



KCCI - Country Wrap: *Kazakhstan* (APRIL'19)

Kazakhstan – a brief overview

Kazakhstan became a Soviet Republic in 1936. During the 1950s and 1960s agricultural "Virgin Lands" program, Soviet citizens were encouraged to help cultivate Kazakhstan's northern pastures. In 2002 Kazakhstan became the first country in the former Soviet Union to receive an investment-grade credit rating. Extractive industries have been and will continue to be the engine of Kazakhstan's growth, although the country is aggressively pursuing diversification strategies. Kazakhstan's economy is larger than those of all the other Central Asian states largely due to the country's vast natural resources.

Economy of Kazakhstan

Kazakhstan, geographically the largest of the former Soviet republics, possesses enormous fossil fuel reserves and plentiful supplies of other minerals and metals, such as uranium, copper, and zinc. It also has a large agricultural sector featuring livestock and grain. Landlocked, with restricted access to the high seas, Kazakhstan relies on its neighbors to export its products, especially oil and grain. While the global financial crisis took a significant toll on Kazakhstan's economy, it has rebounded well, helped by prudent government measures. GDP increased 4.0% year-on-year in 2017, and 1.1% in 2016. Rising commodity prices have helped the recovery.

Kazakhstan's oil production and potential is expanding rapidly. A \$ 36.8Bn expansion of Kazakhstan's premiere Tengiz oil field by Chevron-led Tengizchevroil should be complete in 2022. The super-giant Kashagan field launched production in Oct'16 after years of delay and an estimated \$ 55Bn in development costs. Despite some positive institutional and legislative changes in the last several years, investors remain concerned about corruption, bureaucracy, and arbitrary law enforcement, especially at the regional and municipal levels.

Kazakhstan has embarked on an ambitious diversification program, aimed at developing targeted sectors like transport, pharmaceuticals, telecommunications, petrochemicals and food processing. In 2010 Kazakhstan joined the Belarus-Kazakhstan-Russia Customs Union in an effort to boost foreign investment.

Astana, the capital city of Kazakhstan, successfully hosted an internationally recognized exposition in 2017. The three-month Expo 2017, themed Future Energy, was the first such exhibition by a former Soviet country.

Key Industries of Kazakhstan

Key industries of Kazakhstan are oil, coal, iron ore, manganese, chromite, lead, zinc, copper, titanium, bauxite, gold, silver, phosphates, sulfur, uranium, iron and steel; tractors and other agricultural machinery, electric motors, construction materials.

Key Agri-products of Kazakhstan

Key agri-products of the country are grain (mostly spring wheat and barley), potatoes, vegetables, melons and livestock.

Kazakhstan's major trading commodities and partners

Major export commodities are oil and oil products, natural gas, ferrous metals, chemicals, machinery, grain, wool, meat and coal while major export partners are Italy 17.9%, China 11.9%, Netherlands 9.8%, Russia 9.3%, Switzerland 6.4% and France 5.9%. Moreover, major import commodities are machinery and equipment, metal products and foodstuffs while major import partners are Russia 38.9%, China 16.1%, Germany 5.1% and Ukraine 4.3%.

Economic Relations between Pakistan and Kazakhstan

Relations between the two countries began when Pakistan recognized Kazakhstan on December 20, 1991. On February 24, 1992, diplomatic and consular relations were established during an official visit by Kazakhstani President Nursultan Nazarbayev to Pakistan. In 2015, President Nursultan stated that he will never forget that Pakistan is one of the first countries to support Kazakhstan's independence. Pakistan had signed Bilateral Investment Treaty (BIT) with Kazakhstan in 2003 while both countries had inked Double Taxation Treaty as well.

Bilateral Trade Relations between Pakistan and Kazakhstan

In 2018, Pakistan's exports amounted to \$ 88.45Mn as compared to \$ 70.44Mn in 2017, reflecting an increase of 26%. On the other hand, Pakistan imported goods worth \$ 3.26Mn as compared to \$ 7.63Mn in 2017, portraying a decline of 57%. Hence, Pakistan's trade surplus increased by 36% to \$ 85.19Mn in 2018 from \$ 62.81Mn in 2017.

