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CONTENTS

BUSINESS & ECONOMY

ENERGY & RESOURCES

PIPELINES

BANKING & FINANCE

METALS & MINING

**TELECOMMUNICATIONS
& IT**

SPACE INDUSTRY

TRANSPORT

AGRICULTURE

**CONSTRUCTION
& PROPERTY**

POLITICS & SOCIETY

MILITARY

BREAKAWAY REPUBLICS

CURRENCY RATES

ANALYTICAL REPORTS

Challenges negative for Kazakhstan due to events in Ukraine should be prevented - Nazarbayev

The situation escalation in Ukraine will mean the slowing of economic growth for Kazakhstan's partners, Kazakh President Nursultan Nazarbayev said this week, adding this would eventually negatively affect Kazakhstan. "[...] sanctions applied regarding Russia and by Russia regarding the West and the rest have impact. Because we will feel this pressure in the Customs Union and common economic union, which we will have, as these are our main trade partners," he said. "Several variants of possible events exist and we should have responses," Nazarbayev said.

Kazakhstan to ship over 240,000 tonnes of oil to Russia in Aug-Sept to pay for petroleum product imports

Kazakhstan will ship over 240,000 tonnes of crude oil to Russia in August-September this year as payment for Russian petroleum products imported in 2012-2013, said Kazakh First Deputy Ministry of Energy Uzakbai Karabalin. Kazakhstan is completing calculations and verification to offset the petroleum products deliveries in the mentioned period, he said. Meanwhile, KazMunayGas Onimderi plans to buy extra 210,000 of oil products from Russia in August-September this year in order to avoid fuel shortages on the domestic market. KMGO has completed preliminary talks with Russian companies for additional imports of 50,000 tonnes of AI-92 and 35,000 tonnes of diesel fuel in September.

Gazprom, Kyrgyzstan to choose between gas pipeline, coal gasification plant to supply south

Russian gas giant Gazprom may build a trunk gas pipeline in Kyrgyzstan for 45 billion rubles or a coal gasification plant in southern Kyrgyzstan, President Almazbek Atambayev said this week. The Kyrgyz authorities, together with Gazprom, which acquired 100% control of Kyrgyzstan's gas transmission network earlier this year, are currently working to resolve the problem of supplying gas to Kyrgyzstan's southern regions, which have gone without gas since Uzbekistan shut off exports in April. Two projects are currently being drawn up. It is expected that the sides will announce the most acceptable option by year-end. If construction of a gas pipeline is deemed optimal, construction could begin next spring, Atambayev said. However, construction of a coal gasification plant may make more sense, since it would provide Kyrgyzstan with its own supply of gas.

CONTENTS

BUSINESS & ECONOMY	4
Challenges negative for Kazakhstan due to events in Ukraine should be prevented - Nazarbayev	4
Kazakh govt forecasts 5% GDP growth in 2015	5
Inflation in Kazakhstan at 0.4% in Aug, 5.4% YTD	6
Nazarbayev criticizes Sary-Arka SEZ management	6
Russia accounts for half of foreign investment in Armenian economy in H1	6
ENERGY & RESOURCES	8
Kazakhstan to ship over 240,000 tonnes of oil to Russia in Aug-Sept to pay for petroleum product imports	8
Kazakh ministry cites objective reasons for recent rise in gasoline prices	9
Samruk-Energy reports 16.7 bln tenge in H1 losses due to Ekibastuz GRES-1 purchase	10
Izhneftemash might build oilfield equipment service center in Turkmenistan	10
Gazprom, Kyrgyzstan to choose between gas pipeline, coal gasification plant to supply south	11
SOCAR exports 40% more petroleum products in 8M	12
PIPELINES	14
Kazakhstan, Russia mull building gas pipeline to China	14
CPC pipeline boosts oil shipment 20% to 26 mln tonnes in 8M	14
Fitch affirms KazTransOil at 'BBB', outlook stable	15
BANKING & FINANCE	17
Kazakh banking sector ready to begin property legalization - National Bank	17
Heads of Kazakh, Chinese developments banks discuss cooperation prospects	18
Sberbank of Russia (Kazakhstan) boosts net profit 40% in H1	18
METALS & MINING	19
Polymetal estimates investments in Kyzyl development at \$440-\$640 mln	19
Kazakhstan Electrolysis Plant expects 19% decrease in aluminum output in 2014	19
Zyryanovsk residents protest against Kazzinc plans to dispose of hazardous waste in mine	19
ChelPipe to begin shipping equipment to Turkmenneft	20
TELECOMMUNICATIONS & IT	21
Transtelecom's former deputy head jailed for six years	21
Russian military base in Tajikistan gets radio reconnaissance equipment	21
SPACE INDUSTRY	22
Launch of two Russian satellites may be postponed as Kazakhstan delays approval	22
TRANSPORT	23
Kazakh airlines to stop hiring foreign pilots by 2020	23
Three KTZ subsidiaries to go private	23
Kazmortransflot hopes to develop additional services upon arrival of new investor	24

3

AGRICULTURE	25
Nazarbayev urges govt to finalize agribusiness law this fall	25
Kazakh Agriculture Ministry appoints committee chairmen	25
Food Corporation completes grain purchase under forward contracts	25
CONSTRUCTION & PROPERTY	26
Astana Group opens MEGA Park shopping center worth 23 bln tenge	26
Pharmaceutical factory worth 3.7 bln tenge to be built in Atyrau	26
POLITICS & SOCIETY	27
Customs Union, China may begin discussing information exchange agreement by end of year	27
Uzbek parliament approves presidential candidates to chair Constitutional, Supreme Courts	27
Broader Tajik-Uzbek cooperation would benefit both nations - Tajik president	28
Kyrgyz president sees no alternative to Customs Union	28
Georgian prosecutors to search for Saakashvili via Interpol notice	29
Georgia introduces new visa regulations, periods of stay for foreigners	29
Putin orders signing of agreement on Armenia's EEU accession	30
MILITARY	31
SCO ends largest ever drills	31
BREAKAWAY REPUBLICS	32
Georgia must recognize Abkhaz statehood to continue dialogue – president-elect	32
Armenia launches terrorism inquiry into Azeri attacks	32
CURRENCY RATES	34
Official exchange rates as of 02.09.2014	34
ANALYTICAL REPORTS	35
In-depth analysis on Russian markets and industries	35

BUSINESS & ECONOMY

Challenges negative for Kazakhstan due to events in Ukraine should be prevented - Nazarbayev

ASTANA. Sept 2 (Interfax) - The situation escalation in Ukraine will lead to slowing down economy growth of Kazakhstan's partners, Kazakh President Nursultan Nazarbayev said at the opening of the fourth parliament session of 5th calling on Tuesday.

"New parliament session begins amid difficult conditions. The unpredictability in global economy persists and geopolitical risks escalate, including those related to complication of international relations due to events in Ukraine," Nazarbayev said.

"Mutual sanctions applied regarding each other by the states, which produce a total of 60% global GDP - all this leads to serious adjustments and changes in the existing economic relations and world order," the president said.

This will lead to the decrease of economy growth of Kazakh partners, which eventually will affect Kazakhstan, he said.

"So it is important to do everything to prevent possible negative challenges for the economy, wellbeing of the nation and Kazakhstan's security," Nazarbayev said.

"You have visited regions and you are well aware that prices for main export products [of Kazakhstan] vary a lot," Nazarbayev said.

"We feel this and it leads to the decrease of income to the country's budget. And sanctions applied regarding Russia and by Russia regarding the West and the rest have impact. Because we will feel this pressure in the Customs Union and common economic union, which we will have, as these are our main trade partners," the Kazakh president said.

"But we, the government, deal with this very closely now. Several variants of possible events to occur exist and we should have responses," Nazarbayev said.

Nazarbayev spoke about the potential possibility of Kazakhstan's withdrawal from the Eurasian Economic Union (EEU), were a threat to national interests were to emerge in an interview with the Khyber state TV channel, chairman of the Majilis (parliament lower chamber) committee on international affairs, defense and security Maulen Ashimbayev said.

"As far as I am aware of this statement of the president, it did not concern specifically the withdrawal from the Customs Union due to the events in Ukraine. It concerned the fact that Kazakhstan always has the possibility to withdraw from treaties of international organizations which we have signed," Ashimbayev told reporters, commenting to reports on the interpretations of this interview Nazarbayev gave in Kazakh last week by some mass media outlets.

"In particular, it meant that if agreements in the framework of the EEU are not complied with as stipulated in treaties and if some factors affect our security and our national interests, Kazakhstan has the opportunity to withdraw from the EEU. The president of the country was speaking about this," he said.

It did not concern "the case of when this could occur" or "that we want to withdraw now or are going to withdraw," Ashimbayev said.

