GREEN ECONOMY IN KAZAKHSTAN: OPPORTUNITIES AND CHALLENGES

There is no single commonly accepted definition of Green Economy in politics, media or academic literature. The United Nations Environment Programme (UNEP) defines the green economy as one that leads to the improvement of the economic well-being and social equality, while significantly reducing environmental risks and pressure on the environment. Thus, the concept is oriented at recognizing that the achievement of sustainability depends largely on making the economy grow taking into account environmental considerations. Therefore, the concept recognizes the inseparability of the three aspects of sustainability, namely, social, economic and environmental, in pursuing sustainable development. The green economy approach was adopted as a tool for sustainable development and the eradication of poverty at the 2012 United Nations Conference on Sustainable Development, also known as Rio+20. Given the global changes caused by economic activity around the world and associated environmental risks in many countries, this approach represents an opportunity for them to apply the three pillars of sustainable development.

There are the following main economic sectors that should include green considerations and adopt appropriate strategies: renewable energy, energy efficiency, waste management, afforestation, integrated water management, dryland rehabilitation, and sustainable agriculture. Recommended green economic policies vary from country to country depending on a vast number of variables that characterize their economic, geographic, environmental and other features. However, the concept refers mostly to developing countries since most of the environmental issues are of serious concern in states with a high share of goods-producing industries such as agriculture, mining and manufacturing.

While several developing countries have questioned the concept, stressing that during its implementation additional risks will be placed on the economic growth and development, Kazakhstan welcomed the concept of the Green Economy. Thus, President Nazarbayev initiated the transition to the green economy by signing the presidential decree on May 30, 2013. The adopted green economy concept contains a list of priority tasks, mainly aimed at reforming the energy, mining and agricultural sectors. As regards the transition to the green economy, the main priorities for the government of the country are the following: 1) increasing efficiency of the use of resources (water, land, biological, etc.); 2) modernizing the existing infrastructure and constructing a new green infrastructure; 3) improving the well-being of the population and environmental conditions by conducting an effective environmental policy; 4) enhancing certain dimensions of national security, including economic, energy and water security. It is planned that the concept will have three implementation phases: the first phase – 2013-2020; the second phase – 2020-2030; and the third phase – 2030-2050. The goals of the concept can be grouped into seven main areas: deployment of renewable energy sources, energy efficiency, organic farming, improvement of the waste and water management systems, green transport, and effective ecosystem management.

Success in the implementation of the green economy concept upon specific indicators varies greatly, but in general terms can be classified as moderate. One of the key ideas behind the concept of the green economy is to produce more products and services using less energy, thus reducing the energy intensity of GDP. From 2013 to 2016, the level of the energy intensity of GDP in Kazakhstan decreased from 1.69 to 1.64 tons of oil equivalent per $1,000 of the GDP. According to the plans, the energy intensity has to be decreased by 25% by 2030. Another important priority of the green economy is the renewable energy generation. According to the latest statistics, the total number of the power stations in Kazakhstan that could generate green energy increased to 50 with a capacity of 288.3 MW. As a result, the share of the electricity generated by the renewable sources in the country increased from 0.59% to over 1%. By 2020 it is planned to build another 53 power stations of various types that would generate green energy.

The first stage of the implementation of the green economy concept planned for the period from 2013 to 2016 was focused on optimizing the use of resources and increasing the effectiveness of environmental protection activities, as well as creating the green infrastructure. However, there is a number of specific goals, the achievement of which by the end of the first, or even third, stage could be questioned. For instance, it is planned to increase the share of electricity generation from renewable sources to 3% by 2020 and to 50% by 2050, which is doubtful given that the current renewable energy generation is slightly above 1%. To compare, the average share of green electricity production is around 26% in the European Union, 22% in the United Kingdom, and above 8% in the United States. In 2013, it was also planned to increase the labor productivity threefold in agriculture by 2020. However, by 2016 the figures have grown only by 65%, which is a fairly high result, but considerably lower than planned. Apart from that, there are several major problems that Kazakhstan faces at present. The first one is the obsolete inventory, which, according to various estimates make 80% of the equipment used in the agriculture. This seriously impedes the modernization of the agricultural sector in Kazakhstan. Another major problem is the scarcity of investment after the depreciation of tenge in 2015. The situation when all green technologies in Kazakhstan are imported at high cost for hard currency from abroad, whereas revenues are earned in the country in tenge, has negatively affected the flow of investment in green technologies. Moreover, the lack of research and innovative infrastructure also make it difficult to build and maintain the newly built facilities and to produce them locally. In other words, the problems that Kazakhstan is facing in implementing the green economy concept are extremely complex and go beyond the focus of particular ministries or economic sectors. However, we should bear in mind that the decision on the implementation of the program was made in 2013 under more favorable economic conditions, including higher oil prices.

