

**High-level Regional Policy Dialogue on  
"Asia-Pacific economies after the global financial crisis: Lessons learnt,  
challenges for building resilience, and issues for global reform"**

**6-8 September 2011, Manila, Philippines**

**Jointly organized by  
UNESCAP and BANGKO SENTRAL NG PILIPINAS**

**Country Experiences 3: Net Energy Exporters**

*Presentation*

**Global Financial Crisis: Impact on Kazakhstan,  
Lessons from the Past,  
Current Challenges**

by  
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"Eurasian Economic Club of Scientists" Association  
Kazakhstan

**September 2011**

# COUNTRY EXPERIENCES: Net Energy Exporters

High-Level Regional Policy Dialogue:  
Asia Pacific Economies after the Global Financial Crisis

By  
**MURAT KARIMSAKOV**  
Chairman of Executive Board

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1

## PRESENTATION OUTLINE

- *Global Financial Crisis: Impact on Kazakhstan*
  - ❖ *Crises of 1998 and 2008*
- *Lessons from the Past*
  - ❖ *Economic policies*
- *Current Challenges*
  - ❖ *Inflation*



2

## **Crisis of 1998**

- *Asian crisis of 1997-1998*
- *Impact of Russian default on Kazakh economy*
- *Kazakhstan's experience*
- *In 2001, after the crisis, the National Fund was established*

3

## **Crisis of 2008 Effects on Kazakhstan's Financial Sector**

- *Capital movements away from the banking sector*
- *Brakes on access to international loan facilities*
- *Accumulation of external debt by banks*
- *Revenue drops as a result of lower commodity market prices*
- *Reduction of gold and forex reserves at the National Bank*

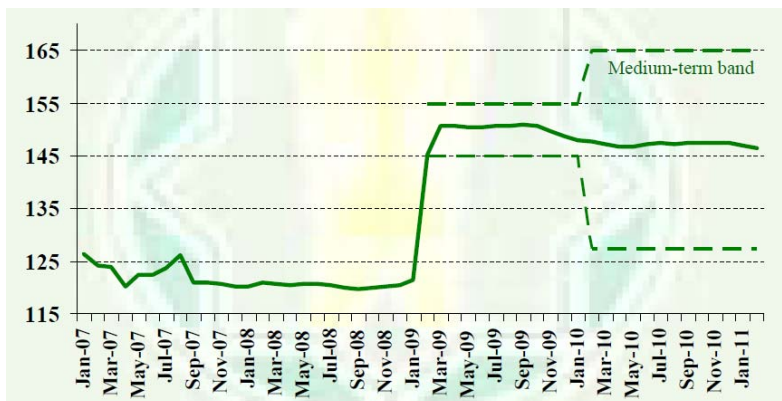
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## Crisis of 2008 Monetary policy

- Sharp deterioration of the balance of payments demanded the devaluation of national currency – Tenge
- Further support of Tenge could brought to full depletion of foreign exchange reserves
- Main trade partners of Kazakhstan devalued their currencies
- Domestic producers and exporters needed support of their competitiveness

5

## Tenge Devaluation and Maintenance of the Exchange Rate Stability



Resource: the National Bank of Kazakhstan

6

## **Measures to Stimulate Economic Growth**

*A Joint (the Government, the National Bank, the Financial Supervisory Agency) Two-Year Action Plan for stabilizing of the economy and financial system:*

*Funding (USD 10bln.) has come from the National Oil Fund*

- Provision of public support to the top four banks;*
- Steps to aid the completion of suspended residential construction projects;*
- Financial assistance to the SME and agricultural sectors;*
- Increased public investment in the industrial sector.*

