

check against delivery

**Statement by the H.E. Mr. Kairat SARYBAY,
Ambassador - Permanent Representative of Kazakhstan,
at the 42nd session of the Industrial Development Board of UNIDO
(agenda item 3 - Annual report 2013)**

25 November 2014

Mr. President,

At the outset, I would like to begin by congratulating you on election as the President of 42nd session of the Industrial Development Board. I am confident that under your able leadership this session of the IDB will be successful. My delegation assures you of its full support.

I would also like to thank H.E. Mr. Aliyar Lebbe Abdul Azeez, Ambassador of Sri Lanka, for successfully completing his duties as the Acting president of 41nd session of the IDB.

Mr. President,

Kazakhstan expresses appreciation to UNIDO for the preparation of the the Annual Report 2013. We have taken note that portfolio of ongoing projects and programmes has reached a new record level of \$477 mln., although technical cooperation delivery in 2013 was \$180 mln., which is lower than in 2012. Therefore, my delegation appreciates tireless efforts of Director General Mr. Li Yong and the secretariat on promoting existing and forging new partnerships towards inclusive and sustainable industrial development

(ISID) and on advancing the ISID concept on post-2015 development agenda.

Mr. President,

Taking this opportunity, my delegation would like to note that almost four years ago, during the 39th session of the IDB, Kazakhstan has presented its first five-year State Programme for Accelerated Industrial Innovative Development for 2010-2014 (SPAIID), which was our first attempt to design comprehensive national industrial policy. Now, with Programme close to completion, my delegation would like to briefly report to IDB national experience Kazakhstan on industrial policy.

Many in Kazakhstan had expected that the Programme will be a breakthrough in economic development in five years. But now, after four years, we clearly understand that Kazakhstan is on the beginning of its 20-30 years long path to industrialized nations. Industrialization is long process. Implementation of the Programme has helped us to create following key prerequisites for further development of the industrial sectors: variety of tools and policies to support industry has been tested, an efficient system of industry development institutions was established and legal framework was created.

We have concentrated on many different sectors and in some sectors we have remarkable outcomes. For example, in five years in terms of gross value added pharmaceuticals grew 92.2%, machinery - 74.8%, non-metallic mineral products - 48.2%, chemical industry - 32.2%, metallurgy - 7.6%, light industry - 2.1%.

The key outcomes of the Programme could be summarized as the following:

- 1) the foundations of modern industrial policy is created;
- 2) diversification of the economy has started, which resulted in production of more than 150 new products in machinery building, pharmaceuticals and chemical industry and with growth rate of real output of manufacturing sector, for the first time ever, exceeding growth rate of mining sector;
- 3) more than 500 new production sites opened, not only avoiding layoffs during the world economic crisis, but adding some 67 thousand new jobs in manufacturing;
- 4) over \$100 billion. foreign direct investment attracted into production sector;
- 5) initial broad sector focus has helped to reveal a narrow number of potentially competitive sectors.

The Government of Kazakhstan acknowledges that today's successes in socio-economic development and attracting foreign investment are due to such basic factors of competitiveness, as the availability of natural resources, favorable macroeconomic environment and political stability.

Further implementing our industrial policy, we have adopted a second five-year industrialization plan for 2015-2019, which will focus on six key industry sectors with most contribution to decrease the dependence of the economy on extracting sector. These are metallurgy complex, oil refining complex, food industry, chemical industry, machinery building and construction materials industry. The Government will contribute \$3,5 bln. or 10% of necessary funding, while leveraging private equity for the remaining 90% of the funding.

However, in perspective, in foreseen future the world economy will still be suffering consequences of the global financial and economic crisis. The geopolitical crisis and the sanctions policy of the leading powers create an additional obstacle for the recovery of the world economy.

Hence, in order to mitigate new external risks for the development of our economy and stimulate economic growth, President of Kazakhstan Mr. Nursultan Nazarbayev has recently declared a New Economic Policy "The path to the Future", aimed at development of transport, industrial and energy infrastructure. For that purpose, annually 3 billion US dollars will be allocated from the National Fund from 2015 to 2017. These investments will be accompanied by structural reforms in the economic sectors and in partnership with international financial organizations. For instance, the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the Islamic Development Bank are ready to allocate about 9 billion dollars for 90 priority projects. The allocated funds should support investment activities, prevent a drop in population's income and stimulate the creation of new jobs, including 200,000 new jobs by the construction of roads alone. This will result in sustainable economic growth in the short and medium term.

Thank you!