ASTANA: 20 YEARS OF THRIVING EVOLUTION

SPECIAL REPORT | 3 - 11 JULY 2018
http://eurac.tv/9P19

With the support of
Astana is celebrating its 20th anniversary as capital of Kazakhstan. A remarkable city with futuristic buildings, Astana has positioned itself as a centre that hosts many important events, promotes sustainable development, facilitates greater international trade, and is developing as a financial hub in Eurasia.
Mayor of Astana announces big ambitions

Astana praised as the ‘capital of Central Asia’

Major plans for Hong Kong-style hub in Central Asia revealed

Kazakhstan will benefit enormously from Belt and Road initiative

Astana: The City of Peace
The population of Kazakhstan’s capital, Astana, is set to double, yet Mayor Asset Issekeshev insists that quality of life and ability to attract visitors will improve in tandem with the influx of people.

Speaking at the opening of the “Cities Mayors Forum of the Silk Road countries”, on 3 July, Issekeshev explained how the capital has changed in recent years.

Astana is one of the leaders in terms of growing population (actually second after Abu Dhabi), with a 242% increase of population between 1998 and 2017 (Abu Dhabi leads with 276%).

The capital now has more than 1 million people. Every year, between 50,000 and 100,000 people are drawn to Astana, the mayor said.

In 20 years, the quantity of cars has grown 10 times, the city area has grown threefold, the capacity to build houses has grown 19 times, he added.

Dubbed Tselinograd during Soviet times, the city was renamed Astana (meaning ‘capital city’ in Kazakh) in 1998 and is now rebranding itself as a go-to venue for international mediation talks.

Kazakhstan is a huge country and is larger than the twelve largest EU countries combined but only has a population of 18 million.

To foreign visitors, the general impression is that the city has developed very fast and is obviously proud with its futuristic buildings, which are a part of a big nation-building effort.

Accordingly, gross regional product in Astana has grown from $341 million to $17.7 billion in 2017 and investments have grown from $256 million in 1997 to $2.9 billion in

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2017, of which $600 million is foreign investment.

Over the last 20 years, $47 billion of investment have been made. Ninety percent of investments made last year are not financed by the state budget, the mayor said.

Astana is not a fossil fuel production area and has no big industry, so a lot of attention was given to the development of the small and medium enterprises sector, the mayor said.

SMEs have grown from an output of $1.3 billion in 2005 to $12.6 billion in 2017, constituting 57.5% of regional gross product, Issekeshev added.

Industry has grown from $200 million in 1997 to $1.7 billion in 2017, a result of investment by major international companies, including General Electric and Alstom, and “many others”, the mayor explained.

He stressed that Astana strives to develop as a smart city, and to be one of the 50 most developed and innovative cities in the world, ranking ambitions alongside the likes of Dubai, Abu Dhabi and Singapore.

The role of a mayor is to help improve the standards of living of the citizens, Issekeshev said. In this respect, he said that two tracks were followed: raising incomes, and improving the quality of life.

He said that regarding quality of life, Astana was working on the UN sustainable goals, as well as on the basis of OECD standards for education, public transport and the urban environment.

Issekeshev said that a three-year programme for improving standards of living was being implemented, including 20 concrete steps to be taken.

But in addition, he said the city authorities were working on a master plan to prepare the city to double its population, to 2 million, by planning roads, hospitals, schools and other infrastructure.

The mayor picked out energy efficient buildings and gasification as sectors to focus on, as well as Astana’s green belt.

The city is located on the steppe where little vegetation grows. But the green belt project aims to plant hardy conifer trees on 86,000 hectares, as well as a variety of other trees along the city’s boulevards and in parks.

Attracting international students is also high on the agenda and pilot projects like “Technopolis” at Nazarbayev University go some way towards that, with a focus on geology, advanced technology and biomedicine.

Astana also has big ambitions to be one of if not the best centre for international events in Eurasia, with the aim of organising one big event every week, and a total of 50 to 70 each year.

“I think we will be able to attain this goal,” he said.

Regarding digitalisation and e-government, Issekeshev said the city is following the European example “not because it’s fashion” but for the benefit of its citizens.

From what EURACTIV could see, E-services seem to be more widely available and user-friendly in Astana than in Brussels or in most EU cities.

Issekeshev also mentioned public security, with the introduction of street cameras with face recognition (a system called Sergek), citing a significant drop in road accident offences, thefts and robberies.

Diplomats insist Astana is a very safe city in terms of petty crime.
An international conference was held in Astana on Tuesday (5 June) to mark the 20th anniversary of Kazakhstan’s new capital. Dubbed Tselinograd during Soviet times, it was renamed Astana (meaning capital city in Kazakh) in 1998 and is now rebranding itself as a go-to venue for international mediation talks.

