Asia-Pacific Trade Briefs

Kazakhstan

Merchandise trade: Kazakhstan's economy is highly dependent on fuel exports. In 2014, petroleum and petroleum derivatives accounted for around 70% of total exports. Kazakhstan's economy and export market is therefore highly susceptible to changes in global fuel prices. In 2014, merchandise exports contracted sharply, by -7.6% – compared with an average annual growth of 6.9% between 2010 and 2014. Given that Kazakhstan is highly dependent on petroleum exports to China and the Russian Federation, this declining performance is likely a result of: the economic slowdown of China and resulting lower import demand; the financial crisis and economic sanctions on the Russian Federation; and the fall in global commodity prices – particularly for fuels. Kazakhstan's merchandise imports also contracted sharply, by -15.6% in 2014. Factors behind this contraction include commodity price declines and the subsequent depreciation of the Khazakstani Tenge which lowered export receipts and purchasing power. Over half of all imports (62.9%) are sourced from the Russian Federation and China alone.

Services trade: Kazakhstan's services exports grew by a brisk 24.0% in 2014 – more than five times the Asia-Pacific region's total growth of 4.8%. This is due in part to depreciation of the Kazakhstani Tenge which improved the competitiveness of exports and also a result of ambitious government initiatives aimed at reducing overreliance on extractive industries by developing sectors such as transport, business, telecoms, and construction services. Services imports also grew by 5.0% - led by higher business and travel service imports – amongst the largest sectors.

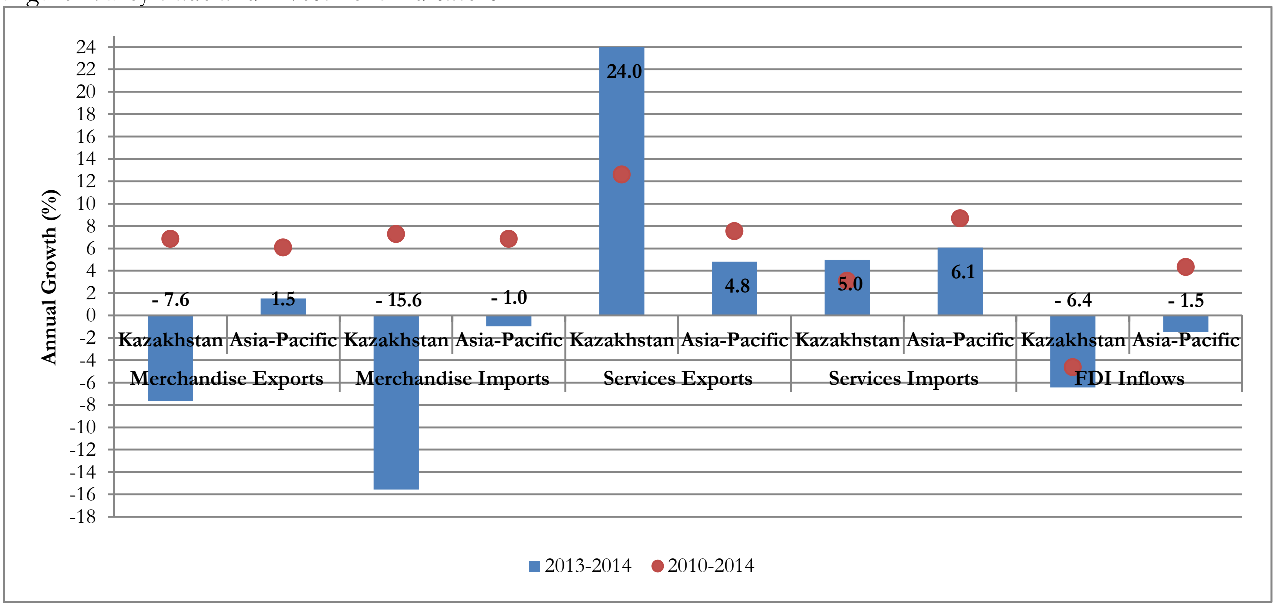
Global value chains (GVCs): The share of intermediate goods in trade – a proxy for participation in GVCs – is much lower in Kazakhstan (17%) than the Asia-Pacific overall (22%) for imports, and marginally lower in Kazakhstan (17%) than the Asia-Pacific (18%) for exports. Kazakhstan has relatively low participation in GVCs because its exports are dominated by raw materials – particularly fuels – the revenues from which are mainly used to acquire imported final goods.