"It concerned the possibility and the fact that such treaties have mechanisms on participants' withdrawal. This is what it concerned," the deputy said.

Kazakhstan "follows first of all its national interests in any international organizations, of course," Ashimbayev said. "So if some threats to our national interest arise in future, of course, as the president said, Kazakhstan will not participate in such international organizations," he said.

"But I will emphasize that the president was probably speaking about this possibility more in a general aspect. It did not concern the possibility that we are going to take any steps now," Ashimbayev said.

Astana might withdraw from the Eurasian Economic Union if membership in it threatens the country's independence, the Kazakh president said in an interview with the Khyber TV channel on August 24.

"If the rules stipulated in the agreement are not complied with, Kazakhstan has every right to withdraw from membership of the Eurasian union. Astana will never be part of an organization that threatens the independence of Kazakhstan. Our independence is the most valued treasure for which our grandfathers fought. We will do everything possible to protect it," Nazarbayev said back then.

A number of mass media outlets interpreted these words of Nazarbayev as a certain move in response to Russian President Vladimir Putin's speech at Seliger, even though the Kazakh president had given the interview a week earlier.

Putin said in particular when speaking at Seliger that the Kazakh president has done "a unique thing" - "he created a state in a territory where there has never been a state" and "in this regard he is a unique person for post-Soviet statehood."

Due to this, it is not right to say that "Kazakhstan did not have statehood," Ashimbayev said.

"Probably, there was such situation or context, it happens that this statement of the Russian president was taken out of context. This probably was improvisation, not a statement prepared, in some situation. But I think it is wrong to say that Kazakhstan did not have statehood," he said.

At the same time, reporters are urged "not to dramatize the situation," Ashimbayev said. "You know that the political situation is, quote, 'tense' due to the events in Ukraine as it is. But some phrases were probably taken out of context," he said.

Kazakh govt forecasts 5% GDP growth in 2015

ALMATY. Aug 28 (Interfax) - Kazakhstan's government approved the economic forecast for 2015-2019 at a meeting on Wednesday, the Ministry of National Economy said.

According to the forecast, real GDP growth in 2015 is expected to reach 5%, followed by 5.6% in 2016, 6.8% in 2017, 5.8% in 2018 and 6.5% in 2019.

The government predicts that nominal GDP to grow from 45 trillion tenge (182 tenge/\$1) in 2015 to 72.8 trillion tenge in 2019.

Exports will increase from \$79.2 billion in 2015 to \$93.5 billion in 2019, while imports will grow from \$50.1 billion in 2015 to \$57.8 billion in 2019.

The National Bank sets inflation at 6%-8%, slowing to 5%-7% in the medium term.

6

In the medium term, the economic and social targets are set to maintain macroeconomic and financial stability; provide a sustainable economic growth; introduce innovations in the economy; ensure social modernization and regional development; manage urbanization; develop public administration and promote international integration.

Macroeconomic forecasts and economic policy priorities formed budgeting program indicators for 2015-2017. Given the projected GDP growth and imports, public revenue (excluding transfers) is projected at 4.338 trillion tenge in 2015, 4.753 trillion tenge in 2016 and 5.148 trillion tenge in 2017.

GDP grew 6% in 2013 and the Kazakh government forecasts 6% growth in 2014.

Inflation in Kazakhstan at 0.4% in Aug, 5.4% YTD

ALMATY. Sept 2 (Interfax) - August inflation in Kazakhstan stood at 0.4%, the Kazakh State Agency for Statistics said.

In August 2014, the prices for food products decreased by 0.1%, for non-food items rose by 1.1% and for services by 0.4%.

The annual inflation rate in the eight months ended August 31, 2014, is at 5.4%, with prices for food stuffs climbing 5.3%, non-food products by 6.2% and services by 4.7%.

Nazarbayev criticizes Sary-Arka SEZ management

ASTANA. Sept 2 (Interfax) - Kazakh President Nursultan Nazarbayev has criticized the inefficient management of the Sary-Arka special economic zone (SEZ) in Karaganda region.

"The government has allocated 25 billion tenge to invest in Sary-Arka SEZ development. Today only two companies are operating within its structure, while there must have been 53 active companies," the president said Saturday when meeting local businessmen.

"Instead of attracting real investors, a SEZ management company set up a number of nominal companies and then transferred offers to potential investors," said the president.

"We need to investigate why it has happened," Nazarbayev said.

Sary-Arka SEZ was created by a presidential decree in 2011.

Russia accounts for half of foreign investment in Armenian economy in H1

YEREVAN. Sept 2 (Interfax) - Foreign investments in the real sector of the Armenian economy totaled 446.3 billion dram in the first half of 2014, and Russia accounted for 213.2 billion dram, or 48%, of all investments, the republic's National Statistics Service said in a statement.

Direct foreign investments totaled 249.9 billion dram in the reporting period, including 196.8 billion dram from Russia.

Because of changes made to how investments are accounted for, the statistics service stopped reporting percentage changes in early 2014. The service told Interfax that these data were not comparable.

7

Net inflow of total investments was 78.8 billion dram, and direct foreign investments were 75 billion dram.

Following Russia with the most foreign investments in the real sector of the Armenian economy were Cyprus with around 67 billion dram and Germany with 48.1 billion dram.

In 2013, Argentina invested the most in the Armenian economy. Second place was France and third - Russia.

ENERGY & RESOURCES

Kazakhstan to ship over 240,000 tonnes of oil to Russia in Aug-Sept to pay for petroleum product imports

ASTANA. Aug 27 (Interfax) - Kazakhstan will ship over 240,000 tonnes of crude oil to Russia in August-September this year as payment for Russian petroleum products imported in 2012-2013, said Kazakh First Deputy Ministry of Energy Uzakbai Karabalin.

"Earlier, we reached agreement with Russia that we would compensate for the petroleum products we received from Russia in 2012-2013 by crude oil supplies," he told a Wednesday briefing in Astana.

Kazakhstan is completing calculations and verification to offset the petroleum products deliveries in the mentioned period, according to Karabalin.

"We plan to ship about 60,000 tonnes of crude oil [to Russia] in August and 182,000 tonnes the next months," he said.

In early July 2014 Kazakhstan ratified of the Protocol for Amendments to the Agreement between the Government of the Republic of Kazakhstan and the Government of Russian Federation on Trading and Economic Cooperation in the Area of Oil and Oil Products Supplies to the Republic of Kazakhstan Dated December 9, 2010.

The Protocol is aimed at finalizing Kazakhstan's obligations arising from the contracts on oil supplies to Russia in 2012-2013, supplying crude oil to the Pavlodar refinery and ensuring the uninterrupted supply of Russia-made high-octane fuel and aviation fuel to the republic to meet the domestic demand.

KazMunayGas Onimderi (KMGO) in order to avoid fuel shortages in the domestic market plans to buy extra 210,000 of oil products from Russia in August-September this year, the company said.

"Despite possible losses and negative impact on company's performance, KMGO concluded additional contracts with Bashneft, Lukoil and other Russian fuel suppliers for 34,000 tonnes of oil products, including 10,000 tonnes of AI-92 gasoline, 5,000 tonnes of AI-95 and 19,000 tonnes of diesel fuel. The deliver to Kazakhstan is set on late August- early September," the company said.

Nearly 6,200 tonnes of AI-92 out of the planned 10,000 tonnes have already been delivered to Kazakhstan.

In order to meet Kazakhstan's rising demand for oil products in September, the company will import nearly 176,000 tonnes more including 140,000 tonnes of AI-92 and 36,000 tonnes of diesel fuel. As a result, in August-September the company may import a total of 210,000 tonnes of petroleum products from Russia.

KMGO has completed preliminary talks with Russian companies for additional imports of 50,000 tonnes of AI-92 and 35,000 tonnes of diesel fuel in September.

KMGO continues to secure contracts with Russian suppliers to fill the domestic retail market with petroleum products.

"On the whole, the balance of petroleum products in the country has not changed, so the steps made by KMGO and other fuel market participants should lead to stabilization in oil product retail market and unrationed sale of fuel, particularly AI-92," according to the company.

KazMunayGas chain accounts for 18% supply of gasoline and 17% of diesel fuel in the domestic market.

KMGO, wholly owned by Subsidiary Company KazMunayGas Processing and Marketing JSC, operates a chain of gas filling stations and sells petroleum products.

Kazakh ministry cites objective reasons for recent rise in gasoline prices

ASTANA. Sept 2 (Interfax) - The recent decision of the government to increase the ceiling retail price for the high-octane gasoline AI-92/93 was dictated by objective reasons, Kazakhstan's First Deputy Minister of Energy Uzakbai Karabalin said.

