

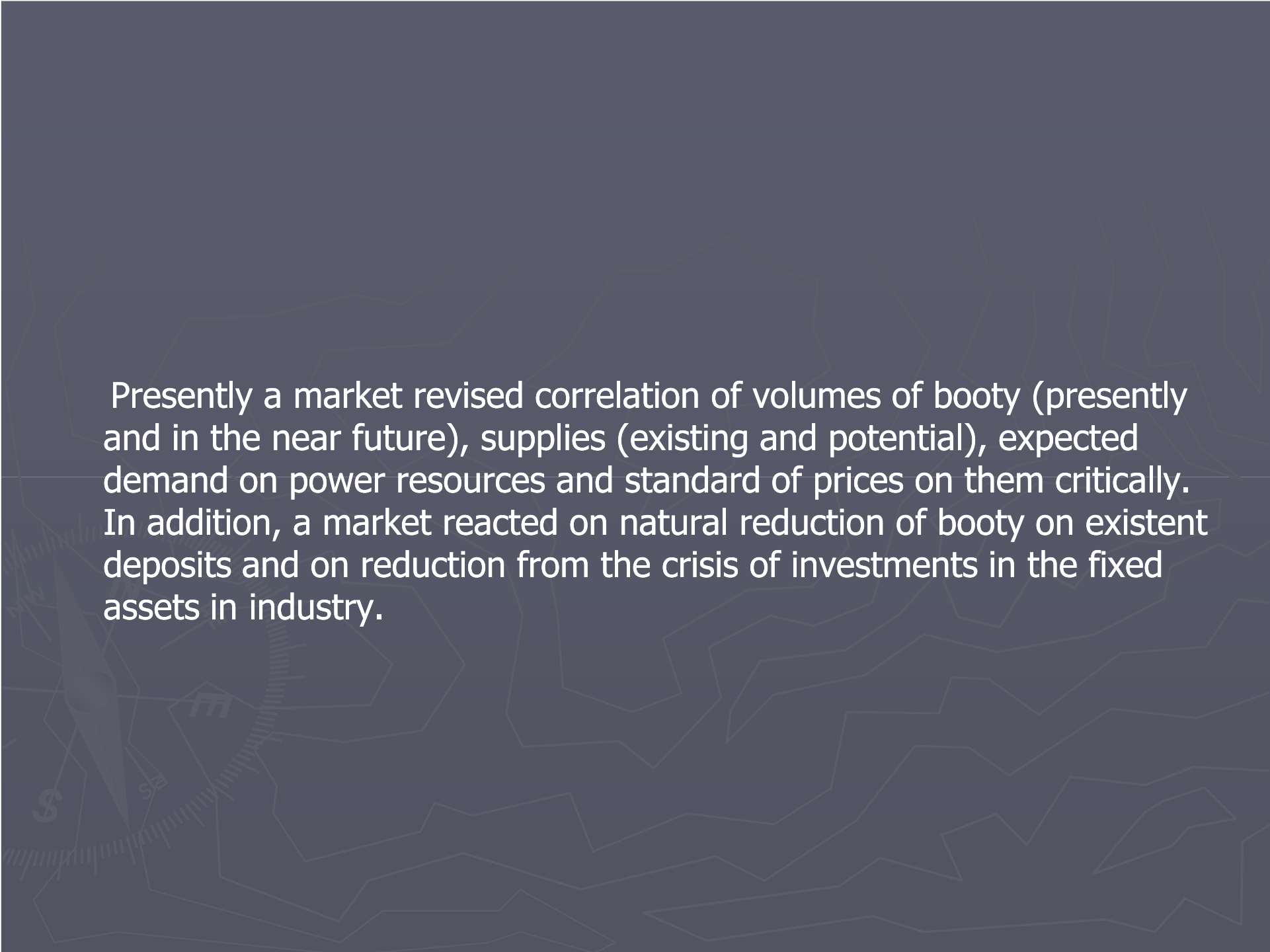
Kazakhstan's Energy Investment Policy and Cooperation Strategy

