

## A Story of Victory?

### **The 30th Anniversary of Kazakh Statehood and Challenges for the Future. Report from the Debate, which Took Place on 25 May 2021.**

On 25 May 2021, the Boym Institute, in cooperation with the Embassy of the Republic of Kazakhstan, organised an international debate with former Polish President Aleksander Kwaśniewski (1995-2005).

Organisers of the debate: Jerzy Olędzki, Patrycja Pendrakowska, Magdalena Sobańska-Cwalina, Krzysztof M. Zalewski

Report editors: Wiktor Nycz, Jerzy Olędzki, Magdalena Sobańska-Cwalina

### **Conclusions:**

**On the 25 May 2021, the Boym Institute, in cooperation with the Embassy of the Republic of Kazakhstan, organised an international debate with former Polish President Aleksander Kwaśniewski (1995-2005) in an online form.**

**The debate reviewed the economic changes of the last three decades in Kazakhstan; it outlined opportunities and challenges for the cooperation of Poland and Kazakhstan.**

1. **Transformation of energy.** Both Poland and Kazakhstan are heavily dependent on energy that relies on fossil fuels, especially hard coal. Both countries are increasing the share of renewable energy sources. These resource and energy topics may be excellent for sharing the experience and conducting joint projects.
2. **Tourism** is an untapped field for bilateral cooperation between Poland and Kazakhstan. When the pandemic is over with the abolition of restrictions, it is worth encouraging Poles to visit Kazakhstan and Kazakhs to visit Poland. For Kazakhs travelling to Poland, the Polish government should seek the EU for visa facilitation for Kazakhs.
3. **Exchange programmes** for youth are very promising and coming, **implementation would increase the popularity of studying in the partner country.** Polish universities can be promoted in Kazakhstan within the Bolashak scholarship programme. Academic cooperation would benefit both countries.

4. Student exchanges, shared research and development have the potential for further **cooperation between universities.**
5. In central Asia, regular face to face meetings are valued. They also prosper as a sign of respect and affirmation commitment. For this reason, visits and meetings at various levels of state administration should take place as often as possible. **State administration should support more bilateral cooperation, including business, governance, culture and other institutions.**
6. There is an untapped potential in **cooperation between Polish and Kazakh state institutions within the framework of EU institutions.** For example, the opportunity for such cooperation lies with the Road Transport Inspection.
7. Air transport should also be an essential factor in supporting economic partnership in this factor **restoring the regular flight connections** between those two countries from the earliest possible day.

### **Report from the debate**

#### **A Story of Victory? The 30th Anniversary of Kazakh Statehood and Future Challenges.**

Organisers of the debate : Patrycja Pendrakowska, Krzysztof M. Zalewski, Jerzy Olędzki, Magdalena Sobańska-Cwalina

Moderators: Patrycja Pendrakowska, Artur Osiecki (the economic journalist who specialises in EU fund, export and local government, editor-in-chief of the website [www.firma.rp.pl](http://www.firma.rp.pl))

**The opening of the seminar by Patrycja Pendrakowska - President of the the Michal Boym Institute for Asian and Global Studies- was followed by the speech of Extraordinary and Plenipotentiary Ambassador the Republic of Kazakhstan to the Republic of Poland Alim Karabayev. As he warmly greeted the debate participants, he thanked Aleksander Kwasniewski, President of the Republic of Poland from 1995-2005- for his positive attitude toward Kazakhstan and cooperation.**

The Ambassador recalled the 30 years of undertaking the rational actions that resulted in Kazakhstan development and international cooperation. In his view, the will of cooperation and building peaceful relations can be observed in the resolution of nuclear weapons. Kazakhstan gave up nuclear weapons immediately after becoming an independent country.

The key role in the history of the independent Kazakhstan is continued by the consistent implementation of the policies that are strengthening peace, securing internal development, solving humanitarian and environmental problems, and providing security and counter-terrorism. Moreover, the postulate of sovereignty is also carried by economic independence, which attracts large foreign investors, and reforms industrial and educational spheres.

Kazakhstan is a leader in Central Asia in terms of foreign direct investment; during 30 years of independence, it has raised more than USD 330 billion. The Ambassador stressed that the country's success is related to the realisations of the President's concept, which results in the modernisation of the economic system and the reinforcement of the citizens' confidence. The public council was founded to conduct the dialogue and acceptance of the reforms.

The government of Kazakhstan has also developed political reform packages that undertake important issues such as the principles of peaceful gatherings, election law, as well as signing and ratifying the second protocol on political and civil rights or abolishing the death penalty.

The Ambassador recalled Polish-Kazakh relations, which have their origins in distant history. He also mentioned the Polish contribution in popularising traditions and culture in Europe and the world through literature, music and pioneering research in folklore. The Polish people also owe a lot to the Kazakhs, who supported and helped survive those who were forcibly settled in Kazakhs land by the tsarist and Soviet authorities. There is still a Polish diaspora in Kazakhstan, which counts over 30 thousand people. Authorities of Independent Kazakhstan arranged all the necessary conditions for Polish people to learn the language, history, culture and provided religion with Polish traditions.

All political, economic, social, and cultural determinants and actions resulted in a well-developing relationship between Poland and Kazakhstan. At present, Poland is a promising partner for Kazakhstan in trade and investment. The links between these two countries are developing dynamically, which leads to an optimistic future.