"The gasoline prices were on the increase in Russia in April-July. For instance, the price for AI-92 gasoline rose to 165 tenge per liter in late July from 149 tenge per liter in March [in Russia in Tenge equivalent], diesel fuel to 178 tenge from 164 tenge, while the retail prices in Kazakhstan remained flat at 115 tenge in the same period," he told a Wednesday briefing in Astana.

Imports of Russian petroleum products have nearly stopped because of the price difference. "In order to avoid a shortage [of petroleum products in the domestic market] the government raised the ceiling retail price for high octane gasoline AI-92 to 128 tenge per liter. This must help saturate the domestic market," Karabalin said.

He said he would not give any forecast so far. "We are just monitoring the situation to see how the market will respond to the price growth," he said.

Karabalin noted that diesel prices in all neighboring countries were higher. "Given the current situation, I can't promise that nothing will change in the domestic market or that we will not have to respond to the [higher] prices in the neighboring states," he said.

On August 22, the Kazakh government set a new ceiling price for high octane gasoline AI-92 and AI-93 at 128 tenge per liter compared with the previous price of 115 tenge. The prices for low octane gasoline AI-80 and diesel fuel remain unchanged at 89 tenge and 115 tenge per liter, respectively, according to the resolution of the Ministry of National Economy.

The retail ceiling prices for petroleum products in the domestic market are regulated by the Kazakh government.

Kazakh Energy Minister Vladimir Shkolnik calls for gasoline saving approach and driving small engine cars.

"Which is better: 128-tenge gasoline or no gasoline at 115 tenge? You choose. My opinion is that we have to get out of this situation. The entire world is saving energy and we need to do the same. I call for quitting the habit of driving a huge four-wheel drive to work alone," he said.

Answering the question if there will be another rise in gasoline prices in September, the minister said it depends on the market.

"I want to stress that all that is humanly possible is done by the government, KMG and Samruk-Kazyna in order to avoid the shortage of fuel. If you have any fresh ideas I am completely open," he added.

"Local authorities must direct all efforts to ensure that gasoline is available in the market. Opportunities are there, however, we must be more proactive. And, certainly, this situation with the fuel supply must be under public control to avoid any sort of unfair practices," said the Minister.

On August 22, the Kazakh government set a new ceiling price for high-octane gasoline AI-92 and AI-93 at 128 tenge per liter compared with the previous price of 115 tenge.

"The gasoline prices were on the increase in Russia in April-July (...). For instance, the price for AI-92 gasoline rose to 165 tenge per liter in late July from 149 tenge per liter in March [in Russia in Tenge equivalent], diesel fuel to 178 tenge from 164 tenge, while the retail prices in Kazakhstan remained flat at 115 tenge in the same period. Imports of Russian petroleum products have nearly stopped because of the price difference. In order to avoid a shortage [of petroleum products in the domestic market] the government raised the ceiling retail price for high octane gasoline AI-92 to 128 tenge per liter. This must help saturate the domestic market," First Deputy Minister of Energy Uzakbai Karabalin said at a briefing earlier.

Samruk-Energy reports 16.7 bln tenge in H1 losses due to Ekibastuz GRES-1 purchase

ASTANA. Aug 27 (Interfax) - In January-June 2014, JSC Samruk-Energy reported a net loss of 16.7 billion tenge (182 tenge/\$1) against a profit of 23.5 billion tenge in the same period in 2013, according the company's consolidated midterm financial statements under IFRS.

In the reporting period, the loss occurred as a result of buying a 50%-stake in Ekibastuz GRES-1 from Kazakhmys this April, according to the financial statements. Samruk Energy's pre-tax loss amounted to 11.4 billion tenge (26.5 billion tenge in the same period last year), gross profit increased 50% to 29 billion tenge, earnings - up 38% to 96.2 billion tenge. The company's receivables rose 3.5% to 11.4 billion tenge, while bills payable grew 60% to 48.4 billion tenge.

Samruk-Energy also controls JSC Ekibastuz GRES-2, JSC Aktobe Combined Heat and Power Plant, JSC Zhambyl GRES, JSC Bukhatarma Power Plant (GES), Ust-Kamenogorsk GES, JSC Shardara GES, JSC Moinak GES, JSC Almaty Power Stations, JSC Ekibastuz GRES-2 Station, JSC Shulba GES, JSC Balkhash Thermal Power Plant. The rated capacity of the company's power plants totals 9,665.2 MW, or 47.3% of the rated capacity of all Kazakhstan's power plants. Samruk-Energy also owns an electricity transmission and distribution company.

Samruk-Energy, founded in 2007, is part of National Welfare Fund Samruk-Kazyna.

Izhneftemash might build oilfield equipment service center in Turkmenistan

IZHEVSK. Aug 27 (Interfax) - Izhevsk Petroleum Engineering Plant (Izhneftemash), a unit of the oilfield equipment division of Russia's Rimera Group, might build a service center for oilfield equipment in Turkmenistan, the company said.

This possibility was discussed during a visit to Izhneftemash by a delegation from state oil company Turkmenneft.

The company said that the "plant's guests showed an interest in a proposal to build a service center in Turkmenistan to repair and service deep-well rod and electric centrifugal pumps made by the Izhneftemash and Alnas plants."

The company also said the plant might supply deep-well rod pumps to Turkmenneft. "The delegation from Turkmenistan showed particular interest in buying deep-well rod pumps and drive motors for them. Negotiations on the shipment of the first batches of pumps are already being held," the press release stated.

Izhneftemash exported about 10 million rubles worth of oilfield equipment to Turkmenistan in 2013.

Izhneftemash manufactures more than 40 types of oilfield equipment. CJSC Rimera and its affiliates own 97.53% of the plant.

Gazprom, Kyrgyzstan to choose between gas pipeline, coal gasification plant to supply south

BIHSKEK. Sept 1 (Interfax) - Gazprom may build a trunk gas pipeline in Kyrgyzstan for 45 billion rubles or a coal gasification plant in southern Kyrgyzstan, President Almazbek Atambayev said on Sunday during a speech marking the 23rd anniversary of independence.

The Kyrgyz authorities, together with Russian Gazprom which acquired 100% control of Kyrgyzstan's gas transmission network earlier this year, are currently working to resolve the problem of supplying gas to Kyrgyzstan's southern regions, which have gone without gas since Uzbekistan shut off exports in April. Two projects are currently being drawn up. It is expected that the sides will announce the most acceptable option by year-end.

If construction of a gas pipeline is deemed optimal, construction could begin next spring, Atambayev said. However, he said, construction of the coal gasification plant may make more sense, since it would provide Kyrgyzstan with its own supply of gas. The plant could also be built in just 18 months and would produce gas at a cost of \$200 per 1,000 cubic meters, compared with the \$290 per 1,000 cubic meters that was being paid for gas from Uzbekistan.

"If we decide to build the plant, there would no longer be a need to build the North-South pipeline, which would produce over \$1 billion in savings. I think Gazprom would begin investing these savings in operations in Kyrgyzstan before the end of the year. I think that we and Gazprom will select one of the options and as earlier as 2016, we will supply gas, uninterrupted supplies, to southern Kyrgyzstan," he said.

Gazprom will provide money for the project over and above the 20 billion rubles it has already pledged for modernization of the national gas pipeline system. It has already allocated 262 million rubles for maintenance of gas distribution networks.

The options for ensuring gas supplies to southern Kyrgyzstan were laid out during Gazprom CEO Alexei Miller's visit to Kyrgyzstan on August 28. The sides reached agreement that from October 1, 2014 Gazprom would deliver gas to northern Kyrgyzstan at \$165 per 1,000 cubic meters. The region currently receives gas from KazTransGaz at \$224 per 1,000 cubic meters. Thus, gas prices for consumers in Bishkek and other northern Kyrgyz cities are poised to fall nearly 33%, Atambayev said.

In addition, Gazprom will begin intensive development of the Maili-Suu-4 and Kugart fields in southern Kyrgyzstan's Jalal-Abad region in November this year. Forecast reserves in the license territory total about 2.5 billion cubic meters.

Gazprom CEO Alexei Miller earlier in the week discussed Otorbaev issues of uninterrupted gas supplies to Kyrgyz citizens with Atambayev and Prime Minister Joomart.

Ensuring Kyrgyzstan's energy security was discussed at the meeting, the Kyrgyz presidential press office said. According to a statement by the Kyrgyz government information department, practical issues regarding Gazprom's operations in Kyrgyzstan, implementation of investment plans and preparations for autumn and winter season were discussed during the talks with Miller.