Foreign direct investment (FDI): Kazakhstan's FDI inflows contracted by -6.4% in 2014 – a worse performance than the Asia-Pacific region overall (-1.5% contraction). Kazakhstan is actively pursuing integration into the Common Economic Space by 2015 and has recently acceded to the WTO. This should encourage greater investment in the longer-term.

Trade costs: Intraregional trade costs in Kazakhstan have fallen sharply since 2009. It is costlier for Asia-Pacific economies to trade with Kazakhstan than with East Asia-3 (China, Japan and Republic of Korea) – the intraregional benchmark – and with EU-3 (France, Germany, and United Kingdom) – the extraregional benchmark. Based on the UNRC Survey 2015*, Kazakhstan's trade facilitation and paperless trade implementation score is at 38.7%, compared to 46.5% for the Asia-Pacific.

Trade agreements: Kazakhstan has 12 trade agreements in force, much higher than the Asia-Pacific average of 7 agreements. Seventeen per cent of exports are to PTA partners, compared to 35% for the Asia-Pacific. Forty five per cent of imports are from PTA partners, compared to 45% for the Asia-Pacific.

Figure 1. Key trade and investment indicators



*Country notes summarising results of the UNRC Survey 2015 are available at: http://unnext.unescap.org/UNTFSurvey2015.asp

