

October 1, 2009



Dear USAPEEC members!

On November 3 - 6, 2009 the biggest Central Asian Food Show “WorldFood Kazakhstan 2009” will take place in International Exhibition Centre “Atakent”, Almaty, Kazakhstan.

USAPEEC has successfully participated in previous WFK food shows and will have a booth for members this year also. USAPEEC members are cordially welcomed to join us at the USAPEEC lounge. USAPEEC stand will be located in Pavilion 11, stand number 12. USAPEEC booth is located in front of the main entrance to the Pavilion 11.

USAPEEC members interested in participation are encouraged to contact Bella Ablava at usapeczk@yahoo.com or at bella_usapeec@yahoo.com.

All additional info on the trade show can be found at <http://www.worldfood.kz/en/>

We hope that the exhibition will meet your expectations!

Kazakhstan



Customs control between Russia, Belarus and Kazakhstan will be lifted gradually

Customs control will be gradually abolished on borders between the States, setting up the Customs Union, according to the Secretary General of Eurasian Economic Community (EAEC), Tair Mansurov. “In July 2010 we plan to abolish customs control on border between Russia and Belarus and in July 2011 - on border between Russia and Kazakhstan”, - he said.

According to T. Mansurov, abolishment of customs barriers in trade between the countries that set up the Customs Union will contribute to economic growth and provide additional increase in gross domestic product of Member-States by 15-18 % by 2015 according to scientists’ estimations.

Referring to the forecasts of specialists he also said that in the second half of this year, the growth of the economies of the EAEC countries will increase by 1 - 4.5%, that will be achieved due to the implementation of joint anti-crisis measures.

The Customs Union is created ahead of schedule. In the beginning it was planned that Customs union will start operating in 2011. Other EAEC members will be able to enter the Alliance as soon as it comes into effect.

Tajikistan and Kyrgyzstan will be able to join the Customs Union only if their economies and legislation are in compliance with requirements.

Source: *Apk-Inform Information Agency; Gazeta.kz Internet Newspaper*
(www.apk-inform.com; www.gazeta.kz)
Translated by: usapec.kz

Customs Union will renew negotiations on WTO accession in October

The negotiations on joining World Trade Organization (WTO) of the countries joining Customs Union (Russia, Belarus, Kazakhstan), can be renewed in October, 2009, according to the Chairman of the negotiation group, Director of Department of Trade Negotiations of the Ministry of Economic Development and Commerce of the Russian Federation, Maxim Medvedkov.

M. Medvedkov reminded that the Prime Ministers of Russia, Belarus and Kazakhstan made a decision to notify WTO in June, 2009 that the countries will join the organization as a uniform customs territory. All three countries suspended bilateral negotiations on joining the organization for the period of the consultations on formation of the uniform position of the Customs Union.

The consultations of the uniform negotiation delegation of Russia, Belarus and Kazakhstan concerning joining WTO were held in Moscow on September 2-3, 2009. During the consultations, the officials discussed the mechanisms, which will allow continuation of the negotiations on joining the organization.

Source: Gazeta.kz Internet Newspaper (www.gazeta.kz)

Third wave of the crisis will hit the consumer market, survey

According to a three-year research of Zertteu DC Group based on the personal income dynamics in Kazakhstan, the next crisis wave will sweep over the consumer market.

“The official statistics demonstrate a widening gap between personal income and consumer demand,” according to think-tank research of the Project Director Marat Kairlenov.

“According to the first half year statistics, a gap between income and spending is expanding. The income in January-June 2009 grew by 12% from a year before, while retail sales fell by 8.6%,” he said. In January the margin was 15.1%, while in June it reached 24%.

“The trend is alarming, as a decline in retail sales was 14.7% in January and 24.7% in June,” the expert said.

The survey showed that nearly 76% of the economically active population, excluding self-employed residents, is engaged in the arrears closely related to the consumer market. The expert regards Kazakhstan’s economy as a consumer economy. “It was regarded earlier that our economy was a resource based one, but now we see that it mostly a consumer economy,” M. Kairlenov said.