During the negotiations the parties noted that the Russian company entering the Kyrgyz gas market via privatizing its gas monopoly is a guarantee for uninterrupted gas supplies to customers, Gazprom press office said. Due to this, the parties discussed plans on large-scale development and modernization of gas transportation capacities and special emphasis was placed on southern regions, the press office said.

The main topic of the talks was the lack of natural gas to customers in southern Kyrgyzstan, a source in the Kyrgyz government and presidential administration told Interfax. In mid April 2014 Uzbekistan stopped gas supplies to the southern regions of Kyrgyzstan due to the change of gas transportation company owner - according to the gas supply agreements signed earlier, Uzbekistan can terminate them if the owner of the Kyrgyz gas monopoly changes. On April 10 Gazprom and Kyrgyzgaz signed a purchase agreement on 100% of KyrgyzgazProm shares.

Uzbekistan has repeatedly ignored Kyrgyz proposals to resume talks on gas supplies and due to this Gazprom, as the new owner of the Kyrgyz gas transportations system, has been involved in resolving the issues.

It is unknown yet whether the parties found a solution for this issue following the talks held on August 27.

In July 2014 KyrgyzgazProm was renamed Gazprom Kyrgyzstan. According to the agreement, the company is an exclusive natural gas importer to Kyrgyzstan and owner of the gas transportation and gas distribution systems of the country.

SOCAR exports 40% more petroleum products in 8M

MOSCOW. Sept 2 (Interfax) - The State Oil Company of the Azerbaijan Republic (SOCAR) exported 1.364 million tonnes of petroleum productions in January-August 2014, 40.4% more than in the same period of last year, the company told Interfax.

The company exported 629,600 tonnes of diesel, 119,700 tonnes of aviation fuel, around 285,900 tonnes of vacuum gasoil, 745 tonnes of gasoline and 417 tonnes of fuel oil in the eight months.

In August alone, SOCAR exported 192,600 tonnes of petroleum products, including 59 tonnes of gasoline, around 101,400 tonnes of diesel, 19,900 tonnes of aviation fuel, 70,450 tonnes of vacuum gasoline and 239 tonnes of fuel oil.

Azerbaijan has two oil refineries - Azerneftiyag and The Heydar Aliyev refinery in Baku. The country's total annual refining capacity is 22 million tonnes of oil. Both enterprises are part of SOCAR.

SOCAR exported 677,785 tonnes of oil, down 41.8%, from the Novorossiysk port via the Baku-Novorossiysk pipeline in the first eight months of 2014, the company told Interfax.

In August alone, 84,760 tonnes of oil were shipped from the Novorossiysk port.

The company is planning to pump 85,000 tonnes of oil per month, or 1.02 million tonnes per year, via the Baku-Novorossiysk pipeline in 2014.

13

On February 18, 2014, SOCAR and Transneft signed a new agreement to transport oil along the Baku-Novorossiysk pipeline on mutually beneficial commercial terms. The terms of the new agreement, which lasts until the end of the year, have not been disclosed.

Meanwhile, SOCAR's Turkish subsidiary, SOCAR Turkey Enerji, is expecting to post annual pretax profit from operations at the Petkim petrochemical holding amounting to \$1 billion starting in 2019, Turkey's Zaman newspaper reported, citing SOCAR Turkey Enerji CEO Kenan Yavuz.

"At present SOCAR Turkey Enerji is continuing to implement investment projects for the renovation of the petrochemical complex and increasing its production capacity together with the construction of the Star oil refinery at Petkim, a container port and power station. After the completion of these projects in 2018, the company is expecting a pretax profit from operations at \$1 billion," Yavuz said.

He said that as part of the construction of the \$5.6-billion Star oil refinery, at present \$900 million has been spent, before the end of October, this figure will reach \$1.2 billion.

"In addition, in September 2015, SOCAR Turkey Enerji is planning to put the first stage of the container port into operation, in November 2016 - the second stage. The company is also planning to construct a gas power plant in Izmir with a planned capacity of 660 MW and to later increase it to 1,500 MW," Yavuz told the newspaper.

The newspaper also cited Petkim Petrokimya Holding General Director Sadattin Korkut as saying that this year the investments in the development of the complex are planned at \$115 million. The total investments put toward this goal since 2008 will reach \$500 million by the end of 2014.

SOCAR Turkey Enerji is the owner of a controlling stake (51%) in Turkey's petrochemical complex, Petkim Petrokimya Holding.

PIPELINES

Kazakhstan, Russia mull building gas pipeline to China

ASTANA. Aug 27 (Interfax) - Kazakhstan and Russia are considering the possibility of building a gas pipeline through the Central Asian country to China, Kazakh First Deputy Energy Minister Uzakbai Karabalin.

"The head of state and prime minister of our country took the initiative to jointly consider with Russia the construction of a gas pipeline from Russia to China through Kazakhstan. There is already one gas pipeline to China through Russia, a second gas pipeline was planned to go directly to China through the Altai Mountains. We proposed - our prime minister voiced the proposal - to build through Kazakhstan, including running a gas pipeline through Astana and to around Khorgos or Alashankou to China," Karabalin said at a briefing on Wednesday.

He said Russia showed "certain interest" in the proposal. "Today we are creating a working group to consider this issue more closely," Karabalin said.

There are no precise estimates for schedules for construction yet, the project is only being discussed for the moment, he added.

"Today this is an idea. We, of course, like the idea, [and] the Russians have also taken an interest in this idea. We believe this is already a good sign. Going forward we are talking about the economics of this project and the desire of the Russian side, the Chinese side to thus connect the gas pipeline," Karabalin said.

CPC pipeline boosts oil shipment 20% to 26 mln tonnes in 8M

MOSCOW. Sept 1 (Interfax) - The Caspian Pipeline Consortium (CPC) pipeline shipped 26.076 million tonnes of oil for export in January-August 2014, 20.4% more than in the same period last year, CPC reported.

The pipeline shipped 3.528 million tonnes of oil in August alone, 21.6% more year-on-year and 0.3% more than in July 2014.

CPC plans to ship 35.8 million tonnes of oil in the full year, 7% more than the 32.7 million tonnes shipped in 2013.

Capacity on the pipeline will gradually rise to 67 million tonnes a year under the expansion program.

Fitch affirms KazTransOil at 'BBB', outlook stable

ALMATY. Aug 29 (Interfax) - Fitch Ratings has affirmed Kazakhstan-based JSC KazTransOil's (KTO) Long-term foreign currency Issuer Default Rating (IDR) at 'BBB' with a Stable Outlook, the rating agency says in a press release.

"KTO's ratings reflect its strong operations and credit profile, which we expect it will maintain at least over the medium term, and its strategic importance to the economy of Kazakhstan (BBB+/Stable)," the press release says.

KTO is the national operator of oil pipelines in Kazakhstan. Its ratings are capped by those of its parent, JSC National Company KazMunayGas (NC KMG, BBB/Stable), according to Fitch.

Excluding the share in transportation volumes of equity accounted subsidiaries, it transported 59.6 tonnes of oil in 2013, equivalent to about 1.1m barrels per day (mmbbl/d).

In 2013, KTO generated 106 billion tenge in EBITDA and 94 billion tenge in funds from operations (FFO).

"At 30 June 2014, the company had 117 billion tenge in cash and no balance-sheet debt, and we expect leverage to remain under 0.5x in 2014- 2018," the press release says.

KTO dominates the Kazakh oil transportation sector, which is critical for the national economy, Fitch says.

"In 2012, KTO received 'national operator' status, which legally protects its monopolistic position. KTO estimates that in 2013 it shipped 57% of crude produced in Kazakhstan, excluding the volumes shipped by its two joint ventures (JVs) with China National Petroleum Corporation (CNPC, A+/Stable), which operate the major parts of the 20m tonne per annum capacity Kazakhstan-China oil pipeline," the press release reads.

Fitch says it caps KTO's ratings at NC KMG's level because the parent exercises significant influence over KTO's free cash flow (FCF) through dividends, which NC KMG needs to service its large standalone debt of 1,818 billion tenge (\$11.8 billion) at end-2013.

"We consider that KTO's uncapped ratings are in the low 'A' category, limited by country-specific corporate governance issues and concentration of assets in one country. We also believe that in the event of financial stress, the state would support KTO, either directly through equity contributions or loans from state-owned banks, or indirectly through higher tariffs," the release says.

In 2013, KTO's crude turnover (excluding JVs) reached 37 billion tonne-kilometres, up 7% yoy; in 1H14 the turnover was down 2% on 1H13.

"We expect that KTO's volumes and turnover will decline gradually over the medium term, reflecting maturing production at Kazakhstan's key oilfields. In 2014, Russia and Kazakhstan agreed to ship up to 10 million tonnes of Russian crude to China at a specified tariff. However we do not incorporate any impact on KTO at this time," Fitch says.