On 10 June 1998, Astana was presented to the world as the new capital city. Modern Astana is a planned settlement, like Brasilia in Brazil or Canberra in Australia. The master plan was designed by Japanese architect Kisho Kurokawa.

Since 1998, a lot has been invested and today’s skyline is dominated by many futuristic buildings. Astana grew exponentially and now has around a million inhabitants, making it the second largest city in Kazakhstan after the former capital Almaty.

To foreign visitors, the general impression is that the city has developed very fast in terms of iconic buildings, which is without a doubt a big nation-building effort.

Many of the new buildings are the work of world-famous architects and are an attraction by themselves. At the same time, there is not yet a metro, the number of bridges over the Ishim river is obviously insufficient, traffic jams are frequent and parking spaces are not always available.

Security is good and there are several recreational areas full of young people. Although a number of big mosques have been built, Kazakh society generally appears to remain secular.

Speaking at the conference,

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Kazakhstan’s foreign minister, Kairat Abdrakhmanov, called Astana “a city to be proud of” for the Kazakhs.

For foreigners, he said, changes were visible each time they came to visit. He also said Astana has become a brand for international mediation. Indeed, the capital hosts international talks, such as the Syria talks, also known as the “Astana process”.

Abdrakhmanov emphasised that Astana has ambitions to become the capital of the information community and society of Kazakhstan, be a “smart city for a smart nation” and a “megapolis comfortable for people”.

Malika Erlanova, Astana’s deputy mayor, argued that resources were used not only for building a capital but also indirectly for moving forward the country. The city budget has increased 25 times compared to 1997 in comparative prices, while the population increased more than threefold, she said.

Erlanova added that it was “a myth” that Astana is a city of civil servants: “It’s a city of people working in small and medium-sized businesses, it’s a city attracting more and more foreign investment”, she said.

Around 60% of Astana’s growth is generated by small and medium-size businesses and every third economically active person works for this sector, she said.

Erlanova said Astana contributes 12% to the country’s GDP. More importantly, she said, the capital aims to move from quantitative to qualitative growth and become a smart and comfortable city.

She said the city authorities are studying the experience of similar cities in the world, like Amsterdam and Warsaw, in modernising infrastructure such as schools, hospitals and housing.

Another big goal, she said, was to open universities with curricula at world class level. As she explained, international experience shows that for a city of more than a million inhabitants, the right proportion is to have 10% of students so that the economy could count on enough young professionals to recruit from.

Erlanova said the city aimed to develop tourism, and particularly event tourism, by building congress centres, also banking on its location between Europe and Asia. The goal was to increase the number of foreign tourists to 1 million a year.

She said accommodation facilities were generally already in place, and the number of international flights to Astana was increasing. On 5 July the International Financial Centre of Astana will be inaugurated at the location of the former Expo 2017, giving the possibility to neighbouring countries with a less developed financial infrastructure, to operate from there, she said.

The first 20 years were about infrastructure, the next will be about developing human capital, attracting foreign investment and creating comfortable conditions for life and work, Erlanova concluded.

‘THE NEW GENEVA’

Dr Frank Albo, a professor at the University of Manitoba, Canada, made a passionate plea for Astana, which he called “the new Geneva of the 21st century” and “a United Nations of world architecture”.

“Astana is like no other city on Earth”, he said, arguing that symbolic messages in Astana’s modern architecture provided solutions to what he said were the three most important issues of our time: religious harmony, nuclear disarmament and the sustainability of the planet.

Albo is the author of a book about Astana which focuses on the symbolism of Astana architecture, titled “Astana: Architecture, Myth & Destiny”. It has been described by reviewers as “a book where Umberto Eco meets Robert Langdon meets Indiana Jones”.

He insisted on the ancient roots of modern Kazakhstan, telling the conference that close to Astana lay the lands where people first domesticated horses 5,500 years ago, that it was also home to the wheel and axe and the proto-Indo-European language, which then become the basis for Greek, Latin, Sanscrit and all modern languages of Western Europe, including English.

“Astana formulates an entirely new doctrine of city planning: one that marries the past with the future, East with the West, and brings together the ecological preservation of the environment from nomadic notions inherited, from adaptability, discovery, pluralism and exchange,” Albo said.

Dejan Stancer, the president of the Kazakh-Slovenian Business Club (KSBC), provided insights into business opportunities in Kazakhstan. He said KSBC has gradually become the largest business club in the region and the regional representative of Kazakh Invest, the country’s national company for investment support and promotion, for central and south-eastern Europe.