In the aftermath of the Ambassador's speech, the moderator **Patrycja Pendrakowska interviewed Aleksander Kwaśniewski, Polish President, from 1995-2005.**

He referred to his personal experience of interaction with the authorities of the Republic of Kazakhstan, emphasising:

After my presidency, I had the opportunity to be in an international group of advisors that worked with President Nazarbayev and the government of Kazakhstan. So I can humbly call myself a witness to the significant changes that have taken place in Kazakhstan over these 30 years, and I must say that the changes are impressive. During this time, it was possible to create a strong, responsible state with quite efficient, probably not ideal, but still efficient structures, significant in the region and the world. Secondly, a strong economy allows Kazakhstan to achieve the modernisation goals of Kazakhstan. During these 30 years, President Nazarbayev has managed to build the identity of Kazakhstan and the Kazakhs nation, which was not easy after a long time of Russian, and then Soviet domination.

Kwaśniewski valued the peaceful coexistence of different cultures and religions in the region of Kazakhstan. He also mentioned that those 30 years have shown that Kazakhstan plays an important role not only in the part of Central Asia but also in the international arena. Those 30 years show that Kazakhstan is not a place of conflict and tension but is an example of stability, dialogue, cooperation and mutual respect. These examples are achievements that have to be noticed, especially in this challenging region and turbulent world.

The Polish President said, “Those 30 years is a story of great success, and as a witness to these accomplishments, I pay respect to the success of Kazakhs people, the people who led the politics of Kazakhstan. This is indeed something that is worthy of respect” while referring to the political reforms carried out in Kazakhstan, also called the process of authorities transformation.

When asked by the moderator about the opportunities and challenges that Kazakhstan is facing, the Polish President referred to the problems arising from the ongoing pandemic. He followed by his opinion:

The economic relations are going to be intensified because we are heading into a period of significant superpower rivalry. For Kazakhstan, which is located between China and Russia, those are obviously important things. The tensions between China and the US will have an impact, perhaps only splintering, but nonetheless, on what actually goes on in Kazakhstan.

Aleksander Kwaśniewski also diagnosed the essence of the tensions between Russia and the West- the United States and the European Union. He acknowledged the effective, multivector

policy of the Kazakh authorities. In his opinion, maintaining good relations will not be as simple anymore in forthcoming years. There might be a demand that Kazakhstan take sides in ties with China, Russia, or the US. Moreover, there are challenges of new technologies and schooling, and changes in the industrial structures. The next thing that urges is political transformation; the former President said: “To put in bluntly, how much democratisation in Kazakhstan will be continued and will it not cause conflicts among the communities, or people? Is it possible to continue this peacefully, without sacrificing the social capital?”, “It is necessary to expand the scope of freedom, the scope of political parties' responsibility. Those are very complex processes that may cause tensions”. At the moderator's request, Kwaśniewski referred to relations between Kazakhstan-Poland and Europe.

**Aleksander Kwaśniewski** pointed out that the location of Kazakhstan is in a way similar to the location of Poland, which is located between Germany and Russia, i.e. two strong countries. He positively estimated the expanding volume of economic cooperation between Poland and Kazakhstan. He recalled the first investments, such as Polpharma, that took place during his presidency. In his opinion, Kazakhstan is an attractive market, also due to the surroundings, i.e. the whole of Central Asia, and this is why the development of cooperation, including investment cooperation, should be continued. Poland and Kazakhstan are two attractive tourist destinations for both nations. Kwaśniewski stressed that the remaining untapped tourist potential should be realised when the pandemic is over. The Polish community in Kazakhstan is excellent for development. He also positively valued the cooperation between both countries over the last 30 years. However, he highlighted that there should be more participation at the political level, as more frequent presidential visits, meetings of prime ministers and youth exchanges. He said: “I consider the cooperation between universities, student and youth exchanges insufficient”. He referred to the historical events and the fact that many Polish deportees could survive in the difficult times, thanks to the help of the Kazakhs people. The foundation of successful Polish-Kazakh cooperation is a similar role of both countries in their regions, as the lack of conflict. In his closing remarks, Aleksander Kwaśniewski thanked the organisers of the debate. He congratulated himself on the 30th anniversary of Kazakhstan's independence and expressed his admiration for the Kazakh people. He asked the Ambassador of Kazakhstan to convey his best greetings to President Nazarbayev and Tokayev, whom he knows very well and values not only as politicians but also as friends of Poland. The Ambassador of the Republic of Kazakhstan to Poland thanked and appreciated these words.

The second part of the debate was inaugurated by the mini-lecture of **Magdalena Sobańska-Cwalina, PhD**, an analyst of the Boym Institute, entitled “From Independence to the Leader of Central Asia”. The lecture was about a brief economic history of modern Kazakhstan, which emphasised that an overview of the Republic should precede the assessment of development in its historical context, that is, the economy of the USSR. At that time, Kazakhstan was assigned to the role of mineral supplier and agricultural producer, used by other republics. The functions assigned to the Socialist Republic of Kazakhstan were often characterised by a low added value, minimising the schooling development and environmental degradation. The consequence of belonging to the USSR can be observed in the susceptibility of post-communist societies to corruption. According to Sobańska-Cwalina, “in parallel to the transformation, the country's authorities were building their own state, administration, legal system, and introducing their own currency. Thus, they found themselves in a much more difficult situation than, for example, the Polish authorities at the same time”. After the collapse of the Soviet Union, Kazakhstan went through an economic crisis. In the early 1990s, the United Nations ranked Kazakhstan among the countries as the country with the lowest standard of living in the world. One-third of the Kazakhstan population lived below the poverty line. There were blackouts in the supplies of electricity, heat and gas. In the second half of the 1990s, economic policies limited inflation. The beginning of the 21st century brought rapid economic growth due to launching new oil and gas fields.