KTO's tariffs are regulated by Kazakhstan's Agency for Regulation of Natural Monopolies (AREM), which periodically reviews them. AREM has increased KTO's export tariffs twice this year in January and in April, by 23% in total, and domestic tariffs in January by 50%, Fitch says.

"We view timely tariff indexation as essential for KTO's sound financial performance," the rating agency says.

Fitch expect that KTO's annual capex may exceed KZT50bn in 2014-2018, compared with KZT33bn in 2013, as it is undertaking two significant projects: construction of the second line of the Kazakhstan-China pipeline to boost its capacity to 20 million tonnes per annum and upgrades of the Karazhanbas-Aktau and Uzen-Aktau pipelines.

"We expect KTO to report negative FCF until 2018 due to higher capex, but FFO adjusted net leverage should remain under 0.5x in the medium term," the press release says.

Fitch says it continues to treat the indebtedness of Kazakhstan-China Pipeline LLP (KCP), KTO's 50% JV with CNPC, as non-recourse to KTO. These borrowings include a \$288 million (residual amount) bank loan due in 2019 and a \$733 million bank loan due in 2018 that was guaranteed by CPNC until 31 December 2013. KCP had a solid financial position at end-2013. Fitch estimates that its net debt/EBITDA stood at 2.8x and in 2013 its FCF reached 15 billion tenge. Fitch says it believes that the JV will be able to service its debts without any help from KTO.

KazTransOil, part of National Company KazMunayGas, has a monopoly in oil transportation through pipelines in Kazakhstan.

BANKING & FINANCE

Kazakh banking sector ready to begin property legalization - National Bank

ALMATY. Aug 29 (Interfax) - Kazakhstan's National Bank and the country's second-tier banks are ready to embark on the property legalization campaign.

"Yesterday we discussed it with the banks once again and next week we are ready to start legalization," National Bank deputy CEO Kuat Kozhahmetov told a Friday briefing in Almaty.

Kozhahmetov confirmed the previously announced forecast of \$10 billion expected to be legalized as part of the capital and property amnesty.

The property legalization is to be held from September 1, 2014 through December 31, 2015.

Money, securities, shareholding, real estate, including those outside of Kazakhstan are all subject to legalization. However, property obtained as a result of crimes against person, in violation of constitution and other rights and freedoms, in breach of national security. As a result of corruption or other abuse of power acts are not liable for amnesty.

Property amnesty is announced to attract additional funds and property to the country's economy.

Legalized money and assets are not levied with income tax, while owners of the property are exempt from criminal and administrative charges. The property located outside of Kazakhstan is charged with a 10% fee.

Under legalization, the money will be deposited to special savings accounts opened in STB and may remain there for five years with accrual of interest at the market rates.

For an urgent use of money they may be invested in the economy through the purchase of government securities, bonds of second-tier banks, national companies and development institutions offered at the People's IPO or on the Kazakhstan Stock Exchange.

The owners of the property and capital under amnesty may buy shares in state companies put up for sale within the second privatization.

In case of refusal to take advantage of the above-mentioned investment tools, citizens may use the money at their discretion. Second-tier banks retain a 10% fee of the legalized capital during money withdrawal.

The latest campaign for legalization of property, including real estate, capital, movable property and securities was held in Kazakhstan in 2006-2007.

Heads of Kazakh, Chinese developments banks discuss cooperation prospects

ASTANA. Aug 27 (Interfax) - Chairman of the Board of Development Bank of Kazakhstan (DBK) Bolat Zhamishev on Wednesday in Astana met President of state-run China Development Bank (CDB) Zheng Zhijie and the two bankers discussed promising areas of cooperation between the two financial entities, DBK's press office said in a statement.

The parties reached an agreement on stepping up interaction for the benefit of the economies of both countries, according to the statement. During the meeting the head of DBK spoke about opportunities for financing projects in Kazakhstan's non-resource sectors and infrastructure. Currently the portfolio of DBK's potential projects tops 1 trillion tenge.

In May this year, the state-run development banks of the two countries concluded a general agreement to open a credit line worth \$500 million for the Kazakh side. Zhamishev and Zheng Zhijie expressed bilateral interest in speedy implementation of this agreement, according to the statement.

Earlier in 2008 and 2009 DBK and CDB signed three loan agreements worth a total of \$300 million. All provided loans were fully used to finance projects in the power and electricity, metallurgy, transport and textile industries, according to DBK.

Development Bank of Kazakhstan (DBK) was organized in 2001. The bank finances medium- and long-term investment projects in infrastructure and non-resource sectors and attracts external and internal investment in the republic.

DBK is part of National Holding Baiterek, which was created in May 2013 to manage the stakes in the national institutes of development, the national companies and other legal entities. Baiterek manages 10 national development institutions.

Sberbank of Russia (Kazakhstan) boosts net profit 40% in H1

ALMATY. Aug 29 (Interfax) - Subsidiary Bank of Sberbank of Russia in Kazakhstan has reported a first-half net profit of 9.6 billion tenge or an increase of 40% compared to January-June 2013, the bank said.

The higher net profit was due to an increase in the loan portfolio that is currently valued at over 900 billion tenge.

Assets expanded 30.3% to 1.346 trillion tenge, liabilities rose 33% to 1.219 trillion tenge, and equity increased 8.8% to 127.6 billion tenge.

Individual deposits grew 33.3% to 298.8 billion tenge in the reporting period and the corporate deposits expanded 27.4% to 649.1 billion tenge.

In 2013 the State Financial Supervision Committee of the Kazakh National Bank ranked Subsidiary Bank of Sberbank of Russia in Kazakhstan 5th by assets among the 38 second tier banks operating in the republic.

METALS & MINING

Polymetal estimates investments in Kyzyl development at \$440-\$640 mln

MOSCOW. Sept 2 (Interfax) - Russian gold and silver producer OJSC Polymetal estimates investments in the Kyzyl project in Kazakhstan at \$440-\$640 million, the company said in a presentation.

A total of \$40 million may be spent in 2015, including on design and a feasibility study, \$200-\$250 million in 2016, \$150-\$250 million in 2017 and \$50-\$100 million in 2018, materials say.

Polymetal noted that these figures were preliminary. Spending in 2015 may be re-estimated in Q4 2014, as well as in 2016-2018 following a possible deal (expected in Q4 2014) and a renewed feasibility study (Q4 2015).

Kazakhstan Electrolysis Plant expects 19% decrease in aluminum output in 2014

PAVLODAR. Sept 2 (Interfax) - Kazakhstan Electrolysis Plant, part of Eurasian Resources Group (ERG), plans to produce 203,000 tonnes of aluminum by year-end or 47,000 tonnes less (down 18.8%) year-on-year, the press office of the enterprise told Interfax.

The decrease in output is caused by an overhaul of electrolysis units at the plant, which is planned, according to the press office.

Kazakhstan Electrolysis Plant in Pavlodar region is the only domestic producer of primary aluminum and has been annually producing 250,000 tonnes of aluminum annually since 2010.

The plant exports over 90% of its products. Its major consumers are plants in Russia, Ukraine, Belarus and Uzbekistan.

In December 2013, ERG closed a deal to buy ENRC. ENRC specialized in the production of bauxites, copper, coal, aluminum, ferro-alloys, pellets; its owned assets included Kazchrome, Zhairam Mining and Processing Integrated Works, Sokolov-Sarbai Mining and Processing Integrated Works, Aluminum of Kazakhstan, Kazakhstan Electrolysis Plant, Eurasian Energy Corporation, Shubarkol Komir and ENRC Logistics.

Zyryanovsk residents protest against Kazzinc plans to dispose of hazardous waste in mine

ASTANA. Aug 29 (Interfax) - Locals of Zyryanovsk district, East Kazakhstan region, openly oppose to the decision of Kazzinc to dispose of arsenic-iron waste in a nearby Grehovsk mine.

410 local residents sent an open letter to East Kazakhstan Governor Berdybek Saparbaev and the regional Department of Ecology, seeking help in environmental protection.

Zyryanovsk residents argued that "according to the register of landfill by waste type, arsenic-iron waste is subject to disposal at first category dumping ground for hazardous waste." They

also noted that "flooding was chosen as a method of abandonment of the Grehovsk mine," according to the letter distributed by Kazakhstan International Bureau for Human Rights and Rule of Law.

The residents also noted that the waste disposal site must be on the surface and located at least 3 km from a nearby settlement and open water. Meanwhile, the distance between the mine and the Grehovka village is only 2 km.

ChelPipe to begin shipping equipment to Turkmenneft

IZHEVSK. Aug 27 (Interfax) - The ChelPipe group and state concern Turkmenneft have signed a memorandum on scientific and technical cooperation, the group's press service said in a statement.

