

KAZAKHSTAN

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I have the pleasure to express on behalf of the Government of the Republic of Kazakhstan and my own behalf, sincere gratitude and appreciation to the President, Government, and people of the People's Republic of China for hosting given meeting and for the generous and warm welcome accorded to us since our arrival in this hospitable country. I would also like to thank Mr. Tadao Chino, President of the Asian Development Bank (ADB), for his studious efforts in steering the affairs of ADB, which is now among outstanding international financial institutions.

In fact, we attach great importance to the meeting that is considered as a very important and integral part of consistent and progressive development of mutually beneficial relationship between Kazakhstan and ADB.

To begin with, it is correctly observed that ADB has lately allotted tremendous attention to the Central Asian region and there apparently are objective reasons for that. Our region is located at the junction of Europe and Asia, which makes it an important player in the international scene.

Kazakhstan due to its geopolitical location, economic potential and historical traditions has never confined itself only to the narrowly regional problems. We are always open for contacts and free dialogue. These factors shape our internal and external policies. Further integration of our country into the world community is irreversible and natural. Kazakhstan has managed to build up sustainable friendly relations with all the countries concerned.

Given position allows our country to effectively utilize available potential and timely attract assistance of ADB. The following spheres of the economy have been defined as the country's priority: transport and communication, energy complex, development of small and medium business, and water supply.

The Central Asian countries, having obtained independence, received an opportunity to independently form fundamentals for further economic development. These years have been heralded as the period of strengthening of the states' sovereignty. Now, as never before, the enforcement of regional development gives additional incentives to our economies.

Since 2000, our economy has demonstrated a high pace of development almost in all branches. Having maintained and strengthened sociopolitical stability of our society, steadily executing democratic and market reforms, we have achieved macroeconomic stabilization, formed the legislation required for successful business, conducted structural reforms, which although unpopular during their phasing in have in fact created strong basis for accelerated development of our country in the mid and long term.

Due to democratic reforms in Kazakhstan, a dynamically developing private sector has appeared, which is actively implementing the projects in different branches of economy. Modern infrastructure in sphere of finance, banks, power engineering, transport, and telecommunications is being established. Above mentioned in its turn, undeniably is a direct contribution to activities on improving and perfecting Kazakhstan's investment climate.

Let me adduce some data, in my opinion relevant to the context of today's meeting. The macroeconomic indices for the preceding year in Kazakhstan were record high in ten years history of the country's independence. Accordingly, in 2001 the total gross domestic product increase equalled 13.2%—the highest rate among CIS countries. The indicated increase is achieved due to so far unprecedented tempo of development in industry (13.5%), agriculture (16.9%), transport (11.3%), communication (38.5%), and investment in fixed capital (21%).

At the moment, enterprises of the country are undergoing an intensive renewal of capital assets.

The continuing tendency of steady growth in the national economy has positively affected indices of external and domestic trade. In the previous year, inflation remained at 6.4% and did not exceed foreseen ceiling of 6.8%, envisaged by indicative plan of social and economic development for 2001.

Favourable external economic situation and betterment of financial conditions of enterprises has indubitably allowed revenues to increase into the state budget. The inflows into the state budget in 2001 made up 22.2% of gross domestic product.

With the purpose of providing current and future generations' needs, National Fund, which accumulates external receipts into the state budget from activities of joint and foreign enterprises of oil and raw materials sector, aimed at stabilization and protection of national economy against unfavorable oil price fluctuations, has been created.

Additionally, Kazakhstan Development Bank was recently established with authorized capital of \$200 million. Its activity is mainly focused on providing medium- and long-term crediting of viable investment projects, export operations, issue of warranties, opening and confirmation of letters of credit, and introducing diverse financial instruments, which aggregately ensure perfecting of the branch composition of economy, and production infrastructure of the country as a whole. It is expected that Kazakhstan Development Bank will attract investments in the amount exceeding \$1billion.

Besides, to fix the principles of liberal market economy and create favorable conditions for all involved business-conducting entities, the new Tax Code has been adopted by the Parliament of Kazakhstan.

Thus, above enumerated factors significantly expedited to improve Kazakhstan's credit rating and investment attractiveness in the eyes of world economic community.

It is indispensable to note that interstate economic cooperation is of vital importance for Central Asia. Hence, the region's countries should jointly tackle common problematic issues. Segregated success of a single country is obviously not the ultimate goal. Timely carried out measures on reinforcing the regional partnership with the purpose to maintain further economic cooperation in Central Asia, and particularly, effective functioning of institutional structure will strongly upgrade developmental coordination among the countries. Stable and prospering Central Asia is what all of us should strive for.

In conclusion, I would like to say that the achieved results on no account give us any reason for future slackening of our developmental tempo, and by no means diminish the number of problems, which require our immediate attention and positive resolution. The attained success in economic development of Kazakhstan in many respects is the outcome of assistance of various international financial institutions, including ADB.

Therefore, the targeted improvement of investment climate, attraction of new investments, and perfection of the system of governmental support thereof, should remain the states' policy top priority. In my view, collective and collaborative approach in economic advancing is essential.

To this end, I would once again like to thank the hosting country and ADB for organizing this annual meeting of the Board of Governors and to confirm our readiness to continue work on constructive strengthening of regional economic cooperation. To all participants I wish continued success and prosperity.