“We intend to connect central and south-eastern Europe with Central Asia and to strengthen economic activities, but also ties between our people”, he said. “To us, Astana is already the capital of Central Asia and all economic operations within the entire region we will lead from here,” he added.
Major plans for Hong Kong-style hub in Central Asia revealed

By Georgi Gotev | EURACTIV.com

Wheels are in motion to set up a Hong Kong-type financial hub in Kazakhstan, following the unveiling of plans by the governor of the Astana International Financial Centre (AIFC) at an international conference marking the 20th anniversary of Astana, on 5 June.

The AIFC was launched in an effort to capitalise on the impressive venue built for Expo 2017, as well as to boost the economy of Kazakhstan, too much dependent in the past on fossil fuels exports, into the 21st century.

AIFC governor Kairat Kelimbetov, who was trained in Russia, Kazakhstan and the US, has served as minister and was deputy prime minister, responsible for macroeconomics, budget policy, governing of state companies and finance sector, tax and custom regulation. He has also served as Chairman of the National Bank of Kazakhstan.

Speaking to a big international audience in the futuristic Scientific Research Centre in Astana, Kelimbetov highlighted that it was the idea of President Nursultan Nazarbayev to create a regional financial hub based on common law jurisdiction. The idea was first mooted in 2015.

Kelimbetov added that a lot of work was done in 2016 and 2017 on the amendments to the legislation in order to facilitate the launch of AIFC.

Last year, there were even amendments to the Constitution, confirming that Astana is the capital of Kazakhstan, and on the other side,
creating in Astana a special legal and regulated regime in the financial area.

The special constitutional law on AIFC now allows further jurisdiction to be developed. In Kelimbetov's words, the idea is to create a kind of local Hong Kong, a kind of "one country – two systems".

He explained the use of the English common law jurisdiction as the best way to attract foreign direct investment. "If you would like to bring FDIs, or establish a regional financial hub, you have to acknowledge that mostly the global financial centre is based on common law jurisdiction. A few examples: New York City, the City of London, Hong Kong, Singapore, or other cities in the world based mostly on financial services, work on common law", he said.

The AIFC governor also explained the creation of this financial hub in the context of structural and institutional reforms in Kazakhstan, called "hundred concrete steps" towards five institutional reforms.

Among these five institutional reforms, three are very much related to AIFC, he said. The first in his words is the rule of law: a legal reform, including the reform of the supreme court. Another one is the creation of centres of excellence, and the third is the creation of dispute resolution authorities.

Kelimbetov said that these authorities, an AIFC court and an international arbitration centre, were created last year. He introduced Chief Justice of the AIFC court Lord Woolf, as well as Barbara Dohmann, president and chairman of the international arbitration centre of Astana.

These two institutions, the AIFC governor stressed, are very important to creating transparency and predictability for global and regional investors and guaranteeing the protection of investor interests.

Regulation authorities, which focus on regulation of financial services, are also important. It is officially called the Astana Financial Services Authority, which is similar to the Financial Conduct Authority in London or in Singapore.

Kelimbetov also introduced Lady Barbara Singer Judge, chairman of the board of AFSA.

"We need financial services regulation authorities because we have upcoming massive privatisation in Kazakhstan," Kelimbetov said, explaining that national companies such as those dealing with oil and gas, and also with uranium, were all planning in the next one or three years to be listed in the country's stock exchange.

The governor added that strong and reliable regulation authorities are needed to protect this ecosystem.

The stock exchange, he further explained, was also a new institution created as part of the AIFC project. The Astana stock exchange, Kelimbetov said, was partner with Nasdaq, the second global exchange, and also with the Shanghai Stock Exchange, which prepares the ground for Kazakhstan’s partnership in the Belt and Road initiative of the Chinese government.

The AIFC governor said when talking about the regional financial hub that the Kazakh authorities saw the following key dimension of their regional connectivity:
- Central Asia: Kazakhstan with the other former Soviet Union countries [Uzbekistan, Turkmenistan, Tajikistan, Kyrgyzstan], but also in a broader way, countries from the Caucasus region and Mongolia;
- The Eurasian economic union, which consists of Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia;
- The Belt and Road Initiative, which he called the most promising initiative.

Kelimbetov added that Nazarbayev recently hosted a meeting of the leaders of the Central Asian countries in Astana.

The president used the occasion to propose the idea of a deepened regional cooperation on trade based on the opportunity to have the regional financial hub in Astana, according to Kelimbetov.

In addition, he said that there had been a meeting on the Eurasian economic community in Sochi in Russia, where Nazarbayev also invited the banks of the regional community to be part of the AIFC initiative.