"The memorandum secured the interest of the two parties in comprehensive collaboration, primarily associated with the implementation of the 'White Well' project in Turkmenistan," the statement says.

The White Well project is being carried out by piping and oilfield service divisions of ChelPipe. The project provides individualized solutions for oil production companies.

Specialists from the ChelPipe group are planning to conduct pilot testing at six Turkmenneft wells. The most suitable oil refining equipment will be determined for the wells. "Firstly, this concerns tubing, casing and oil pipes for various purposes with a diameter between 57 mm and 426 mm," the statement says.

Cooperation between the two companies also foresees training company specialists at ChelPipe's training center in Pervouralsk.

The ChTPZ Group manages Chelyabinsk Tube Rolling Plant (ChTPZ) (ChelPipe), OJSC Pervouralsk New Pipe Plant (PNTZ), scrap metal company LLC Meta, the metal trading subdivision CJSC Uraltrubostal Trading House, and an oil service division represented by Rimera. Arkley Capital manages the group's assets.

TELECOMMUNICATIONS & IT

Transtelecom's former deputy head jailed for six years

ASTANA. Sept 2 (Interfax) - The Almaty district court in Almaty has sentenced former deputy president of JSC Transtelecom - a subsidiary of National Railway Operator Kazakhstan Temir Zholy - Mukhtar Abdrakhmanov, to six years in prison, Kazakhstan's Chief Transport Prosecutor's Office has reported.

The court ruled that Abdrakhmanov's property should be confiscated and deprived him of the right to hold public office within 2 years.

The former top manager was punished over misappropriation and embezzlement "involving a large amount" but was acquitted of office abuse as time-barred in his case.

The investigation established that Abdrakhmanov signed unlawfully a participation agreement on making a payment of over 4 billion tenge (182 tenge/\$1) to a company KT&T LLP with the aim of receiving personal "benefits and advantages" although he knew that the deal was unprofitable for JSC Transtelecom.

On August 14, 2013 the Supreme Court recognized Kazakhstan Temir Zholy's lawsuit on considering this agreement to be invalid.

On January 31, 2014 the criminal case against Abdrakhmanov was sent to courts.

Transtelecom offers international, inter-city and local telephony services, access to the Internet and fiber-optic telecommunications services.

Russian military base in Tajikistan gets radio reconnaissance equipment

DUSHANBE. Sept 1 (Interfax-AVN) - Russia's 201st military base, located in Tajikistan, has been provided with radio reconnaissance and jamming equipment, spokesman for the Central Military District Col. Yaroslav Roshchupkin told Interfax on Monday.

"The radio-electronic warfare units of the 201st military base have received a multirole radio reconnaissance and jamming system Infauna, as well as a Leer-2 mobile technical monitoring, electronic emulation and electronic countermeasures system," he said.

The Infauna system will be deployed on a BTR-80 armored personnel carrier.

The Infauna electronic warfare vehicle is intended to protect military hardware and personnel from mines and explosives, means of optical and radio-communication, and from smart weapons," the spokesman said.

The Leer-2 is a jamming system capable of imitating electronic weapon systems and monitoring the electromagnetic environment during combat training.

The 201st military base is Russia's largest military facility outside its territory. It has about 6,000 personnel accommodated near Dushanbe, Kurgan-Tyube and Kulyab. Under an agreement signed in October 2012, the 201st military base will remain in Tajikistan until 2042 at the earliest.

SPACE INDUSTRY

Launch of two Russian satellites may be postponed as Kazakhstan delays approval

MOSCOW. Aug 29 (Interfax-AVN) - The launch of Russia's Kondor-E and Resurs-P remote sensing satellites may be postponed until next year as Kazakhstan has not approved these missions, a source in the rocket and space industry told Interfax-AVN.

"Because of the deferred signing of a Russian-Kazakh agreement on new drop zones for stages of the launch vehicles, which blast off from Baikonur, the launch of Kondor-E and Resurs-P satellites is likely to be adjourned until next year," he said.

Earlier reports said a Strela launch vehicle would bring Kondor-E into space on October 2 and Resurs-P would be launched with a Soyuz-2.1b LV in the end of this year.

The northern trajectory of launches from Baikonur has an azimuth of 94 degrees and passes northern Kazakhstan and Russia's Chelyabinsk, Sverdlovsk and Perm regions. First stages drop over northern Kazakhstan, second stages over the Perm region and third stages over the Islands of Greenland and Spitsbergen.

A satellite launched along the northern trajectory takes the so-called polar or Sun-synchronous orbit and travels above high altitudes and polar areas. These orbits are mandatory for weather satellites and Russia's remote sensing satellites.

TRANSPORT

Kazakh airlines to stop hiring foreign pilots by 2020

ASTANA. Aug 29 (Interfax) - Kazakhstan's airlines plan to exclusively employ domestic pilots from 2020, the chairman of the Committee of Civil Aviation Beken Seidakhmetov said.

"We set a target to employ 80% of the pilots from Kazakhstan by 2018 and form a 100% domestic pilot staff by 2020," he said.

The shortage of pilots is not an issue faced by Kazakhstan only, it remains a problem throughout the world, according to the committee.

"Training of a high class pilot requires certain finances and time. Currently 65% of the pilots are Kazakhstan's local professionals and 35% are foreign nationals," Seidakhmetov said.

The Almaty Civil Aviation Academy has developed a new advanced pilot training program for local staff, he said.

"The government for the first time approved an allocation of 1.700 billion tenge to finance pilot education in the academy and purchase training aircraft," the chairman of the committee said. (182/\$1.)

"Next year we plan to conduct flight training at the Academy of Civil Aviation with opening a flight simulation area and building a training airfield. By 2018, first pilots will graduate under this program in compliance with the European requirements," Seidakhmetov said.

Three KTZ subsidiaries to go private

ASTANA. Aug 29 (Interfax) - Kazakhstan Temir Zholy (TKZ), the national railway operator, will auction three subsidiaries in the framework of the 2014-2016 privatization program, KTZ said.

The program is also known as the second wave of privatization.

The three subsidiaries, which will go private, were announced by KTZ Deputy President for Economics and Finance Almas Lelesbayev at a meeting with investors: Yertys Service LLP in Pavlodar, Kazykurt-South LLP in Shymkent and Bas-Balkhash 2004 LLP in Balkhash.

Yertys Service and Kazykurt-South specialize in rail tank car preparation and cleaning for oil-handling operations and Bas-Balkhash 2004 in rail tank car maintenance.

Kazmortransflot hopes to develop additional services upon arrival of new investor

ASTANA. Aug 29 (Interfax) - National Maritime Shipping Company Kazmortransflot is hoping to develop additional services after selling a 49% stake in the company to a new investor during the second phase of privatization, Serik Akhmetov, the company's financial director, told Interfax-Kazakhstan.

Upon arrival of a new investor the company expects to have additional funding for its further development and Kazmortransflot would like such an investor to be an international company with the shelf activity experiences because this is a new type of activity for the national maritime shipping entity, Akhmetov said on Friday in Astana in an interview with Interfax-Kazakhstan following a meeting between the Samruk-Kazyna group and potential investors on the issues of selling assets during the second phase of privatization.

Akhmetov emphasized that Kazmortransflot is keen to make the most of its status as a national maritime shipping company.

When asked about a possible scenario involving the purchase of the company's stake by a competitor and further consequences for its business, Akhmetov said that action is taken to prevent such developments and mentioned two-phase bidding process to better sort out bids.

Akhmetov also said the evaluation of the stake price would be completed within a month.

Kazmortransflot, wholly owned by National Company KazMunayGas, will participate in the the second phase of privatization scheduled for 2014-2016.

KazMorTransFlot was organized in 1998 to develop the maritime transport and create a Kazakh national merchant marine freight forwarder. The company transports oil, transships and transports rocks for the construction of artificial islands in the Caspian Sea and renders freight forwarding services.

The company has four subsidiaries: Kazmortransflot Ltd, Kazmortransflot UK Ltd, Altai Shipping Ltd and Alatau Shipping Ltd.

AGRICULTURE

Nazarbayev urges govt to finalize agribusiness law this fall

ASTANA. Sept 2 (Interfax) - Kazakhstan President Nursultan Nazarbayev asks the parliament to finalize legislation on the development of the agro-industrial complex.

"The government has developed a series of amendments to the tax laws to increase productivity in the agricultural sector. This fall, the bill must be submitted to the Majilis of the Parliament," said the President at the opening of the next session of Parliament on Tuesday.

Nazarbayev also instructed the government to draft a law on agricultural cooperatives by the end of this year.