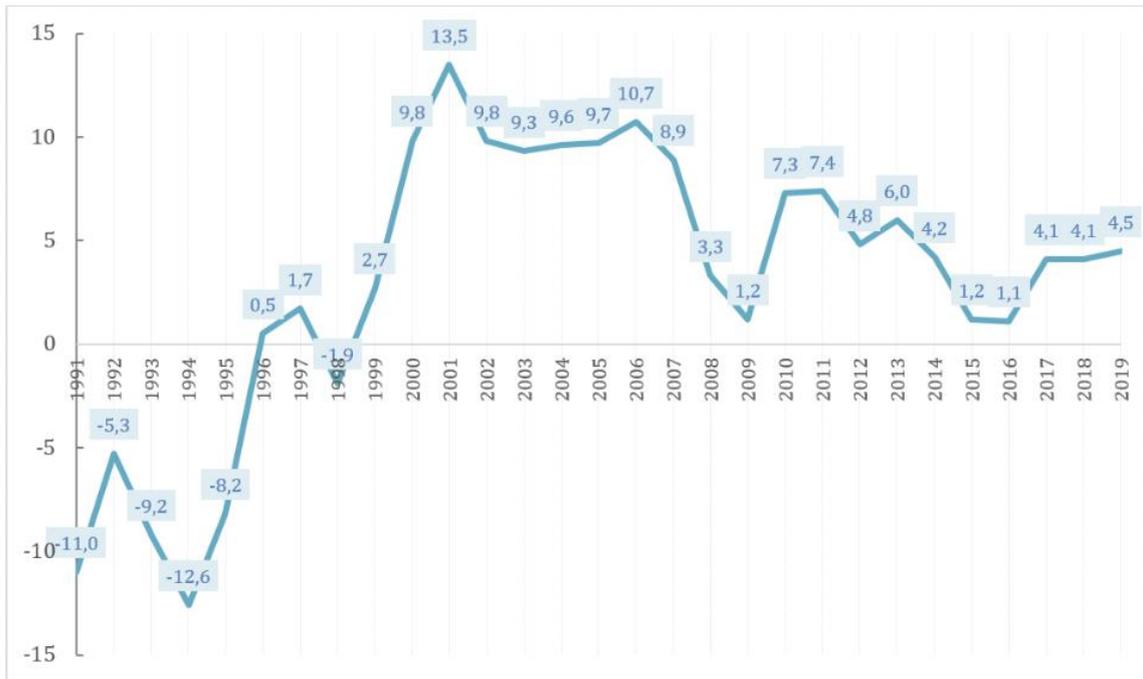


Fig. 1 GDP growth in Kazakhstan (y/y in %), Source: Boym Institute based on World Bank data, <https://data.worldbank.org/> [accessed 29.04.2021]

The GDP of Kazakhstan has been dependent on the global prices of hydrocarbons. In 2019, almost half of the budget impact came from taxes paid by the 30 largest companies in the oil and gas sector. The recovery, which began in the late 1990s, is tied to earlier economic policies and legislative reforms, especially those attractive for foreign investors in the oil sector. The level of economic development, which accounts for more than 60% of the region's GDP, makes Kazakhstan an undisputed leader of Central Asia.

According to Magdalena Sobańska-Cwalina, "the progress that Kazakhstan has gone through in the last decades is well illustrated by the ranking of the Index of Economic Freedom, which was published in 2021 by The Heritage Foundation, an American think tank". In this Index, Kazakhstan appears as the clear leader of the region, the results of which are significantly better than Polish ones. For the first time in history, Kazakhstan's economy has joined the ranks of the freest. In 1998, when Kazakhstan was ranked in this Index for the first time, it started from the position of a country with a repressed economy. That can be observed in the economy of its neighbour, Turkmenistan, which had not changed over those years when Kazakhstan progressed. In the World Bank's Doing Business 2020 ranking,

Kazakhstan was ranked 25th, while Poland was ranked 40th. Moreover, the poverty rate in Kazakhstan is the lowest of all the countries of the Commonwealth of Independent States.

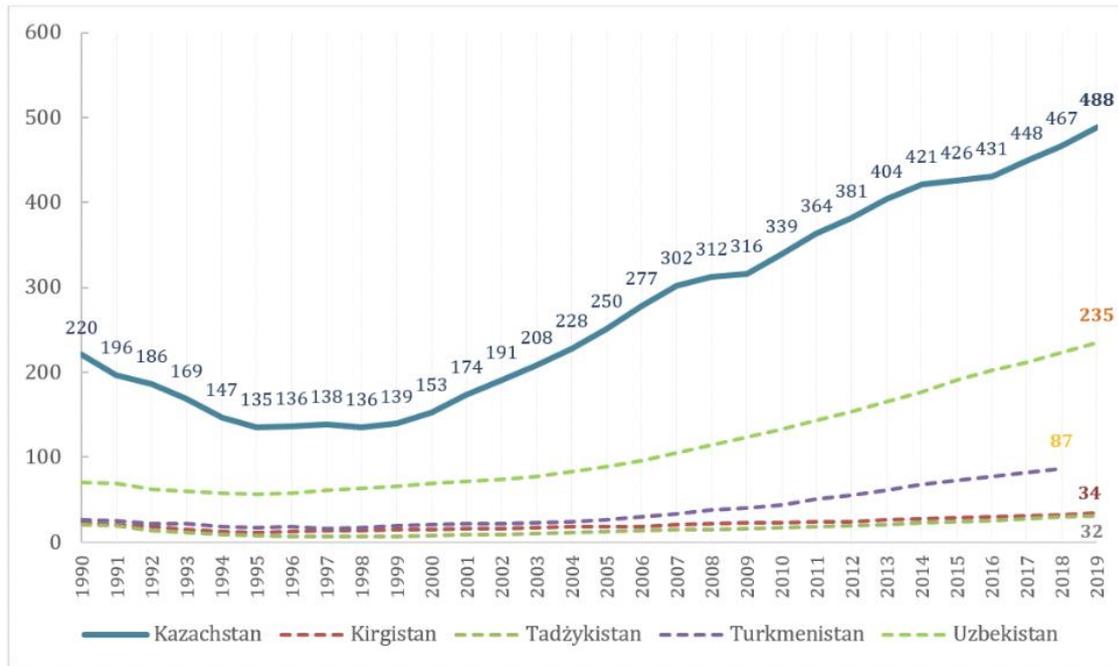


Figure 2: GDP in Central Asian countries in billion international dollars, by purchasing power parity, 1990-2019, Source: Boym Institute based on World Bank data,