Dr. Anar Rakhimzhanova

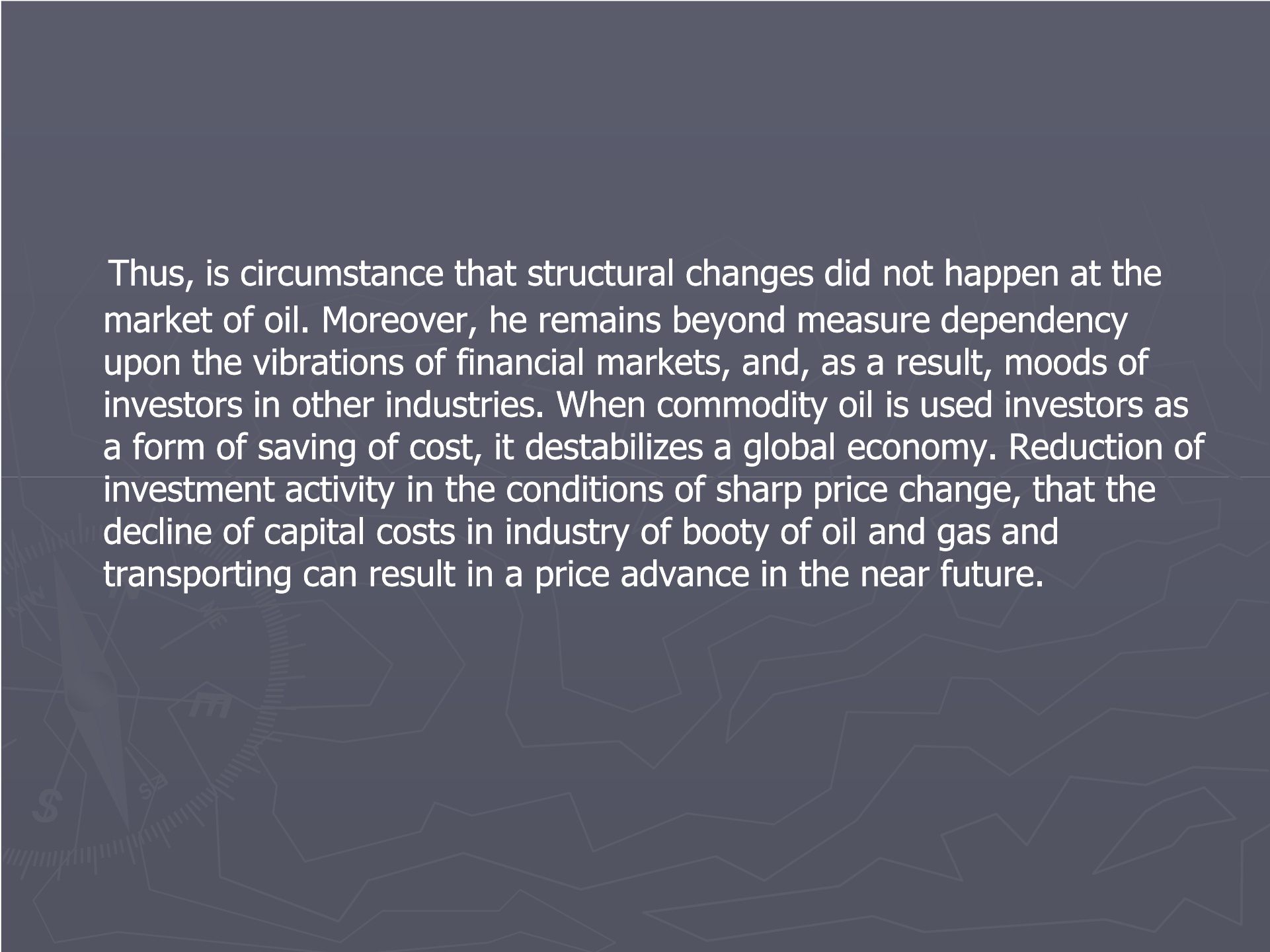
Kazakhstan Institute for Strategic Studies
under the President of the Republic of Kazakhstan,
Head of Economy Studies Department

Influence of crisis of financial markets on an investment situation in power and on balance of demand and supplying with power mediums

Oil prices in the conditions of global financial crisis purchased the special meaningfulness, as well as questions of supplying with power mediums. Because energy is a head stone of world economy. A crisis resulted not only in a price decline on oil but also complicated their dynamics, that negatively affects other industries of industry. Not unimportant and that the dynamics of oil price reflects the crisis state of financial markets, but not actual correlation of demand and supply of hydrocarbons.



Presently a market revised correlation of volumes of booty (presently and in the near future), supplies (existing and potential), expected demand on power resources and standard of prices on them critically. In addition, a market reacted on natural reduction of booty on existent deposits and on reduction from the crisis of investments in the fixed assets in industry.



Thus, is circumstance that structural changes did not happen at the market of oil. Moreover, he remains beyond measure dependency upon the vibrations of financial markets, and, as a result, moods of investors in other industries. When commodity oil is used investors as a form of saving of cost, it destabilizes a global economy. Reduction of investment activity in the conditions of sharp price change, that the decline of capital costs in industry of booty of oil and gas and transporting can result in a price advance in the near future.