The agricultural sector today consists of about 7,000 largest agricultural companies, 184,000 agricultural producers, which employ about 2 million people. "The agricultural sector this year will have 302 billion tenge in public funds including 40 billion tenge on a loan basis," he said.

Kazakh Agriculture Ministry appoints committee chairmen

ASTANA. Aug 28 (Interfax) – The Kazakh Ministry of Agriculture has announced names of new committee chairmen.

Islam Abishev was named Chairman of Water Resources Committee of the Ministry of Agriculture. Forestry and Wild Life Committee will be led by Bagdad Azbaev.

In August 2014, Kazakh President Nursultan Nazarbayev reformed State Administration System of the Republic of Kazakhstan. The Ministry of Agriculture took over the functions of fishery, water resource, forest and wildlife management functions from the abolished Ministry of Environment and Water Resources.

Food Corporation completes grain purchase under forward contracts

ASTANA. Aug 27 (Interfax) – Kazakhstan's National Company Food Contract Corporation (Food Corporation) has completed the financing of grain purchase under forward contracts by the agricultural producers, the company says in a press release.

"Food Corporation has satisfied 1738 requests for financing from agricultural producers totaling over 13 billion tenge in value. The total area under crop, as was specified in the requests, exceeded 2.1 million ha," the press release says.

A total of 14 billion tenge was earmarked to finance this program at 6,000 tenge per ha.

In other news, the board of directors of Food Corporation has elected Rakhmet Baynakov as company's Chairman of the Executive Board, Ministry of Agriculture reported.

Prior Food Corporation was headed by Nurlan Ospanov, while Baynakov was his first deputy.

Food Corporation, wholly-owned by KazAgro, is Kazakhstan's operator of grain procurement for state reserves.

CONSTRUCTION & PROPERTY

Astana Group opens MEGA Park shopping center worth 23 bln tenge

ALMATY. Aug 29 (Interfax) - Holding Astana Group has built the MEGA Park entertainment and shopping center in Almaty with a total area of 106,000 sq meters.

Investment in the construction with participation of Halyk Bank of Kazakhstan as a partner totaled 23 billion tenge, MEGA said.

The usable area of the center totals 46,000 sq meters and it accommodates 105 shops.

The facility design was made by the company MB Architects, which previously designed MEGA- MEGA Alma-Ata (1st phase), MEGA Astana, MEGA Shymkent and MEGA Aktobe.

The project creates 1,600 jobs in Almaty. Annual taxes to be levied on MEGA Park are estimated at over 380 million tenge, according to the statement.

Holding Astana Group specializes in the construction and development of the MEGA entertainment and shopping centers.

Pharmaceutical factory worth 3.7 bln tenge to be built in Atyrau

ATYRAU. Aug 29 (Interfax) - A pharmaceutical factory will be launched in Atyrau in 2015.

The ground-breaking ceremony was attended Friday by Atyrau Region Governor Baktykozha Izmukhambetov.

The project was initiated by Lumpan Caspian Pharmaceutical LLP, its cost is estimated at 3.7 billion tenge.

The other participants of the project include Medicine JSC, National Company Civic-Oriented Entrepreneurial Corporation Atyrau JSC, SAVA Healthcare, Lifeline Fze and ALIM COM LLP.

The first phase of the plant will be put into operation in the third quarter of 2015.

The plant will annually produce 800 million pills, 300 million film-coated tablets, 78 million vials, 3 million packs of ointments and 12 million bottles of solutions for intravenous infusion.

POLITICS & SOCIETY

Customs Union, China may begin discussing information exchange agreement by end of year

MOSCOW. Sept 1 (Interfax) - On the sidelines of ASEAN meetings in Myanmar, Trade Minister of the Eurasian Economic Commission (EEC) Andrei Slepnev and Chinese Commerce Minister Gao Hucheng discussed opportunities for increasing cooperation in the form of an information exchange agreement.

"We have agreed to begin talks on signing an information exchange agreement for customs issues. The talks themselves may begin as soon as the end of this year," the press service quotes Slepnev as saying.

He added that thanks to regular consultations between experts throughout 2013 and 2014, the parties were able to quickly resolve a number of disputes in the initial stages of mutual trade. In addition, the interests of producers from Customs Union countries were taken into consideration, as were those of Chinese exporters.

"To develop this format of resolving disputes, we suggest holding regular meetings and discussions at the ministerial level and with the participation of interested business circles. This will give the proper authority and force to the decisions and agreements that are approved," Slepnev said following the meeting.

Uzbek parliament approves presidential candidates to chair Constitutional, Supreme Courts

TASHKENT. Aug 29 (Interfax) - Bakhtier Mirboboev was elected as the Uzbek Constitutional Court Chairman at a plenary meeting of the Oliy Majlis's upper chamber, the Senate, on Friday.

"Bakhtier Mirboboev was overwhelmingly elected as the Constitutional Court Chairman on the proposal of the Uzbek president," Senate Chairman Ilgizar Sobirov said.

Prior to his promotion, Mirboboev, born in 1946, had been a Constitutional Court Deputy Chairman and a Deputy Justice Minister.

The position of the Constitutional Court Chairman had been vacant in the recent period.

The Senate also elected Buritash Mustafayev as a Deputy Chairman of the Constitutional Court. He had been the Supreme Court Chairman.

The Constitutional Court of Uzbekistan is elected by the Senate, by the president's proposal, to comprise the chairman, a deputy chairman and five members. Each Constitutional Court judge is elected individually by a majority of the Senate vote.

The Constitutional Court of Uzbekistan is a judicial body entitled to analyze constitutional acts of the legislative and executive authorities.

In addition, the Senate elected Shayunus Gaziev as the Supreme Council Chairman.

"Shayunus Gaziev has been elected as the Supreme Council Chairman by the proposal of the Uzbek president," Sobirov said.

Before his promotion, Gaziev had been a First Deputy Chairman of the Constitutional Court.

Broader Tajik-Uzbek cooperation would benefit both nations - Tajik president

DUSHANBE. Sept 1 (Interfax) - Dushanbe favors strong cooperation with Tashkent for the sake of the two countries' wellbeing.

"We favor the strongest possible cooperation, based on common interests in regional security, stability and a good environment for the two nations' steady development and wellbeing," President Emomali Rahmon said in a telegram of greetings sent to Uzbek President Islam Karimov on Monday on the occasion of the 23rd anniversary of Uzbekistan's independence.

Relations between Tashkent and Dushanbe are going through a time of difficulty. Although a million Tajik citizens are ethnic Uzbeks, the two neighbors, divided by a 1,161 kilometer-long border, have no regular air service and travel to each other on visas.

"Cherishing the strong, long-established historical traditions of friendship, we want to use the available potential in its entirety in order to further strengthen good neighborly relations and mutually advantageous cooperation," Rahmon wrote.

"This undoubtedly meets the vital interests of our two countries and of Central Asia as a whole," he wrote.

The Tajik leader expressed confidence that Karimov's upcoming visit to Tajikistan to attend a summit of the Shanghai Cooperation Organization would "give fresh impetus to this process."

Experts attribute a warming in relations between the two countries to an approaching SCO summit to be held in Dushanbe on September 11 and 12. Karimov is expected to arrive in Tajikistan for the first time over the past decades for talks with his counterpart Rahmon.

According to official statistics, Tajik-Uzbek trade amounted to just \$3.3 million in the first half of 2014, down 66.5%, year-on-year, and 127 times less than trade between Tajikistan and Kazakhstan over the same period, even though Tajikistan and Kazakhstan have no joint border.

Kyrgyz president sees no alternative to Customs Union

BISHKEK. Sept 1 (Interfax) - Kyrgyz President Almazbek Atambayev said Kyrgyzstan's accession to the Customs Union is the right decision and there is no alternative to it.

"I am deeply convinced that accession to the Customs Union is a very good decision and there is no equal alternative to it. Either the country will be isolated or it will get a powerful impetus for its socio-economic development," Atambayev said at the celebrations of the 23rd anniversary of Kyrgyzstan on Sunday.

Atambayev said he had a conversation on this issue with an EU official last year. "I said: I'm not Yanukovich. I can sign the agreement and we will join the European Union." The EU official told me it would be impossible because we don't have common borders," Atambayev said.

"Honestly, we have no equal alternative to the Customs Union. The Customs Union countries have absolutely no territorial claims on us. The levels of economic development and people's incomes there are much higher than in our country. We have a chance to take our indicators and living standards to this level. If we don't want a union with brotherly Russia and Kazakhstan, with whom do we want a union?" the Kyrgyz president said.

Atambayev reiterated that Russia is providing a lot of funding to make Kyrgyzstan's accession to the Customs Union as smooth as possible. "This funding is in the billions of dollars," he said.