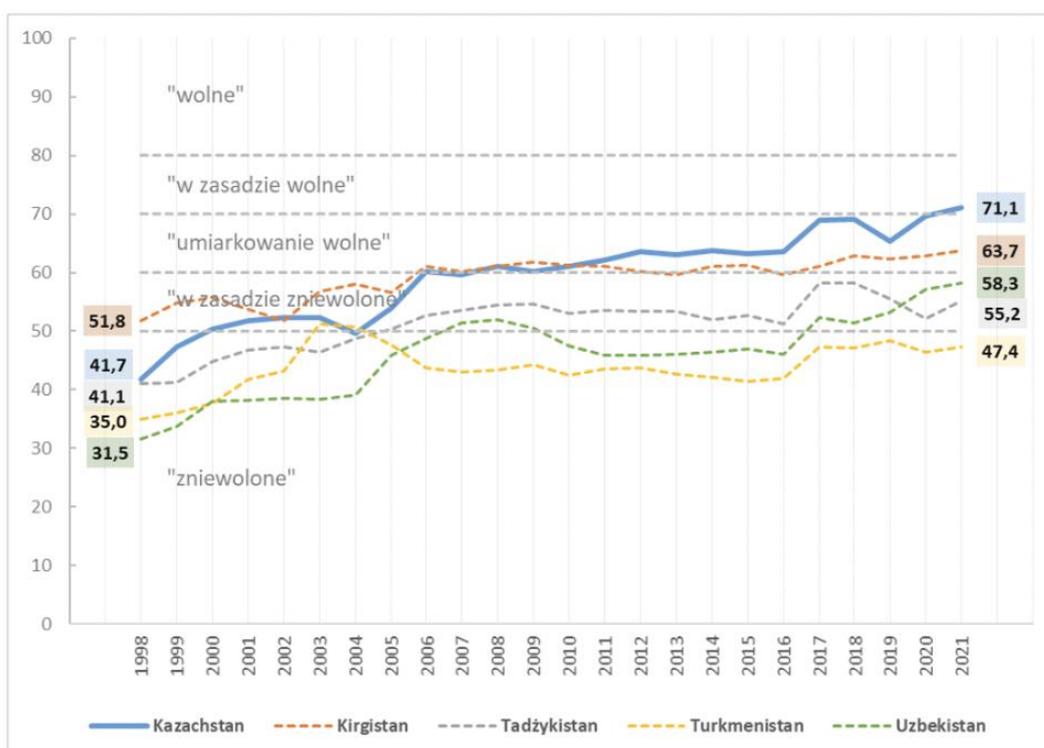


Figure 3. Scores of Central Asian countries in the Index of Economic Freedom 1998-2021, Source: Boym Institute based on data from the American think tank The Heritage Foundation, <https://www.heritage.org/index/> [accessed: 29.04.2021].

After the lecture of Magdalena Sobańska-Cwalina, PhD, the first part of the panel was inaugurated by the discussion named *Transformation in Kazaks style, the anatomy of Kazakhstan development in comparision with other Central Asian countries*.

**Bołat Nurgaliyev** - Chairman of the Board of the Foreign Policy Research Institute under the Ministry of Foreign Affairs of the Republic of Kazakhstan - remarked that “three decades of sovereign development have confirmed the rationality, pragmatism and validity of the multi-vector nature of Kazakhstan's foreign policy, which President Nazarbayev and Tokayev started”. In Nurgaliyev's opinion, the leading position of Kazakhstan in the economic transformation in Central Asia is contributed to the strategy of foreign investment. He said that the key success was in the stability and continuity of foreign policy since gaining independence. This resulted in good relations with all the countries in this region, and more broadly on the continent and the world. As the only Central Asian republic, Kazakhstan did

not participate in any of the international conflicts for 30 years. On the contrary, it was an active initiator and participant of peace ventures.

Kazakhstan competently uses its geographic location to develop a multi-vector foreign policy and strengthen neighbourly relations. In March last year, President Tokajew directed the continuation of foreign policy for 2020-2030, representing the continuation of this policy's fundamental tenets, taking the transformation of the current system of international relations into account. The two major problems in current international relations are the rise of globalism and the rise of nationalism. The conflict between those two problems is the biggest threat to the world. Current and future changes and threats are carefully analysed while strengthening its contribution to the international community. Kazakhstan's increasing importance at the same time impacts the stabilising of the situation in Central Asia. One example of the activities stabilising the situation in this area is establishing the Agency for International Development of Kazakhstan. This agency is supporting the development of the neighbouring countries. The other example of Kazakhstan's domestic activities is strengthening its position in global systems, as well as improving the competitiveness of the national economy. In addition, Kazakhstan has entered the path of sustainable development, implementing the principles of the "green economy", as the efficient use of water, land and other natural resources and riches. Poland, an important participant in the global transport market, should support Kazakhstan in establishing transcontinental transport and logistic hubs on the main east-west and north south-routes within the framework of the Bright Path programme. The functionality of the International Financial Center in Astana and the attraction of large foreign companies to manage Kazakh commodity exchanges are also worth mentioning.