7

## **Systematically Important Banks**

- Halykbank*
- Kazkommertsbank*
- BTA bank*
- Alliance Bank*

8

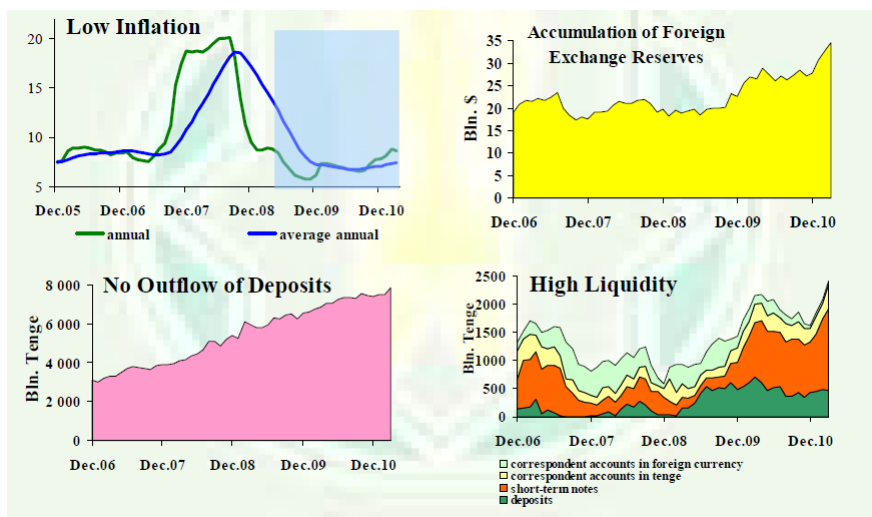
## Anti-Crisis Program

### 5 vectors:

- \$4 bln. – Banking system
- \$3 bln. – Real estate sector
- \$1 bln. – SMEs
- \$1 bln. – Innovative-industrial projects
- \$1 bln. – Agro-cultural sector

9

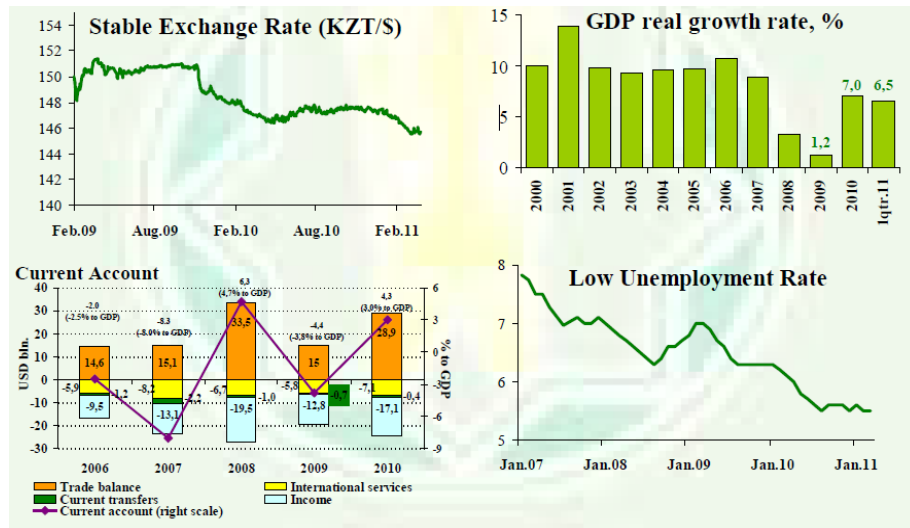
## Results 1



Resource: the National Bank of Kazakhstan

10

## Results 2



Resource: the National Bank of Kazakhstan

11

## Consolidation of the Financial Sector Supervision and Regulation System

- *Implementation of the counter-cyclicity principle in regulation (for financial leverage, owner's capital, reserves and liquidity, and reserve requirements)*
- *The gradual increase in minimum size of a capital, especially for banks*
- *Strengthening of the risk control of "systematically important" financial institutions, considering their impact on the other financial organizations, markets and instruments*

12

## **The main goals of financial sector development in post-crisis period**

- *Financial sector stability*
- *Creating conditions to prevent effect of instability factors and negative events which were detected during the last financial crisis*
- *Stimulation of investment activity*
- *Restoration of trust and confidence in the financial sector by both investors and consumers of financial services*
- *Financial resources mobilization in the post-crisis period*
- *Consolidation of the financial sector supervision and regulation system*
- *Regulation of the systemic risks*

13

## **Accelerated Industrial-Innovative Development**

*Increase by 2015:*

- *GDP by 50% of the 2008<sup>th</sup> GDP*
- *Productivity in manufacturing industry by no less than 1.5 times*
- *Share of the manufacturing industry in the structure of GDP to 12.5%*
- *Share of non-raw materials exports in the total volume of exports to 40%*
- *Share of innovative enterprises in the number of active enterprises to 10%*