Potential Trade Commodities between Pakistan and Kazakhstan

Lack of direct geographical communications seriously hamper our bilateral economic and trade cooperation. This barrier needs to be removed.

Taking into account Pakistan's huge market, Kazakhstan may export to Pakistan energy resources, electricity and mining products.

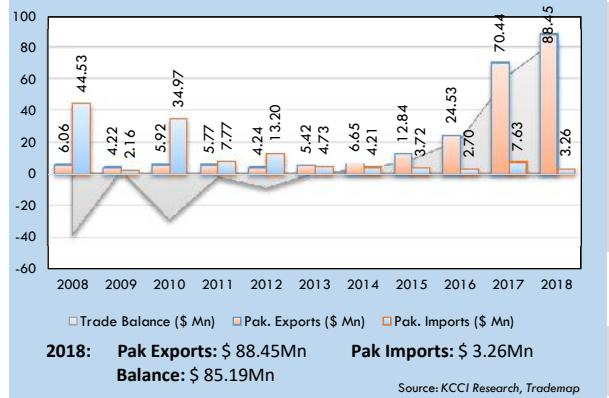
For improving trade relationship our countries need first to rise an awareness of their business circles of each other.

Economic Indicators

Indicators	Unit	2016	2017	Change
GDP (PPP)	\$ Bn	460.3	478.6	3.98%
GDP per Capita	\$	25,700	26,300	2.33%
GDP growth	%	1.1%	4.0%	2.90%
Forex Reserves	\$ Bn	29.53	30.75	4.13%
External Debt	\$ Bn	163.60	167.50	2.38%
Exports of Goods	\$ Bn	37.26	49.29	32.29%
Imports of Goods	\$ Bn	28.07	31.85	13.47%
Trade Balance	\$ Bn	9.19	17.44	89.77%
Current Account	\$ Bn	-8.87	-5.35	39.68%
FDI - at Home	\$ Bn	143.2	161.6	12.85%
FDI - at Abroad	\$ Bn	32.74	35.04	7.03%
CPI	%	14.60%	7.40%	-7.20%
Prime Lending Rate	%	15.34%	14.17%	-1.17%
Population	Mn	N/A	18.74	N/A
Unemployment	%	5.0%	5.0%	0.0
Literacy Rate	%	N/A	99.8%	N/A

Sources: KCCI Research, CIA Factbook

Pakistan & Kazakhstan Trade (2008-2018)



Kazakhstan's Top 10 Trade Items (2018)

Import Items	(\$ Mn)	Export Items	(\$ Mn)
Machinery	5,193.37	Mineral fuels & oils	42,737.94
Electrical machines & €	3,845.47	Iron & steel	4,160.44
Articles of Iron & steel	2,187.58	Copper & Articles	2,548.99
Vehicles	2,037.90	Inorganic chemicals	2,135.20
Mineral fuels & oils	1,743.80	Ores, slag & ash	2,087.24
Plastics	1,241.48	Cereals	1,296.18
Pharmaceutical produc	1,177.95	Salt; sulphur; earths and :	649.60
Iron & steel	1,125.29	Aluminium & Articles	634.83
Optical/Surgical instrun	880.31	Natural or cultured pearls	523.25
Ores, slag & ash	755.49	Products of milling industri	466.24

Sources: KCCI Research, Trademap

Pakistan - Kazakhstan Top 10 Trade Items (2018)

Pakistan's Export Item	(\$ Mn)	Pakistan's Imports	(\$ Mn)
Cereals	70.22	Inorganic chemicals	2.00
Oil seeds & oleaginous	9.89	Zinc & Articles	0.67
Edible fruit and nuts	2.92	Edible vegetables	0.55
Pharmaceutical produc	1.91	Raw hides and skins	0.02
Products of milling indu	0.69	Coffee, Tea, maté and spi	0.01
Coffee, tea, maté and s	0.67	Organic chemicals	0.01
Articles of Apparel	0.38	Live Animals	0.00
Edible vegetables	0.36	Machinery	0.00
Meat and Edible Offals	0.27	Electrical machinery	-
Vegetable textile fibers	0.20	Railway locomotives	-

Sources: KCCI Research, Trademap