**Adrak Zebesow** is the Chairman of the Investment Committee of the Ministry of Foreign Affairs of the Republic of Kazakhstan. Adrak stated that for Kazakhstan, "conducting the 2017 Expo was a very significant event, and should be borne in mind that never before, in such size, has such an event been held either in the country or in the region. Expo gave us a great opportunity to focus on investments". The 2017 expo was a milestone event, which marked the beginning of implementing three priority economic projects: pharmaceutical research, agricultural industry, and digital technologies. In all these three areas, Polish investments play a significant role in responding to the prioritised policy of attracting capital and foreign investment. To increase the competitiveness and attractiveness of the economy,

Kazakhstan has implemented the standards of various international organisations. In addition, in 2019, investment applications were implemented to enable faster processing, and a new international and financial centre was opened in Nur-Sultan. The implementation in litigation and claims also impacted pro-investment changes, including the role of international arbitration. An important step to development was the establishment of officials in all central and local bodies with authority to make quick and effective decisions. Moreover, Kazakhstan constantly monitors the processes of investment realisation to identify areas that need changes and improvements, thus constantly increasing the attractiveness of the region for potential investors. Ardak Zebesow also stated that “it is important for Kazakhstan not only to attract investors but also to work on maintaining those investments and investors, with the cooperation, development and negotiation of constructive ideas related to attracting Polish investments in Kazakhstan with Polish business representatives.”

**Professor Andrzej Wierzbicki, PhD**, Chair of the Eastern Studies Department at the University of Warsaw. During his speech the professor focused on the key factors for economic transformations in Kazakhstan. He also said that the potential of the current republic is partly inherited from the Kazakh Soviet Socialist Republic. Firstly, the territory of Kazakhstan was established within the borders of the former Soviet republic. Secondly, the economy is also somehow inherited because Kazakhstan had a role of storage in the Soviet Union. At the same time, it was the most industrialised republic of Central Asia with well-developed metallurgical and mining industries. After gaining sovereignty, the interethnic peace also featured economic development, which created a network of processes that mutually influenced each other. Interethnic harmony was achieved mainly due to the policies initiated by the first President of Kazakhstan, Nursultan Nazarbayev. The pieces of evidence of this policy were establishing the institutions, such as the Assembly of the people of Kazakhstan, which cultivates the idea of the Kazakh community regardless of birth, nationality, or religion. Kazakhstan managed to preserve its territorial integrity, avoiding internal disputes between the so-called Khanatas (senior, middle, junior) and Russian, Uyghur and Uzbek separatism. Other elements that conduct development are economic reforms and the development of oil and gas fields at an early stage of economic transition. It should be highlighted that Kazakhstan is one of the major oil producers. However, it has not limited its economic growth solely to exploit this resource. In the meantime, structural and institutional reforms were competent, which led to economic liberalisation and attracting foreign investors. The reforms managing the council flats and pensions are also worth noting.

Another point of transformation is the ongoing process of Kazakhstan's integration into the world economy. The republic is a member of many international organisations which bring tangible benefits. Andrzej Wierzbicki commented:

Kazakhstan is located between, metaphorically speaking, a bear and the dragon; it is between the Russian Federation and PRC. So far, Kazakhstan has been very cleverly taking advantage of those two superpowers, which are consequently almost bidding to pull Kazakhstan closer to each other. As for now, the Kazakhstan authorities are managing to maintain a balance and gain political support from their position, which unfortunately is not possible for other countries in a similar situation.

**Krzysztof Strachota, PhD** - head of the Turkey, Caucasus and Central Asia Team at the Center for Eastern Studies- said that the analysis of Kazakhstan roots for the success was achieved by sustainable actions. When comparing Kazakhstan's reforms with other republics, it is undoubtedly impressive; however, Kyrgyzstan scored better because it was the leader in terms of democratic and market reforms for ten years. In turn, when considering the aspects of state strength, its fullness, and subjective policy- for 15 years, Uzbekistan was the leader in the region. Originally, it also appeared that Turkmenistan was the "number one" in terms of income from deposit exploitation due to its unique management nature; however, Kazakhstan has become the undisputed leader in this area. Kazakhstan is the country that, across all its neighbours, including Russia, has found itself at a higher level of development for the first time. Krzysztof Strachota, PhD, while speaking about the roots of this success, stated:

In my opinion, this is a result of a country's ability to face the challenges it is facing while avoiding following Chinese, Russian, or Western countries. In this aspect, Kazakhstan is an example of moderation and success in the gradual reform implementation.

Today's Kazakhstan is a country characterised by territorial integrity and internal peace, where internal reforms were carried out, and a controversial case of succession was resolved. The ability to act moderate and ensure effectiveness is an undoubted advantage of the republic. This allows us to look at further development with enthusiasm.

The first discussion panel was concluded by **Julia Horedecka** - the Head of the Foreign Trade Office in Nur-Sultan (PAIH) - she noted that Kazakhstan is the most open country in the region and has a welcoming business environment and partnership. In her opinion,

Kazakhstan is carrying out large-scale reforms to strengthen investor protection, reduce bureaucracy, increase tax transparency and support enterprises. Another significant advantage is the fact that in Kazakhstan, there is an uncomplicated procedure for establishing and conducting business, which benefits Polish entities. Therefore, Kazakhstan is one of the most promising markets for Polish business.

