

## KAZAKHSTAN

Kazakhstan enjoyed strong economic performance from 2000 to 2007, with average real GDP growth of 10 percent. The Government maintained a healthy fiscal surplus during that period, accumulating about 21 percent of GDP in the National Fund of the Republic of Kazakhstan (NFRK). However, the economy was, and remains highly resource-dependent, with manufacturing accounting for 11 percent and agriculture 5 percent of GDP in 2008. In contrast, minerals, oil and gas, accounted for 73 percent of exports and 39 percent of GDP. Consequently, the Government has made diversification of the economy a development priority.

Despite the strong overall economic trends in Kazakhstan, a spiral of unsustainable growth in commercial lending and foreign borrowing in 2005 -2007 set the stage for difficulties in the financial and construction sectors. Since mid-2007, problems in the global financial markets blocked local banks' access to cheap external financing. The deepening of the world economic crisis since September 2008 has had further negative repercussions on the country. Kazakhstan faced a short but very sharp terms-of-trade shock and large capital outflows, which forced a 20 percent devaluation of the Tenge in February 2009.

At present, it appears that an economic recovery has begun in Kazakhstan, with the strengthening of commodities prices being the most important factor supporting it. Positive trends in the real sector of the economy have boosted the confidence of investors, increased profitability in key sectors like mining, and strengthened domestic demand.

Kazakhstan Temir Zholy (KTZ) is the national railway company of Kazakhstan. A Railway Law was enacted in 2001 and the Kazakhstan State Railways (KTZ) was incorporated as a joint stock company in 2002. The core railway businesses have been largely unbundled and ancillary services have been divested, but institutional restructuring is still ongoing. There is limited private sector participation (e.g. provision of wagons) from domestic operators, but there is significant presence of foreign (mainly Russian) operators. A price regulator (AREM) was established but is still not fully independent.

The Kazakh authorities signed a MoU with the EBRD to collaborate on reform of the railways and the restructuring of the national railway company Kazakhstan Temir Zholy with a focus on the refurbishment of rolling stock, including acquisition of wagons and locomotives, including through private sector participation. EBRD provided recently a \$105 million loan to JSC Transtelecom for the construction of a 4,664-km fibre cable along the railway tracks and also a \$50 million loan to Kaztemirtrans, a subsidiary of the KTZ, to finance the renewal of the company's rolling stock.

### Background figures in railways (2009):

14,205 km length of lines
4,144 km electrified lines
18,797 x 1 000 passengers carried
14,860 x 1 000 000 passenger-km
247,678 x 1 000 tonnes carried
197,302 x 1 000 000 tonne-kilometres

Economics	2008	2009
GDP (current billions US\$)	133.44	109.15
GDP growth (annual %)	3	1
Exports of goods and services (% of GDP)	57	46
Imports of goods and services (% of GDP)	37	38
Industry, value added (% of GDP)	43	40

### Ease of Doing Business Rank 2010

World	rank 63
Eastern Europe & Central Asia	rank 14