To the present tense the tendency of delete of districts of booty of hydrocarbons was formed from the basic centers of their consumption, and also rise in prices of booty. Therefore at saving of price vibrations many deposits will not be developed. And also existent supplies will not be shown out to the market in the conditions of market volatility.

As far as the wear of extractive powers certainly there will be a necessity of increase of capital costs, but an effect from their realization will not be rapid, that also negatively will affect the state of affairs of market.

Providing of power safety in a current situation

The world financial crisis has the most different consequences. For developing economies it is new challenges, related to possibility of creation of platform of development after a crisis, forming of new bases of strong economic growth.

As repeatedly underlined guidance of Kazakhstan, a crisis does not abolish long-term strategic aims and high-quality aims of socio-economic development of country, contained in the accepted Strategy Kazakhstan – 2030, strategies of including of Kazakhstan in the number of the most competitive countries of the world, on the basis of speed-up modernization and industrial, innovative development.

Consequently, and in a power sector anticrisis measures must be directed:

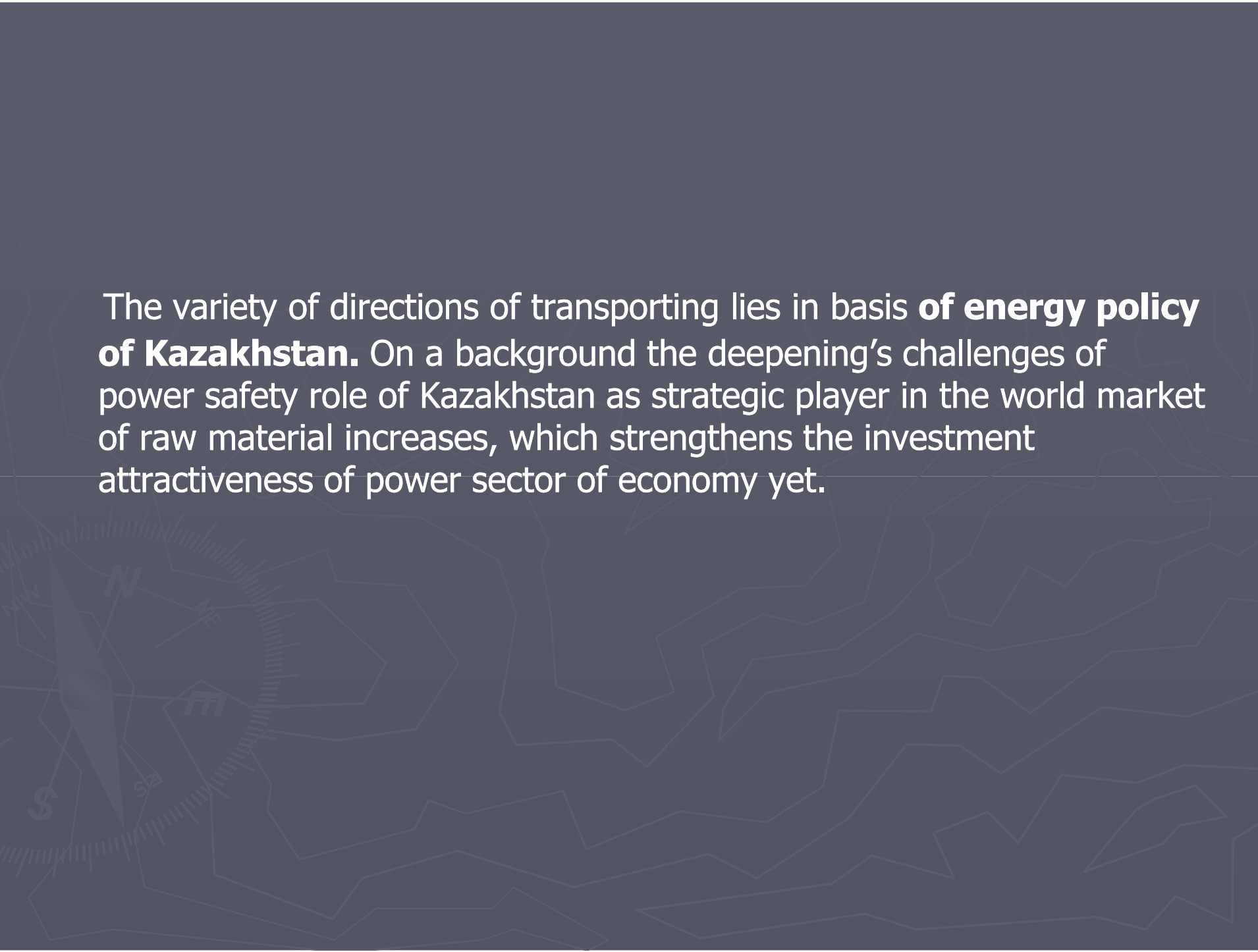
- ▶ at first, on stability of long-term strategic priorities and aims of development of power sector;
- ▶ secondly, on necessary adjustment taking into account the crisis of position papers on medium-term development of power sector;
- ▶ thirdly, on acceptance of necessary in connection with a crisis operative decisions.