*Decrease by 2015:*

- *Energy intensity of GDP by no less than 10% of the 2008<sup>th</sup>*

14



## Accelerated Industrial-Innovative Development

*In general, for implementation of program of Accelerated Industrial-Innovative Development necessary to attract investment totaling over \$ 60 billion*

*For current time, more than 300 projects identified sources of funding in the amount of \$35 billion;*

*Advantages of the Republic of Kazakhstan:*

*Favorable tax treatment (in 2009 CIT rate is reduced from 30 to 20%, and by 2011 will be 15%, VAT rate reduced from 13 to 12%)*

*Significant reserves of natural resources;*

*Low rates on major components of production cost (electricity, gas, railway transportation); in conclusion we should note that with relatively low wages, we have highly educated and skilled workforce.*

15

## Kazakhstan's External Trade in the First Halves of 2010/'11 (in million US dollar)

<i>period</i>	<i>H1-2010</i>	<i>H1-2011</i>
<i>exports</i>	<i>29579.8</i>	<i>44916.3</i>
<i>imports</i>	<i>12959.7</i>	<i>16642.7</i>
<i>trade surplus</i>	<i>16620.1</i>	<i>28273.6</i>

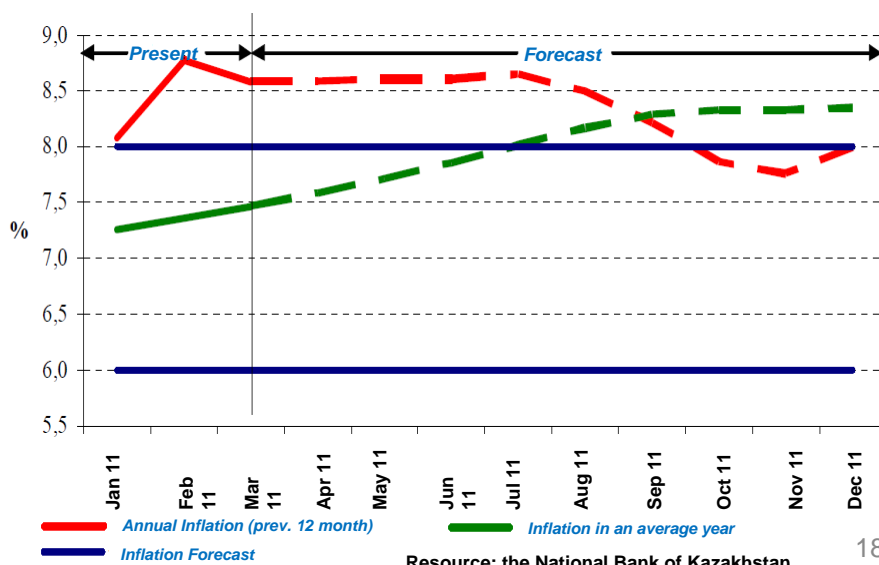
16  
source: State Statistics Agency of Kazakhstan

## Kazakhstan's Leading External Trade Partners in the First Half of 2011 (in percentages of total trade value)

country	share in exports	country	share in imports
Italy	16.1%	Russia	42.9%
China	15.5%	China	12.1%
Russia	9.1%	Ukraine	5.1%
The Netherlands	8.9%	Germany	4.9%
France	5.9%	USA	4.0%

17  
source: State Statistics Agency of Kazakhstan

## Inflation Forecast for 2011



18

## **Inflation Factors**

### *External factors:*

- ❖ *World oil prices*
- ❖ *Prices for metals*
- ❖ *Wheat prices*
- ❖ *Global inflation*

### *Internal factors:*

- ❖ *Costs of the state budget on salaries*
- ❖ *Transfers to individuals*
- ❖ *Unit costs for labor*

19

## **V ASTANA ECONOMIC FORUM 22-24 May, 2012**

**ASTANA ECONOMIC FORUM**  
is an annual dialogue platform  
for discussions and solutions of  
global problems.



20

## V ASTANA ECONOMIC FORUM 22-24 May, 2012



- ❖ More than 5000 delegates from 80 countries
- ❖ Investment agreements (over \$2,5 billion)
- ❖ Astana Club of Nobel laureates
- ❖ Recommendations to the leaders of the G20 countries

21

### THANK YOU!



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22