

## KAZAKHSTAN

DAULET YERGOZHIN, Temporary Alternate Governor

Let me express gratitude to the hospitable and sunny country of Spain for its hearty welcome and to Asian Development Bank (ADB) President Haruhiko Kuroda and his colleagues for the organization of this event. I am glad to deliver this speech today at this meeting of the Board of Governors of ADB. During recent decades, ADB activities have made a significant contribution to the vast region of Asia.

Kazakhstan has always paid significant attention to cooperation with leading world financial institutions, one of which is ADB. We consider ADB an important financial institution for securing the stable economic development of Asian countries.

Ten years ago, together with ADB we prepared a strategic plan for the development of Kazakhstan. Since then Kazakhstan has received more than 80% of total investments in Central Asia. Our economy grew at an average of more than 10% a year during 2000–2007. Such a pace will allow us to double our GDP in 2008 in comparison to 2000, 2 years earlier than foreseen in the strategic plan.

In order to effectively implement such a long-run strategy, we have to meet one of the principal provisions, which are practical realization of given criteria. For the next 5 years we have approved 30 projects that will be particularly important for future generations for up to US\$40 billion. More than a half of these projects (18) will be implemented in the infrastructure sector. The top priorities are the development of new eco-friendly power plants for electricity production, railroads, gas and oil transport infrastructure, and, of course, agriculture.

The projects are going to be realized on the basis of private–public partnerships. The Government is ready to cofinance them and even to provide government guarantees for international lenders.

At the same time as we are facing some challenges connected with turbulence in world money markets, we have managed to keep the wheel in our hands. We project that the rate of growth for this year will be 5% at a minimum and that reserves in the oil fund will exceed US\$25 billion. Our commercial banks have fulfilled all their credit obligations and repaid all their debts.

These facts have confirmed that the policy and the strategy that were created with the participation of ADB were right and that they have been successful. We would like to say that we welcome the strategic directions for ADB activities for the coming decades that have been discussed here, including the general capital increase.

However, some rating agencies have started to use standards for measuring sovereign country ratings that are not clear to us. In some countries banks are writing off billions in losses and they are treated in one way, whereas countries where banks are paying back their debts in a timely manner and showing profit growth are treated in another way—by having their ratings downgraded. We hope that we will come to understand the logic of these new worldwide standards.

A big role in cooperation with ADB is given by Kazakhstan to the Central Asia Regional Cooperation Program (CAREC). Kazakhstan acknowledges the new initiatives of the CAREC Program and approves its further measures to expand cooperation.

Taking into consideration the institutional potential of donor partners in the CAREC Program, we support the initiatives to conduct research in the region on the existing problem issues.

I would like to particularly note CAREC's aspiration to strengthen integration processes in Central Asia. Such initiatives foster a regional drawing together, potential development of transit routes, settlement of transboundary problems in the Central Asia region, and the creation of equal business environments. Even if there has been some misunderstanding with respect to the creation of a common economic area in Central Asia, which was proposed by the Republic of Kazakhstan, we hope that, with the help of supporting organizations and our common wish to bring growth and prosperity in our region, we will find ways to our common success.

From our side we are willing to continue undertaking an open economic policy based on cooperation with international financial institutions and, as a member of ADB, we are ready to participate actively in the realization of the principles that are outlined in the long-term strategic framework 2008–2020 (Strategy 2020). Only united can we bring prosperity and success to our region.