Asia-Pacific Trade Briefs

Kazakhstan

Merchandise Trade: In 2015, merchandise trade accounted for 81.3% of Kazakhstan's total trade. However, its trade patterns continue to be highly volatile, while its merchandise trade-to-GDP ratio of 41.1% has continued to steeply decline since 2011. In 2015, merchandise exports contracted sharply by 42.5%, continuing a pattern of declining exports growth which fell by 6.6%, on average, during 2010-2015. Kazakhstan's merchandise exports base is concentrated in fuel commodities such as petroleum oils and gases products (which account for 60% of total exports). Weak global commodity demand, especially falling exports of metal to China, and oil and gas to the European Union economies largely explain the contraction in exports growth. Similarly, merchandise imports in 2015 contracted sharply by 26.9%, a much larger decline than the average decline of 0.7% during 2010-2015. Weak domestic demand largely explained the contraction in merchandise imports.

Services trade: Services exports grew robustly by 8.8%, on average, during 2010-2015, however in 2015 a contraction of 2.8% was observed. This was a more modest contraction compared to the Asia-Pacific average contraction of 4.8%. Similarly, Kazakhstan's services imports in 2015 declined sharply by 9.1%. Transportation, travel and other business services form the main base of Kazakhstan's services trade. Slowing services trade growth was largely driven by a slowdown in economic activity, including falling demand for the transportation of oil and gas.

Intraregional trade: In 2015, 39.8% of goods exports were to the Asia-Pacific region. China (17.1%) and the Russian Federation (12.5%) were the most important intraregional export destinations. However, European economies remain a major export destination, absorbing more than 40.0% of exports. Meanwhile, 69.5% of goods imports were from the Asia-Pacific region, with the Russian Federation (35.0%) and China (28.7%) as the largest intraregional import sources.

Foreign direct investment (FDI): FDI inflows into Kazakhstan reached a peak of $14bn in 2011, however inflows have decreased since. In 2015, inflows into Kazakhstan contracted sharply by 52.2% compared to an average inflows contraction of 19.0%, on average, during 2010-2015. The United States, the Netherlands and Switzerland were the leading foreign investors in Kazakhstan. The main invested sectors were the oil, gas, mining and construction sectors. The investment drop was largely driven by a slowdown in investment by oil and gas companies, as well as the impact of geopolitical instability in the subregion.

Tariffs: Kazakhstan acceded to the WTO in November of 2015. As a recent member, Kazakhstan's binding coverage is 100% of its tariff lines. Average MFN bound duty in 2014 was at 9.7%, which was substantially lower than the Asia-Pacific average of 20.0%. However, average MFN applied tariff at 8.6% was still higher than Asia-Pacific average of 6.9%. Trade weighted average tariff was at 8.5% for the same year.

Trade costs: Trade costs in Kazakhstan remained higher compared with the major economies in Asia and the Pacific. Trade costs for Kazakhstan are, on average, four times higher than the East Asia-3, and over 40% higher than those for European Union-3 incurred in reaching major trading economies in Asia and the Pacific (China, India, Indonesia and the Russian Federation).

Trade agreement: Kazakhstan has 15 preferential trade agreements in force, which is higher than the Asia-Pacific average of 11 agreements. Of total exports, 17.8% were to PTA partners, compared to 33.3% for the Asia-Pacific region, while 43.4% of total imports are from PTA partners, compared to 44.0% for the Asia-Pacific region.