Consequently, he said, “a drop in demand in the consumer market will lead to a jump in the unemployment rate in the related sectors.” For presenting “a more relevant picture of the personal income, undeclared earnings must be taken into account: entrepreneurial income spent on consumption, investment income of residents from reselling investment tools, informal extra payments to corporate employers and corruption income of state officials,” he said.

Zhannat Yertlesovsa, Chairman of the Board of Kazakhstan Taxpayers Association and Extraordinary Advisor to the Prime Minister, supported the opinion by saying that the consumer market poses a real threat.

First President’s Foundation expert Kanat Berentayev believes that the consumption may be improved through doubling a fixed income of employees of state-run organizations and pensioners. “That will speed up the inflation by 3%-4%, but it’s quite a reasonable price to pay for a double increase in the consumer demand of more than 50% of the population.”

Zertteu DC Group expert cited a decline in bank lending as another reason affecting the consumption and forecast a further drop in the second half on the speculation of BTA Bank and Alliance Bank trimming their assets or deposit base.

“As a result the drop in total bank lending may amount to 40% by the end of the year that will adversely affect the economy,” Kairlenov said.

Source: Interfax Information Agency (www.interfax.kz)

Difference between average import and retail prices for goods reaches four times the amount

In Kazakhstan in September 2009 the difference between retail and average import prices for goods, including all payments during customs clearance, reaches more than four times the amount, according to the data of the Customs Control Committee of the Ministry of Finance of the Republic of Kazakhstan.

In particular, during September 4-10 average import price for poultry meat amounted to 193 tenge (USD 1.28) per kilogram, and the retail price amounted to 443 tenge (USD 2.94) - deviation of the price is 2.3 times.

*Source: Gazeta.kz Internet Newspaper (www.gazeta.kz)
Edited and translated by: usapeec.kz*

Kazakhstan has lifted ban on meat imports from Kyrgyzstan

Kazakhstan has lifted a ban on meat imports from Kyrgyzstan, according to a leading expert of the Kyrgyz State Department for Veterinary Medicine, Kochorkul Kudakeev.

According to him, the Ministry of Foreign Affairs along with the State Department for Veterinary Medicine has resolved the issue over the meat exports from Kyrgyzstan to Kazakhstan. Currently, negotiations are underway for meat exports to Russia and Uzbekistan.

As a reminder, in 2006 Kazakhstan, Russia and Uzbekistan due to the FMD (foot-and-mouth disease) imposed a ban on imports of meat from Kyrgyzstan.

Since March 2009, the State Department for Veterinary Medicine conducted a risk analysis and met with the leaders of the authorized agencies of those States in order to lift the ban. Besides, in Kyrgyzstan for the past 100 years 1219 foci of *Anthrax* (528 of them are currently controlled and processed) were registered. Most of the *Anthrax foci* were detected even before the Second World War.

Kyrgyzstan counts up to 5 million species of small cattle, about 1.5 million species of cattle stock and about 40 thousand of pigs. The country produces up to 27.6 thousand tons of meat per month, whereof 200 tons may be exported to Kazakhstan.

*Source: AkiPress Information Agency; 24.kg Information Agency (www.akipress.org; www.24.kg)
Translated by: usapeec.kz*

Kyrgyzstan



Kyrgyzstan's consumer price index goes 1.9% down

Kyrgyzstan's Ministry of Finance said the consumer price index has gone down by 1.9% for the first eight months of 2009. For comparison, in the same period of 2008 the Ministry traced a 14.8% growth.

Real growth of the monthly salary for January-July 2009 hit 5.8%, making the average Kyrgyzstan's salary reach 5,954 soms (USD 135.44).

Source: 24.kg Information Agency (www.24.kg)

Kyrgyz GDP growth hit 3.4% in January-August 2009

Kyrgyz GDP growth made up 3.4%, and reached 114.3 billion soms (USD 2.6 billion) in January-August 2009, according to the Kyrgyz Finance Ministry.

The real GDP growth decreased by 3.1% compared to the same period of 2008. Real economic growth excluding Kumtor mining enterprises averaged to 3.9% (5.8% in January-August 2008), while the production increase has been traced in agriculture (9% growth), services sector (4%) and construction sphere (24.1%). Industrial products' output has decreased by 12.7% for the same period. A 14.7% decline has been traced in the industrial sector excluding Kumtor. Processing industry has also faced a 13.9% decrease of growth rates, while a 10.2% decline was registered in the energy sector.