According to the statement of the heads of ZBH PAIH (international trading offices of PAIH) with the office in Kazakhstan, many Polish entities see Kazakhstan as a potential ground for expanding its neighbouring countries, including the Eurasian Economic Union. Its attractiveness can be confirmed by 450 Polish companies, which are willing to join this market. Last year they used the services of the office. Currently, there are 150 companies with Polish capital registered in the republic; their capital is visible in almost all economic sectors. Significantly, Polish products have always been well perceived by consumers and attributed with good quality. It has become a tradition for Kazakhstan to import Polish pharmaceutical products, cosmetics, hygiene products, apples, machinery and devices. In turn, Kazakhstan exports to Poland include: oils, crude oil, phosphorus, propane, butane, fish processed products and agricultural products, including wheat, and flax, of which it is a leading producer. Kazakhstan's strong position in Eurasian trade is the consequence of its unique location in the region's heart. This enabled the republic to become one of the major trans-shipment centres on the new Silk Route, the same as Poland in its European part. Kazakhstan accounts for 70% of all transit land transports between China and Europe, and this rate is growing every year. This is why the authorities are focusing on the development of the transport and logistics sector. Currently, Kazakhstan's economy is going through another stage of the diversification process. One of the strategic tasks is to develop the processing of natural resources and export manufactured products. This should improve the condition of the economy and infrastructure of raw materials. Poland has a range of solutions, including the energy sector, machine-building, food processing, or agriculture, which can become the foundation of deepened bilateral economic cooperation and strengthen both countries' role as the key trading centres on the Silk Route.

**During the chat panel, there was a question**, whether any steps are planned to implement trade preferences on the EU-Kazakhstan route. The answer was given by the participant of the next panel, **Maciej Madaliński** - head of the political, press and information department at the EU delegation in Kazakhstan.

He remarked that a pandemic has recently impacted the trade indicators between the EU and Kazakhstan. He stated that “Kazakhstan is the first country in the Central Asian region to have the so-called Enhanced partnership and Cooperation Agreement for a year now”. Although the agreement entered into force on 1 March 2020, which was already in the ongoing pandemic, its effects will be positive for trade and investments. However, it should be added that while some Central Asian countries are applying for the so-called GSP+ status, Kazakhstan, as a more prosperous country than its neighbours, cannot apply.

The next part of the meeting was followed by a mini-lecture prepared by **Jerzy Olędzki, PhD**, an analyst of the Boym Institute on *Climate Change, Environmental Protection and Water Resources, A Fundamental Challenge for Central Asia*. Jerzy Olędzki stated that in the case of Central Asia, many factors are the heritage of post-Soviet governments: coal-based economy and energy, threats of radioactive contamination of the Syr-Darya and Amu-Darya rivers, as well as the pillage of mineral resources. Then there are the factors resulting from dynamic economic change, urbanisation, and the growing affluence of societies: overgrazing of animals, illegal hunting, increased tourism, uncontrolled agricultural development, and the growth of internal combustion vehicles.

According to the speaker, the most dangerous effect of climate change is the increasingly acute shortage of drinking water in the region. It is important to stop the rise of the average temperature because Central Asia is considered one of the most fragile regions in the world in these terms. The effect of global warming is observed in an accelerating and excessive melting of glaciers in Tajikistan and Kyrgyzstan. Consequently, there are floods in the downstream countries (Kazakhstan and Uzbekistan), with periods of prolonged droughts and shortages of drinking water. The main challenge for the region is to prevent the irresponsible use of water resources. A serious concern is an increasing salinity in the primary water resources: Lake Balkhash and the glaciers in the Tianshan mountains, which results from excessive and uncontrolled fertilisation. This impacts the reduction of arable land. In Kazakhstan, the contaminated area, which is the content of toxic ions above the permissible level of 0.5% of the total salt mass, accounts for 11% of the total area of the republic.

The most emblematic example of environmental degradation is the Aral Sea, which had an area of 68,000 km<sup>2</sup> in 1960 and decreased to just 14,280 km<sup>2</sup> in 2010. The decrease of this reservoir is the consequence of water overexploitation for the agricultural needs from the two major tributaries; the Syr-Darya and the Amu-Darya. Desiccation of the lake has resulted in

the formation of 5.5 million hectares of the salt-sand desert, which creates violent salt storms polluting the atmosphere and endangering urbanised areas. To stop this process, Kazakhstan has been implementing the existing post-Soviet water management system, gradually replacing it with new technologies in water distribution. This implementation has made it possible to recover almost 1000 square kilometres of the lake's water. The reduction of cotton acreage by 25% in recent years and the installation of modern field irrigation systems. Nearly 13 km long, Dike Kokaral, which opened in 2005, divides the lake into two zones, north and south, allowing it to accumulate up to 29 cubic kilometres of water. The water stored in the northern reservoir is used for the periodic recharge of its southern part, preventing water shortages during drought on 16,000 hectares of agricultural land.

In recent years, Kazakhstan has intensified efforts to prevent environmental degradation. In 2013, the transition to a green economy was established, which involved gradual transformation from coal-based to environmentally neutral. The negative effects of the coal economy, apart from air pollution, are the continuously growing piles of ash. Each of them is estimated to be a size of 300 million tonnes (from every 10 tonnes of coal burned, 4 tonnes of ash remain).

The implementation of further investments in the sector of renewable energy has enabled the launch of almost 90 units with a total capacity exceeding 1 GW, 18 wind and 27 solar farms, 35 hydroelectric plants and three bioelectric plants. However, to maintain the high rate of ecological investments, the republic's authorities should definitely increase the funding for this very purpose. Indeed, while the share of environmental spending in 2009 was 1.03% of GDP, it fell to just 0.42% in 2016. At the same time, there is a significant shift in environmental thinking and care for the environment, which manifests itself in many activities at both the state and local levels. Such examples are, for instance, redirecting the investment from mining into constructing wind farms on the Caspian shelf by the agreement with British Petroleum; or the new deal leasing the Baikonur cosmodrome to Russia until 2050, which includes environmental protection regulations. The Kazakh authorities decided to take this step in response to the report on the terrible condition of the environment surrounding the facility. This toxic waste contamination was a result of the 11 Proton rocket crashes. Nur-Sultan demanded compensation for this ecological destruction from Moscow, which was ultimately rejected. However, this does not mean that the Kazakh authorities will not take further legislative actions. Meanwhile, Nur-Sultan bought 100 electric buses to

reduce the rapidly growing air pollution in major urban centres. Kazakhstan has become the most important transport centre in Central Asia, mainly to China and Europe. This resulted in a significant increase in the number of combustion vehicles, which are now responsible for generating 40% of CO<sub>2</sub>, 17% of nitrogen compounds and 35% of PM<sub>2.5</sub>. In fact, the only practical solution to reduce air pollution is the expansion of rail networks and in parallel increase the share of renewable energy sources in the republic's balance.