Figure 1. Key trade and investment indicators

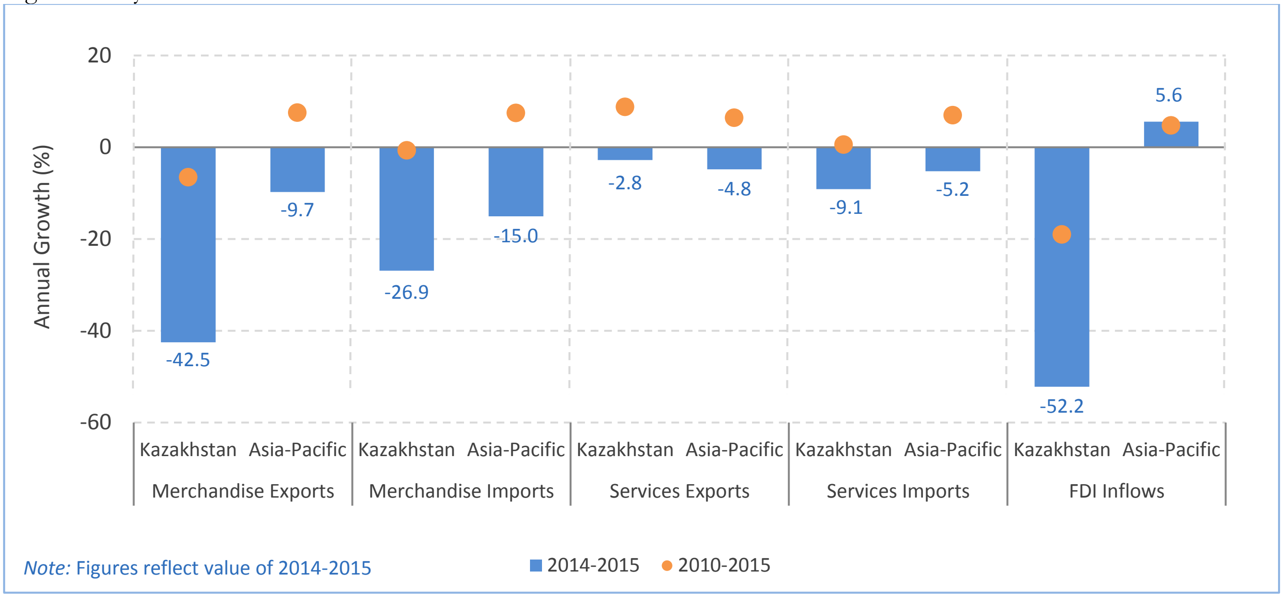

Figure 2. Top merchandise markets

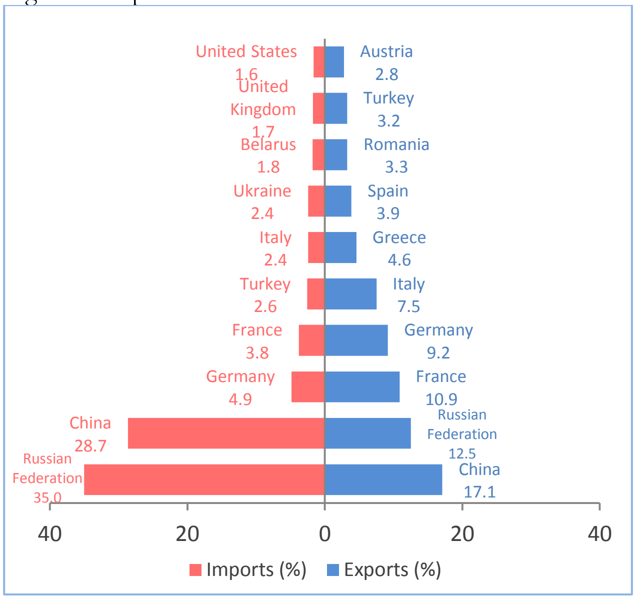

Figure 3. Top merchandise products

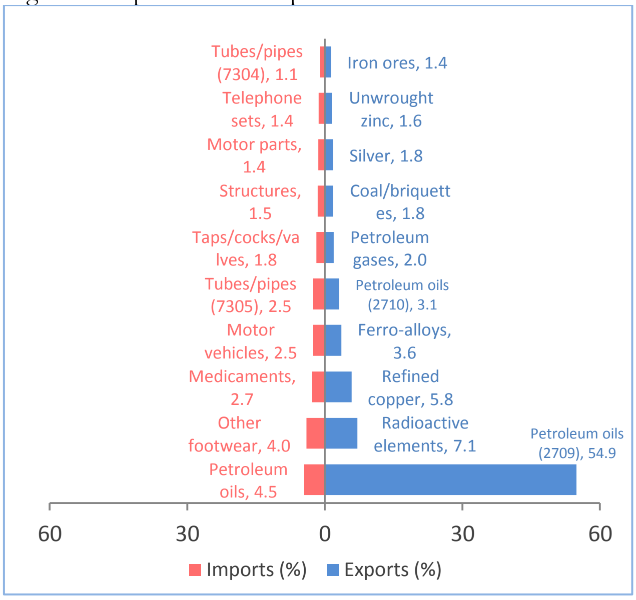