The mining sector otherwise experienced a 5.2% growth. Increase in trade, car, household devices and appliances' services came to 3.5% for the period. Growth of hotels and restaurants' services went down to 4.9% in 2009 (10.1% increase in 2008). Transport services continue to retain positive tendency. So, volume of passengers' transportations grew by 6.7% in January-August 2009, while the amount of transported cargos increased by 3.5% for the period. Level of capital investments' assimilation increased by 29.6% comparing to 2008. At least 18.6 billion of capital investments have been practically assimilated for the mentioned period.

Source: 24.kg Information agency (www.24.kg)

Kyrgyzstan should penalize contraband

"Kyrgyzstan should strictly penalize contraband," Roman Shin, the Member of Parliament said.

The lawmaker believes that administrative liability is too sparing punishment for unprincipled businessmen. "Today, Kyrgyzstan is full of contraband goods. It is a very profitable business," Shin said.

"This kind of business harms Kyrgyz economy dramatically. Contraband – is economical diversion that is so lightly punished in Kyrgyzstan. According to some data, 60% of all goods in Kyrgyzstan are contraband. We have been playing with this issue for the past 15 years, while the Kyrgyz budget loses great amounts," another member of Parliament, Nikolai Bailo added.

Source: 24.kg Information Agency (www.24.kg)

Doing Business in Central Asia – World Bank's trade survey

The World Bank has published its annual 'Doing Business' report on business regulations and their enforcement across 183 economies, with mixed results for Central Asia. Kyrgyzstan, last year ranked 80, has made dramatic progress and is now positioned at 41, having made reforms in seven out of the ten areas surveyed.

Kazakhstan made reforms in three areas, its overall position improving slightly from 64 to 63. Neighbouring Uzbekistan and Tajikistan still lag far behind, ranked 150 and 152 respectively.

While Uzbekistan has dropped a further 5 places since last year, Tajikistan has moved an impressive 12 places up from last year's position of 164. Turkmenistan was not surveyed.

Although the project - this year entitled 'Doing Business 2010: Reforming through Difficult Times' - focuses on legislation relevant to the life cycle of small to medium-sized businesses, not all aspects of the business environment are measured, such as proximity to markets, level of labour skills or corruption. Nor does the report assess market regulation or macro-economic stability, both important factors in understanding some of the underlying causes of the global financial crisis.

The results for Kyrgyzstan, a country now ranked second among the world's leading reformers, were officially announced at a conference held at the Hyatt Regency Bishkek on September 14.

Attended by Kyrgyz Prime Minister, Igor Chudinov, World Bank representatives, government officials, economists and businessmen, the gathering had a predominantly congratulatory atmosphere.

With direct foreign investment in the Kyrgyz Republic up four-fold from USD 210.3 million in 2005 to USD 866.2 million in 2008, the report's findings were greeted as a significant triumph for Kyrgyz commerce.

"We were intrigued to see how countries would perform in this difficult economic context," Neil Gregory, adviser to the Vice President for the World Bank's Financial and Private Sector Development.

"So we were very pleased to see how well Kyrgyzstan did. Countries around the world are increasing the momentum of reform, and most notably low - and middle-income countries. Reform is moving east and we are now seeing more countries in Eastern Europe and Central Asia taking reform seriously," he added.

Some of the many reforms enacted by Kyrgyzstan over the past year include streamlining the process for obtaining construction permits, granting greater access to credit, cutting the rates and number of commercial taxes, and eliminating the minimum capital required to start a business.

Pat Shapiro, USAID Country Program Officer for Kyrgyzstan, commented that the country's advancement this year was particularly impressive given the difficult economic conditions. "Countries in the region have done well but Kyrgyzstan has done especially well. We hope to bring more investment to the country in the future," she said.

However, Kyrgyz Government officials acknowledged that there is room for improvement. "We are pleased with the results but there are clearly areas that still need our attention, - said Kubat Murzaev, Head of Investment Policy Department (MEDT), - Reform to our cross-border train routes for one would help improve business abroad."