Atambayev said he is hoping that the Kyrgyz parliament will again thoroughly discuss all pros and cons and will back the documents on the republic's accession to the Customs Union, which has already been approved by the government.

"I would like us to become a full-fledged member of the Customs Union, and therefore the Eurasian Union, by January 1, 2015. We will join this union sooner or later. However, we can now become a full-fledged member and participate in the administration of this economic association," Atambayev said.

Georgian prosecutors to search for Saakashvili via Interpol notice

TBILISI. Sept 1 (Interfax) - The Georgian Prosecutor General's Office has started the procedure for declaring Georgian ex-president Mikheil Saakashvili an international fugitive.

At the current stage, Saakashvili is wanted nationwide, but parallel procedures have begun to declare him an international fugitive via "the Red Notice," prosecution officials told reporters on Saturday.

Earlier the Tbilisi City Court issued an in absentia order for pre-trial detention of Saakashvili who is currently not in Georgia.

Meanwhile, an investigation has been started into an incident involving former Georgian Defense Minister Irakli Okruashvili, who, as Rustavi 2 TV company said, shot at two fellow villagers, the Georgian Interior Minister said.

This information has been confirmed by member of the ruling coalition Georgian Coalition Temur Giguashvili. The affected parties - Vasily Kareli and Pavel Kareli - are Georgian Coalition activists.

The incident occurred at about 10 p.m. on Sunday evening in Tkviavi, Okruashvili's hometown.

Okruashvili and two security employees drove after the Georgian Dream activists while firing at them. Three bullets hit the vehicle.

Upon catching the Kareli brothers, Okruashvili took revenge but location of the vehicle and both men is still unknown.

"It was Okruashvili and two security guards, indeed. He followed the car while shooting for about 2.5 km. I saw the vehicle myself but I do not know where it is now. The guys fled after the incident. I do not know what happened. As people say, these guys were caught and beaten," Giguashvili said.

Georgia introduces new visa regulations, periods of stay for foreigners

TBILISI. Sept 1 (Interfax) - Visa regulations for all foreigners were changed in Georgia starting from September 1, 2014.

"In line with the new law 'On Legal Status of Foreigners and Individuals Without Citizenship', a unified system of stay for foreigners in Georgia has been developed," Georgian Foreign Ministry Consulate Department Director Giorgi Tabatadze told journalists on Monday.

"In particular, Georgia will issue multi-entry visas valid for 180 days with the right to stay in the country for 90 days," Tabatadze said, noting that the same principle is applied in the Schengen area.

Changes will also be made to the visa issuance procedure, which would include the obligation for those wishing to receive a visa to fill out of a special electronic form available online, he said.

"The prerogative of issuing visas will be delegated solely to Georgia's diplomatic missions," Tabatadze said, adding that the issuance of visas at border checkpoints will be possible only in exceptional cases.

The cost of visas for Georgia has also changed. It is now the same for citizens of all countries (\$50).

Georgia grants visa-free treatment to citizens of European countries, NATO and CIS member-states, and citizens of countries that are Georgia's important partners with which Georgia has bilateral and multilateral agreements. The number of countries on this list was reduced from 118 to 94 as of September 1.

"Citizens of these countries will be able to stay in Georgia without visas for ninety days," he said.

If a foreign citizen wants to stay in Georgia longer than ninety days, he or she will have to get an emigration visa, he said.

Putin orders signing of agreement on Armenia's EEU accession

MOSCOW. Sept 1 (Interfax) - Russian President Vladimir Putin has ordered the signing of an agreement on Armenia's accession to the Eurasian Economic Union (EEU). The presidential order was posted on the official legal news portal on Monday.

The document declares the intention "to accept the Russian government's proposal to sign the Agreement over the accession of the Republic of Armenia to the Eurasian Economic Union Agreement of May 29, 2014".

The document authorizes the Russian Ministry of Economic Development to make non-essential amendments to the draft agreement approved by the Cabinet during talks over its signing.

"It is considered expedient to sign the Agreement envisaged by this order at a session of the Supreme Eurasian Economic Council at the level of the heads of state," the document said.

MILITARY

SCO ends largest ever drills

MOSCOW. Sept 1 (Interfax-AVN) - The armed forces of the Shanghai Cooperation Organization (SCO) member states have completed a joint antiterrorist exercise, Peaceful Mission 2014, at the Zhurihe training base (China), according to the Russian Defense Ministry.

"Peaceful Mission 2014 has become the largest joint military exercise of the SCO members' armed forces in the history of the organization. The exercise involved over 7,000 troops and nearly 500 pieces of various types of military hardware," the ministry said.

More than 70 soldiers, sergeants and officers received medals from the defense ministries of Kazakhstan, China, Kyrgyzstan, Russia and Tajikistan.

BREAKAWAY REPUBLICS

Georgia must recognize Abkhaz statehood to continue dialogue – president-elect

SUKHUM. Sept 1 (Interfax) - Abkhazia's President-Elect Raul Khadzhimba said he believes dialogue with Georgia can continue if Georgia recognizes the fact that the Abkhazian state exists.

"Negotiations can hardly be started from scratch, as Tbilisi says. We will still remember what happened to us, but we should talk about continuing the dialogue," Khadzhimba told a press conference in Sukhum on Monday.

"Firstly, to begin this dialogue Georgia has to confirm that it recognizes the very existence of Abkhaz statehood. Secondly, sign an agreement on the non-use of force," he said.

Khadzhimba believes that "the Geneva international discussions on security in Transcaucasia should continue."

"The Geneva process alone is not enough, and, if there are some other platforms, Abkhazia will take part in them to openly and honestly speak about its position, independently of representatives of other countries and states," Khadzhimba said.

Responding to a question about the new treaty with Russia, Khadzhimba said it "will take into account the situation around Abkhazia and Russia." "We want our safety guarantees and issues relating to the border and socio-economic development of Abkhazia to be stated more clearly. All these issues will be addressed in the new agreement," he said.

Khadzhimba said the new treaty is expected to be signed by the end of this year.

Khadzhimba gained 50.60% of the vote in the early election, the Central Elections Commission said.

Armenia launches terrorism inquiry into Azeri attacks

YEREVAN. Sept 1 (Interfax) - The Armenian Investigative Committee has launched a criminal inquiry on the charge of "international terrorism" into the shelling by the Azeri Armed Forces of the border area villages in Armenia's Tavush region in June-August 2014.

"Documentary evidence shows that the shelling was conducted from large-caliber grenade launchers and self-propelled anti-aircraft weapons from combat positions of the Azeri Armed Forces, thus leading to explosions and fire in the border area villages in the Tavush region of Armenia, and that it aimed to destroy or injure people, destroy or damage roads, communications, property, crop areas of the Armenian populated areas," Armenian Investigative Committee spokeswoman Sona Truzian told reporters.

The criminal inquiry has been launched on the charge of "international terrorism" and sent to the Armenian National Security Service, she said.

Nagorno-Karabakh celebrated its Independence Day on Tuesday, September 2.

Armenian President Serzh Sargsian is paying a working visit to Stepanakert on this occasion.

A congratulatory message by the Armenian president says, "The historic choice of the people of Nagorno-Karabakh has become an irreversible reality."

"With support from the entire Armenian community and, in the first turn, thanks to your unbending will, super-human efforts and dedication, and great sacrifices, you have created and developed your statehood. The Nagorno-Karabakh Republic can proudly stand amongst countries possessing the advantage of good organization, a powerful army and solid state structures," the presidential press service quoted Sargsian's message as saying to Interfax.

Mubariz Gurbanly, the head of the State Committee on Liaisons with Religious Structures, has expressed concerns that Armenia is trying to give the Karabakh conflict a religious coloring.

"Armenia is trying to present this conflict between our countries as a religious one. Yerevan is doing this to distract the world community from the true reasons for the occupation of the Azeri territories. However, it's not a religious war. Thousands of representatives of the Armenian minority now live in Azerbaijan and no one is bothering them," Gurbanly told a press conference held at the Council of Europe event on the religious dimension of inter-cultural dialogue, held in Baku.

Gurbanly said values of tolerance prevail in Azerbaijan, in comparison with other countries of the world.

CURRENCY RATES

Official exchange rates as of 02.09.2014

Country	Currency	For \$1	For 1 ruble	For 1 EUR
Armenia	dram	411.29	11	539.28
Azerbaijan	manat	0.7844	0.021	1.029
Georgia	lari	1.736	0.046548	2.2804
Kazakhstan	tenge	182	4.94	239.82
Kyrgyzstan	som	52.9495	1.4198	69.5889
Tajikistan	somoni	4.973	0.1344	6.5311
Turkmenistan	manat	2.85	0.076124	3.7455
Uzbekistan	sum	2348.02	65.22	3127.51

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