In 2018, an institutional framework for implementing and monitoring the principles of sustainable economic development was established. The document includes strategic steps until 2025 and goals to be achieved by 2030. In order to observe the progress, a regular analysis of 257 various indicators should be conducted. The environmental plan provides a 15% reduction in greenhouse emissions by 2030 compared to 1990; 50% of energy production will be from renewable sources by 2050. This plan seems to be extremely ambitious, as, in 2020, the share of renewable energy was only 3%. In 2060, Kazakhstan is to achieve full carbon neutrality. To achieve these goals, the government has announced a long term subsidised loan and credit program for ecological investments, which will enable the budget to cover up to 50% of the costs. In the case of environmental protection, the country cooperates with international organisations and institutions, such as the European Union, the Asian Development Bank, the Asian Infrastructure Investment Bank, and the World Bank. President Kasym-Zhomart Tokayev announced that by the end of 2021, 150 legal acts would be passed into law, which are components of an Environmental Code prepared with the OECD and the EU. They relate mainly to the mining industry because the 50 largest companies generate 80% of the industrial pollution. The new law regulations will require these companies to follow stricter environmental standards, implement new eco-technologies by the end of 2025, and cover the costs of bringing the environment back to its original state (if the damages were caused by their activities). Jerzy Olędzki also remarked that the dynamics of social and economic development showed the weakness of the waste management system, as well as the lack of a waste disposal program. This mainly relates to the lack of storage places, low frequency of waste pick-ups and lack of recycling plants. However, there are already pilot waste sorting programs in eight regions, which have so far had poor effectiveness and shown that the set fees do not cover the costs of maintaining and developing the system. Nevertheless, the government's plan is to achieve 30% waste recycling by the end of 2025.

Following the lecture of PhD Jerzy Olędzki, **the second panel began**, which was titled *Cooperation between Poland and Kazakhstan in the European Perspective*. It was moderated by Artur Osiecki- editor-in-chief of the [www.firma.rp.pl](http://www.firma.rp.pl).

The discussion began with the video material of **Jerzy Starak's** speech. He is the Honorary Consul of the Republic of Kazakhstan in Gdańsk, member of the Foreign Investors Council at the office of the President of the Kazakhstan Republic. Starak raised very topical issues in these pandemic times: the importance of health for a well-functioning economy and society, that is, the ensuring the safety of all citizens. He also stressed the importance of the pharmaceutical sector, which proved to be crucial in response to COVID-19. The pharmaceutical sector did not disappoint Polish and Kazakh patients because it immediately increased the supplies of essential medicines, especially life-saving drugs, to the hospitals. The Consul stated that “the pandemic has clearly proven that establishing a strong local medicines producer is the key for pharmaceutical security. This sector strengthens the economy and influences its innovation as well as to improve staff competence, and in addition, in emergencies becomes an invaluable source of national sovereignty”. The achievements of the Santo plant operating in Kazakhstan are especially noteworthy. The following were implemented in the plant: the digitalisation of processes for the identification and monitoring drug distribution in the production area and IoT (Internet of Things solution) and industrial competence training based on artificial intelligence and virtual reality. Moreover, the company has high standards of environmental care, effectively supporting local authorities in afforestation programs. Starak said:

In Kazakhstan, where the pandemic hit hard in the first wave, we undertook several support activities aimed at helping the health service. We provided the most needed donations. These included protective suits, masks, goggles for the many polyclinics that requested our help. When there were urgent requests for medicines, we also donated them. At the request of SK Pharmacy, we maximised the production of antibiotics and sterile drugs adapted for intensive care.

Jerzy Starak pointed out that in relations with foreign investors, Kazakhstan's institutions have always been open for dialogue and the search for specific solutions. Due to this stance of the authorities, it is in Kazakhstan that Polpharma is finalising the pharmaceutical hub for the whole of Central Asia. Jerzy Starak said: “In 2010, I took on the role of honorary consul of Kazakhstan in Poland because I believed and still believe that Kazakhstan is a great place

for investment. This market is so absorbing that many players will find their space here. Therefore I will encourage others to invest in this country”.

**Madina Jarbusynova** - head of the department of international organisations and integration associations at the Foreign Policy Institute at the Ministry of Foreign Affairs of Kazakhstan - referred to the cooperation between Kazakhstan and the EU in the framework of post-pandemic economic recovery. In this regard, the agreement on expanded cooperation between the Central Bank and the EU, which came into force on 1 March 2020, plays a very important role. The signing of this agreement confirms that “Kazakhstan went through very progressive reforms that forced its economy and industry, as well as secured its status as a key partner of the European Union”. As the reference to the challenges of the post-COVID period, it is important to mobilise all the instruments enhancing the partnership with the EU and other projects, increase mutual trade, investment, digitisation of the economy, cooperation in energy development; the food industry and education system. European companies, including Polish ones, see an opportunity while possessing advanced technologies and innovations to expand their activities in Kazakhstan. These activities are directed to solving systematic problems. Kazakhstan needs to develop a regional policy for economic and social purposes, including cooperation within Central Asia. The corporations would contain the prospective spheres mainly transport, logistics, agriculture, mechanical engineering, technology, as well as involvement in new projects such as energy, e-commerce, information technology, finance and banking. Kazakhstan is also ready to carry out rules of pro-environmental policy while jointly seeking solutions aimed at decarbonisation and exchange of experience, in particular, in the field of renewable energy sources.

