

Strong and enduring partnership

By **ALDERMAN ALAN YARROW**

LORD MAYOR OF THE CITY OF LONDON



ALAN YARROW graduated from Manchester Business School. He left Dresdner Kleinwort in December 2009 after 37 years with the group, latterly as Group Vice Chairman and Chairman of the UK Bank. He was formerly Deputy Chairman of the FSA Practitioner Panel, Chairman of LIBA, Director of Complinet, a member of the Takeover Panel and of the Council of the British Bankers Association. He was appointed Chairman of CISI (Chartered Institute of Securities and Investment) in September 2009. He was also a member of the Chancellor of the Exchequer's High Level Stakeholder Group and was appointed Lord Mayor of the City of London in November 2014.

When the previous Lord Mayor, Fiona Woolf, visited Almaty and Astana in September 2014, the economic and bilateral ties between Kazakhstan and the UK were certainly strengthened. Sharing London and the UK's experience and expertise in the financial and professional services sector was at the top of the agenda during her trip. Having taken on the baton as Lord Mayor of the City of London that priority remains at the top of my list as well. Speaking on behalf of the UK's financial and professional services I will continue to champion this sector to key international markets.

With grand plans to propel themselves into the ranks of the G30 by 2050, the nation of Kazakhstan is firmly one of these markets. As a trans-continental country, Kazakhstan has always been a vital gateway bridging European and Asian trading interests since the earliest pioneering journeys on the Silk Road. And now with an economy that more than doubles the rest of the other Central Asian nations combined, the UK is more than ever before wanting to be Kazakhstan's economic partner of choice.

We start from a strong position. We are already

one of the top five largest investors in the country amounting to around £16.5 billion of foreign direct investment since the nation's independence in 1991. There are well over a hundred UK companies or joint ventures with British connections active in Kazakhstan, including the likes of HSBC, RBS, BG and Shell. In addition, some £2 billion worth of trade deals were signed at the time of the Prime Minister David Cameron's visit in 2013. And on the London Stock market you can already find 20 Kazakh companies on the main and AIM markets, with £500 million raised on AIM alone.

What we have seen since independence is that Kazakhstan has made considerable progress in implementing difficult reforms to establish a politically stable market economy. So much so that it is now ranked 77th out of 189 countries in the World Bank's Ease of Doing Business data. Important advances include lowering administrative burdens, liberalising cross-border financial flows and removing certain restrictions on foreign participation in the banking and insurance sectors. Quite simply it is an attractive opportunity to do with business with.

Acting as ambassador for the UK's financial and



Astana – Kazakhstan's iconic capital city and host of EXPO 2017

professional services industry my job is to show the world, and countries like Kazakhstan, what the 'City' of London has to offer. From investment banks to asset managers, insurers to legal services and education providers, the UK has so much to offer in supporting help grow the Kazakhstan economy even more. With Expo 2017 taking place in two years' time, the UK, having successfully hosted the 2012 Olympic Games, has an excellent reputation for design and delivery of large scale construction projects, and is able to support Kazakhstan with their own efforts.

Take another sector for instance: education, training and qualifications. Kazakhstan has great potential in its people and workforce but the nation is facing the same challenge that the whole globe is facing, particularly in the financial services sector - finding more skilled workers. That is why supporting more specialist education providers, particularly with the demands of new regulatory regimes, is essential. Across the UK we have a large number of pre-eminent specialist institutions, some of the world's best universities and provide business qualifications and training in a plethora of areas. As Chairman of the globally renowned Chartered Institute for Securities & Investment I am all too aware of the importance of qualifications as the real passports to global growth, both on a personal and sectoral level.


As Kazakhstan moves towards a more diversified economy away from a reliance on hydrocarbons, the private equity sector will need to be built on including the areas of venture capital and mezzanine finance. And as the government looks to develop new Public

Private Partnership mechanisms, the City can lend their expertise as world leaders in creating innovative financing models for a variety of infrastructure projects.

Islamic Finance is also an area of financial services where the UK is acknowledged as the leading centre outside of the Muslim world having been working in this area for over thirty years. This was demonstrated as recently as last June with the UK issuing the sovereign Sukuk, the Islamic equivalent of a bond and confirming that £200 million had been sold to investors based in the UK and in the major hubs for Islamic finance around the world. Now that Kazakhstan has plans to become the Central Asia hub for Islamic Finance, with steps proposed with new legislation which will help its growth, the UK can lend our expertise and experience in the field of Sharia-compliant finance.

The City of London already has an excellent relationship with Kazakhstan, particularly cooperation between the Almaty Regional Financial Centre and the London Stock Exchange.

Of course, we cannot afford to be complacent. Following the financial crisis Kazakh companies have increasingly turned to the East and that is why the City needs to work hard to reiterate our established strengths: a broad investor base, deep capital pools, sophisticated markets and an unparalleled skills base.

Kazakhstan has taken great strides when it comes to delivering the reforms needed for future success, and now has the most sophisticated financial system in the region. The country is at a crossroads. The UK wants to be their partner of choice when they make their next step with their bold economic plans. 

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The Lord Mayor Alan Yarrow waves from the State Coach during the Lord Mayor's Show 2014