business ranking with investors attracted by the country’s economic, political and social stability, low tax rates and entrepreneurial culture but we can’t rest on our laurels.

New measures are being put in place to make international investment and partnerships easier and more attractive. Red tape is being cut and protections for investors improved. Last year saw a package of policies adopted to improve the business environment with a particular focus on encouraging investment in non-oil sectors including through significant new tax incentives and further state financial support. In addition, UK citizens now benefit from the visa-free regime introduced for visitors from Kazakhstan’s ten largest investment partners.

The continued modernisation and development of the Kazakh economy will also provide a new boost to co-operation. President Nursultan Nazarbayev underlined the opportunities for further investment and business partnerships when he made improving transport and energy infrastructure, the centerpiece of the Nurly Zhol economic stimulus programme which he announced in November 2014.

Kazakhstan has come a long way in the last 23 years. The economy has been one of the world’s best performers. The changes taking place at Samruk-Kazyna and the national economy confirm the determination to strengthen cooperation so this progress, in an era of global challenges, will continue.

These are the qualities which characterise Kazakhstan. We are committed to adopting best international practices which is why we have created one of the world’s most promising economies since we gained independence in 1991. 

**Kazakhstan
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AHR Global’s Green Block
Astana, part of EXPO 2017