Figure 4. Trade within region and rest of the world

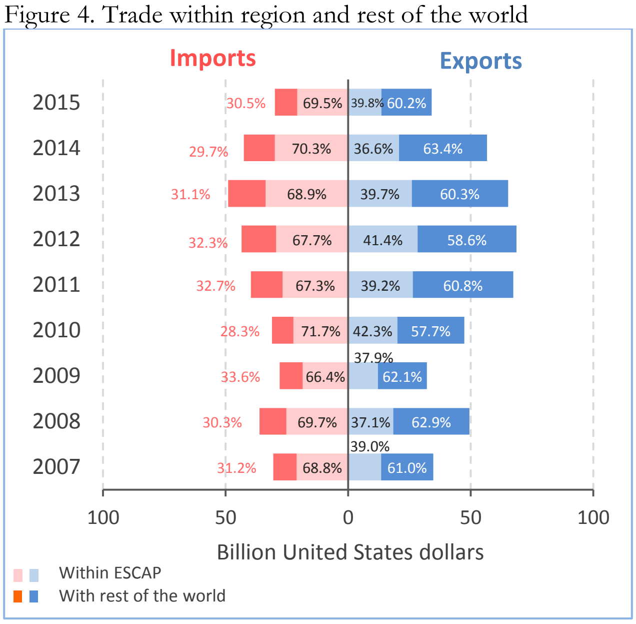

Figure 5. Foreign direct investment

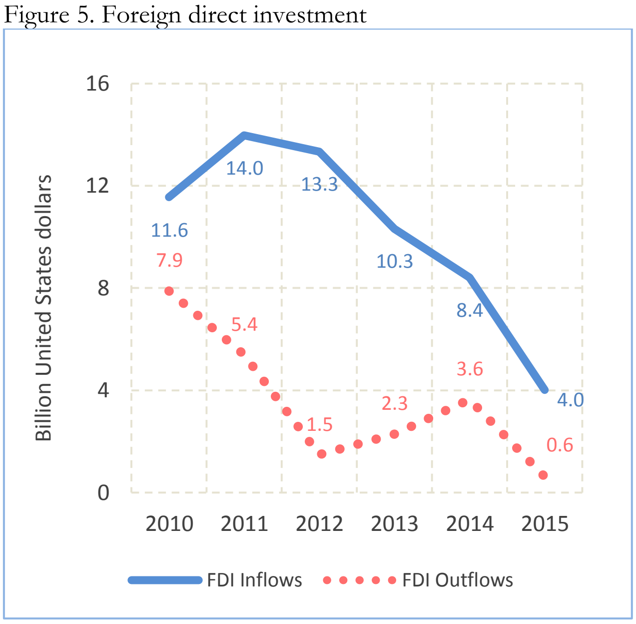

Figure 6. Tariffs (2014)

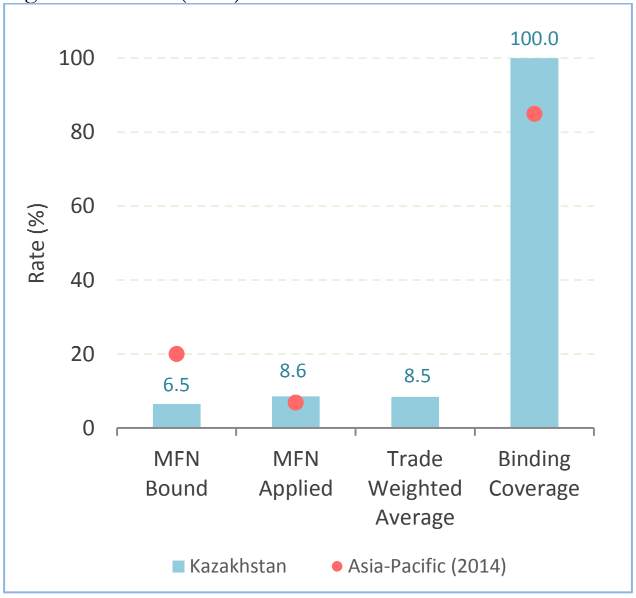

Figure 7. Trade costs