**Krzysztof Domeracki** - the founder of the Selena Group, co-founder of its international success, currently the president of a Polish investment fund- Fidiasz EVC - discussed the prospective fields out of his business cooperation experience between Poland - the entire European Union and Kazakhstan, by pointing two main areas. The first is the need to activate youth exchange, which has almost been forgotten in recent years. Domeracki said:

We are currently seeing a growing deficit of mutual understanding among the younger generation in the business. I belong to the generation which speaks Russian fluently, and as you know, it is an international language, especially in the former Comecon countries. However, the young generation will not create relations between

Kazakhstan and Poland without mutual understanding and getting to know each other better.

The second area is to improve the quality of communication activities regarding the needs and opportunities of the country, both in the Polish and Kazakhstan parts. Other areas in which cooperation is already underway, but should be developed, are primarily the machine industry, chemical industry, household chemicals and construction. It evidently appears that new industries are joining new sectors, such as the market of new technologies financial and consulting sectors. This is due to the very large needs of Kazakhstan in the field of construction materials, which cannot always be supplied by the local products. This is followed by the medical, pharmaceutical industries, and agricultural and food industries. According to Krzysztof Domarecki, “climate changes, about which we complain a bit in the case of Kazakhstan, do not always have to be negative, because they will enable breeding and production of new plant species. Therefore the involvement of Polish entities here could give an excellent result for both the Polish and Kazakh economies”. In the Domeracki view, the economic potential of cooperation between Poland and Kazakhstan is greater than it has been exploited so far.

**Žandos Temirgali**- director of the department of investment attraction in Kazakh Invest - has identified the industries in which he sees as the greatest opportunities for increasing cooperation with Poland and, more broadly, with the European Union. Kazakh Invest’s activity is focused on supporting the implementation of investment projects at all stages and assisting foreign investors, like Poland. Currently, the institution monitors more than 30 projects involving European investors, worth in total USD 1.3 billion. Several of them involve Polish investors. The most important areas where cooperation is currently being intensified are the pharmaceutical and automotive industries. Poland's participation in the latter is highly appreciated. Kazakhstan currently imports cars, parts and automotive components in the amount of about USD 17 billion per year. There is a huge potential for imports from Poland; and cooperation with local companies. On its part, Kazakhstan, in the context of an Investment agreement, offers beneficial tax and financial conditions, export assistance, as well as lands or investment. There is also a possibility of extensive cooperation in the food industry and agriculture, as well as horticulture and greenhouse production. In addition, biotechnology and pharmaceuticals are very important industries for Kazakhstan’s development, which are another area of establishing cooperation with Poland. There are 200

companies involved in biotechnology, and the value of exports is about EUR 2 billion. Žandos Temirgali also stated: “In addition, out of the new industries, I would like to emphasise renewable energy sources”.

**Maciej Madaliński** - head of the political, press and information department of the EU representation in Kazakhstan - emphasised that Poland, functioning in the EU forum, may help intensify bilateral relations between the European Union and Kazakhstan. First of all, it is very important to provide funds in the amount of 16 to EUR 18 million to support the cooperation with Kazakhstan within the new seven-year budget.

It seems that this will also be an opportunity for the Member States, such as Poland, which has many attributes. To be more specific, a few days ago, we received the Polish Road Transport Inspection inquiry on how to cooperate within the EU framework, so it appeared that Kazakhstan can now implement specific tools that were previously known from the countries closer such as Ukraine or Moldova. I am thinking of those tools under which the Member States can get involved in implementing cooperation programmes, locally, with their institutions helping the local ones.

The second relevant issue is the reopening of the dialogue over visas. The process of visa facilitation for Kazakhstan was stopped well before the pandemic. The Road Transport Inspection, for example, remains an open question, how to organise cooperation between EU and Kazakh institutions in this area.

The Road Transport Inspection, for example, remains an open question, how to organise cooperation between EU and Kazakh institutions in this area. Poland should strongly attempt to influence Brussels to unblock the visa regime because it can benefit from it, including the intensification of student exchanges. The Bolashak program is a perfect example of Kazakhstan's investment in future generations. The Kazakh side proposes the organisation of a series of conferences in order to popularise the opportunities to study at universities in the EU among Kazakh students. This would also be a great opportunity to promote Poland, where many Kazakhs are still studying, although their overall number in the EU is decreasing in favour of Russia and China.

Another very important cooperation area is transport development, especially making travel between Kazakhstan and the EU convenient. Also, in this context, air services between Nur-Sultan and Poland should be a priority for Poland. If Poland wants to have a greater role in

relations in Kazakhstan compared to the countries of the Soviet Union, it should definitely increase its activity at the monthly meetings of the so-called Business Platform between the EU and the Prime Minister of Kazakhstan. Poland could also take the initiative in negotiations on trade preferences for Kazakhstan, which is the first country in the region with the so-called enhanced partnership and cooperation agreement in force, which includes some aspects related to trade and trade preferences. However, there is still a demand to set legal rules, such as protecting investments or insurance.

The audience's questions concluded the seminar that Jerzy Olędzki, PhD, gave answers to. He remarked that the care and responsibility of the Caspian Sea resource usage could have an important role in integrating surrounding countries. Although there are such plans in this area, it is worth noting that it is necessary to develop transport infrastructure for their full implementation, including road and rail infrastructure. However, their implementation is difficult because the region is large. This affects large expenditures and the complexity of such investments.

In the opinion of Dr. Olędzki, the development of offshore wind energy has prospects. However, it is definitely more expensive than conventional wind farms and solar panels. The research shows that this type of enterprise can be profitable despite difficulties assuming that an extensive shelf can be used. Importantly, there is no conflict over the border regarding the shelf's construction.