Principles and mechanisms of increase of power safety are plugged in itself:

- ▶ it is providing of assuredness and reliability of energy supply of economy and population of country;
- ▶ it is providing of the reliable functioning and development of power infrastructure, minimization of limitations of transporting of energy between the regions of country, and also between separate power knots;
- ▶ it is a division of plenary powers and responsibility for providing of power safety;
- ▶ it is the maximally possible use of competitive domestic equipment;

Principles and mechanisms of increase of power safety are plugged in itself (continuation)

- ▶ assured implementation of obligations under international export contracts;
- ▶ it is legislative limitation of maximum level of wear of capital production assets and stimulation of bringing in of investments for their modernization;
- ▶ stimulation of development of domestic production of transmitters of energy with the high added cost;
- ▶ it is a timeliness and sufficient of geological survey works, preparation and mastering of new deposits.

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The variety of directions of transporting lies in basis **of energy policy of Kazakhstan**. On a background the deepening's challenges of power safety role of Kazakhstan as strategic player in the world market of raw material increases, which strengthens the investment attractiveness of power sector of economy yet.

Basic directions of development power industry of Kazakhstan are determined a necessity:

- ▶ expansions of transit and transport possibilities;
- ▶ deepening's of power dialog with the West and the East;
- ▶ development of powers of production and processing of energy sources;
- ▶ development of balance of interests of the state and investors during realization of the programs of development of industry;
- ▶ uses of alternative sources of financing of power projects;
- ▶ development of power partnership, making of single power policy of regional exporters and providing of market stability;
- ▶ development of alternative energy and proper infrastructure sources.

Kazakhstan industry of oil and gas needs development of infrastructure of transporting of oil and gas, that will be instrumental in diversification of directions of export and decline of dependence on transit countries. Especially underlined thus, that the choice of direction of transporting of hydrocarbons will be dictated exceptionally considering of financial viability and pragmatism.

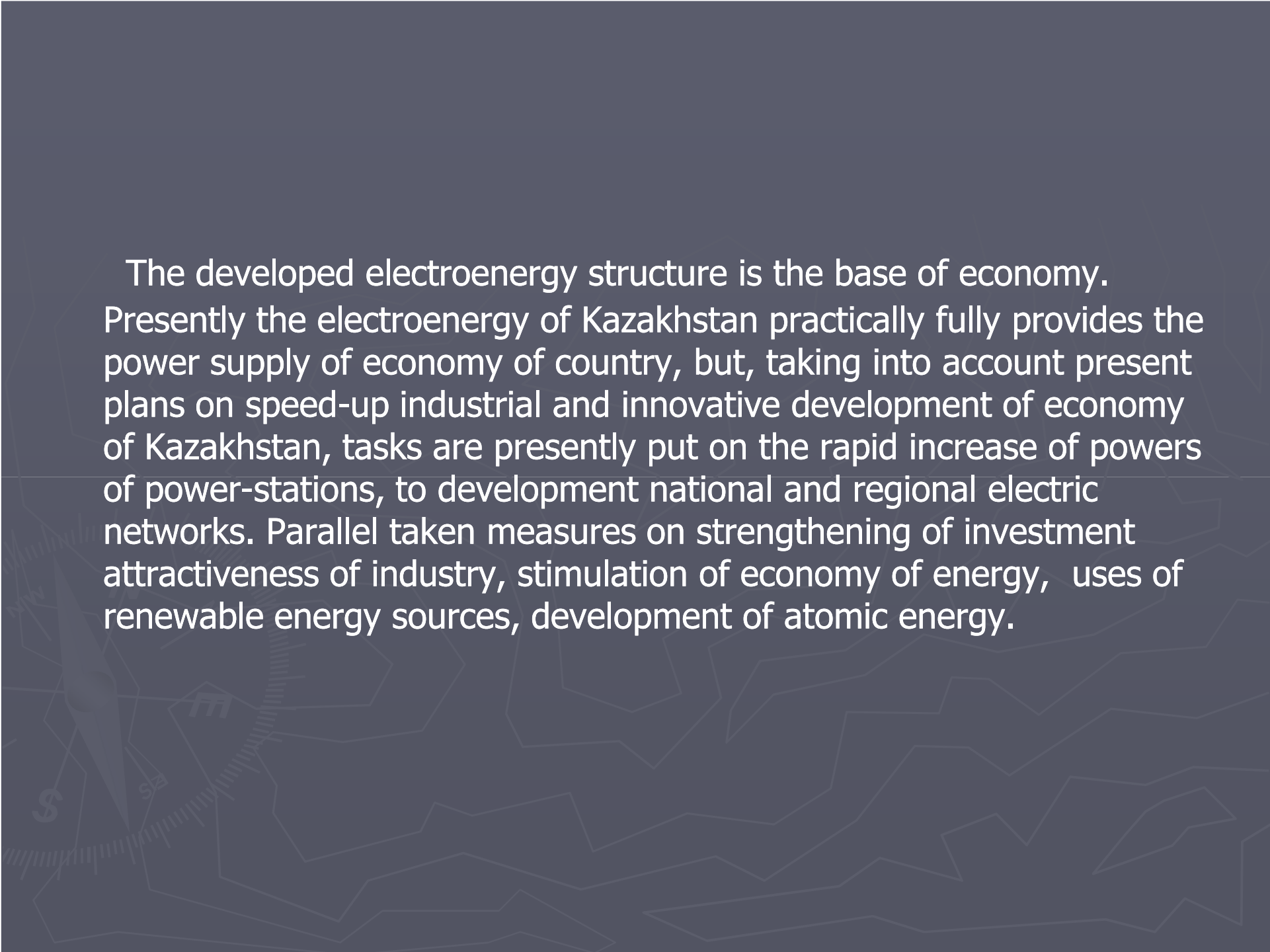
Kazakhstan will participate in all regional projects of transporting and transit of hydrocarbons. In addition, acquisition of processing assets is assumed on the basic markets of sale of raw material.

