

# News Release

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## NEW AGREEMENTS BETWEEN CANADA AND THE REPUBLIC OF KAZAKHSTAN

A Trade Agreement and a Declaration of Principles between Canada and the Republic of Kazakhstan were signed today, in the presence of Prime Minister Jean Chrétien and visiting Kazakhstan Prime Minister Akezhan M. Kazhegeldin.

The Declaration of Principles, which describes the basis on which the two countries will conduct and develop their relations, was signed by Secretary of State (Asia-Pacific) Raymond Chan and Kazakh Foreign Affairs Minister Kasymzhomart K. Tokaev. The Trade Agreement, which was signed by Mr. Chan and Kazakh Economy Minister Altai L. Tleuberdin, will facilitate trade between the two countries and provide the Canadian business community with additional certainty regarding its interests and activities in Kazakhstan. "This agreement, along with the declaration, clearly demonstrates the growing economic and political relationship between our two countries," said Mr. Chan.

A Memorandum of Intent to negotiate a Double Taxation Agreement and a Foreign Investment Protection Agreement with the Republic of Kazakhstan was also signed today by Secretary of State (International Financial Institutions) Doug Peters and Kazakh Finance Minister Alexander S. Pavlov. Both ministers and Kazakh Oil and Gas Minister Nurlan U. Balgimbaev also witnessed the signing of three commercial protocols between Canadian companies and their Kazakh partners. "Many Canadian companies have already taken advantage of new opportunities to invest in Kazakhstan, including in the hydrocarbon, mining, telecommunications and agriculture sectors. These new protocols will further enhance our trade and investment links," said Mr. Peters. (See Backgrounder I.)

A \$1.1-million technical assistance package for Kazakhstan was also announced today by Foreign Affairs Minister André Ouellet. The assistance package primarily concentrates on Canadian activities in the mining and oil and gas sectors. "Mining and



energy are critical to Kazakhstan's transition to a market-based economy. This package will effectively support economic reform and advance Canadian commercial interests in this promising emerging market," said Mr. Ouellet. (See Backgrounder II.)

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For further information, media representatives may contact:

Media Relations Office  
Department of Foreign Affairs and International Trade  
(613) 995-1874

## Backgrounder I

### COMMERCIAL PROTOCOLS SIGNED BETWEEN CANADA AND KAZAKHSTAN

- A contract between Goldbelt Resources of Vancouver and Kazgold – The partners will extract gold on an exclusive basis from the tailings at the Leninogorsk lead/zinc operations. Total capital cost of the project is US\$83 million.
- A protocol of co-operation between SNC-Lavalin of Montreal and Aktubinsneft of Kazakhstan – SNC-Lavalin has recently completed a feasibility study for the expansion of the Zhanazhol oil and gas processing plant. The protocol of co-operation confirms the framework contract already signed between the two partners for the implementation of this US\$475 million project.
- An agreement between Snow Leopard of Calgary and the Government of Kazakhstan – This is to form Stepnoi Leopard Ltd. Joint Venture, which will develop all aspects of the Kamen/Tokarev/Teplov oil and gas project worth approximately US\$90 million.

## **Backgrounder II**

### **NEW CANADIAN TECHNICAL ASSISTANCE PACKAGE FOR KAZAKHSTAN**

The technical assistance package announced today is part of Canada's ongoing technical assistance program for Kazakhstan. Managed by the Bureau of Assistance for Central and Eastern Europe, Department of Foreign Affairs and International Trade, the program has two primary objectives: to support the transition to a market-based economy, and to increase Canadian trade and investment links with Kazakhstan. With today's announcement, the Canadian assistance program has committed approximately \$1.6 million to close to 20 projects. Canada has also committed nearly \$1 million to Kazakhstan through multilateral organizations.

Canada's technical assistance program concentrates its activities in three priority sectors: mining; energy; and agriculture. These sectors match Canadian expertise with Kazakh economic reform priorities and emerging trade and investment opportunities.

The following new projects were announced today:

#### **Mining Privatization**

Canada will contribute \$315 000 to a \$1.2-million International Finance Corporation (IFC) project to privatize the East Kazakhstan Copper Chemical Kombinat. Under the project, the Canadian firm Felske and Associates Ltd. of Toronto, Ontario will be responsible for the geological evaluation of the Kombinat's mineral reserves; a review of mining operations and mineral treatment systems; an assessment of transport infrastructure; and a review of related social infrastructure such as schools and housing. In addition, Felske and Associates Ltd. will conduct a comprehensive accounting review and prepare cost analysis and financial projections to prepare for the privatization and sale of the Kombinat. The overall project will be managed by the IFC in co-operation with Kazakhstan's State Property Committee, which is responsible for the country's privatization program.

#### **Natural Gas Recovery Project**

This is a \$199 000 initiative to assess the technical and economic viability of upgrading the Uzen gas plant in western Kazakhstan, with the aim of extracting valuable natural gas liquids and reducing environmental pollution from gas flaring. SNC-Lavalin of Montreal, Quebec will undertake the assessment, develop a proposal and financial plan for a natural gas recovery project, train Kazakh personnel and design a corporate management

improvement program. The country's national oil company, Kazakhstanmunaygas, is the project partner.

### **Renaissance Eastern Europe**

The Renaissance Eastern Europe (REE) program has committed more than \$581 000 to Canadian firms to support the development of trade and investment opportunities in Kazakhstan. REE provides funding on a cost-shared basis to support enterprise-specific feasibility studies, the establishment of joint ventures, and enterprise-specific training. The program also supports bilateral business councils, trade seminars and missions. To date, 11 projects have been approved, primarily in the oil and gas, mining, and agriculture sectors.

Funding for these initiatives was provided for in the February 1995 budget, and is therefore built into the existing fiscal framework.