Nazarbayev will also visit China soon and Kazakh expectations believe that AIFC has to be a key partner to the financial institutions of the Belt and Road Initiative, like the Shanghai Stock Exchange, the Silk Road fund and the top five Chinese banking institutions.

With reference to the 20-year anniversary of Astana as the capital city of Kazakhstan, Kelimbetov said it was important to think about what’s going to happen in the next 20 years.

He argued that Astana has to be in the camp of the global smart cities, supporting the development towards the green economy, green technologies and a green financial system, with the help of AIFC.

Also, he said AIFC was going to develop capital markets, Islamic finance, also asset management, Fintech [the new technology and innovation that aims to compete with traditional financial methods in the delivery of financial services]. "We are now thinking about the design of a new economic structure", he added.

"Everyone is thinking how to leapfrog to the new destination based on disruptive technologies, on new technology, which can really change our life. We are supporting the new financial technologies, Fintech, e-commerce, any Internet-based innovation project. I think in the next 5-7 years, Astana will be in the top 20 Asian financial centres", Kelimbetov concluded.

On 5 July the International Financial Centre of Astana will be officially inaugurated.
Kazakhstan, the most impressive reformer in the Central Asian region, is set to benefit enormously from China’s Belt and Road initiative as an equal partner, Kate Mallinson of Chatham House said at an international conference marking the 20th anniversary of Astana, on 5 June.

Kate Mallinson is an associate fellow of the Chatham House Russia and Eurasia Programme.

Kazakhstan stands at the crossroads between East and West and between North and South, in an increasingly complex global environment. The country’s successful multi-vector foreign policy is enviable to many. Astana has been going through a sort of golden period, emerging as a neutral platform for the de-escalation and resolution of various conflicts and the country maintains positive relations with key powers including China, Russia, the EU and the US to name a few.

Astana will play a pivotal role in transforming this neutral platform into financial trade and transportation benefits for Kazakhstan as a whole. The country faces vast opportunities, from the various multilateral

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superplatforms – the EU, the Eurasian economic union and the Belt and Road Initiative. All three platforms have triggered a new European interest in Asia, and both Europe and China have a common interest in using this initiative to develop their domestic economies. The Eurasian economic union came into being at a difficult time because of Russian sanctions, while oil prices were plummeting. But Kazakhstan has masterfully navigated this challenges, as one of Russia’s most trusted and respected partners.

Astana can benefit from the difficulties currently playing out between the West and Russia by being a hub not only for trade but for diplomacy in the region. As times are getting complicated, how will Astana navigate Iran’s recently signed free trade agreement with the Eurasian economic union, in view of Kazakhstan’s extremely positive relations with America? The future importance of Asia for Kazakhstan is perhaps the clearest economic and political power shifting East in the 21st century, and Kazakhstan really stands to gain from this.

During the 19th Congress of the Chinese Communist Party President Xi Jinping successfully consolidated his power and enshrined the Belt and Road initiative into the Party Constitution, meaning that the core principles of the BRI will be reflected in China’s long term foreign policy, and will likely remain even after the President steps down. Kazakhstan is the most pivotal country for China’s land route, with this new Silk Road project, it is the buckle in this belt. Both Kazakhstan and China will benefit from cooperation in the Belt and Road initiative to a huge degree.

Digitalisation is incredibly important, it’s the so-called fourth industrial revolution, changing the traditional industry’s business model, and expected to contribute as much as 14% of global GDP by 2030, as much as $15 trillion in today’s value. And Asia is the world’s digital champion. And Kazakhstan is embracing digitalization. Within the Digital Kazakhstan 2020 concept, Chinese telecommunication companies will contribute to smart technologies for the Kazakh transport network. Kazakhstan will benefit from digitalising its transport system, it is very important for this country which is the size of Western Europe, and the changes are going to be immense. But the main question today is how these multilateral connections will help Kazakhstan, the most impressive reformer in the Central Asian region. And this is particularly acute as Uzbekistan emerges to challenge Kazakhstan’s hegemony in the region. The recent recovery in oil prices has had a very positive effect on Kazakhs’s economy and for economic growth. But it could slow the transition to a new growth model.

Kazakhstan needs foreign direct investment focused on exports and an increasing productivity to diversify and transform the economy. The country needs to embrace Chinese investments but also challenge the underlying assumption that large scale investments in infrastructure such as those at the heart of the Belt and Road initiative automatically promote economic development. The future development of Astana as a financial trade and innovation hub, built on solid institutional reform, will strengthen Kazakhstan in negotiating with China as an equal partner.
A 7-minute video describes the development of the capital of Kazakhstan in a remarkably short time, and its role on the international stage. Over the last 20 years Astana has gained prestige a centre of diplomacy and global cooperation and integration.
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