Building of gas pipeline will be realized presently «Kazakhstan-China», perspective are projects of caspian transport systems, joining at expansion of KTK to the pipeline of Burgas-Aleksandropolis.

On the whole, in this direction considerable results are attained in future, as far as development of strategy of collaboration of producers, users and transmitters for providing of global power safety, the role of Kazakhstan will become stronger.

One of basic directions of speed-up industrial development is a reconstruction and modernization of factories on processing of oil with introduction of technological complexes on the deep processing of oil and decline of specific consumption of oil, and also modern technologies of production of different types of fuel, including for passing to the European standards of quality.

Accepted «Plan of development of processing factories of Republic Kazakhstan on 2009 - 2015 years». This program of modernization of domestic processing factories is called to promote efficiency of their work, improve quality of the product produced by them and decide the question of providing the fuel of internal market. Also for effective development of industry taken measures state stimulation of development of processing industry.



The developed electroenergy structure is the base of economy. Presently the electroenergy of Kazakhstan practically fully provides the power supply of economy of country, but, taking into account present plans on speed-up industrial and innovative development of economy of Kazakhstan, tasks are presently put on the rapid increase of powers of power-stations, to development national and regional electric networks. Parallel taken measures on strengthening of investment attractiveness of industry, stimulation of economy of energy, uses of renewable energy sources, development of atomic energy.

Taking into account inertia of development of electroenergy industry, related to the long terms of realization of projects on building of objects of electroenergy, along with providing of realization of Governmental Plan of measures to 2015 year, already the plans of development of industry are today examined in a prospect to 2030.

In this period in the different regions of country building is possible to six large power-stations by power no less than 2000 Mvt), the choice of different types of power-stations is thus possible on the used fuel (coal or atomic power-stations). Present potential of water-power of Kazakhstan allows to carry out building of the hydroelectric power stations general power to 1450 Mvt.

Development of the National power system of Kazakhstan in a long-term prospect supposes building of extensive lines of 500kv for the association of electric networks of areas of the Western area of Kazakhstan with the central and south regions of Kazakhstan, providing of transmission of power of new large power-stations in scarce regions, that is part of decision of questions of power independence of country.

Development of effective power policy of Kazakhstan is determined possibilities of collaboration in a regional and world scale with producers and users of hydrocarbons and energy. In that behalf Republic of Kazakhstan during many years will realize stable strategy of multilateral collaboration, actively aspires to realization of integration associations in a region, to adjusting of relations and dialog between the East and the West.

During realization of strategy of steady economic development Kazakhstan perfects an economic policy constantly, aims to develop investment potential and improve an investment climate, including at direct participation of investors.