

Speech

Speech by SFST at Kazakhstan Investor Day (English only)

Monday, October 16, 2017

Following is the speech by the Secretary for Financial Services and the Treasury, Mr James Lau, at Kazakhstan Investor Day today (October 16):

Chairman Shukeyev (Chairman of the Management Board and CEO of Samruk Kazyna, Mr Umirzak Shukeyev), Ambassador Nuryshev (Ambassador of the Republic of Kazakhstan to the People's Republic of China, Mr Shakhmat Nuryshev), Minister Suleimenov (Minister of National Economy of the Republic of Kazakhstan, Mr Timur Suleimenov), distinguished guests, ladies and gentlemen,

Good morning. It is my great pleasure to join you all today at the very first Kazakhstan Investor Day in Hong Kong, organised by Kazakhstan's national sovereign wealth fund "Samruk Kazyna" in co-operation with China International Capital Corporation and the Stock Exchange of Hong Kong.

As the largest economy in Central Asia, Kazakhstan is a regional powerhouse and a crucial link between China and continental Europe. As many of you may be aware, Astana, the capital of Kazakhstan, was the place where President Xi Jinping first floated the idea of the Silk Road Economic Belt in September 2013. Indeed, Kazakhstan is an important strategic partner in the Belt and Road Initiative, and today's Investor Day will show how Kazakhstan is a dynamic, welcoming and happening place for investment and business.

As the largest landlocked country in the world, Kazakhstan is blessed with abundant natural resources. The most obvious investment opportunities lie in the energy and resources sector. Today, estimates put crude oil reserves in Kazakhstan at 30 billion barrels, the second largest endowment in Eurasia and the 12th largest in the world. Apart from oil, estimates put Kazakhstan's proven natural gas reserves at 85 trillion cubic feet, accounting for around 1 per cent of world gas reserves. In terms of coal, Kazakhstan is also in the top 10 countries in the world for coal production, with an estimated 28,000 million short tons of total recoverable coal reserves.

Kazakhstan also has a rich endowment of mineral resources, like

chromium, lead, tungsten, copper, zinc, iron and gold. In fact, I found out that 99 out of 118 elements from the periodic table have been identified in Kazakhstan, among which reserves of 70 elements have already been explored, and production of more than 60 elements is active.

Kazakhstan also has a lot of green potential as it possesses significant renewable energy resources, such as wind, solar and hydro, and the Government of Kazakhstan has begun to take steps to transition to a green economy. Kazakhstan is a founding member of the Asian Infrastructure Investment Bank (AIIB), and the AIIB is considering provision of debt financing for construction of a solar power plant located in the Karaganda Region in Kazakhstan. The Project will increase the renewable energy capacity of Kazakhstan in the country's remote populations and reduce dependence on coal power generation. It looks likely that the project will be considered by the AIIB Board of Directors within the first half of 2018.

Now, what is Hong Kong's role in all the exciting developments in Kazakhstan? As an international financial centre, Hong Kong offers a full range of financial services, with all the ingredients necessary to be a platform for local and international investors interested in investments, strategic sales as well as mergers and acquisitions in Kazakh projects. Today, you will learn of the many opportunities in Kazakhstan.

At the same time, with our vibrant equity market, Hong Kong also aims to be the first choice for Kazakh companies to list and raise capital. Back in 2011, we saw the secondary listing of Kazakhmys Plc, Kazakhstan's largest copper miner and manufacturer of copper products, on the Stock Exchange of Hong Kong. As we enhance co-operation with Kazakhstan under the Belt and Road Initiative, we look forward to welcoming more Kazakh companies to establish their presence in Hong Kong and make use of our financial services.

Aside from its abundant natural resources, Kazakhstan also presents investment opportunities in transportation and logistics. In November 2014, Kazakhstan announced a new economic policy, "Nurly Zhol" - the Bright Path, which will drive a total of US\$9 billion of investments into critical infrastructure and priority sectors. This includes investments in roads and rail, as well as the expansion of existing special economic zones, and the creation of new industrial zones.

When I flew into Almaty in March 2015 for a meeting of the AIIB, I then realised the vastness of Kazakhstan. It can fit France, Germany, Spain, Sweden, Finland, Norway and Denmark into its geography, and there is still room to spare. So the need for transportation infrastructure is huge.

The new Eurasian land bridge is an international railway line with passenger and freight services spanning some 12,000 kilometres, running from Lianyungang in China's Jiangsu Province to Rotterdam in the Netherlands, going through Kazakhstan, Russia, Belarus, Poland and Germany. And there are other transcontinental rail routes that run through Kazakhstan to Europe, originating from Chongqing and from Chengdu in the west of China and from Yiwu in the east near Shanghai.

To better complement the expected increase in cargo traffic passing through the new Eurasian land bridge, Kazakhstan and China have a jointly owned development in the Khorgas-East Gate Special Economic Zone at the Chinese-Kazakh border, which provides a dry port facilitating the shipment of goods via Kazakhstan. So Kazakhstan is going to play a major role in the Belt and Road Initiative and will benefit from the associated economic opportunities.

Hong Kong also has a key role in the Belt and Road Initiative. With its unrivalled geographical location at the heart of Asia, Hong Kong is one of the busiest container ports and international air cargo handling centres, and is an ideal location for the international expansion of Kazakh companies in transportation and logistics. A good example is KTZ Express, a wholly owned subsidiary of Kazakhstan Railways, which opened its sales and marketing office in Hong Kong in 2014 to tap into opportunities in both the Chinese and southeast Asian markets. Since then, the company has established direct relations with provincial governments in Lianyungang, Wuhan, Zhengzhou, Chongqing, Xi'an and Shenzhen, marketing and increasing awareness of the route through Kazakhstan.

Last but not least, I must congratulate Kazakhstan on the successful EXPO 2017 which concluded just last month, in which 115 states and 22 international organisations took part. I should also mention that Kazakhstan is the only central Asian country with a direct flight to and from Hong Kong.

Along with the reciprocal 14-day visa-free status for Hong Kong SAR (Special Administrative Region) and Kazakh passport holders, Kazakhstan can be said to welcome visitors from Hong Kong with open arms, and vice versa.

Finally, I wish you all a successful Investor Day, and let us meet again in Almaty or Astana.

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