Figure 2. Top merchandise markets

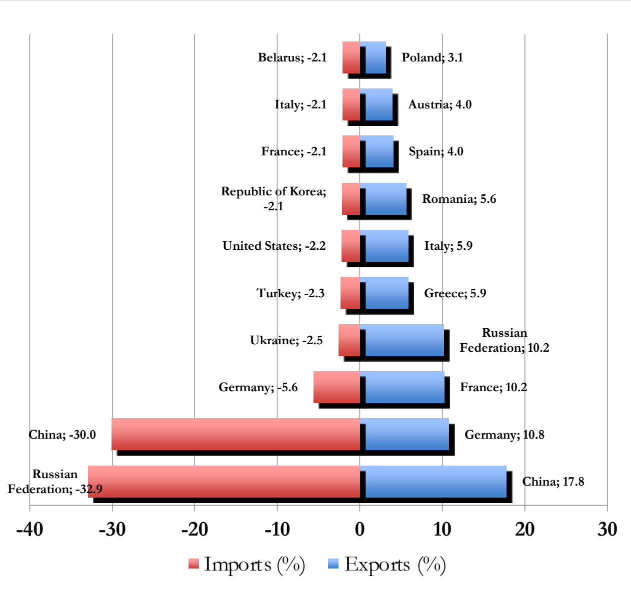


Figure 3. Top merchandise products

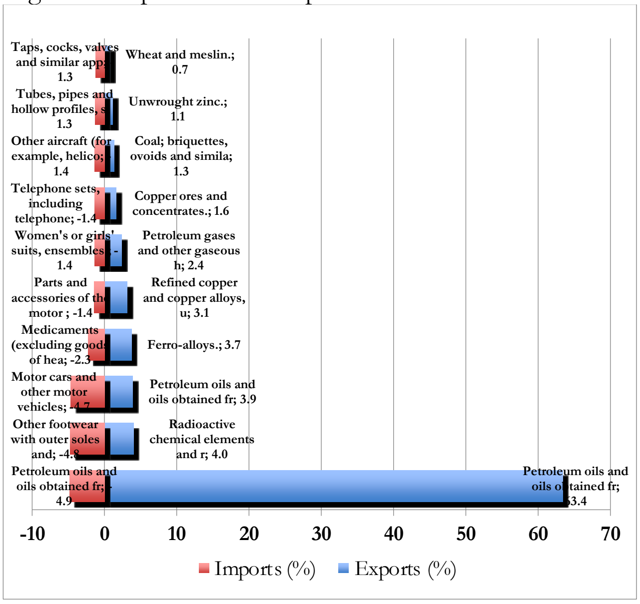


Figure 4. Trade in goods by their use

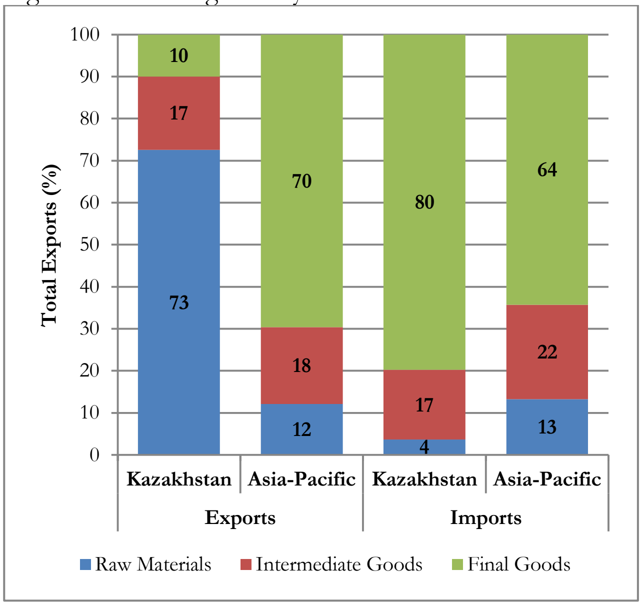


Figure 5. Foreign direct investment

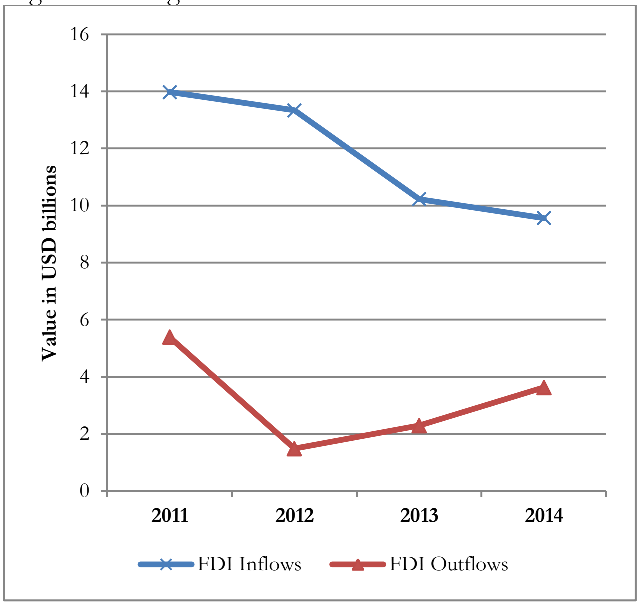


Figure 6. Trade costs

Sources: Trade and tariff data were accessed through WITS. FDI data was accessed through UNCTADstat.
Notes: Trade data follows the HS2007 classification. Mirror data is used. Products are defined at the 6-digit level.
Definitions: Primary, intermediate, consumer, and capital goods are defined using UNCTAD System of Accounts. Final goods are defined as the sum of consumer and capital goods. Bound tariff is the maximum most favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied on imports among WTO members. Effectively applied rate is the lowest tariff available, i.e. preferential rates where available.
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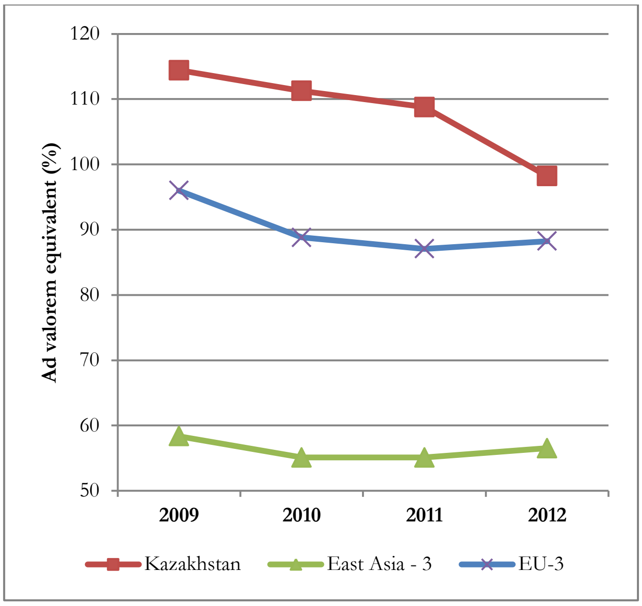
Ad valorem equivalent (%)
120
110
100
90
80
70
60
50
2009
2010
2011
2012
Kazakhstan
East Asia - 3
EU-3