In conclusion, the eagerness of Kazakhstan in adopting the concept of transition to the green economy can be explained not only by its commitment to pursuing sustainable development, but rather by real and urgent environmental challenges that Kazakhstan has to address in the near future such as desertification, the Aral Sea problem, fresh water scarcity, etc. However, despite the fact that Kazakhstan has made a significant progress in implementing the green economy concept compared to other countries in Central Asia, it is rather unlikely for Kazakhstan to fully achieve its intermediate objectives by 2020 due to a number of reasons such as a low share of the private sector involved in green technologies, low efficiency of relevant institutions, lack of research and innovative infrastructure. Even though, the adoption of the green economy concept as a part of the country’s future development strategy and commitment to its core values are not less important than the technical details of the process. The green economy concept is not a program that could be implemented by one or even several ministries during a certain period of time, but rather a national strategy of the country to promote sustainable development that implies short-term costs and long-term payoffs.

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During the visit to Nizhny Novgorod, President of Russia Vladimir Putin announced that he would seek reelection in March 2018 for what would be his fourth presidential term. If Putin wins, he will be eligible to serve another six years until 2024.

On the sidelines of the 24th OSCE Ministerial Council held in Vienna, Foreign Minister of Azerbaijan Elmar Mammadyarov met with Foreign Minister of Finland Timo Soimi to discuss the current status and development perspectives of bilateral relations. In addition, during the meeting of the Azerbaijani Foreign Minister with Hungarian Minister of Foreign Affairs and Trade Peter Szijjarto, the parties signed agreements on cooperation in the fields of education and passenger and freight traffic.

During the 7th meeting between the Foreign Ministers of Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan held in Moscow, the parties discussed issues of the Convention on the Legal Status of the Caspian Sea, as well as documents regulating the five-way cooperation in various fields such as energy, transport, anti-poaching, maritime safety and a number of others. The main task of the meeting was the preparation for the upcoming 5th Caspian Summit to be held in Kazakhstan in 2018.

During his official visit to Amman, President of Tajikistan Emomali Rahmon met with King of Jordan Abdullah to discuss the prospects of bilateral cooperation and the latest regional and international developments. As a result of the visit, the parties signed six agreements in various fields, including economy, trade, agriculture, and scientific and technical cooperation.

During his official visit to Minsk, Chairman of the Federation of Trade Unions of Tajikistan Qodir Qosim met with Chairman of the Union of Trade Unions of Belarus Mikhail Orda to discuss prospects for strengthening partner ties. The parties signed a plan of joint actions to implement the bilateral memorandum of cooperation. The document envisages the participation of the trade unions in joint international forums, the promotion of mutual attraction of investment, and the exchange of legal, socio-cultural, educational and methodological information.

During the 10th meeting of the Azerbaijani-Turkish High Level Military Dialogue held in Baku, the parties reviewed a wide range of issues related to cooperation between the two countries in the military and military-technical fields, military medicine, military education, defense industry and other spheres, as well as the strengthening of friendly relations between the Armed Forces of the two countries.

Economy, Finance and Energy

During the first meeting of the Azerbaijan-Pakistan Joint Working Group on agriculture held in Baku, Minister for National Food Security and Research of Pakistan Sikandar Hayat Khan Bosan and Minister of Agriculture of Azerbaijan Heydar Asadov addressed how to strengthen the legal framework for improving bilateral relations in the agricultural sphere. As a result of the meeting, a protocol on cooperation in agricultural matters was signed.

As part of President of Afghanistan Ashraf Ghani’s official visit to Tashkent, the parties signed 20 co-operation agreements and 40 export contracts aimed at further strengthening relations in the economic, transit, security, electricity, agriculture, health, education and scientific spheres between Afghanistan and Uzbekistan. It was noted that the export contracts were valued at more than $300 million.

President of Kyrgyzstan Sooronbai Jeenbekov signed a law ratifying the protocol on the agreement on Kyrgyzstan’s debt to Russia, which provides for a write-off of the rest of the Kyrgyz debt equaling $240 million. According to the agreement, Moscow agreed to write-off the debt of Kyrgyzstan to Russia totaling $488.9 million.

According to the China National Petroleum Corp., the Karakul natural gas project jointly developed by China and Uzbekistan in the southern part of the Buhara province is ready to start production activities. It was noted that under the first phase the field is scheduled to produce 1 billion cubic meters of natural gas a year.

During the 14th session of the Intergovernmental Commission on Economic Cooperation between Azerbaijan and Kazakhstan, the parties exchanged views regarding the possibility of joint construction of a liquefied natural gas plant in Western Kazakhstan for the further transportation of this commodity via Azerbaijan.

President of Uzbekistan Shavkat Mirziyoyev signed a decree on measures to further simplify the order of import and export of cash foreign currency by individuals. Under the decree, starting January 1, 2018, Uzbekistan will abolish the requirement of a mandatory written declaration of hard currency imported or exported into/from the country by individuals in the amount of up to $2,000. The document notes that individuals can export cash foreign currency by individuals of up to $2,000. The document was signed on the 25th anniversary of the adoption of the Constitution. The presidential decree pardoning convicts was adopted in the country for the first time. Previously, it was the Parliament of Uzbekistan, which adopted resolutions on amnesty.

The Turkic city of Kastamonu has been declared the 2018 Culture Capital of the Turkic World at the 35th session of the Permanent Council of TURKSOY held on December 5, 2017.