Akylbek Japarov, Minister of Economic Development and Trade, suggested that lessons should be learnt from neighbouring China regarding export laws.

While the Kyrgyz Republic is ranked 41 overall, the country came 154 out of 183 countries in terms of international trading, 156 for taxation, and 140 regarding the ease of closing a business. In its report, the World Bank advises Kyrgyzstan to reduce the number of mandatory documents for export-import transactions, to simplify and reduce taxation procedures, and to significantly cut the number of procedures needed to close a business.

"One of the most popular areas of reform in the region is that of starting a business. It is also one of the easier areas of business to reform," said Mr Gregory of the World Bank. "Other areas such as 'enforcing contracts' or 'protecting investments' require more complex legal reform and therefore have not had so much attention."

Concern has been raised over the substantial differences between the World Bank's 'Doing Business 2010' report (which ranks Kyrgyzstan 41 out of 183 countries) and the World Economic Forum's 'Global Competitiveness Index' (which ranks Kyrgyzstan 123 out of 133 countries). Some have questioned the divergences in methodology and results, and regard this as a potential source of confusion among foreign investors.

Mr Gregory defended 'Doing Business 2010' as based on rigorous criteria and real-life examples.

Other reports, according to him, tend to be perception-based and affected by different agendas. For a region whose five countries are among the top 40 most corrupt states in the world, the failure to take corruption into account when assessing ease of doing business is also questionable.

While leading reformers have been commended, the report emphasizes the need to follow up newly-created regulations with concrete enforcement in practice. "To be effective, new legislation must be well-publicized and adopted by both public and private sectors. Creating a regulatory environment with efficient administrative processes and strong protection of property rights can set the stage for firms and investors to take opportunities as the economy develops."

The report puts the success of top reformers down to "long-term vision supported by specific goals". Kyrgyzstan's well-publicized ambitions of becoming the centre for regulatory excellence in Central Asia has provided the necessary impetus for its recent spate of reforms and its subsequent advancement from 80th place to 41st worldwide. It is a lesson neighbouring CIS countries would do well to heed.

Source: The Times of Central Asia (www.timesca.com)

Tajikistan



A poultry plant in Panjakent is being restored

The Ministry of Agriculture of the Republic of Tajikistan and the State Unitary Enterprise "Poultry industry of Tajikistan" are currently conducting restoration of the poultry plant in Panjakent city of Sughd region. The poultry plant will be rebuilt in accordance with the State program of poultry industry development.

The annual project capacity of the plant is accounted for 50 thousand chickens, 25 thousand of which are laying hens. That is enough to meet the demand for poultry meat and eggs in Panjakent. Poultry farmers of Sughd region are ready to help in restoration of the plant by providing it with the necessary quantity of chickens and 1,000 adult laying hens.

A poultry plant in Panjakent should be restored by the 20th anniversary of the Independence of the Republic of Tajikistan which will be celebrated in 2011.

*Source: Meatinfo Information Agency
(www.meatinfo.ru)
Translated by: usapeec.kz*

Tajik Customs Service has endorsed a new form of the cargo and transit customs declaration form

Tajikistan's Customs Service has endorsed a new form of the cargo and transit customs declaration, which is prepared by analogy of the single administrative document (SAD), which is the documentary basis for customs declarations in the European Union, Mr. Alimjon Alimov, the Head of the International Customs Cooperation Department within the Tajik Customs Service announced.

According to him, the new cargo-and-transit customs declaration document simplifies the customs control procedures. "Earlier, the cargo and transit customs declarations had been filled in separately, while the new declaration allows usage of the uniform complete set of forms unlike used before separate forms of the cargo declaration and the transit declaration," Alimov said.

He also reminded that in order to simplify customs procedures Tajikistan had introduced the one-stop-shop (OSS) system and the Tajik Customs Service had signed a contract for USD 6.16 million with R.I.S.K. Company, Azerbaijan for the development of a Unified Automated Information System (UAIS) under the ongoing Regional Customs Modernization and Infrastructure Development Project financed by the Asian Development Bank.

*Source: AsiaPlus Information Agency
(www.asiaplus.tj)*

www.usapeec.kz